



# Policy, Procedure, Practice, Precedent: Do We Really Need All This Bureaucracy?

BY DAVID J. BACHRACH, FACMPE/FACHE

**B**ureaucracy is the structure and regulations in place to control activity, usually in large organizations and government. It is characterized by standardized procedure (rule-following), formal division of responsibility, hierarchy, and relationships.

Academic medical centers are large, complex organizations. It is often difficult to determine what is to be done—let alone understand why. In fact, we often refer to such institutions as bureaucratic—and often this is said with disdain, as if bureaucracy is always a bad thing. In fact, when properly used, it is the bureaucracy that makes functioning in such large organizations possible. Bureaucracy codifies the rules by which we operate. An absence of rules in such a large and complex organization would make navigation nearly impossible. Imagine a city without street signs and drivers without rules of the road with which to get from place to place—not a pleasant thought. Let's see if we can make some sense of all this. We'll call the system the "four Ps": policies, procedures, practices, and precedents.

## Policies

Policies are rules made/adopted by the governing body of the organization (board of trustees/regents) by which the officers (president/provost/lean/chair), faculty, and staff are expected to operate. Policies are written and printed (although now they are often available in electronic format, online). They are compliant with federal and state laws, but may express expectations that hold people to a higher standard than is required by the law. Beyond the law, policies often call for compliance with other authoritative bodies. For example, the governing authorities of universities and medical schools expect the institution to remain compliant with licensing and accrediting agencies. We refer to these as "mandates of a higher authority"; as such, they create the foundation for how policies are written and are maintained.

*David J. Bachrach has more than 35 years of experience in academic medicine administration. He provides leadership coaching to physicians in academic medical centers and teaching hospitals. He may be reached by Email at [PhysXCoach@aol.com](mailto:PhysXCoach@aol.com), at 303-497-0844, or through his Web site, [www.PhysXCoach.com](http://www.PhysXCoach.com).*

Policies are an expression of "what we do." Because of their broad availability, all employees are expected to be compliant with institutional policies, even though it is not reasonable for all individuals to read and memorize these detailed documents.

An example would be an institution's travel policy. It will characterize what constitutes authorized travel, how and to what degree incurred expenses may be reimbursed, and what authorizations are required before travel occurs and which are required for reimbursement of expenses.

Another example would be the institution's policy on employee performance review. This policy would speak to the frequency and format with which reviews are conducted, the results shared with the employee, and the documents retained in institutional records. It would likely speak to what constitutes sufficient documentation of performance when recommending someone for additional compensation, promotion, or disciplinary action or termination.

A more contemporary issue relates to the implementation and use of the electronic medical record (EMR). The institution realizes that movement from paper (and the incipient "shadow records") to an EMR is more than just a trend—it has become the community standard for safety and compliance. The institution's board adopts a policy that calls for implementation of EMR across the institution within five years. An investment of millions of dollars is required, resulting in the prioritization of other

important investments to a lower level and a deferral of their funding. The EMR system is selected and installed, and people are trained in its use. The system is rolled out in pilot areas and debugged. Full implementation is called for by a date certain, but some individuals (or even departments) resist use of the system. This represents a violation of institutional policy. Consequences for non-compliance, after suitable notice, may include discipline up to and including termination for not following institutional policies and practices.

## Procedures

Procedures are the written expression of "how we do things." They include step-by-step directions for following policies, and often include absolute limits for what is permissible and what is not. They create a sense of order and consistency when dealing with large volumes of activity handled by many different people, and serve as a source of direction/instruction when someone new is expected to execute processes on behalf of his or her component of the organization.

An example would be found in an online procedure manual that can be accessed by all employees and is cross-referenced (and hot-linked) to procedures for all common activities. It would include a list of frequently asked questions (FAQs). Updating can be done by an authorized and knowledgeable person and notices sent to key people who sign up to receive them so they can remain up to date. There would thus be no need for large binders that rapidly become out of date, nor the destruction of whole forests by printing new updates and trying to maintain their currency.

## Practices

Practices are the less formal, often unwritten, "ways we get things done." These are often passed from employee to employee by word of mouth. Many people don't "read the directions" (i.e., the procedure manual).

Rather, they ask someone to show them how to carry out the process. Over time, and after being passed from person to person, it is not unusual to find that what is done varies from what is expected. Procedure audits at the departmental level, and a sampling of submitted documents, will frequently turn up these deviations. Even though often no harm is done by varying from the precise adherence to procedures, occasionally deviation from expectations results in errors that create problems for the organization (see examples below).

How do we maintain order? Well-functioning organizations conduct periodic reviews of critical procedures and insist on new employee training (and “old” employee retraining) to be sure that actual practices approximate intended procedures. Increasingly, training is completed in a more efficient fashion online with self-paced programs and post-tests to affirm the employee’s knowledge of the required information. Completion of such training is often required before the employee is deemed to have satisfactorily completed the probationary period. Sounds “bureaucratic”? How else are we to maintain a degree of order in our complex organizations?

An example would be the department administrator who insists that each of the support staff involved in processing travel reimbursement forms for the faculty and administrative staff complete an annual refresher course online (and successfully complete the post-test) before performance reviews are deemed completed, and that performance reviews for all employees must be completed (and discussions held with each employee) before a supervisor is eligible for an annual salary adjustment. This is not required by policy (although following these policies is) but is used by the department to ensure that an audit would likely find the department in compliance.

