

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Table of Contents

Overview	2
Cardinal HCM.....	2
Human Resource Administration and Responsibility.....	3
State Administered Benefit Programs.....	4
Time & Attendance Administration and Responsibility.....	5
Payroll Administration and Responsibility.....	6
Management’s Responsibility for Payroll Administration	7
Agency Head Responsibility.....	7
Internal Control.....	7
Cardinal HCM Controls.....	7
Cardinal HCM Security	7
Use of Cardinal Access.....	8
Payroll Confirmation	8
Payroll Staff Training	9
Payroll Education and Training	9
Cardinal HCM Processing	10
Cardinal HCM Payroll Process.....	10
Early Paycheck Distribution	11
Reporting.....	11
Cardinal HCM System Interfaces	12
External Data Users	12
DOA Contacts.....	13
DOA Contacts.....	13
Subject Cross References.....	13
References.....	13
Suggested Additional Resources.....	13

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Overview

Cardinal HCM The Cardinal Human Capital Management (HCM) application replaced the state’s previous mainframe payroll system effective October 2022 in conjunction with the replacement of the Personnel Management Information System (PMIS) and Benefits Eligibility System (BES). Cardinal HCM leverages the Commonwealth’s investment in the Oracle PeopleSoft application and allows for full integration to the Cardinal Financial application.

Cardinal HCM functionality includes four modules:

- Human Resources
- Benefits Administration
- Time and Attendance
- Payroll

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Overview, Continued

Human Resource Administration and Responsibility

The Human Resources (HR) functional area includes all employee HR data related to the employee lifecycle. HR data maintained in the Human Resources functional area feeds into and supports all the other HCM functional areas. This includes, but is not limited to the following:

- Position Data
 - Job Code
 - Location
 - Full / Part Time
 - FLSA Status
 - Department
 - Worker’s Comp Code
 - Salary Plan
 - Reports To
- Personal Data
 - Name
 - Address
 - Email Address
- Job Data
 - HR/Payroll Status
 - Pay Group
 - Employee Type
 - Employee Class
 - Standard Hours
 - Tax Location Code
 - FICA Status
 - Absence Management Enrollment
 - Holiday Schedule
 - Compensation
 - Company Seniority Date
- Additional Pay – Fixed, Recurring Payments for the same amount each pay period

Continued on the next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Overview, Continued

State Administered Benefit Programs

Benefit programs offered through Cardinal HCM include:

- VRS Administered retirement plans
- Optional Retirement Plans for higher education institutions and political appointees
- Deferred compensation and tax-sheltered annuity plans and cash match programs
- Health insurance
- Flexible spending accounts for medical and dependent care
- Miscellaneous insurances
- Group and Optional life insurances
- Combined Virginia Campaign
- Virginia Short-term Disability Plan

Continued on the next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Overview, Continued

Time & Attendance Administration and Responsibility

The Time & Attendance Administration (TA) functional area includes all processes required for time entry and approvals of employee timesheets. This includes but, is not limited to the following:

- Time Reporter Enrollment
 - This process uses selected HR data to enroll the employee as a time reporter into a workgroup, automatically.
 - The workgroup determines what Time Reporting Codes (TRC) the employee can enter on the timesheet.
- Assign work schedules. Work Schedules are effective-dated and required for Timesheet rule processing and for absence duration calculations for Cardinal leave agencies
- Time entry and approval
- Review and resolve Timesheet Exceptions
- 1500 hour limit rule
- FLSA Calculations

Employee, Employee’s Supervisor or the TA Administrator enter and approve hours on the employee’s timesheet. The AM Admin may enter leave on the Employee’s timesheet for agencies using Cardinal Absence Management.

- Hourly Timesheets – All hours entered and approved are loaded to paysheets for payroll processing.
- Salary Timesheets – All productive and non-productive hours are entered on the timesheets. Approved overtime and shift differential hours are loaded to the paysheets for payroll processing in the following pay period provided the FLSA period is complete by the end of the pay period. Non-productive time is loaded to the paysheets for the purpose of FLSA Overtime calculation for Non-exempt employees.

Once payroll has been confirmed, the earnings paid are distributed to the hours on the timesheet for the period.

Continued on the next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Overview, Continued

Payroll Administration and Responsibility

The Payroll (PY) administration functional area includes all processes required for maintaining employee payroll data and payroll processing. Payroll processing includes a broad range of activities that can include the following:

- Employee general deductions, tax and direct deposit maintenance
- Collecting and processing time and attendance data
- Leave authorization and monitoring
- Pay calculation accuracy and validations
- Pay confirmation
- Tax monitoring, reconciliation and reporting
- Check and direct deposit administration

All employees have some level of responsibility for proper payroll administration and pay accuracy. Management is responsible for ensuring that a professional, supportive environment exists for administering payroll activities. Supervisors ensure that employees comply with established work schedules and authorize and report absences and overtime. Human Resources authorizes pay changes through timely updates to Cardinal. Employees update their W-4 forms, inform payroll administrators of discretionary deduction changes, enter changes through Employee Self Service, and regularly review pay stubs to ensure information accuracy. Managers, supervisors, employees, HR, Benefit Administrators, Timekeepers and payroll professionals must work together to ensure pay is timely and accurate.

