

Teaching Case Pack: Loose or Tight: Discussions in Managerial Control

“Don’t worry about a thing. Every little thing is going to be all right...” Bob Marley

Background

The following short cases are representative of the challenges in establishing a balance between controlling for possible error or misuse of funds and ensuring that people have the latitude to respond to changing circumstances and avoid being too busy on internal work to meet their external expectations. In each instance, the reader is asked to suggest possible actions or reactions to the situation. In doing so, some useful questions might be asked:

- Is there a problem here?
- Are there perceptual issues or are they substantive?
- What are the risks posed by this situation? How significant are they?
- Is this my problem?
- What has to change?
- Who has to change it?
- How do we know that things have been put to right?

Cases: Control Challenge or Not?

Scenario 1: Rock the Boat?

You have just taken over an administrative unit assisting the Dean of Science in a prestigious university. Among the other duties that you have, you are responsible for payroll, HR interface and purchasing. The situation that exists right now is:

- All payroll is handled by a Payroll Clerk with 20 years of experience at the same job. He does all input, follow-up and deals with individual issues within the Faculty. He is well regarded. He prefers to work on his own. He is diligent, even taking vacation to ensure that the payroll inputs are done by him on a timely basis. He signs off the payroll and deals with problems as they arise.
- You have one Accounting Clerk, with only 18 months experience. She is responsible for all cash receipts, funds transfers, billings, budget adjustments

and error corrections. She provides no reports as they are not seen as needed by the Dean or Associates. University Finance provides budget performance data. Your predecessor had delegated full signing authority for purchases and budget transfer.

Both employees are well thought of. Even though problems arise, they seem to be handled well. Is there a problem here?

What would you do in these circumstances?

Scenario 2: Credit the Procurement Card

Your unit has a system of procurement cards for buying office supplies, booking travel and other purchases. Staff love it as it is fast and avoids excessive paperwork. One clerk is responsible for the system. While there is an established procedure for using the cards, the clerk has been left to manage any problems or exceptions. She is quite good at spreadsheets and processing and is seen as very client friendly, if you define the staff as the client. After use, staff have 90 days to provide the clerk with the receipts for the card purchases. This seems long as the reconciliation on cards is monthly. The clerk then validates the amount of the receipt with her reports. She does not normally pursue missing receipts. She has developed a series of explanations that her manager accepts. These have become rote. To date, everyone is happy with how things are going. Is this a boat to rock?

Scenario 3: You're in Good Hands

You have just taken up your new role as Director of the Northeast Region of your Ministry. This is your first job as a senior operational person with a large budget. Meeting your direct reports and support staff has been quite an experience. You feel a bit overwhelmed. At the meeting with your Finance Advisor, you immediately like her. She is friendly and very business-like. She tells you that things are just fine in your region. She sees her job as relieving you of any concerns about the budget and all those bothersome financial reports. She says that your two predecessors did not review financial reports on a regular basis, but depended on her to bring any problems to their attention. In her words, she had their back. As to the budget process, she is the interface with central office and gets sign-off, thereby relieving you of a lot of meetings and conference calls. She takes in all the change proposals from your direct reports and sorts them out for you. She also deals with centrally imposed changes – cuts, re-pricing, etc. What more could you ask for?

Scenario 4: More Card Grief

You are the Business Administrator of the Bugs-n-Bees Science Labs at the Department of Agriculture. You are reviewing the receipts for procurement cards. You get a monthly report. You notice that one of the researchers has been ordering a fair bit of stuff from www.itbeatsworking.com on a regular basis. You go back and

find that there is a bit of a pattern that you had not noticed before. What do you do about this?

Scenario 5: Stuff Just Seems to Happen.....

“So, how do you do risk management around here?” asks the newbie manager, fresh off the advancement boat. Good question. Your organization seems to manage a lot of high-pressure issues, and mostly quite well. It is a highly responsive environment, which makes it fun to work sometimes, when you catch your breath. “We deal with things as they arise, and pretty well. You have to be fast on your feet around here.” you reply. “Yeah, I heard, but what does that have to do with risk – the stuff out there that we probably can prevent have to be so fast on our feet about, that we can deal with, get rid of or get ready for?” Oh, a smart-assed newbie manager. That really gets you thinking, what should we be doing? “So, what are the financial issues here, the risks I mean. And don’t just say not enough money. That is so 20th century.” Oh, a smart smart-assed newbie manager. That really gets you thinking. What are the features of an embedded risk management system that would let you answer with, “Glad you asked. Here is how we do risk around here.”

Scenario 6: Is This Important?

Looking at financial reports is a bore. Numbers and more numbers. But you dig in on the quarterly financial reports for your unit. Finance has just distributed them electronically and you know you have to be on top of this, or at least appear to be. However, it does get interesting very quickly. You seem to be over-budget in some areas and under-budget in others. Finance gives you the quarterly statement of operations with a comparison to the previous year and your approved budget for this year. Overall, you are on budget but you cannot explain some of the variances. What are the key pieces of information you may need to understand these variances?