Procedure Title:	Labor Cost Codes				
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Deputy Director of Finance   07/22/2008

Approved By: (Authorized Signer Name)   Date Approved

Procedure

The accuracy of payroll related budgetary and accounting transactions being properly recorded in the Statewide Financial Management Application (SFMA) is dependent on using the correct payroll expenditure codes.

- Labor Cost Codes
- Work Charge Codes
- Labor Cost Override Codes

This procedure establishes uniform payroll accountability standards and strengthens internal control over creating, assigning and updating labor cost codes.

Applicability

All DHS employees shall adhere to this procedure. Failure to comply with this procedure may result in disciplinary action up to and including dismissal.

Step	Responsible Party	Action
1. Creating a Labor Cost Code	Managers	Each employee is assigned a minimum of one labor cost code (LCC) in the Position Personnel Data Base (PPDB) system. The labor cost code (LCC) is a critical number used to determine how each employee's payroll expenditures are charged. The LCC is a 12 digit numeric combination of SFMA accounting codes. The first two digits indicate the biennium, the next five digits is the Program Cost Account (PCA), and the last five digits is the Index. Managers shall use the on-line Agency 100 Org Charts (Labor Cost Codes by Organization) and coordinate with Financial Services, Finance & Policy Analysis and Human Resources when creating, updating, and / or assigning the LCC(s) to an employee. http://inside/directors-office/finance/financial-services/financial-services-home/ofs-categories-a-articles/33/704-accounting-codes.html Employees may not enter the Labor Cost Code in the 'Override' field when entering their time and attendance on

		the P004 screen because the 'Override' field impacts the position funding. Managers and employees should refer to the procedure on Work Charge Codes and Labor Cost Override Codes, DHS 040- 007-04, if an employee's payroll costs need to be charged to a specific grant, project, or program budget.
2. Updating the Labor Cost Code	Managers, Human Resources, Financial Services	Employees may transfer to a new location or position, promote, demote, work-out-of-class, or job rotate within DHS. Generally, each action will require managers to assign a different labor cost code and submit a completed Personnel Action form DHS 0109 to Human Resources. In the event an employee transfers to another position within DHS, the receiving manager or designated employee is responsible for ensuring the personnel action form is completed and contains: • The receiving manager's name and telephone number in the *'Remarks'* area of the form. • The labor cost code, routing distribution code and payroll distribution code for the position being vacated (sending) and the position being filled (receiving). If an employee retains the same position but transfers to a new work location within DHS, the manager or designated employee shall coordinate with Financial Services Division Coordinator to verify if the labor cost code should be changed.
3. Personnel Action form DHS 0109	Managers, Human Resources, Financial Services	The personnel action is used to enter new or update the LCC and pertinent employee information in PPDB and OSPA. Per the instructions in the DHS Personnel Action Manual managers must complete the personnel action form DHS 0109 to notify Human Resources of changes affecting the LCC, an employee's position or work location. https://apps.state.or.us/Forms/Served/me0109.doc
4. Updating PPDB and OSPS	Human Resource, Financial Services	Upon receipt of the completed Personnel Action form DHS 0109, Human Resources (HR) will: • Update PPDB. • Send a copy of the form with the appropriate PPDB information to the Payroll Manager or designee, when appropriate. The Payroll unit immediately will update the employee's locking information in OSPA.
5. Verifying the LCC	Financial Services, Human Resources, Managers	Financial Services Management Reporting unit will provide the HR Systems Unit an Excel spreadsheet containing the active PCAs and Indexes for the current biennium. The spreadsheet will be sent in electronic format during the first week of the month.

		HR Systems Unit will: • Run a verification query against the PPDB data warehouse and Financial Services electronic file during the first week of each month to verify the LCC contains the correct biennial indicator and an active PCA and Index. • Send to Financial Services Management Reporting unit and HR Records Management unit the report listing the employees assigned a LCC containing an invalid PCA or Index. During the second week of the month, Financial Services Management Reporting unit will: • Verify the report's information and identify any anomalies. • Notify HR Records Management of the anomalies. During the third week of the month, HR Records Management will: • Contact the initiating manager or designated employee to obtain a correct LCC. • Update PPDB with the revised LCC prior to the final payroll run, to the extent possible. Managers will contact their Financial Services Division Coordinator for assistance in assigning the correct LCC, when necessary.
6. Reports	Managers, Human Resources, Financial Services	The LCC and pertinent employee information is listed for each employee in the Position List by Employee Class ("C") report and the Modified Report Distribution Code (RDC) report. Human Resources electronically distributes the "C" report to the managers during the first week of each month. Financial Services Management Reporting unit updates the DHS website during the first week of each month with the modified RDC report. All changes are hi-lighted in yellow. Managers should review the accuracy of the changes, and contact Human Resources to correct any erroneous information. Labor Cost Codes containing an incorrect biennial indicator, PCA, and or Index must be corrected prior to the payroll cutoff date. http://inside/directors-office/finance/financial-
7. Verifying the Reports	Manager or Designated Employee	Within five business days the manager or the designated employee will review the "C" report or modified RDC report, the monthly leave accrual reports to confirm the accuracy of the financial records labor cost code, payroll distribution code and other pertinent employee information. The managers or designated employees shall contact: • Human Resources to effect the appropriate actions in the event any portion of the employee record is inaccurate. • Financial Services Management Reporting unit if the

		financial records are inaccurate.
8. Correcting Adjusting Entries	Financial Services	Financial Services Management Reporting unit will: • Notify the appropriate manager or designated employee and Human Resources of any actions taken to correct the financial records in SFMA, when appropriate. • Retain the documentation to support the adjusting transaction(s).

Policy that applies:

DHS 040-007: Payroll Management

Procedures that apply

DHS-040-007-01: Time and Attendance Records
DHS-040-007-02: Payroll Distribution
DHS-040-007-04: Work Charge Codes and Labor Cost Override Codes
DHS-040-007-05: Payroll Error Correction

Form(s) that apply:

DHS 0109: Personnel Action

References that apply

"C" Report, DHS Position List by Employee Class B470C, OSPS Leave Accrual Detail Transaction Register Routing Distribution Report:
https://inside.dhsoha.state.or.us/asd/finance/financial-services/financial-services-home/ofs-categories-a-articles/33/704-accounting-codes.html

DHS Personnel Action Form and explanation of form fields:
https://inside.dhsoha.state.or.us/asd/hr/hr-admin-support/207.html

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Keywords:

(List keywords here that might be used by someone to search for this policy on the internet)