



# 2021 Annual Reporting Guidelines – Accounting for School Payroll

## About this guide

These instructions provide guidance on how to record payroll transactions in your school's annual financial statements.

These instructions are divided into a checklist and detailed guidance.

The [Accounting for School Payroll Checklist](#) provides a checklist of actions required, to help you to keep track of progress.

The **Detailed Guidance** provides more detailed explanations to allow you to complete each activity in the checklist. The guidance section is divided according to the type of year end payroll report as follows:

- [School Annual Accrual Report \(SAAR\)](#)
- [Banking Staffing Report](#)
- [Payroll Error Schedules](#)
- [Local payments made by schools](#)
- [Leave Liability Reports](#)
- [School Annual Accrual Report Certification](#)

## How to use this guide

You can view this PDF file online or print it and use it as a working document. All parts are fully cross-referenced, to help you find related information easily. When you view the document on the screen, click the underlined links which will take you to the relevant section of the document. Links with a  take you to website pages. It is recommended that this guide be used electronically.

If you save and open the PDF document using Adobe Reader, you can:

- Click the  icon on the left of the screen to display a table of contents. Click the + and – icons to open and close the sections in this panel. Click on any heading to jump to it.
- Click in the  boxes throughout the checklist to tick off each item as you complete it. You can save the checklist with the completed items ticked without the need to print. This can help you to track your progress.

## Key reports referred to in this guide

The following reports support the completion of your 2021 financial statements and are referred to throughout this guide. Ernst & Young (EY), the Auditor-General's appointed auditor to the Ministry, conducts independent and objective assurance procedures across the payroll service with a particular focus on these payroll reports, except for the maintenance of leave utilisation records by schools.

- **School Annual Accrual Report (SAAR):** This report sums your fortnightly staff usage and expenditure (SUE) report into a single report. The SAAR also includes the annual accruals made for pay period 22 and pay period 23 so that it includes payroll information for a full school year. As a result, the total of your SAAR will not match the total of your SUE reports when added together.

**Note:** The SAAR refers to 'bulk grant' and SUE reports refer to 'operational grant'. These are the same funding source, for ease the term 'bulk grant' is used in this guide.

- **Banking Staffing Report:** This lists the names of any teachers who were paid from teachers' salaries (TS) and how many full-time teacher equivalents (FTEs) each teacher has used for each pay period.
- **Payroll Error Schedules:** The payroll error schedules contain data that has not been adjusted in your fortnightly SUE reports, and therefore has not been adjusted in the SAAR.
- **Leave Liability Reports:** Leave liability reports provide details of the outstanding leave liabilities for non-teaching staff that you need to recognise in your financial statements.

## Key Dates



### 4 February 2022

The SAAR and leave liability reports will be available to download from EdPay Online, using the authorised user's username and password.

The payroll error schedules will be available to download from the [Secure Data Portal \(SDP\)](#).

**Note:** payroll files are password protected with your principal's MOE employee number

- Exclude any preceding zeros at the start of the principal's MOE Number.
- The principal MOE number used is the person identified in the SUE report as code S01 at pay period 21.

### 31 March 2022

Your draft 2021 financial statements must be with your auditor by 31 March 2022. We encourage Boards to send draft accounts to their auditor well before this date if possible.

### 31 May 2022

Your 2021 annual report, including audited financial statements, must be submitted to the Ministry by 31 May 2022.

## Need help?



If you have any questions about the payroll data provided, email [support@novopay.govt.nz](mailto:support@novopay.govt.nz) (with 'School Audit' in the subject line).

If you need help with these instructions or have specific questions about preparing your 2021 financial statements, contact your Ministry School Finance Advisor:

School Finance Advisor	Region	Contact details
Corinne Gillum	Tai Tokerau	Phone: 09 436 8908 Email: <a href="mailto:corinne.gillum@education.govt.nz">corinne.gillum@education.govt.nz</a>
Rebecca Cook	Auckland	Phone: 09 632 9481 Email: <a href="mailto:rebecca.cook@education.govt.nz">rebecca.cook@education.govt.nz</a>
Carmel Riordan	Auckland	Phone: 09 632 9440 Email: <a href="mailto:carmel.riordan@education.govt.nz">carmel.riordan@education.govt.nz</a>
Alan Smith	Waikato	Phone: 07 850 8984 Email: <a href="mailto:alan.smith@education.govt.nz">alan.smith@education.govt.nz</a>
Jodie Hickson	Bay of Plenty, Waiariki	Phone 07 349 7460 Email: <a href="mailto:jodie.hickson@education.govt.nz">jodie.hickson@education.govt.nz</a>
Nneka Okonta	Hawke's Bay, Tairāwhiti	Phone 06 833 8471 Email: <a href="mailto:nneka.okonta@education.govt.nz">nneka.okonta@education.govt.nz</a>
Peter White	Taranaki, Whanganui, Manawatu	Phone 06 757 6496 Email: <a href="mailto:peter.white@education.govt.nz">peter.white@education.govt.nz</a>
David Hyland	Wellington	Phone: 04 463 8673 Email: <a href="mailto:david.hyland@education.govt.nz">david.hyland@education.govt.nz</a>
Andrew Seagar	Nelson, Marlborough, West coast, Wellington	Phone 04 463 4825 Email: <a href="mailto:andrew.seagar@education.govt.nz">andrew.seagar@education.govt.nz</a>
Alex Dieudonne	Canterbury	Phone 03 378 7362 Email: <a href="mailto:alex.dieudonne@education.govt.nz">alex.dieudonne@education.govt.nz</a>
Hannah Levy	Southland, Otago	Phone 03 474 6695 Email: <a href="mailto:hannah.levy@education.govt.nz">hannah.levy@education.govt.nz</a>

## Accounting for School Payroll Checklist

The following actions are required to record your payroll transactions and balances in your school's annual financial statements:

- Download the School Annual Accrual Report (SAAR) for your school from EdPay - see [how to download the SAAR report](#). This is available as a CSV file and PDF.

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- Review the SAAR and confirm that the employees, shown on the SAAR, were employed by the Board during the year and that the amounts shown against each employee are correct. Consider if any employees are not included on the SAAR.

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- Download the SAAR certification to enable your principal and presiding member to certify your SAAR report information - see [School Annual Accrual Report certification](#).

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- Whether you have already accounted for teachers' salaries each fortnight throughout the year or not, create journals to reflect the totals shown in the SAAR including accruals – see [accounting for teacher salaries and other funding](#).

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- Review the banking staffing report (see your latest SUE reports) and make the required journal adjustments - see [banking staffing](#).

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- Review the stop pays report (available through the [Secure Data Portal](#)).
  - Is the total of the amounts 'you are yet to receive back' for all years on the stop pays report material? If yes, make an adjustment in your financial statements – see [stop pays](#).
  - Did you record an adjustment for stop pays in your 2020 financial statements? If yes, review the amounts 'you have received back' on the stop pays report to ensure these have been recorded correctly in your financial statements.

