
MYOB Exo Payroll

Provisioning Annual Holiday Pay in Weeks
and managing Work Pattern Changes

June 2020



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Introduction

The latest release of MYOB Exo Payroll includes new features to help employers manage employees Annual Leave entitlements. This document provides an overview of the changes to the system brought on by these new features, and what employers need to do before implementing the new features.

Disclaimer

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 better understand how to meet your obligations as an employer. If you have further questions, it is best to seek legal advice to ensure you are meeting your obligations.

Background to the Changes

The Holidays Act 2003 stipulates that employees are entitled to a minimum of four weeks annual holiday each year. Ensuring that all employees receive their full entitlement each year is an important part of an employer’s obligations under the Act.

MBIE states that when an employee’s work patterns change, it is important to ensure that existing holiday entitlements that are held in days or hours are accurately updated to reflect the employee’s new work pattern. If this is not done, there is a risk that an employee may not be given their full entitlement based on their current work pattern

The Weeks Management features in Exo Payroll aim to assist employers in maintaining accurate entitlements when work patterns change by providing options to see balances in Weeks and Days/Hours units, and automatically recalculate days/hours leave balances when a work pattern changes.

Before you start

Before you turn on this feature:

1. Ensure that you read and understand the documents on the [MYOB Holidays Act Hub / Exo Payroll](#) website to understand the requirements and how to check your leave setup and properly prepare your system for the new functionality.
2. Ensure that you read and understand the preceding document **Activate Weeks Management in Exo Payroll** available on our [Education Centre/Whitepapers](#) to check your leave setup and properly prepare your system for the new functionality.
3. Read and understand your obligations under the holidays act. It’s recommended that you review the MBIE Guidance Document. [MBIE Holidays Act 2003 guidance on holidays and leave](#)
4. Where you are unsure of your obligations under the act, we recommend seeking independent advice from an employment relations specialist, or discussing your options with MBIE.
5. Where you are unsure of your current payroll setup and require assistance to review this, we recommend getting advice from the Exo Employer Services Professional Services Team – email enterprise.services@myob.com to arrange a booking.

Provisioning Annual Holidays in Weeks

Annual Entitlements

After the new employee level flag **Calculate Holidays in Weeks** is turned on, the employee's holiday pay screen will now display additional fields to show annual leave entitlement, accrual and balances in weeks as well as the days/hours units.

The new fields that represent the **Annual Entitlement Weeks** and **Definition of a Week (Days/Hours)** are greyed out and are updated from the employee's **Standard Pay > Day/Hours Paid** button – **Agreed Definition of a Week (DOW)** field.

Days Paid

Days paid for Holiday Pay

Number of working Days in the pay period: 5.00

Agreed Definition of a Week (Days): 5.00

Days paid for Average Daily Pay/Relevant Daily Rate

Number of Actual Days paid in the pay period: 5.00

Save : F10 Exit : Esc

Employee Maintenance

Employee Details **Holiday Pay** Sick & Other Leave Other Notes Standard Pay

Employee: 6 George, Thomas Fussell

Holiday Pay

Annual Entitlement Weeks: 4.00 Pay Casual Holiday Pay Each Pay

Definition of a Week (Days): 5.00 Permanent Part-time / Pro-Rata

Annual Entitlement Days: 20.00 Percentage Entitlement Only

Annual Entitlement %: 8.00 Calculate Holiday Pay in Weeks Compare Rate

Holiday Anniversary Date: 14/05/2020 Hours per standard day: 9.00

This Year Entitlement Changes (Entitlement Period: 14/05/2019 - 13/05/2020)

Parental Leave Leave Without Pay

Entitlement Year					
	Paid	Accrued	Outstanding	Advanced	Balance
Days:	150.00	17.92	5.00	0.00	22.92
Weeks:	30.00	3.58	1.00	0.00	4.58
Amount:	\$25625.69	\$0	\$0.00	\$0.00	\$0.00

