

THE ORGANISATION OF THE ACCOUNTS AND INTERNAL AUDIT DEPARTMENTS FOR BETTER PERFORMANCE

Francis Ojaide

Abstract

There are frequent conflicts between accounts and internal audit departments and other departments within the same organization. Other departments consider them as a cog in their wheel of progress. If possible, there is no need for their existence. The primary objective of this paper is to consider how these departments could be organized in order to achieve better job performance. The nature of the roles played by them is so important that they affect every aspect of the functions of an organization. In order to achieve the primary objective of this paper, the paper addresses issues concerning hierarchical description of level of authority and communication; staffing; functions and job analyses; intra and interdepartmental work relationships amongst others. The paper concludes that no department is superior to any other department in the same organization as long as the overall objective of each department is to achieve the corporate goals and objectives of the organization. Therefore, every department should be organized in a manner that will enable it achieve better job performance.

Introduction

The nature and procedures of work in the accounts and internal audit departments of an organization are quite different from those of other departments. All the departments in an organization have to carry out their assigned responsibilities in an appropriate manner and method with a view to achieving the overall objectives of the same organization. No department in an organization is superior to any other department. They have to interact with each other in the process of carrying out their responsibilities in an atmosphere of peaceful co-existence.

This paper will consider issues that are necessary when organizing accounts and internal audit departments for better job performance. In the subsequent subsections, the paper will consider and discuss issues concerning hierarchical description of authority and communication within an organization; staffing; functions and job analyses; intra and inter-departmental work relationships; proactive mechanisms for best results and finally, proffer useful recommendations for present and prospective managers of organizations.

Hierarchical Description of Authority and Communication

The rationale for hierarchical description of authority and communication is to clearly spell out the channel of communication and authority. Every accounts and internal audit department should have a departmental organization chart. The departmental organization chart will define how the structure of the department fits into the main organizational chart. While preparing the departmental organization chart, the sub-structure of other departments are excluded except the department under consideration. For example, a typical organization chart for accounts and finance department in a Federal Ministry will identify the position of the Minister in charge of the Ministry, the Permanent Secretary, the main departments existing in the Ministry being headed by a Director including that of the Department of Finance and Accounts.

Since it is the Department of Finance and Accounts that is being considered, the departmental chart will identify how the various Divisions and Units that are in existence in the Department fit into the system. It should show how the various sectional heads report to the divisional heads and how the various divisional heads report to the departmental head (i.e. the Director of Finance and Accounts), and how the departmental head report to the Permanent Secretary, and how the Permanent Secretary report to the Minister in charge of the Ministry. All the departmental chart does is to show at a glance the various level of authority and the channel of communication in the department. It does not specify

the functions and responsibilities in the department. The hierarchical description of the level of authority and communication flow is necessary in a department to avoid mix-up in the channel of reporting and communication (Drucker, 1978; Tirole, 1994; Boje, 2001). Such a mix-up often results in serious disagreements and antagonism among staff in a department.

Staffing

This is the core of every system that works efficiently. Good staffing produces good results (Huselid, 1995; Mueller, 1996; Becker and Gerhart, 1996). Every accounts and internal audit department should be conscious of the kind of staff being employed for them. They need staff who are competent and hardworking, honest and trustworthy, firm and diplomatic, methodological and painstaking, careful and meticulous to mention a few. Accounts and internal audit departments deal with issues relating to money or money worth. Dishonest staff is a serious threat to the finances of an organization. Hence, it is imperative for an organization to screen staff properly before they are employed in order to avoid employing thieves and pen robbers.

Competent and hardworking staff will assist the department to produce monthly reports and other reports as and when required for prompt management decision. Failure to produce the required reports will delay prompt decisions being taken on critical issues affecting the department and organization (Bazerman, 1994; Harrison, 1995). Every staff that is recruited should be allowed to go through an induction course. The purpose of the induction course is to familiarize the staff with the workings of the entire organization. After the induction course, the staff should be deployed to the section where he has the requisite, knowledge and experience to produce better results. As time goes by, the staff could be deployed to other Units, in rotation, as part of the system of internal control and internal check.

Accounts and internal audit departments should ensure that staff are trained continuously to acquire new skills to enable them improve their job performance. Apart from on-the-job training, staff should be sent on external training. They need to interact and share experiences with staff from other organizations (Bartel, 1994). The lessons learnt from such external courses will in no small measure assist the staff and their organizations. Closely associated with staffing is the issue of working tools. Staff requires the necessary tools and facilities to perform their work well. Accounts and internal audit departments need well-ventilated offices, computers and stationery to perform their duties. The absence of these tools and facilities will limit the speed at which staff produces prompt and regular management reports.

