

<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO.</b>	<b>50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC</b>	<b>Introduction</b>
	<b>DATE</b>	<b>November 2018</b>

## Table of Contents

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Table of Contents .....	1
Overview .....	2
Payroll Administration and Responsibility .....	2
CIPPS Payroll Statistics .....	2
History of CIPPS .....	2
Cardinal HCM Project .....	3
State Administered Benefit Programs .....	3
Management’s Responsibility for Payroll Administration .....	4
Agency Head Responsibility .....	4
Internal Control .....	4
CIPPS Controls .....	4
CIPPS Security .....	4
CIPPS Passwords .....	5
Use of CIPPS Access .....	5
Payroll Certification .....	5
Payroll Staff Training .....	6
Payroll Education and Training .....	6
DOA Training Programs .....	7
Introductory Payroll Training .....	7
Course Objectives .....	7
Introductory Leave Training .....	7
Course Objectives .....	7
CIPPS Processing .....	8
CIPPS Payroll Process .....	8
Early Paycheck Distribution .....	9
Reportline .....	9
CIPPS System Interfaces .....	10
External Data Users .....	10
CIPPS Interface .....	11
DOA Contacts .....	11
DOA Contacts .....	11
Subject Cross References .....	11
References .....	11

<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO. 50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC Introduction</b>
	<b>DATE November 2018</b>

## Overview

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### Payroll Administration and Responsibility

Payroll administration provides a broad range of activities that can include the following:

- Employee masterfile establishment
- Collecting and processing time and attendance data
- Leave authorization and monitoring
- Benefits administration
- Maintaining & updating employee data on pay rates, deductions, and other information subject to change
- Tax monitoring, reconciliation and reporting
- Pay edit and calculation
- 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 the Personnel Management Information System (PMIS). Employees update their W-4 forms, inform payroll administrators of discretionary deduction changes, and regularly review pay stubs to ensure information accuracy. Managers, supervisors, employees, and payroll professionals must work together to ensure pay is timely and accurate.

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### CIPPS Payroll Statistics

*During 2017, approximately 118,000 salaried and hourly employees were being paid using CIPPS, the state's central payroll system. On average, 88,780 employees were paid each month, of which 66,700 are salaried employees. Direct deposit of employee pay is used by 99.6% of salaried and 98.2% of all hourly employees.*

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### History of CIPPS

Development work for CIPPS began in 1984 and implementation was completed in 1986. CIPPS is based on packaged software developed by McCormack and Dodge, now Infor.

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<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO.</b>	<b>50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC</b>	<b>Introduction</b>
	<b>DATE</b>	<b>November 2018</b>

**Overview**, Continued

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**Cardinal HCM Project**    The Cardinal Human Capital Management (HCM) Project will replace CIPPS in conjunction with the replacement of the Personnel Management Information System (PMIS) and Benefits Eligibility System (BES). This project leverages the Commonwealth’s investment in the Oracle PeopleSoft application and allows for full integration to the Cardinal Financial application.

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**State Administered Benefit Programs**    Benefit programs offered through CIPPS 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
- Virginia Prepaid Education Program
- Virginia Education Savings Trust

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<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO. 50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC Introduction</b>
	<b>DATE November 2018</b>

## 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 their 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**

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

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

**CIPPS 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.

**CIPPS Security**

Agencies must submit to DOA’s Compliance Assurance 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 payroll system user security for their agency and grant security to others to certify payroll. 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. *CIPPS access is only available to employees of the Commonwealth.*

DOA performs a semi-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. Refer to CAPP Topic 50210, *User System Security*, for detailed information on CIPPS security.

<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO. 50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC Introduction</b>
	<b>DATE November 2018</b>

**Management’s Responsibility for Payroll Administration, Continued**

**CIPPS Passwords**

Password access to CIPPS is obtained from DOA by completing the CIPPS Security Authorization Request Form and returning the form to the CIPPS Security Coordinator at DOA. The CIPPS Security Coordinator then contacts the authorized users at the agency and provides the assigned password. Every 30 days CIPPS prompts users for a password change which must be changed online by the user. When employees terminate or no longer need access to CIPPS, another CIPPS Security Authorization Request Form, requesting termination of the employee’s security must be submitted. Passwords should never be shared at the agency between users.

