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Overview

Introduction

Given the importance employees place on the accuracy of their paychecks, if paychecks are not correct, employee morale can be damaged, which can affect agency performance. Additionally, payroll expenditures account for a major portion of every agency's budget. If agency internal controls over payroll disbursements are not stringent or if management is not vigilant, material incorrect or improper payments can occur. For these and many other reasons, adequate safeguards must be put in place to control payroll disbursements.

The most important safeguard over payroll disbursements is the certification process. It is essential that agencies develop and apply consistent policies and procedures to control payroll certification. This topic provides a high level overview of the certification process and how this important function should work in your agency's day-to-day operations.

Certification Process Summary

The payroll certification process involves multiple steps that help ensure complete and accurate payrolls. These steps will help to reduce the risk of:

- Unauthorized data entry of information into CIPPS.
- Incomplete review of source documentation, reports, and payments.
- Late, missing, incorrect, or unauthorized payments.
- Incorrect or late reporting of information to federal or state authorities.

The steps summarized in the following table are detailed in the 50800 series of CAPP topics.

Step	Action	Description
1	**Data Entry into CIPPS**	Payroll processors collect source documents and enter the information into CIPPS. This data entry generates certain automatic reports, which must be reviewed before certification to ensure accurate and authorized data entry.
2	**Edit Report 10/Scrub**	Agencies must request, at least once prior to certification, an Edit Report 10 (sometimes known as a "scrub"). The Edit Report 10 generally lists all employees scheduled to be paid in alphabetical order within organizational code, and shows each employee's gross-to-net calculation including deductions. This listing must be reviewed for accuracy, particularly to ensure changes are accurately reflected in employee net pay.

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Overview, Continued

Certification Process Summary (continued)

Step	Action	Description
3	**Payroll Audit Tool (PAT)**	PAT reports can be used to reduce the review time by highlighting differences, summarizing data, and much more. Reference CAPP Topic 70735, CIPPS Payroll Audit Tool (PAT).
4	**Other Reports Generated**	A variety of reports are generated either automatically or upon request. Most of these reports are used in the certification process.
5	**Review of Source Documents**	Source documents must be verified against actual changes made to CIPPS records in the data entry process to help ensure that authorized and accurate data entry has occurred. The review of source documents can be done by the payroll certifier or their designee, but must be done by someone other than the person responsible for data entry.
6	**Certification of the Payroll**	Once data entry and review of source documents and the Edit Report 10 are completed and the payroll is determined to be accurate and complete, the payroll certifier must logon to CIPPS and enter the required information to authorize the disbursement of payroll.
7	**Post-Certification Review**	On the day following certification, the certifier must review the appropriate reports to ensure; no unauthorized changes to the payroll were made after the certification information was entered into CIPPS, all transactions processed as requested, and the certified payroll amounts equal to the actual amounts processed.

CIPPS Navigation Certifiers need basic CIPPS navigational skills. CAPP – Cardinal Topic No. 50110, *CIPPS Navigation,* provides information on how to log-on to the system, access individual screens, use sub-commands, etc. In addition, certifiers are encouraged to attend Introductory CIPPS Payroll classes to help increase their knowledge of CIPPS.

CIPPS Security CIPPS provides an important control feature to agencies through computer security and password access. CIPPS can restrict user access to certain data entry screens. Through the security set-up process, agencies can ensure that the processors do not certify, and vice-versa. See CAPP – Cardinal Topic No. 50210, *User System Security.*

Overview, Continued

Review and Control

Certifiers must ensure the pre-certification review activities contained in CAPP – Cardinal Topic 50810, *Pre-Certification Activities*, are completed prior to certifying payroll. All differences between prior and current payroll edit totals must be identified and researched. Due to the nature and the volume of paperwork and source documentation that may be generated through the payroll process, a statistically valid, random sampling of the payroll information may be incorporated into the reviews conducted during the certification process. FINDS/PAT can also be used to facilitate a more thorough review (see the following section). Evidence of the review should be provided through initials or signatures, as well as the date of the review.

Certification Entry Timing

Cutoff for all payroll certification information (entry of PYCTF) into CIPPS is 3:30 p.m. on the day the certification is entered up to and inclusive of scheduled certification deadlines. Noncompliance with this deadline may be reported in the *Report on Statewide Financial Management and Compliance*, or Quarterly Report.

