
MYOB Exo Payroll

Activate Weeks Management for Annual
Holiday Pay

June 2020

myob

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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 instruction on how to apply 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 advice from an employment relations specialist 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

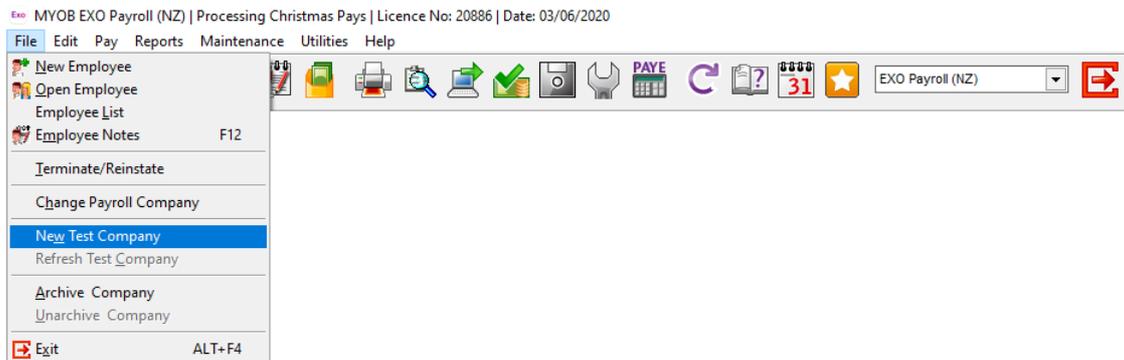
Before you turn on this feature:

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. 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](#)
3. 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.
4. Where you are unsure of your current Exo Payroll configuration 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.

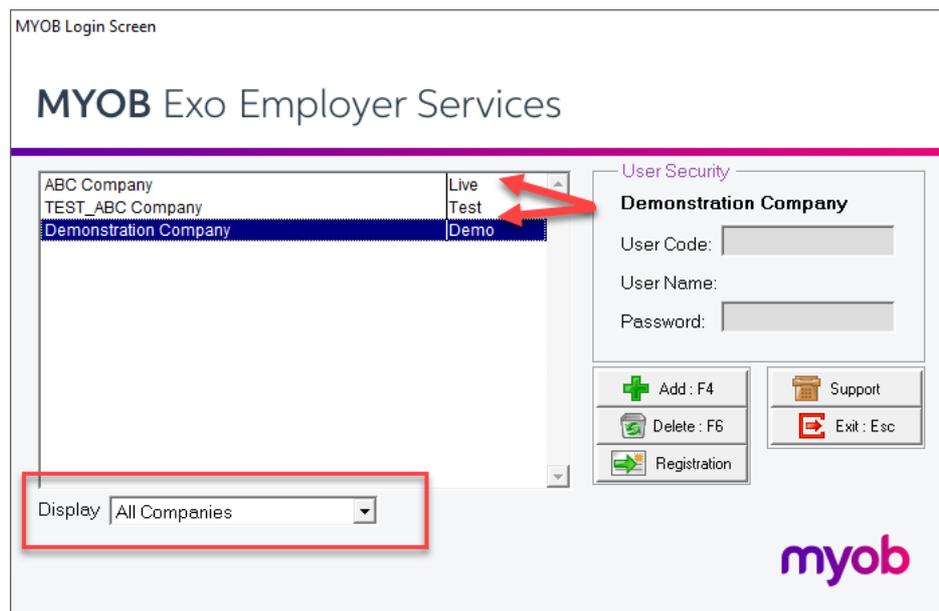
Setting up a Test Company

Switching to Weeks Management is a substantial change, and there are various areas to check and reconcile through this process. It's recommended to work in a test company first to ensure that you are confident in the process before enabling the Weeks Management options in your live company data.

In your live company, go to **File > New Test Company** to replicate this company into a test database.



On restarting of Exo Payroll, on your login screen change the Display setting to **All Companies**, and you will see your live company plus a test version of it prefixed by the word **TEST_**



You can make any changes you like in this test company and it won't affect your live payroll.

If you wish to update it with up to date pay information at any stage, just log in to the Live company and go to **File > Refresh Test Company**

Define a Week and Check Rate Comparisons

The Holidays Act 2003 and MBIE guidance Lead us to managing leave in weeks; 4 weeks entitlement, weekly balances and weekly rates.

To enable employees to take part weeks off (i.e. take days or hours) it's important to know what constitutes a week for an employee, in order to reduce the correct portion of a week off their entitlement, and to pay the correct portion of a weekly rate.

