UNITED STATES DEPARTMENT OF EDUCATION
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JUL 8 2003

Dr. Felipe Alanis
Commissioner of Education
Texas Education Agency
1701 North Congress Avenue
Austin, Texas 78701-1494

Dear Commissioner Alanis:

This **Final Audit Report** (Control Number ED-OIG/A06-C0034) presents the results of our audit of the Texas Education Agency's (TEA) treatment of the costs of unused accrued vacation leave of retiring or separating employees (terminal leave) for the period September 1, 1999, through August 31, 2002. The objective of our audit was to determine whether TEA allocated terminal leave costs[1] to U.S. Department of Education (Department) funded activities in accordance with Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, Attachment B(11)(d)(3).

A draft of this report was provided to the Texas Education Agency. In its response, Texas did not completely respond to or agree with our recommendations. Texas's comments are summarized in the section that follow the Recommendations. A copy of the complete response is enclosed with this report.

BACKGROUND

The TEA, located in Austin, Texas, is the state education agency responsible for administering primary and secondary public education in Texas. TEA's functions include overseeing development of statewide curriculum; administering the statewide assessment system; administering a data collection system on public school students, staff, and finances; rating school districts under a statewide accountability system; operating research and information programs; monitoring for compliance with State and Federal guidelines; and serving as a fiscal agent for the distribution of State and Federal funds.

TEA received almost $1.6 billion in Department funding for its fiscal year that ended August 31, 2001, including $26.1 million for administering Department-funded activities. During that fiscal year, TEA employed a staff of 824 to administer the State and Federal activities and to provide services to the 1,040 Texas school districts.

[1] Terminal leave costs include salary, fringe benefits, and related indirect costs.

A total of 349 employees separated from TEA during the three-year period from September 1, 1999, through August 31, 2002. Of the 349 employees, 163 had been working on Department-funded activities at the time they separated. These separations included retirements, voluntary separations, dismissals for cause, and transfers to other State agencies.

AUDIT RESULTS

TEA did not allocate its terminal leave costs for employees who separated from Department-funded activities in accordance with OMB Circular A-87. TEA charged separating employees' terminal leave costs directly to Department funded activities rather than allocating the costs as a general administrative expense to all activities of the agency. For the three-year period ended August 31, 2002, we determined that TEA inappropriately charged an estimated $500,512 in terminal leave costs directly to Department-funded activities for the 163 employees who separated from the agency.

OMB Circular A-87 (Revised 5/4/95, as further amended 8/29/97) Attachment B, prohibits State, Local, and Indian Tribal Government units from charging terminal leave costs directly to Federal programs. Pursuant to OMB Circular A-87, Attachment B(11)(d)(3),

> When a governmental unit uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the governmental unit or component.

In its Indirect Cost Rate Agreements with the Department dated December 29, 1999, and January 18, 2001, TEA agreed to comply with this OMB Circular A-87 requirement. The Department official responsible for negotiating the agreements informed us that TEA uses the cash basis to account for the cost of terminal leave. These two agreements, which provided new indirect cost rates for TEA to use beginning on September 1, 1999, and September 1, 2000, contained the statement "In accordance with OMB Circular A-87, Attachment B (11)(d)(3), payments to separating employees for unused leave are treated as indirect costs." Indirect cost rate agreements for prior periods did not address the terminal leave requirements.

According to TEA's written procedures, an employee who resigns, is dismissed, or separated from state employment is entitled to all accrued vacation leave. The procedures allowed separating employees the option of receiving their accrued vacation leave in a lump sum payment or remaining on the payroll after the last day worked to use the vacation time in lieu of being paid a lump sum. We concluded that either option would constitute a terminal leave payment for the separating employee.

We determined from TEA records that 163 employees had been assigned to Department-funded activities at the time of their separation during the three-year period from September 1, 1999, through August 31, 2002. Based on a statistical sample review of records for 76 of the 163 employees, we estimate that TEA inappropriately charged \$500,512[2] of terminal leave costs directly to Department-funded activities.

During our random sample review of records for the 76 separated employees, we also evaluated whether TEA transferred the employees from non-Department to Department-funded activities in anticipation of their separation. Our review disclosed no evidence that this occurred.

