

# Time Reporting Best Practices Panel

- Kathy Baker, LLNL
- Libby Brown, ORNL
- Tammy Carlson, LLNL
- Margaret Desmond, BNL
- Dave Searle, INL



CFMA All Contractors Meeting  
April 17, 2012

# Agenda

- Background
- Internal Controls
- Floor Checks and Time Collection
- Time Adjustments and Corrections
- Labor Cost Distribution
- Summary of Best Practices

# Background

- DOE/NNSA Contractors share a mutual objective to ensure accurate cost reporting
- For sites with multi-program objectives, effective time reporting practices are key to establishing confidence that costs are charged accurately and fairly to the government
- Surveys were sent to the DOE/NNSA contractors to identify best practices
- 14 responses were received out of 20

# Working Group Participation

- Great involvement across the contractor community in the working group:
  - Brian Agor, Jefferson Laboratory
  - Chris Armstrong and Stephanie Anderson, Pacific Northwest National Laboratory
  - Kathy Baker, Tammy Carlson, and Nicole Santellano, Lawrence Livermore National Laboratory
  - Michelle Berkebile and Tracy Lattin, Los Alamos National Laboratory
  - Mary Coleman, Savannah River Site
  - Margaret Desmond, Brookhaven National Laboratory
  - Kimberly Hallatt, Sandia National Laboratory
  - Sui Jen, Lawrence Berkeley National Laboratory
  - Bryan Kendrick, Pat Lewis, and Libby Brown, Oak Ridge National Laboratory
  - Betsy O'Connor, Argonne National Laboratory
  - Dave Searle, Idaho National Laboratory
  - Kathryn Skelley-Bird and Frances Tackett, National Security Technologies

# Survey

- The survey included 32 questions related to time reporting with specific questions regarding:
  - Internal Controls
  - Time Collection
  - Time Adjustments and Corrections
  - Payroll
  - Labor Cost Distribution
  - Other



# Internal Controls

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Margaret Desmond, Payroll & LCDS Manager  
Brookhaven National Laboratory

# Internal Controls: Training

## Initial Training

- All sites provide some type of initial instruction in time reporting
- Handled through new employee orientation
- Time keepers are used as go-to staff for instructions

## Documentation/Information

- All Sites document policy and procedures on time reporting and charging guidelines in various management information systems available to all employees

## Required Refresher Training

- 4 sites require annual training
- 2 sites require biennial training
- 7 sites do not require any type of refresher training
- 1 site requires training for financial staff responsible for timekeeping but not employees



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# Internal Controls: Training Best Practices

- ✓ Sites should have well documented time keeping and charging guidelines published for easy access for employees
- ✓ Time reporting and charging training should be cyclical starting with mandatory training for new hires and annually thereafter
- ✓ Time keeping and charging guidelines should be communicated annually to employees as they begin to record effort in any new fiscal year

# Internal Controls: Approvers

- Zero sites specifically limit by number the amount of timecards that can be approved by one person
- This may be an area for each site to review and ensure appropriate span of authority



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# Internal Controls: Approvers Best Practices

- ✓ Allow supervisor overseeing the work to approve timecards versus the home organization supervisor for matrix organizations
- ✓ Complete an annual review of timecard approvers and the number of timecards they approve to determine if the approval is at the appropriate level

# Internal Controls: Employee Concerns

- All sites report a mechanism for employees to report any issues or concerns



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# Internal Controls: Employee Concerns Best Practices

- ✓ Specifically state in any Employee Concerns policy that time keeping and/or labor charge concerns are part of the policy

# Internal Controls: Strategies and Consequences

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## Reminders

- All sites have reminder systems in place
- 7 sites use an automated reminder system to submit and approve time
- 7 sites use a manual effort for reminders

## Policies

- 10 sites specifically include consequences specific to time reporting in their policies

## Additional Compliance

- 6 sites perform floor checks
- 2 sites have plans to implement floor checks



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# Internal Controls: Strategies and Consequences Best Practices

- ✓ Develop automated reminder system
- ✓ Specify consequences for employees that violate time reporting policies in disciplinary policies
- ✓ Ensure the tone from the top of the organization supports time reporting and labor charging policies
- ✓ Get message out and demonstrate to all employees the importance of timely and accurate reporting of labor charges
- ✓ Floor checks should be conducted on a regular basis