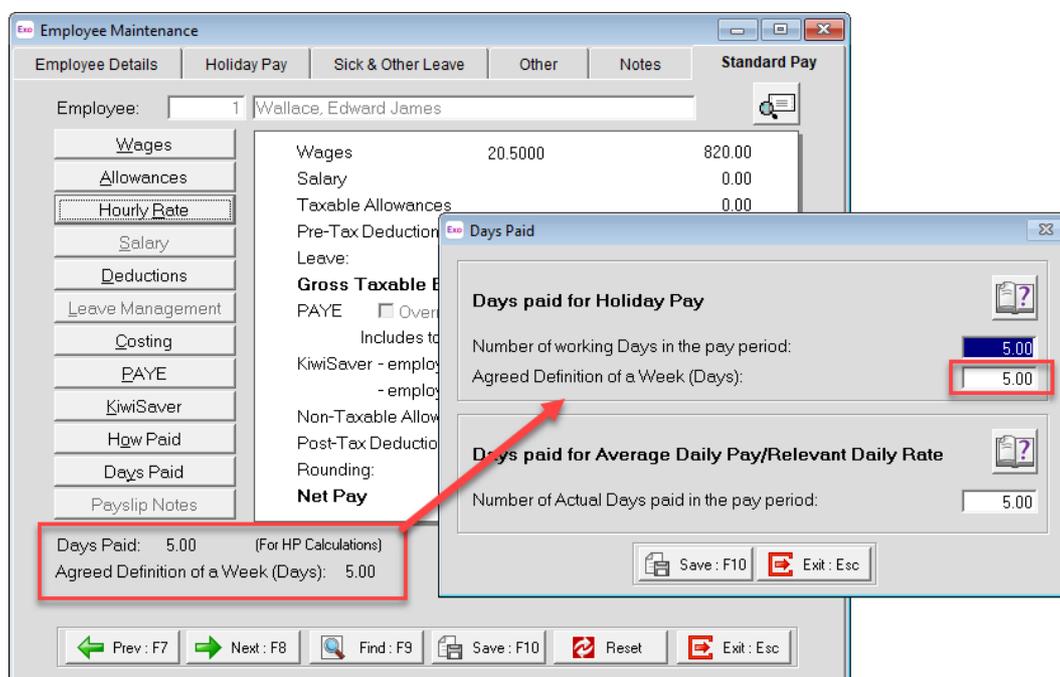
Exo Payroll version 2020.06 allows us to define a week for an employee to automatically calculate the “Three P’s of Annual leave” – **Provisioning** of entitlement in weeks, **Portion** of weeks paid, and **Payment** of leave taken as a portion of weekly rates.

The new Exo Payroll feature **Agreed Definition of a Week** enables a user to define a week for an employee and uses this to determine a portion of a week when an employee takes leave, for the purposes of reducing the balance, and paying a portion of the weekly rate for the time taken.

Before turning on Weeks Management it's important to set the employees **Agreed Definition of a Week** (referred to in this document as DOW) and to review the employee's entitlements and rate calculations.

Set Agreed Definition of a Week

1. To set the DOW for an employee, go to their **Employee Maintenance > Standard Pay** tab
2. Click on the **[Days/Hours Paid]** button and set the number of days or hours that represents a week for your employee i.e. this may be 5 days for a standard full-time team member.



Notes:

- 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. a Fortnightly employee may show 10 days in the Number of working days field, and 5 days in the DOW field.

