



# 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 (recommended) 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.

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 2023 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): 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: lists the names of any teachers who were paid from teachers' salaries (TS) and how many full-time teacher equivalents (FTTEs) each teacher has used for each pay period. This is compared to the FTTE staffing entitlement in each period, generating a YTD staffing balance in FTTE and \$ (under, over or balanced).
- 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: provide details of the outstanding leave liabilities for non-teaching staff that you need to recognise in your financial statements.

## Key Dates



### 2 February 2024

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.
- If there was no S01 principal at pay period 21 please contact us at [school.finances@education.govt.nz](mailto:school.finances@education.govt.nz) for the password.

### 31 March 2024

Your draft 2023 financial statements must be with your auditor by 31 March 2024. We encourage Boards to send draft accounts to their auditor well before this date if possible.

### 31 May 2024

Your 2023 annual report, including audited financial statements, must be submitted to the Ministry by 31 May 2024.

## 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 2023 financial statements, contact your Ministry School Finance Adviser:

School Finance Adviser	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>
Lesley Winstanley	Auckland	Phone: 09 638 2850 Email: <a href="mailto:lesley.winstanley@education.govt.nz">lesley.winstanley@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>
Daryl Stewart	Waikato	Phone: 07 850 8996 Email: <a href="mailto:daryl.stewart@education.govt.nz">daryl.stewart@education.govt.nz</a>
Adrian Edwards	Bay of Plenty, Waiariki	Phone 07 343 1389 Email: <a href="mailto:adrian.edwards@education.govt.nz">adrian.edwards@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. Check 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 teachers' 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 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 2022? If yes, ensure any amounts refunded or repaid in the year have been properly recorded in your financial statements – see [overpayments](#).
  - For teachers' 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 for all years material? If yes, make an adjustment in your financial statements – see [funding code errors](#). Possible error types are BG should be TS, TS should be BG, centrally funded (CF) should be TS or BG.

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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 form](#), 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 Adviser.

# 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 2023 to 27 January 2024.

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 2023 to 27 January 2024. Please note that pay period 23 at the beginning of this reporting period and pay periods 22 and 23 at the end of this reporting period are prorated estimates, as explained below.
- Totals for salaries funded from bulk grant, teachers' 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 (PP202323, beginning payroll year) covers 28 January 2023 to 7 February 2023. This is an 11 day period.
- The ending pay period (PP202423) covers 24 January 2024 to 27 January 2024, so the daily rate has been calculated using amounts from pay period PP202421 to estimate the relevant prorated salary from 10 January 2024 to 27 January 2024 which are shown as pay periods PP202422 and PP202423.
- For the 2023 year end apportionment, the PP202423 accrual includes 4 days, 24 January 2024 to 27 January 2024, to cover the full year. The total accrual apportionment for the 2023 year covers the 14 day period 10 January 2024 to 23 January 2024 plus the 4 days 24 January 2024 to 27 January 2024.

#### Note:

- *Beginning of the year - if no payments were made in PP202323, an accrual is calculated for PP202323 based on the data from PP202322.*
- *If an employee shows as having worked 28 pay periods, it is because the accrual periods 202322 and 202423, prorated as explained above, are included for all staff.*
- *End of year - Any large or unusual transactions in PP202421 could have a material impact on the PP202422 and PP202423 accrual calculation. These should be taken into consideration and the accrual adjusted appropriately based on the actual costs incurred in pay periods PP202422 and PP202423. If you require any assistance with this, please contact your School Finance Adviser.*

## How 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 2023: 28-Jan-2023 to 27-Jan-2024.
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>teachers' salaries</i> and, if applicable, <i>other</i> . An employee may appear under more than one of these funding types.
Job	EdPay job number. An employee may have more than one job.
Periods	Number of pay periods in which an employee has been paid, including pay periods 202422 and 202423 if an accrued value has been estimated.
Amounts	Total amount that the employee was paid during the reporting period.
Total	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 SAAR just totals the ACC Leivable Earnings column. This means that it may be higher than the maximum ACC Leivable Earnings for the school|kura. This figure is intended to be used as an **estimate only** to accrue for the ACC levies payable.

