



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 7 – Payroll 11.0	EFFECTIVE DATE: 10/12/2006
TITLE: Lump-Sum Payments for Unused Leave	REVISION DATE: 01/16/2014
AUTHORIZED BY: Director, Bureau of Fiscal Services	

POLICY

Lump-sum payments include sabbatical and annual leave that is earned but not used. Starting in state fiscal year (SFY) 2005, all lump-sum payments for unused employee leave at the time of separation should be included in the Indirect Cost Rate Proposal (ICRP) as a general administrative expense. The WiSMART Accounting Manual Section V – Expenditures, Sub-Section 18 – Lump-Sum Payments for Unused Leave says:

“The amount of the lump-sum payment charged to a federal appropriation in the Central Payroll System should be transferred out of the federal appropriation and charged to non-federal appropriations in the year of payment. The entire amount of the lump-sum payment (federal and non-federal portions) should then be allocated to all activities through the ICRP. Lump-sum payments that are charged 100% to non-federal fund sources in the Central Payroll System may also be eligible for allocation through the ICRP.”

Lump-sum payments are processed by the Fiscal Management System (FMS) as part of the biweekly payroll job. FMS creates a journal voucher (JV) to move costs initially coded to federal appropriations to non-federal appropriations. Only lump-sum payments related to salary and the portion of fringe that is the Federal Insurance Contributions Act (FICA) and Medicare should be moved in the JV.

REFERENCES

[WiSMART Accounting Manual Section V-Expenditures, Sub-Section 18-Lump-Sum Payments for Unused Leave](#)

CONTACTS

[Expenditure Accounting Section Chief](#)