



## End of Financial Year GL Reconciliation Checklist HR v5

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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.
- Generate the GL Reconciliation Report** (it will automatically select the current tax year).
  - Select **Reports > GL Reconciliation Report** from the HR menu and click on **Generate**.
  - Optionally, click on the **Report Keeper** icon  to snapshot the report or the **Print** icon  to print it.

### Step 2 – Reconcile PAYG Withheld Tax

The **Postings by HR to PAYG Account** section compares the amount of PAYG withheld on pay runs in HR to the amount actually posted into the displayed account in the GL by the pay run journals sent from HR.

**A discrepancy of \$0** means all pay run journals were posted correctly to the GL, and you can **proceed to Step 3**.

- **A negative discrepancy** suggests a pay run journal was not posted to the GL.
- **A positive discrepancy** suggests a pay run journal was posted to the GL more than once.

#### If There is a Discrepancy

- Open the **PAYG account** in GTX and then select the **Transactions** tab.
  - **If your PAYG is a liability account:** Select **Main > Accounts > Manage Chart of Accounts**.
  - **If your PAYG is a supplier account:** Select **Main > Suppliers > Manage Suppliers**.
- Check for **missing** or **doubled-up** pay run numbers.
  - **For missing pay run journals:** See **Appendix A: Re-Send Missing Pay Run Journals** (below).
  - **For doubled-up pay run journals:** See **Appendix A: Reverse Duplicate Journal** (below).
- 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 **proceed to Step 4**.

**Non-HR Postings** shows the total value of any postings in the expense account that did *not* come from HR.

- In GTX, select **Main > Accounts > Manage Chart of Accounts**.
- Open the **expense account** and go to the **Transactions** tab.
- Postings with anything other than **PAY** or **LBA** in the **Source** column did not come from HR and are therefore shown as discrepancies.
  - **If the posting can stay in the account and not be processed in HR:** The discrepancy can be ignored.
  - **Otherwise:** It must be **reversed** or **journalled** to another account in GTX.

If **Non-HR Postings is \$0:** the Discrepancy is due to a missing, doubled-up or altered journal from HR.

- A pay journal from HR was **not posted** in the GL or was posted **more than once**.
- A pay journal from HR was **modified during posting** in the GL.
- A **leave balance adjustment journal** from HR was not posted in the GL.

See **Appendix A: Fixing Journal Issues** for instructions on how to rectify these issues.

## Step 4 – Clear Terminated and Casual Employee Leave Balances

Any **leave balances on terminated employees**, or any **casual employees not entitled to accrue leave**, will overstate your unused leave liability on the **Employee Leave Report**.

If the leave type is **configured to accrue in your GL**, the leave liability will also be **overstated in the GL** and on the **balance sheet**.

**Possible causes include:**

- An employee's **Status** being manually changed to **Terminated** if they've not been paid in the current tax year (e.g. casuals not used in a long time), as this did not clear any leave balances before April 2024.
- Default leave types not being removed for new employees when appropriate (e.g. casuals).  
(See **System > Options > Employee Defaults** tab)

Complete the following procedure to remove any leave balances that will never be paid out.

- Select **Main > Leave Entry** and tick the **Show any previously Terminated or Deceased Employees** checkbox.
  - The leave balances for terminated and casual employees are **displayed in red**.
  - **If there are no employees with balances to be cleared:** Proceed to **Step 5**.
- Open each **terminated** or **casual employee with balances to be cleared**. Then, 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**" and click **Ok**.
- If leave types are set to accrue in the GL:** Each leave adjustment also sends a journal to the GTX Inbox.
  - Go to the **GTX Inbox** and **post these 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.

- Only perform this step *after* reconciling the **payroll expense accounts** in **Step 3** and posting all the **HR journals** in the GTX Inbox.
- Ignore **opening balance** or **movement** discrepancies if the **closing balance** discrepancy is **\$0**.

### Pre-Existing Discrepancy

An **opening balance** discrepancy is an unaddressed **closing balance** discrepancy carried over from last year.

- **If the closing balance discrepancy is now \$0:** It has been addressed this year, and you are reconciled.
- **Otherwise:** You need to correct the balance in the GL.  
(see **Appendix B: Leave Accrual Re-Synchronisation Journal**)

### Recent Pay Rate Changes

When employee **pay rates** are changed, the new value of accrued leave is shown instantly in HR, but not in the GL until the pay journal from their next pay run is posted.

- Either **reverse the pay rate changes** to reconcile now,
- Or **reconcile after the next pay run** (i.e. after EOY Close-Off and the first pay run of the new year).

### Non-HR Postings

Any direct postings to the leave liability account in the GL are unknown to HR and will show as a discrepancy.