The form referenced above is available on the DOA web site, at [www.doa.virginia.gov](http://www.doa.virginia.gov), under DOA Forms.

**Use of CIPPS Access**

Access is provided for the sole purpose of performing duties. 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 DOA Payroll Operations immediately.

**Payroll Certification**

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 authorizing payroll processing, however, the responsible person must certify that a review has occurred and that the payroll is accurate. Refer to CAPP Topic 50810, *CIPPS Payroll Certification*, for detailed information regarding Payroll Certification.

*Continued on next page*

<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO. 50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC Introduction</b>
	<b>DATE November 2018</b>

## Management’s Responsibility for Payroll Administration, Continued

### Payroll Staff Training

An important factor to ensure pay accuracy is the training and qualifications of a professional payroll staff. Payroll administration is highly complicated and requires specialized skills and knowledge. Familiarity with tax law, labor law and regulation, 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.

Specific CIPPS training is provided by DOA training sessions (discussed later in this topic). *Semi-annual sessions are offered for payroll and leave administrators.*

<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO. 50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC Introduction</b>
	<b>DATE November 2018</b>

## DOA Training Programs

### Introductory Payroll Training

Training is conducted as a lecture and hands-on workshop for agency personnel who process payroll or anyone who needs to understand the details of how CIPPS processes information. Training is conducted over three work days. This class is also recommended for fiscal and/or audit personnel who work with CIPPS generated reports to reconcile payroll expenditures in the accounting system of record or audit an agency’s payroll function. *For the best learning experience the attendee should have been exposed to navigation within CIPPS prior to attending a training course.*

### Course Objectives

The objective is to train agency personnel to:

- Establish and maintain employee masterfile data
- Enter regular, overtime and/or shift differential payments
- Establish and change employee deductions
- Enter special payments (other than regular and overtime)
- Process deduction and tax refunds
- Void payroll checks
- Review edit and payrun reports
- Enter all payroll information online

### Introductory Leave Training

Training is conducted for individuals who currently process leave data on CIPPS. The class is both a lecture and hands-on workshop. *For the best learning experience the attendee should have been exposed to navigation within CIPPS prior to attending a training course.*

### Course Objectives

The objectives of CIPPS leave accounting training are to:

- Train agency personnel in the processing of leave data in CIPPS
- Define how to establish and maintain employee leave data
- Review the various reports and their uses

<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO. 50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC Introduction</b>
	<b>DATE November 2018</b>

## CIPPS Processing

### CIPPS Payroll Process

The table below describes the process followed by agency staff and DOA to initiate and complete payroll processing in CIPPS.

<b>Stage</b>	<b>Description</b>
1	Agency Payroll Staff use online interactive terminals to record employee masterfile and time and attendance changes in CIPPS. Staff may enter changes anytime they are received or collect them for entry all at once.
2	CIPPS edits most employee masterfile information when entered online. Errors are detected and corrections made concurrently by agency payroll staff. Additional edits are applied during nightly payruns to detect errors not identified online. Errors are reported to agencies for resolution the next day. A report is also provided to agencies that shows how the payroll will look if approved for final processing.
3	The agency fiscal officer, or his designee, must authorize the payroll before DOA processes it in its final form. This authorization should not occur until 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. 50810, <i>Payroll Certification</i> .
4	Once authorization is received and payrolls are processed, paychecks, direct deposit notices, third party checks, and regulatory and management reports are produced. Reports are printed onsite at the agency or accessed using DOA's web enabled report repository known as Reportline. Checks and direct deposit notices are printed by the Department of Treasury and distributed.

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<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO. 50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC Introduction</b>
	<b>DATE November 2018</b>

## CIPPS Processing, Continued

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### Early Paycheck Distribution

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 period of the fiscal year will always be dated the first work 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 work 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.