Pay History

This Year Accrued to: 05/04/2020 Ordinary Weekly Pay Method: Standard Pay

Holiday Pay Cost Centre: 21

Prev : F7 Next : F8 Find : F9 Save : F10 Delete : F6 Exit : Esc

Annual Entitlement Days / DOW (Days/Hours) = Annual Entitlement Weeks

Example below screenshot:

Annual Entitlement Days 20 / DOW 5 = Annual Entitlement of 4 Weeks

Holiday Pay	
Annual Entitlement Weeks:	4.00
Definition of a Week (Days):	5.00
Annual Entitlement Days:	20.00
Annual Entitlement %:	8.00
Holiday Anniversary Date:	17/03/2021

If you want to increase the employee's entitlement weeks i.e. from 4 to 5 weeks you will still update the Annual Entitlement Days/Hours field as you would normally i.e. 20 days to 25 days- this will automatically update the employee's Annual Entitlement Weeks.

Holiday Pay	
Annual Entitlement Weeks:	5.00
Definition of a Week (Days):	5.00
Annual Entitlement Days:	25.00
Annual Entitlement %:	10.00
Holiday Anniversary Date:	17/03/2021

Current Balances

The Entitlement Year balances section now display the additional Weeks fields

Entitlement Year					
	Paid	Accrued	Outstanding	Advanced	Balance
Days:	15.00	1.42	39.00	0.00	40.42
Weeks:	3.00	0.28	7.80	0.00	8.08
Amount:	\$2472.00	\$0	\$0.00	\$0	\$0.00

Weeks Entitlement calculation = Days/Hours divided by DOW (days) - as per the above screenshot

- Paid 15 days / 5 DOW = 3 weeks paid (in this holiday year)
- Accrued 1.42 days / 5 DOW = 0.28 weeks
- Outstanding days 39 / 5 DOW = 7.8 weeks
- Balance 40.42 days / 5 DOW = 8.08 weeks

Definition of a Week

Exo Payroll Version 2020.06 introduced an **Agreed Definition of a Week** field into the Standard Pay – accessed through the **Days/Hours Paid** window. This field represents the weekly work pattern in days or hours and controls the employees annual leave entitlements and balances in weeks to comply with HA2003 requirements.

For the purposes of this document, we will call the Definition of a Week field the **DOW**.

The screenshot shows the 'Employee Maintenance' application with the 'Standard Pay' tab selected. The 'Days Paid' window is open, displaying the following information:

- Days paid for Holiday Pay**
 - Number of working Days in the pay period: 5.00
 - Agreed Definition of a Week (Days): 5.00** (highlighted with a red box)
- Days paid for Average Daily Pay/Relevant Daily Rate**
 - Number of Actual Days paid in the pay period: 5.00

At the bottom of the 'Days Paid' window, there are buttons for 'Save : F10' and 'Exit : Esc'. Below the window, the main interface shows 'Days Paid: 5.00 (For HP Calculations)' and 'Agreed Definition of a Week (Days): 5.00', with a red arrow pointing to the latter value. The bottom of the screen features navigation buttons: 'Prev : F7', 'Next : F8', 'Find : F9', 'Save : F10', 'Reset', and 'Exit : Esc'.

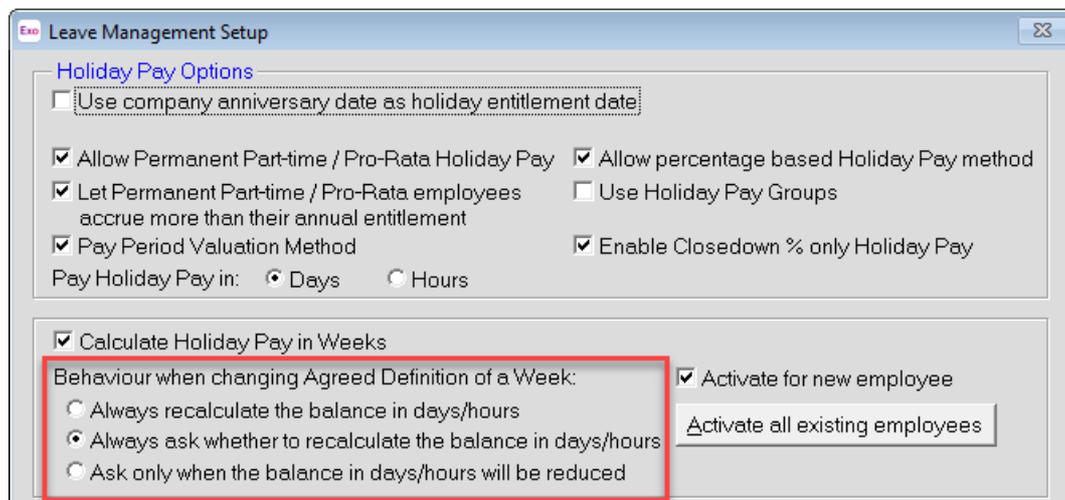
Notes:

- The DOW in days/hours is visible in the current pay screen but is not an editable field – if you need to update DOW you must always do this from Standard Pay to accurately recalculate leave balances.
- If you are unable to define a week for an employee, employer and employee may come to an agreement on what a week is for the purposes of provisioning and payment of Holiday Pay. It's important to seek advice from an employment relations expert and/or refer to MBIE guidance for assistance where this is not clear.
- Where an employee is Fortnightly or Monthly, your Number of working days for the period will be different to the Agreed Definition of a Week field. I.e. Fortnightly employee may show 10 days in the Number of working days field, and 5 days in the DOW field

Changing Work Patterns – updating DOW

When the employee agrees to change their weekly work pattern, this will impact their Annual Holidays in that the Portion of a week taken and paid will be based on their new weekly days/hours. Exo Payroll will update the days/hours balances for the employee based on their new work pattern.

How this will work will depend on which of the three methods you have chosen from the Leave Management Setup for “**Behaviour when changing Agreed Definition of a Week**”.



Note: Exo Payroll will default to option three when you activate recording annual leave in weeks – this method will automatically adjust the employee’s Days/Hours Holiday Pay entitlements and balances when the employees work pattern increases.

If reducing DOW days/hours you will have the option to reduce the entitlement and balances or leave them as they are.

You can update your behaviour options at anytime – it’s important to understand what each one does and the impact to the employees Holiday Pay.

Recalculation Options for Work Pattern Changes

When an employees work pattern changes, go into the **Standard Pay > Days/Hours Paid** screen and update your number of working Days/Hours in the pay period, you will be prompted with a screen that will ask you *“Do you want to update your Agreed Definition of a Week? (Days/Hours)”*

Click Yes to update the Agreed Definition of a week field at the same time.

Update the Days/Hours Paid for Average Daily Pay/Relevant Daily Rate and click Save.

On Saving, one of 3 processes will occur based on the option selected in the **Exo Payroll Setup > Leave Management Setup** screen.

Option 1: Always recalculate AL balances in days/hours

If this option is selected, Exo Payroll will automatically update the employees Holiday Pay Entitlements and Balances to increase or decrease the Days/Hours values associated with the current weeks balance, based on the new DOW.

You will receive a pop up displaying the change that is being made by the system.

In the example below, we can see that the employees DOW has increased from 4 days a week to 5 days. The Entitlement and Balance in Weeks has stayed the same, and the Entitlement and Balance in Days has increased to reflect the employee's new week.

	Agreed Definition of a Week	Balance (Weeks)	Balance (Days)	Entitlement (Weeks)	Entitlement (Days)
Before Change:	4.00	4.24	16.94	4.00	16.00
After Change:	5.00	4.24	21.20	4.00	20.00
Difference:	1.00	0.00	4.26	0.00	4.00

Continue

If the employees DOW had decreased, the Entitlement & Balance in Weeks would still stay the same, and the Entitlement and Balance in Days/Hours would be reduced to reflect the new shorter week.

Note:

After this change the employee's weekly rates will be divided by the new DOW to get a new Daily/Hourly rate based on the new work pattern.