TEA's Chief of Operations acknowledged that TEA had charged all terminal leave costs for separating employees in the same manner as it had charged the employees' salary costs (i.e., directly to the activities on which the employees were working at the time of their separation). The Chief of Operations cited the complexity and interconnectivity of the accounting systems used and the relatively small amount of terminal leave costs as the reasons TEA had charged terminal leave costs directly to the activities. At the exit conference, the Chief of Operations stated that TEA had already decided to change its procedures and that the new procedures would result in the terminal leave costs of all employees (State and Federal) being charged to an indirect cost pool retroactive to September 1, 2002.

RECOMMENDATIONS

We recommend that the Department require TEA to:

1.1. Reverse the \$500,512 of terminal leave costs, which were charged directly to Department-funded activities from September 1, 1999, through August 31, 2002, and allocate the costs as general administrative expenses for those years, recalculate the indirect cost rates for each of the years, and apply the new indirect cost rate for each year to the Department-funded activities. Any funding in excess of the corrected amounts charged to Department-funded activities should be returned to the Department. As an alternative, the Department could require TEA to return the \$500,512 to the Department.

1.2. Provide documentation to the Department that the planned changes to TEA's procedures for allocating terminal leave costs have been implemented effective September 1, 2002, and that those changes result in the appropriate charging of terminal leave costs as general administrative expenses.

[2] Based on our statistical sample, we are 90 percent confident that the inappropriate charges total \$500,512 +/- 17 percent.

TEA'S COMMENTS TO THE DRAFT REPORT AND OIG'S RESPONSES

TEA's Comment to Recommendation 1.1

TEA agreed that it could pursue the possibility of reopening and recalculating the indirect costs for each of the three years in the audited period. However, TEA believed ". . . that the end result of this would require great effort with virtually no overall impact on the dollars and the ultimate Federal usage."

To illustrate its belief, TEA provided information suggesting that if it complied with the OIG recommendation, the end result would be that TEA would be entitled to approximately an additional $18,800 in Federal funds. TEA added, "However, two years after the fact, there are many grants that are now closed, both on the State and Federal side, which would limit our reimbursement possibilities."

TEA concluded that given the relatively immaterial net difference as a result of complying with the OIG's recommendation, it ". . . would respectfully request that the Department consider that the optimum solution – which would greatly reduce the burden on Agency staff and the Department's Indirect Cost staff – is to acknowledge that the ultimate impact on the years in question essentially should be considered a 'wash'."

OIG's Response

There was nothing in TEA's comments that persuaded us to change our report finding or Recommendation 1.1.

TEA's comments appeared to suggest that the "Final DOE negotiated rate" is the result of the division of TEA's "Indirect Cost Pool" by TEA's "Direct Base". While this may be the factual case, what is allowed into the Indirect Cost Pool and the Direct Base is open to negotiation. According to the Department's Indirect Cost staff, the final negotiated indirect cost rate for the year 2002 has not yet been agreed upon. This being the case, TEA's projection for 2002 is based upon an assumption that makes the combined projection for the three award years questionable. In addition, TEA used dollar figures in its response that cannot be verified without extensive additional audit fieldwork.

The OIG's Draft Report concluded that terminal leave costs are composed of the costs from two different groups of employees separating from TEA. The first group is made up of individuals separating from TEA who choose to receive their accrued vacation leave in lump sum payments. The second group is made up of those individuals separating from TEA who chose, in lieu of being paid a lump sum, to remain on the payroll after their last day worked to use their accrued vacation leave.

TEA in its response did not appear to address the terminal leave costs associated with that second group of separating employees. This apparent situation adds to the questionability of TEA's combined projection for the three award years.

TEA's Comment to Recommendation 1.2

TEA stated that, effective September 1, 2002, it successfully implemented changed procedures to allocate terminal leave cost as general administrative expenses. TEA describes the new procedures and provides documentation that purports to illustrate and support the new procedures. TEA concluded its comment with the statement that "The end result of these steps is that all lump-sum payments ultimately are charged to the Indirect Pool."

OIG's Response

There was nothing in TEA's comments that persuaded us to change our report finding or Recommendation 1.2.