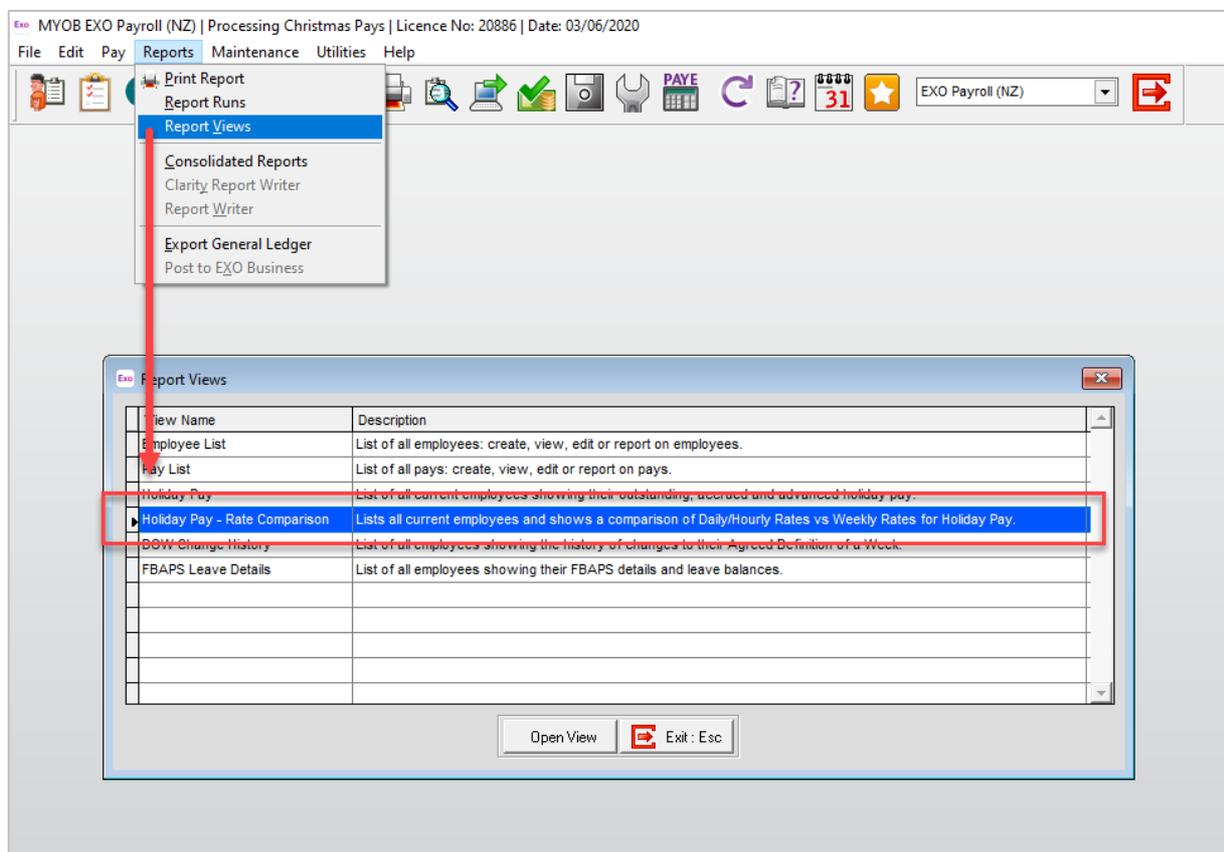
Review Holiday Pay Rates – All Employees

Currently Exo Payroll derives Holiday Pay rates using Gross Earnings divided by the number of days/hours recorded for the period – this is now switching to a weekly calculation (Gross / weeks). Please refer to the [Annual Holiday Rate Calculations](#) document on the holidays hub for more information.

To compare your current Days/Hours holiday pay rates with the weeks equivalent that will be applied, use your **Holiday Pay – Rate Comparison** Report View to check all employees at once.

Report views enable users to customise various reports to show and hide selected fields and information on the reports.

1. To access report views, go to the **Reports** menu and select **Report Views**
2. Select the **Holiday Pay – Rate Comparison** report view



The report view will be created with a standard set of fields:

Use the Filters at the top as follows:

Department	Filter the employees on the list by department
Cost Centre	Filter the employees on the list by their default cost centre
Employment Status	Filter by All employees, permanent only, or casual
Sort Order	Select the field that you wish to sort by, and whether you wish to sort descending or ascending
Custom Views	View: Use this to select a saved view (or set of fields)
	 Use this button to add a new view to customise with set fields
	 Use the field chooser button to select the fields that you wish to see in this view.
	 Where you have selected new fields, use the Save button to save the changes to your view.

Setup Rates Review Report

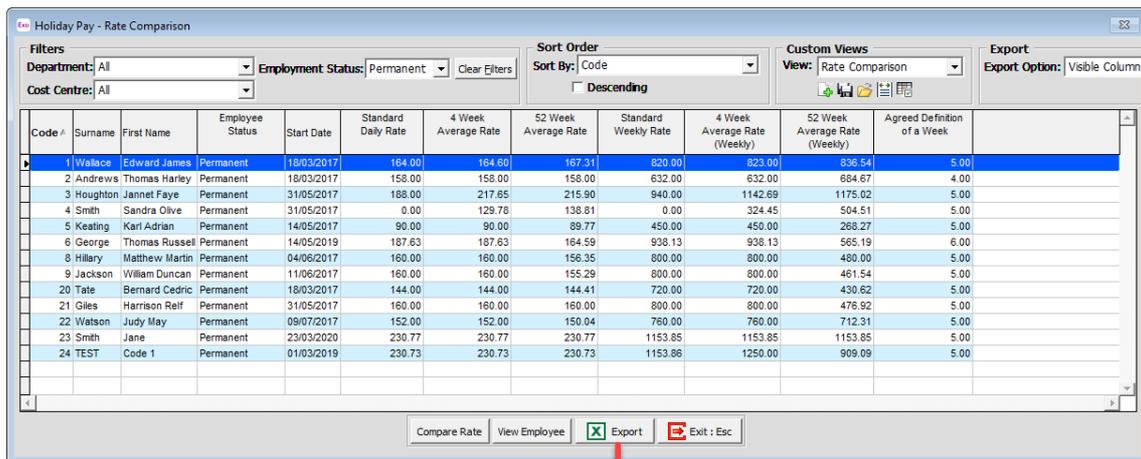
Set up a new report view to compare your current Daily/Hourly rate to the weekly rates for:

- Standard Pay
- 4 Week Average
- 52-week Average Weekly Earnings

We recommend selecting all fields that will enable rate checks, including but not limited to the following:

- Employee Start & Last Pay Dates
- Ordinary Weekly Pay method
- The Standard, 4-week & 52-week average rates in Days/hours
- The Standard, 4-week & 52-week average Weekly Rates
- The new Definition of a Week field

You may add in any other detailed fields that you like, then Export the report to Excel.



Code	Surname	First Name	Employee Status	Start Date	Standard Daily Rate	4 Week Average Rate	52 Week Average Rate	Standard Weekly Rate	4 Week Average Rate (Weekly)	52 Week Average Rate (Weekly)	Agreed Definition of a Week
1	Wallace	Edward James	Permanent	18/03/2017	164.00	164.60	167.31	820.00	823.00	836.54	5.00
2	Andrews	Thomas Harley	Permanent	18/03/2017	158.00	158.00	158.00	832.00	832.00	864.67	4.00
3	Houghton	Jannet Faye	Permanent	31/05/2017	188.00	217.65	215.90	940.00	1142.69	1175.02	5.00
4	Smith	Sandra Olive	Permanent	31/05/2017	0.00	129.78	138.81	0.00	324.45	504.51	5.00
5	Keating	Karl Adrian	Permanent	14/05/2017	90.00	90.00	89.77	450.00	450.00	268.27	5.00
6	George	Thomas Russell	Permanent	14/05/2019	187.63	187.63	164.59	938.13	938.13	565.19	6.00
8	Hillary	Matthew Martin	Permanent	04/06/2017	160.00	160.00	156.35	800.00	800.00	480.00	5.00
9	Jackson	William Duncan	Permanent	11/06/2017	160.00	160.00	155.29	800.00	800.00	461.54	5.00
20	Tate	Bernard Cedric	Permanent	18/03/2017	144.00	144.00	144.41	720.00	720.00	430.62	5.00
21	Giles	Harrison Relf	Permanent	31/05/2017	160.00	160.00	160.00	800.00	800.00	476.92	5.00
22	Watson	Judy May	Permanent	09/07/2017	152.00	152.00	150.04	760.00	760.00	712.31	5.00
23	Smith	Jane	Permanent	23/03/2020	230.77	230.77	230.77	1153.85	1153.85	1153.85	5.00
24	TEST	Code 1	Permanent	01/03/2019	230.73	230.73	230.73	1153.86	1250.00	909.09	5.00

- Divide your Weekly Rates by your Definition of a Week value to get Daily/Hourly Rates, then compare against the current daily or hourly rates.
- Where there is a variance, investigate to determine why there is a variance i.e.
 - The employees Definition of a week has been set incorrectly
 - The employees Days Paid or Hours Paid history has been tracked incorrectly
 - The employee is a Pro Rata or % entitlement Employee
- Go to the employees' maintenance and make any changes required, then re-run the report. Continue with this process until you are happy with the results and are ready to turn on Weeks.

Review Holiday Rates – Per Employee

If you are activating weeks for one employee at a time, you can see an employee specific rate check on their Employee **Maintenance > Holiday Pay** tab > **Compare Rate** button.

Employee: 2 Andrews, Thomas Harley

Holiday Pay

Pay Casual Holiday Pay Each Pay
 Permanent Part-time / Pro-Rata
 Percentage Entitlement Only
 Calculate Holiday Pay in Weeks **Compare Rate**

Definition of a Week (Days): 4.00
 Annual Entitlement Days: 16.00
 Annual Entitlement %: 8.00
 Holiday Anniversary Date: 17/03/2021
 Hours per standard day: 8.00

This Year Entitlement Changes (Entitlement Period: 17/03/2020 - 16/03/2021)

Entitlement Year	Paid	Accrued	Outstanding	Advanced	Balance
Days:	8.00	0.83	16.00	0.00	16.83
Amount:	\$1264.00	\$0	\$0.00	\$0	\$0.00

Last 12 Months
 Gross Pay: \$32864.00 Days Paid: 208.00

This Year Accrued to: 05/04/2020 Ordinary Daily Rate: Standard Pay
 Holiday Pay Cost Centre: 15

Click on the **Compare Rate** button to view the employees current Daily or Hourly rates, versus the new Weekly rates that will be applied.

