

## The role of the Management Control Function within the organization of the county councils: a controversial issue. Contribution to the debate through the scenario method

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**La place de la Fonction Contrôle de Gestion au sein de l'organisation des Conseils Départementaux : une question controversée Contribution au débat au travers de la méthode des *scenarii***

**Abstract:** Through the general problematic of the optimum growth of the function "management control" in a changing environment (territorial reform, new governance...) is highlighted his adapted role, his position, his services, illustrated with what could be considered in the one Department.

In this investigation, there is no ideal organization.

However a hierarchical position of the function "management control" nearest the strategy and decision-making is a good asset.

It is necessary that the management control owns all the keys of success and expertise to control the departmental management areas and could anticipate the environmental mutations in which one he performs his job.

To do this, the strategic directions on his missions must be clear and shared by everybody.

**Key-words:** Management control – public management – local authorities – *scenarii*-hierarchical positioning- process- decision support.

**Résumé** Le présent papier se focalise sur un type particulier de structure territoriale, le Conseil Départemental, et vise à répondre à une question spécifique : quelle doit être la place du contrôle de gestion au sein d'un Conseil Départemental, tant d'un point de vue fonctionnel que structurel, dans un environnement en mutation ? Il s'organise en deux temps. Tout d'abord est rappelée la diversité des missions dévolues au contrôle de gestion, dans son acception actuelle, puis des éléments de littérature ayant trait à la question de la place de la fonction de contrôle de gestion au sein d'une structure organisationnelle seront exposés, et enfin, les spécificités du contrôle de gestion au sein des organisations non marchandes seront développées.

Un deuxième temps sera consacré à la partie « terrain », elle-même structurée en plusieurs étapes. Tout d'abord seront présentés les résultats d'un *benchmark* visant à analyser le positionnement de la Fonction Contrôle de Gestion dans les départements français, puis, au travers d'une méthodologie fondée sur un processus interactif avec des acteurs de terrain, les diverses options seront analysées pour déboucher, in fine, sur la présentation de plusieurs *scenarii* possibles.

**Mots clés :** Contrôle de gestion – collectivité territoriale - management public- *scenarii*-contrôle organisationnel- positionnement hiérarchique- processus- aide à la décision

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## Introduction

Management control tools are being developed within local authorities although they are not actually required to do so by any legal text, in contrast to state administrations who must adhere to the Organic Law on Finance Laws (LOLF). This organic law does not, as such, oblige management control to be put in place within state services, but it does require the introduction of indicators<sup>3</sup>. Moreover, the establishment of management control within local authorities is not linked to an imperative for profitability and organization survival as can be the case for companies in the private sector. However, local authorities acknowledge the need to embrace these practices and take an approach to steering and management that integrates strategic dynamics and rigorous resource management.

Indeed, in the last few years, local authorities have experienced a stagnation or reduction in resources alongside a great increase in social demand. These authorities are thus constrained to making more and more exacting - sometimes difficult - conciliations and are obliged to focus on the main priorities while limiting other interventions. Additionally, they must ensure the quality of the decisions taken and their implementation and also prove this quality to their citizens, electors and taxpayers (Carlier and Ruprich-Robert, 2013).

The majority of local authorities have therefore been inspired by the LOLF law which determines, in conformity with Article 34 of the Constitution, the rules pertaining to State budget and accounts - how they are presented, voted upon, enacted and monitored. This law was passed on 1st August 2001 and applied to the State budget for the first time in the fiscal year of 2006. It revoked the ruling of 2nd January 1959.

Following this, multiple tools and services were developed that contributed in different degrees to decision support, such as the

reporting on decision support system and the reporting on steering system. The services of management control, internal auditing and public policy evaluation missions were thus progressively multiplied and developed, notably within county councils.

Additionally, in the difficult economic context after the economic crisis of 2008, local authorities are facing a 'scissor effect': their income is decreasing while their spending is increasing because their areas of activity are becoming ever larger.

In this framework, the role and aims of the Management Control Function appear to become ever more limited: experiences in implementing management control produce variable results depending on the authorities, and none appear to be truly imposed.

This paper focuses on a particular form of territorial structure, the county council, and aims to answer a specific question: what role should management control play within a county council, from a functional as well as a structural point of view, in a changing environment? It is organised into two parts. The first part will begin by emphasising the diversity of the tasks assigned to management control, as it is currently understood. This is followed by a brief literature review of the place of the management control function within an organisational structure. Finally, the particularities of management control within non-market organisations will be explored.

The second part will focus on the 'field' and will be divided in several stages. Firstly, the results will be presented of a *benchmark* study aiming to analyse the positioning of the Management Control Function in French Counties. Then, using a methodology based on interaction with actors on the ground, the different options will be analysed in order to arrive, ultimately, at a presentation of several possible scenarios.

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<sup>3</sup> Court of Auditors annual report, summary of the thematic public report of November 2011, on 'the implementation of the organic law relating to

finance laws (LOLF): an overview for a fresh perspective'.

## 1. Management Control: mission and positioning

### 1.1. Management Control

The desire to control is to 'seek to direct actions, behaviour - if not knowledge, goals or values'<sup>4</sup>. The raison d'être of control systems is 'to increase the likelihood that people will internalize organizational goals and thus behave in ways which lead to the achievement of these goals.'<sup>5</sup>. 'Management control is primarily characterised by the use of (often accounting) measures to manage using the results'<sup>6</sup>

Simons (1995)<sup>7</sup> highlights two non-exclusive methods of using management control:

- management control can be used in a 'diagnostic' way. This consists of managing based on the results of a cybernetic diagram: goals/results/assessment of failings/potential corrective measures. This type of use fits perfectly into the framework of 'Management by Objectives', conceived in the 1960s by Peter Drucker<sup>8</sup> in the United States and Octave Gélinier<sup>9</sup> in France.

- management control can also be used in an 'interactive' way. The objective here is to produce information (generally figures) which serves as a basis for discussions and interactions between the co-workers of the company, notably with the aim of defining or reorienting the organization's strategy.

In general, management control forms part of a much larger swathe of practices that allow the prediction of behaviour; these can be grouped together under the term 'organizational control'.