TEA's comments appeared to agree with the recommendation that its procedures needed to be changed so that terminal leave costs are allocated as general administrative expenses. However, the response and provided documentation appear to address only the group of individuals separating from TEA who chose to receive their accrued vacation leave in lump sum payments. There appeared to be no mention of that group composed of separating employees who chose to remain on the payroll after their last day worked to use their accrued vacation leave. By not addressing the terminal leave costs of those who remain on the payroll to use their accrued vacation leave, TEA did not fully respond to the recommendation.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine if TEA allocated terminal leave costs in accordance with OMB Circular A-87, Attachment B(11)(d)(3) for the period September 1, 1999, through August 31, 2002. To achieve our audit objective, we obtained and reviewed background information about TEA, OMB Circular A-87, Attachment B(11), the Implementation Guide for OMB Circular A-87, the portion of the Texas statewide OMB Circular A-133 audit report applicable to TEA for the fiscal year ended August 31, 2001, and applicable TEA Operating Procedures. We also interviewed TEA officials about TEA's accounting system and procedures for charging terminal leave costs, TEA's OMB Circular A-133 auditor, and Department officials.

We reviewed a list provided by the Texas State Comptroller's Office that showed 349 TEA employees separated during the period from September 1, 1999, through August 31, 2002. We reviewed TEA records for each employee on the list and identified a universe of 163 employees who worked on Department-funded activities at the time of their separation. We applied statistical sampling techniques to the universe of 163 employees by selecting a random sample of 76 employees. We reviewed the employment and terminal leave records of the 76 employees and calculated for each employee the terminal leave costs that were charged directly to Department-funded activities. Based on our sample results, we are 90 percent confident that the direct terminal leave charges for the 163 employees amounted to $500,512 +/- 17 percent.

We tested the reliability of the computerized list of separated TEA employees obtained from the Texas State Comptroller's Office by comparing the list to TEA's Human Resources Division's manually maintained lists of separated employees. Based on our review, we concluded that the list provided by Texas State Comptroller's Office was sufficiently reliable for the purpose of this audit.

We performed fieldwork from September 3 through October 1 and on December 18, 2002, at TEA's offices in Austin, Texas. We conducted an exit conference with TEA on December 18, 2002. Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review described above.

STATEMENT ON MANAGEMENT CONTROLS

As part of our review we gained an understanding of the management controls, policies, procedures, and practices applicable to TEA's treatment of terminal leave costs. For the purpose of this report, we gained an understanding of TEA's definition of terminal leave and their procedure for allocating terminal leave costs of separating employees. Because of inherent limitations, a study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the management controls. However, a weakness was identified in TEA's procedure for charging of separating employees' terminal leave costs. The weakness and the effect are discussed in the AUDIT RESULTS section of this report.

ADMINISTRATIVE MATTERS

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following U.S. Department of Education official, who will consider them before taking final Departmental action on the audit:

Jack Martin, Chief Financial Officer
U.S. Department of Education
400 Maryland Avenue, SW
Room 4E313, FB6 Building
Washington, D.C. 20202

Office of Management and Budget Circular A-50 directs Federal agencies to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, we request receipt of your comments within 30 days.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to the exemptions in the Act.

If you have any questions or wish to discuss the contents of this report, please contact me at 214-880-3031. Please refer to the control number in all correspondence related to this report.

Sincerely,

Sherri L. Demmel

Sherri L. Demmel
Regional Inspector General
for Audit

Attachment

TEXAS EDUCATION AGENCY

1701 North Congress Ave.★ Austin, Texas 78701-1494★ 512/463-9734★ FAX: 512/463-9838★ http://www.tea.state.tx.us

Felipe T. Alanis
Commissioner of Education

May 14, 2003

Sherri L. Demmel
Regional Inspector General for Audit
U.S. Department of Education
Office of Inspector General
1999 Bryan Street, Suite 2630
Dallas, Texas 75201-6817

Dear Ms. Demmel:

The Texas Education Agency (TEA) appreciates the opportunity to respond to your recent letter to Dr. Felipe Alanis, Commissioner of Education, regarding your recent audit of the treatment of lump-sum terminal leave payments. The following specifically addresses comments made in the "Recommendations" section of your April 14th letter.

Recommendation 1.1

The Agency certainly could pursue with the Indirect Cost Group in your Department's Washington office the possibility of reopening and recalculating the rate for each of those years. However, we believe that the end result of this would require great effort with virtually no overall impact on the dollars and the ultimate Federal usage.

