

Leave Computation Date Decision Tree

Effective PP 05/2004 there has been a policy change regarding Leave Computation Date (LCD) adjustments when annual leave has been overcredited. First, all LCD adjustments will be done without reducing the employees current annual leave balance. Instead, an accounts receivable (AR) will be established. Second, the USPS will establish and accounts receivable (AR for write-off purposes only) for employees when an LCD error has been uncorrected for a period of more than three (3) years, that is, did more than three years pass from the date of the original PS 50 LCD establishment to the correcting PS 50. There are some exceptions to this policy, particularly when LWOP is involved. Please consult the decision path below to understand the proper processing of LCD adjustments

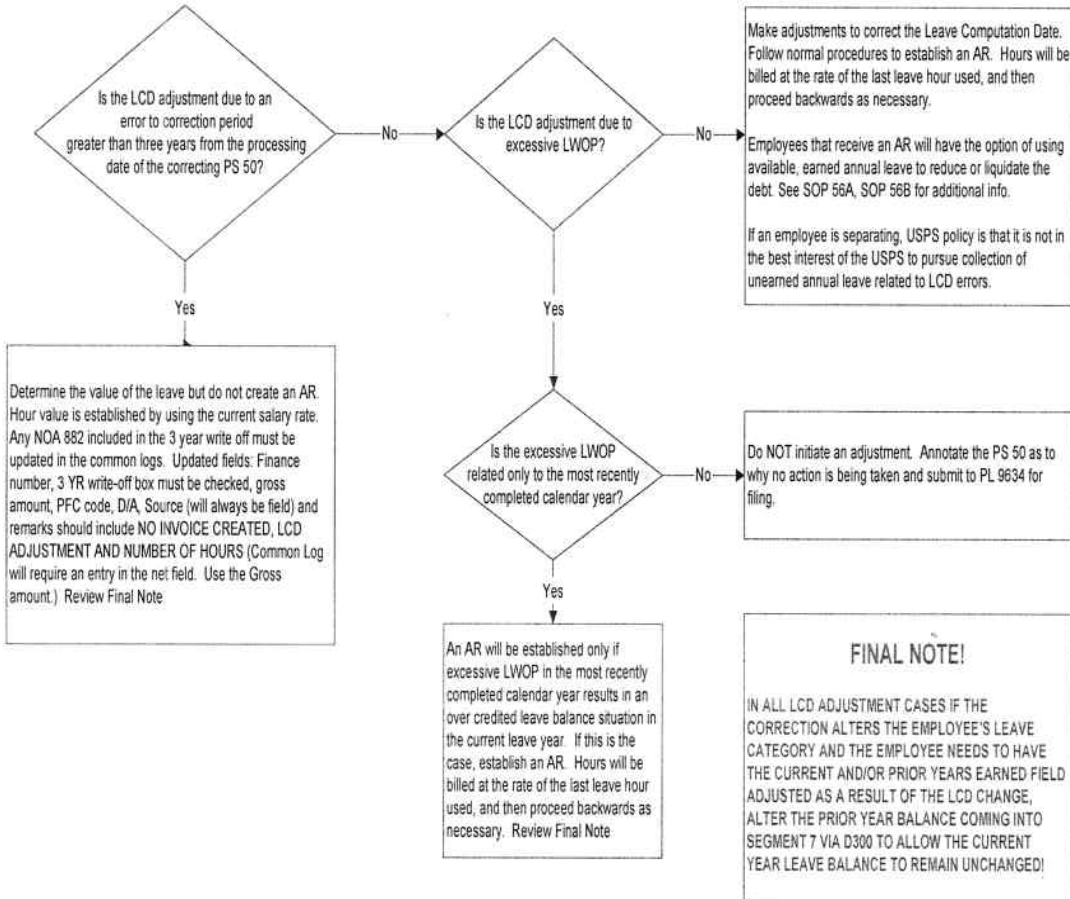


EXHIBIT C – LEAVE COMP DATE DECISION TREE

PAYROLL LIBRARY DOCUMENT

Subject: **LEAVE**

Sub-Topic: **Leave Comp Date Change - Policy Information**

Author: **Tom Olson**

Original Type of Document: **e-mail**

-----Original Message-----

From: Olson, Tom G - Eagan, MN
Sent: Tuesday, April 04, 2006 9:19 AM
To: EAGAN IT/ASC PPB
Cc: Behan, John D - Eagan, MN
Subject: Leave Computation Date Processing Change

A change has been made to our processing procedures for Leave computation date changes. Please review. This information will be updated in the Leave Library under PS 50 Leave.

Thanks,
Tom Olson
Eagan ASC
Systems Accountant

Effective immediately: **Advanced annual leave that was reduced as a result of a correction to the leave computation date will no longer be used in any calculation for 3 year write off or receivable established for over credit of annual leave due to PS Form 50 NOA 882 (leave computation date change). Also, advanced annual will no longer be credited back to the employee when reduced. Exception: If the advanced leave reduction results in the employee having an annual leave balance less than 80 hours, we will include the advanced in any calculation for 3 year write off or any receivable established for over credit of annual leave. Thus, in these cases the advanced that had been reduced would be restored to the prior year beginning balance as previous procedures required.**

There appears to be some confusion concerning updating employee leave records relating to annual leave earned year to date and/or advanced year to date in the current leave year and/or annual leave earned year to date from the prior leave year when processing any NOA 882 action. The year to date earned fields are to be adjusted appropriately in all NOA 882 changes. If these changes affect the employee annual leave balance, the prior year balance coming into Segment 7 is altered to allow the employee to retain their original balance. The employee earned YTD and advanced fields should always be accurate for the employee leave category once adjusted for the current and prior leave year record. We have found numerous cases where employees have been leaving the erroneous earned year to date figures on the employee record and not adjusting the prior year balance.