Pay Number	Type	Pay Date	Physical Pay Date	Gross Pay	Ordinary Earnings	Days Paid	Agreed Definition of a Week	4 Week	12 Month
1	Current	09/09/2018	11/09/2018	632.00	632.00	4.00	0.00		
2	Current	16/09/2018	18/09/2018	632.00	632.00	4.00	0.00		
3	Current	23/09/2018	25/09/2018	632.00	632.00	4.00	0.00		
4	Current	30/09/2018	02/10/2018	632.00	632.00	4.00	0.00		
5	Current	07/10/2018	09/10/2018	632.00	632.00	4.00	0.00		
6	Current	14/10/2018	16/10/2018	632.00	632.00	4.00	0.00		
7	Current	21/10/2018	23/10/2018	632.00	632.00	4.00	0.00		
8	Current	28/10/2018	30/10/2018	632.00	632.00	4.00	0.00		
9	Current	04/11/2018	06/11/2018	632.00	632.00	4.00	0.00		
10	Current	11/11/2018	13/11/2018	632.00	632.00	4.00	0.00		
11	Current	18/11/2018	20/11/2018	632.00	632.00	4.00	0.00		
12	Current	25/11/2018	27/11/2018	632.00	632.00	4.00	0.00		
13	Current	02/12/2018	04/12/2018	632.00	632.00	4.00	0.00		

Ordinary Daily Rate Method: Standard
 Agreed Definition of a Week (Days): 4.00

	Daily Rate			Weekly Rate			
	Gross	Days	Daily Rate	Weeks	LWOP	Weekly Rate	Daily Rate
Standard Pay:	632.00	4.00	158.00	1		632.00	158.00
4 Week:	2528.00	16.00	158.00	4		632.00	158.00
12 Month:	32864.00	208.00	158.00	52	0	632.00	158.00
Rate Comparison:	Standard Rate 158.00			Standard Rate 158.00			

4 pays included
 52 pays included

- Where there is a variance, investigate to determine why there is a variance i.e.
 - The employees Definition of a week has been set incorrectly
 - The employees Days Paid or Hours Paid history has been tracked incorrectly
 - The employee is a Pro Rata or % entitlement Employee
- Go to the employees' maintenance and make any changes required, then re-run the report. Continue with this process until you are happy with the results and are ready to turn on Weeks.

Review Current Balances – Simple & Complex Equations

Where an employee has no Outstanding or Advanced Days/Hours entitlement, switching on weeks will simply adjust the current years accrual, based on their defined entitlement Days/Hours, and their DOW.

Where an employee has Outstanding balances from previous years, or leave paid in Advance, or has been on a variable work pattern over time, it's important to check balances to ensure that they accurately represent the current weeks balance for the employee.

Standard Work Pattern Employees

Where employees have been on a consistent work pattern for their length of employment, a simple calculation can be done to check balances before switching to weeks

1. Number of Years (at least 6 years from last Anniversary)
2. X (Days/Hours per week x 4 weeks)
3. - Days/Hours you have paid Holiday Pay
4. = Balance

Variable Work Pattern Employees

Where employees have been on a highly variable work pattern, set to % or Pro Rata accrual methods, or where the employee has had multiple work pattern changes throughout their length of service, checking balances may be more involved.

Considerations:

- What should the employee's total weekly entitlement be for their length of service, where there have been work pattern changes
- Can you determine portions of weeks taken at the time of taking leave? I.e. Do you have enough data to make determinations about work patterns for the employee i.e. Rosters, Timesheets, Agreements ...
- You may need to complete a more involved review of total provisioning and payments made in the past
- Do you have a Mandatory Closedown – does this impact your provisioning for anyone who started prior to a closedown.