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- Review the overpayments report (available through the [Secure Data Portal](#))
  - For the bulk grant (BG) overpayments, is the balance owing (BG gross less repayments and refunds) for all year's material? If yes, make an adjustment in your financial statements – for instructions see [overpayments](#).
  - Do you have an accounts receivable balance for overpayments brought forward from 2020? If yes, ensure any amounts refunded or repaid in the year have been properly recorded in your financial statements – see [overpayments](#).
  - For teacher salaries (TS) overpayments, is current year overpayment (TS gross) material? If yes, make an adjustment in your financial statements – see [overpayments](#).

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- Review the funding code errors report (made available through the [Secure Data Portal](#))
  - Are the totals for any of the different types of errors (i.e. BG should be TS, TS should be BG, centrally funded (CF) should be TS or BG) for all years material? If yes, make an adjustment in your financial statements – see [funding code errors](#).

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- Download the leave liability reports for your school from EdPay - see [how to download the leave liability reports](#) and [about leave liabilities](#).

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- Review the leave liability reports. If the leave balances are material, make an adjustment in your financial statements – see [accounting for leave liabilities](#).

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- Provide a copy of the SAAR, signed SAAR certification, banking staffing report, payroll error schedules and leave liability reports to your auditor. If you assessed any of the amounts on the error schedules and leave liability reports as not material, and therefore did not adjust your financial statements for these, please confirm this to your auditor.

**Note:** If you are unsure whether an amount is material, consult with your Financial Service Provider or School Finance Advisor.

# School Annual Accrual Report (SAAR)

To be completed by all schools

## Understanding the SAAR

### What is the SAAR

The SAAR summarises the payroll data for the school year from 28 January 2021 to 27 January 2022.

The report records all employees who have been coded to your school during this period, including relievers. The SAAR shows:

- Total earnings for all staff from 28 January 2021 to 27 January 2022. Prorated amounts are included for pay period 23 at the beginning of this reporting period and pay periods 22 and 23 at the end of this reporting period (see below). These amounts have been calculated and are included in your SAAR.
- Totals for salaries funded from bulk grant, teacher's salaries grant and other funding.
- Estimated ACC accruals for inclusion in the school's annual accounts.
- Annual earnings for the principal.



#### Prorated and accrued amounts for beginning and ending pay periods

Because the beginning and end dates of the reporting period fall in the middle of a pay period, the data in the report has been prorated as follows:

- The beginning pay period (PP202123, beginning payroll year) covers 27 January 2021 to 9 February 2021. This is a 13 day period.
- The ending pay period (PP202223) covers 26 January 2022 to 27 January 2022, so the daily rate has been calculated using amounts from pay period (PP202221) to estimate the relevant prorated salary from 12 January to 27 January 2022 which are shown as pay periods PP202222 & PP202223.
- For the 2021 year end apportionment the PP202223 accrual includes two days being the 26<sup>th</sup> and 27<sup>th</sup> of January 2022 to encompass the full year. The accrual apportionment for the 2022 year covers a 14-day period being 12 January 2022 to 25 January 2022 and 2-day period being 26 January 2022 to 27 January 2022.

#### Note:

- *If no payments were made in PP202222, an accrual will have been calculated for PP202222 based on the data from PP202221.*
- *If an employee shows as having worked 28 pay periods, it is because they have received pay in both pay period 202122 and 202223, prorated as explained above, there is no need for concern.*
- *Any large or unusual transactions that impact PP202221 could have a material impact on the PP202222 and PP202223 accrual calculation. These should be taken into consideration and the accrual adjusted appropriately based on normal costs incurred in the period. If you require any assistance with this, please contact your School Finance Advisor.*

## How to download your SAAR

Follow these steps to download your SAAR.

1. Log in to [EdPay](#) using your username and password. Only authorised users can access the SAAR in EdPay.
2. Go to **Reports** > Select **School Annual Accrual Report** from the dropdown list
3. The school year defaults to 2021: 28/01/2021 – 27/01/2022.
4. Click **PDF** and **CSV** to download and save the report to provide to auditors when requested.

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## How to read the SAAR

### Employee section

Employee	Employees are split between <i>bulk grant</i> , <i>teacher salaries</i> and, if applicable, <i>other</i> . An employee may appear under more than one of these funding types.
Job	This shows the EdPay job number. An employee may have more than one job.
Periods	This shows the number of pay periods in which an employee has been paid, including pay period 202222 and 202223 if an accrued value has been estimated.
Amounts	The total amount that the employee was paid during the reporting period.
Total	The total amount for each funding type.

### SUE annual accruals section

This section shows the funding totals taken from the SUE reports for each pay period.

### ACC Leivable Earnings

The ACC Leivable Earnings figure is the same as the year-to-date totals and may be higher than the maximum ACC Leivable Earnings. **This figure is intended to be used as an estimate only.**

### Estimated annual earnings for principals

ESTIMATED ANNUAL EARNINGS FOR YOUR SCHOOL PRINCIPAL(S) ARE:

Name

Salary & Allowances

Benefits

Total

\$132,002.21

\$3,960.02

\$135,962.23

The amount shown is the principal's annual earnings and includes salary, taxable allowances and employer contributions for superannuation. Note, the "benefits" represent the employer contribution to superannuation for principals. These are not displayed on the SUE reports, so if you are reconciling your SAAR with your SUE reports, please only include the salary and allowances figure. The "total" figure should be used for the required disclosures on principal's remuneration. This can be found in Note 28: Remuneration of the Kiwi Park model financial statements.

If more than one principal has been paid by your school during 2021, all principals will be shown.

If no principals have been paid by your school during this reporting period, a message will state "No appointed principal for the school year".

## Accounting for salary costs

The purpose of reviewing the SAAR and error schedules is to assess whether they are complete and accurate, to support the preparation of your school's 2021 financial statements. The review should be based on your knowledge of the staff employed during the year and cross checking against the payroll reports downloaded throughout the year, where necessary.

The review of the SAAR and signing of the SAAR certification are not always undertaken by the same people. The review of the SAAR is normally undertaken by the person that undertakes the fortnightly payroll review in the school for example the business manager, or principal. The SAAR certification must be signed by the principal and presiding member (Board chairperson). You will need to confirm to the Principal and Board that you have carried out this review and inform them of any discrepancies.

The Ministry's auditor carries out some testing of the SAAR to confirm transactions coded to each school in EdPay have been correctly included in their SAAR. However, schools are best placed to know who has worked at schools during 2021.

