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Yogi Berra-isms and internal controls

Highlights

- Famed Yankee catcher Yogi Berra is best known for his memorable phrases coined “Berra-isms.”
- Some Berra-isms relate to key control concepts, including risk assessments, separation of duties, and monitoring.
- Consider using a Berra-ism to get an internal control conversation started.

New York Yankees legend Lawrence (Yogi) Berra passed away recently at the age of 90. He had an unrivaled career as a catcher, appearing in 14 World Series as a member of the Yankees. While he was a great baseball player, we probably know Yogi Berra best for his countless phrases and expressions that were memorable because most of them, at least on surface, did not make any sense. Sportswriters coined these “Berra-isms.”

In honor of Yogi Berra, here are some of my personal favorite Berra-isms with (you guessed it!) an internal control twist.

“If you don’t know where you are going, you might wind up someplace else.”

How do you know how strong and robust your internal control system is? Doing a risk assessment provides a baseline of current controls and identifies control gaps. It also will help you pinpoint the key control activities. Assessing risk shows you where you are going and what you need to do to get there.

“You can observe a lot by just watching.”

All employees must be control conscious. Supervisors should be aware of key control activities and actively review to ensure employees are consistently performing those key activities. Front-line employees are in the best position to identify and mitigate vulnerabilities as they go about their day-to-day activities. As a result, supervisors should listen to and follow up on employee comments about potential problems and weaknesses in their processes and programs.

“Pair up in threes.”

An important internal control activity is

separation of duties. One person should never have complete control over an entire business process. Instead, you should build in independent checks and balances. The most effective segregation of duties separates three functions: recording, custody, and authorization. If this is not possible, the process should include at least two people, to provide an independent “second set of eyes.”

“It’s like déjà vu all over again.”

You must monitor your internal controls. Systems, personnel, and legal changes can introduce new risks or make existing control activities ineffective or obsolete. If not reviewed and reassessed, control systems degrade over time and become less effective, leaving your programs vulnerable.

“We make too many wrong mistakes.”

Internal controls not only guard against intentional employee misconduct and fraud, but they also provide employees with protection against unintentional errors. Authorizations, approvals, and reconciliations are all control activities that help catch honest mistakes before they become big problems.

Finally, remember that internal controls are a work in progress. While we are constantly striving to improve our control systems, we know that they give us only reasonable, rather than absolute, assurance. As Yogi said it best:

“If the world were perfect, it wouldn’t be.”

Suggested action steps: The importance of internal controls should be a part of the ongoing conversations within your work units. Consider using one of these Berra-isms to get the conversation going!

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