

## When does Unpaid Leave Accrue?

### 1.1 Fair Work Act

The National Employment Standards (NES) say that annual leave will not accrue on unpaid leave unless it is Community Service leave or it is provided for in an award or agreement.

<http://www.fairwork.gov.au/leave/annual-leave>

### 1.2 Settings Impacting Accruals on Unpaid Leave

#### *Pay Period Valuation Method setting – EXO Payroll Settings Annual Leave*

This setting controls the accrual of leave, if ticked it will allow leave to be accrued even if equivalent hours haven't been worked. The calculation is based on the figure in Standard Pay – Hours Paid.

The screenshot shows the 'Setup Payroll' window with the 'Annual leave' section selected in the left-hand menu. The 'Annual leave' settings are as follows:

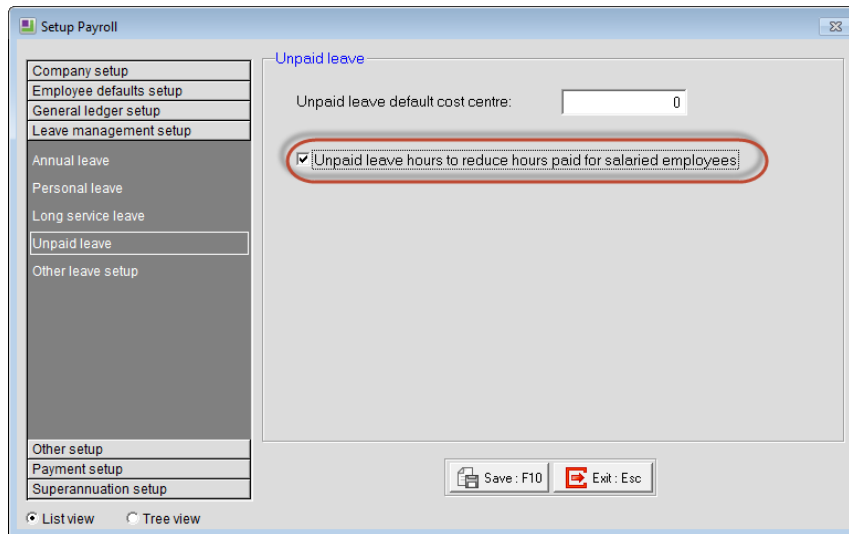
- Use company anniversary date as annual leave entitlement date
- Company anniversary date: //
- Leave loading tax-free threshold: 320.00 (valid for periods prior to FY 2012/13 only)
- Annual leave default cost centre: 0
- Pay period valuation method (circled in red)
- Do not allow employees to accrue more leave than current period entitlement
- Use a proportion of annual entitlement as maximum accrual in each period
- Use annual entitlement as maximum accrual in each period
- Allow employees to accrue more leave than current period entitlement

At the bottom of the window, there are buttons for 'Save : F10' and 'Exit : Esc', and view options for 'List view' and 'Tree view'.

If unticked, leave will calculate on actual hours worked as per the current pay run.

#### *Unpaid leave hours – EXO Payroll Settings Unpaid leave*

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This setting has no impact on leave accruing on Unpaid Leave.  
*Recording Unpaid Leave during Current Pay within Leave Management.*

## 1.3 Reporting of Unpaid Leave

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### The Demonstration Company

#### Unpaid Leave Report

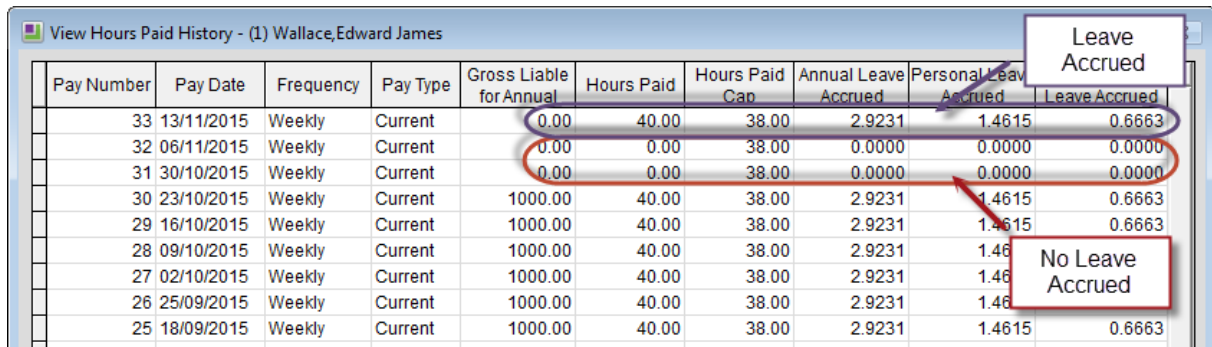
Pay Period Date from 01/07/1501 to 01/12/2015, Employee Code from 1 to 1

Employee	Date	Hours Taken	Current Std Hourly Rate	Productive Value	Cost Centre
1	Wallace, Edward James				
	14/08/2015	25.00	25.0000	625.00	2210 NSW/Accounts/Wages
	28/08/2015	40.00	25.0000	1000.00	2210 NSW/Accounts/Wages
	04/09/2015	25.00	25.0000	625.00	2210 NSW/Accounts/Wages
	30/10/2015	40.00	25.0000	1000.00	2210 NSW/Accounts/Wages
	06/11/2015	40.00	25.0000	1000.00	2210 NSW/Accounts/Wages
	13/11/2015	40.00	25.0000	1000.00	2210 NSW/Accounts/Wages
		210.00		5250.00	
		<b>210.00</b>		<b>5250.00</b>	

By recording unpaid leave in Leave Management during running current pays there is a history of leave taken.