To account for salary costs on the SAAR you need to:

- confirm that the employees listed on the SAAR were employed by your school and the totals shown against each person are reasonable, based on your knowledge of the school staff;
- recognise the payroll totals from the SAAR in your 2021 financial statements;
- recognise pay periods 21, 22 and 23 as an amount receivable from the Ministry of Education (for the teachers' salaries grant not received at year end) as the pay periods fall after the 31 December. A corresponding payable amount (for the expenditure not incurred at year end) will also need to be recognised – see journals below;
- use the "YEAR TO DATE" ACC levy payable total in the SAAR to account for transactions not shown in the school's financial records by completing the required journals on pages 8 and 9 of this document;
- use the payroll error schedules to account for transactions not shown in the SAAR by completing the required journals; and
- complete the SAAR certification for your auditor.

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## Example SAAR

Below is an example of the SUE annual accruals section of the SAAR which gives you the amounts that need to be recognised in your financial statements.

SUE Annual Accruals		Bulk Grant	Teacher Salary	Other	Total
Period	PE Date				
21	11-Jan-2022	\$136,507.37	\$509,439.41	\$886.30	\$646,833.08
22	25-Jan-2022	\$136,507.37	\$509,439.41	\$886.30	\$646,833.08
23	08-Feb-2022	\$19,501.05	\$72,777.06	\$126.61	\$92,404.72
Description		Bulk Grant	Teacher Salary	Other	Total
YEAR TO DATE TOTALS		\$3,081,496.74	\$9,361,130.53	\$16,021.79	\$12,458,649.06
ACC LEVIABLE EARNINGS		\$3,081,496.74	\$9,361,130.53	\$16,021.79	\$12,458,649.06
ACC LEVY (INCLUDES GST)		\$11,339.91	\$34,448.96	\$58.96	\$45,847.83
ACC PAYABLE BY SCHOOL		\$11,339.91			
ACC PAYABLE BY MINISTRY		\$34,507.92			
TOTAL ACC LEVY PAYABLE		\$45,847.83			
ACC RATE : \$0.32 PLUS GST AT 15.00% FOR \$100 OF LEVIABLE EARNINGS					
FINANCIAL YEAR EARNINGS ESTIMATED ARE BASED ON PAYMENTS FROM 28-JAN-2021 TO 27-JAN-2022					
ESTIMATED FIRST PERIOD ACCRUAL		\$140,281.74	\$454,819.81	\$828.08	\$595,929.63
FULL PERIOD		\$2,785,206.58	\$8,324,094.25	\$14,180.80	\$11,123,481.63
ESTIMATED FINAL PERIOD ACCRUAL		\$156,008.42	\$582,216.47	\$1,012.91	\$739,237.80
FINAL TOTAL		\$3,081,496.74	\$9,361,130.53	\$16,021.79	\$12,458,649.06
ESTIMATED ANNUAL EARNINGS FOR YOUR SCHOOL PRINCIPAL(S) ARE					
Name		Salary & Allowances		Benefits	Total
Principal, Kiwi Park		\$175,103.31		\$5,005.05	\$180,108.36

## Accounting for teacher salaries and 'other' funded salaries

If you have recognised the payroll amounts from your SUE reports each fortnight for teachers' salaries and 'other' funded salaries during the year, you will need to prepare a reconciliation between the amounts in your general ledger and the SAAR. As explained earlier in the instructions, because of the accruals incorporated in the SAAR the amounts will not be exactly the same. If there are any material differences, you should make the necessary adjustments.

If you have not already accounted for teachers' salaries and other funding each fortnight throughout the year, you need to create journals to reflect the totals shown in the SAAR, as follows:

### Journal example A (Part 1) – Total teachers' salaries paid in the year

Debit	Learning resources – Employee benefits – salaries	9,361,130.53
Credit	Government Grants – Teachers' salaries grant	9,361,130.53
Narrative: To account for Teachers' Salaries for the 2021 year.		

### Journal example A (Part 2) – Total other funded salaries

Debit	Learning Resources – Employee benefits – salaries	16,021.79
Credit	Government Grants - Other MOE grants	16,021.79
Narrative: To account for Ministry - Other funding for the 2021 year.		

All schools need to recognise accruals for teachers' salaries paid after 31 December 2021 and ACC levies payable. We set out the relevant journals below:

### Journal example A (Part 3) – Accrual for teacher salaries paid after 31 December 2021

Debit	Accounts receivable – Teachers' salaries grant receivable	1,091,655.88
Credit	Accounts payable – Teachers' salaries grant payable	1,091,655.88
Narrative: To account for Teachers' Salaries paid after 31 December 2021. <i>Tip, this should be the sum of "teacher's salary from the SUE Annual Accruals" period 21(\$509,439.41), 22 (\$509,439.41) &amp; 23 (\$72,777.06) from SAAR</i>		

#### Journal example A (Part 4) – ACC levy payable on teachers’ salaries and other funding

Debit	Learning resources – Employee benefits – salaries	34,507.92
Credit	Government Grants – Teachers’ salaries grant	34,507.92
Debit	Accounts receivable – Teachers’ salaries grant receivable	34,507.92
Credit	Accounts payable – Employee entitlements – salaries	34,507.92
Narrative: To account for ACC levy payable by the Ministry on Teachers’ salaries and ‘other’ funded salaries for the 2021 year.		

### Bulk grant funded salaries

You should have accounted for your bulk grant funded salaries during the year as you paid them. You should reconcile the amounts included in your financial statements to the amount shown on the SAAR, for your auditor.

You will need to include an accrual for the ACC levies payable.

If you have paid teachers through your bulk grant and/or you have employees that have annualised hours you may need to recognise a payable for any salaries paid to them for the last three pay periods of the year (PP21, PP22 & PP23), as for teachers’ salary grant funded teachers above. This accrual would only be required if the amounts were material.

Please note that schools are required to recognise a leave liability (as at 31 December 2021) for other non-teaching staff. Part or all of this leave liability is paid during PP21, PP22 & PP23, thus by recognising a payable for salaries paid to these staff you are recording this payment twice.

#### Journal example B (Part 1) – Accrual for bulk grant funded teachers’ and annualised employees pay after 31 December 2021

Debit	Employee benefits – Salaries (in Administration, Learning Resources or Property)	292,515.79
Credit	Accounts payable – Employee entitlements - salaries	292,515.79
Narrative: To account for non-teacher salaries paid after 31 December 2021. <i>Tip, this should be the sum of “SUE annual accruals” funded by the bulk grant for period 21 (\$136,507.37), 22 (\$136,507.37) &amp; 23 (\$19,105.05) from SAAR.</i>		

#### Journal example B (Part 2) – ACC on bulk funded salaries

Debit	Administration – Employee benefits – Salaries	11,339.91
Credit	Accounts payable – Employee entitlements - salaries	11,339.91
Narrative: To account for ACC on Non-teachers’ Salaries for the 2021 year.		