Continued on the next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Management’s Responsibility for Payroll Administration

Agency Head Responsibility

Agency heads are ultimately responsible for the fiscal management of their agencies and/or institutions. Although fiscal activities can usually be delegated to other staff, agency heads should be aware of the problems that could arise if policies and procedures are not followed and should ensure that their employees incorporate and use the controls available to minimize this risk.

Internal Control

Cardinal HCM and its related procedures are constructed to provide reasonable, but not absolute, control over the payroll process. Some payroll activities are not controlled by Cardinal HCM such as:

- Compliance with work schedules
- Authorization of overtime
- Proper tax withholding based on accurate employee information

Cardinal HCM Controls

No payroll system or set of controls will stop all errors in pay generation. However, agency management and staff should gain an understanding of the controls available within the system, ensure that they are properly employed, and establish additional controls, if warranted, to reduce possible misuse of the payroll process and detect errors when they occur.

Cardinal HCM Security

Agencies must submit to DOA’s Compliance Oversight and Federal Reporting unit an annual Authorized Signatories Form DA-04-121 to identify those persons authorized to approve system security. These individuals have the responsibility for establishing and controlling HCM system user security for their agency. Proper implementation of security assignments and observance of security measures ensure that only authorized persons have access to essential data and are able to make changes to employee pay records.

Cardinal performs an annual audit of all agencies’ security access to ensure the security information is current for each agency and to assist agencies in monitoring and maintaining accurate security access within their agency.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Management’s Responsibility for Payroll Administration, Continued

Use of Cardinal Access Access is provided for the sole purpose of performing official responsibilities. Use of this access for purposes other than those related to core job responsibilities is strictly prohibited. Misuse of this access is a Group II offense under Standards of Conduct and Performance falling under the category “unauthorized use or misuse of State property or records.” Passwords must not be shared with any other individual. Control and use of the access provided is exclusive to the individual assigned. If it is suspected a password has been compromised, contact CardinalSecurity@DOA.Virginia.gov immediately.

Payroll Confirmation For each payroll cycle, the agency fiscal officer or designee is responsible for ensuring that pay is accurately calculated, reconciliations are performed, and regulatory reports filed. This review can be performed solely by the fiscal officer or can be designed to enlist other agency staff to assist with the review. Prior to the actual confirmation of the payroll, which is controlled by DOA State Payroll Operations, the Fiscal Officer or designee must certify to State Payroll Operations that a review has occurred and that the payroll is accurate and ready for payment. Refer to CAPP Topic 50805, *Confirmation*, for detailed information regarding Payroll Confirmation.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Management’s Responsibility for Payroll Administration, Continued

Payroll Staff Training

An important factor to ensure pay accuracy is the training and qualification of a professional payroll staff. Payroll administration is highly complicated and requires specialized skills and knowledge. Familiarity with tax law, labor law and regulations, accounting, and data processing are necessary to be a well-rounded payroll professional. Knowledge in these areas enables the payroll professional to be versatile and to manage payroll in virtually any environment. The shared body of knowledge and skills required of a payroll professional includes:

- Generally accepted accounting principles relating to wages, benefits, compensation and tax accounting
- Federal and state laws governing the taxation and reporting of wages and record keeping requirements
- Preparation of federal and state employment tax returns and information statements
- General knowledge of hardware and software technology, including the principles of operating automated payroll systems
- Application of managerial skills including communications, supervision, and financial planning and analysis
- Employee benefits administration, taxation, and reporting requirements
- Laws governing garnishments, levies, and other deductions from wages
- Federal and state wage-hour laws
- Customer service

Payroll Education and Training

General education in payroll skills is provided by various payroll associations and communicated through professional periodicals. Agencies are encouraged to hire employees with specific payroll administration knowledge and experience and support them with appropriate continuing education and training.

Refer to suggested job aids and training information for data entry and processing on the Cardinal website: <http://www.cardinalproject.virginia.gov>

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Cardinal HCM Processing

Cardinal HCM Payroll Process The table below describes the process followed by agency staff and DOA to initiate and complete payroll processing in Cardinal HCM.