To illustrate this belief, consider how we calculated and used Indirect over our Budget Year 2000 - which spanned September 1, 1999 through August 31, 2000 - as the example. For that year, the Department of Education negotiated rate was 20.7%. That rate was the ratio of Indirect Pool Costs divided by the Direct Cost Base calculated as follows:

Indirect Cost Pool =	$10,385,424	
Divided by		
Total Direct Base =	$50,171,132	equals 20.7%

The 20.7% rate is used for all eligible expenditures. Hence, every Federal dollar spent in an eligible category is multiplied by the rate to determine the amount of Indirect Earnings that the Agency would subsequently use in cash draw downs from each Federal grant. Once those Indirect Earnings are calculated and drawn down, those dollars are deposited into the Agency's Earned Federal Funds account in the Texas State Treasury.

As our Budget Year 2000 unfolded, each of these lump-sum termination payments charged to Federal grants – a total of $152,577 - were eligible to earn indirect. Therefore, 20.7% multiplied by $152,577 or $31,583 was deposited into our Earned Federal Funds Treasury account. In Budget Year 2000, other eligible Federal expenditures totaled $17,415,330 which earned $3,604,973 in Earned Federal Funds.

Adding the $31,583 to $3,604,973 equals $3,636,556 in Earned Federal Funds.

Now, let's consider if Budget Year 2000 were restated. The $152,577 would be added to the Indirect Pool and subtracted from the Direct Base. We also would include dollars previously charged directly to

State sources as well so another $266,020 would be added to the Indirect Pool and subtracted from the Direct Base. Hence, the new rate would be:

Indirect Cost Pool =	$10,804,021	
Divided by		
Total Direct Base =	$49,752,535	equals 21.7%

Using the same numbers above, we would only consider the $17,415,330 dollars in eligible Federal expenses as the lump-sum payments would no longer be charged directly to the Federal grants. Under the restatement scenario, the amount of Earned Federal Funds would be $17,415,330 multiplied by 21.7% or $3,781,829 – an increase in Federal indirect earnings of $145,273.

The overall impact on Federal dollars due to this restatement would be the difference between this $145,273 amount as compared against the $152,577 originally charged directly to the Federal sources. The net gain to Federal sources would be $7,304.

The methodolgy noted above in Budget Year 2000 and the impact on our Budget Years 2001 and 2002 are included in Attachment A. The net difference for all three years would actually calculate to an increased usage of Federal dollars by $18,820.

The Agency is caught in a bind here though. The restatement proposal would actually create more Federal dollar usage. However, two years after the fact, there are many grants that are now closed, both on the State and Federal side, which would limit our reimbursement possibilities. Hence, we could end up being negatively impacted by refunding dollars that we cannot recoup even though we – in theory – should be able to.

Given all this and the relatively immaterial net difference found in the restatement calculations, the Agency would respectfully request that the Department consider that the optimum solution – which would greatly reduce the burden on Agency staff and the Department's Indirect Cost staff – is to acknowledge that the ultimate impact on the years in question essentially should be considered a "wash". To otherwise impose the proposed readjustment, would create an inequitable situation whereby the Agency would not have the means to recoup amounts.

Recommendation 1.2

The procedures have been changed effective September 1, 2002 and have been implemented successfully. These changes required much reengineering among agency staff but we feel these steps effectively bring the Agency into compliance. In detail, the procedures are as follows:

a. Payrolls are processed as normal. TEA's organizational units (or *orgs*) are funded by dozens and dozens of state and federal grants with varying effective dates. In addition, recorded time and effort can affect ultimately how payrolls are calculated. To prevent delays in payroll processing, the Agency utilizes an internal accounting tool called a "speedchart" which effectively charges payroll-related expenses for each employee to the primary funding source for their org.

b. Some days after monthly closure, our Accounting division's Payroll section identifies all lump-sum payments made during that now-closed month and notifies TEA's Budget office.

c. Budget creates a new org that is a mirror image of the original org from which the employee was originally paid from – with one difference. The new org is assigned a numerical code which indicates the org is 100% funded by an Indirect fund source that is the combined mixture of State and Federal Indirect dollars.

d. Our Payroll section then reverses the original expenditure to now charge the new org.

e. As the 'Indirect' funding source has both State and Federal components, one more step must occur as we then have to reverse the second expenditure and run that through our Cost Allocation (CAF) process. The CAF process incorporates all recorded time and effort and calculates rollup percentages to effectively redistribute all costs to proportionately align expenses with time and labor charges.

The end result of these steps is that all lump-sum payments ultimately are charged to the Indirect Pool. Attached are supplemental materials that document how one month's process was performed.