### Estimated annual earnings for principals

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

<u>Name</u>	<u>Salary &amp; Allowances</u>	<u>Benefits</u>	<u>Total</u>
	\$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 the Remuneration note in the Kiwi Park model financial statements.

If more than one principal has been paid by your school during 2023, 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 2023 financial statements. The review should be based on your knowledge of the staff employed during the year, 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 done by the same people. The review of the SAAR is normally done by the person that does 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 2023.

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 2023 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 TOTALS", "ACC LEVY", and "ACC PAYABLE BY MINISTRY" 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	9-Jan-24	\$136,507.37	\$509,439.41	\$886.30	\$646,833.08
22	23-Jan-24	\$136,507.37	\$509,439.41	\$886.30	\$646,833.08
23	6-Feb-24	\$39,002.11	\$145,554.12	\$253.23	\$184,809.45

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-2023 TO 27-JAN-2024				
Description	Bulk Grant	Teacher Salary	Other	Total
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):			
Name	Salary & Allowances	Benefits	Total
Principal's name	\$132,002.21	\$3,960.02	\$135,962.23

## Accounting for teachers' 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	9,361,131
Credit	Government grants – Teachers' salaries grants	9,361,131
Narrative: To account for teachers' salaries for the 2023 year.		

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

Debit	Learning resources – Employee benefits – salaries	16,022
Credit	Government grants – Government grants – Ministry of Education	16,022
Narrative: To account for other Ministry funded salaries for the 2023 year.		



All schools need to recognise accruals for teachers' salaries paid after 31 December 2023 and ACC levies payable. We set out the relevant journals below:

#### Journal example A (Part 3) – Accrual for teachers' salaries paid after 31 December 2023

Debit	Accounts receivable – Teachers' salaries grant receivable	1,128,044
Credit	Accounts payable – Teachers' salaries grant payable	1,128,444
Narrative: To account for teachers' salaries paid after 31 December 2023. <i>Tip, this should be the sum of teachers' salary from the SAAR, period 21 (\$509,439.41), 22 (\$509,439.41) &amp; 23 (\$145,554.12)</i>		

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

Debit	Learning resources – Employee benefits – salaries	34,508
Credit	Accounts Payable – Employee Entitlements – Salaries	34,508
Debit	Accounts receivable – Teachers' salaries grant receivable	34,508
Credit	Government grants – Teachers' salaries grants	34,508
Narrative: To account for ACC levy payable by the Ministry on teachers' salaries and "other" funded salaries for the 2023 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 in 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 2023) for other non-teaching staff. Part or all of this leave liability is paid during PP21, PP22 & PP23. Take care not to record this liability twice.

#### Journal example B (Part 1) – Accrual for bulk grant funded teachers and annualised employees pay after 31 December 2023

Debit	Employee benefits – Salaries <i>(in administration, learning resources, or property)</i>	302,266
Credit	Accounts payable – Employee entitlements - salaries	302,266
Narrative: To account for non-teachers' salaries paid after 31 December 2023. <i>Tip, this should be the sum of "SUE annual accruals" funded by the bulk grant for periods 21 (\$136,507.37), 22 (\$136,507.37) &amp; 23 (\$39,002.11) from SAAR.</i>		

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

Debit	Administration – Employee benefits – Salaries	11,340
Credit	Accounts payable – Employee entitlements - salaries	11,340
Narrative: To account for ACC on non-teachers' salaries for the 2023 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. 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 2023 year.		

### Banking staffing underuse

If a school underuses banking staffing it will receive confirmation from the Ministry after 31 March 2024, following the wash-up period, of how much it will receive back.

**Scenario 1:** 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.

#### 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 2023 year.		

**Scenario 2:** If the accounts are signed off before the wash-up information is available, the amount of the receivable is uncertain and cannot be recognised in the school’s financial statements. Please note that the banking staffing underuse is shown in the banking staffing report at the overuse rate, and is not capped at 10% of the total entitlement.

If material, the school should disclose it as a contingent asset, as shown in the contingencies note 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 2023. 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 2024 financial 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. 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. |
| 2. 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 to find the [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 2023 financial statements.

The error schedules contain all errors up until PP14. For a small number of schools, 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.

## Overpayments

### 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 first blue box marked 2023](#). Only recognise overpayments if they are material to the users of the annual report.