## Banking Staffing Report

- **Is your banking staffing balance material? If yes, follow the instructions below.**
- **If no, [move to the next section.](#)**

If you have a banking staffing balance at the year end, how you will account for this depends on whether you have an overused or an underused banking staffing balance.

### Banking staffing overuse

An overuse of banking staffing must be recognised by the school as a liability. If you are intending to reduce this overuse during the wash up period (to PP26), you can reduce the liability accordingly. Your auditor will check your banking staffing report at the end of March to ensure that the liability you have recognised is correct.

#### Journal example C (Part 1) – Banking staffing overuse

Debit	Government Grants – Teachers’ salaries grant	##,###
Credit	Accounts payable – Banking staffing overuse	##,###
Narrative: To account for banking staffing overuse for the 2021 year.		

### Banking staffing underuse

If a school underuses banking staffing it will receive confirmation from the Ministry after 31 March 2022, following the wash-up period, of how much it will receive back. Until this time the amount of the receivable is uncertain and cannot be recognised in the school’s financial statements. The school should instead disclose it as a contingent asset, as per note 30 in the Kiwi Park model financial statements. Example wording can be found below:

*“There is a contingent asset for the possible repayment from the Ministry of Education for under spending the School’s banking staffing entitlement during 2021. The Ministry has yet to decide how much it will pay to the School. We cannot reliably measure the cash repayment, but the amount we have underspent as at 31 December is approximately \$##,###. We will record the amount we receive as revenue in the 2022 financial year.”*

If in April, when you receive confirmation of the amount receivable, the amount is material, you should recognise an asset in your financial statements. The auditors will be provided with the banking staffing balances for all schools at the end of the wash-up period. If you wish to complete your audit before this information is available, you may do so as long as any contingent asset is disclosed.

#### Journal example C (Part 2) – Banking staffing underuse

Debit	Accounts receivable – Banking staffing underuse	##,###
Credit	Government Grants – Teachers’ salaries grant	##,###
Narrative: To account for banking staffing underuse for the 2021 year.		

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# Payroll Error Schedules

## Understanding the Error Schedules

Each tab in the Excel spreadsheet contains data that has not been adjusted in your fortnightly SUE reports, and therefore has not been adjusted in your SAAR. Adjustments are required for each of these items if they are material, individually or collectively, for your school.

Each tab is labelled with the error type. The Excel spreadsheet has the following tabs:

Summary	Summarises the totals from each tab, which are required for the journals referred to in this guide.
1. Stops	A list of stop pays relevant to your school where the earnings data has not been adjusted in the payroll and is not reflected in your SAAR.
2. Overpays	A list of overpayments (where employees have been overpaid during the year) relevant to your school where the earnings data has not been adjusted in the payroll and is not reflected in your SAAR.
3. Funding	Payments charged to incorrect funding codes.

Due to the increasing amount of information contained in the error reports, we have developed a calculation sheet to assist in you in determining the balance to be recorded in your financial statements. Please follow this link [School Error report summary calculator](#) and follow the instructions included in the first tab.

**Note:** Some schools may not have any data of a particular type. If no data is available, the tab shows “No data for your school”.

Some previous year totals may differ from those sent to you last year. These differences are explained in the detail of these instructions. Be assured that the **Summary** in the Excel spreadsheet shows the correct amounts to reconcile the SUE and SAAR and prepare the 2021 financial statements.

The error schedules contain all errors up until PP14. For a small number of school’s payroll errors between PP15 and PP21 may be material to your financial statements. Where this is the case, the Ministry will make direct contact with you.

## Stop Pays

- Is the total of the amounts 'you are yet to receive back' for all years on the stop pays report material? If yes, make an adjustment in your financial statements - see below.
- Did you record an adjustment for stop pays in your 2020 financial statements? If yes, review the amounts 'you have received back' on the stop pays report to ensure these have been recorded correctly in your financial statements?

If you have answered no to both of these questions – [move to next section](#).

### What is a stop pay

Stop pays occur when an error is discovered after the pay is run and an instruction is given to stop the pay, resulting in the employee not being paid, but the amount being:

- taken out of the school's bank account,
- reported on the SUE report,
- included in the SAAR, and
- deductions being paid to Inland Revenue.

An adjustment should be made if the amount 'you are yet to receive back' is material and you have not yet accounted for your stop pays in your financial statements.

### What the report tells you

The error schedule includes stop pays for bulk grant only. Any **material** amounts charged to teacher salaries will be advised directly to schools by the Ministry. If there is no data in the tab, then there are no bulk grant stop pays associated with your school.

The **1. Stops** tab contains a list of stop pays where the earnings data has not been adjusted in the payroll and is not reflected in your SAAR. It is split by calendar year and shows:

- *Original Gross* – the full amount of the stop pays, including tax and deductions
- *Original Net* – the amount that would have been paid to the employees' bank account if the pay was not stopped
- *Corrected Gross* – what the gross pay should have been for the employee
- *Corrected Net* – what the net pay should have been for the employee
- *Original Deductions* – what the deductions were for the employee
- *Corrected Deductions* – what the deductions should have been for the employee
- *Payments redirected to school* – the amount repaid to the school by the Ministry
- *Payments redirected to employee* – the amount repaid to the employee by the Ministry
- *Your payroll expense was overstated by* – the difference between what was paid and what should have been paid
- *You have received back* – amounts redirected back to the school plus PAYE, Student Loan (SL), and KiwiSaver (KS) components of stop pays that have been refunded to the school during the course of the year (details will have been provided to you with the remittance advice at the time of the refund).
- *You are yet to receive back* – the amount still being owed to your school.

If you have already completed stop pay journals in your accounts, you should check those journals against the amounts in the **1. Stops** tab.

If you have recognised stop pays in prior years, you will need to review the detailed transactions in the **1. Stops** tab to ensure any refunds or repayments received relating to prior year amounts have been recorded correctly.

The following is an illustrative example extracted from the **Summary** tab.