Thus Ouchi (1979)<sup>10</sup> and Merchant<sup>11</sup> (1982) proposed a typology of modes of control that can be applied to organizations:

- control by results (see above).
- control by bureaucracy: enforced by written rules that define what should and should not be done and envisage sanctions.
- control by clan, qualifications and culture: in this instance, behaviour is led by cultural norms and values (or the requisite qualifications).

<sup>4</sup> Bouquin, H., 2009, 'Théorie des organisations et contrôle', in Colasse, B(dir.), *Encyclopédie de comptabilité, contrôle de gestion et audit*, Paris, Economica, pp.1371-1379.

<sup>5</sup> Flamholtz, E.G., Das, T.K. et Tsui, A.S., 1985, 'Toward an integrative framework of organizational control', *Accounting, Organizations and Society*, vol.10, n°1, pp.35-50.

<sup>6</sup> Sponem, S. Chatelain-Ponroy S., 2010, 'Les comportements face au contrôle', in Berland N., De Rongé Y., *Contrôle de Gestion et perspectives managériales* (chapter 4), Pearson.

<sup>7</sup> Simons, R., 1995, *Levers of control: how managers use innovative control systems to drive strategic renewal*, Boston, Harvard Business School Press.

<sup>8</sup> Drucker P., 1975, *La Nouvelle Pratique de la direction des affaires*, Economica, Paris.

<sup>9</sup> Gélinier O., 1968, *Direction participative par objectifs*, Editions Hommes et Techniques.

<sup>10</sup> Ouchi, W.G., 1979 'A conceptual framework for the design of organizational control mechanisms', *Management Science*, vol.25, n°9, pp.833-848.

<sup>11</sup> Merchant, K, A., 1982, 'The control function of management', *Sloan Management Review*, pp.44-45

**Table 1 : Control by bureaucracy, by the market and by clan (Ouchi, 1979; Merchant, 1982)**

Control	Mechanisms	Forms	Examples
<b>By bureaucracy (hierarchy, procedures, spending authorisations...)</b>	Rules, monitoring	Behaviour control safeguards	Direct supervision, procedures (rules, limits and proscriptions: codes of conduct for the activity or ethical codes, strategic planning tools, investment budgeting system)
<b>By the market</b>	Price, market	Control of results	Results, budgets
<b>By clan, qualifications and culture</b>	Commitment, peer surveillance, socialisation	Ceremonial, symbolic, shared values control	Training, mission statements, company <i>credo</i>

These different means of control do not exclude each other but, according to Ouchi (1979), they will be more or less effective depending on the context in which they are embedded. Two questions let us distinguish between 4 possible situations:

- Is it possible to reliably and faithfully measure the results?
- Is there a good understanding of the process of transformation, i.e. the way in which the inputs are transformed into outputs?

**Table 2 : Which means of control for which context? (Ouchi, 1979)\***

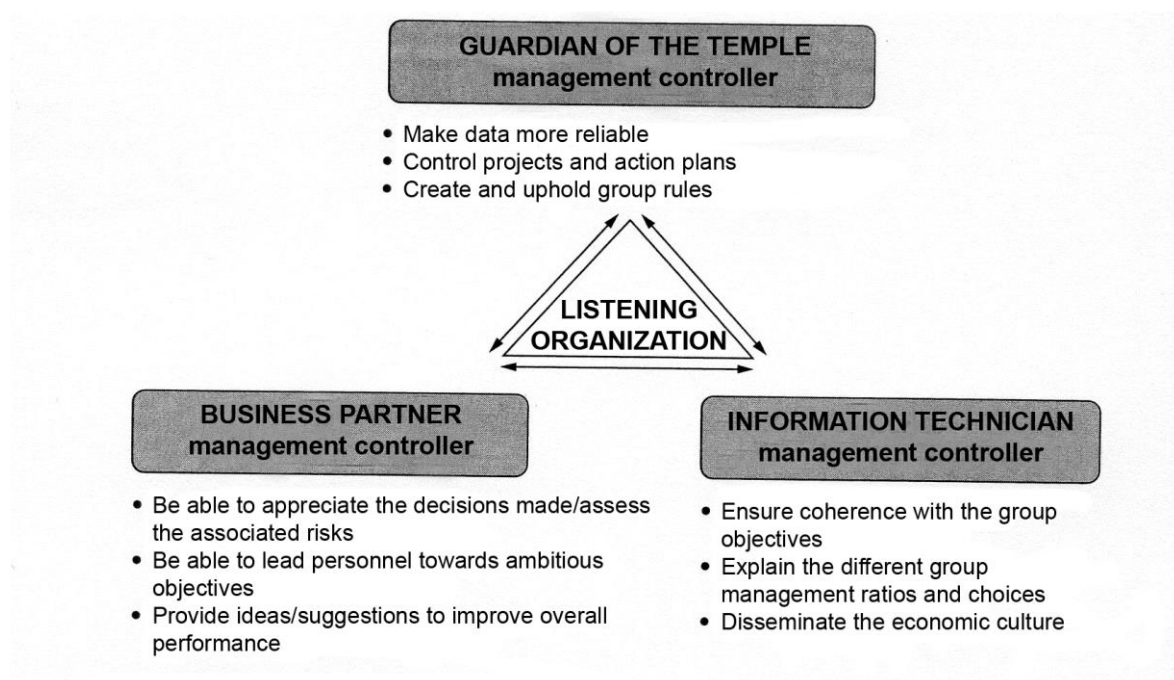
Perfect	Understanding of the process of transformation	
	Perfect	Imperfect
Possibility of measuring the results	Strong Behaviour control or measurement of result	Behaviour control by observation, rules (for example, worker on an assembly line)
	Weak Control by results (for example, manager, producer, seller)	Control by clan, by standardisation of qualifications or by culture (for example, mafia, research laboratory, teacher)

\* Adapted from Ouchi, W.G., 1979, 'A conceptual framework for the design of organizational control mechanisms', *Management Science*, vol.25, n°9, pp.833-848.

Ultimately, management control consists of a diverse range of practices. The outcome of an international study carried out by François-Xavier Simon (2010)<sup>12</sup> during the year of 2010 in 9 countries (Germany, Austria, Belgium, the United States, France, Italy, Japan, the Philippines and the United Kingdom), realised in collaboration with CEGOS and DFCG (Association of Chief Financial Officers and of Management Control), thus revealed three key roles for management controllers.