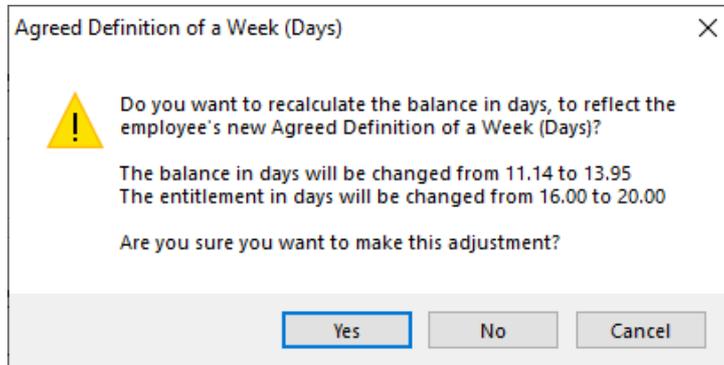
Refer White Paper **Holiday Pay Processing in Weeks** for more details on pay rate calculations.

Click on Continue to close this window and then review the employee's Holiday Pay tab to see the updated changes that have been made to the employees' entitlement and balances.

Option 2: Always ask whether to recalculate the AL balances in days/hours

If the second method is selected, when the DOW is changed for an employee you will get a choice to recalculate the Entitlements and Balances.

Exo Payroll will then display the following message to confirm the Holiday Pay entitlement and balance changes for the employee in days/hours and prompt you with the option to make the adjustment or not.

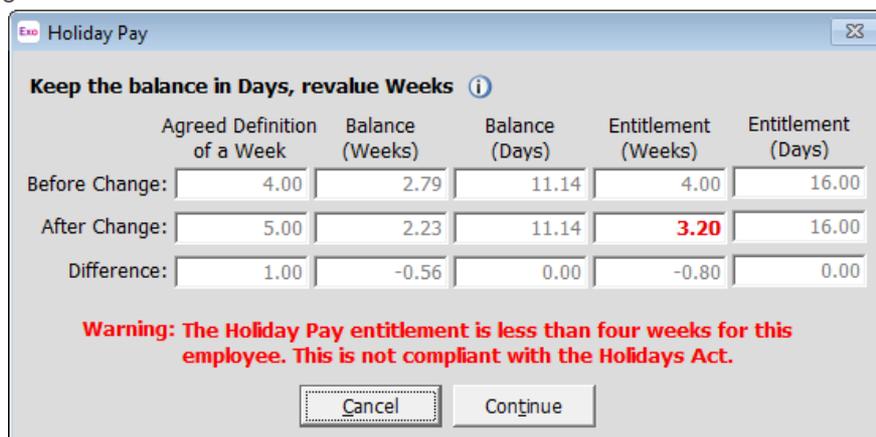


- Click **[Yes]** and the employees Weeks Entitlements and Balances will stay the same, and the Days/Hours Entitlements and Balances will be updated to reflect the new week.
- Click **[No]** to making this adjustment, and the employees Days/Hours Entitlement and Balance will be held the same, but the employees Weeks Entitlements and Balances will be recalculated.
- Click Cancel to **[Cancel]** the change to DOW and start again.

In the example above, the employee has moved from 4 days a week to 5 days a week. Clicking **No** to making the adjustment will have the effect of reducing the Weeks Entitlements and Balances.

I.e. 8 days outstanding is the equivalent of 2 weeks for someone on a 4-day week, but only 1.6 weeks for someone on a 5-day week.

Important: Where Weeks Entitlements and Balances are recalculated instead of adjusting Days/Hours, this can result in an employee's Entitlement being set to less than 4 weeks Annual Entitlement. A warning message will appear that any entitlement less than 4 weeks is non-compliant with the Holidays Act. Click Cancel to revert back and make a new choice. Click Continue to continue with the change.