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## 1.4 How to Identify Incorrect Leave Accruals



Pay Number	Pay Date	Frequency	Pay Type	Gross Liability for Annual	Hours Paid	Hours Paid Cap	Annual Leave Accrued	Personal Leave Accrued	Leave Accrued
33	13/11/2015	Weekly	Current	0.00	40.00	38.00	2.9231	1.4615	0.6663
32	06/11/2015	Weekly	Current	0.00	0.00	38.00	0.0000	0.0000	0.0000
31	30/10/2015	Weekly	Current	0.00	0.00	38.00	0.0000	0.0000	0.0000
30	23/10/2015	Weekly	Current	1000.00	40.00	38.00	2.9231	1.4615	0.6663
29	16/10/2015	Weekly	Current	1000.00	40.00	38.00	2.9231	1.4615	0.6663
28	09/10/2015	Weekly	Current	1000.00	40.00	38.00	2.9231	1.4615	0.6663
27	02/10/2015	Weekly	Current	1000.00	40.00	38.00	2.9231	1.4615	0.6663
26	25/09/2015	Weekly	Current	1000.00	40.00	38.00	2.9231	1.4615	0.6663
25	18/09/2015	Weekly	Current	1000.00	40.00	38.00	2.9231	1.4615	0.6663

## 1.5 How to Fix Incorrect Liabilities

- Process One-Off pays to reverse the incorrect entries (we recommend reversing the entire pay at the original date, though this may not be practical).
- Untick the Pay Period Valuation Method. Or Vice Versa.
- Process One-Off pays for the same entries at the same date as the reversal.
- Compare the Leave History report totals with your balances in the Leave Provision accounts and do adjusting journals as required.

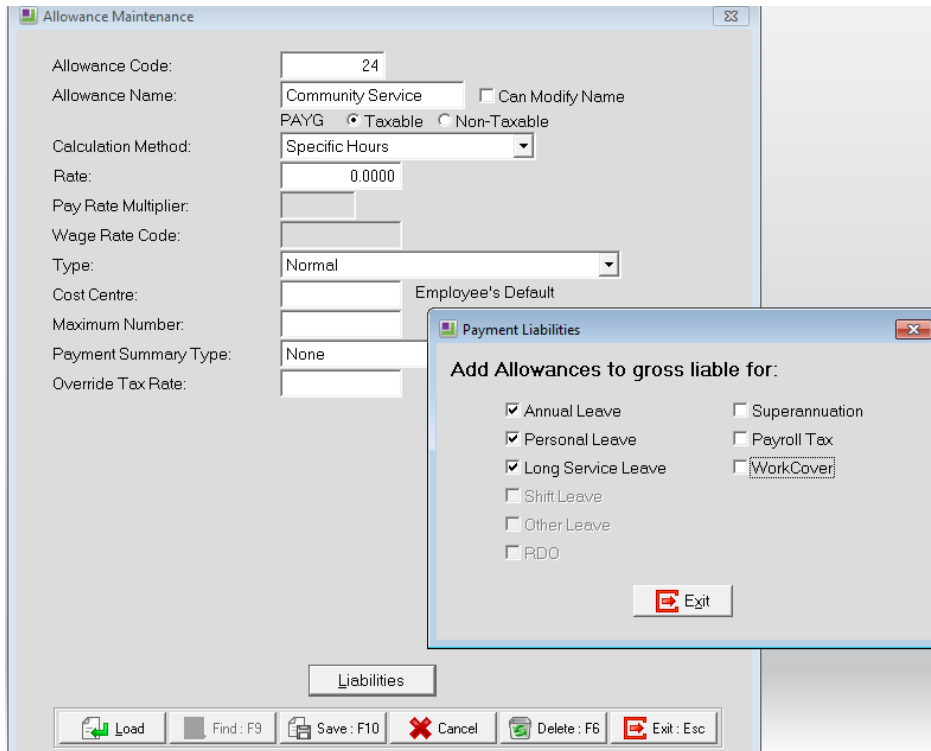
## 1.6 Configuration Required

Decide whether you require your employees to accrue leave while on unpaid leave.

If you have staff that take unpaid leave of community service and you prefer to have Pay Period Valuation turned off then an allowance needs to be set up for Community Service etc with the following:

- Specific Hours of 0
- PAYG Taxable
- Appropriate Liability boxes ticked
- When used on a current pay only the hours to be entered, no value.

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Allowance Maintenance

Allowance Code: 24

Allowance Name: Community Service  Can Modify Name

PAYG  Taxable  Non-Taxable

Calculation Method: Specific Hours

Rate: 0.0000

Pay Rate Multiplier:

Wage Rate Code:

Type: Normal

Cost Centre: Employee's Default

Maximum Number:

Payment Summary Type: None

Override Tax Rate:

Payment Liabilities

Add Allowances to gross liable for:

- Annual Leave
- Personal Leave
- Long Service Leave
- Shift Leave
- Other Leave
- RDO
- Superannuation
- Payroll Tax
- WorkCover

Exit

Liabilities

Load Find: F9 Save: F10 Cancel Delete: F6 Exit: Esc

## 1.7 Customisation Required

No customisation is required to support this process.

## 1.8 Change Management

Corrections need to be made to the existing payroll and EXO Business for Liability adjustment.

## 1.9 Known Issues

There are no known issues that would impact this process.