If “2023 total TS gross” (line 81) 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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- **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 2022?**
- **Are 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  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 2023.
- *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 should 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 2022 (or earlier) have been accounted for in your 2022 financial statements as a receivable, any repayments and refunds received by your school during 2023 should have been recorded against the receivable.

You have now been provided with the amounts for 2023. If there are any other overpayments that you have not recognised, the treatment will depend on whether they are TS or BG. These overpayments could relate to previous years.

If you have already completed overpayment journals for 2023 in your accounts to record overpayments notified to the school, you should check those journals against the figures in the  tab.

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

**Table 1 - Overpayments example**

1	1	2012 Total TS gross	-
1	2	2012 Total BG gross	-
1	3	2012 Total BG repayments	-
1	4	2012 Total BG refunds	-
1	5	2013 Total TS gross	-
1	6	2013 Total BG gross	-
1	7	2013 Total BG repayments	-
1	8	2013 Total BG refunds	-
1	9	2014 Total TS gross	172,980
1	10	2014 Total BG gross	236,745
1	11	2014 Total BG repayments	204,480
1	12	2014 Total BG refunds	33,021
1	13	2015 Total TS gross	160,380
1	14	2015 Total BG gross	185,445
1	15	2015 Total BG repayments	169,380
1	16	2015 Total BG refunds	35,532
1	17	2016 Total TS gross	16,758
1	18	2016 Total BG gross	152,037
1	19	2016 Total BG repayments	97,758
1	20	2016 Total BG refunds	31,356
1	21	2017 Total TS gross	117,891
1	22	2017 Total BG gross	27,036
1	23	2017 Total BG repayments	20,682
1	24	2017 Total BG refunds	6,354

**Table 1 - Overpayments example continued**

1	25	2018 Total TS gross	91,737
1	26	2018 Total BG gross	33,057
1	27	2018 Total BG repayments	23,841
1	28	2018 Total BG refunds	8,676
1	29	2019 Total TS gross	-
1	30	2019 Total BG gross	2,853
1	31	2019 Total BG repayments	1,845
1	32	2019 Total BG refunds	1,008
1	33	2020 Total TS gross	-
1	34	2020 Total BG gross	-
1	35	2020 Total BG repayments	-
1	36	2020 Total BG refunds	-
1	37	2021 Total TS gross	-
1	38	2021 Total BG gross	-
1	39	2021 Total BG repayments	-
1	40	2021 Total BG refunds	-
1	41	2022 Total TS gross	59,994
1	42	2022 Total BG gross	-
1	43	2022 Total BG repayments	-
1	44	2022 Total BG refunds	-
1	45	2023 Total TS gross	33,066
1	46	2023 Total BG gross	12,861
1	47	2023 Total BG repayments	990
1	48	2023 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 first blue box marked 2023.](#)

## Overpayment adjustments

### Teachers’ 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 2023 year funded from teachers’ salaries (TS overpayments line 81), then:

- You should review the amounts shown in the **1. Overpays** tab to check these are consistent with your records.
- If the TS overpayments for 2023 are material for your school, adjust the teachers’ salaries figures using the amount in line 81 (2023 Total TS Gross) on the **Summary** tab, as follows:

### Journal G example – Teachers’ salaries overpayments:

Debit	Government grants – Teachers’ salaries grant	3,674
Credit	Learning resources – Employee benefits – salaries	3,674
Narrative: To adjust Ministry of Education teachers’ salaries overpayments for the year 2023. (Tip - use line 81, <a href="#">if you use the template this is the amount in the bottom blue box marked 2023</a> )		

### Bulk grant (BG)

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

- If you have already accounted for overpayments in 2023 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 **1. 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 shown in the Accounts Receivable note in the Kiwi Park model financial statements.
- First remove any existing accounts receivable – receivables balance, if applicable, and then record the 2023 value of all BG overpayments receivable as the new accounts receivable – receivables balance.