Option 3: Ask only when the AL balance in day/hours will be reduced

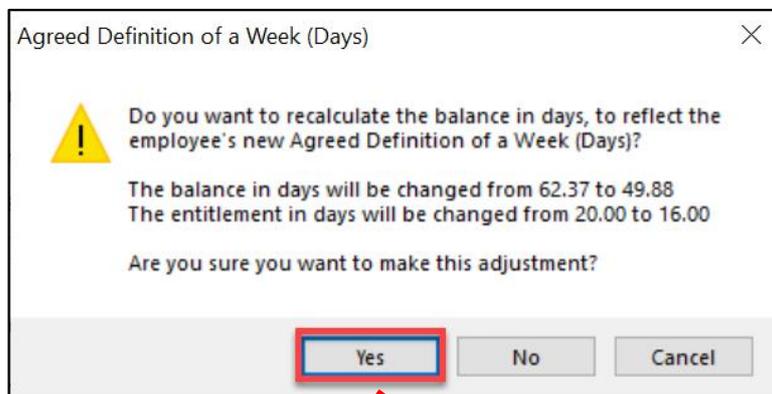
This is the Exo Payroll default option when you switch on **Calculate Annual Leave in Weeks** and is in line with MBIE Guidelines to always increase balanced held in Days/Hours when an employee increases work pattern, but to take caution when a work pattern reducing means that employees Days/Hours balances will be reduced.

This option will automatically change the employee's Holiday Pay entitlements and balances where DOW is increased.

When DOW is reduced, you will again be given the choice to make the recalculation of Days/Hours Balances and Entitlements or not, in the same method as Option 2 above.

Example: Where a Definition of a Week is reduced:

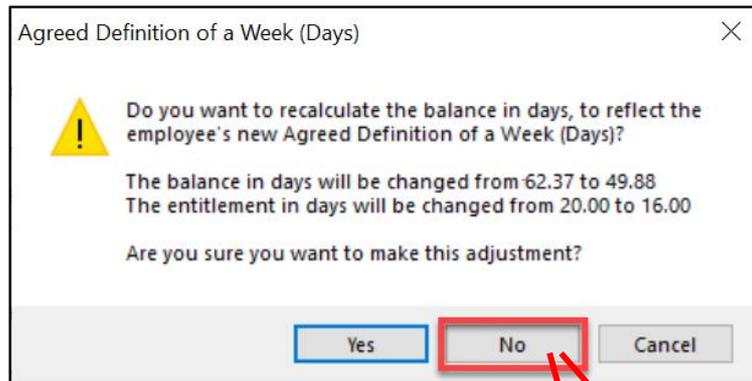
1. Chose **[Yes]** to reduce the employee's total days balance down to the new weeks equivalent



	Agreed Definition of a Week	Balance (Weeks)	Balance (Days)	Entitlement (Weeks)	Entitlement (Days)
Before Change:	5.00	12.47	62.37	4.00	20.00
After Change:	4.00	12.47	49.88	4.00	16.00
Difference:	-1.00	0.00	-12.49	0.00	-4.00

The recalculation will reduce the total days balance, but the weeks balance will stay the same. The employee's annual leave daily/hour rates for AWE (average weekly earnings) and 4-Week Average will increase due to the employee's weekly rates now being divided by less days in a week to get a higher daily rate.

- Chose **[No]** to hold the employees Days/Hours balances static and recalculate the weekly entitlements and weekly balances equivalents instead.



Exo Holiday Pay

Keep the balance in Days, revalue Weeks ⓘ

	Agreed Definition of a Week	Balance (Weeks)	Balance (Days)	Entitlement (Weeks)	Entitlement (Days)
Before Change:	5.00	12.47	62.37	4.00	20.00
After Change:	4.00	15.60	62.37	5.00	20.00
Difference:	-1.00	3.13	0.00	1.00	0.00

Continue

Important: If the employee has taken any advanced annual leave choosing **[No]** to recalculating the employee's balance will mean the weeks equivalent will be incorrect .

Advanced annual leave days/hours **must** be reduced to meet the new reduced working week, otherwise the employee will not be compliant when they roll over with the remaining balance of weeks that should be owed to them.

Example:

A 5 day week employee has taken 5 days advanced annual leave – this equates to 1 week. If they reduce to 4 days a week DOW the advanced leave should be reduced down to 4 days – i.e. 1 week.

Impact of Not Recalculating

In the case of an employee reducing their work pattern, if you chose not to reduce the Days/Hours leave balances this will give the employee a higher Weeks Balance and Annual Entitlement.

