

**PURPOSE AND SCOPE:**

The purpose of this procedure is to define the process for completing and submitting Labor Cost Code Correction Forms. Timekeeping definitions and the process for the charging of labor is defined per Austal's Timekeeping Procedure, SUP136. A correction to a labor charge will need processing when an Employee or Manager determines that an error has occurred with regards to an original time charge or an employee has performed work on a proposal for new work scope and the contract allows for those proposal labor costs to be included in the final cost objective if awarded.

Labor corrections can occur by two methods:

1. Changes outside of current work week - Any correction to the codes to which labor hours have been charged must be processed through this process and a labor cost code correction form (SUPF111) must be executed and delivered to Finance for processing.
2. Any correction within the current work week can be processed in Workday by the Supervisor. For employees who scan, the change will route to the employee for systematic approval. Those who are web-based can view the change within the Workday system and approve the change with the submittal of their weekly work time.

This procedure applies to method 1 reference above.

**RESPONSIBILITIES:**

Accurate timekeeping is the responsibility of all personnel within the organization. Adherence to the timekeeping policy is critical to ensuring the accuracy of costing to final cost objectives. The accuracy of charging hours worked is crucial and any errors should be corrected immediately.

The intentional mischarging of labor is illegal.

**DEFINITIONS:**

- Charge Codes – the codes used to identify the work task performed on a Project. These are unique to each Project and defined by the Program Office, Finance and Production Control.
- Cost Objective – term used to describe a Project
- Labor correction – correction of labor charge/costing against a Project which is the result of an error in the original data entry or the movement of proposal related labor to a final cost objective as the result of a contractual award that allows for the incorporation of those costs.
- Project – a scope of work that is the first part of a charge code to which a direct employee charges hours worked. This is the final cost objective. Projects refer to:
  - New construction work scope including warranty
  - System related work scope
  - Service work scope
  - Engineering design work scope
  - Tendering (bid & proposal) work scope
  - Identified insurance claim work scope
  - Direct employees performing indirect work scope

- Internal self-constructed asset work scope (internal labor used to build an asset)
- Continuous improvement funded work scope
- Special internal scopes of work where specific tracking must occur – i.e. events and training

## **PROCESS:**

This process is applicable:

1. When it is determined that labor hours have been incorrectly charged to a charge code, a labor cost code correction form, SUPF111, must be completed and executed by all personnel responsible for the labor inaccuracy.
2. When it is determined that the labor hours for a proposal activity can be incorporated into a final cost objective as the result of an award, a labor cost code correction form, SUPF111, must be completed and executed by all personnel responsible for the movement of the proposal related labor. While the original time entry is not viewed as an incorrect charge, the movement of an employee's time worked to a charge code different than what the employee originally charged should be properly approved by the employee.

## COMPLETING THE FORM

- The form should be printed from the Austal QMS and be completed by the applicable person in the Department responsible for the correction.
- The form should contain:
  1. Name of employee requesting the correction
  2. Date of the request
  3. Selection of type of correction/adjustment
    - Labor Cost Code Correction
    - Proposal Labor Adjustment
  4. Data related to the employee whose time is being corrected
    - Employee number
    - Employee's given name, no nicknames
    - Period ending date, which is always a Sunday
    - The Project that was charged incorrectly and the code charged
    - The total hours for the week that require correction
      - When inputting the number of hours that require correction, the requestor should enter the hours to the second decimal point, example- 7.45. Various system reports may take the hours to greater decimal places but the hours are recorded to the second decimal point.
      - If the actual system hours are within an immaterial difference from those hours documented on the LCCC, Finance will adjust accordingly to match the hours to the system. No adjustment can occur if the difference exceeds 15 minutes.
        1. The only exception to this adjustment rule is when it is apparent the difference relates to the lunch break of the employee. When that is noted, Payroll personnel will provide system generated documentation to support the difference is the lunch break. This documentation will be included in all related correspondence regarding this change.
        2. This will eliminate the rejection of LCCCs and required return to the requestor/originator due to minor rounding differences of hours.
        3. Any change to the documented hours will be communicated via the original ticket to the requestor for notification and documentation purposes only.

- The correct Project number and the correct code
- A specific valid reason as to why the labor cost is being corrected
  - Example: X was keyed and it should have been Y
  - Proposal time worked moved due to contractual award which allows for recovery of proposal labor as part of the final cost objective
    1. Supporting documentation must accompany this request

Note: If the incorrect charge is related to overhead then the Project should be left blank as it is non-applicable.

### AUTHORIZATION

The form must be executed by all personnel responsible for the labor inaccuracy or movement of proposal labor.

- The employee must signoff next to the correction of his/her time.
  - If the individual whose time is being changed is no longer employed with Austal, then the time cannot be adjusted. It is inappropriate to change the certified time of a former employee. However, if the change is justified, a detailed explanation must be written by the employee's Senior Management personnel and then approved by the Departmental Vice-President and the Chief Financial Officer. This approved justification can then be attached to the labor correction for processing by Finance.
- The Project Manager or designated representative must signoff for the Project that the hours are moving from. The printed name of the individual signing off must also be on the form.
- The Project Manager or designated representative must signoff for the Project that the hours are moving to. The printed name of the individual signing off must also be on the form.
- Any labor correction request exceeding 90 days also requires the signature approval of the employee's Departmental Vice-President.

Note:

1. If the Project Manager is the same for both the from/to Project, then only one signature is required.
2. When the change is related to overhead, only the Department Manager is required to sign-off.

The form **must** have all signatures before submission to Finance. Any forms missing signatures will be returned to the requestor and not processed until properly authorized.

### **ADDITIONAL NOTES & RESPONSIBILITIES:**

- All forms should be submitted via email to [laborcorrections@austalusa.com](mailto:laborcorrections@austalusa.com). Any forms not received through this process will be returned and not processed until the proper policy is followed.
- By submitting through the email address, an auto-generated ticket number is assigned to the LCCC. This allows for the corrections to be documented systematically. If there are any additional correspondence required, all replies should be made to the original email generated by the Manage Engine system in order to maintain the integrity of the tracking number.
- Forms will be processed weekly on Friday.
- Finance does not have the authority to make changes to any labor cost code correction form after it has been submitted except for the exception previously noted within this document. If the requestor notices a mistake has occurred, notification to Finance should occur immediately.

### **REFERENCES AND DOCUMENTATION:**

#### Procedure

SUP136 Timekeeping Procedure

Form

SUPF111 Labor Cost Code Correction