### Journal H example – bulk grant overpayment:

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

Debit	Employee benefits - salaries ( <i>in administration, learning resources, or property as appropriate</i> )	3,240
Credit	Accounts receivable - receivables	3,240
Narrative: To reverse staff salary overpayments made by the school for the year 2022 (and prior) that are being recovered by the school. <i>Tip – add lines 38, 42, 46, 50, 54, 58, 62, 66, 70, 74, 78 less lines 39, 40, 43, 44, 47, 48, 51, 52, 55, 56, 59, 60, 63, 64, 67, 68, 71, 72, 75, 76, 79, and 80. <a href="#">If you use the template this is the amount in the first blue box marked 2022.</a></i>		

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

Debit	Accounts receivable - receivables	15,111
Credit	Employee benefits - salaries ( <i>in administration, learning resources, or property as appropriate</i> )	15,111
Narrative: To recognise staff salary overpayments made by the school for the year 2023 (and prior) that are being recovered by the school. <i>Tip – add lines 38, 42, 46, 50, 54, 58, 62, 66, 70, 74, 78, 82 less lines 39, 40, 43, 44, 47, 48, 51, 52, 55, 56, 59, 60, 63, 64, 67, 68, 71, 72, 75, 76, 79, 80, 83, and 84. <a href="#">If you use the template this is the amount in the first blue box marked 2023.</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 and it is material, it should be disclosed in the 2023 financial statements as a contingent asset. A disclosure note (as shown in the contingencies note 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. Likewise, where an overpayment has not been recovered and written off partially, or in full, by the Board during 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.

Debit	Other Expenses – Loss on Uncollectable Accounts Receivable	##,###
Credit	Accounts receivable – Allowance for impairment of receivables	##,###
Narration: Impairment of overpayment to employee # period xx		

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## Funding code errors

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

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

### What you will receive

The  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 teachers' salaries that should be bulk grant.
- *Charged to BG and should be TS* – amounts incorrectly charged to bulk grant that should be teachers' 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 (CF) that should be teachers' 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 if 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 it was paid from TS or BG).

The following is an example extracted from the  tab.



**Table 2 - Funding code errors example**

2	49	2012 Charged to BG and should be TS	-
2	50	2012 Charged to TS and should be BG	-
2	51	2012 Charged to CF and should be TS	-
2	52	2012 Charged to CF and should be BG	-
2	53	2013 Charged to BG and should be TS	-
2	54	2013 Charged to TS and should be BG	-
2	55	2013 Charged to CF and should be TS	-
2	56	2013 Charged to CF and should be BG	-
2	57	2014 Charged to BG and should be TS	26,037
2	58	2014 Charged to TS and should be BG	-
2	59	2014 Charged to CF and should be TS	-
2	60	2014 Charged to CF and should be BG	-
2	61	2015 Charged to BG and should be TS	16,866
2	62	2015 Charged to TS and should be BG	-
2	63	2015 Charged to CF and should be TS	-
2	64	2015 Charged to CF and should be BG	-
2	65	2016 Charged to BG and should be TS	27,144
2	66	2016 Charged to TS and should be BG	100,971
2	67	2016 Charged to CF and should be TS	-
2	68	2016 Charged to CF and should be BG	-
2	69	2017 Charged to BG and should be TS	101,637
2	70	2017 Charged to TS and should be BG	21,006
2	71	2017 Charged to CF and should be TS	-
2	72	2017 Charged to CF and should be BG	-

**Table 2 - Funding code errors example continued**

2	73	2018 Charged to BG and should be TS	34,101
2	74	2018 Charged to TS and should be BG	19,134
2	75	2018 Charged to CF and should be TS	-
2	76	2018 Charged to CF and should be BG	-
2	77	2019 Charged to BG and should be TS	11,169
2	78	2019 Charged to TS and should be BG	12,033
2	79	2019 Charged to CF and should be TS	-
2	80	2019 Charged to CF and should be BG	-
2	81	2020 Charged to BG and should be TS	9,963
2	82	2020 Charged to TS and should be BG	29,592
2	83	2020 Charged to CF and should be TS	-
2	84	2020 Charged to CF and should be BG	-
2	85	2021 Charged to BG and should be TS	990
2	86	2021 Charged to TS and should be BG	10,827
2	87	2021 Charged to CF and should be TS	-
2	88	2021 Charged to CF and should be BG	-
2	89	2022 Charged to BG and should be TS	31,185
2	90	2022 Charged to TS and should be BG	17,460
2	91	2022 Charged to CF and should be TS	11,115
2	92	2022 Charged to CF and should be BG	17,730
2	93	2023 Charged to BG and should be TS	22,185
2	94	2023 Charged to TS and should be BG	8,460
2	95	2023 Charged to CF and should be TS	2,115
2	96	2023 Charged to CF and should be BG	8,730