# Floor Checks and Time Collection

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Libby Brown, Group Leader for Employee and Asset  
Accounting

Oak Ridge National Laboratory

# Floor Checks: ORNL Example

- Perform floor checks of time charging on a scheduled basis
  - Choose random sample of exempt, non-exempt, and hourly personnel
  - Finance Officers perform the floor checks monthly
  - Use floor check questionnaire – One for Bargaining Unit personnel and a different one for Salaried personnel
  - Lessons Learned
    - Properly train the interviewer – Ask for clarification when needed
    - Use a rolling twelve month selection criteria – Avoid selecting same person twice in one year
    - From audit reports/employee concerns the sample is stratified 80% R&D divisions – 20% Support Organizations

# Time Collection

- All contractors utilize an automated web based system to collect timecards
- Systems utilized include:

Peoplesoft	Deltek	Oracle	Kronos	Homegrown
4	2	1	1	6

# Submission of Timecards

- Time entry requirements include:

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<b>Employee</b>	<b>Daily</b>	<b>Weekly</b>	<b>Semi-Monthly</b>	<b>Monthly</b>
Exempt	4	7	1	2
Non-exempt	7	7	0	0



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# Time Collection Best Practices

- ✓ Utilize an integrated system for both payroll and labor distribution
- ✓ Automated web based system collects time and approvals
- ✓ Maintain history of any changes to timecards
- ✓ Require weekly time reporting (unless daily time reporting is required)



# Time Adjustments and Corrections

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Dave Searle, Idaho National Laboratory (INL)

# Time Adjustments and Corrections

- Leave reporting or other payroll corrections responsibility:
  - Employee submits with manager approval, Payroll processes correction (6)
  - Payroll initiates and processes correction (4)
  - Employee/Manager/Designee submit, Payroll processes correction (4)
    - Designee may include:
      - Admin
      - Budget Analyst
      - HR

# Time Adjustments and Corrections

- Labor costs correction responsibility:
  - Employee submits with manager approval, Payroll processes correction (7)
  - Employee/Manager/Designee submit, Payroll processes correction (4)
  - Budget/Finance submits labor cost corrections (3)

# Time Adjustments and Corrections Best Practices

- ✓ Both the employee and manager approval is required
- ✓ Explanation for cost correction that adequately describes why the cost correction was made
- ✓ CFO's office reviews/assesses a sample of labor cost corrections to determine compliance
- ✓ Budget analysts work with employee/manager to complete mass labor cost corrections

# Time Adjustments and Corrections

- System used for labor cost transfers
  - Timekeeping System (14)
  - Journal System handles exceptions (11)
    - Exceptions may include:
      - Prior period adjustments
      - Labor cost transfers after current month
      - Mass changes



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# Cost Transfers Best Practices

- ✓ Timekeeping System used to initiate labor cost transfers
- ✓ Journal system handles exceptions
- ✓ Metrics on labor corrections are sent to management
- ✓ System tracks correction approvals and explanations

# Time Adjustments and Corrections

Time period for labor cost corrections:

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<b>Project Start/End Dates</b>	<b>Current + Prior FY</b>	<b>Current FY</b>	<b>3 to 4 months Approval up to Current FY</b>
		9	3