For more involved calculations consider the following:

1. Years of service x 4 weeks = total entitlement in weeks
2. Review all leave taken - determine the portion of a week taken based-on the employees work pattern at the time.
 - o *I.e. Employee took 3 days in January 2019 = 1 week taken as per work pattern in 2019*
 - o *Employee took 5 days in January 2020 = 1 week taken as per new work pattern in 2020*
3. Total weeks entitlement – weeks taken = current weeks balance.
4. Current Weeks Balance x current Work Pattern (DOW) = Current days/hours balance
5. Adjust outstanding / advanced days where required to get correct days/hours balance before converting to weeks

In all cases, seek advice from an employment relations expert if you are unsure how to proceed, and it is recommended to review MBIE’s **Positioning statement: Estimating the Value of Holidays Act 2003 Underpayments.** www.employment.govt.nz

Enable Weekly Settings

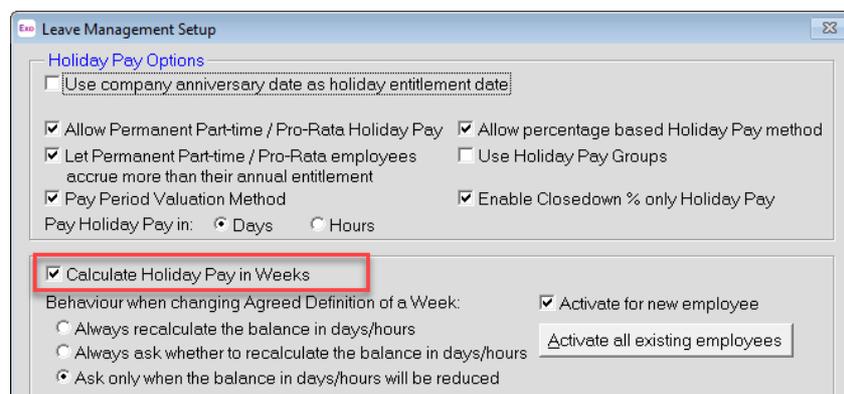
Enable Weeks for Holiday Pay

Exo Payroll includes a “master switch” setting that enables the calculation of Annual Leave Entitlements and Rates in weeks. Activating this setting activates all the other settings in the system relating to weekly Holiday Pay.

Activating the setting does not automatically switch all employees to weekly Holiday Pay calculations, this can be done at the employee level.

Before activating this functionality, you must make sure all pays in the system are closed.

1. Go to **Utilities > Setup Exo Payroll > Leave Management Setup**
2. Under the **Holiday Pay Options** section tick the option “*Calculate Holiday Pay in Weeks*”



3. Click [Ok] to the message to review the weekly rates of all employees
4. The **Holiday Pay – Rate Comparison** report view will appear. It's recommended that you export this to review and hold on file. (Refer pages 5 – 9 in this guide)
5. A message will appear confirming the change and confirming that you have read and understood the instructions to manage weeks in Exo Payroll. Tick the box and click [Ok] to activate Weeks.

Set Recalculation Method for Days/Hours Balances

Once weeks is enabled, you will have the option to turn on weeks management for employees. For those employees you will see entitlements and balances in Days or Hours as you currently do, along with the corresponding value in weeks. The aim of this is to allow employees and payroll administrators to continue to see and request leave in days or hours, with Exo Payroll converting this to a portion of a week for rates calculations and managing balances.

When an employee's work pattern changes, the **Agreed Definition of a Week** value should be updated. Exo Payroll will prompt to update the employee's days/hours holiday pay balances and entitlements based on the employee's new week. The system will calculate the necessary adjustments to the entitlements and balances in Days or Hours based on the new Agreed Definition of a Week.

To provide flexibility, Exo Payroll includes settings to determine how you want the system to behave when an employee's Agreed Definition of a Week changes and a recalculation of entitlements is triggered.

The options are as follows:

The screenshot shows the 'Leave Management Setup' dialog box. The 'Calculate Holiday Pay in Weeks' section is highlighted with a red box. It contains the following options:

- Calculate Holiday Pay in Weeks
- Behaviour when changing Agreed Definition of a Week:
 - Always recalculate the balance in days/hours
 - Always ask whether to recalculate the balance in days/hours
 - Ask only when the balance in days/hours will be reduced
- Activate for new employee
- Activate all existing employees

Behaviour when changing Agreed Definition of a Week (DOW):

1. Always recalculate the Annual Leave balances in Days/Hours

This option requires no intervention - on changing DOW, the employees Weeks balance will stay static and Exo Payroll automatically adjusts the days or hours balances to reflect the new week without any prompting. The employee will still be entitled to the same value of weeks as they were prior to the change.

2. Always ask whether to recalculate the Annual Leave balance in Days/Hours

On changing DOW Exo Payroll will always warn about the change before recalculating entitlements. The user can then choose whether to apply the recalculations to the Days/Hours balance or not.

