



Health Care Services Division

Payroll Accruals for Fiscal Year Ending June 30, 2012

Payroll Accruals

In order to prepare full accrual quarterly/monthly financial statements in a timely manner, an integral part of the process will be to prepare payroll accruals that will substantially estimate the appropriate payroll expense associated with each quarter/month. The following document will identify the processes to accomplish the payroll accrual in a timely and efficient manner.

Procedure for Payroll Accruals

HCSD Financial Reporting (which currently processes all HR/Payroll interfaces and Related Benefits distributions for all 8 HCSD Business Units) will prepare and process the payroll accrual and reversal on a monthly basis via PeopleSoft Query, MS Access and PeopleSoft Spreadsheet Loader. Financial Reporting will have payroll information readily available and will be able to process these journals and reversals with only a nominal increase in effort and very little or any disruption to fiscal staff at the hospitals.

Payroll Accruals will be based on the previously posted pay period nearest the close of the accounting month.

Attached below is a schedule identifying the Month, pay period ending date, original HR/Payroll journal date, the number of days of the pay period used to calculate the percentage of the payroll, the percentage of the pay period accrued, the payroll accrual journal date, and the journal date of the reversal in the following month.

Month	Pay Period Ending Date	Original HR Journal Date Used	Number of Days Accrued in Month	Percentage of Pay Period	Accrual Journal Date	Reversal Journal Date
July 2011 (1)	07/10/2011	07/15/2011	7	50.00%	07/31/2011	08/01/2011
August 2011	08/21/2011	08/26/2011	10	71.43%	08/31/2011	09/01/2011
September 2011	09/18/2011	09/23/2011	12	85.71%	09/30/2011	10/01/2011
October 2011 (2)	10/30/2011	11/04/2011	15	107.14%	10/31/2011	11/01/2011
November 2011 (3)	11/27/2011	12/02/2011	17	121.43%	11/30/2011	12/01/2011
December 2011 (4)	12/11/2011	12/16/2011	6	42.86%	12/31/2011	01/01/2012
January 2012	01/22/2012	01/27/2012	9	64.29%	01/31/2012	02/01/2012
February 2012	02/19/2012	02/24/2012	10	71.43%	02/29/2012	03/01/2012
March 2012	03/18/2012	03/23/2012	13	92.86%	03/31/2012	04/01/2012
April 2012 (5)	04/29/2012	05/04/2012	15	107.14%	04/30/2012	05/01/2012
May 2012 (6)	05/27/2012	06/01/2012	18	128.57%	05/31/2012	06/01/2012
June 2012 (7)	N/A	N/A	N/A	N/A	N/A	N/A



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- (1) – Pay period ending 07/24/2011 will be the 3rd pay check in the month of July 2011. Because of this, the benefits represented on this check would not be the “expected 1/26” withheld on a normal bi-weekly check (this is affectionately known as the “free check” because it’s free of the benefits deduction-- thus additional take home pay). Therefore the prior pay period ending 07/10/2011 will be used to calculate the payroll accrual for the month of July 2011. For pay period ending 07/10/2011, the HR/Payroll journals will be split with 4 days posted with a journal dated 06/30/2011 and 10 days posted with a journal date of 07/15/2011. Prior to calculating the accrual, the 2 journals will be combined and then the percentage of 7 of 14 days will be calculated.
- (2) – Pay period ending 10/30/2011 has a check date of 11/04/2011. Because the payroll journal will be posted with the 11/04/2011 date in Actual ledgers, the whole payroll plus 1 day (15 total days) will be accrued at 10/31/2011 in order to present 123 days of payroll for year to date as of 10/31/2011.
- (3) – Pay period ending 11/27/2011 has a check date of 12/02/2011. Because the payroll journal will be posted with the 12/02/2011 date in Actual ledgers, the whole payroll plus 3 days (17 total days) will be accrued at 11/30/2011 in order to present 153 days of payroll for year to date as of 11/30/2011.
- (4) – Pay period ending 12/25/2011 will be the 3rd pay check in the month of December 2011. Because of this, the benefits represented on this check would not be the “expected 1/26” withheld on a normal bi-weekly check (this is affectionately known as the “free check” because it’s free of the benefits deduction (thus additional take home pay). Therefore the prior pay period ending 12/11/2011 will be used to calculate the payroll accrual for the month of December 2011.
- (5) – Pay period ending 04/29/2012 has a check date of 05/04/2012. Because the payroll journal will be posted with the 05/04/2012 in Actual ledgers, the whole payroll plus 1 day (15 total days) will be accrued at 04/30/2012 in order to present 305 days of payroll for year to date as of April 30, 2012.
- (6) – Pay period ending 05/27/2012 has a check date of 06/01/2012. Because the payroll journal will be posted with the 06/01/2012 in Actual ledgers, the whole payroll plus 4 days (18 total days) will be accrued at 05/31/2012 in order to present 336 days of payroll for year to date as of May 31, 2012.