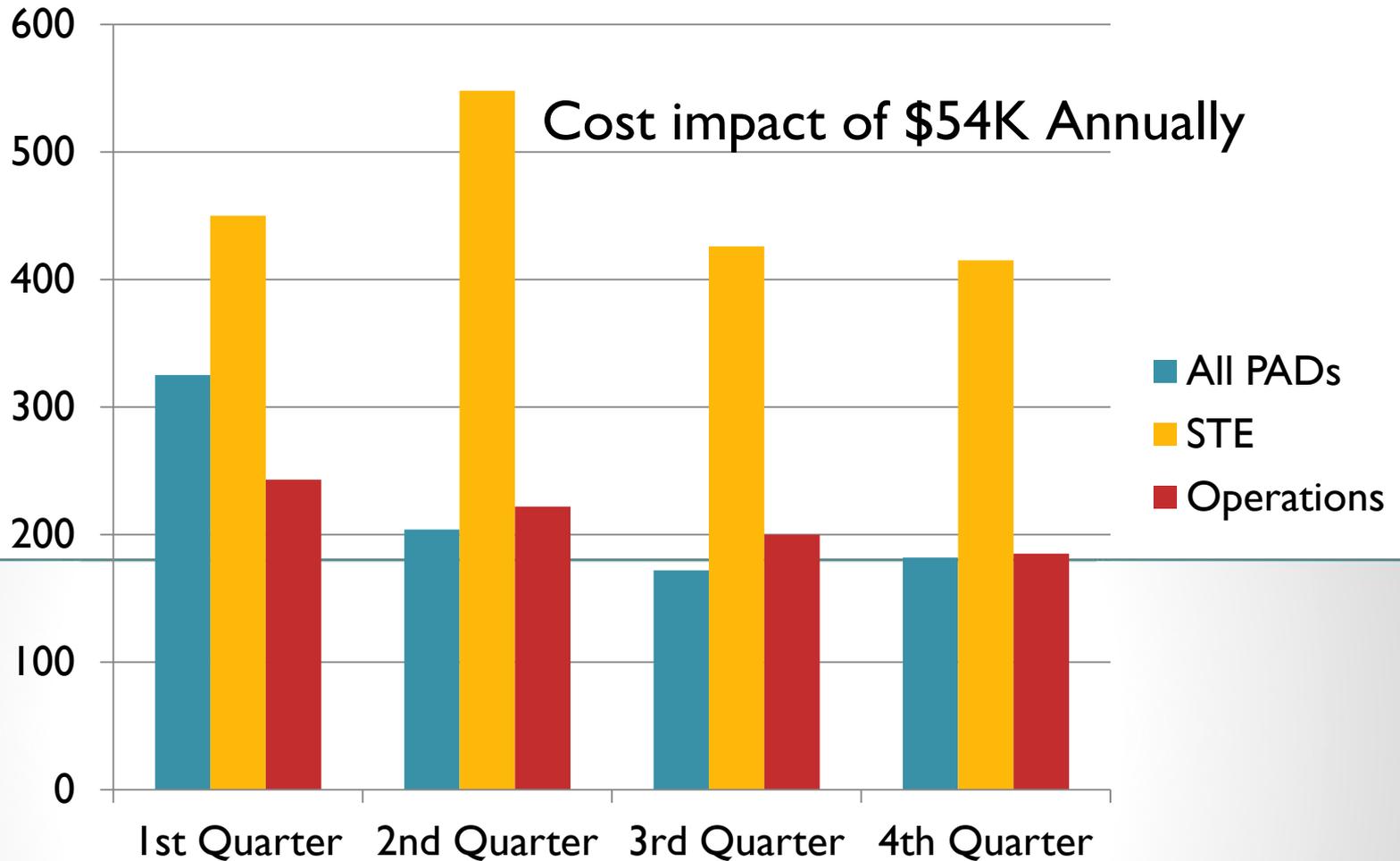


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# Time Period for Corrections – Best Practices

- ✓ Current FY is best timing to avoid prior period adjustments between fiscal years
- ✓ Prior period adjustments may be allowed due to audit finding corrections; capital project or work for other adjustments; or adjustments that impact pay
- ✓ Expect cost account managers to review charges on a timely basis (90 days or less)

# Late Time Cards in FY11



# Time Adjustments and Corrections

Most common explanation for labor cost corrections

- Data Entry Error (8)
- Cost code not available (3)
- Sponsor redirected the work (1)
- B&R Recast (2)
  - Other Explanations
    - Timecards required to be submitted early
    - Charge number/Time code not communicated
    - Late timesheet submittal



# Labor Cost Distribution

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Tammy Carlson, Group Leader, Cost Accounting, Audit  
and Controls

Lawrence Livermore National Laboratory (LLNL)

# No Time Sheet

Do exempt and non-exempt employees get paid if they do not turn in a timecard ?