- the management controller as an 'information technician', also called a bean counter or data cruncher, whose role is to produce and communicate reliable figures.
- the management controller as a 'guardian of the temple', whose mission is to ensure the rules, procedures and budgets are respected.
- the management controller as a 'business partner', who give his/her opinion as a member of the project team and who supports and advises the operational manager.

**Table 3 : The three key roles of the management controller (Simon, 2010)**



Source : enquête internationale Cegos / DFCG 2010

## 1.2. The specific case of non-market organizations

'Non-market organizations today are subject to changes in their legislative and economic context which often render necessary the development of management control systems. This however cannot simply result in transposing tools and methods developed in a

completely different context. Indeed, traditional control techniques are only effective, or even usable, in certain specific cases that fulfil several conditions, including the absence of ambiguity in objectives, the possibility of measuring results, an understanding of the consequences of corrective actions and the repetitive nature of actions<sup>13</sup>. In fact, non-market organizations do not fulfil a good number of these conditions

<sup>12</sup> Berland N., Simon F-X., 2010, *Le Contrôle de Gestion en mouvement*, Editions d'organisation, Paris, pp.11-14.

<sup>13</sup> Sponem S., Chatelain-Ponroy S., 2010 'Le contrôle de gestion dans le secteur non marchand', in Berland N., De Rongé Y., *Contrôle de gestion et perspectives managériales* (chapter 22), Pearson.

and so, in order to integrate the specific characteristics of such organizations, changes must be made to the 'traditional' control systems.' (Hofstede, 1981)<sup>14</sup>

The non-market organizations sector is characterized by the presence of a large number of stakeholders, each with their own goals. Moreover, not all the goals are quantifiable and measurable.

Three types of rationale co-exist in non-market organizations (Chatelain-Ponroy, 2008):

- a political rationale linked to general interest missions. This is governed by mainly socio-economic goals (for example, improving the access of certain social categories to higher education).
- an economic rationale that requires resource co-ordination (the revenue and expenditure for example).
- an operational rationale dictated by service quality goals (e.g. response times, percentages of cases dealt with...).

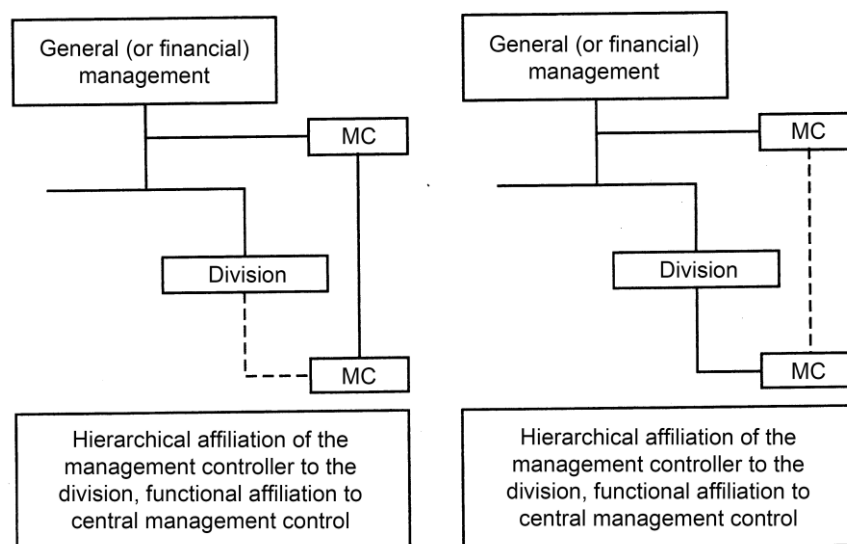
The plurality in these priorities means management control cannot focus exclusively on accounting but must also integrate all the

qualitative elements. Moreover, it involves consulting with the different stakeholders in order to define and set priorities.

### 1.3. The positioning of management control in county councils

Les Conseils Départementaux sont des Within county councils, as divisional organizations, the question of the positioning of the Management Control Function is especially pertinent. In the divisions, the management controller is linked to a dual affiliation: both hierarchical and functional. 'There exists two main combinations of such affiliations. In the first, the controller is either attached to the management or to the management control central service (a functional relationship between the local controller and the manager of the unit to which he/she is sent). In the second, he/she is attached to the head of the operational unit (a functional relationship between the controller and his/her counterpart at a higher level)' (Lambert, 2010).<sup>15</sup>

**Table 4 : The management controller's dual affiliation (Bouquin, 2008)\***



\*Bouquin H., 2008, *Le contrôle de gestion*, PUF, Paris

<sup>14</sup> Hofstede G., 1981, 'Management control of public and not-for-profit activities', *Accounting, Organizations and Society*, vol.6, n°3, pp.193-211.

<sup>15</sup> Lambert C., 2010 'Le contrôleur de gestion et son manager', in Berland N., De Rongé Y., *Contrôle de gestion et perspectives managériales* (chapter 5), Pearson.

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Based on several studies carried out among management controllers in large organizations, Caroline Lambert (2010)<sup>16</sup> identified 4 forms of Management Control Function:

- the 'discreet' Management Control Function: 'Here, the management controllers interact with line personnel without holding any real authority over them, and so the personnel do not feel that the controllers can or should support their decision-making. In this framework, the controllers have a discreet mandate to verify whether the rules are being followed.'
- the 'safeguard' Management Control Function that serves headquarters. Personnel do not expect recommendations on decision-making from the controllers. The controllers' role is 'limited to authorising expenditure (weak authority).'
- the 'business partner' Management Control Function does support decision-making amongst personnel. However, 'his/her proximity to personnel constitutes a risk in terms of governance. (...) Thus, when the pressure is too high, the management controller is also a powerful ally of the operational manager in his/her attempts to manipulate the situation, with greater or lesser results (Lambert, Sponem, 2005).'
- the 'omnipotent' Management Control Function: 'Here the controller serves headquarters and possesses undisputed authority over personnel. He/she thus ensures systematic consideration of the financial dimension and promotes a centralisation of power in the hands of the Directorate-General. Such a Management Control Function undermines initiative-taking and innovation.'

It is thus apparent that governance stakes take centre stage in the positioning of the Management Control Function and that power can be considered as a contingent variable in the organizational structure thus put in place (Bescos, Mendoza, 1999).