**Table 1 - Illustrative example**

		Stop Pays	
1	1	2012 Your payroll expense was overstated by:	-
1	2	2012 You have received back:	-
1	3	2012 You are yet to receive back:	-
1	4	2013 Your payroll expense was overstated by:	-
1	5	2013 You have received back:	-
1	6	2013 You are yet to receive back:	-
1	7	2014 Your payroll expense was overstated by:	-
1	8	2014 You have received back:	-
1	9	2014 You are yet to receive back:	-
1	10	2015 Your payroll expense was overstated by:	5,321
1	11	2015 You have received back:	-
1	12	2015 You are yet to receive back:	5,321
1	13	2016 Your payroll expense was overstated by:	-
1	14	2016 You have received back:	-
1	15	2016 You are yet to receive back:	-

**Table 1 - Illustrative example continued**

1	16	2017 Your payroll expense was overstated by:	-
1	17	2017 You have received back:	-
1	18	2017 You are yet to receive back:	-
1	19	2018 Your payroll expense was overstated by:	-
1	20	2018 You have received back:	-
1	21	2018 You are yet to receive back:	-
1	22	2019 Your payroll expense was overstated by:	2,828
1	23	2019 You have received back:	-
1	24	2019 You are yet to receive back:	2,828
1	25	2020 Your payroll expense was overstated by:	-
1	26	2020 You have received back:	-
1	27	2020 You are yet to receive back:	-
1	28	2021 Your payroll expense was overstated by:	11,326
1	29	2021 You have received back:	10,126
1	30	2021 You are yet to receive back:	1,200

**Note:** The total of the “*you are yet to receive back*” amounts shown above should be the total receivable for stop pays recognised in your financial statements, when you have completed your journal adjustments for stop pays. [If you use the template this is the amount in the first blue box marked 2021.](#)

### Stop pay adjustments

We set out details of the journals required to recognise the correct amount for stop pays in your financial statements. We have used the figures from the example above in the journals for your reference.

### Prior year stop pays

If you recognised accounts receivable in your 2020 financial statements for stop pays from prior years, any payments “You have received back” in 2021 should have been recorded as noted in Journal D below to reduce that receivable. The **1. Stops** tab gives you the details of these transactions.

### Journal D example – Future refunds and redirections journal:

Debit	Bank	\$10,126
Credit	Accounts receivable - Receivables from the Ministry of Education	\$10,126
Narrative: To recognise refund of PAYE/Student Loan/other repayments components of stop pays ( <i>Tip add line 29</i> ).		

Review the amounts “You have received back” in the report to ensure that these have been reflected in your 2021 financial statements. Adjust for any differences, or if you disagree with the amounts received back please contact the EdPay School Account Team.

## Current year stop pays

If you have already accounted for all your “stop pays” that happened during the 2021 year (i.e. - created receivables for stop pays and accounted for funds received back against these receivables), then you should review the amounts shown in the **1. Stops** tab to check they are consistent with your records. The accounts receivable balance at 31 December 2021 should be the total of the amounts ‘yet to receive back’ on the report. In this example the balance is \$9,349 (add lines 3, 6, 9, 12, 15, 18, 21, 24, 27 and 30).

If you have NOT accounted for your “stop pays” in the school’s financial records during the year, the total amount receivable by the school needs to be recognised in note 10: accounts receivable of the Kiwi Park model financial statements, as receivables from the Ministry of Education, as noted in Journal E below. The amount is shown in the **Summary** tab (Total of lines 3, 6, 9, 12, 15, 18, 21, 24, 27 and 30).

### Journal E example – Outstanding “stop pays” (all years):

Debit	Accounts receivable - Receivables from the Ministry of Education	\$9,349
Credit	Other staff salary expense (administration, learning or property as appropriate)	\$9,349
Narrative: To recognise “stop pays” that the school is “yet to receive back”. (Tip add line 3, 6, 9, 12, 15, 18, 21, 24, 27 & 30). <a href="#">If you use the template this is the amount in the first blue box marked 2021.</a>		

If you have already recognised prior year stop pays and have followed the instructions above, the journal should only include current year stop pays.

### Journal F example – Outstanding “stop pays” (current year only):

Debit	Accounts receivable - Receivables from the Ministry of Education	\$1,200
Credit	Other staff salary expense (administration, learning or property as appropriate)	\$1,200
Narrative: To recognise “stop pays” that the school is “yet to receive back”. (Tip add line 30).		

Future refunds and redirections associated with 2021 stop pays that you receive in 2022 should be offset against the debtor when received, as per Journal D above.

#### In summary

The total of the “you are yet to receive back” amounts for all years, per the report, should equal the receivable for stop pays in your financial statements as at 31 December 2021. [If you use the template this is the amount in the first blue box marked 2021.](#) If this amount is not material no adjustments are required.

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## Overpayments

- For BG overpayments, is the balance owing (BG gross less repayments and refunds) for all years material?
- Do you have an accounts receivable balance for overpayments brought forward from 2020?
- Is the TS overpayments for the current year material?

If yes, make an adjustment in your financial statements – see below.

If you have answered no to all the questions, [move to the next section](#).

### What you will receive

The **2. Overpays** tab contains a list of overpayments, where the earnings data has not been adjusted in the payroll and is not reflected in your SAAR. It is split by calendar year and shows:

- *Gross* – overpayments paid to your employees, including all tax and deductions
- *Total net* – amount paid to the employee after tax and other deductions. This is the amount that is owed by the employee.
- *Total repayments* – amounts repaid by the employee up to and including 31 December 2021
- *Refund detail* – *PAYE Refund*, *SL Refund* (Student Loan) and *KS Refund* (KiwiSaver) components of overpayments that have been acknowledged by the employee. All of these details will have been provided to you with the remittance advice at the time of the refund.

If there is no data in the tab, there are no overpayments associated with your school.

If BG overpayments occurring in 2020 (or earlier) have been accounted for in your 2020 financial statements as a receivable, any repayments and refunds received by your school during 2021 should have been recorded against the receivable.

You have now been provided with the amounts for 2021. If there are any additional overpayments that you have not previously recognised (which could relate to previous years), how you treat these will depend on whether they are TS or BG.

If you have already completed overpayment journals for 2021 in your accounts to record overpayments notified to the school, you should check those journals against the figures in the **2. Overpays** tab.

The following is an illustrative example extracted from the **Summary** tab.

**Table 2 - Illustrative example**

Overpayments			
2	31	2012 Total TS gross	19,220
2	32	2012 Total BG gross	26,305
2	33	2012 Total BG repayments	22,720
2	34	2012 Total BG refunds	3,669
2	35	2013 Total TS gross	17,820
2	36	2013 Total BG gross	20,605
2	37	2013 Total BG repayments	18,820
2	38	2013 Total BG refunds	3,948
2	39	2014 Total TS gross	1,862
2	40	2014 Total BG gross	16,893
2	41	2014 Total BG repayments	10,862
2	42	2014 Total BG refunds	3,484
2	43	2015 Total TS gross	13,099
2	44	2015 Total BG gross	3,004
2	45	2015 Total BG repayments	2,298
2	46	2015 Total BG refunds	706
2	47	2016 Total TS gross	10,193
2	48	2016 Total BG gross	3,673
2	49	2016 Total BG repayments	2,649
2	50	2016 Total BG refunds	964