Functions and Job Analyses

Every unit and division in the accounts and internal audit departments should have clearly spelt out job responsibilities and work load. They should be specific responsibilities to avoid conflicts with the responsibilities of other units and divisions in the department. The job should be allocated in accordance with the manpower requirements in the units and divisions. The type of monthly and other reports expected from the units and divisions should be clearly stated and specified. The time period for each report should be stated and the officer(s) to whom the reports should be dispatched to should also be stated. For the sake of effectiveness, the type of sanctions for late submission of reports and non-submission should be stated for the benefit of every staff in the department. From time to time, the job responsibilities in every unit and division should be reviewed as a matter of policy to ensure effectiveness and better work performance.

Apart from the allocation of responsibilities to units and divisions, there should be properly defined job description and assignment to each staff in the department. Staff should be assigned specific job responsibilities. They should not be left in the dark as to what their specific job responsibilities are in the units and divisions. It should be made clear that no staff is expected to perform the work of another staff, whether present or absent, without permission, authority and approval from the supervisory officer in the units and divisions as the case may be. This definition of job responsibility will assist the supervisors' officers to detect errors and weaknesses easily as and when they occur (Hales and Tamangani, 1996; Habiby, 2001). Staff should be guided and properly supervised in the day-to-day performance of their work. Supervisors who are good in looking at the work of their sub-ordinates from time to time are very much likely to produce better results than weak

and lazy supervisors. Every assignment given out to sub-ordinates should be supervised very closely in order to achieve better results.

Intra and Inter-Departmental Work Relationships

Every department in an organization has to interact in one way or the other with other departments in order to achieve the overall goals and objectives of the organization (Capron, 2000). Therefore, management has to play a major role in this area by educating the staff of the various departments of the rationale for corporate existence. Workshops and seminars should be organized to educate staff on how the functions of the various departments are interdependent on one another. This will show how the reports of one department serve as input to another department. Hence, no department should consider itself more important than other departments in the overall interest of the organization. This is also applicable in the case of intra-departmental work relationships. The output of one unit serves as input to another unit in the same department. In order to minimize conflicts amongst staff, due process of communication should be followed within and outside the department. The accounts and internal audit departments should organize joint workshops and seminars with other departments. This will enable other departments to know and appreciate accounts and audit responsibilities, constraints and areas where they need the co-operation of other departments in the performance of their work.

The nature and procedures of work in the accounts and internal audit departments are quite different from those of other departments. The accounts and internal audit departments are concerned with collection, custody, disbursement of funds and proper record keeping. The methods of work in the accounts and internal audit departments necessary to achieve their primary functions are not the same with other departments hence, the behaviour of staff in the accounts and internal audit departments may not conform to the generally accepted norms in other departments. However, staff in the accounts and internal audit departments should carry out their functions in a manner devoid of hatred and wickedness. The substance of the issues should be addressed instead of persons. They should guide staff on what is expected of them when processing claims and allowances. Staff should be made to understand that as the administration department needs the accounts and internal audit departments, so the accounts and internal audit departments also need the administration department.

The accounts and internal audit departments should spell out work ethics for staff. They should be made to know their rights, privileges and limitations while working in the departments. Issues like punctuality, job evaluation report, loitering, quarrelling, drunkenness, absence from duty without permission, eating in the office etc. should be brought to the attention of all staff. Stiff penalty should be dished out to any staff that commits the offences in order to bring sanity in the departments. In essence, every staff should have a copy of the work ethics of the department and of the entire organization (Ottensmeyer and McCarthy, 1996).

Pro-Active Mechanisms for Best Results

Accounts and internal audit departments should be sensitive to the needs and complains of other departments. They should ensure continuous improvement in their service delivery to other departments. The needs and requests of other departments should be identified and practical steps taken to attend to them. Interesting information for the benefit of other departments should be circulated to them. As earlier-on emphasized, they should organize workshops and seminars for the benefit of staff in other departments. Such forum will afford staff an opportunity to express their views and grievances. It will also afford the operators an opportunity to share their own experiences and challenges in the process of performing their work. The benefits obtained from such workshops and seminars can help the accounts and internal audit departments, as well as other departments to improve on their work relationships and bring about better work performance (Lussier, 1990).

Management should be conscious of staff motivation. Staff of the accounts and internal audit departments should be well-motivated because of the nature of their jobs. The issues that could bring about staff motivation in the accounts and internal audit departments should be articulated and presented to management for consideration. These issues of motivation should be reviewed from time to time. The safety of funds in an organization is very fundamental to the health of an organization. Every care and step should be taken to, motivate staff. The necessary tools and facilities should be

made available to enable them perform their work well (Gross, 1995; Guest and Conway, 1997; Maslow and Kaplan, 1998).