Jordan (1998)<sup>17</sup> showed that the most frequent case consists of a management controller affiliated to a local operational manager, and thus functionally affiliated to a central management controller. Nonetheless, the opposite can also occur. Is this issue of a dual affiliation for the management controller in fact problematic? Jordan's study shows that no consensus exists on the question. His study is summarized in the following table:

<sup>16</sup> Lambert C., 2010, 'Le contrôle de gestion en mouvement', in Berland N., F-X Simon (Chapter 11), *Le contrôleur de gestion, un business partner?*, Editions d'organisation, pp.157-169, Paris.

<sup>17</sup> Jordan H., 1998, *La planification et le contrôle de gestion en France en 1998*, Cahiers de recherche, n°644, HEC, Paris.

**Table 5 : Advantages and risks inherent in the choice of hierarchical affiliation (Jordan, 1998)**

Point of view of the division		Point of view of headquarters
<b>Hierarchical affiliation to the division manager</b>	Coherence with the autonomy granted	
	Contribution to day-to-day operational activity  Depends on: <ul style="list-style-type: none"> <li>the type of activity (heavy centralisation, reduced impact)</li> <li>the sector (frequency of emergence of new products or markets)</li> </ul>	Perceived submission to local authority
<b>Hierarchical affiliation to control management</b>		Allows coherence with the involvement of management in operations
	Negative image of spying Work isolation; risk of disconnection with division	Depends on expected benefit of substantial coordination of different activities  Facilitates establishment of tighter controls in times of stress or problems in governance

Presently, there is no unanimous agreement within the different county councils in France concerning the issue of who the Management Control Function should report to. It is in fact the subject of a continued debate in which parts of Jordan's arguments are cited and more exploratory field studies are called for.

## **2. Field study: what position should the Management Control Function take within a county council?**

### **2.1. Field and methodology**

The research presented here focusses on a specific non-market organization: the county council.

Since the enactment of decentralization laws at the beginning of the 1980s (Defferre Laws), the county has become a major territorial collectivity which is freely administered through an elected council, the county council. The county has many responsibilities which require a strategic type of resource management to promote the policies decided by the elected representatives.

In such circumstances, the Management Control Function is becoming more and more crucial.

However, the positioning of this function within the counties' organizational structures is not uniform. Yet this positioning is not a neutral subject, from both a functional point of view and a political one.



Therefore, this research aims to explore and analyse the various positions observed and then, using a forward looking perspective, outline the various possible scenarios that may develop, taking into consideration changes in the legislative and regulatory framework.

To achieve this goal, a research design was conceived. It relies on a series of steps:

- a benchmark study of the different positions of the Management Control Function within 25 Counties (the counties of Alpes-Maritimes (06), Bouches-du-Rhône (13), Calvados (14), Côte-d'Or (21), Doubs (25), Haute-Garonne (31), Gers (32), Gironde (33), l'Hérault (34), l'Ille-et-Vilaine (35), Loire-Atlantique (44), Loiret (45), Marne (51), Moselle (57), Nord (59), Puy-de-Dôme (63), Bas-Rhin (67), Rhône (69), Paris (75), Seine-Maritime (76), de la Somme (80), Vaucluse (84), Vienne (86), Haute-Vienne (87), l'Essonne (91) and Val-de-Marne (94)). These counties were selected because their populations surpass 500 000 inhabitants. This benchmark survey was based, in part, on a document review using various different sources (professional literature, the ADF [Assembly of French Counties] portal and websites). The other part of the survey consisted of interviews (face-to-face and telephone interviews with managers of these authorities or through a collaborative space entitled 'CARNUTES' which brings together all the County Management Controllers).

This website was set up because 'CARNUTES' wanted to obtain indicators with a reliable statistical base that were comparable between counties. While there are indeed many sources of information permitting such comparisons, the definition of the indicators available is rather wide which renders comparison difficult.

The Assembly of French Counties widely supported this endeavour since, at a time when a severe scissor effect was affecting county finances and when territorial

organization was being re-examined, they sought to assist an initiative aiming to promote communication based on sound figures that could be shared by all.

- the creation of a work group uniting actors from several counties (3 Deputy Director-Generals, 3 management control directors, 4 management controllers and 4 line managers) as well as 3 teacher-researchers. The group undertook a brainstorming session (by creative interactions) using some idea-generating tools (the classic SWOT matrix as well as prospective strategy matrices - inspired by Michel Godet's (2007) work<sup>18</sup>). The meetings took place over a period of 18 months on two different time-frames: a steering committee (made up of the teacher-researchers, a management control director and 2 line managers) held monthly meetings, while the larger committee (all the participants) met on a three-monthly basis.

## 2.2. Benchmark study results: analyse of the Management Control Function in French counties

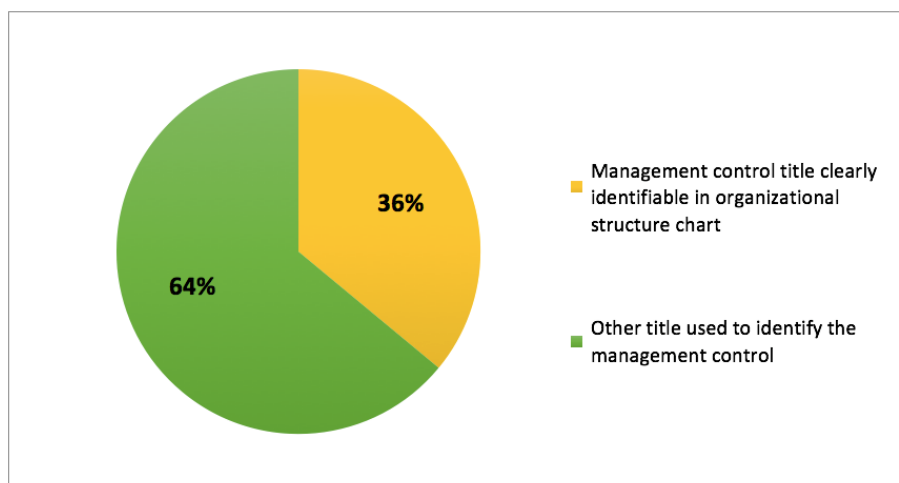
In order to study the positioning of the Management Control Function, a benchmark study was carried out using a sample consisting of the 25 most populated counties of France (populations surpassing 500 000 inhabitants).

