TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

HSC OP: 50.20, **Labor Redistributions**

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish a uniform procedure for the processing of Labor Redistributions.

REVIEW: This HSC OP will be reviewed on November 1 of each odd-numbered year (ONY) by the Directors of Accounting Services and Sponsored Programs, and the Associate Vice President for Budget and Resource Planning, with recommendation for revisions forwarded to the Executive Vice President of Finance and Operations by November 15.

POLICY/PROCEDURE:

1. **Definition**

A Labor Redistribution is a transaction to transfer payroll expenditures related to prior pay periods from one funding source to another. This policy applies only to cost transfers of ***payroll*** expenditures processed by the Budget Office. HSC OP 50.18, Cost Transfers, establishes the procedures for the transfer of non-payroll expenditures.

2. **Federal Compliance**

When TTUHSC accepts Federal funding, it must comply with the allowability and allocability requirements of the Federal Cost Principles and the Uniform Administrative Requirements. To comply with the allowability and allocability requirements, it is necessary to explain and justify transfers of payroll expenditures onto federal and non-federal sponsored projects from other federal or non-federal projects. **Timeliness** and the accompanying **justification** for the transfers are important factors in supporting allowability, allocability and cost compliance.

In order to maintain consistency in the treatment of labor redistributions and to utilize available personnel resources as efficiently as possible, the more restrictive federal principals regarding timeliness and justification will be applied to all funding sources, with latitude for exceptions when non-sponsored funding sources are involved.

a. **Timeliness**

Labor Redistributions must be requested and processed in the same fiscal year as the original expenditure. An exception may be made in order to comply with grant guidelines and restrictions with prior approval from the Budget Office. Labor Redistributions submitted after the due dates provided in the chart below require justification for submitting the action after the deadline.

Fiscal Quarter	Labor Redistribution Due Date All Funding Sources
September – November	January 15
December – February	April 15
March – May	July 15
June – August	August 31

b. **Justification**

Each Labor Redistribution must include a justification which adequately documents the reason the Labor Redistribution is required. The justification must include the following information.

- Why was the payment not charged to the correct labor distribution?
- What justifies redistributing this payment to the new labor distribution?
- What is being done to prevent this from occurring in the future?

Examples of adequate and inadequate justifications are available in Appendix C of the Labor Redistribution User Guide. Labor redistributions with inadequate justifications will be rejected to the originator.

3. **Labor Redistribution Procedures**

Labor Redistribution must be submitted through the on-line Labor Redistribution system. The Labor Redistribution User Guide provides detailed instructions for using the Labor Redistribution system.

4. **Responsibilities Related to Labor Redistributions**

a. **Budget Office**

The Budget Office will review all Labor Redistributions to ensure compliance with this policy and to verify that sufficient funding is available to process the transaction. Labor Redistributions will be returned to the originator if the Labor Redistribution does not comply with this policy or if sufficient funding is not available.

The Budget Office will approve/reject all Labor Redistributions within five working days of the receipt of the transaction. If a Labor Redistribution is required to meet a particular deadline, departments must allow for the five-day work period within the Budget Office.

b. Principal Investigator/Fund Manager

Compliance with this TTUHSC policy is the responsibility of Fund Managers for all funds, as well as Principal Investigators (PIs) for sponsored project funds. Fund Managers and PIs should arrange for the periodic review of payroll charges to their respective funds. Such review should be followed by the immediate processing of any changes, transfers or appropriate adjustments. Further, the Principal Investigator is responsible for ensuring that only allowable and allocable costs are expensed against sponsored projects (See HSC OP 65.04). Additional Fund Manager Responsibilities are contained in HSC OP 50.03.

5. **Right to Change Policy**

TTUHSC reserves the right to interpret, change, modify, amend or rescind this policy in whole or in part at any time without the consent of the workforce, but may seek input, where appropriate.