Recommendations

Based on the issues raised above, the paper makes the following recommendations for present and prospective managers of organizations:

1. The channel of communication and level of authority in an organization should be clearly spelt out in an organization chart. This chart will define how the structure of a department fits into the main organizational chart to avoid a mix-up in the channel of reporting and communication.
2. Accounts and internal audit staff should be properly screened before they are employed in order to avoid employing thieves and pen robbers. The existence of such dishonest staff will be a serious threat to the finances of an organization.
3. There should be induction course for newly employed staff to familiarize them with the workings of the entire organization. In addition, there should be continuous on-the-job training to shaken their skills and knowledge.
4. Appropriate tools and facilities such as well-ventilated offices, computers, stationery and communication gadgets should be provided to enable the departments perform their responsibilities well.
5. There should be regular review of job responsibilities in every unit, division and department as a matter of policy to ensure effectiveness and better work performance.
6. Staff should not be left in the dark as to what their specific job responsibilities are in the units, divisions and departments. The definition of job responsibilities will assist supervisory officers to detect errors and weaknesses as and when they occur.
7. Management should play a major role in ensuring that every department in an organization interacts with each other in a peaceful manner to achieve the overall goals and objectives of the organization. This can be done through workshops and seminars to educate staff on how the functions of the various departments are interdependent on one other. It will also educate staff on how the reports of one department serve as input to another department.
8. Staff in the accounts and audit departments should carry out their functions in a manner devoid of hatred and wickedness. The substance of the issues they disagree with in processing staff claims and allowances should be addressed instead of persons. They should rather guide staff on what is expected of them when processing claims and allowances.
9. Management should be conscious of staff motivation. Staff of accounts and internal audit departments should be well-motivated because of the nature of their responsibilities. The safety of funds in an organization is very fundamental to the health of an organization.

Conclusion

This paper has considered issues necessary for the organization of the accounts and internal audit departments for better job performance. Some of the issues include the preparation of a departmental organization chart, engagement of competent and trustworthy staff, allocation of assignments and job analyses, work ethics, intra and inter departmental work relationships.

In conclusion, no department is superior to any other department in the same organization as long as the overall objective of each department is to achieve the corporate goals and objectives of the organization. Therefore, every department should be organized in a manner that will enable it achieve better job performance.

References

- Bazerman M. (1994). *Judgment in Managerial Decision Making*. New York: John Wiley and Sons.
- Bartel, A.P. (1994). Productivity Gains from the Implementation of Employee Training Programs. *Industrial Relations*, 33, pp. 411 - 425.

- Becker, B. and B. Gerhart (1996). The Impact of Human Resource Management on Organizational Performance: Progress and Prospects. *Academy of Management Journal*, 39(4), pp. 779 - 801.
- Boje, D. M. (2001). *Narrative Methods for Organizational and Communication Research*. London: Sage.
- Capron, C. (2000). *Understanding Organizational Context*. London: Pearson Educational.
- Drucker, P. (1978/ *Management, Tasks and Responsibilities Practice*. New York: Harper and Row Publishers Inc.
- Gross, S.E. (1995). *Compensation for Teams*. New York: American Management Association.
- Guest, D. and N. Conway (1997). *Employee Motivation and the Psychological Contract*. London: Institute of Personnel and Development.
- Habiby, M. (2001). Accounting Errors Costs Jobs. *The Gazette Montreal*. November, 9, P.D2.
- Harrison, E.F. (1995). *The Managerial Decision-Making Process*. Boston: Houghton Mifflin.
- Hales, C.P. and Z. Tamangani (1996). An Investigation of the Relationship between Organizational Structure, Managerial Expectations and Managers' Work Activities. *Journal of Management Studies*, 33(6), PP. 731-756.
- Huselid, M. A. (1995). The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance. *Academy of Management Journal*, 38(3), PP. 635-672.
- Lussier, R. H. (1990), A Discipline Model for Increasing Performance. *Supervisory Management*. August, PP. 6 - 7.
- Maslow, A.H. and A. R. Kaplan (1998). *Maslow on Management*. New York: John Wiley and Sons.
- Mueller, F. (1996). Human Resources as Strategic Assets: An Evolutionary Resource-Based Theory. *Journal of Management Studies*, 33(6), PP. 757 - 785.
- Ottensmeyer, E.J. and G. McCarthy (1996). *Ethics in the Workplace*. New York: McGraw Hill.
- Tirole, J. (1994). The Oxford Organization of Government. *Oxford Economic Papers*, 46(1), pp.75-85.%