The Mechanics of Termination

Termination notices typically leave out the key information payroll needs to calculate and process back pay and termination payments, e.g., overtime amounts owed or an explanation of how earned commissions are to be paid after termination. The best way to avoid these problems is for payroll to let HR (and other departments) know what information it needs to process termination by listing it in a policy. This Model Policy is based on employment standards laws in Alberta but can be adapted to meet the rules of any part of Canada. Remember that there's no such thing as a one-size-fits-all policy and that you must tailor the model to meet your particular situation and province's laws:

PROVISION OF INFORMATION TO PAYROLL AFTER TERMINATION OF AN EMPLOYEE

I. PURPOSE

This policy was created to clarify the information that the payroll department needs from HR (and other departments) to process amounts due employees of ABC Company (the "Company") upon termination.

II. POLICY

A. Notice of Termination

Notification of an employee's termination must be provided to the Company payroll department within one day of the date the Company provides notice to the employee.

Notification must include the employee's last date of employment and the amount of any of the following payment types due the employee:

Wages in lieu of notice;

- Banked overtime;
- Unused vacation pay or payment in lieu of vacation;
- Statutory holiday pay;
- Sick leave;
- Call-in pay;
- Severance pay and retiring allowances;
- Pension options;
- Benefit coverage;
- Commissions due upon and after termination;
- Expense advances;

- The cost of any equipment or other materials for which reimbursement is sought from the employee;
- Payments in exchange for a promise not to compete; and
- Amounts forgiven on an employee’s debt.

The following documents should be attached to the notification:

Employee time sheets;

- Employee absence requests during the notice period; and
- Employment, non-compete and other agreements between the Company and terminated employee.

B. Payment Dates

1. If an employee resigns without notice, final wages due shall be paid within 10 days of the last date of employment.

2. If an employee is terminated or laid-off, final wages due shall be paid within three days of the last date of employment.

3. All other amounts due upon termination, including retiring allowances, shall be paid in accordance with Company policies and applicable employment or collective agreements