	<b>Yes</b>	<b>No</b>
Non-Exempt	6	8
Exempt	12	2

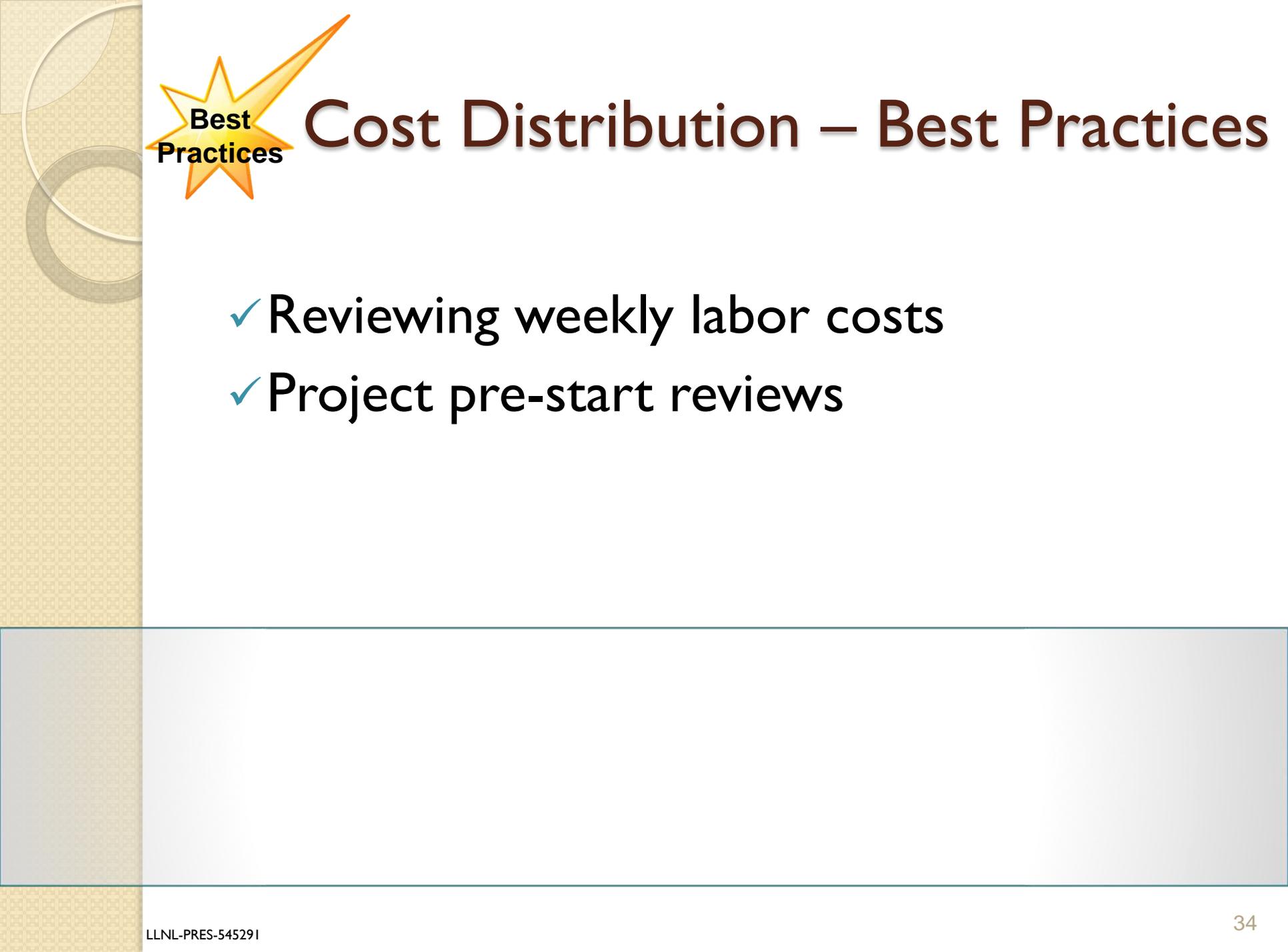
# Frequency of Distributing Costs

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<b>Weekly</b>	<b>Bi-Weekly</b>	<b>Monthly</b>	<b>Monthly for Exempt Biweekly for Non-Exempt</b>
8	2	3	1

# Process for providing charge codes

- All contractors reported some level of involvement by those responsible for oversight: Managers, supervisors, project managers, division office



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# Cost Distribution – Best Practices

- ✓ Reviewing weekly labor costs
- ✓ Project pre-start reviews



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# Summary of Best Practices

- ✓ We have identified 28 best practices
- ✓ Ensure the tone from the top supports policies
- ✓ Require weekly time reporting and labor cost distribution
- ✓ Timekeeping system used to initiate labor cost transfers
- ✓ Publish time keeping and charging guidelines for easy access by employees
- ✓ Require annual time charging training
- ✓ Conduct floor checks on a regular basis
- ✓ Provide management with metrics for late timecards and correcting timecards
- ✓ Utilize integrated system for both payroll and labor distribution

# Questions or Comments?