Summary

After extensive reengineering, the Agency has developed a workable process to bring it into compliance with A-87 and has provided documentation of those changes. The proposed recommendations on prior years would seem – by our calculations – to produce even more Federal dollar usage overall via revised Indirect Rate percentages. Ultimately, the Agency has no interest in seeking those additional dollars. We also feel our work ensures future compliance.

We hope that this response is sufficient and we are confident that an amicable solution can be reached. The Agency can supply additional documentation as needed and we look forward to hearing from you at your earliest possible convenience.

Sincerely,

Shirley Beaulieu

Shirley Beaulieu

Acting Chief of Internal Operations

Attachments

Supplemental Material and Documenting Worksheet

Attachment A is an Excel worksheet which shows the effects on the three audited years should restatement occur.

As a documenting example, the following documents reflect how one month processing has worked. Attachment B is an email from Payroll personnel to Budget Office personnel that refers to an Excel worksheet which has the appropriate terminal leave payment details.

Attachment C is a copy of that Excel worksheet. This worksheet identifies orgs and amounts that the Budget Office must use to create the new "lump-sum" orgs. In the handwritten bottom-part of this worksheet, Budget personnel have written the coding that would be used when the new lump-sum org is created.

Attachment D is the worksheet that Budget uses when creating a new org. Steps 1 through 4 must be completed when adding any org to our Accounting system. Step 5 refers to the "CAF Subsystem" – that step is initialed when we complete the Cost Allocation process for the new org.

Attachment E represents a query done April 30, 2003 from our ISAS accounting system. All lump-sum orgs created since September 1, 2002 are shown including org 180L01 (our example org). In the "Account" column, the four-digit code 7023 is used to identify all lump-sum terminal leave payments. Please note the "Project/Grant" column. All Federal funding sources are numbered from 4000000 through 7999999. This report shows that no Federal sources have been charged at all for any account code 7023 transactions.

Texas Education Agency Comparison of BY2000-2002 Actual Indirect Earnings and Proposed Indirect Restatement

ATTACHMENT A

(line #)	*actual*	2000	2001	2002
1	Indirect Cost Pool	10,385,424.00	10,332,167.00	10,163,815.00
2	divided by Direct Base	50,171,132.00	48,281,558.00	54,158,169.00
3	= Final DOE negotiated rate	20.7%	21.4%	18.8%
	Terminal leave payments			
4	direct charge to Federal	152,577.00	192,269.00	64,202.00
5	direct charge to State	266,020.00	162,228.00	232,330.00
6	Other Federal Expenditures Eligible To Earn Indirect	17,415,330.00	20,612,338.00	24,279,962.00
line 4 plus line 6	Total Federal Expenditures Eligible To Earn Indirect	17,567,907.00	20,804,607.00	24,344,164.00
line 3		x 20.7%	x 21.4%	x 18.8%
	Actual Federal Indirect Earnings	3,636,556.64	4,452,148.86	4,576,702.83

if restatement occurred

a. Indirect Cost Pool would increase and Direct Base would decrease by recategorizing all terminal leave payments as Indirect

(line #)	*restated*	2000	2001	2002
1R	Indirect Cost Pool	10,804,021.00	10,686,664.00	10,460,347.00
2R	divided by Direct Base	49,752,535.00	47,927,061.00	53,861,637.00
3R	= Final DOE negotiated rate	21.7%	22.3%	19.4%

b. Terminal leave payments would not be directly charged versus any grants because of (a)

	Terminal leave payments			
4R	direct charge to Federal	-	-	-
5R	direct charge to State	-	-	-
6R	Other Federal Expenditures Eligible To Earn Indirect	17,415,330.00	20,612,338.00	24,279,962.00

c. Total Indirect Earnings would be recalculated at the restated rate found on Line #3R

line 4R plus line 6R	Total Federal Expenditures Eligible To Earn Indirect	17,415,330.00	20,612,338.00	24,279,962.00
per line 3R		x 21.7%	x 22.3%	x 19.4%
	'Restated' Federal Indirect Earnings	3,781,829.23	4,596,090.93	4,715,356.64
7R	Net Increased Charge Vs. Federal Grants If Restated	$ 145,272.59	$ 143,942.27	$ 138,653.81

Net Impact on Federal Dollars If Restatement Occurs

Line 4	**Direct charge versus Federal grants**	**152,577.00**	**192,269.00**	**64,202.00**
7R	**Impact on Federal Grants if Restated**	**145,272.59**	**143,942.27**	**138,653.81**
		7,304.41	**48,326.73**	**(74,451.81)**

Net three-year impact on Federal grants if the restatement occurs **(18,820.67)**

Attachment

Attachment

From:
Sent: Wednesday, February 12, 2003 1:34 PM
To:
Cc:
Subject: FW: Lump Sum Termination Payments

Importance: High

Attached is the list of the current lump sum payments needed for reallocation. Please provide the necessary information so that I can do this ...

