GMS Leave Pool

Part of the basic GMS Accounting and Financial Management System is the Leave Pool. The leave pool is a method of allocating your organization's leave costs to the appropriate programs. The logic behind using the leave pool is basic accountability. For example, you may have an employee that works on three programs over the course of a year at a ratio of 60%, 30% and 10%. When that employee takes a day of leave (any type), even with the employee's work history, you cannot really justify direct charging that leave time to those three programs. This is because while on leave, the employee is not benefitting those programs as they are not working on them. Accordingly, why would the leave time be direct charged to the programs?

The leave pool will accumulate the organization's leave cost by class of employee and allocate them by class, using the ratio of YTD leave costs to the selected base. For example, let's say three months into your fiscal year the total leave costs for your class 1 staff is $22,900. Also at that time your total base (direct charged salaries) is $146,850. A simple ratio of your class 1 leave costs to your class 1 base is $22,900/$146,850 or .1559. This percentage would then be applied to all of the direct charged class 1 salaries, under the program elements where the salaries were charged. So if a program element has $10,100 of direct charged class 1 salaries, the class 1 leave costs allocated to that element would be $1,574.59 ($10,100 * .1559).

The system will then do the same process for class 2 salaries, class 3 salaries, etc. until all employee classes have been accounted for. The first step in General Ledger\Monthly Processing\Cost Allocation is Leave Cost Allocation which generates the Leave Rate Computation and Analysis. This report provides you with the calculation and leave rates as described above.

There are two items set up in the software that will have an effect on the leave rate(s) and how they are calculated. They are (1) whether or not you accrue the cost of certain leave types when they are earned, and (2) how your base is defined.

1) If you expense all leave when it is taken, the leave cost to your organization will simply be those leave costs recorded on the timesheets. If your personnel policies allow for unused leave to be paid out upon termination, typically Annual Leave or Paid Time Off, that leave liability is normally charged when earned. In this case, in addition to the leave taken charges, the system will take into account the increase or decrease in the amount of the liability of the specific leave type(s) you are expensing when earned.
2) When defining the Leave Base in the software, in addition to regular time you may also include Overtime and/or Compensatory time earned in that base period.

Of course, when setting up the allocation items you must make sure you are doing so in accordance with your organization's policies and procedures.