



End of Financial Year GL Reconciliation Checklist HR v2

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- ✓ **Reconcile regularly and in early June** to ensure a quicker and easier reconciliation at the end of the tax year.
- ✓ **HR is the "source of truth"**, any discrepancies should be addressed in the general ledger.
- ✓ **Do not delay your EOY close-off** if you have not completed **Steps 4 & 5** (they can be done at any time of year).

Step 1 – Generate The GL Reconciliation Report

- Ensure all required employee payments and adjustments** for the period have been processed in HR.
- Ensure all pay journals in the GTX Inbox have been posted** before generating the GL Reconciliation Report.
- Select **Reports > GL Reconciliation Report** from the HR menu, select **"2024" (2024-25)** and click **Generate**.

Step 2 – Reconcile PAYG Tax

The amount shown in **Postings by HR to PAYG Account** is the total amount of PAYG withheld in HR.

This amount needs to match the **net amount posted to the GL PAYG account** by **HR journals only**.

- Exclude any **opening balances** and **entries** in the GL that did *not* come from HR (e.g. ATO PAYG payments).
- On the **Transactions** tab of the GL account, **add the debits** and **subtract any credits** of all entries posted in the current tax year that do *not* have **PAY** or **LBA** in the Source column (as these entries did not come from HR).
- Add the total** to the **current balance on the account** and then **subtract the opening balance** from the start of the current tax year.
 - **If the result matches the amount on the report:** your PAYG amount is reconciled.
 - **If the amount on the report is higher:** A pay journal may not have been posted to the GL account.
 - **If the amount on the report is lower:** A pay journal may have been posted more than once.

If There Is a Discrepancy

- Check for **missing** or **doubled-up pay run numbers** on the **Transactions** tab of the PAYG account in GTX.
 - **For missing pay run journals:** Select **Reports > Payrun Journals** in HR.
 - Select the missing pay run and click on **Generate**, then click on the **Re-Submit**  icon.
 - Post the journal to the GL from the **GTX Inbox**.
 - **For doubled-up pay run journals:** Do a journal reversal of the duplicate journal posting in GTX.
- Re- generate the GL Reconciliation Report** in HR and confirm the discrepancy is gone.

Step 3 – Reconcile Payroll Expenses

The **Postings to GL Expense Accounts** section compares the total amounts applied to each expense account in HR to the current balances in those expense accounts in the GL and displays any discrepancies.

A **discrepancy of \$0** means all pay run journals were posted correctly to the GL, and **you can jump to Step 4**.

Otherwise, the following sections explain how to rectify four possible reasons for a discrepancy.

Reason 1 – Non-HR Postings

Any amounts posted to the GL account that **did not come from HR** will show as a discrepancy (e.g. government rebates or subsidies, or payments to labour hire firms).

- Go to the **Transactions** tab in GTX for each expense account with a discrepancy.
- Postings with anything other than **PAY** or **LBA** in the **Source** column did not come from HR and should **journalled** to another account.
 - **If they are ok to remain in the account:** You can ignore the discrepancy.

Reason 2 – Missing or Duplicated Pay Run Journal Posting

In GTX, go to the **Transactions** tab of the expense account with a discrepancy.

- Scan the transactions for **missing pay run numbers** and re-send those pay journals to the GL.
 - In HR, select **Reports > Pay Journal Report** from the menu.
 - Select the **pay run number** and click on the **Generate** button to display the journal on screen.
 - Click on the **Re-Submit** icon (right of printer icon) and respond **Yes** to the confirmation prompt.
- Scan for any pay journals **posted more than once** and reverse duplicate postings with a **journal reversal**.
- Ensure the **first and last pay run numbers from this tax year** match the **GL Reconciliation Report header**.

Reason 3 – Missing Leave Balance Adjustment Journal Posting

If the only expense account with a discrepancy is a **Provision for Leave** account, a leave balance adjustment journal for this leave type may not have been posted to the expense account.

- Open the **Leave Entry** screen in HR, scroll through the employees and note the dates on which you entered balance adjustments for this leave type in the current tax year ("**Balance Adjustment**" will be shown in red).
- In GTX, go to the **Transactions** tab of the account with a discrepancy.
 - Leave balance adjustment journals will have **LBA** in the **Source** column.
 - Scan these to see if the journals for any **leave balance adjustments** are missing.
- If any are missing:** Select the pay run number and click on the **Generate** button to display the journal.
 - **Re-open the leave balance adjustment** in HR and click the button to **re-send the journal to GTX**.
 - **Post the journal from the GTX Inbox** then regenerate the **GL Reconciliation Report** and check again.

Reason 4 – HR Journal Was Changed During Posting from GTX Inbox

If the above reasons did not explain the discrepancy, someone may have **changed a GL account code or amount** when posting a pay run journal from the GTX Inbox.

To identify which journal was changed, select **Reports > Pay Journal Report** in HR:

- Select **all pay runs in the first month since you last reconciled** successfully and click **Generate**.
- Total all postings** to this expense account (i.e. add all debits and subtract all credits).
- Open the expense account in GTX and **compare its balance at that time to your total**.
 - **A match indicates the discrepancy occurred later in the year:** Re-run the Pay Journal Report for the pay runs in the following month.
 - **Total the postings** and compare to the balance in the expense account at that time.
 - **Repeat this procedure** until you identify the month where the mismatch occurred.
 - **Re-run the Pay Journal Report** and select one pay run in that month at a time.
 - **Total the postings** and **compare to the balance** in the expense account until you determine which pay run doesn't match.
- Once you identify which pay run journal was altered during posting:** Consider why you changed it.
 - **If the reason is valid:** You can ignore the discrepancy and consider this account reconciled. (e.g. to post the amount to a different account than what HR was configured to post to)
 - **Otherwise:** Consider entering a journal to change the codes and amounts back to match the pay run journal from HR.
 - **If the relevant GL Period is still open in GTX:** You could reverse the entire pay run journal, re-send it from HR and then re-post it to the relevant GL Period.

