

# MYOB Exo Payroll

## Tips, Current and Previous Releases

June 2020



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Disclaimer: This document provides guidance on how to manage leave entitlements within our product. We recommend that you read the MBIE document "*Holidays Act 2003: Guidance on annual holidays, domestic violence, leave, bereavement leave, alternative holidays, public holidays and sick leave*" to understand how to meet your obligations as an employer under the Holidays Act 2003. If you have further questions or are in doubt, it is best to seek legal advice to ensure you are meeting your obligations

### Allowances in Average Weekly Earnings

The Holidays Act requires that payment for annual holidays to be made at the higher of Average Weekly Earnings or Ordinary Weekly Pay. When assessing Average Weekly Earnings any allowances which are paid will usually be part of the Gross Earnings used for that calculation (refer to MBIE Guidance for a more detailed discussion about what qualifies as "Gross Earnings").

If an allowance is setup in Exo Payroll to be paid regularly as part of the Standard Pay it will continue to be paid regardless of Leave being taken, unless it is manually adjusted.

This can lead to a situation where the value of an allowance has been included in AWE and will also be paid as a separate item in the pay. If AWE is the larger rate and is used for payment this can lead to a value being paid twice.

It may not be compliant with the Holidays Act to remove an Allowance that qualifies as Gross Earnings from the calculation or payment of AWE. It is recommended that if you wish to adjust the value of the Allowance you manually update it in the pay.

This will require manual review and intervention when leave is paid. For detailed instructions on how to manage this situation using Exo Payroll please refer to the whitepaper [Enduring Allowances and Leave valuation](#)

### Reducing FBAPS Entitlements

When paying FBAPS leave (Family Violence Leave, Bereavement Leave, Alternative Leave, Public Holidays or Sick Pay), it is possible to enter the amount of days taken without reducing the employee's entitlement by a corresponding amount—in previous releases, this could be done accidentally without the user realising.

Exo Payroll now warns you if any leave transactions exist in a pay where the **Hours to Pay** value doesn't match the **Days to Reduce Entitlement** value.

We have made the following updates to the product, changes can be enabled when you are ready to use them.

If Exo Payroll is configured to pay Family Violence Leave, Bereavement Leave, Alternative Leave, Public Holidays or Sick Pay in days, a warning appears when entering leave for an employee in the Current Pay if the **Hours to Pay** value entered doesn't match the **Days to Reduce Entitlement** value.

If any leave transactions where the **Hours to Pay** value doesn't match the **Days to Reduce Entitlement** value exist in a pay, then when that pay is saved, a warning message will appear. This message contains an option to open the new ADP Exceptions report view:

Pay Number	Pay Period End Date	Pay Frequency	Employee Code	Alpha Code	Surname	First Name	Employee Status	Leave Type	Hours per Standard Day	Hours Taken	Days to Reduce	Suggested Days to Reduce
5	04/03/2020	Weekly	1	WALLACE	Wallace	Edward James	Permanent	Alternative Leave	8.00	4.00	1.00	0.50

This report shows all transactions across all pays where the Hours Taken does not match the Days to Reduce. It can be opened at any time by clicking the **ADP Exception** button on the Pay List window.

A warning is also displayed when updating a pay, if any such exceptions exist in that pay. The user can continue to pay direct credits or stop and view a report of the exceptions. (Unlike the ADP Exceptions report view, this report is an Excel file containing details of the exceptions in that pay only.)

## Sick Leave Accrual method

Previously, MYOB Exo Payroll included an **Allow percentage based Sick Pay method** option, which enabled a **Percentage Based** option on the Employee Maintenance window. Using this option for an employee meant that Sick Pay was accrued for each employee as a percentage of their hours worked, e.g. if 2% was entered as an employee's sick entitlement, this would result in 2 hours sick accruing for every 100 hours that the employee works.

The 2019.01 release removed the **Allow percentage based Sick Pay method** option from the Leave Management Setup window. This option was not recommended, as it was not compliant with the Holidays Act.

The option remains visible for companies that were using it prior to installing version 2019.01, but does not appear on the Leave Management Setup window for anyone else. Warning messages appear if this option is enabled when a user opens the Leave Management Setup window.

If you do not currently use the percentage method for Sick Pay for any of your employees, no action needs to be taken—the option to use this method will never be available.

If you still have any employees with the Percentage Based option ticked, they should be moved off this option and set up using one of the other available methods of calculating Sick Pay—for more information, see the help topic [Sick & Other Leave](#).

## Alternative Leave Cash Up Management

Prior to this change any cashed up Alternative Leave was not included in the Gross for Average Daily Pay (ADP).

The 2018.01 release introduced the option on the Allowance Maintenance window available for the “ALT Leave Cash-Up” allowance (this is a system allowance that is created automatically) so that a user could choose how to treat these payments for Average Daily Pay calculations.

If you allow employees to cash up Alternative Holidays you should review the setting below on the “ALT Leave Cash-Up” allowance.

When editing the “ALT Leave Cash-Up” allowance on the Allowance Maintenance window, ensure that the **Add to Gross for Relevant Daily Rate** option is set as appropriate for your company.

Examples of payments that would have the **Add to Gross for Relevant Daily Rate** option turned on:

- Productivity or incentive-based payments (including commission) if those payments would have otherwise been received on the day concerned.
- Payments for overtime if those payments would have otherwise been received on the day concerned.

Examples of payments that would have the **Add to Gross for Relevant Daily Rate** option turned off:

- Productivity or incentive-based payments (including commission) if those payments would not have otherwise been received on the day concerned.
- Payments for overtime if those payments would not have otherwise been received on the day concerned.

For more information see the [Allowance Maintenance](#) help file.

## Mixed Unit Holiday Entitlement Setting

Previously, MYOB Exo Payroll included three options for the **Pay Holiday Pay** in setting on the Leave Management Setup window: **Hours**, **Days** and **Mixed**.

The 2019.01 release removed the **Mixed** option from the Leave Management Setup window. This option allowed Holiday Pay to be paid in daily units but allowed tracking of entitlement in hourly units. It was not recommended, as it was not compliant with the Holidays Act.

The option remains visible for companies that were using it prior to installing version 2019.01, but does not appear on the Leave Management Setup window for anyone else. Warning messages appear if this option is enabled when a user opens the Leave Management Setup window.

If you do not currently use the **Mixed** option, no action needs to be taken—the option to use this method will never be available.

If you still have this option enabled in your system, you should change it to **Hours** or **Days**, depending on the needs of your organisation—for more information, see the help topic [Leave Management Setup](#).