**Table 2 - Illustrative example continued**

2	51	2017 Total TS gross	-
2	52	2017 Total BG gross	317
2	53	2017 Total BG repayments	205
2	54	2017 Total BG refunds	112
2	55	2018 Total TS gross	-
2	56	2018 Total BG gross	-
2	57	2018 Total BG repayments	-
2	58	2018 Total BG refunds	-
2	59	2019 Total TS gross	-
2	60	2019 Total BG gross	-
2	61	2019 Total BG repayments	-
2	62	2019 Total BG refunds	-
2	63	2020 Total TS gross	-
2	64	2020 Total BG gross	-
2	65	2020 Total BG repayments	-
2	66	2020 Total BG refunds	-
2	67	2021 Total TS gross	3,674
2	68	2021 Total BG gross	1,429
2	69	2021 Total BG repayments	110
2	70	2021 Total BG refunds	-

**Note:** The total of the “**Total BG gross**” less “**Total BG repayments**” and “**Total BG refunds**” for all years, should be the total recognised as a receivable for overpayments in your financial statements when you have completed your journal adjustments for overpayments. [If you use the template this is the amount in the second blue box marked 2021.](#)

## Overpayment adjustments

### Teacher salaries (TS)

The Ministry is responsible for collecting overpayments paid through the teachers’ salaries grant, therefore these amounts are not recognised in the school’s financial statements as a receivable. However, if there has been a significant overpayment funded through teachers’ salaries in the **current year**, the teachers’ salaries grant and corresponding expenditure will need to be adjusted. This is why you only need **to review the current year’s overpayments** to determine whether an adjustment is required

If there are overpayments for the 2021 year funded from teachers’ salaries (TS overpayments) (line 67), then:

- You should review the amounts shown in the **2. Overpays** tab to check these are consistent with your records.
- If the TS overpayments for 2021 are material for your school, make adjustments to the teachers’ salaries figures using the amount in line 67 (2021 Total TS Gross) on the **Summary** tab, as follows:

### Journal G example - Teacher salaries overpayments:

Debit	Government grants – Teachers’ salaries grant	\$3,674
Credit	Learning resources – Employee benefits – salaries	\$3,674
Narrative: To adjust Ministry of Education teacher salary overpayments for the year 2021. (Tip - use Total 67, <a href="#">if you use the template this is the amount in the bottom blue box marked 2021</a> )		

### Bulk grants (BG)

If there are overpayments funded from the bulk grant (BG overpayments), then:

- If you have already accounted for overpayments in 2021 by recording them as ‘accounts receivable - receivables’ and offsetting the repayments and refunds appropriately as they were received, you should review the amounts shown in the **2. Overpays** tab to check these are consistent with your records and adjust as necessary.
- The total of the gross overpayments less any repayments and refunds for all years is the amount owed to the school and should be recognised in accounts receivable – receivables, as recorded in note 10 of the Kiwi Park model financial statements.
- It is important to note that overpayments that were raised in 2021 may also relate to previous years so you need to check the total BG overpayments for all years are recognised in the financial statements. To ensure that all overpayments are accounted for, including any overpayments raised that affect earlier years, the journals below first remove any existing accounts receivable – receivables balance, if applicable, and then records the 2021 value of all BG overpayments receivable as the new accounts receivable – receivables balance.

### Journal H example – bulk grant overpayment:

#### Part 1: To remove the current balance

Debit	Employee benefits - salaries (in administration, learning resources or property as appropriate)	360
Credit	Accounts receivable - receivables	360
Narrative: To reverse staff salary overpayments made by the school for the year 2020 (and prior) that are being recovered by the school. <i>Tip – add line 32, 36, 40, 44, 48, 52, 56, 60 and 64 less lines 33, 34, 37, 38, 41, 42, 45, 46, 49, 50, 53, 54, 57, 58, 61, 62, 65, and 66.</i>		

#### Part 2: To record the current position

Debit	Accounts receivable - receivables	1,679
Credit	Employee benefits - salaries (in administration, learning resources or property as appropriate)	1,679
Narrative: To recognise staff salary overpayments made by the school for the year 2021 (and prior) that are being recovered by the school. <i>Tip – add line 32, 36, 40, 44, 48, 52, 56, 60, 64 and 68 less lines 33, 34, 37, 38, 41, 42, 45, 46, 49, 50, 53, 54, 57, 58, 61, 62, 65, 66, 69 and 70. <a href="#">If you use the template this is the amount in the second blue box marked 2021.</a></i>		

## Overpayment not yet established by the Ministry

If the Board is uncertain as to the amount of a receivable that is recoverable from an employee, in situations where the Ministry has not yet confirmed the amount of the overpayment, it should be disclosed in the 2021 financial statements as a contingent asset. A disclosure note (Note 30 in the Kiwi Park model financial statements) will need to be added in the form of:

*“The Board has a contingent asset in the form of amounts receivable from an employee/s for salary overpayments made to staff from Operating Grants. The exact amount of the overpayment is unable to be reliably estimated at this time and has therefore not been included in the financial statements.”*

## Receivable not recoverable

If the Board is uncertain of the recoverability of an established overpayment, it should impair the receivable in its financial statements. The receivable should be recorded at the amount the school realistically expects to receive. The difference between this and the established overpayment should be recorded as a loss on uncollectable accounts receivable which is reported separately in the statement of comprehensive revenue and expense in the Kiwi Park model financial statements. Likewise, where an overpayment has not been recovered and written off partially, or in full, by the Board during the course of the year this should also be shown as a loss on uncollectable accounts receivable (documentation associated with any such write-offs will have been received at the time).

### In summary

The total for all years of “total BG gross” minus “total BG repayments”, minus “total BG refunds” should be the total overpayments receivable in your financial statements. [If you use the template this is the amount in the second blue box marked 2021](#). Overpayments only have to be recognised if they are material to the users of the annual report.

If “2021 total TS gross” (line 67) is material, both the teachers’ salaries grant and learning resources expenditure for the current year will need to be adjusted in your financial statements. If this amount is not material no adjustments are required for TS overpayments.

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## Funding code errors

Are the totals for any of the different types of errors (i.e. BG should be TS, TS should be BG, CF should be TS or BG) for all years material? If yes, make an adjustment in your financial statements – see below.

If no, [move to the next section](#).

### What you will receive

The **3. Funding** tab contains a list of funding code errors where the earnings data has not been adjusted in the payroll and is not reflected in your SAAR. It shows:

- *Charged to TS and should be BG* – amounts incorrectly charged to teacher salaries that should be bulk grant
- *Charged to BG and should be TS* – amounts incorrectly charged to bulk grant that should be teacher salaries
- *Charged to other and should be BG* – amounts incorrectly charged to central funding that should be bulk Grant
- *Charged to other and should be TS* – amounts incorrectly charged to central funding that should be teacher salaries

You may have some transactions in your list that are reversals of previous transactions. We have included them to ensure you are fully informed, even though they net to zero.

The overall effect on teachers' payroll expenditure is neutral (assuming the original expenditure was coded to "Learning Resources" in your financial statements, whether or not it was paid from TS or BG).

