

## **PERS STATUTORY DEDUCTION CORRECTION PROCEDURE**

### Purpose

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

### When

Monthly, BMAS will do a PERS Final Transfer to make corrections which in turn requires districts to take appropriate action to clear the Transfers made to their general ledger.

### Procedure

#### **REFUNDS**

1. Business, Management & Advisory Services (BMAS) will prepare the monthly PERS Final spreadsheet and do a Transfer from the Yolo County Office of Education (YCOE) PERS Fund 85 object #9510 to the District's General Fund object #9512 for the amount of both the employee and employer share of contributions.
2. These amounts can be found on the PERS Final spreadsheet under the PERS heading in the "District owes EE for PERS" column (the employee share) and the "ER PERS owed to District" column (the employer share) by employee name.
3. Once BMAS has prepared the monthly PERS Final spreadsheet and made the Transfer; copies of the spreadsheet, the Transfer, the employee PERS report adjustment worksheets, and the Notice of Payroll History Adjustment Form will be sent to the District's designated person in the business office to implement the corrections.

#### **CURRENT EMPLOYEE**

4. If the refund is to be made to a current employee, the District should issue a commercial warrant against General Fund object #9512 for the amount in the "District owes EE for PERS" column of the monthly PERS Final spreadsheet. This warrant will pay back the employee for the overpaid PERS and will also clear the District's object #9512 for the employee's contribution amount previously transferred there by BMAS.

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5. The District will then need to complete the top portion of the Notice of Payroll History Adjustment form to reflect the PERS payback and submit it to BMAS for notification purposes.
6. The last step is to clear the District's General Fund object #9512 for the employer contribution. The District should do a Journal Entry to debit object #9512 and credit the employee's PERS object #3XXX line for the amount in the "ER PERS owed to District" column of the monthly PERS Final spreadsheet previously transferred there by BMAS.

### **TERMINATED EMPLOYEE**

7. If the refund is to be made to a terminated employee, follow the same procedures as in #4 through #6, however, BMAS will not do a Pay History Adjustment unless the correction is for an error that occurred within the IRS 3-year statute of limitations. If the error is determined to be within the statute of limitations, BMAS will then post the Pay History Adjustment to the calendar year in which the error occurred and issue a W-2C to the terminated employee and a copy to the District. Upon receipt of the W-2C, the District should inform the terminated employee that they are required to amend their Federal and State income tax returns for the appropriate year.

### **COLLECTIONS**

1. Business, Management & Advisory Services (BMAS) will prepare the monthly PERS Final spreadsheet and do a Transfer from the District's General Fund object #9512 to the Yolo County Office of Education (YCOE) PERS Fund 85 object #9510 for the amount of both the employee and employer share of contributions.
2. These amounts can be found on the PERS Final spreadsheet under the PERS heading in the "EE owes District for PERS" column (the employee share) and the "District owes ER PERS" column (the employer share) by employee name.
3. Once BMAS has prepared the monthly PERS Final spreadsheet and made the Transfer; copies of the spreadsheet, the Transfer, the employee PERS report adjustment worksheets, and the Notice of Payroll History Adjustment form will

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be sent to the District's designated person in the business office to implement the corrections.

### **CURRENT EMPLOYEE**

4. 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 #9512. This will clear the District's object #9512 for the employee's contribution previously transferred from the District by BMAS.
5. The District will then need to complete the top portion of the Notice of Payroll History Adjustment form to reflect the PERS collection and submit it to BMAS for notification purposes.
6. The last step is to clear the District's General Fund object #9512 for the employer contribution. The District should do a Journal Entry to debit the employee's PERS object #3XXX line and credit object #9512 for the amount in the "District owes ER PERS" column of the monthly PERS Final spreadsheet previously transferred out by BMAS.

### **TERMINATED EMPLOYEE**

7. 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 #9512. This deposit will clear the District's object #9512 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 a PERS audit.
8. The District should complete the top portion of the Notice of Payroll History Adjustment form to reflect the PERS collection and submit it to BMAS for notification purposes. BMAS will issue a W-2C to the terminated employees and a copy to the District. Upon receipt of the W-2C, the District should inform the terminated employee that they are required to amend their Federal and State income tax returns for the appropriate year.

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9. The last step is to clear the District's General Fund object #9512 for the employer contribution. The District should do a Journal Entry to debit the employee's PERS object #3XXX line and credit object #9512 for the amount in the "District owes ER PERS" column of the monthly PERS Final spreadsheet previously transferred out by BMAS.

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Procedure Binder Section: Financial