

A CAVE DIVER'S GUIDE TO COMPTROLLERSHIP

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It has come to light that many people have a limited knowledge of comptrollership, in short, keeping the books. I thought I would take this time to clear some of the misconceptions and provide some light as to the NACD's approach to the keeping the books. The Secretary/Treasurer position is not one that many people relish the challenge of doing. So lets take a look at Comptrollership, we'll start by looking at some myths that have been asked of me:

Comptroller: *n.* a controller (used in the title of some financial officers) (*Comptroller and Financial Auditor*) *L. Compulus: with count*

True or False?Q: Modern comptrollership fosters sound management of resources.

A: True. Modern comptrollership is a management reform designed to foster sound management of resources and effective decision-making, and it involves a shift from a primarily financial focus to a broader management perspective. Modern comptrollership gives managers (NACD BoD's) integrated financial and non-financial performance information, a mature approach to risk management, appropriate control systems, and shared values and ethics.

Q: Within the NACD modern comptrollership originates from the implementation of recommendations from the NACD BoD.

A: False. The intent of modern comptrollership is to implement the recommendations of the public and private sector experts and as guided by state and federal laws which issue a report setting out guiding principles for improving stewardship of human and financial resources. The NACD BoD follows these laws set forth by the rules governing not-for-profit organizations and enforced by the IRS at federal and state levels. Any recommendations as to that stewardship can come from any NACD member and is reviewed by the BoD using these guiding principles. Modern comptrollership means staying current to federal and state laws and best practices.

Q: Modern comptrollership is primarily financial management.

A: False. Financial management is only one of the main thrusts of modern comptrollership. The focus of modern comptrollership is effective decision making with sound management of human, financial, capital and technology resources, accomplished by linking financial information (e.g. budget, expenditures, revenues) with non-financial information (e.g. planned results, performance, outputs). Modernization of comptrollership is an integral part of every manager's responsibilities.

Q: Did The National Association for Cave Diving (NACD) conduct Comptrollership Checks to find out how the NACD's current practices compare with modern comptrollership best practices? This exercise produced valuable information for improvements The NACD could make.

A: True. NACD had two main reasons for conducting Comptrollership Checks. First, it was an opportunity to find out how current NACD practices compare with modern comptrollership best practices and to make corrections were needed; second, it produced information required for setting improvement priorities and for establishing a baseline for progress measurement.

Q: Are members' views important to modern comptrollership and do they contribute as a management asset.

A: YES, True. Modern comptrollership is a management tool. NACD Members input often provides qualified feedback and directional focus from which the NACD BoD can further best comptrollership practices. Modernizing comptrollership means shifting from a primarily financial focus to a broader management perspective. Managers' opinions and perceptions are important indicators of ways to make this shift successfully. The financial and asset holdings of the NACD belong to its members, your views are important.

Modern Comptrollership, History of Modern Comptrollership

As stated above modern comptrollership consists of sound management of resources and effective decision-making. It involves a shift in emphasis from a primarily financial focus to results and values while observing federal and state laws.

Modern comptrollership aims to provide the NACD BoD's with the following:

- Integrated financial and program information;
- A mature approach to risk management;
- Appropriate control systems; and
- Shared values and ethics.

Elements of Modern Comptrollership

The following elements of modern comptrollership will be further explained as follows:

- Leadership;
- Motivated people;
- Shared values and ethics;
- Integrated performance information;
- Mature risk management;
- Rigorous stewardship; and
- Clear accountability.

LeadershipThe Commitment to Modern Comptrollership focuses on the following:

- "Walking the talk";
- Smart planning;
- Clear priorities; and
- Communication and tone from managers.

*Walking the Talk*When NACD's current BoD undertook a Comptrollership Check; one point raised was that the BoD must demonstrate more clearly their commitment to modern comptrollership. We all

learn from others' examples, and members look to the NACD BoD's to see how things should be done.

Smart Planning NACD members want to understand where we are going and how we intend to get there. This is the purpose of smart planning. To ensure the Smart Plan, is successful the BoD's need to work with members to help them understand it, so that they can commit to its achievement.

Clear Priorities NACD's Smart Plan is very broad, but all of the goals and objectives cannot be met within a finite resource base, so priorities must be set. Otherwise, the BoD, NACD employee(s) and volunteer members become over-tasked. The result will be burnout and absenteeism, or BoD's, employees and volunteers as demonstrated in the past will simply leave the NACD.