The following is an illustrative example extracted from the **Summary** tab. **Table 3 - Illustrative example**

		Funding Code Errors	
3	71	2012 Charged to BG and should be TS	2,893
3	72	2012 Charged to TS and should be BG	-
3	73	2012 Charged to CF and should be TS	-
3	74	2012 Charged to CF and should be BG	-
3	75	2013 Charged to BG and should be TS	1,874
3	76	2013 Charged to TS and should be BG	-
3	77	2013 Charged to CF and should be TS	-
3	78	2013 Charged to CF and should be BG	-
3	79	2014 Charged to BG and should be TS	3,016
3	80	2014 Charged to TS and should be BG	11,219
3	81	2014 Charged to CF and should be TS	-
3	82	2014 Charged to CF and should be BG	-
3	83	2015 Charged to BG and should be TS	11,293
3	84	2015 Charged to TS and should be BG	2,334
3	85	2015 Charged to CF and should be TS	-
3	86	2015 Charged to CF and should be BG	-
3	87	2016 Charged to BG and should be TS	3,789
3	88	2016 Charged to TS and should be BG	2,126
3	89	2016 Charged to CF and should be TS	-

**Table 3 - Illustrative example continued**

3	91	2017 Charged to BG and should be TS	1,241
3	92	2017 Charged to TS and should be BG	1,337
3	93	2017 Charged to CF and should be TS	-
3	94	2017 Charged to CF and should be BG	-
3	95	2018 Charged to BG and should be TS	1,107
3	96	2018 Charged to TS and should be BG	3,288
3	97	2018 Charged to CF and should be TS	-
3	98	2018 Charged to CF and should be BG	-
3	99	2019 Charged to BG and should be TS	110
3	100	2019 Charged to TS and should be BG	1,203
3	101	2019 Charged to CF and should be TS	-
3	102	2019 Charged to CF and should be BG	-
3	103	2020 Charged to BG and should be TS	3,465
3	104	2020 Charged to TS and should be BG	1,940
3	105	2020 Charged to CF and should be TS	1,235
3	106	2020 Charged to CF and should be BG	1,970
3	107	2021 Charged to BG and should be TS	2,465
3	108	2021 Charged to TS and should be BG	940
3	109	2021 Charged to CF and should be TS	235
3	110	2021 Charged to CF and should be BG	970

3	90	2016 Charged to CF and should be BG	-
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**Note:** The total of the amounts charged to BG instead of TS for all years should be your final *receivable* (owed by the Ministry). The total of the amounts charged to TS and OTHER instead of BG should be your final *payable* (owed to the Ministry). [If you use the template these are the amounts in the third and fourth blue boxes marked 2021.](#)

## Funding code adjustments

### Incorrect coding to teacher salaries

If the coding error resulted in incorrect coding to teacher salaries (TS) or central funding (CF), instead of bulk grant (BG), then the school effectively owes the Ministry the gross amount of the error.

This amount should be accounted for in accounts payable - operating creditors (note 15 of the Kiwi Park model financial statements), as follows:

### Journal I example – Charged to TS or CF and should be BG:

#### Part 1: To remove the current balance

Debit	Accounts Payable – Operating Creditors	25,417
Credit	Government grants – Teachers’ salaries grant	25,417
Narrative: To reverse the recognition of staff incorrectly coded to teacher salary grant for the year 2020.		
<i>Tip – Add lines 72, 74, 76, 78, 80, 84, 86, 88, 90, 92, 94, 96, 98, 100, 102, 104, and 106</i>		
<a href="#">If you use the template these are the amounts in the third and fourth blue boxes marked 2020</a>		

#### Part 2: To record the current position.

Debit	Government grants – Teachers’ salaries grant	27,327
Credit	Accounts Payable – Operating Creditors	27,327
Narrative: To recognise staff incorrectly coded to teacher salary grant for the year 2021.		
<i>Tip – Add lines 72, 74, 76, 78, 80, 84, 86, 88, 90, 92, 94, 96, 98, 100, 102, 104, 106, 108 and 110</i>		
<a href="#">If you use the template these are the amounts in the third and fourth blue boxes marked 2021</a>		

### Incorrect coding to bulk grant

If the coding error resulted in incorrect coding to bulk grant instead of teacher salaries (TS) or central funding (CF), then the Ministry effectively owes the school the gross amount of the error. This figure should be accounted for in accounts receivable as 'accounts receivable - receivables from the Ministry of Education (note 10 of the Kiwi Park model financial statements) as follows:

#### Journal J example – Charged to BG or CF and should be TS:

##### Part 1: To remove the current balance

Debit	Government grants – Teachers’ salaries grant	30,023
Credit	Accounts receivable – Receivables from the Ministry of Education	30,023
Narrative: To reverse the recognition of staff incorrectly coded to bulk grant for the year 2020. <i>Tip – Add rows 71, 73, 75, 77, 79, 81, 83, 85, 87, 89, 91, 93, 95, 97, 99,101, 103 and 105</i> <a href="#">If you use the template these are the amounts in the third and fourth blue boxes marked 2020</a>		

##### Part 2: To record the current position.

Debit	Accounts receivable - Receivables from the Ministry of Education	32,723
Credit	Government grants – Teachers’ salaries grant	32,723
Narrative: To recognise staff incorrectly coded to bulk grant for the year 2021. <i>Tip – Add rows 71, 73, 75, 77, 79, 81, 83, 85, 87, 89, 91, 93, 95, 97, 99,101, 103, 105, 107 and 109</i> <a href="#">If you use the template these are the amounts in the third and fourth blue boxes marked 2021</a>		

#### In summary

The total for all years of “charged to BG and should be TS” should be the receivable recognised in your financial statements. The total for all years of “charged to TS and should be BG” and “charged to CF and should be BG” should be the payable recognised in your financial statements. If this amount is not material no adjustments are required.

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## Local payments made by schools

All payments to school employees must be recorded in the payroll system to ensure that accurate earnings information is reported to Inland Revenue and ensure legislative compliance.

If any payments have been made that have not yet been recorded in the payroll system, these need to be recorded in the financial statements.

The following entries should be used to record any advances of salary and wages, and the subsequent repayment of the advance.

1. *Payment from the school bank account to the employee:*

Debit	Accounts receivable – receivables	##,###
Credit	Cash and cash equivalents	##,###
Narration: Manual payment to employee # period xx		

2. *Repayment by the employee to the school bank account:*

Debit	Cash and cash equivalents	##,###
Credit	Accounts receivable - receivables	##,###
Narration: Repayment of manual payment for employee # for period xx		



**Boards should be aware of s578 (2) of the Education and Training Act 2020 – unless directed otherwise by the Secretary of Education all payments to employees must use the payroll service established by the Secretary of Education.**

**Boards should also be aware that in terms of the Education and Training Act 2020 a loan made by a school to a member of staff is illegal.**

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# Leave Liability Reports

Are your leave liability balances material? If yes, follow the instructions below.