Thanks,

LUMPSUM - JAN PR.xls (25 KB)

Attachment

Attachment C

LUMP SUM QUERY

Journal	Date	Line #	Acct	Prg	S/C	BY	Prj/Grt	Fund	Org	Amount	Year	Period	Status	BCM Status	Descr
82106FS3	2002-11-06	3	7023	ZZZZ	13047	2003	0900398	0001	210004	6,399.85	2003	3	P	Valid Budget Check	JK - GENERATED FROM USPS AND R
82106FS3	2002-11-06	1	7023	ZZZZ	13047	2003	0247398	0001	180001	14,396.33	2003	3	P	Valid Budget Check	JK - GENERATED FROM USPS AND R
82106FS4	2002-11-12	1	7023	ZZZZ	13801	2003	6600398	0148	612002	181.86	2003	3	P	Valid Budget Check	JK - GENERATED FROM USPS
82116FS3	2002-12-10	1	7023	ZZZZ	13800	2003	0899398	0001	510001	2,654.81	2003	4	P	Valid Budget Check	DLD - GENERATED FROM USPS
82124FR1	2002-12-19	416	7023	ZZZZ	13801	2003	6600398	0148	612002	117.71	2003	4	V	Not Budget Checked	DLD - GENERATED FROM USPS
82124FR1	2002-12-19	118	7023	ZZZZ	13047	2003	0910398	0001	320001	6,759.06	2003	4	V	Not Budget Checked	DLD - GENERATED FROM USPS
82124FR1	2002-12-19	54	7023	ZZZZ	13034	2003	0900398	0001	601003	8,315.72	2003	4	V	Not Budget Checked	DLD - GENERATED FROM USPS

180001 → 180L01 — 3L048 - <2.02/13049
210004 → 210L04 — 3L067 - <1.03/13047
320001 → 320L01 — 3L106 - <1.03/13047
510001 → 510L01 — 3L148 - D1.01/13800
601003 → 601L03 — 3L195 - <1.01/13034
612002 → 612L02 — 3L213 - D1.02/13801

Attachment D

Attachment

SET UP NEW "LUMP-Sum" org worksheet

PREPARED BY: Stephen Marquez
DATE 1/16/2003
BY: 2003

DIVISION # 180 **DIVISION NAME** Programs & Higher Education

SUBOBJ# L01 **SUBOBJ DESC** Terminal Leave Payments

FTES **TIME AND EFFORT** no

Lump-Sum Speedchart # 32048

FUND	SOF	DESCRIPTION	STRATEGY	APPN #	%	USAS FD.
0001	0899X98	Indirect	C2.02	13049	100%	0001
TOTAL					100%	

VO 134394

(1001B) SALARY	(1004A) APP FRG	(1004B) UNAPP FRG	TOTAL

Checklist to Add New Orgs		*Done By:*	*Date:*
1. Has the new org been entered into the Tree Manager?	1.	SM	1/16/03
2. Has budget key translation been completed?	2	SM	1/16/03
3. Set Up / Change the speedchart.	3.	SM	1/16/03
Are there FTE's involved? - if yes, then: *Fringe speedchart must be added.*	3.	–	
System Code Table needs to be updated. *Update PCA Excel Table and Org in USPS & in SP.*	3.	–	
4. Has an Org Budget Journal been completed? – 1004A	4.	SM	1/16/03
5. Add to CAF Subsystem			
This is a cost-allocation org as it is funded 100% Indirect			
New Subobject add to Org Table & Funding Summary only	6.		
6. Add to REV Funding Summary			
New Subobject add to Funding Summary	6.		

