



Research Development and Administration Sponsored Projects Administration

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Procedure Name: Labor Cost Transfer Approval Procedure	Effective Date: November 16, 2006
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PURPOSE

It is the responsibility of the department/division, including the PI, Chair/Head, LD Adjustor and Department Effort Coordinator (DEC) to ensure changes to payroll charges are timely, complete and accurate in their representation of labor distribution and effort commitments. Labor adjustments which affect a Sponsored Projects account (POETA) will enter the Oracle approval workflow when the effective date is greater than 90 days prior to the adjustment entry date, or if the adjustment affects a closed effort certification period. In these cases, a SPA Labor Cost Transfer Approval Form (LCTA), an Effort Certification Statement, or both forms are required in order to process the adjustment.

DEFINITIONS

Labor Distribution Adjustment -The mechanism used to change an individual's payroll labor distribution (LD), which shows the history of accounts, both sponsored and non-sponsored, that an employee was paid from over a given time period.

LD Adjustor – An employee who has been granted access, by completing the approved training, to prepare LD adjustments in the Oracle LD module.

Effort Certification/Reporting Period - OHSU Effort Certification Statements (ECS) are produced semi-annually for all applicable employees and cover the Effort Certification Period. The Effort Certification Periods are tied to OHSU pay period end dates and generally start and end in December and June (i.e. one period ends in December on the last day of a pay period and the next period starts the following day).

Oracle Workflow – The purpose of the Workflow is to ensure that Labor Distribution adjustments which affect Sponsored Project accounts are in compliance with Federal and Institutional regulations. The Oracle Labor Distribution module will force adjustment batches to enter the Workflow if they affect at least one Sponsored Project account and the adjustment being submitted is greater than 90 days from its original entry date, or if the adjustment affects a closed effort reporting period. Adjustments submitted greater than 90 days from the original entry date enter the Workflow because they may indicate poor internal controls at the department/division. Adjustments that affect a closed effort reporting period enter the Workflow to ensure that the information certified on the ECS is consistent with the salary and wage allocation in Oracle.

Expedited Review Codes - Certain types of transactions generally will not require the SPA Labor Cost Transfer Approval Form to be submitted. See the LCTA Form instructions for a complete list of circumstances that qualify for consideration of expedited review.

RESPONSIBILITIES

LD Adjustor – The LD Adjustor is responsible for the following:

- Knowledge of and adherence to Federal and Institutional regulations that govern the appropriate allocation of labor expenditures to Sponsored Projects.
- Receive training on the use of the Oracle LD module prior to becoming an LD Adjustor.
- Responsible for the accurate and appropriate entry of Labor Distribution adjustments; accurate and thorough completion of LCTA forms and associated documentation.
- Work with Department Effort Coordinator, Unit Administrator and Principal Investigator to ensure that LCTA forms and accompanying documentation is submitted to SPA promptly, preferably within 5 business days.

- Coordinate with the DEC to ensure that salaries and wages charged to sponsored agreements as direct charges are reasonable in relation to work performed

Department Effort Coordinator (DEC) – The Department Effort Coordinator is responsible for the following:

- Working with Department Chair, PI and employees to ensure labor charged accurately depicts effort expended.
- Assisting with the initiation and processing of labor distribution adjustments, as necessary.
- Ensuring any corrections made to an ECS are followed through with an LD Adjustment when necessary.
- Coordinate with the LD Adjustor to ensure that salaries and wages charged to sponsored agreements as direct charges are reasonable in relation to work performed

Principal Investigators – The Principal Investigator is responsible for the following:

- Knowledge of and adherence to Federal, Sponsor, and Institutional regulations that govern the appropriate allocation of labor expenditures to Sponsored Projects.
- Understanding and awareness of conditions that brought about the need for LD adjustment prior to authorizing with signature.
- Awareness and understanding of effort commitments on Sponsored Projects.
- Responsible for monitoring personnel expenditures on sponsored accounts on a regular basis and providing timely notification to department administrators and LD adjustors of changes in personnel effort and pay.