The initial results of the comparative analysis of different county council organizational structure charts revealed that in 64% of the counties the Management Control Function does not appear in the primary headings. Only 36% of the counties studied clearly used the title 'management control' within their organization.

<sup>18</sup> Godet M., 2007, *Manuel de prospective stratégique* (2 volumes), Volume 1 *l'indiscipline*

*intellectuelle*, Volume 2 *L'art et la méthode*, 3e édition, Dunod.

**Graph 1 : Reference to management control in county council organizational charts - May 2015**



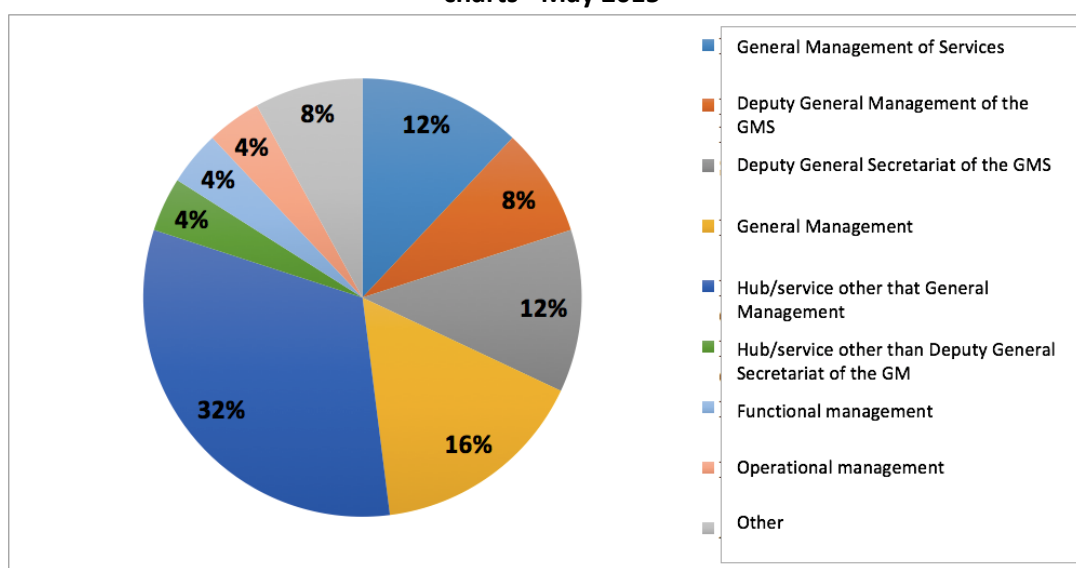
The most frequently used title to refer to the Management Control Function is 'management steering' or 'management steering and analysis' or 'management quality evaluation and steering'.

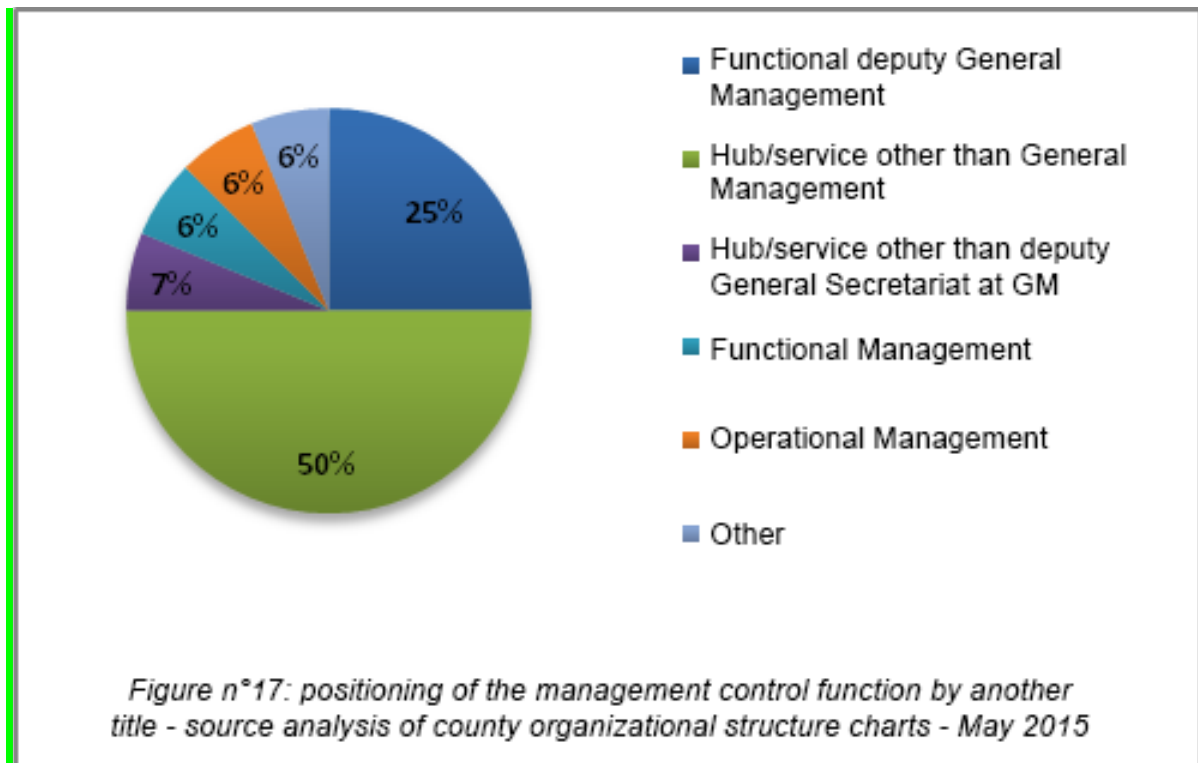
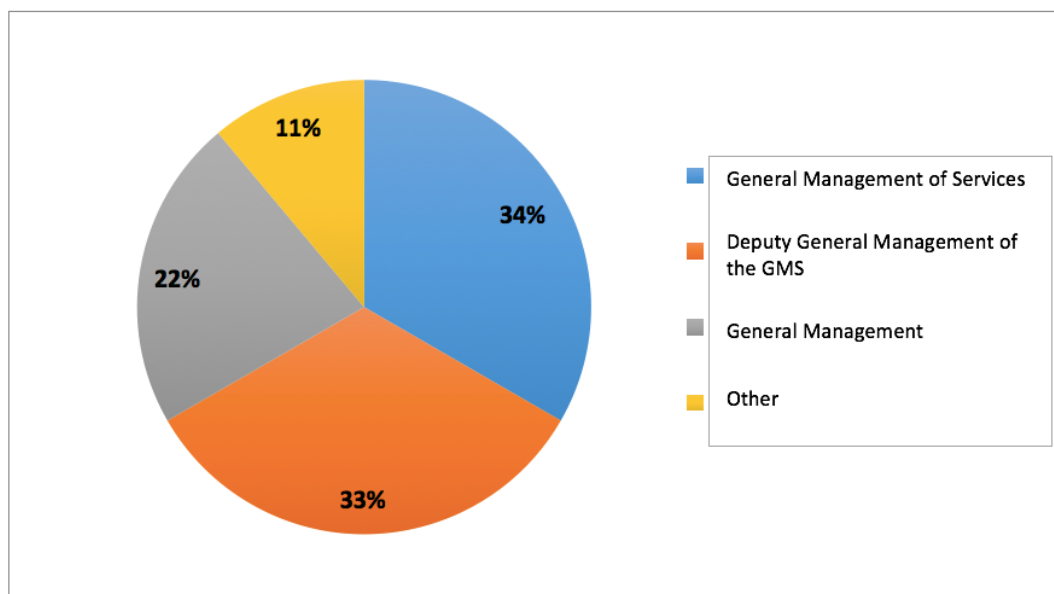
One possible hypothesis is that management control lacks a positive 'brand image' amongst organization officials, since it tends to be associated with 'controlling' and 'auditing' an activity ... and is sometimes even 'labelled' as a *cost killer*. Although this perception of management control is negative, its image is now changing. Management control is, in fact, increasingly perceived as a collection of practices that support management in an uncertain world, rather than as a collection of

