



QUICK REFERENCE GUIDE



RECONCILE GENERAL LEDGER TO MARLIN HR

MEGABUS HELP

Knowledgebase: Select **Help > Marlin Inform** from the menu in Marlin GTX / HR.
or
Log a Support Call: Select **Help > Log a Support Call** from the menu in Marlin GTX / HR.

- ✓ **Reconcile at least quarterly to ensure a quicker and easier reconciliation at the end of the tax year.**
- ✓ **Marlin HR is the source of truth, any discrepancies should be sought and resolved in the General Ledger.**

1. GENERATE GL RECONCILIATION REPORT

- Ensure all employee payments and adjustments for the period have been processed on pay runs.
- Ensure all Pay Journals in the Marlin Inbox are posted **before** generating the GL Reconciliation Report.
- Select **Reports > GL Reconciliation Report** from the Marlin HR menu
- Select the Tax Year Started (i.e. select 2022 for the 2022-23 Tax Year) and click on Generate.
- Click on the Report Keeper icon  to save the report for future reference and/or Printer icon  to print the report.

2. RECONCILE PAYG TAX

The amount in *Postings by HR to PAYG Account* near the top of the report was posted to the Liability account (e.g. PAYG TAX TO PAY) or Supplier (e.g. ATO) shown. Reconcile the following amount to the amount on the report:

- Do an enquiry on that liability account or supplier in the GL and add the payments (debits) made to the ATO for payruns in the current tax year to any outstanding amount for payruns in this tax year (normally the account balance).
- Investigate any difference before continuing.

3. RECONCILE PAYROLL EXPENSES

The *Postings to GL Expense Accounts* section compares the amount Marlin HR has posted to each GL expense account, with the current balance in that account. The following steps explain how to identify and rectify 4 possible reasons for a discrepancy.

REASON 1: Missing or duplicated payrun journal posting

If most or all expense accounts have a discrepancy, start here. Otherwise, try REASON 2 first.

- Perform an Account Enquiry on the Salaries & Wages expense account and go to the Transactions tab
- Scan the list for any missing Payrun numbers. If you find any, re-submit them to the GL as follows:
 - In Marlin HR, select Reports > Pay Journal Report from the menu
 - Select the Payrun Number and click on the Generate button to display the journal
 - Click on the Re-submit icon (to right of printer icon) and respond YES to the confirmation prompt
- Check for any Pay Journals posted more than once (reverse any duplicate journals in the GL)
- Check that the first & last pay run numbers posted this tax year match those in the GL Reconciliation Report header.

REASON 2: Non-Marlin HR postings to account

If a discrepancy is caused by amounts posted to the expense account that did not come from Marlin HR (e.g. Govt rebates or subsidies, payments to labour hire firms), those amounts should either be journaled to a different account so no discrepancy is indicated, or the discrepancy can be safely ignored.

- In Marlin, perform an Account Enquiry on each account with a discrepancy amount and view the Transactions tab.
- Total the amounts (add the debits and subtract the credits) for all transactions that do not have PAY or LBA in the Source column, then compare it to the discrepancy amount. The account is reconciled if it matches, or you may now be left with a smaller discrepancy to find.

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 that leave type may not have been posted to the account.

- In Marlin HR, open the Leave Entry screen and scroll through the employees and note the dates on which you entered leave balance adjustments for this leave type in the current tax year.

- In Marlin, perform an Account Enquiry on the account with a discrepancy amount and open the Transactions tab.
- Leave balance adjustment journals will have LBA in the Source column. Scan these transactions to see if there are any missing journals for the Leave Balance Adjustments you found in Marlin HR. If any:
 - In Marlin HR, re-open the relevant leave balance adjustment and go to the Leave Entry screen and then click on the button to re-send the journal to the Marlin Inbox.
 - Open the journal in the Marlin Inbox and post it.

REASON 4: Marlin HR pay journal was changed during posting

If you have completed REASONS 1 to 3 correctly and there is still a discrepancy, it suggests you may have changed a GL account code and/or an amount when posting a journal from the Marlin Inbox. However, rather than compare every payroll journal individually, there is a shortcut method:

- In Marlin HR, select **Reports > Pay Journal Report** from the menu
- Select all payruns in the first half (approximately) of the tax year and click on Generate
- Manually total the postings on the report (add the debits & subtract the credits) to the account with the discrepancy
- In Marlin, do an enquiry on the GL account and compare its balance at that time to your total
 - A match indicates that the discrepancy occurred later in the tax year. Re-run the Pay Journal Report and select the payruns for the first ¾ of the tax year. Re-compare to that date in the GL account. Repeat this procedure until you find a discrepancy.
 - A mismatch indicates that the discrepancy occurred in the first half of the year. Re-run the Pay Journal Report and select payruns from only the first ¼ of the tax year. Re-compare to that date in the GL account. Repeat this procedure until the discrepancy disappears, then add one payrun at a time back to the Pay Journal Report until the discrepancy re-appears. The last payrun added is the one with the discrepancy.
- Once you know which payrun journal was altered during posting, consider why you changed it. If the reason is valid (e.g. to move the amount to a different account than what Marlin HR was configured to post it to) you can ignore the discrepancy and consider this account reconciled. Otherwise, consider entering a journal to change the codes and amounts back to match the payrun journal from Marlin HR. If the relevant GL Period is still open in Marlin, you could reverse the entire payroll journal, re-send it from Marlin HR and then re-post it to the relevant GL Period.

4. CLEAR ANY LEAVE BALANCES LEFT ON TERMINATED EMPLOYEES

Skip this section completely if you do not accrue the unused leave liability to the GL for any leave types (i.e. your GL Reconciliation Report does not include a **Leave Accruals** section containing any Provision For Leave accounts).

