

STATE OF OKLAHOMA
OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES
GAAP CONVERSION MANUAL

P. COMPENSATED ABSENCES CONVERSION PACKAGE

June 2021

I. PURPOSE AND OBJECTIVES

The ACFR presents as a liability the value of compensated absences at June 30 which meets certain criteria relating to employees' rights to receive compensation for future absences.

II. AGENCY ACTION REQUIRED

- A. Carefully read the key terms in Part III.
- B. The Accrued Compensated Absences Summary (summary) form should reflect amounts as of the close of business on June 30.
- C. Round all dollar amounts to the nearest whole dollar.
- D. All working papers are subject to audit by the State Auditor & Inspector (SA&I). The agency is required to keep a copy of the completed summary form and all associated working papers for three years after the completion of the SA&I audit.
- E. The person who completes and signs the summary form should keep a copy. A financial reporting analyst will contact this person if there are any questions.
- F. If needed, call your agency's financial reporting analyst for guidance.
- F. Return the completed summary form to your OMES financial reporting analyst by e-mail no **later than the due date shown on the form.** **If you can return it earlier, please do so.**
- G. If this package does not apply to your agency, check the box in the upper left portion of the summary, complete item (2) and return it to OMES.

III. KEY TERMS

- A. Accrued Compensated Absences for purposes of this conversion package includes annual leave in accordance with Title 74, Section 840.1 - 841.24, not to exceed:
 - * 240 hours for employees with less than 5 years' continuous service, or
 - * 480 hours for employees with continuous service of 5 years or more.

Accrued compensated absences do not include:

- * Sick leave, comp time, and all other types of leave, such as holidays, jury duty, military leave, etc.
- * Terminal annual leave that is paid in July and August for June terminations.

IV. SPECIFIC INSTRUCTIONS

- A. Preparation of the Data - Prior to completing the "Accrued Compensated Absences Summary" form it is necessary to calculate the value of the unused annual leave balance at June 30 of each employee. This is done by multiplying the number of hours of unused annual leave which each employee has accrued (not to exceed the maximum number of hours set out in Part III above) by the employee's June 30 hourly pay rate. Within OMES's PeopleSoft HCM system (payroll), there is a report titled "Leave Obligation Report". Navigation to this report is – Main Menu – OK Custom Reports/Processes – Leave Obligation Report. When running this report, selecting the PSNT server will produce the Leave Obligation Report. Make sure the accrual date is set for June 30.

The Leave Obligation Report includes a total accrued annual leave value for your agency. This total is then transferred to line (6) on the summary.

Next the value of the annual leave earned during the fiscal year must be calculated. This is done by multiplying the number of hours earned during the fiscal year by the employee's June 30 hourly pay rate. This total is also available within OMES's PeopleSoft HCM (payroll) system. Follow the navigation for preparing the "Leave Obligation Report" as outlined 2 paragraphs above. However, when running the report to determine annual leave earned, YOU MUST select the PSUNX server for processing this report. The output from this process will be titled "Annual Leave Earned".

The "Annual Leave Earned" report will include the total annual leave earned value for your agency. This total is then transferred to line (4) on the summary.

B. Completing the Accrued Compensated Absences Summary Form

1. Enter the agency ACFR code, name, and funds/accounts to be included on the summary.
2. Provide the name, title, phone number and date for each person who completes and approves this summary form. The finance officer or executive director should approve and sign the form before sending it to OMES. Keep a copy of the form. When submitting the form via email it should come from the address of the approving officer. This will act as an implicit electronic signature verifying the form has been reviewed for validity, accuracy, and completeness.
3. Enter the ending balance of accrued annual leave, fringe benefits, and total compensated absences from the prior year package.
4. Enter the current year increases in annual leave, fringe benefits, and total compensated absences from the "Annual Leave Report" retrieved from Peoplesoft. (See A. Preparation of the Data - for navigation to this report in Peoplesoft.)
5. This field is calculated. No data should be entered on this line.
6. Enter the total value of accrued annual leave, fringe benefits and total compensated absences as of June 30 from the "Leave Obligation Report" retrieved from Peoplesoft. (See A. Preparation of the Data – for navigation to this report in Peoplesoft.)
7. Enter the net annual leave for the beginning of the year, enter current year increases and enter total accrued leave value at June 30.
8. Multiply the amounts in column (7) by the FICA rate, .0765.
9. Add the amounts in column (7) and (8).
10. Provide comments or explanations as needed for any unusual items or circumstances.

C. Working Papers

The agency should keep any documents that support data on the summary form.