Effective PP 05-2004, all Leave Computation Date (LCD) adjustments processed on or after 2/7/2004 will no longer **reduce** the employees' annual leave balance from overcrediting. (Reference: HQ Compensation Memo dated 2/12/2004) These LCD adjustments will be processed as follows:

1. Error occurred for less than 3 years -- Any NOA 882/002 correction, where an employee was erroneously credited with leave for a period of less than 3 years will result in an account receivable being processed for all the unearned leave hours. **The hours will be billed at the rate of the last leave hour used and then proceed backward as necessary.**

Determining 3-Year Period -- Summary-The 3 Year difference is determined by the processed date of the correcting PS 50 and the effective date of the PS 50 processed determining the leave computation date being corrected. A large number will fall into the write-off category as most employees have been on the rolls longer than 3 years.

Examples of errors less than 3 years:

A) If an employee has been with the postal service less than 3 years from the processing date of the correcting PS 50, the 3-year write-off policy does not apply, process as normal.

B) If the employee was originally correct when hired, then had an erroneous leave computation date change less than 3 years from a new correcting leave computation date change, the 3-year write off policy does not apply, process as normal.

2. Error occurred for 3 years or more -- Any NOA 882/002 correction, where an employee was erroneously credited with leave for a period of 3 years or more will qualify for the 3-year receivable policy. The value of the unearned leave will have to be determined, even though no receivable will be established. This is necessary because the value of the erroneously credited leave is still considered to be written off and has to be included on the 3-year AR Write-Off Report for Headquarters. **The current salary rate should be used for write-offs only.**

Determining 3-Year Period -- Summary-The 3 Year difference is determined by the processed date of the correcting PS 50 and the effective date of the PS 50 processed determining the leave computation date being corrected. A

large number will fall into the write-off category as most employees have been on the rolls longer than 3 years.

Examples of errors 3 years or more:

A) If the employee has been with the postal service 3 years or more and leave computation date change has been processed correcting the original erroneous leave computation date, the 3-year write-off policy does apply.

B) If the employee has been with the postal service 3 years or more and had an original erroneous leave computation, then another erroneous date processed in the last 3 years and another current correcting leave computation date processed, the 3-year write-off policy does apply.

Any NOA 882 included in the 3 year write-off will need to be updated in the common logs. Updated fields: finance number, 3 YR write-off box must be checked, gross amount, PFC code, D/A, Source (will always be field) and remarks should include NO INVOICE CREATED, LCD ADJUSTMENT AND NUMBER OF HOURS (Common Log will require an entry in the net field. Use the gross amount.)

Employee's Leave Balance -- The employee's leave balance will not be reduced in either of the above instances except for any advanced that has been corrected. If any employee needs to have the current and/or prior years earned fields adjusted as a result of the leave computation date change, alter the prior year balance coming into segment 7 to allow the current earned balance to remain the same using Verb D300. **Do not include advanced hours that have been corrected. Exception, when any reduction in advanced creates a balance less than 80 hours of annual leave as noted earlier.**

Applying Leave to a Receivable -- Employees that receive an account receivable for unearned leave will have the option of using their annual leave to reduce and/or liquidate the receivable. Please review SOP 56 and reference items 56a and 56b.

Separating Employees -- Our policy for employees who are in the process of separating will remain as follows: it is not in the best interest of the postal service to pursue over credit of annual leave as a result of leave computation changes to separating employees. **This applies to anyone in a status other**

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than active unless the PS 50 states employee is separating in the near future.

LWOP --Effective Immediately: The only time a receivable will be established as a result of a leave computation date change due to excessive LWOP will be if the LWOP is identified from the previous calendar year only (currently that would be **2005**).

The receivable is only for any change to the current leave year, thus if **2005** would need to be altered, any receivable would not include those changes.

If we receive a change as a result of **2006** or years prior to **2005** or a combination of years, we will not establish a receivable. However if the change does alter the employee **leave category** for either the current and/or prior leave year, update the employee leave records using Verb D300 as necessary and alter the prior year balance in segment 7 to balance out any changes so the employees leave balance remains unchanged.

Any Excessive LWOP PS 50 where no action is needed **must be annotated as to why and filed in SSN# order.**

Each unit will establish a filing routine where at the end of each pay period, the PS 50 will be forwarded in SSN# order to the ATTN: Vic Nelson in Pay Loc #9634 for merging and centralized filing.

Previous action taken to PS 50's processed for excessive LWOP will remain unchanged. If we receive concerns on previously adjusted 882's for excessive LWOP, please see me for review until further notice.

This information along with our standard leave computation date processing instructions should be used for processing guidelines.

Situations may arise after an employee has made payment elections that may require consultation, please see your senior specialists and/or accountants.

Thanks

Tom Olson
Systems Accountant, Eagan ASC
651-406-1613