Note: *Not applying the recalculation of Days/Hours may result in an increase or reduction of the Annual Entitlements and Balances in Weeks. Please review carefully before choosing not to recalculate.*

3. Ask only when the Annual Leave balance in Days/Hours will be reduced

Exo Payroll will warn about the change to weeks balance only when an employee's entitlements in hours or days is about to be reduced. A change to the Agreed Definition of a Week that will increase their entitlement (or leave it the same) will happen automatically.

Note: *As above, choosing not to apply the recalculations may result in an increase or reduction of the Annual Entitlements and Balances in Weeks. In addition, not applying the recalculations consistently can impact an employee's balances and rates.*

Please choose carefully before choosing not to recalculate, and refer to MBIE guidance regarding reducing work patterns and entitlements

Select the recalculation method that applies to your business and click [Save:F10]

Activate Weekly Settings for employees

All new employees will be set to Weeks by default, unless you remove the default tick on the Leave Management screen. When applying weeks settings to existing employees, there are 2 options:

1. You may choose to apply the weeks settings to ALL permanent employees at once.
2. You can opt to set weeks on for specific employees in the Employee Maintenance screens.

Once you have reviewed your DOW settings and are ready to activate weeks for your employees, follow the steps below.

What employees cannot be converted to Weeks?

Note that Employees on the following settings cannot be converted to weeks:

- Casual employees, set to **Pay casual holiday pay each pay**
- Any employees on a **Permanent Part Time/Pro Rata** method
- Employees accruing holiday pay on the **Percentage Entitlement Only** method
- Employees on a **Holiday Pay Group**

It's advised that you review any employees with these settings and reset them to the most appropriate Holiday Pay method.

Once these settings are removed, you will be able to set the employees to a Weeks management setting.

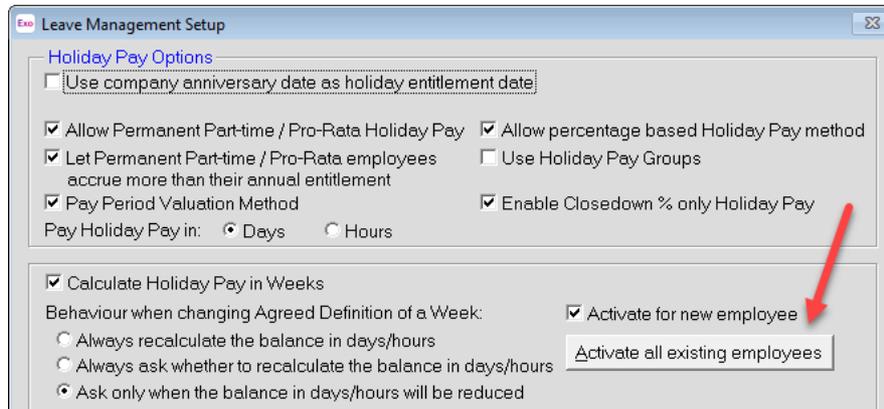
Note: Holiday Pay groups are not supported in a weeks-based setting. Where you have an employee who has a service based entitlement increase (e.g. 4 weeks per year to 5 weeks per year after long service) it is recommended that you remove the holiday pay group, and set a reminder note for the Admin payroll users to manually adjust the entitlement once the employee becomes entitled to their additional weeks.

Activate all permanent employees

Once you have reviewed the employee rate comparisons as per pages 5 – 9 of this white paper, you can activate Weeks for all permanent employees in one process.

Go to **Utilities > Setup Exo Payroll > Leave Management Setup**

Click on the **Activate all existing employees** button



A pop up will appear stepping you through the following processes:

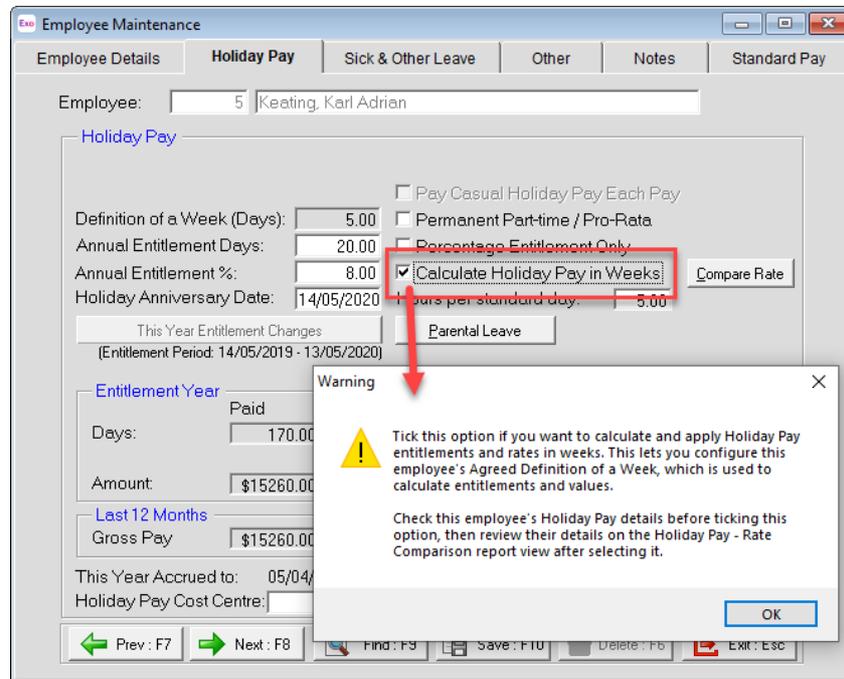
Backup	You must create a backup prior to completing this option. This means that if for any reason you need to reverse the process, you can simply restore to this backup.
Rate Comparison	Click Rate Comparison if you wish to review the rate comparison report
Update	Click Update to calculate and apply holiday pay entitlements and rates for all permanent employees who are not on any of the methods noted above. Note: You must review these employees separately and remove them off Pro Rata/% based methods to activate weeks.
Close	Click Close if you wish to close without updating all employees to weeks.

Once this process is complete, all Permanent employees will now have Holiday Pay set in weeks for Entitlements, Balances and Rates.

Activate Single Employee

To activate specific employees, go to the **Employee Maintenance > Holiday Pay** tab

Once you have reviewed the rate comparisons as per pages 5 – 9 of this white paper, click on the **Calculate Holiday Pay in Weeks** tick box.



A message will appear confirming that you have checked the rates first. Click **[Ok]** and the compare holiday pay rate screen will appear.

Review and click **[Exit]** – a message will appear confirming *Are you sure you want to calculate holiday in weeks for this employee?*

Click **[Yes]** and Exo Payroll will convert the new employee to Weeks.

Note: This function is reversible, if you revert back to days/hours you will need to review and reconcile your leave balances for the employee to ensure that the correct balances are held.

New Weeks based Holiday Pay Screen

Once weeks is activated for your employee, you will now see new fields on your employees Holiday Pay screen:

Employee: 5 Keating, Karl Adrian

Holiday Pay

1 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: 5.00

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

Parental Leave
 Leave Without Pay 2

Entitlement Year

	Paid	Accrued	Outstanding	Advanced	Balance
Days:	150.00	17.92	6.00	0.00	23.92
3 Weeks:	30.00	3.58	1.20	0.00	4.78
Amount	\$13500.00	\$0	\$0.00	\$0	\$0.00

Pay History

This Year Accrued to: 05/04/2020 Ordinary Weekly Pay Method: Standard Pay
 Holiday Pay Cost Centre: 16

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

1. Annual Entitlement Weeks displays the total weeks the employee is entitled to. This value is calculated based on the Annual Entitlement Days / DOW
2. New **[Leave Without Pay]** options are available for weeks-based employees, that allow better management of periods of leave without pay greater than 1 week. Please refer the Help menu or the whitepapers on our knowledgebase for more information.
3. Weeks Balances are now calculated for current year Accrued, Outstanding and Advanced values. These Weeks values are based on the Current, Outstanding days/hours divided by the Definition of a Week to get the correct Portion of a week.

Note: Where Holiday Pay is managed in Days or Hours, it's important to adjust leave entitlements and balances when an employee's work pattern changes. If this has not been done previously, it's important to review the Outstanding and Advanced Days to ensure that they reflect the correct weeks the employee is entitled to.

It's recommended to review the documentation on www.myob.co.nz/holidaysact for more information, and consult an employment relations specialist for further advice.

Reporting Updates

The following reports and report views have been updated:

- The Custom Payslip will now show a Portion of a week taken and provides the option to show weeks balances for weeks-based employees. **Note** if you aren't already using the **Payslip – Custom** report, we recommend switching to this option.
- The Holiday Pay report will show whether an employee is set to Weeks or Days/Hours
- Holiday Pay Report Views has been updated to provide additional fields to show weeks information
- Holiday Pay Report View has been updated to provide standard Weeks and Days/Hours Report View Options
- A new Agreed Definition of a Week Change History report view will provide an audit trail of any changes to an employees Agreed Definition of a week and recalculations of balances and entitlements.

Note: Access to the new report views is controlled by the existing report access to the Holiday Pay Report in User Security.

Next Steps

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

- Provisioning Annual Holidays in Weeks and Managing Work Pattern Changes
- Holiday Pay Processing in Weeks
- Managing Leave Without Pay