CIPPS Downloading

CIPPS Downloading

The Financial Information Downloading System (FINDS) provides agency access to CIPPS data, by a process generally known as CIPPS downloading. Agencies can use FINDS to produce their own unique agency reports and review CIPPS data as current as the previous night's processing on a daily basis. See CAPP Topic No. 70710, *FINDS: CIPPS Downloading.*

Payroll Audit Tool

The Payroll Audit Tool (PAT) is a web-based application that facilitates the review and comparison of key payroll and leave information. The PAT reports can be used to reduce the review time for both pre-certification and the post-certification processing through use of the comparative and summary reports. PAT reports highlight differences between past and current payruns, summarize data in easy-to-read formats, summarize deduction information, and much more. See the summary of applications in the table that follows and CAPP Topic No. 70735, *CIPPS Payroll Audit Tool,* for more information.

Payroll Audit Tool, Continued

The most commonly used PAT applications for certification and a brief explanation of their purpose are described below:

Category	Reports Available	Common Application
Summary Processing	Gross Pay Totals by Frequency	This report uses the Report 10 file selected along with the employee master file to compute a dollar value for each frequency assigned to the employees on the master file. For agencies that choose to certify by frequency, this report is helpful when calculating the gross pay totals.
	Summary Report 10	This report provides a summarized view of the Report 10 file selected. It shows each employee's gross to net pay. Totals are provided at the end of the report:
	Salary/Regular Pay Compare	Provides a list of the employees whose total regular pay does not equal their semi-monthly salary/rate on the Report 10 file selected.
	Rate Amount Change Compare	This report compares two Report 10 files and lists the exceptions for those employees who have had a change in their H0BID Salary/Rate amount.
Deduction and Special Pay	Deduction and Special Pays Listing	This report uses the Report 10 file selected and lists every employee and all of their current deductions and special pays on that file.
	Deduction and Special Pay Comparison	This report compares two Report 10 files selected and creates a list of those employees who have had a change in any deduction or special pay amount. (The report automatically excludes Imputed Life and Direct Deposit deductions).
	Special Pays Listing	This report lists all of the employees receiving any Special Pay for the Report 10 file selected. This listing excludes imputed life.
	Deduction Amount Change Comparison	Compares two Report 10 files and reports the employees who have any changes in deduction amounts (excludes taxes, flex admin fees, and direct deposit.).
	State and Federal Tax Withholding Comparison	Lists all of the employees with no change in Gross Pay (usually excludes wage employees and those with overtime) whose Federal and/or State tax difference is greater than the chosen variable dollar amount .

Payroll Audit Tool, Continued

Category	Reports Available	Common Application
Leave	Active Employee Leave Balances Less Than Specified Amount	Based on the Employee Master file this report will generate a listing of all active employees with a combined total of Family Personal, Overtime, Annual, Comp, On-Call, Recognition, Bonus and Sick Leave less than the variable selected. Can be used to highlight employees who may be in danger of going into a LWOP status.
Employee	Employee Master	This report uses the Employee Master file (which is updated nightly) to present a one-page printout of all pertinent employee data for either a selected employee or all employees in an agency.

Internal Control

Requirements Accuracy and proper authorization of changes are the goal in the certification process. Agencies must have policies and procedures governing the certification process. The following are the minimum guidelines to use when developing your policies:

- The person responsible for data entry of the payroll cannot be the person responsible for certification of the payroll,
- Assign a primary certifier and a backup in cases when the primary certifier is not available,
- Steps should be taken to ensure that unauthorized personnel do not breach the certification security, and that security is continuously updated.

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Subject Cross References

References CAPP – Cardinal Topic No. 50110, *CIPPS Navigation*
CAPP – Cardinal Topic No. 50210, *User System Security*
CAPP – Cardinal Topic No. 50810, *Pre-Certification Activities*
CAPP – Cardinal Topic No. 50820, *Post-Certification Activities*
CAPP Topic No. 70735, *CIPPS Payroll Audit Tool (PAT)*

CARS to Cardinal Transition

Cardinal Transition

CIPPS interfaces to both CARS and Cardinal. No additional action needs to be taken by agencies in order to record CIPPS entries. After CARS has been decommissioned, agencies will no longer use NSSA to establish programmatic data in CIPPS. Instructions on how to load this information to CIPPS will be distributed at a later time.