I.e.

An employee with 5 day work pattern has

- 20 Days Outstanding = 4 weeks
- 20 Days Annual Entitlement = 4 weeks
- Weekly Rate = Weekly / 5 days to get Daily Rate.

If their work pattern changes to 4 days a week, and their days are NOT recalculated

- 20 Days Outstanding = 5 weeks outstanding leave to take
- 20 Days Annual Entitlement = 5 Weeks Annual Entitlement
- Weekly Rate = Same Weekly / 4 days to get Daily Rate.

The employee will receive a higher annual entitlement in weeks, and a higher Days/Hourly rate.

If you have chosen **[No]** to the adjustment, please check the employee's holiday pay screen – and manually adjust the Days/Hours Advanced to meet the new weeks equivalent.

Note: You may choose to recalculate the Days/Hours Entitlements & Balances, and then manually adjust the Outstanding Days only if there is agreement to hold on to those days/hours for the employee.

Pay History Enhancements

Under the Employee Maintenance – Holiday Pay tab the “Edit Days/Hours” button has been re-labelled as the **Pay History** button.

The screenshot shows the 'Employee Maintenance' window with the 'Holiday Pay' tab selected. The employee is Wallace, Edward James. The 'Holiday Pay' section includes fields for Annual Entitlement Weeks (4.00), Definition of a Week (Days) (5.00), Annual Entitlement Days (20.00), Annual Entitlement % (8.00), and Holiday Anniversary Date (17/03/2021). There are checkboxes for 'Pay Casual Holiday Pay Each Pay', 'Permanent Part-time / Pro-Rata', and 'Percentage Entitlement Only'. A 'Parental Leave' button is also present. Below this is an 'Entitlement Year' table:

	Paid	Accrued	Outstanding	Advanced	Balance
Days:	15.00	1.42	48.75	0.00	50.17
Weeks:	3.00	0.28	9.75	0.00	10.03
Amount:	\$2472.00	\$0	\$0.00	\$0	\$0.00

At the bottom right of the form, the 'Pay History' button is highlighted with a red arrow. Other buttons include 'Prev : F7', 'Next : F8', 'Find : F9', 'Save : F10', 'Delete : F6', and 'Exit : Esc'.

Click into the Pay History screen, and this will now display new details to give better understanding about how the holiday pay calculation works.

The screenshot shows the 'Pay History' screen with a table of pay records. The table has columns for Pay Number, Type, Pay Date, Physical Pay Date, Gross Pay, Ordinary Earnings, Days Paid, Agreed Definition of a Week, 4 Week, and 12 Month. Below the table is a summary table:

	Gross	Weeks	LWOP	Weekly Rate	Daily Rate	
Standard Pay:	1024.00	1		1024.00	204.80	
4 Week Totals:	3296.00	4		824.00	164.80	4 pays included
12 Month Totals:	43504.11	52	0	836.62	167.32	52 pays included

Buttons at the bottom include 'View Payslip', 'Export', and 'Exit : Esc'. Red arrows in the image point to the 'Agreed Definition of a Week' column in the table and the summary table.

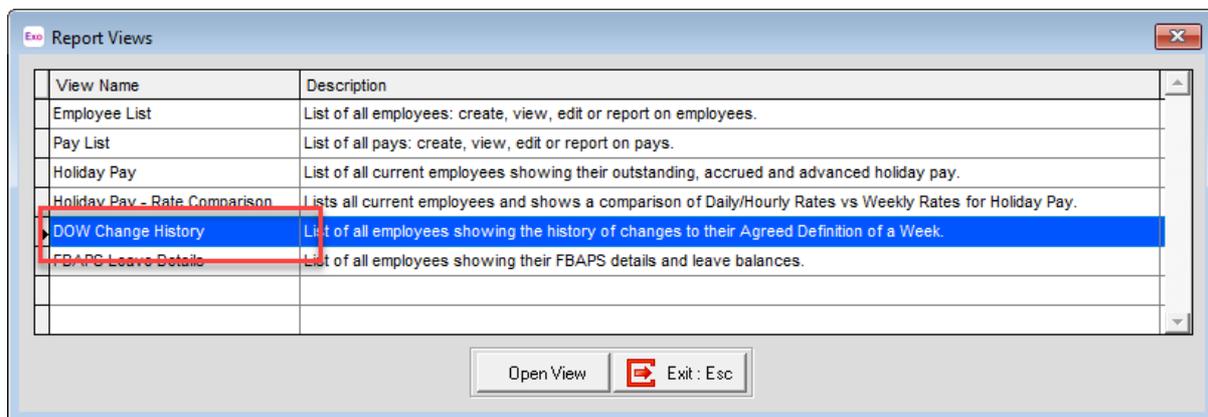
The Pay History window now display the following details:

