

## **OASDI/MEDICARE STATUTORY DEDUCTION CORRECTION PROCEDURE**

### Purpose

To set forth the required procedures for correction of OASDI/Medicare related errors and their impact on the district's general ledger.

### When

Monthly, BMAS will do OASDI/Medicare Transfers which in turn requires districts to take appropriate action to clear the Transfers made to their general ledger.

### Procedure

### **REFUNDS**

1. For current year adjustments that do not involve a STRS collection, Business, Management & Advisory Services (BMAS) will do a Transfer for the employer OASDI/Medicare contributions from the YCOE OASDI/Medicare Fund 86 object #9510 to the District's General Fund object #9513. BMAS will issue a warrant to the employee for the employee OASDI/Medicare contributions unless the employee contributions are owed to the District. If the employee contributions are owed to the District, BMAS will do an additional Transfer to the District's General Fund object #9513. The OASDI/Medicare refund may be included on a STRS or PERS Transfer, or on a separate OASDI/Medicare Transfer.
2. For prior year adjustments within the IRS three year statute of limitations, BMAS will send a letter to the employee requesting their signature to certify that they will not file a claim with the IRS and asking Yolo County Office of Education to make the appropriate corrections to their records. Upon receipt of the signed certification letter, BMAS will correct the employee's pay history records, Transfer the employer OASDI/Medicare contributions to the District's General Fund object #9513, and issue a warrant to the employee for the employee OASDI/Medicare contributions.
3. After BMAS has made the OASDI/Medicare refund Transfer and the employee's pay history adjustment, they will send the district copies of the Transfer and backup documentation.
4. At this time the District should do a Journal Entry to debit object #9513 and credit the employee's OASDI and/or Medicare object #3XXX line(s) of the general Fund in order to clear the employer contribution previously transferred there by BMAS.

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5. If the employee contributions are due back to the District, BMAS will also transfer the employee OASDI/Medicare contributions to the District's General Fund object #9513. The District should do a Journal Entry to debit object #9513 and credit the employee's salary line.

**COLLECTIONS**

1. For adjustments that do not involve a STRS refund, Business, Management & Advisory Services (BMAS) will do a Transfer for the employee/employer OASDI/Medicare contributions from the District's General Fund object #9513 to the YCOE OASDI/Medicare Fund 86 object #9510. The OASDI/Medicare collection may be included on a STRS or PERS Transfer, or on a separate OASDI/Medicare Transfer.
2. After BMAS has made the OASDI/Medicare collection Transfer and the employee's pay history adjustment, they will send the district copies of the Transfer and backup documentation.

**CURRENT EMPLOYEE**

3. If the collection will be made from a current employee, the District should collect via payroll with a voluntary deduction to the District. When the District receives the voluntary deduction warrant, it should be deposited with a debit to Cash and a credit to General Fund object #9513. This will clear the District's object #9513 for the employee's contribution previously transferred from the District by BMAS.
4. The District will then need to complete a Notice of Payroll History Adjustment form to reflect the OASDI and/or Medicare collection and submit it to BMAS for notification purposes.
5. The last step is to clear the District's General Fund object #9513 for the employer contribution. The District should do a Journal Entry to debit the employee's OASDI and/or Medicare object #3XXX line and credit object #9513 for the employer contribution amount previously transferred from the District by BMAS.

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**TERMINATED EMPLOYEE**

6. If the collection is to be made from a terminated employee, the District should send a detailed invoice to the individual requesting payment. When the amount is received, the District should deposit the money in the General Fund with a debit to Cash and a credit to object #9513. This deposit will clear the District's object #9513 for the amount of the employee's contribution previously transferred from the District by BMAS. Please be sure to maintain a pending file of outstanding invoices sent to the terminated employees in the event of an IRS audit.
  
8. The District will need to complete a Notice of Payroll History Adjustment form to reflect the OASDI and/or Medicare collection and submit it to BMAS for notification purposes.
  
9. The last step is to clear the District's General Fund object #9513 for the employer contribution. The District should do a Journal Entry to debit the employee's OASDI and/or Medicare object #3XXX line and credit object #9513 for the amount previously transferred from the District by BMAS.

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Procedure Binder Section: Financial