A Termination Payrun automatically clears the employee's leave balances in Marlin HR (whether paid to the employee or not) and sends a payroll journal to deduct the value from the leave liability account in the GL. If you change an employee's status to Terminated without processing a Termination Payrun (this is possible if they have not been included in a payroll in the current tax year), you must manually enter a leave balance adjustment that clears their balance in Marlin HR and sends a journal to reduce the leave liability balance in the GL. Failure to do so will overstate your leave liability in Employee Leave reports, GL Reconciliation Reports and your balance sheet.

To clear these balances, perform the following process for each leave type listed in your GL Reconciliation Report:

- Generate an Employee Leave Report (select **Reports > Employee Leave** from the menu)
 - Select the **Leave Type**, click on the **ALL** button to include all employees
 - Select the **Print Summary** option and **Current Year** only
 - Before generating the report, check your Marlin HR Version (shown at bottom left corner of screen)
 - If on 2.x.x ensure the **Exclude terminated employees...** checkbox is **not** ticked
 - If on 5.x.x untick the **Active and Returned** checkbox and the **Inactive** checkbox
 - Click on the **Generate** button (terminated employees have an asterisk in the first column of the report)
- Go to the Leave Entry screen and tick the **Show any previously Terminated or Deceased Employees** checkbox at the top of the screen so employees terminated in previous tax years are displayed in the list.
- For each terminated employee shown on the leave report with a balance (either positive or negative):
 - Click on the black arrowhead (beside the green **+** icon) and select **Leave Balance Adjustment**
 - Select the Leave Type, copy the **Current Balance** figure into the **Adjust By** field and select **Add Hours** or **Reduce Hours** to make the **New Balance** field show **0.00**, then click on the **OK** button (a popup message will then confirm that a leave balance adjustment journal has been sent to the GL for posting).
 - Repeat this step to clear balances on this terminated employee for other leave types that accrue to the GL.
- Once complete for all terminated employees and accrued leave types, post the adjustment journals in the Marlin Inbox.
- After posting the journals, re-generate the GL Reconciliation Report to see the updated figures from the GL.

5. RECONCILE LEAVE ACCRUAL BALANCES IN GL

Perform this step **after** reconciling the payroll expense accounts in Section 3 above so that you can ignore the new discrepancy that will appear on the Provision For Leave expense account if a re-synchronization journal is required.

Skip this section if no discrepancies appear in the **Closing Balances** section of the GL Reconciliation Report.

Amounts shown in the GL(\$) column in the **Closing Balances** section are presented on your balance sheet and should be the same as the figure in the **HR(\$)** column. A discrepancy indicates that something from Marlin HR did not make it to the GL, or something was posted directly to the GL account but didn't come from Marlin HR. A discrepancy in the **Opening Balance** indicates that at least part of the Closing Balance discrepancy originated in a previous year(s).

- Do an account enquiry in the GL and check the Transactions tab for any transactions that did not come from Marlin HR (i.e. have something other than PAY or LBA in the Source column).
- If any, check with the poster as to why they are there (reverse them out or move them if necessary and then re-generate the GL Reconciliation Report to see the updated figures).

If you have completed the previous steps in this guide, then regardless of the reason for a discrepancy or when it occurred, the only way to correct it is to enter a re-synchronisation journal in Marlin to make the balance in the Provision For Leave **liability account** the same as the balance in Marlin HR again:

- If the HR amount is higher, you will CREDIT the liability account to increase its balance
- If the GL amount is higher, you will DEBIT the liability account to decrease its balance

In a double entry accounting system, the debit side of a journal must equal the credit side of the journal to keep everything in balance, so we must also post the same amount to another account. We suggest using the Provision For Leave expense account as this is the "holding bucket" in which unused leave sits until it is either paid to the employee and transferred to the Salaries & Wages expense account, or cleared upon termination if the employee is not entitled to it.

Re-synchronisation journal (example):

If the Closing Balance for Annual Leave is \$2222 higher in Marlin HR than in the GL, and the Closing Balance for Long Service Leave is \$1234 lower in Marlin HR than in the GL, you would enter these lines on the journal:

- **DEBIT \$2222 to Provision For Annual Leave expense account**
 - **CREDIT \$2222 to Provision For Annual Leave liability account**
 - **DEBIT \$1234 to Provision For Long Service Leave liability account**
 - **CREDIT \$1234 to Provision For Long Service Leave expense account**
- Enter a journal in Marlin to re-synchronise the Closing Balances for each leave type shown on the GL Reconciliation Report and thereby correct the liability shown on the Balance Sheet.

Notes:

- At EOFY, post this journal to June of the FY that is ending. At other times of year, post to the current month.
- Re-generating the GL Reconciliation Report after posting the corrective journal should show \$0 discrepancy in the **Closing Balance** section (ignore the discrepancy that will now appear in the Payroll Expenses section due to this journal).
- If you are concerned about posting a large adjustment amount to the Provision For Leave expense account, we suggest checking with your accountant as to which account to use.
- If required, you would normally turn on the "Accrue Leave Liability in GL" function before processing the first payrun. If you turn it on at a later point, you must also enter a journal in the GL to bring in the current balance of the accrued leave (Until you do so there will be a discrepancy in the leave balance between Marlin HR and the GL). In an established store (with large leave balances) this will produce large and sudden changes to the Provision For Leave liability account (shown on the Balance Sheet) and the Provision For Leave expense account (shown on the P&L Report).

Need Help?

If you require assistance, please log a request with our friendly support team by selecting **Help > Log a Support Call** from the menu in Marlin GTX / HR and entering "**Need help with HR Reco**" as the description.