**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 CF 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 2023.

## Funding code adjustments

### Incorrect coding to teachers' salaries

If the coding error resulted in incorrect coding to teachers' 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 the accounts payable note in your financial statements, as follows:

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

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

Debit	Accounts Payable – Creditors	228,753
Credit	Government grants – Teachers' salaries grant	228,753
Narrative: To reverse the recognition of staff incorrectly coded to teachers' salaries grant for the year 2022.		
<i>Tip – Add lines 86, 90, 94, 98, 102, 106, 110, 114, 118, 122, and 126.</i>		
<a href="#">If you use the template this is the amount in the second blue box marked 2022.</a>		

## Part 2: To record the current position.

Debit	Government grants – Teachers’ salaries grant	245,943
Credit	Accounts Payable – Creditors	245,943
Narrative: To recognise staff incorrectly coded to teachers’ salaries grant for the year 2023. <i>Tip – Add lines 86, 90, 94, 98, 102, 106, 110, 114, 118, 122, 126, and 130.</i> <a href="#">If you use the template this is the amount in the second blue box marked 2023.</a>		

### Incorrect coding to bulk grant

If the coding error resulted in incorrect coding to bulk grant instead of teachers’ 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 the accounts receivable note in your financial statements as follows:

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

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

Debit	Government grants – Teachers’ salaries grant	270,207
Credit	Accounts receivable – Receivables from the Ministry of Education	270,207
Narrative: To reverse the recognition of staff incorrectly coded to bulk grant for the year 2022. <i>Tip – Add rows 85, 89, 93, 97, 101, 105, 109, 113, 117, 121, and 125.</i> <a href="#">If you use the template this is the amount in the third blue box marked 2022.</a>		

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

Debit	Accounts receivable - Receivables from the Ministry of Education	294,507
Credit	Government grants – Teachers’ salaries grant	294,507
Narrative: To recognise staff incorrectly coded to bulk grant for the year 2023. <i>Tip – Add rows 85, 89, 93, 97, 101, 105, 109, 113, 117, 121, 125, and 129.</i> <a href="#">If you use the template this is the amount in the third blue box marked 2023.</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.

**Note:** if you have already written off balances in the 2022 financial year, please consult with your Financial Service Provider.

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## Local payments made by schools



**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.**

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		

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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 is funded from bulk grant, teachers' salaries, or another funding source.

The liability should be reported in the school's accounts payable note as shown in the Kiwi Park model financial statements.

Schools should actively manage outstanding leave to prevent high balances. This helps employee wellbeing and can help 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. They accrue and use annual leave during those 52 weeks. For this group of employees, the estimated leave liability is calculated as follows:

$$\begin{aligned} \text{Ordinary Daily Rate} &= \text{Daily Salary Rate} + \text{Daily Allowance Rate} \\ \text{Estimated Leave Liability} &= \text{AL balance at end of PP202420} * \text{Ordinary Daily Rate} * \text{FTTE \%} \end{aligned}$$

#### 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 2023 – end of PP202418) is used to calculate the end of year holiday pay payments. Therefore, term-time only leave liability is based on earnings of PP202419 to PP202420 which have accrued holiday pay since the lump sum was paid. The necessary leave liability is calculated as follows:

$$\text{Estimated Leave Liability at 01/01/2024} * \text{Holiday Pay \%} * (\text{Earnings PP202419} + \text{PP202420})$$

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

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

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

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 closest to 31 December 2023.

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



- Leave liability is only calculated/reported up to the end of pay period 202420.
- 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. If your school has employees that are entitled to retirement leave and this amount is material, you should include this as a leave liability. NZSTA can help you determine if specific staff are entitled to retirement leave and if the amount is likely to be material.
- These liabilities represent the balance as at the end of PP202420. Prior to adjusting for 2023, reverse the 2022 leave balance and then record the 2023 balances.

## 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 the leave report, then recognise the total as a liability and report it in the school's accounts payable note as shown 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 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 note in the financial statements.