Communication and Tone From NACD Members Communication implies a two-way flow and understanding. Effective communication is essential to obtaining commitment to a common goal. What is equally important is the tone used during this communication; tone can impart a sense of urgency, personal commitment or excitement or, just as easily, a lack of those things? In other words, it is just as important to consider *how* to communicate as *what* to communicate.

Motivated People

People, Members are our most important asset! The focus of this aspect of modern comptrollership is the following:

- Recruiting, training and retention;
- A work environment based on trust and openness; and
- Rewards and recognition related to values.

How do we recruit the "best and the brightest"? After spending considerable time training our people, how do we retain them?

To meet these challenges, we must be a "workplace of choice" but using a volunteer base. A "workplace of choice" means a place where people want to come to work, to volunteer, to participate.

To achieve this, people need to be motivated. They have to be able to do the following:

- Grow and learn;
- Make contributions that are recognized and valued;
- Work in an environment of openness and trust based on shared values and ethical management; and
- Maintain a balance between personal and work life.

We as the NACD BoD ask simply that people have an understanding of:

- Dedication to the cause for the betterment of the NACD and the Global Cave Diving community;
- Commitment to the NACD to the fulfill its goals as an agency; and
- Sustainment to hang in there when the going gets tuff and to see things through.

Shared Values and Ethics

Shared values and ethics can be a substitute for controls. NACD Ethics policies focuses on obligations, specifically the following:

- Integrity;
- Loyalty;
- Courage;
- Fairness;
- Honesty; and
- Responsibility.

In the past, control was exercised primarily through systems and procedures. As we have moved to greater empowerment as an agency and as our business has become more complex, this type of external control became unworkable.

It is virtually impossible to control everything in every situation using systems. Instead of externally imposed control, we now rely more on internal, personal controls based on shared values and ethics.

Values and ethics are concerned with two things:

- What is right and wrong; and
- Issues of conscience.

The NACD Ethics Policy builds on this to take into account the special obligations of NACD BoD, employee(s) and members. It provides objective, ethical standards for interaction between members, employee(s) and BoD and with external organizations.

The NACD Ethics Policy comprises three fundamental principles:

- Respect the dignity of all persons;
- Respect lawful authority; and
- Serve the NACD before self.

Integrated Performance Information

Integrated performance information involves collecting, analyzing, evaluating and communicating information about an organization's resources, performance and results.

There are several reasons why an organization needs quality information that links financial and program results.

- Limited resources require managers to focus on those activities that are critical to the effective delivery of their part of the *Smart Plan* these key activities should be reflected in business plans in support of higher-level goals.
- Meaningful performance measures are needed for these activities, to provide oversight to their eventual achievement.
- Integrated performance information is essential to ensure accountability across the full range of managers' responsibilities: To the NACD this translates into educational, safety, exploration and conservational programs, stewardship of resources, managing membership and providing a *workplace of choice*, and improving all areas of NACD management.
- In many instances, this same information can be used for organizational accountability through reporting of performance through annual seminars and the *NACD Journal* to the membership.

Mature Risk Management

What does *risk* mean? Risk is the recognition of future uncertainty, the inability to know what the future will bring in response to a given action today.

Mature risk management involves identifying and planning for those risks, as well as responding appropriately when things go wrong.

The NACD BoD's has been identifying and managing risks for some time, especially with respect to capital acquisition projects like a Cave. The NACD BoD's have developed a simple but comprehensive approach to help strengthen their ability to make day-to-day risk management decisions.

- We are conducting self audits of all resources and assets, financial and otherwise;
- We are communicating using every means possible to keep abreast of current trends affecting the NACD and the Cave Diving Community;
- Through our increased emphasis on modern comptrollership, we are making people more aware of risks and how to manage them;
- Controls are another aspect of risk management, and they should be appropriate to the level of risk. For example, We monitor Financial files and payments to ensure the NACD is not paying duplicate, incorrect or fraudulent invoices;
- Sound risk management allows for greater delegation. For example, we have moved to much greater use of acquisition cards. These have a preset limit but account for more than 70% a year in purchases.

Sound risk management also supports greater transparency and openness, which is important to the NACD membership and the BoD's.

Rigorous Stewardship

The NACD has several key control systems to ensure stewardship of resources, including the following.

- Financial Managerial Accounting System such as QuickBooks: This is the financial system used for paying the bills.
- Regular Stock Checks This is used for determining the need in procuring materiel such as student manuals, certification envelopes and the many NACD products.