Stage	Description
1	HR staff add/maintain employee position, person and job data records
2	Benefit staff monitors additions, deletions, changes to state benefits
3	Timesheets are interfaced or entered online, approved and submitted.
3	Paysheets are created for each pay group based on an established schedule. Payroll staff review payments and enter Single Use Online Payroll Transactions (SPOT) necessary to adjust payment amount where needed. Error reports identify potential issues in employee data, benefits, and payroll data prior to and after paysheets are created.
4	Payment records are updated based on information from HR records, timesheets and SPOT transactions each time that a preliminary calculation job is run. This occurs at least twice a day from the time that paysheets are created until the data freeze is run. Once the data freeze has been run, HR should notify Payroll of any changes affecting pay in process and hold the data entry until after confirmation. Payroll should make necessary adjustments using the Single-Use Payroll Online Entry Tool (SPOT). Once the final SPOT upload and calculation has been processed, only corrections requested by the agency on the Update Paysheet form will process when entered by SPO. Reports can be rerun by agencies after each calc to track impact of changes and error correction.
5	The agency fiscal officer or designee must authorize the payroll before DOA processes it in its final form. This authorization validates that the officer has reviewed the payroll and is confident the payroll information is reasonably correct and changes submitted are proper. For further information on the authorization guidelines, refer to CAPP Topic No. 50805, <i>Confirmation</i> .
6	Once confirmation is complete and payrolls are processed, paper paychecks, the direct deposit and Virginia Child Support ACH files, garnishment checks and regulatory and management reports are produced. A variety of payroll and deduction reports are available to the agency. Checks and direct deposit notices are printed by the Department of Treasury and distributed based on pre-defined agency preference. Garnishment checks are sorted and distributed by State Payroll Operations (SPO) to agencies based on pre-defined agency preference.
7	Other post-production jobs are run that produce certain benefit payments for vendors processed by SPO or move funds to the agency liability table for further processing by the agency through HCM vouchers.

Continued on next page

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

Cardinal HCM Processing, Continued

Early Paycheck Distribution

Pay dates are defined by the State Comptroller in accordance with regulations established by the Code of Virginia. Paychecks should not be distributed early except when it is necessary to ensure that certain employees, such as field personnel, receive them timely. In instances where early distribution of paychecks is warranted, under no circumstances should these checks be deposited or cashed before the designated pay date. Agencies should implement policies to inform employees accordingly.

The pay day for the final pay period of the fiscal year will always be dated the first business day of July. Under no circumstances are payroll checks with any July check date to be placed in the U.S. mail prior to 2:00 p.m. the last business day of June. Additionally, under no circumstances are checks to be placed directly into an employee’s possession prior to the check date.

The Department of the Treasury monitors adherence to such policies and notifies specific agencies of deficiencies when detected.

Reporting

Cardinal HCM provides a variety of payroll reporting options and provides users the ability to run/generate their own reports and queries. These reporting tools allow for flexible run control parameters and often provide the ability to export data to other tools (e.g., Excel).

Refer to the HCM Reports Catalog for each module for a listing of available reports and navigation paths to run and view the reports.

Volume No. 1—Policies and Procedures	TOPIC NO. 50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC Cardinal HCM Payroll Introduction
	DATE June 2023

Cardinal HCM System Interfaces

External Data Users

Cardinal HCM interfaces are provided to accommodate defined requirements of external payroll data users as follows:

State Agencies	Third Party Administrators and Vendors
Virginia Retirement System <ul style="list-style-type: none"> • Group Life Insurance • Long-term Disability • Retirement Contributions • Retirement Health Credit 	Flexible Spending Accounts <ul style="list-style-type: none"> • Medical FSA • Dependent Care FSA
Payroll accounting transactions for integration into Cardinal Financial	Deferred Compensation/Cash Match Defined Contribution (Hybrid)/Cash Match Insurance and Annuities/Cash Match
Auditor of Public Accounts	Optional Retirement plans for faculty <ul style="list-style-type: none"> • TIAA • DCP
Department of Taxation—Calendar Year End Reporting of federal and state tax data	Optional Retirement plan for political appointees
Department of Treasury <ul style="list-style-type: none"> • Check reconciliation file • Check write file • Void check file 	Combined Virginia Campaign (CVC)
Virginia Employment Commission <ul style="list-style-type: none"> • Quarterly SUI Tax file 	Originating Financial Institutions <ul style="list-style-type: none"> • Direct Deposit • FAD deposits • Positive Pay file • Virginia Child Support Payments
Agency data extractions such as employee and earnings history	Optional Group Life Insurance
Virginia New Hire Reporting Center <ul style="list-style-type: none"> • New Hire Report 	SSA/IRS – Calendar Year End Reporting of federal wage and tax data

Volume No. 1—Policies and Procedures	TOPIC NO.	50105 – Cardinal
Section No. 50100-Overview of the Cardinal Human Capital Management System	TOPIC	Cardinal HCM Payroll Introduction
	DATE	June 2023

DOA Contacts

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Subject Cross References

References CAPP Topic 50805, *Confirmation*

**Suggested
Additional
Resources**

Report Catalogs for each module are available from this website:

<https://www.cardinalproject.virginia.gov/resources/reports-catalog>

Individual job aids for HR, BN, TA and Payroll functions are available:

<https://www.cardinalproject.virginia.gov/job-aids>
