



County of Riverside
OFFICE OF THE AUDITOR-CONTROLLER
STANDARD PRACTICE MANUAL

		SUBJECT: Deceased Employee Payout of Wages and Leave Balances
SECTION:	2	CATEGORY: Payroll
POLICY NUMBER:	216	
EFFECTIVE DATE:	7/1/13	APPROVED BY: <i>Paul Arreguto</i>

PURPOSE:

To establish policies, procedures, and clarification of the role of the Auditor-Controller's Office (ACO) in processing beneficiary payments for deceased employees.

SCOPE:

Applies to all County departments, agencies, special districts, and authorities—collectively referred to as “entities”—that are governed by the Board of Supervisors or that are considered part of the County reporting entity.

POLICY:

It is the policy of the ACO to follow the strict legal requirements as set forth by *State and Federal Law; California Probate Code, Sections 13600–13606; and Memorandum of Understandings (MOUs)* with regard to processing deceased employee payouts of leave balances.

PROCEDURE:

Upon hire, all County employees are required to complete the *Designation of Person to Receive Warrants or Checks upon Death of Employee* beneficiary designation form. These forms are maintained in each employee's file with their respective department. Upon change of employment, the beneficiary form must be completed in the new department. The ACO only processes payments for wages and/or leave hours due. Insurance claims are processed through Human Resources.

Employee's Role:

- Complete the *Designation of Person to Receive Warrant or Check upon Death* beneficiary designation forms when hired.
- Notify and complete a new form when transferring departments or when updates are required.

Human Resources Role:

- Human Resources will update the employee's status to deceased (DEA) in PeopleSoft Job Data module.
- Send the beneficiary informational letter to the employee's beneficiary or the employee's last known address.
- Send a copy of the beneficiary informational letter and the *Designation of Person to Receive Warrants or Checks upon Death of Employee* form to the ACO Payroll Division.

ACO Payroll Division's Role:

- Calculate, process, and keep record of beneficiary payments.
- Verify that the deceased employee status has been updated in PeopleSoft Job Data module.
- Process payouts to include wages, adjustments, and leave balances due to the deceased employee.
- Establish a vendor code for the beneficiary or estate of the employee.
- Create a voucher in PeopleSoft financials to issue the Category-5 payment.
- Update employee record after payment.

Note: Deceased employee beneficiary payouts issued within the same year of death are subject to Social Security and Medicare; however, the wages are not subject to Federal and State income tax withholding. Deceased employee payouts issued after the year of death are not subject to Social Security and Medicare taxes, nor Federal and State income tax withholding.

ACO Accounts Payable Division's Role:

- Issue Category-5 warrant and return it to ACO Payroll Division for distribution to the beneficiary upon presentation of appropriate identification.
- Issue IRS *Miscellaneous Income* Form 1099-MISC for payments of \$600 or more.

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