- In GTX, select **Main > Accounts > Manage Chart of Accounts**.
- Open the relevant **leave liability account** and go to the **Transactions** tab.
- Check for entries not originating 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** to confirm the discrepancy is now gone.

### Missing Opening Balance Journal

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.

You need to correct the balance in the GL (see **Appendix B: Leave Accrual Re-Synchronisation Journal**).

## Appendix A

### Fixing Journal Issues

The following instructions explain how to rectify possible issues with postings of Marlin HR journals to the GL.

#### Re-Sending A Missing Pay Run Journal

If you find that the **pay journal** from a pay run was **not posted** to the GL, you can **re-send it from HR**.

- 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.
- Go to the **GTX Inbox** and post the pay journal to the GL.

#### Re-Sending a Missing Leave Balance Adjustment Journal

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.

- In HR, select **Main > Leave Entry** and scroll through the employees.
  - Note the dates on which **balance adjustments** were entered for this leave type in the current tax year.
  - **"Balance Adjustment"** will be shown in red.
- In GTX, select **Main > Accounts > Manage Chart of Accounts**.
  - Open the **account** with a discrepancy and go to the **Transactions** tab.
- Leave balance adjustment journals will have **LBA** in the **Source** column.
  - Scan these to see if the **journal** for any of the **leave balance adjustments** are missing.
- If there are **missing journals**:
  - In HR, select **Main > Leave Entry** and open the relevant **employee**.
  - Open the relevant **leave balance adjustment** and click the **Resubmit Journal** button.
  - Post the journal from the **GTX Inbox** then regenerate the **GL Reconciliation Report** and check again.

#### Reverse Duplicate Journal (Pay Run or Leave Balance Adjustment)

If a pay journal from a pay run has been posted to the GL **more than once**:

- In GTX, select **Main > Accounts > Manage Chart of Accounts**.
  - Open the **account** with a discrepancy and go to the **Transactions** tab.
  - Find the duplicate posting and note the **journal number** in the **Our Ref** column (e.g. J0000123).
  - Select **Main > Data Entry > Journals** and then click on the **Reverse Journal** button.
  - Enter the details and **reverse the journal**.

## If an HR Journal Was Changed During Posting

If the discrepancy was not caused by a missing or duplicated journal from HR, someone may have changed a GL **account code** or **amount** when posting a journal from the GTX Inbox.

To identify which **pay run journal** was changed, select **Reports > Pay Journal Report** from the HR menu.

- Select all pay runs in the **first month** after your **last successful reconciliation** and click on **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 next 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.
- If you identify a changed pay run journal:** Ask the poster why they changed it.
  - **If the reason is valid:** Ignore the discrepancy and consider this account reconciled.
  - **Otherwise:** Enter a journal to change the codes and amounts back to match the pay run journal as shown in Marlin HR.
    - **If the relevant GL Period is still open in GTX:** You could reverse the entire pay run journal, then re-send it from HR and then re-post it without changes to the relevant GL Period.

## Appendix B

### Leave Accrual Re-Synchronisation Journal

In the **Leave Accruals** section of the GL Reconciliation Report, the value shown in the **Balance in HR** column is the source of truth, since it is a multiplication of employees' current pay rates by their current accrued leave hours balance.

A different value in the **Balance in GL** column indicates that the balance in the GL is incorrect.

**Step 5** explained possible reasons for a discrepancy and how to rectify them.

If these did not resolve the discrepancy, then the way to correct it is to enter a **re-synchronisation journal** in GTX, regardless of the cause or timing of the discrepancy.

The **debits must equal the credits**, and any amounts **removed from one account** must be **moved into another**.

In this case, you need to move the amount of the **closing balance** discrepancy from the liability account (e.g. Provision for Annual Leave) to another account (e.g. Unpaid Annual Leave expense).

### Example

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

### Notes

- If you do not have an **Unused Annual Leave** expense account, and your leave accruals go directly to the **Salaries and Wages** expense account, use this account instead.
  - **At EOF:** Post this journal to June of the FY that is ending.
  - **At other times of year:** Post to the current month.
- The leave balance discrepancy **may be large** if HR has been used for years without reconciliation.
  - **If you are not comfortable journaling it to Unused Leave (or Salaries and Wages):**  
Please seek advice from your **tax accountant** about how they would like you to correct it.
- Since the re-synchronisation journal will impact GTX but not HR, it will create a new discrepancy in the **Expense Accounts** section on the GL Reconciliation Report (e.g. on Unused Annual Leave or Salaries and Wages).
  - This discrepancy **should be ignored** and will disappear after the HR EOY close-off.