Unit/Department Administrators – The Unit Administrator is responsible for the following:

- Because failed LD Adjustments only remain in the workflow for 21 days after failing, the Unit Administrator needs to ensure that an LCTA form is prepared and submitted to SPA promptly, preferably within 5 business days.
- Knowledge of and adherence to Federal, Sponsor, and Institutional regulations that govern the appropriate allocation of labor expenditures to Sponsored Projects.
- Responsible for monitoring expenditures on sponsored accounts on a regular basis and ensuring that all necessary LD adjustments are performed accurately, in a timely manner, and in accordance with Federal, Sponsor, and Institutional policy.

Unit Heads – The Unit Head is responsible for the following:

- Knowledge of and adherence to Federal, Sponsor, and Institutional regulations that govern the appropriate allocation of labor expenditures to Sponsored Projects.
- Understanding and awareness of conditions that brought about the need for LD adjustment prior to authorizing with signature.

REQUIREMENTS

◆ **Labor Distribution Adjustments**

- When entering the labor distribution adjustment, if the effective date is greater than 90 days prior to the adjustment entry date, or if the adjustment affects a closed effort certification period, the Oracle LD module will give you a validation error message. This message means that the LD adjustment has entered the Oracle Workflow and additional justification or documentation may be necessary for the adjustment to be approved.
- Records receiving a validation error will be left pending in the system for only 21 calendar days, so it is important to submit all required documentation, such as the SPA Labor Cost Transfer Approval (LCTA) Form or the Effort Certification Statement to Sponsored Projects Administration (SPA) WITHIN FIVE (5) BUSINESS DAYS of entering the transaction. When submitting an LCTA form, a copy of the Distribution Adjustment Entry Report, which details the transaction, should also be included.

- If no action is taken on a labor adjustment for 21 days or more, the adjustment will “time out” of the system. The Oracle Workflow will send a notification to the LD Adjustor indicating that the LD batch has timed-out. At that point, the LD Adjustor can either resubmit the adjustment batch, or they can reject it and remove it from the system.
- While the transaction is being routed through the Oracle Workflow, the system will not allow other adjustments to be made to that employee’s record until the existing labor distribution adjustment is resolved.

◆ ***Labor Cost Transfer Approval Form***

- A Labor Cost Transfer Approval Form is required when adjustments to Sponsored Project accounts (POETA) are made more than 90 days prior to the adjustment entry date. This requirement applies to both Federal and Non-Federal accounts, with the only exceptions being for adjustments affecting Industry Sponsored Clinical Trials or Program Development Accounts.
- A Labor Cost Transfer Approval Form is also required for adjustments requiring a recertified effort statement. In these cases, the LCTA form, a recertification memo, and the recertified effort statement must be submitted before the LD adjustment will be approved.

◆ ***SPA Expedited Review Process***

- If an LD adjustment fails validation only because of the closed effort period, and is less than 90 days prior to the adjustment entry date, the LCTA form is generally not required (the exception is for re-certifications of effort statements). In these cases, one of the established expedited review codes should be utilized. A complete listing of these codes can be found on the SPA Labor Cost Transfer Approval Form Instructions and on the SPA Labor Distribution (LD) Adjustment Approval Matrix.
- **For an adjustment to be considered for the SPA expedited review process the LD Adjustor must include one of the published expedited review codes in the Comments field of the LD Notification.**
- The inclusion of one of these codes in the comments section of the LD adjustment only means that the adjustment will be *considered* for expedited review. Additional information or documentation may be required.

◆ ***Adjustments Affecting a Closed Effort Period***

- If an LD adjustment fails validation only because it crosses a closed effort period, an Effort Certification Statement which matches the LD adjustment is generally required before the adjustment batch will be approved. Exceptions are for adjustments affecting OPE Only or when the change is less than 5% from the certified effort statement. When these exceptions apply, the applicable code should be entered in the Comment section of the LD adjustment.

◆ ***SPA LD Approver email inbox***

- All communication regarding LD adjustments and LCTA forms should be directed to the SPA LD Approver email box (spald@ohsu.edu).

RELATED DOCUMENTS

SPA Labor Cost Transfer Approval Form
SPA Labor Cost Transfer Approval Form Instructions
SPA Labor Cost Transfer Approval Form Initial Review Checklist
SPA Labor Distribution (LD) Adjustment Approval Matrix
Effort Certification Statement