The NACD has no specialists who perform these functions; we use volunteers and currently one paid employee. Since it is unreasonable for the NACD BoD's as volunteers to be experts in all of them, it is incumbent on the membership represented by the NACD BoD's to use whatever support available to ensure proper stewardship of the resources for which you have entrusted the BoD and they are responsible. In addition, NACD BoD's have the following responsibilities:

- Conducting a rigorous analysis of options so the NACD receives value for money when planning, procuring, using and disposing of materiel assets and finances;
- Focusing on results and performance, not just inputs;
- Defining what information you, the membership need for managing and taking steps to ensure that the NACD links your resources with planned results;
- Assessing risks as an integral part of options analysis, planning and monitoring; The NACD BoD will usually come up with three options and through analysis select what they feel the best course of action to follow; and

- Ensuring you has access to the Comptroller, who will provide a third-party objective challenge of the NACD *Smart Plans* and analysis.

The last point to be made about stewardship is that no externally imposed control system can provide real control over resources. NACD BoD's are responsible for exercising control by understanding their roles and responsibilities, ensuring they have adequate knowledge and the willingness in using all the available tools and expert advice.

Clear Accountability

Accountability flows in many directions.

Upward accountability focuses on achieving results in line with direction provided by members and NACD BoD's and on sound management of financial, materiel and financial resources.

To assess results achieved, NACD BoD's must have a plan that contains essential performance information and reflects agreed expectations about tasks, priorities and performance measures.

Downward accountability to the membership has a different focus: creating a positive environment and motivating people. Accountability is based on how well BoD's handle such issues as clearly communicating expectations and priorities, ensuring fair and equitable treatment of all members, allowing for balance of work and personal life, and providing information to the membership upon reasonable request.

Without attention to this accountability, other concerns will arise regarding recruiting and retention of our key resource — our members.

Sideways accountability to colleagues is essential if we are to work together as a team. This accountability is based on developing trust through understanding and sharing.

Membership accountability is essential, since we are managing member resources. We must provide open and transparent management of programs so that membership confidence in the NACD increases. This involves not only following the letter of the law in areas such as access to information and privacy, membership equity as defined by the bylaws, but also responding to the intent of these programs. It is of no value to have good processes if we do not apply them in an ethical manner.

Key Messages for Modern Comptrollership

- Comptrollership is every NACD member's business.
- Comptrollership is about rigorous stewardship and improved accountability.
- Comptrollership integrates financial and non-financial information for better decisions and better results.
- Comptrollership supports an open, accessible and results-oriented management environment.
- Comptrollership ensures responsible spending and value for money.

Management Opportunities

Modern comptrollership will help NACD BoD's gain the following:

- Improved access to complete and integrated information;
- More coherent decisions in the face of multiple demands;
- Improved returns on investments;
- Greater confidence that the BoD's efforts as a team will succeed, and the benefits of any given endeavor will last;

- Enhanced ability to adopt new management approaches;
- Knowledge of best management practices; and
- Access to new developmental opportunities.

The principal benefit of modern comptrollership is more effective governing. In practice, this means integrated decision making and better management that involves the following:

- NACD BoD's placing a premium on supporting decisions with meaningful information and analysis;
- Standards for performance information, budgeting and control being available and adapted to the specific needs of the NACD;
- Decision makers being equipped with rigorous performance information and problem solving support;
- NACD Members and BoD's having access to resources to help them deal effectively with their comptrollership responsibilities; and
- Improvement in management practices being regularly reported.

Implications of Modern Comptrollership

Improved Reporting to NACD Membership NACD Members have a fundamental right to know why and how their dollars are being spent. Accountability to the member is improved when the information:

- Is high quality;
- Is tailored to the needs of the members;
- Is accessible and timely (within a reasonable time); and
- Directly relates costs to priorities and results achieved.

Developing an Exemplary Organization- The NACD An exemplary organization recognizes that members are an organization's most important resource. Such an organization fosters leadership and personal participation, encouraging members and volunteers to make their best contribution.

Financial Implications Sound resource management focused on results for NACD Members must be embedded in every management activity.

In Closing

I hope that I have covered the aspects of comptrollership, lets see:

- The concept of modern comptrollership;
- The elements associated with modern comptrollership: -leadership -motivated people -shared values and ethics -integrated performance information -mature risk management -rigorous stewardship -clear accountability;
- The management opportunities as they pertain to modern comptrollership; and
- The implications associated with implementing modern comptrollership.

I think I hit on many good points here but then again please keep in mind that I like most members of the NACD who taking on a position as a NACD BoD am not a subject matter expert on Comptrollership and as a volunteer I endeavor to do my best to govern the NACD on your behalf as a NACD member as voted by you to this responsibility. I know that each and every current BoD member feels the same way. We are here for you the NACD membership, the NACD as an agency and the Global Cave diving Community.

Thank You

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