Paid Time Off Accounting

The purpose of our Paid Time Off Accounting process is to record the monthly change in the employee vested time off liability (account #363400 Accrued BT/Vac/Hol). The change is due to time accrued, time taken, pay rate changes and manual adjustments to individual employee’s hours balance.

1. All Paid Time Off salary expense is charged directly to operating cost centers, sundry and research funds. This generally includes Cashouts. Paycompany* specific Paid Time Off Accounting info is noted below.

2. The fringe allocation is applied to all of the above.

3. Operating cost centers, sundry and research funds are directly charged for Earned Time Accrued expense for vested time off as it is earned. This includes Earned Time, Benefit Time, PTO, Vacation and Holiday. Since it is not vested, it does not include any type of Sick Time accrued.
   This amount is calculated based on the employee’s vested accrued time off earned for the month multiplied by his/her hourly rate at month end. That amount is charged based on the employee’s standard earnings distribution. An example of an entry is
   2200 BWHWLVACCR 4/26/2007 889002 BW3216 1,974.81 Current hours accrued

4. Operating cost centers, sundry and research funds are directly charged Earned Time Accrued expense account for increases to the ET/BT/PTO/Vacation bank related to employee pay changes. This is referred to as a Bank Value Adjustment.
   This amount is calculated based on the employee’s pay rate change multiplied by the employee’s total accrued hours bank at month end. That amount is charged based on the employee’s standard earnings distribution. An example of an entry is
   2200 BWHWLVACCR 4/26/2007 889002 BW3512 126.30 Bank value adjustment

5. Operating cost centers, sundry and research funds are credited Earned Time Taken expense account for paid vested time off charged to the operating cost centers, sundry and research funds. This entry does not include Sick, Bereavement or Jury Duty pay. An example of an entry is
   2200 BWHWLVACCR 4/26/2007 889003 BW4114 (26,285.97) Current hours taken/sold

6. Operating cost centers, sundry and research funds are directly charged for Earned Time Accrued expense for manual adjustments to vested time off. The manual adjustments are usually related to a retroactive change in an employee’s scheduled hours causing a change to previous hours accrued, moving hours between the employee’s ET/BT/PTO/Vacation bank and his/her Sick bank or an employee transferring between paycompanies and being allowed to move his/her ET/BT/PTO/Vacation bank.
   This amount is calculated based on the adjusted hours multiplied by his/her hourly rate at month end. That amount is charged based on the employee’s standard earnings distribution. An example of an entry is
   2200 BWHWLVACCR 4/26/2007 889003 BW5610 276.56 Current hours adjusted

7. The fringe allocation is not applied to these Earned Time expense accounts.

12/23/2008
8. The Employee Leave Accruals report (Report ID PHBEN007) lists the employee detail by operating cost center, sundry and research fund.

The above process is generally applied to each paycompany’s Paid Time Off activity. Specific paycompany issues are noted below.

1. **BPO Paycompany**
   A. BPO employees do not accrue any type of paid time off. There are not any accounting entries required.

2. **BWH Paycompany**
   A. The BWH paycompany BT liability is recorded on the BWH GL Business Unit. It includes employees primarily charged to the BWH, BWF and BWPO GL Business Units.
   B. The BWH nurses accrue Holiday time. This accrual occurs 2 weeks before the holiday. Because of the timing of the Holiday accrual, the BWH Time Accrued Expense does not flow as evenly as the other paycompanies.
   C. BWH Cashouts are charged based on the employee’s standard earnings distribution. Hours related to Cashouts are not included in the FTE calculation.

3. **CPS Paycompany**
   A. The CPS paycompany ET liability is recorded on the Charter GL Business Unit. It includes employees primarily charged to the Charter GL Business Unit.
   B. CPS Cashouts are charged based on the employee’s standard earnings distribution. Hours related to Cashouts are not included in the FTE calculation.

4. **GHC Paycompany**
   A. The GHC paycompany ET liability is recorded on the GH Business Unit. It includes employees primarily charged to the GH, MGH, IHP and MGPO GL Business Units.
   B. GHC Cashouts are charged based on the employee’s standard earnings distribution. Hours related to Cashouts are not included in the FTE calculation.

5. **MCL Paycompany**
   A. The MCL paycompany ET liability is recorded on the McLean GL Business Unit. It includes employees primarily charged to the McLean GL Business Unit.
   B. Unlike most of the other paycompanies, the McLean monthly paid employees accrue time off and are part of the Paid Time Off accounting entries.
   C. The Time Accrued, Time Taken, Bank Value Adjustment and Time Adjusted entries for McLean operating cost center employees are charged to one central McLean cost center.
   D. McLean Cashouts are charged based on the employee’s standard earnings distribution. Hours related to Cashouts are not included in the FTE calculation.
6. MPO Paycompany
   A. MPO employees do not accrue any type of paid time off. There are not any accounting entries required.

7. NSM Paycompany
   A. The NSM paycompany ET liability is recorded on the NSMC Business Unit. It includes employees primarily charged to the NSMC GL Business Unit.
   B. Unlike most of the other paycompanies, some of the NSMC monthly paid employees accrue time off and are part of the Paid Time Off accounting entries.
   C. The Time Accrued, Time Taken, Bank Value Adjustment and Time Adjusted entries for all NSMC paycompany employees are charged to one central NSMC cost center.
   D. NSMC Cashouts are charged to one central NSMC cost center. Hours related to Cashouts are not included in the FTE calculation.

8. PHC Paycompany
   A. The PHC paycompany ET liability is recorded on the Home Care GL Business Unit. It includes employees primarily charged to the Home Care GL Business Unit.
   B. PHC Cashouts are charged based on the employee’s standard earnings distribution. Hours related to Cashouts are not included in the FTE calculation.

9. PHS Paycompany
   A. The PHS paycompany PTO liability is recorded on the Partners Corporate GL Business Unit. It includes employees primarily charged to the Partners Corporate Business Unit.
   B. PHS Cashouts are charged based on the employee’s standard earnings distribution. Hours related to Cashouts are not included in the FTE calculation.

10. SKR Paycompany
    A. The SKR paycompany ET liability is recorded on the Shaughnessy-Kaplan GL Business Unit. It includes employees primarily charged to the Shaughnessy-Kaplan GL Business Unit.
    B. SKR Cashouts are charged based on the employee’s standard earnings distribution. Hours related to Cashouts are not included in the FTE calculation.

11. SRH Paycompany
    A. The SRH paycompany ET liability is recorded on the Spaulding GL Business Unit. It includes employees primarily charged to the Spaulding GL Business Unit.
    B. SRH Cashouts are charged based on the employee’s standard earnings distribution. Hours related to cashouts are not included in the FTE calculation.

* Paycompany does not equal GL Business unit. Paycompany relates to Tax ID Number, who issues the W-2.