If no, [move to the next section](#).

## Understanding the leave liability reports

### About leave liabilities

Schools are required to account for the leave liability for non-teaching employees only. The Ministry accounts for the leave liability arising from teaching employees, including principals, irrespective of whether the employee(s) is funded from bulk grant, teacher salaries, or another funding source.

The liability should be reported in the school's accounts payable - employee entitlements – leave accrual note to the 2021 financial statements (Note 15 in the Kiwi Park School model financial statements).

Schools should be actively managing outstanding leave balances where the balance is high. This will assist in reducing the leave liability for which your school is required to account for but also reduce the financial cost once an employee resigns.

### What you will receive

There are three leave liability reports as follows:

#### 1. Annual leave (AL) liability for 52-week employees:

These employees are employed to work for 52 weeks per year and accrue and use annual leave during those 52 weeks. For this group of employees, the estimated leave liability is calculated as follows:

$$\text{Ordinary Daily Rate} = \text{Daily Salary Rate} + \text{Daily Allowance Rate}$$
$$\text{Estimated Leave Liability} = \text{AL Balance at end of PP202220} * \text{Ordinary Daily Rate} * \text{FTTE \%}$$

#### 2. Annual leave liability for term-time only auto and time sheet employees:

These employees are employed during term time only and their holiday pay is paid in a lump sum at the end of each year. A common anniversary date (1 December 2021 – end of PP202218) is used to calculate the end of year holiday pay payments. Therefore, term-time only leave liability is based on earnings of PP202219 to PP202220. The necessary leave liability is calculated as follows:

$$\text{Estimated Leave Liability at 01/01/2022}$$
$$\text{Holiday Pay \%} * (\text{Earnings PP202219} + \text{PP202220})$$

#### 3. Long service leave (LSL):

For this group of employees, the estimated leave liability is calculated as follows:

$$\text{Ordinary Daily Rate} = \text{Daily Salary Rate} + \text{Daily Allowance Rate}$$
$$\text{Liability Value} = \text{LSL Balance} * \text{Ordinary Daily Rate} * \text{FTTE \%}$$

The leave liability reports contain the detailed information needed to report a liability in dollar terms for annual leave and long-service leave for your non-teaching staff. They show the details used in the calculation of the estimated value of outstanding leave balances as at the end of the pay fortnight ending 31 December 2021.

Because employees have different employment agreements and leave provisions, the leave liability is calculated in a number of different ways depending on these variables.



- Leave liability is only calculated/reported up to the end of pay period 202220.
- If you believe the amount involved is not material, you do not need to recognise the liability.
- Please do not report a liability for sick leave. No provision is required to be recognised for sick leave for any employees. This is irrespective of whether a school is above its teaching entitlement. In practice most sick leave is funded by the Ministry.
- No liability exists for casual employees, as holiday pay is paid with earnings during each pay period.
- The leave liability report does not contain any data regarding retirement leave; this will need to be calculated by your school. Should your school have employees that are entitled to retirement leave and this amount is material, you should include this as a leave liability.
- These liabilities represent the balance as at the end of PP202220. Prior to adjusting for 2021 the 2020 leave balance should be reversed and the balances for 2021 recognised.

## How to download the leave liability reports

Follow these steps to download the leave liability reports for 52-week employees, term-time only employees and long service leave.

1. Log in to [EdPay](#) using your username and password.
2. Go to **Reports** > Select the correct Leave Liability report from the dropdown list.
3. Click **CSV** to download each of the reports.

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## Accounting for leave liabilities

The reports contain details of your employees for whom the estimated leave liability has been calculated, the total leave liability is in the *Liability Value* column.

If you agree with leave report then recognise the total as a liability and report it in the school's accounts payable (employee entitlements – leave accrual) note 15 in the Kiwi Park model financial statements.

If you believe the leave report to be incorrect, do the following:

- Prepare a work paper based on the EdPay leave report and include amounts that you believe are correct. You will need to keep your work paper and provide supporting evidence to support the amounts you wish to recognise in your financial statements for your auditor.

When you are satisfied that the amount owing to employees for the leave type is materially correct, prepare a journal to recognise the total as a liability and report it in the school's accounts payable (employee entitlements – leave accrual) note 15 in the Kiwi Park model financial statements.

### Part 1: To remove the current balance

Debit	Accounts payable – Employee Entitlements - leave accrual	##,###
Credit	Employee benefits - salaries (in Administration, Learning Resources or Property as appropriate)	##,###
Narrative: To reverse the prior year recognition of the 52-week Annual Leave/TTO Annual Leave/Long Service Leave liability		

## Part 2: To record the current position.

Debit	Employee benefits - salaries <i>(in Administration, Learning Resources or Property as appropriate)</i>	##,###
Credit	Accounts payable – Employee Entitlements - leave accrual	##,###
Narrative: To recognise 52-week Annual Leave/TTO Annual Leave/Long Service Leave liability to PP202220. <i>(Tip - use EdPay 52-week leave Liability Report)</i>		

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### Leave liability that cannot be reliably estimated

If, even after all checks and efforts made to reconcile the leave liability, the Board still considers the data unreliable, or the school does not have suitable records\*, then the leave liability should not be included in the 2021 financial statements and will need to be disclosed as a contingent liability in the notes. For example:

*“The Board has a liability for leave for {who and type of leave} which has not been able to be quantified due to the unreliability of the underlying leave records for these staff. Accordingly, no liability has been included in the Financial Statements.”*

An exercise was carried out during 2015 to confirm the leave balances in the EdPay system, we expect that it would be very unlikely that a leave balance cannot be recognised.

**\* Boards should establish and maintain a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting – this includes maintaining employment records.**

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## School Annual Accrual Report Certification

SAAR certification (also referred to as payroll certification) is relied upon by your auditor as evidence that the Board has reviewed the payroll information for completeness and accuracy.

Follow these steps to complete the 2021 SAAR certification.

1. Go to the [#SAAR documents](#)  and click on the *2021 SAAR certification* link.
2. Download and print the form.
3. Both the principal and the presiding member will need to sign the 2021 SAAR certification, as it is necessary for your audit.
4. Provide a copy of the signed 2021 SAAR certification to your auditor.
5. File the 2021 SAAR certification on the school's payroll file for the year.

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## Reconciliation

Prepare a reconciliation of the payroll amounts in your financial statements to the SAAR, including explanations for any variances, and provide this to your auditor as part of the supporting documents for the audit. The variances will include any amounts recognised in the financial statements from the other payroll reports, being the payroll error schedules, banking staffing and leave liability reports.