coercive and restrictive measures, implying an almost police-like surveillance of the actions undertaken and the results obtained.

The comparative study of Management Control Function positioning within the panel of 25 French counties studied showed, moreover, that this function is generally present within an important directional department, such as the General Management of Services (GMS) at 12%, the Functional Deputy General Management (24%), the deputy General Secretariat of the GMS (12%) or associated with another service/hub of General Management (32%)... It is at these hierarchical levels that management control is generally performed.

**Graph 2 : Hierarchical positioning of management control in county council organizational charts - May 2015**



**Graph 3 : Positioning of the Management Control Function under another title - May 2015****Graph 4 : Positioning of the Management Control Function as a primary title - May 2015**

Effectively, the Management Control Function is generally undertaken by a dedicated service as part of the General Management of Services. This is why it can be observed that 34% of the counties possess such a structural organization. If we add the position in the deputy General Secretariat of the GMS, almost half of the counties position the Management Control Function close to the General

Management of Services, with the other half being positioned within the functional General Management such as in Human Resources, General Resources...

### **2.3. Analysis of the key strengths and weaknesses of the main positions surveyed**

Positioning management control within directional departments is important since it allows the management control more influence and decision-making power in practising its functions.

The positioning of control and steering services in the organizational structure of a local authority constitutes a means of internal organization where the authority possesses considerable freedom. This form of organization should ensure the efficacy of operations undertaken in all services while also ensuring the quality of information provided to the executive. However, it is important to emphasise that occasionally in some less favourable situations, the management controller concentrates efforts into planning and tools and is thus firmly positioned in a peripheral function rather than serving the General Management and so lacks decision-making influence. Ultimately, while the role of the management controller is indeed to facilitate and provide advice, it appears that this role is, and very often remains, secondary to his/her technical role in planning.

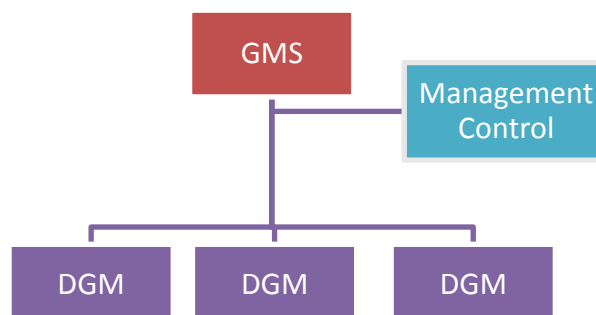
Analysis of the benchmark study shows that management control is generally located at the level of two main directional departments: the General Management of Services (GMS) and a functional Deputy General Management. It is thus pertinent to understand the advantages and disadvantages of each of these localisations in order to then propose scenarios of positioning of the Management Control Function within the county council.

#### **2.3.1. First configuration: management control within the General Management of Services (GMS)**

The need for a complementarity of the diverse functions and the need to ensure coherence in steering at the highest level, in fact, often leads to an amalgamation of the different

functions of control and steering within the General Management of Services. The GMS steers this process of control by relying on a dedicated structure.

**Diagram 1 : Management control within the General Management of Services (GMS)**

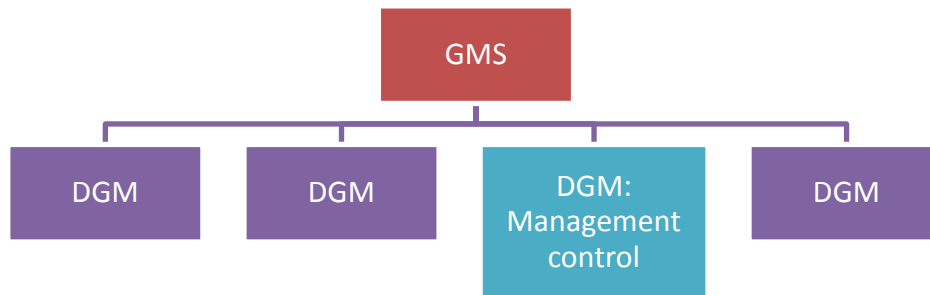


This affiliation provides the service responsible for management control with visibility, transversality and legitimacy which facilitates an effective use in day-to-day management of the tools put in place. It allows management dialogue between the different levels of administration to be achieved more effectively.

However, one disadvantage of this positioning is that staff within the services can perceive the management control to be restrictive and in possession of coercive power.