COMMENTS **These are new orgs designed to comply with A-87 requirements regarding Lump-Sum Leave Payments.**
All lump-sum orgs are to funded 100% Indirect. Orgs will be labeled as follows: First three digits match the division from which the employee worked, the fourth spot is the letter "L", fifth and sixth characters are the same last two numbers of the original org. So, if employee Jane Doe worked in org 100001 and later retired and received a lump-sum termination payment, that payment would be recorded under org **100L01.**

Attachment E

BY 2003 Lump Sum Payments

Org	Acct	Fund	Sub-Cls	BY	Project/Grant	Sum Total Amt
180L01	7023	0001	13049	2003	0240399	331.12
180L01	7023	0001	13049	2003	0247399	331.12
180L01	7023	0001	13049	2003	0250399	331.12
180L01	7023	0001	13049	2003	0972399	503.87
180L01	7023	0001	13049	2003	0245399	676.63
180L01	7023	0001	13049	2003	0900399	1,166.10
180L01	7023	0001	13049	2003	0991399	1,166.10
180L01	7023	0003	13047	2003	2500399	1,669.97
180L01	7023	0193	13047	2003	1001399	3,512.71
180L01	7023	0002	13047	2003	2001399	4,707.59
210L01	7023	0001	13047	2003	0240399	188.13
210L01	7023	0001	13047	2003	0247399	188.13
210L01	7023	0001	13047	2003	0250399	188.13
210L01	7023	0001	13047	2003	0972399	282.20
210L01	7023	0001	13047	2003	0245399	376.27
210L01	7023	0001	13047	2003	0900399	658.46
210L01	7023	0001	13047	2003	0991399	658.46
210L01	7023	0003	13047	2003	2500399	940.66
210L01	7023	0193	13047	2003	1001399	1,975.39
210L01	7023	0002	13047	2003	2001399	2,633.86
210L01	7023	0001	13047	2003	0899398	10,723.56
210L02	7023	0001	13047	2003	0899398	173.57
210L04	7023	0001	13047	2003	0240399	64.00
210L04	7023	0001	13047	2003	0247399	64.00
210L04	7023	0001	13047	2003	0250399	64.00
210L04	7023	0001	13047	2003	0972399	96.00
210L04	7023	0001	13047	2003	0245399	128.00
210L04	7023	0001	13047	2003	0900399	224.00
210L04	7023	0001	13047	2003	0991399	224.00
210L04	7023	0003	13047	2003	2500399	319.99
210L04	7023	0193	13047	2003	1001399	671.98
210L04	7023	0002	13047	2003	2001399	895.98
210L04	7023	0001	13047	2003	0899398	3,647.90
300L01	7023	0001	13048	2003	0240399	225.40
300L01	7023	0001	13048	2003	0247399	225.40
300L01	7023	0001	13048	2003	0250399	225.40
300L01	7023	0001	13048	2003	0972399	343.00
300L01	7023	0001	13048	2003	0245399	460.60
300L01	7023	0001	13048	2003	0900399	793.80
300L01	7023	0001	13048	2003	0991399	793.80
300L01	7023	0003	13048	2003	2500399	1,136.80
300L01	7023	0193	13048	2003	1001399	2,391.19
300L01	7023	0002	13048	2003	2001399	3,204.58
311L01	7023	0001	13049	2003	0899398	863.42
312L01	7023	0001	13048	2003	0240399	3.29
312L01	7023	0001	13048	2003	0247399	3.29
312L01	7023	0001	13048	2003	0250399	3.29
312L01	7023	0001	13048	2003	0972399	4.93
312L01	7023	0001	13048	2003	0245399	6.58
312L01	7023	0001	13048	2003	0900399	11.51