Step 4 – Clear Terminated and Casual Employee Leave Balances

If you have **terminated employees without a termination pay run**, or **added casual employees without removing any default leave entitlements** that they are not entitled to:

- They may have leave balances which **overstate the value of unused leave** on **Employee Leave Reports**.
- And also, on the **GL Reconciliation Report** and **Balance Sheet** if those leave types are accrued to the GL.

Megabus therefore recommends removing the leave balances from employees with a **Status** of **Terminated**, as well as **casual employees** who are **not entitled to leave**.

Note: In some states and territories, long term casual employees are entitled to paid long service leave.

- Generate a report for each leave type to identify terminated and casual employees with balances.
 - Select **Reports > Employee Leave** from the HR menu.
 - Select the **Leave Type** and click on the **All** button to include all employees.
 - Select the **Print Summary** option and **Current Year** only.
 - Ensure the Exclude Terminated **Employees** checkbox is not ticked.
 - Click on **Generate** to display the report (terminated employees are shown with an * in the first column).
- Select **Main > Leave Entry** and tick the **Show any previously Terminated or Deceased Employees** checkbox at the top of the screen.
- Open each **terminated** or **casual employee with balances to be cleared** and for each leave type.
 - Click on the **black drop-down arrow** next to the green + icon and select **Leave Balance Adjustment**
 - Select the **Leave Type** to clear.
 - Copy the **Current Balance** hours into the **Adjust By** field.
 - Select **Add Hours** or **Reduce Hours** to make the **New Balance** field **"0.00"**.
 - Click **Ok** (an adjustment journal will be sent to the GL if necessary, to correct the value there as well).
- Go to the **GTX Inbox** and post the **adjustment journals**.
- Re-generate the **GL Reconciliation Report** to see the updated figures from the GL.

Step 5 – Reconcile Leave Accrual Balances

This entire step can be skipped, unless your Reconciliation Report contains a **Leave Accruals** section, and has a discrepancy amount under the **Closing Balance** heading.

Note: This step can be performed at any time of year and does not need to be completed before EOY close-off.

Possible Causes for the Discrepancy

- If the leave type had the same discrepancy in the **Opening Balance**, the issue occurred in previous year(s) and was not addressed. You will need to perform a **Re-Synchronisation Journal** (below).
- If you have changed any **employee pay rates** since the last pay run, the change in value of accrued leave will be immediately reflected in HR, not in the GL, until you process the next pay run and post the journal in GTX.
 - Either **reverse the pay rate changes** and **regenerate the GL Reconciliation Report** to reconcile leave accruals *now*,
 - Or **reconcile after posting the pay journal** from the **next pay run** (after EOY close-off is fine).
- If the **Accrue Leave to GL** function was activated or deactivated for a leave type during the year, *without* entering an **accompanying journal** in the GL to adjust the opening balances. This will cause a discrepancy, and you will need to perform a **Re-Synchronisation Journal** (below).
- Go to the **Transactions** tab of the conflicting account and check for entries that do *not* originate from HR (i.e. entries that do not have **PAY** or **LBA** in the **Source** column).
 - **Check** with the person who posted the transaction to understand why it was recorded.
 - **Reverse** or **reallocate** the transaction, as appropriate, then re-generate the GL Reconciliation Report.
- Make sure there are no pay run journals that are **missing** or that have been posted **more than once**.

Re-Synchronisation Journal

If you are unsure of the reason for a **closing balance** discrepancy, or if the discrepancy is from a **previous year**, it cannot be resolved through HR.

You need to **journal the difference out** of the Provision for Leave liability account in the GL so that it matches HR.

- Enter a journal in GTX to adjust the **Closing Balance** to match the balance in HR.
 - **If the HR amount is higher:** Credit the liability account to increase its balance.
 - **If the GL amount is higher:** Debit the liability account to reduce its balance.

HR is a double-entry accounting system, meaning amounts removed from one account **must be moved into another account**.

- If you are expensing leave accruals directly to **Salaries and Wages** each pay, you will need to use this account.
- Otherwise, Megabus suggests using the **Provision for Leave expense account**. This is the **“holding bucket”** accrued leave sits in, until it is either **paid to the employee** and transferred to the Salaries and Wages expense account, or **cleared upon termination**, if the employee is not entitled to it.
- **At EOFY:** Post this journal to **June of the financial year that is ending**.
- **At other times of year:** Post to the **current month**.
- **Ignore the “new” discrepancy** that appears in the Payroll Expenses section after posting the re-synchronisation journal in HR (since you have already reconciled that section and the discrepancy will disappear after EOY close-off).
- **If you are concerned** about posting a large adjustment amount to the Provision for Leave expense account (or Salaries and Wages), please **check with your tax accountant** about how to handle it.

Example Re-Synchronisation Journal

If the **Closing Balance for Annual Leave** is \$2222 higher in HR than in the GL.

And the **Closing Balance for Long Service Leave** is \$1111 lower in HR than in the GL.

- **Debit** \$2222 from **Provision for Annual Leave** *expense* account (or Salaries and Wages expense)
- **Credit** \$2222 to **Provision for Annual Leave** *liability* account
- **Debit** \$1111 from **Provision for Long Service Leave** *liability* account
- **Credit** \$1111 to **Provision for Long Service Leave** *expense* account (or Salaries and Wages expense)