### Part 1: To remove the old 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
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**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 PP202420. (Tip - use EdPay 52-week leave liability report)		

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**Leave liability that cannot be reliably estimated**

After all checks and efforts made to reconcile the leave liability, if 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 2023 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 {a/some staff member(s) 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. Therefore, 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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**Leave Liabilities that do not appear on the EdPay Leave report**

If your school employs staff under the Specialist Residential Schools' Collective Agreement or pays specialist and support staff through a separate payroll, you will need to separately account for their annual leave liability in your financial reporting. Note permission from the Secretary for Education is required to operate a payroll for specialist and support staff.

Education Payroll Limited cannot include these staff on your leave liability report, as they do not have the necessary information to calculate the liability.

Note 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.

## Calculation of annual leave liability for staff not on EdPay leave report

**Annual leave liability for staff that take annual leave during the year (i.e. leave is not paid out at the end of year)**

**Scenario 1: Payroll system includes annual leave accrued since the employee's leave anniversary:**

Leave liability can be calculated by multiplying the employee's annual leave balance as at 31 December (or the nearest pay period) by their daily rate.

Daily rate in this context is normally considered to be one tenth of the employee's regular gross fortnightly pay. If the employee works less than 10 days per fortnight you will need to adjust according to the days they actually work. "Regular" pay excludes any irregular payments of salary or allowances. Extra hours or one-off payments like event-based tiaki allowance are irregular payments.

### Example

A full-time employee with an annual leave balance of 33 days (inclusive of accrued annual leave) and a regular gross fortnightly pay of \$2,000.

Annual leave liability = 33 days × \$2,000 fortnightly pay ÷ 10 days per fortnight = \$6,600.

Accounting for this leave liability would follow the same journal entries and noted in the [Leave liability reports section of this guidance](#).

**Scenario 2: Payroll system does not include annual leave accrued since the employee's leave anniversary:**

In addition to the above calculation based on the annual leave balance from the payroll system, you will also need to account for the holiday pay accrued since the leave anniversary. This can be calculated by multiplying the employee's earnings since their last anniversary by their holiday pay percentage rate.

The employee's holiday pay percentage rate is dependent on their years of service and will be one of the following:

- 8.0% for employees with less than five years of current continuous service in a state or integrated school.
- 9.2% for employees who have five years of current continuous service in a state or integrated school.
- 10% for employees who have ten years of current continuous service in a state or integrated school.

### Example

A full-time employee with less than five years of service, an annual leave balance of 13 days (exclusive of accrued annual leave), a regular gross fortnightly pay of \$2,000, and earnings of \$46,000 since their last leave anniversary.

Annual leave balance = 13 days × \$2,000 fortnightly pay ÷ 10 days per fortnight = \$2,600.

Holiday pay due = \$46,000 earnings since anniversary × 8% (0.08) = \$3,680.

Total leave liability = annual leave balance \$2,600 + holiday pay due \$3,680 = \$6,280.

Accounting for this leave liability would follow the same journal entries and noted in the [Leave liability reports section of this guidance](#).

### **Annual leave liability for staff that have annual leave paid at the end of the year**

Annual leave liability for these staff can be calculated by multiplying the employee's earnings for the "all pays" in the month of December by their holiday pay percentage rate.

The employee's holiday pay percentage rate is dependent on their years of service and will be one of the following:

- 8.0% for employees with less than five years of current continuous service in a state or integrated school
- 9.2% for employees who have completed five years of current continuous service in a state or integrated school
- 10% for employees who have completed ten years of current continuous service in a state or integrated school

### **Example**

A full-time employee with seven years of service, and "all pays" earnings of \$6,000 in the month of December.

Annual leave liability = \$6,000 earnings × 9.2% (0.092) = \$552.


Accounting for this leave liability would follow the same journal entries and is noted in the [Leave liability reports section of this guidance](#).



## 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 2023 SAAR certification.

1. Go to the [#SAAR documents](#)  and click on the *SAAR certification* link.
2. Download and print the form.
3. Both the principal and the presiding member will need to sign the 2023 SAAR certification as it is necessary for your audit.
4. Provide a copy of the signed 2023 SAAR certification to your auditor.
5. File the 2023 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 recognized in the financial statements from the other payroll reports, being the payroll error schedules, banking staffing and leave liability reports.