Soledad Community Health Care District

Termination Checklist

The following checklist is designed to flag the many operational issues involved in wrapping up an individual’s employment with the Company. This checklist assumes that the decision to terminate has already been made or that the employee has voluntarily resigned.

**Company property to be returned:**

o Blackberry/PDA o Home Computer

o Identification Badges o Cell Phone

o Card Key o Other Keys

o Company Car o Employee Handbook

o Parking Pass o Employee Contact List

o Company Phone List o Marketing Materials/Other Files

o Printer/Copier/Scanner/Fax Machine o Laptop

o Credit Cards o Telephone Calling Cards

o Consider what procedure will be used to quickly facilitate return of Company property and retrieval of employee’s personal property with dignity

**Computer-related issues to address:**

o Any Company information located on employee’s home/personal computers?

o Lock access to system and backup data prior to the notification meeting

o Remove access to external Company databases and/or remote access software

o Review and change all passwords prior to or during the notification meeting (i.e., access to computer system, online banking or other remote access financial services, etc.)

o Transfer/cancel employee’s e-mail account o Set automatic e-mail notification to alert sender that employee is no longer employed.

**Compensation issues in connection with termination:**

**Wages**

o Determine what “wages” are owed. (NOTE: Laws vary by state. In North Carolina, wages include without limitation compensation for labor or services rendered, sick pay, vacation pay, severance pay, bonuses, and other amounts promised under a policy or practice). o Consider past practices, verbal commitments, any written documents or e-mail correspondence, what is stated in the offer letter/employment agreement, Company policies or any handbook, etc.

o Determine when wages must be paid following termination. (NOTE: Laws vary by state. In North Carolina, wages due must be paid on the next regular payday either through customary practice or by mail (if requested by the employee)).

o Determine if deductions are necessary for unpaid loans, wage overpayments, lost or stolen Company property and whether those deductions are allowed by law

o Discontinue any automatic payroll deposits

**Vacation**

o How much vacation has the employee earned? o How much vacation has been used? o Is the Company required to pay employee for accrued but unused vacation?

o What is the Company’s policy (handbook, offer letter, past practice, etc.)?

o What is required by the law of the state in which (a) the Company operates and (b) the employee resides? (NOTE: Laws vary by state. In North Carolina, unless the Company has a written policy requiring forfeiture before the vacation time was earned or accrued, then unused vacation time must be paid no later than the next regularly scheduled pay date of the Company following termination.

**Options/Restricted Stock/Other Securities of the Company**

o Were any securities granted?

o What is outstanding? What is vested? What is forfeited?

o Does anything additional vest as a result of the termination?

o How long does the employee have to exercise any option to purchase?

o Does the Company have any repurchase obligations? If so, will the Company exercise those rights? If so, when is the deadline?

o Is a notice regarding the employee’s rights and obligations required? If not, will any reminder be given?

o After termination, if the employee exercises an incentive stock option include the employee on the list of persons to receive a notice under IRC 6039 at the end of the calendar year. If it is a nonstatutory stock option determine how to handle withholding obligations in light of termination.

**Continued Health Insurance Coverage Notice**

o Coordinate preparation of COBRA notice or state law equivalent with health insurance provider

o Confirm that health insurance provider allows coverage through the end of the month of termination o Confirm that health insurance provider allows employee to be continued under group plan if continued insurance coverage is to be offered in connection with termination.

**Employee Benefits**

o Prepare information regarding rollover of any 401(k) plans and other benefit information and notify carriers/providers of termination

o Life/Disability Insurance—discontinue premium payments and notify carrier(s) of termination

o Determine if any action should be taken regarding any applicable medical reimbursement or dependent care reimbursement plan

**Promissory Notes**

o Did the employee execute any Promissory Notes in favor of the Company?

o Is the balance due on termination of employment?

**Expense Reports**

o Obtain executed copy of Employee’s final expense report and place in Employee’s file.

**Marketing/Operational matters:**

o Consider whether it is appropriate to consult a public relations professional

o Remove employee from the Company’s website

o Remove person as contact for press releases o Transfer/cancel employee’s e-mail account

o Set automatic e-mail notification to alert sender that employee is no longer employed

o Change employee’s voicemail message

o Establish a procedure for reviewing incoming e-mail and voicemail

o Prepare to notify employee’s contacts (i.e., customers, suppliers, etc.)

**Signature Authority:**

o Contact bank and others, as applicable, to notify of change in signatory authority

o Consider whether any Board resolutions are necessary to grant authority to other personnel

o Consider who is the trustee for any 401(k) or other benefit programs and notify appropriate parties if employee’s authority needs to be revoked

o Consider whether any creditors need to be notified of change for officer’s certificates, etc.

o Cancel credit card account authorization and request balance and billing statement immediately to determine if improper charges have been made in the prior billing cycle

o Change passwords for online banking and other remote access financial services

**Security Issues:**

o Consider whether employee could potentially be volatile and whether security should be called in advance

o Change locks on doors o Change entry code on keypad locks

o Consider relocating petty cash

o Change passwords for online banking and other remote access financial services

**Corporate Governance:**

o Does the employee need to resign as an officer or from the board or other positions?

**Termination Meeting/Exit Interview:**

o Discuss appropriate details regarding termination (effective date, business reasons for termination, pay and benefits after termination, if any, unemployment eligibility, etc.)

o Review confidentiality or proprietary information agreement

o Discuss inventions, if any

o Confirm employee’s address for future mailing of information

o Provide employee with a contact person and information for questions arising after the meeting

**Company Records/Personnel File:**

o Place completed checklist in Employee’s file

o Place copy of executed Release Agreement in Employee’s file

o Place Employee’s separation record in Employee’s file