APPENDIX B

ACCRUED LEAVE RECONCILIATION

17-B-1. Purpose. The purpose of reconciling the accrued leave liability is to determine if there is a sufficient credit balance to cover the monetary value of employees* accrued annual leave. This is accomplished by reconciling the accrued leave report received from the Central Payroll Office (CPRO) to the accrued leave balances in the Corps of Engineers Management Information System (COEMIS). The dollar value of leave on the CPRO report should equal the balances in the Government Contributions accounts (VW47 series) plus the balances in the Accrued Leave accounts (VW93 series). For USACE Commands under alternate work schedules, credit hours will increase the leave liability. Worksheet adjustments will usually be required to the COEMIS balances to match the time frame of the accrued leave report. These adjustments are necessary due to the leave report always being the end of a pay period rather than the end of a month. Although it is possible to pull the balances from COEMIS as of the end of a pay period, adjustments may still be necessary due to time differences in labor distributions and payroll costs. Both the VW47 and VW93 account balances are to be used in the reconciliation due to the interrelationship of these accounts in the labor transaction process. The total credit received from labor distribution (hours X effective rate) is split between the two accounts (see EP 37-2-1, chapter 7).

17-B-2. General. Prior to reconciling the accrued leave account, several actions must take place.

    a. The payroll advance accounts (VW470005 and VW931000) must be reconciled to the Omaha District records.

    b. The "Weighted Base Salary" must be adjusted to reflect the anticipated leave usage for the year (see Appendix 17-C).

    c. The amount of labor adjustment must be determined (see para 17-B-3b).

    d. At the end of the leave year, two reconciliations must be conducted. The End of Leave Year reconciliation will be utilized to determine the solvency of the account as of the last day of the leave period. The second reconciliation is necessary to determine the effective rate for the upcoming leave year. For

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* the second reconciliation, both the salaries and value of accrued
leave must be adjusted to reflect any raises which may go into
effect in the upcoming year. (Note: A salary increase will
increase any deficit or decrease any excess in the accrued leave
account.) Adjustments must also be made for any changes in
government contributions or anticipated leave usage.

17-B-3. <u>Sample Reconciliation</u>.

    a. Assumptions.

    (1) Accrued Leave Report from CPRO reflects that the report
is as of pay period ending (PPE) 20 June 1987 (see page 17-B-6).

    (2) The balance of the VW47 accounts (VW470001 through
W470009) plus the balance of the VW93 accounts (VW9301 through
VW9310) as of 30 June 1987 is a credit of $1,070,624.46 (i.e.,
<1,070,624.46>)

    b.   Labor Distribution Adjustment.

    (1) Since the CPRO report is as of 20 June and the balances
are as of 30 June it will be necessary to determine the ending
date of labor distributions processed in the month of June. In
accordance with good accrual procedures, labor distribution was
input, via CETAL, through 30 June. CETAL allows one early cutoff
per pay period. When the full pay period is processed (for time
and attendance purposes) through CETAL in the following month,
labor ignores the portion applicable to the previous month. We
therefore must back out the credits for the 21st through the
30th.

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            June 1987                          July 1987