- Ordinary Daily/Hourly Rate Method selected for employee
- Agreed Definition of a Week is displayed in Days/Hours
- Breakdown of Weekly and Daily/Hourly values - Standard Pay, 4 Week Average and 12-month Gross (AWE)
- Daily/Hourly values are calculated based on the DOW units.

DOW Change History Audit Report

In order to track changes made to DOW, and whether leave balances were adjusted at the time, a new DOW Change History Report View has been added.

Access this from **Reports > Report Views > DOW Change History**



The report view will show change history details for each employee who has had their Definition of a Week changed, the recalculation option used, and the timestamps of when the change was made.

Code	Alpha Code	Surname	First Name	Revalue Balance in	Agreed Definition of a Week (Before Change)	Agreed Definition of a Week (After Change)	Balance in Weeks (Before Change)	Balance in Weeks (After Change)	Balance in Days (Before Change)	Balance in Days (After Change)	Entitlement in Weeks (Before Change)	Entitlement in Weeks (After Change)	Entitlement in Days (Before Change)	Entitlement in Days (After Change)	User Code	Date and Time
2	ANDREWS	Andrews	Thomas Harley	Days	5.00	4.00	1.28	1.28	6.42	5.12	4.00	4.00	20.00	16.00	A	11/06/2020 09:46:16 PM
2	ANDREWS	Andrews	Thomas Harley	Days	4.00	5.00	4.29	4.29	17.14	21.45	4.00	4.00	16.00	20.00	A	11/06/2020 03:41:19 PM
3	HOUGHTON	Houghton	Jannet Faye	Weeks	5.00	3.00	6.41	10.68	32.04	32.04	4.00	6.67	20.00	20.00	A	11/06/2020 10:10:14 AM
4	SMITH	Smith	Sandra Olive	Days	5.00	3.00	5.41	5.41	27.04	16.23	4.00	4.00	20.00	12.00	A	11/06/2020 10:11:36 AM
21	GILES	Giles	Harrison Reif	Days	4.00	5.00	4.24	4.24	16.94	21.20	4.00	4.00	16.00	20.00	A	11/06/2020 08:59:12 PM

Buttons: Export, Exit : Esc

Other Notes & Recommendations

- It is recommended to discuss and review company policy in regard to reducing Days/Hours Balances when an employees DOW reduces, so as to have a consistent approach in all cases and transparency for employees changing work patterns.
- It's important to note that where different decisions are made, this can result in employees being entitled to higher week's balances and rates than they possibly should be. I.e. by always recalculating up when a work pattern increases, but not recalculating down when a work pattern decreases, an employee may end up with double the weeks balance than they should, particularly where they have regular work pattern changes such as seasonal workers.
- Consider setting your system to the "Always recalculate" option for ease of use, and manually increase employees Outstanding Leave days back up where this has been agreed.
- It's recommended to set up a test company and test all changes in a test company first to be comfortable with the process Exo Payroll will follow. Check out our knowledgebase for more information on setting up Test Companies (**File > New Test Company**)

Next Steps

For further information on managing entitlements and payments in weeks please see the following whitepapers on our [Education Centre/Whitepapers](#)

- [Activating Weeks Management for Holiday Pay](#)
- [Holiday Pay Processing in Weeks](#)
- [Managing Leave Without Pay](#)