

TO: Senate Steering Committee

FROM: Infrastructure Council (IC)

Jane Brockmann, Chair

RE: "Finance and Accounting Error Correction Changes" Policy, Oct 8, 2009.

The "Finance and Accounting Error Correction Changes" Policy was announced on 8 Oct 2009 and is scheduled to begin on 1 January 2010. The policy was designed to reduce the number of errors at the department level which must be corrected by staff in Finance and Accounting. According to the policy "Extra work is created for core offices and the departments when a department does not follow the proper business process or does not do so in a timely manner. To encourage compliance with proper business processes and reduction of costs, we are instituting a charge for these errors. Pro Forma invoices will be sent out starting January 2010 and will continue through June 2010. These invoices will indicate the monthly charges by College (with detail by department provided). Actual invoices and charges will begin in fiscal year 2010-2011." (A copy of the policy is provided on web site for the Senate Steering Committee)

After reviewing the policy and discussing it with Mr. Matt Fajack, University CFO, the Senate Infrastructure Council makes the following observations.

1. This policy was promulgated without consultation with any faculty or staff committee/group, even though it will have a major effect on working conditions for staff and a significant impact on faculty and their units.
2. The announcement of this policy has already caused serious deterioration in the morale of an overworked staff that has recently been downsized. Implementation of this entirely negative policy represents an inappropriate way to manage people.
3. This policy assumes that the causes of the errors are negligence or carelessness on the part of staff and faculty, but, in fact, the causes and extent of the errors are not known. Errors are equally likely to be due to inadequate training, understaffing, or cumbersome business procedures rather than carelessness. Before such drastic measures as fines are implemented, there must be a period in which the causes of the errors are identified. While this policy provides a data-gathering period (Jan 1 – Jul 1, 2010), it is conducted under a cloud: the assumption that mistakes are due to carelessness.
4. The policy as presently conceived is not what has been announced in the Oct 8, 2009 memo. Some problems have been addressed in subsequent modifications of the policy which Mr. Fajack mentioned at our meeting on 30 Nov 2009, but other problems have not been addressed (see Note 1 below).
5. This policy is likely to have unintended consequences such as increased paperwork or inefficiencies as staff try to prevent all errors or as disputes arise over who is at fault.

The Senate Infrastructure Council recommends that the Senate take the following actions.

1. Recommend that the University immediately rescind the policy of administering fines to units whose faculty and staff commit F&A errors.
 2. Institute a program that will identify and treat the causes of errors, such as improving training, increasing staff levels or designing more efficient and user-friendly business procedures. This new program needs to include serious engagement and consultation with staff and faculty who are actually using the business procedures (i.e. at the Department level) in an effort to identify and eliminate the root causes of errors.
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Note 1. According to Mr. Fajack (Nov 30, 2009 personal communication to the IC) there will be an as yet unspecified threshold before a unit will be charged; finance and accounting will identify those units that have the most errors and will assist them with ways to correct the mistakes; staff may be asked to attend training when excessive mistakes are being made; the money from the fines will go into the Provost's Strategic Fund; when Finance and Accounting makes mistakes, these too will be identified and fines assessed. But other problems have not been addressed. For example, will there be a grace period after a rule has been changed or when a new employee is hired? There is no appeals process in this policy (and none planned) so when a unit is charged for a mistake that they consider incorrect, how will the ensuing disputes be resolved? How will F&A fines be administered? No attention has been given to the costs of administering or implementing these fines. Also modifications of this policy have not been vetted by the affected staff and faculty.