#### **2.3.2. Second configuration: management control within a Deputy General Management (DGM))**

The control and steering process comes from within the services and is interested in adopting tools that meet the demands of the elected representatives. In the majority of cases the Management Control Function operates in two directions, both descending and ascending; management control is thus conceived as an interface. It ensures that measures and evaluations are communicated upwards to the General Management and supports the services to ensure that the measures are reliable and pertinent.

**Diagram 2 : Management control within a Deputy General Management (DGM)**

However, affiliating management control to a given Deputy General Management is not a neutral choice. For example, if it is affiliated to a 'Finance' DGM, it will be characterised by a predominantly financial approach that is concerned with calculating costs and producing financial indicators. If it is affiliated to Human Resources, the reasoning will be more focussed on monitoring the total payroll, If it is affiliated to 'Information Systems', it will be more concerned with developing control panels...

It is thus indispensable to clearly identify the direction the management control should take in order to avoid short-sightedness in the Management Control Function within the organization.

As regards these positions, some precautions should be taken into consideration. Hierarchical affiliation of the Management Control Function requires some thought. Thus, it can:

- Be affiliated to the General Management of Services or to the General Management.
- Become it's own management department to emphasise the transversal aspect of the function, this choice is mainly feasible for large authorities.
- Have a presence in each service, in this case the officials are placed near the 'manager' in order to highlight the proximity of the management control and the operational services.

As such, determining the position of the management control represents an important stake in local authority management. But it is essential that the positioning of the Management Control Function is determined with an express desire or policy strategy defined by established formal objectives

(political orientations; clear, measurable and realistic goals), resource quantification (data transparency guarantee), and communication of results.

This analysis led us to several scenarios of future positioning of the Management Control Function.

#### **2.4. Scenarios of Management Control Function positioning**

The Management Control Function is developing in a specific context marked by reforms and changes, but in such circumstances the expertise of the controller can have an added value: budget reform (strong incentives to develop management control in the administration), the LOLF - Organic Law on Finance Laws, (allowing the development of new tools aiming to promote the establishment of management control), the MAPTAM and NOTR(e) laws (requiring a comprehensive inventory, steering and monitoring by the management control in the commission and/or skills transfer from counties to cities through the realisation of provisional calculations of expenses to be transferred for comparison with the allocations planned) and the increasing scarcity of resources.

It is thus essential to create a pertinent, flexible, effective, reactive and efficient management control in order to better respond to the environmental changes in which it has been evolving for many years.

The different scenarios explored have been summarised in the following table:

**Table n°6 – The 5 scenarios of Management Control Function positioning within a county council**

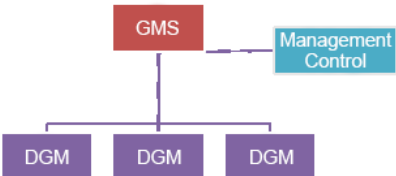


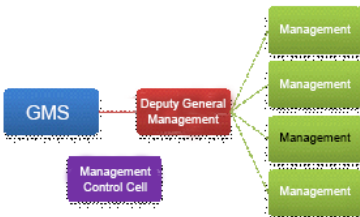

	Schematic representation	Key strengths	Key weaknesses
<b>Scenario n°1:</b> Steering director of management/resources linked to GMS		Strong transversal position Decision support Process of structuring and optimizing resources and advice Proactive participation in transferring skills Simple to change behaviour because of a development in positioning of existing management	Perceived as 'financier' and 'HR' Strong risk of GMS monopolization The management control intervenes less and less in steering support of other operational managements Risk of lack of neutrality
<b>Scenario n°2:</b> Strategic management of Steering at the GMS		More responsive and closer to other DGMs Job specialization towards steering strategy and county council management Encourages anticipation of changes and risks Proactive in evaluating skills transfer costs and studying county management Financial neutrality An easy position to put in place	Strong risk of GMS monopolization The management control intervenes less and less in steering support of other operational managements Short-term rather than long-term relationships with the consultants
<b>Scenario n°3:</b> Deputy General Management of Resources		Positioned as 'resource supplier and guarantor of data reliability' Direct link between management control, finances, HR and information systems Management and analytical skills for other managements	Primarily perceived as 'financier' and 'HR' The budgetary reasoning of this positioning prevails, limiting the fields of intervention of management control for wider-reaching actions Lacks neutrality Lacks responsiveness to the environment
<b>Scenario n°4:</b> a specialised management control cell		Strong and reliable expertise in management control and management analysis Specialises in finding solutions to curb operational, organizational and management steering costs Active in providing advice and supporting improvements in financial management processes	Unclear strategic orientation Complex to implement as regards the hierarchical logic of the county council
<b>Scenario n° 5:</b> Outsourcing management control		A degree of responsiveness since the external delivery is paid for Objective viewpoint Brings in new skills from outside	High costs and loss of responsibility for the management control function Risk of a loss of coherence and cohesion Difficult for the external firm to adapt to the complex organization of the county Difficulties in communication and understanding



Table n°7 – Quotes from officials concerning the 5 scenarios of Management Control Function positioning within a county council


Scenario n°1 : Steering director of management/resources affiliated to GMS	
Schematic representation	<pre> graph TD     GMS[GMS] -.- MC[Management Control]     GMS --- DGM1[DGM]     GMS --- DGM2[DGM]     GMS --- DGM3[DGM] </pre>
QUOTES	
Deputy Director-Generals	<p>'There is no ideal affiliation, nor is there a definitive one. But because the area of control extends across all the authority's activities, the controller should be able to see the big picture'</p>
The management control directors	<p>'The positioning of the management control should be strongly supported by the strategic managements, this allows us to put in place a more effective management and control and anticipate the future....'</p> <p>'Yes, then the task of facilitating and coordinating will be easier'</p>
The teacher-researchers	<p>'Management control can be either centralised or decentralised, we need to identify the advantages and disadvantages of these two positions...'</p> <p>'But it is true that placing management control as close as possible to the governing bodies provides them with an overview and their own effective power to act as well as greater legitimacy.. '</p> <p>'Moreover, this position would take away all or some of their directly hierarchical responsibilities and would emphasize their role of providing management advice'</p>
The management controllers	<p>'Ideally the role should be affiliated to the highest level of the hierarchy and be independent'</p> <p>'Placing management control within the General Management of Services would allow the controllers to benefit from their direct support'</p>
The line managers	<p>'The objective and the structure, the bureaucratic organization of public administrations can be a constraint for him/her, we shouldn't forget that...'</p> <p>'Effectively, placing management control within the General Management of Services would allow faster and easier dissemination of all the different reports the controllers write'</p> <p>'And the controller would be seen as a very influential member of staff within the organization'</p>

