

Letters to the Auditor

BY JOHN C. LANDRETH, CPA

Lessons to Learn From A Silly Goose



Landreth

Welcome to this issue of *Letters to the Auditor* where we hear from an auditor who is frustrated when it comes to communicating with management about problems he has found.

Dear Letters to the Auditor,

I would like to think that my audit staff and I do a good job of finding internal controls and operational issues, weaknesses, and “opportunities” for our hospital’s managers. Most of the time these are simple, common sense matters that are quickly resolved. From time-to-time, managers who may be concerned about their reputation and workload concerns politicize these “factual” situations. When this happens, we are not sure about anything—confusion abounds. This wastes our time and is discouraging and frustrating. What’s an auditor to do when this happens?

Signed,
Dazed and Confused

Dear Dazed and Confused,

I have often said that auditors have an unusual benefit not often found in business—the privilege of principle. We can define the black and white and management can define the gray. Sometimes we hold the paint bucket for them while they paint, but generally speaking, management asks us to be objective, independent, and report the facts and our evaluation of business risk.

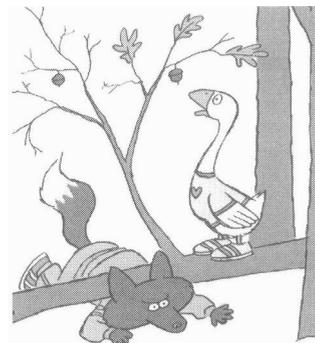
I was reading to my twins, Michael and Christina, recently and came across an interesting story that may have some parallels to your situation. I think many auditors can relate to it. It is a children’s story by Jack Kent titled, “Silly Goose.” Here are some excerpts from the story with some commentary and suggestions.

One day the goose went jogging through the woods. The fox was jogging too. “Good morning,” the goose said cheerfully. “Silly goose!” said the fox, “It’s AFTER-NOON!” The goose glanced at the sun and corrected herself. The fox mumbled, “Some folks are too dumb to know how dumb they are!”



Although opening meetings are often more cordial than this interaction, sometimes the same attitude and tone is there. Client relations are always important. Remember, keep your chin up, your head held high and smile. Happy smiling faces are always allowed to make more mistakes!

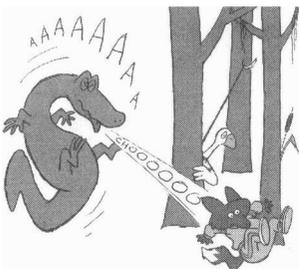
After awhile, the goose said, “Look out! That elm tree is falling!” She ran off the trail and got out of the way. But the fox kept going. “Silly goose!” the fox said as the tree fell on him. “This is an OAK tree!”



“So it is,” the goose said, noticing the acorns. The goose dug some of the ground away so the fox could crawl out. As they jogged along, the fox mumbled, ‘Some folks are so dumb they don’t know an oak tree from an elm!’

Facts are stubborn things and auditors are often the “fact reporters.” Did you ever notice that when people can’t contest the facts and there’s no way around reality, they will find a problem with the way in which you reported it? Maybe it’s your choice of words or how you described the situation or the type of paper used in your report. Suddenly you, the messenger, become the problem. Focus on the facts and redirect the discussion to the matter at hand. Stay on-track.

They came to a swamp and the goose stopped “Look out!” she said. “There’s a crocodile!” But the fox kept on going. “Silly goose!” the fox said as he was swallowed. “This is an ALLIGATOR!”



She tickled the alligator’s nose with a feather and the fox came out with a big sneeze. The fox resumed his jogging and mumbled, “Some folks are so dumb that they don’t know an alligator from a crocodile!”

You have heard the old adage, “You can lead a horse to water but you can’t make him drink.” You can even drown the poor animal and it still won’t swallow. Sometimes, no matter how accurate the facts and convincing the argument, you just can’t get your clients to change. Even when it means proceeding at full speed into a brick wall, they still state they have “experience” and they know how to get through it. At times like these, keep a feather and handkerchief ready. Help them to learn the lesson and hope for the best next time.

The fox went on. The goose said while hiding “Look out!” Here comes a vulture!” But the fox kept going. “Silly goose! he said as the bird flew away with him. “This is an EAGLE!” The goose flew after them and startled the eagle who

dropped the fox into a lake. As they resumed their jogging, the fox mumbled again “Some folks are so dumb they don’t know an eagle from a vulture!”

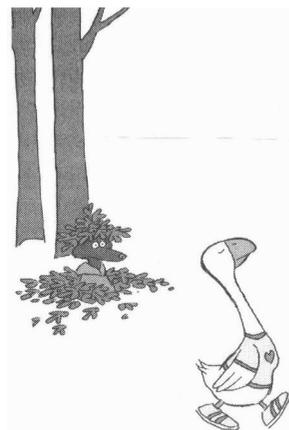
Have you ever been in a closing meeting where the small, insignificant details become the focus and your client seems to be missing the big picture? Maybe they are “masters of obfuscation.” Some people can so confuse an issue that you could forget your own name in the fog of meaningless detail. When this happens, you need to get out your “de-obfuscation kit,” complete with fan, lighthouse and foghorn. Make it crystal clear that the boat is definitely going into the harbor and that you are both heading in the same direction. Re-clarify the agenda, simplify the facts, and get back on track.

Sometimes managers become so accustomed to the existence of obstacles in their everyday life that they are blinded to the real problems at hand. They can’t see the “elephant in the living room.” They might even call it a big wrinkled gray mouse with a long nose. They will walk around and under it. They may even discuss building a bridge over it—they just can’t see it. Until you and your client share a common perspective and stare the elephant in the eye—you’ll never get them to think about changing. We need to lend them our eyeglasses, share our perspective with them, and help them to see what we see.

After awhile the goose said, “Look out! Here comes a...!” “Here comes a WHAT?!” said the fox “Let’s get it right this time!” But the goose pushed the fox into a hole and covered him up with leaves.



“I don’t know WHAT it’s called,” she said, as a fox hunting party rode by.



“But, I know enough to get out of its way.”

Our job is to identify risks and report them. Have you ever been compared to Chicken Little who constantly warned that the sky was falling? Sometimes things happen and sometimes they don’t. But from time to time, things do fall from the sky. Your intelligence may be questioned, your integrity may be challenged but when you are confident with your facts, your principles and judgment, all else should be indisputable. We can be the irresistible force that finally moves the unmovable object. Be confident. Keep the faith. Cross your fingers. Never give up.

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Letters to the Auditor is modeled after an advice column with auditors (or sometimes Landreth himself) asking the questions.