On occasion we find that individuals will intentionally violate procedures in pursuit of personal enrichment. Violations of vacation policies may lead to excessive vacation time taken. Mischaracterization of disallowed travel expenses may lead to inappropriate reimbursements. Failure to follow procedures for good cash controls in the clinic or with a department’s petty cash fund are often a source of defalcation of departmental funds—often relatively small amounts, but

occasionally resulting in theft in the thousands, or even millions, of dollars.

We also sometimes see a practice of failure to follow procedures in the area of regular performance reviews with honest characterizations of employee performance. When there is a recommendation to terminate an employee for poor performance, and procedures have not been followed, there is often a need to begin the documentation process while retaining the poorly performing employee. This is not only uncomfortable for all concerned but may also lead to charges of harassment and the payment of money damages.



*Bureaucracy codifies the rules by which we operate. An absence of rules in such a large and complex organization would make navigation nearly impossible.*

Well-written and -maintained policies and procedures, coupled with effective staff training and periodic audits of actual practices, will reduce the likelihood of theft-in-kind (inappropriate use of resources resulting in diminished value to the organization) or a theft of resources (money taken from cash transactions or equipment “borrowed” inappropriately for personal use—and maybe never returned).

### Precedent

Regardless of established and approved policies, procedures, and practices, if the conventional behavior differs or is inconsistent, the institution and the operating unit

may be in for some real challenges—and possibly the payment of liquidated damages in order to settle cases that are brought to suit, or threat of suit. Consistency in dealing with issues in accordance with institutional expectations establishes a strong foundation for action that is rarely successfully challenged in court.

Examples would include:

- ❖ A vacation policy, which the policy manual states applies to all employees, is handled one way for faculty and another way for staff.
- ❖ An employee with a mediocre, but acceptable, performance review is treated differently (less favorably) from an employee whose performance is knowingly weak but for whom documented performance reviews have not been performed.
- ❖ One employee is terminated for what appears to be a violation of proper cash controls and an appearance of theft, while another employee is permitted to make restitution and maintain employment.
- ❖ One employee is terminated both without cause and without due process as spelled out in institutional policies, while another who committed the same offense is given the opportunity to resign without consequence.

### How Polices Affect Governance

Most medical schools have standing committees that are created in order to involve faculty in certain processes. Such committees are called for by institutional policy (e.g., appointment/promotion/tenure, curriculum reform, student advancement and award of degree) and describe the chain of authority and command. The officers (dean/vice president/provost) are likely to be in this chain, but must allow the process to work through the designated committees and cannot circumvent the established process. An officer may, however, exercise his or her delegated authority and override the recommendations of a committee, if permitted by policy and described in procedures.

Some schools allow for the establishment of by-laws that are unique to the school; these are then endorsed by the parent institution and have the force of institutional policy. Many schools create internal committees and processes that are neither

mandated nor codified in the by-laws, but are used to gain input, affect communications, and develop consensus. In this case, it is important to create a broad understanding throughout the school that such committees are advisory, and do not have the authority to recommend nor implement changes to policies and practices over the objection of, nor in conflict with, the authority of the officers. Said another way, the institutional board in control expects the officers to carry out their responsibilities and not to subordinate good decisions to the perceived will of the faculty, even when there is discontent among that body.

Not all decisions are popular. When there is discontent, good process allows for discussion in pursuit of an understanding of the facts, the exploration of reasonable alternatives, and adequate time for implementation to ensure that support systems are in place and working. However, the new policies and procedures must be implemented in a time-appropriate fashion in order to maintain compliance with law, regulatory and licensing authority expectations, and good business practices. Sometimes there is conflict (sometimes exhibited by letter writing, newspaper articles, and public outcry) that gets out of hand when the scope of authority of the faculty and the officers is not well understood.

I recommend a periodic review of what is

and what is not within the authority of the officers, chairs and faculty. Further, I believe that there should be established an ad hoc “committee on committees” that meets every five years to review the charge, membership, frequency of meetings, and performance of each standing and ad hoc committee (by definition, ad hoc committees should be formally “sunsetting” at the end of their task and should not be left in place longer than required to get the job done). When possible, committees should be combined. We sometimes find that the same people meet in different forums to discuss largely the same issues, wasting the time of all and slowing down decision-making and implementation. We often find this overlap between faculty practice and hospital committees, evolving from real or perceived mandates by accrediting bodies or the sense that different corporate entities can’t have joint committees that might promote collaboration due to perceived competing objectives.

Deans who establish internal advisory committees but fail to clearly state that they are advisory may be looking for disruption down the road. Such committees may (at a future date, under a different dean, and with different members) take on a life of their own and challenge the authority of the dean. When this happens, the dean cannot be in a position to try to explain to a higher authority that they were prohibited from taking

responsible action because they were “overruled” by their committee. The board in control holds the dean accountable and responsible, and doesn’t recognize the committee.

Annual clarification of this chain of command and authority is important to prevent a misalignment due to precedent evolving into a long-standing practice and perceived reality. This might best occur when the dean meets annually with the committee to thank them for their important contribution to advising the dean on their areas of assignment, and to review their charge and goals for the year ahead. Advisory committees can have tremendous power by their influence, but they cannot assume that their power overrides that of the person they are advising. As such, I believe that all such committees should have the word “advisory” in their title as a constant reminder of the limits of their role and authority.

### Conclusion

All members of the community in which we live and function benefit when they know and understand the governance structures and elements of their organization. When operated as a beneficent bureaucracy, it makes it possible for the institution to function as a high-performing organization, functioning seamlessly as it deals with the many factors that challenge it within the even more complex world in which we live. ❖