Scenario n°2: Strategic Steering Management at the GMS	
Schematic representation	<pre> graph TD     GMS[GMS] --- DGM1[DGM]     GMS --- DGM2[DGM]     GMS --- DGM3[DGM management Control]     GMS --- DGM4[DGM]         </pre>
QUOTES	
Deputy Director-Generals	<p>'The management controller's area of activity encompasses all of the organization's activity. This is why he/she cannot be placed under the authority of the person whose activity he/she is supposed to be controlling...'</p> <p>'So the ideal would be a specific deputy general management for management control that is not attached to other functions, in order to ensure objectivity and neutrality'</p>
The management control directors	<p>'In effect, the mission of the hub, the service and the management... the function of management control should be to help and support each service within the organization, from the operational personnel to the chief executive, from the lowest level of the hierarchy to the highest'</p>
The teacher-researchers	<p>'Yes, but that would then mean that the controllers have no hierarchical authority, and they should not only deal with the staff under their responsibility, otherwise, there is no possibility of freedom of spirit or objectivity'</p> <p>'The deputy general management would provide management support to others...'</p> <p>'Indeed, this differentiation can be perfectly explained, H. DE LABRUSLERIE said 'because finance is centred on a financial overview of all actions carried out by the organization, whether in the short term for the treasury, or in the long term for financial policy; while the management control is linked to the continuous analysis of the routine workings of the operating cycle.'</p> <p>'Consequently, we cannot associate two functions that are not compatible, they cannot be dependent on each other'</p>
The management controllers	<p>'What differentiates management control from finance is that the first is a management style while the second is a technique...'</p> <p>'Based on this fact, hierarchical dependence of one on the other could be incompatible or very badly perceived...'</p>
The line managers	<p>'There is another issue here, the management control is often undistinguishable from a function... The financial function, many administrations place these two functions together but it does not seem advisable to do so and risk being seen as the organization's "rat squad"...</p>



Scenario n°3: Deputy General Management of Resources	
Schematic representation	
QUOTES	
Deputy Director-Generals	'Positioning management control in Resource Management effectively means creating a specific hub or service for this function, and making our management controllers specialists and fencing them off'
The management control directors	'This positioning is not as advantageous as scenarios 1 and 2, here we would lose the power provided by the hierarchical position, as well as objectivity and neutrality in some ways...'
The teacher-researchers	'On one hand this positioning offers almost unlimited and direct access to large quantities of information in the HR, financial and project domains...'
The management controllers	'This positioning would have the advantage of guaranteeing the reliability of resources and data management...'
The line managers	'In fact, this positioning would lead the management controllers to specialize and would eliminate their versatility. They would more easily become controllers of management, HR, budgets, processes, policy... And would develop other functions in accounting, finances or administration...'

Scenario n°4: a specialised management control cell	
Schematic representation	
QUOTES	
Deputy Director-Generals	'This positioning as a specific "management control" cell with no hierarchical affiliation that is autonomous in its governance would not allow clear definitions of its objectives and strategic orientations'
The management control directors	'In fact, this positioning is very atypical and rare, currently, no public administration has a free "management control" cell...'
The teacher-researchers	'It is true that public authorities are not used to thinking or acting in this way, the bureaucratic model and the "multi-layered hierarchy" type of organization would not be able to accommodate such a position' 'And the "management control" staff might feel like they had been abandoned, rejected...'
The management controllers	'The advantage of this positioning would be that we would be able to develop great expertise, but would anyone hear us? And where would our strategic and hierarchical support come from?...'
The line managers	'This could be very complex to implement, county governing bodies are not really used to having a completely autonomous "management control" cell...'

Scenario n° 5: outsourcing management control	
Schematic representation	
QUOTES	
<b>Deputy Director-Generals</b>	'Budgets are getting tighter year on year, planning to outsource this function would be unwelcome especially from a political and strategic point of view. Additionally, we have staff members with these skills, we need to make the most of them and not create another large expense'
<b>The management control directors</b>	'We shouldn't abandon the specific knowledge and expertise we have within public authorities. Internal management control is an obvious and appropriate strategic tool as regards the general economic situation, budgets are diminishing, every expense should be analysed, controlled and evaluated and we must develop our capacity to anticipate the future.'
<b>The teacher-researchers</b>	'This scenario would offer the advantage of a new expertise, a fresh perspective...'
<b>The management controllers</b>	'Outsourcing would cost the authority far too much and intervention from an external firm would probably lead to a loss in coherence and cohesion here internally between the teams and also as regards the history and ways of doing things at the authority'
<b>The line managers</b>	'It would be interesting to bring in new skills, but the internal workings of the authorities are complex and very particular, external firms in fact have a lot of difficulties in adapting and understanding how we work. That would create obstacles for the firm especially in terms of communication and thus comprehension.'

## Conclusion

This study of the hierarchical positioning of management control and the different hypotheses presented demonstrates that this type of function is not easy to position since each county is unique (culture, history, specific characteristics of the area, user interests, organization, strategic objectives...) . There is no single method and no specific operating mode, and so in order to ensure the conditions for success, a methodology must be put in place that is adapted to the authority in question and to the demands of the elected representatives and the management (DGM, GMS...) involved. Equally, the measures implemented must cohere with the objectives to be achieved and the strategic orientations desired from this function. There are numerous difficulties: even though the purpose of management control is up for debate, its position is both complex and

essential for the organization and depends entirely on the desired impact of the function.

Establishing a management control does not call into question the quality of the officials' work, it seeks instead to optimize skills to improve the overall performance of the authority. The role of management control is not to monitor nor to sanction. It should simply help improve the working conditions and methods of organization. Its implementation is a wide-reaching act that will influence practices and behaviour.

This is why, considering the political, economic and social context and the different changes to come (territorial reform, the NOTR(e) and MAPTAM laws), a closer connection between strategy and decision-making is an undeniable advantage. The management control must possess all the keys to success and the skills to be versatile, proactive and relevant in mastering the different fields of county management and, as much as is possible, be able to anticipate the environmental changes in which the function will operate in the future.

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