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### Reportline

Reportline is a web-based system for user access to an electronic version of all system reports. It provides a means to view reports not printed remotely onsite for three years past the report run date. It maintains secure user access and performs searches for specific verbiage found in the electronic reports. It also stores electronic versions of these reports on an agency or locality-based server or individual personal computer. Reportline is user-friendly and has two administrative manuals, the *Reportline Agency Security Officer Manual* and the *Reportline User Manual*, to provide assistance. The manuals are located at the DOA web site under Reportline.

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<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO. 50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC Introduction</b>
	<b>DATE November 2018</b>

## CIPPS System Interfaces

**External Data Users**

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

<b>State Agencies</b>	<b>Third Party Administrators and Vendors</b>
Virginia Retirement System <ul style="list-style-type: none"> <li>• Group Life Insurance</li> <li>• Long-term Disability</li> <li>• Retirement Contributions</li> <li>• Retirement Health Credit</li> </ul>	Flexible Spending Accounts <ul style="list-style-type: none"> <li>• Medical FSA</li> <li>• Dependent Care</li> </ul>
Payroll accounting transactions for input into the accounting system of record	Deferred Compensation/Cash Match Defined Contribution (Hybrid)/Cash Match Insurance and Annuities/Cash Match
Auditor of Public Accounts  Department of Taxation—Calendar Year End Reporting of federal and state tax data	Optional Retirement plans for faculty <ul style="list-style-type: none"> <li>• TIAA/CREF</li> <li>• Fidelity Investments</li> </ul>
Department of Treasury <ul style="list-style-type: none"> <li>• Check reconciliation tape</li> <li>• Check write file</li> <li>• Void check tape</li> <li>• Direct Deposit file</li> </ul>	Optional Retirement plan for political appointees  Combined Virginia Campaign (CVC)
Virginia Employment Commission <ul style="list-style-type: none"> <li>• Quarterly Tax Tape</li> </ul>	Originating Financial Institutions <ul style="list-style-type: none"> <li>• Direct Deposit</li> <li>• FAD deposits</li> </ul>
Agency data extractions such as employee and earnings history	Optional Group Life Insurance
The Virginia College Savings Plans	
DHRM <ul style="list-style-type: none"> <li>• PMIS</li> <li>• BES</li> </ul>	
Department of Social Services (Division of Child Support Enforcement) <ul style="list-style-type: none"> <li>• New Hire Report</li> </ul>	

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<b>Volume No. 1—Policies and Procedures</b>	<b>TOPIC NO. 50105 – Cardinal</b>
<b>Section No. 50100-Overview of the Commonwealth Integrated Payroll/Personnel System (CIPPS)</b>	<b>TOPIC Introduction</b>
	<b>DATE November 2018</b>

## CIPPS System Interfaces, Continued

**CIPPS Interface**

CIPPS will continue to interface to Cardinal until Cardinal HCM (Human Capital Management) is implemented. No additional action by agencies is needed to record CIPPS entries in Cardinal. However, each agency must continue to establish and maintain their agency NSSA programmatic data. The new NSSA table data will be located and maintained within Payline. CIPPS has not been modified to reflect Cardinal’s Chart of Accounts. For this reason, the old CARS coding values will continue to be used to enter programmatic data in the NSSA table for setup on HMBU1. In addition, the corresponding SpeedType for all new NSSA data entry must be established in Cardinal. SpeedTypes are used to translate the expenditure coding on HMBU1 into the appropriate Cardinal coding. Reference CAPP Topic 50125 Programmatic Data for instructions on how to enter programmatic updates. For instructions on creating a SpeedType access the Cardinal Project Website: <http://www.cardinalproject.virginia.gov/index.shtml> >Statewide Toolbox>Training Materials>General Ledger – SW\_336: General Ledger Maintenance.

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## DOA Contacts

**DOA Contacts** Director, State Payroll Operations  
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Payroll Support  
E-mail: [Payroll@doa.virginia.gov](mailto:Payroll@doa.virginia.gov)

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## Subject Cross References

**References** CAPP Topic 50210, *User System Security*  
CAPP Topic 50815, *Payroll Certification*

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