Attachment F

Attachment

BY 2003 Lump Sum Payments

312L01	7023	0001	13048	2003	0991399	11.51
312L01	7023	0003	13048	2003	2500399	16.44
312L01	7023	0193	13048	2003	1001399	34.53
312L01	7023	0002	13048	2003	2001399	46.04
312L01	7023	0001	13048	2003	0899398	187.41
312L04	7023	0001	13049	2003	0899398	341.62
312L04	7023	0001	13048	2003	0899398	1,007.09
320L01	7023	0001	13047	2003	0240399	67.59
320L01	7023	0001	13047	2003	0247399	67.59
320L01	7023	0001	13047	2003	0250399	67.59
320L01	7023	0001	13047	2003	0972399	101.39
320L01	7023	0001	13047	2003	0245399	135.18
320L01	7023	0001	13047	2003	0900399	236.57
320L01	7023	0001	13047	2003	0991399	236.57
320L01	7023	0003	13047	2003	2500399	337.95
320L01	7023	0193	13047	2003	1001399	709.70
320L01	7023	0002	13047	2003	2001399	946.27
320L01	7023	0001	13047	2003	0899398	3,852.66
323L02	7023	0001	13049	2003	0899398	4,695.15
323L04	7023	0001	13049	2003	0899398	133.09
351L01	7023	0001	13048	2003	0899398	110.40
501L02	7023	0001	13027	2003	0899398	8,972.09
510L01	7023	0001	13800	2003	0240399	26.55
510L01	7023	0001	13800	2003	0247399	26.55
510L01	7023	0001	13800	2003	0250399	26.55
510L01	7023	0001	13800	2003	0972399	39.82
510L01	7023	0001	13800	2003	0245399	53.10
510L01	7023	0001	13800	2003	0900399	92.92
510L01	7023	0001	13800	2003	0991399	92.92
510L01	7023	0003	13800	2003	2500399	132.74
510L01	7023	0193	13800	2003	1001399	278.76
510L01	7023	0002	13800	2003	2001399	371.67
510L01	7023	0001	13800	2003	0899398	1,513.23
512L01	7023	0001	13800	2003	0240399	61.40
512L01	7023	0001	13800	2003	0247399	61.40
512L01	7023	0001	13800	2003	0250399	61.40
512L01	7023	0001	13800	2003	0972399	92.10
512L01	7023	0001	13800	2003	0245399	122.81
512L01	7023	0001	13800	2003	0900399	214.91
512L01	7023	0001	13800	2003	0991399	214.91
512L01	7023	0003	13800	2003	2500399	307.01
512L01	7023	0193	13800	2003	1001399	644.72
512L01	7023	0002	13800	2003	2001399	859.63
512L01	7023	0001	13800	2003	0899398	3,499.94
512L05	7023	0001	13800	2003	0240399	24.04
512L05	7023	0001	13800	2003	0247399	24.04
512L05	7023	0001	13800	2003	0250399	24.04
512L05	7023	0001	13800	2003	0972399	36.06
512L05	7023	0001	13800	2003	0245399	48.08
512L05	7023	0001	13800	2003	0900399	84.14
512L05	7023	0001	13800	2003	0991399	84.14
512L05	7023	0003	13800	2003	2500399	120.21

ATTACHMENT E

BY 2003 Lump Sum Payments

512L05	7023	0193	13800	2003	1001399	252.43
512L05	7023	0002	13800	2003	2001399	336.57
512L05	7023	0001	13800	2003	0899398	1,370.34
601L03	7023	0001	13034	2003	0240399	83.16
601L03	7023	0001	13034	2003	0247399	83.16
601L03	7023	0001	13034	2003	0250399	83.16
601L03	7023	0001	13034	2003	0972399	124.74
601L03	7023	0001	13034	2003	0245399	166.31
601L03	7023	0001	13034	2003	0900399	291.05
601L03	7023	0001	13034	2003	0991399	291.05
601L03	7023	0003	13034	2003	2500399	415.79
601L03	7023	0193	13034	2003	1001399	873.15
601L03	7023	0002	13034	2003	2001399	1,164.20
601L03	7023	0001	13034	2003	0899398	6,495.68
602L01	7023	0001	13034	2003	0240399	72.94
602L01	7023	0001	13034	2003	0247399	72.94
602L01	7023	0001	13034	2003	0250399	72.94
602L01	7023	0001	13034	2003	0972399	109.40
602L01	7023	0001	13034	2003	0245399	145.87
602L01	7023	0001	13034	2003	0900399	255.28
602L01	7023	0001	13034	2003	0991399	255.28
602L01	7023	0003	13034	2003	2500399	364.68
602L01	7023	0193	13034	2003	1001399	765.83
602L01	7023	0002	13034	2003	2001399	1,021.10
602L01	7023	0001	13034	2003	0899398	4,157.32
612L02	7023	0001	13801	2003	0240399	3.00
612L02	7023	0001	13801	2003	0247399	3.00
612L02	7023	0001	13801	2003	0250399	3.00
612L02	7023	0001	13801	2003	0972399	4.49
612L02	7023	0001	13801	2003	0245399	5.99
612L02	7023	0001	13801	2003	0900399	10.49
612L02	7023	0001	13801	2003	0991399	10.49
612L02	7023	0003	13801	2003	2500399	14.98
612L02	7023	0193	13801	2003	1001399	31.46
612L02	7023	0002	13801	2003	2001399	41.94
612L02	7023	0001	13801	2003	0899398	170.73

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