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(7) – No new payroll accrual entries will be posted for the month of June 2012 in the HCSD_Accru ledger. The payrolls with July 2012 check dates that apply to June 2012 pay periods will be posted with a 06/30/2012 date in the Actuals ledger. The pay period ending 07/08/2012 (check date 07/13/2012), will be split with a journal representing 6 payroll days with a 06/30/2012 journal date and 8 payroll days with a 07/13/2012 journal date.

The percentages for the number of days in a 14 day pay period used to calculate the payroll accrual is listed below. If the number of days need for the accrual period represents more than one bi-weekly pay period, the number of additional days is added to 100% the number of additional days, example: 15 days equals 107.14%, etc.

Number of Payroll Days to be Accrued for Pay Period	Percentage of Payroll to be Accrued for Pay Period Based on Days
1	7.14%
2	14.29%
3	21.43%
4	28.57%
5	35.71%
6	42.86%
7	50.00%
8	57.14%
9	64.29%
10	71.43%
11	78.57%
12	85.71%
13	92.86%
14	100.00%



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Based on the calculations above, the table below represents the number of payroll days that will be reflected in the Actuals Ledger (at month end close). Only when both Actuals and HCSD_Accru Ledgers are combined for reporting purposes at month end close for the same month will the financial reports reflect the complete payroll picture at any given month end.

Month	Number of Payroll Days Included in Actuals Ledger	Number of Payroll Days Included in Actuals and HCSD_Accru Ledger Combined
	(2012 - Leap Year)	(2012 – Leap Year)
July 2011	24	31
August 2011	52	62
September 2011	80	92
October 2011	108	123
November 2011	136	153
December 2011	178	184
January 2012	206	215
February 2012	234	244
March 2012	262	275
April 2012	290	305
May 2012	318	336
June 2012	366	366

The Journal will be posted in the HCSD_ACCRU ledger using a Journal ID of HRACR12XXX and a Journal Source of “ACR”.

Payroll accrual journals will be dated on the last day of the month.

The payroll accrual journals will automatically reverse on the 1st date of the following month in the HCSD_Accru ledger using the same Journal ID as the previous month.

The employer portion of related benefits will be distributed for Actuals ledger for each payroll processed. This will allow the budgeted amount for department 2010200 for category 510000 to be reduced to the “highest single pay period” for related benefits from the prior year. This will also allow the difference between the current estimate and the new estimate for 510000 111 2010200 to be spread for related benefits to other departments.

The employer portion of related benefits for the HCSD_ACCRU ledger will be included in the HRACR12XXX accrual journal instead of the usual RBFY12XXXX journal series.



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The payroll accrual journal will include only the expense accounts/department combinations from the original HR/Payroll Journals with the offset to Account 222930 – Accrued Payrolls. The offset amount in account 222930 will represent the liability for the gross payroll (both employer and employee portion of benefits) as a percentage of the payroll accrued.