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**IMMEDIATE  
ATTENTION**

EBAP/99/44

April 16, 1999

To:            Members of the Executive Board  
From:         The Secretary  
Subject:      **Revision of the Annual Leave Policy**

Attached is a memorandum from the Acting Chairman of the Committee on Administrative Policies containing the Committee's report and recommendation on the proposed revision of the annual leave policy.

It is not proposed to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Thursday, April 22, 1999. In the absence of such a request, the draft decision that appears on pages 2 and 3 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Att: (1)

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Department Heads



April 16, 1999

To: Members of the Executive Board

From: The Acting Chairman,  
Committee on Administrative Policies

Subject: **Revision of the Annual Leave Policy**

At its meeting on March 5, 1999, the Committee on Administrative Policies considered the proposed revision of the annual leave policy on the basis of EB/CAP/99/3 (2/19/99). The Committee agreed that the proposed decision in that paper should be amended to include a provision for a review of the revised policy. This amendment is reflected in the proposed decision appearing at the end of this report. Please note, however, that, in my capacity as Acting Chairman of the Committee, I am recommending for adoption by the Executive Board several additional modifications to the proposals set forth in EB/CAP/99/3.

**The principal change I am recommending is to retain a ceiling on the amount of annual leave that may be carried forward from one financial year to the next, but to increase this ceiling to 120 days effective May 1, 2000 (as compared to a 60-day ceiling under the existing policy).** Reflecting the concerns expressed by some chairs during the Committee's discussion of EB/CAP/99/3, the retention of a ceiling on leave carryover would prevent situations in which staff would take very long periods of annual leave at the end of their Fund service. A ceiling of 120 days would strike an appropriate balance between allowing flexibility in timing the use of annual leave and avoiding excessive leave accumulation. The reintroduction of a ceiling on the carryover of annual leave requires that several other alterations be made to the proposals presented in EB/CAP/99/3. These changes are listed below.

- **Minimum usage requirement.** The proposed introduction of an annual 15-day minimum usage requirement effective May 1, 1999 is unchanged. Any portion of these 15 days not utilized by the end of the financial year would be forfeited—without compensation to the staff member and without being converted to sick leave. **Any amount of annual leave above these 15 days accrued but unused during the year would be carried forward into the following financial year, subject to the 120-day ceiling recommended with effect from May 1, 2000.**
- **Carryover of annual leave.** The proposal to waive the April 30, 1999 deadline for using leave carried forward from the May 1995 rescheduling is unchanged. Any excess leave from this rescheduling will be included in the annual leave balances carried forward on May 1, 1999. Furthermore, management is granting a

**temporary amnesty with respect to leave carryover on May 1, 1999.** This means that the combination "use or lose" rule previously approved on an interim basis for FY 1999 is no longer applicable,<sup>1</sup> and that **no staff member will lose annual leave on May 1, 1999.**

This temporary amnesty notwithstanding, I recommend that, beginning in FY 2000, **annual leave in excess of 120 days at the end of the financial year not be carried forward into the following year. Subject to satisfying the 15-day minimum usage requirement, any excess leave that remains at the end of the year would be converted to sick leave on May 1 of the succeeding year.** Staff members who have high accumulated leave balances at the beginning of the financial year would need to draw their balances down to 120 days or less by the end of that year, to avoid "losing" annual leave. Supervisors would be expected to work closely with staff members who find themselves in this situation to ensure that annual leave is not lost.

- **Options regarding accrued annual leave at the time of separation from the Fund.** I recommend that the **Staff Retirement Plan (SRP) service-credit option for unused annual leave that was set out in EB/CAP/99/3 be dropped.** With the introduction of a ceiling of 120 days on leave carryover, and the provision, which would remain unchanged, that staff may receive a lump-sum payment for accrued leave balances of up to 60 days, amending the SRP and establishing procedures for administering such a provision do not seem warranted.

In accordance with EB/CAP/99/3 and the above, I recommend the adoption by the Executive Board of the following decision:

1. The annual leave policy will be amended to require staff members to take a minimum of 15 days of annual leave each financial year, beginning with FY 2000. The minimum usage requirement will apply to anyone on the staff on May 1 each year. Any portion of the required 15 days of annual leave not taken will be forfeited, and staff members will not be compensated for the loss of this leave. Other than as described in paragraph 2, no exceptions will be made to the "use or lose" principle with respect to these 15 days.

2. For staff members entering on duty after May 1, the minimum usage requirement will be waived until the beginning of the next financial year. This requirement will also be waived for staff members who separate before the end of a financial year or are absent from the office for more than 60 working days during the financial year on leave without pay, sick leave, maternity leave, adoption leave, or study leave.

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<sup>1</sup>The modification of the rules governing leave carryover applicable, on an interim basis, only to FY 1999 was announced in Staff Bulletin 98/17 (9/2/98).

3. Subject to meeting the yearly minimum usage requirement, the ceiling on the amount of annual leave that may be carried forward from one financial year to the next will be increased to 120 days with effect from May 1, 2000.

4. Immediately prior to their separation from the Fund, staff members may use any amount of their accumulated annual leave that is in excess of the number of days for which they elect to receive payment, provided that the period of leave does not extend beyond the month in which they reach age 65 and they do not take up employment elsewhere during this period.

5. A department approving a staff member's request for an extended period of annual leave (i.e., defined as a period in excess of 30 consecutive working days) shall receive compensating leave replacement resources from a central pool established by the Office of Budget and Planning. The department would bear the cost of any leave replacement during the first 30 consecutive days of the staff member's leave. The central pool would cover the cost of leave replacement for the remaining portion of the absence in excess of 30 consecutive days.

6. Management is authorized to decide whether to create a Staff Emergency Leave Account and approve associated operating procedures. The purpose of this account would be to assist, in special and unusual circumstances, staff members who do not have sufficient annual or sick leave, as applicable, to meet their needs. The account would be constituted from the collective amount of annual leave forfeited by staff members who fail to meet the minimum usage requirement applicable to FY 2000 and subsequent financial years.

7. The modifications to the annual leave policy outlined in paragraphs 1, 2, 4 and 5, above shall become effective on May 1, 1999. The modification described in paragraph 3 shall become effective on May 1, 2000.

8. The Administration Department will report to the Committee on Administrative Policies after three full years of experience under the revised annual leave policy (i.e., after FY 2002 has ended).

