



STATE OF SOUTH CAROLINA DEPARTMENT OF EDUCATION

Mick Zais
Superintendent

1429 Senate Street
Columbia, South Carolina 29201

MEMORANDUM

TO: School Business Officials

FROM: Melissa A. Austin, Audits Manager *ma*
Office of Finance

DATE: July 3, 2012

RE: **Charging Terminal (Unused) Leave to Federal Programs**

Local Education Agencies should not charge payments for terminal leave directly to federal programs. Office of Management and Budget Circular A-87, Attachment B, Paragraph 8.d (3) states "payments for unused leave 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". Noncompliance with this federal cost principle could result in audit findings and repayment of such charges to the appropriate federal awarding agency.

In addition, please ensure that all payments for unused leave are charged to object code 140 as instructed in the memo on "Object Code – Terminal Leave" at <http://www.ed.sc.gov/agency/cfo/finance/Single-Audit/documents/NewObjectCodes.pdf>. If you have any questions regarding this memo, please contact me at 803-734-8453 or maustin@ed.sc.gov.