   S   M   T   W   T   F   S          S   M   T   W   T   F   S
       1   2   3   4   5   6                      1   2   3   4
   7   8   9  10  11  12  13          5   6   7   8   9  10  11
  14  15  16  17  18  19  20         12  13  14  15  16  17  18
  21  22  23  24  25  26  27         19  20  21  22  23  24  25
  28  29  30                         26  27  28  29  30  31
```

As indicated on the above calendar, there are 7 workdays (22nd -
30th) of excess labor in COEMIS, as of the end of June, which we
need to adjust for. The Register of Accepted Transactions (RAT)
file for the cycle in which the labor for the 21st through the
30th was processed reflects that total credits ("PL"

    *

* transactions) to the VW470009 account was $94,861.76 and to the VW9302 account was $541,700.11. Since labor is the credit to offset the payroll, we must reduce the balance by the $94,861.76 plus the $541,700.11.

(2) If the CPRO report had been as of PPE 4 July, we would add (increase the credit balance) 3 days of additional credits for the labor not processed. This amount can be determined from the RAT file. Whatever amounts are reflected for the VW47 and VW93 accounts ("PL" transactions) for the cycle in July in which labor was processed for the PPE 4 July would be the amounts we would add. Any amounts in labor extension rejects for this pay period would also need to be added. As an example, the RAT file for the cycle in July in which labor for PPE 4 July was run reflects a credit of $40,655.04 to the VW470009 account and a credit of $232,157.19 to the VW9302 account. There are no labor extension errors so we would increase the June credit balance by the $40,655.04 plus the $232,157.19.

(3) If not all the timekeepers labor was processed for the early labor cut-off (i.e., remote sites), the total 10 days of labor will then be processed in the following month. For our reconciliation as of PPE 20 June, the amount not processed will not effect the adjustment since we are backing out the total that did get into the system. If reconciling to PPE 4 July, the amount taken from the July RAT to add to the June balances will include both the 3 additional days of labor processed in June with the early cut-off and the full 10 days for that labor which did not get processed in June for early labor cut-off.

c.   Payroll Adjustment.

(1)   The actual/advance payroll amounts must also be adjusted to matching time frames. Since the CPRO report is as of 20 June, we need to determine what actual payrolls (SF 1166) and what advance payrolls were processed as of the end of June. Since advance payrolls are to be submitted to CPRO prior to the Friday following the end of the pay period, the advance for PPE 20 June was included in June*s business. If it had not been, then a debit adjustment would be necessary. The RAT file also reflects that actual payrolls through 6 June were processed as of the end of June. Since the payroll amounts (actual and advance) were processed through the 20th, no adjustment needs to be made. We must be certain however, that the amounts in the advance accounts (VW470005 and VW9310) are sufficient to cover the payroll for PPE 20 June (see Appendix 17-A).

*

*   (2) If the CPRO report had been as of PPE 4 July, we would
need to make an adjustment for the additional pay period not
processed in June*s business and any difference between the
advance and actual for PPE 20 June. This adjustment would be a
decrease to the credit balance since advances/actuals are debit
transactions. The amount to be added should be the amount of the
actual from the SF 1166 for PPE 4 July and the difference between
the SF 1166 for PPE 20 June and the advance input for that pay
period. The actual vouchers will more than likely have been
received by the time the reconciliation is performed. The SF
1166 for PPE 4 July reflects net pay of $685,147.26 and
government contributions of $100,542.36. The advance for 20 June
was understated by $60,425.43 for net pay and $37,225.51 for
government contributions.

     d.   Comparing Adjusted Balance to CPRO Report.

		PPE 20 June	PPE 4 July
Balance per COEMIS		$<1,070,624.46>	$<1,070,624.46>
Labor Distribution			
Adjustment:	VW93	541,700.11>	<232,157.19>
	VW47	94,861.76	<40,655.04>
Payroll Adjustment:	VW93	-0-	745,572.69
	VW47	-0-	137.767.87
Adjusted Balance		$<434,063.59>	$<460,096.13>
Balance per CPRO Report		$<922,418.00>	$<925.620.94>
Variance Underfunded		$488,355.41	$465,524.81

As with any Revolving Fund account, the variance is not allowed
to exceed 5% of the account balance. For the Accrued Leave
account, the solvency of the account is determined at the end of
the Leave Year, not the end of the Fiscal Year. During the year,
the variance must be scrutinized to determine the need to adjust
the effective rate. Leave usage will vary, therefore, the
account balance will fluctuate during the leave year. As a
general rule, leave utilization for the previous year can be
utilized in the account analysis. If the variance is outside the
expected norm, an adjustment to the effective rate will be
necessary. Because the effective rate computation is based on an
annual salary, any adjustment made during the leave year must be
weighted. (Example: On 30 June a $50,000 deficit is determined.
Since only ½ of the leave year remains, the unfunded amount used
in the effective rate computation must be at least doubled to
insure full recovery by the end of the leave year.)
                                                             *

Per Effective Rate Computation, page 17-B-7:
```
    Total Regular Salaries:                       $7,731,609.00
    Weighted Base Salary Amount:                  $6,560,369.00
    Effective Rate: $7,731,609 ÷ $6,560,369)
       117.8533
```

Consider Underfunded as Part of Regular Salaries:
```
    Total Regular Salaries:                       $7,731,609.00
    Plus Weighted Under/Overfunded Amount:            488.355.41
     Amount Base Salary Must Recoup               $8,219,964.41

    Weighted Base Salary Amount:                  $6,560,369.00
    Effective Rate: ($8,219,964.41 ÷ $6,560,369.00)   125.2973
```

Consider Additional Percentage Required for Underfunded:
```
    Weighted Under/Overfunded Amount:               $488,355.41
    Weighted Base Salary Amount:                  $6,560,369.00
*  Additional Percentage:($488,355.41 ÷ $6,560,369.00)    7.4440
    Effective Rate: (117.8533 + 7.4440)              125.2973 *
```

If comparison of the adjusted balance to the CPRO report had
reflected an overfunded condition, total regular salaries would
have been decreased in the first example or the effective rate
would have been decreased in the second example.

17-B-4.   Government Contributions Percentage. The effective rate
factor used for labor distributions must include a Government
contributions rate. This rate is determined by dividing the
annual estimated government share of personnel benefits by the
base salary. Once the effective rate factor is determined then
the factor amounts to be loaded in the PA data base and the 015
records must be computed. The following is a sample computation:

```
    Effective Time Rate Computed Above                   125%
    Estimated Government Share of Personal Benefits   $1,200,000
    Base Salary                                       $6,560,369
    Government Contributions Rate
         ($1,200,000 ÷ $6,560,369)                      18.2916

    Effective Rate Factor (125% + 18%)                   143%

    Amount to be Loaded in PA Data Base                  143%
*    Government Contribution Factor (GVCNTFCT) 015 Record  12.79%
         (18.29 ÷ 143)                                          *
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Value of Accrued Annual Leave Report
(Does Not Include Any Value for Shore Leave Balance Per ER 690-1-600)

FROM: MRD CENTRAL PAYROLL OFFICE   FOR: MISSOURI RIVER DIVISION
OMAHA, NEBRASKA   ATTN: F&A BRANCH

REPORT AS OF 1987 JUN 20   PAYROLL BLOCK COG

ANNUAL LEAVE CATEGORY	NUMBER OF EMPLOYEES	TOTAL REGULAR SALARIES	EFFECTIVE WORK DAYS PER EMPLOYEE	WEIGHTED BASE SALARY AMOUNT
0	24	$398,320	235	$360,020
4	77	$2,095,912	226	$1,821,831
6	120	$5,237,377	221	$4,451,770
TOTALS	221	$7,731,609		$6,633,621

EFFECTIVE RATE = 001.16 %

	ANNUAL LEAVE CATEGORY (0)		ANNUAL LEAVE CATEGORY (4)		ANNUAL LEAVE CATEGORY (6)		ANNUAL LEAVE CATEGORY (8)	
ANNUAL LEAVE:								
HOURS TAKEN			303.00		3,620.75		6,196.00	
HOURS BALANCE			939.00		11,660.00		32,773.00	
DOLLAR BALANCE			$9,951		$175,066		$737,401	

	HOURS	DAYS (AVERAGE)	HOURS	DAYS (AVERAGE)	HOURS	DAYS (AVERAGE)	HOURS	DAYS (AVERAGE)
LEAVE TAKEN:								
SICK		0.00	338.00	1.76	1,841.00	2.98	1,648.00	1.71
MILITARY		0.00		0.00		0.00	864.00	0.90
ADMINISTRATIVE		0.00	8.00	0.04	140.75	0.22	160.00	0.16
LAW ENFORCEMENT		0.00		0.00		0.00		0.00
MILITARY FUNERAL		0.00		0.00		0.00		0.00
HOME		0.00		0.00		0.00		0.00
TRAUMATIC		0.00		0.00	120.00	0.19	8.00	0.00

	(0)	(4)	(6)	(8)
ANNUAL LEAVE RATE	0.00	13.00	20.00	26.00
HOLIDAYS	10.00	10.00	10.00	10.00
REGULAR WORK DAYS PER YEAR	260.00	260.00	260.00	260.00
EFFECTIVE WORK DAYS PER EMPLOYEE	0.00	235.00	226.00	221.00

NOTE : AVERAGE ANNUAL LEAVE EARNED DOES NOT INCLUDE THE NUMBER OF EMPLOYEES UNDER THE ZERO LEAVE CATEGORY. HOWEVER, THE EMPLOYEES IN THE ZERO LEAVE ARE CONSIDERED IN THE AVERAGE DAYS OF SICK, MILITARY, ADMINISTRATIVE, FUNERAL, & LAW ENFORCEMENT LEAVE.

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Using the Accrued Annual Leave Report on page 9-B-6, the effective rate is computed as shown below. The other paid leave categories reflected on the Accrued Annual Leave Report are averages for one-half of the year. Effective workdays are computed by projecting the other paid leave for a full year.

	(1) Annual Leave Category	(2) Number of Employees	(3) Total Regular Salaries	(4) Effective Workdays Per Employee	(5) Total Effective Workdays (Col 2 X Col 4)	(6) Total Workdays (Col 2 X 260)	(7) Base Salary Amount (Col 3 X Col 5) Col 6	(8) Effective Rate (Col 3 ÷ Col 7)
Line A	0	0	0	0	0	0	0	-
Line B	4	24	$398,320	233	5,592	6,240	$358,488	-
Line C	6	77	$2,095,912	224	17,248	20,020	$1,802,484	-
Line D	8	120	$5,237,377	218	26,160	31,200	$4,399,397	-
Totals	-	221	$7,731,609	-	-	-	$6,560,369	117.8533

	Annual Leave Category 4	Annual Leave Category 6	Annual Leave Category 8
Regular Workdays Per Year (52 weeks X 5 days)	260	260	260
Less: Noneffective Regular Time:			
Annual Leave	13	20	26
Sick Leave, Military Leave, etc. (average)	7	7	7
Holidays	10	10	10
Net Number of Effective Working Days	230	223	217
	(To Line B, Col 4)	(To Line C, Col 4)	(To Line D, Col 4)

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