Volume No. 1—Policies & Procedures	TOPIC NO.	50910 – Cardinal
Section No. 50900—Reconciliation	TOPIC	QUARTERLY RECONCILIATION AND CERTIFICATION
CARDINAL	DATE	January 2016

Table of Contents

Overview

Introduction

Each agency is considered a separate employer; each is required by law to comply with all regulatory reporting requirements. CIPPS provides agencies various reports to facilitate these requirements. However, these reports must be reviewed and reconciled to ensure the accuracy of CIPPS masterfile information and information reported to the federal and state agencies. All payroll reports received at the agency should be reviewed as they are received. If the review and reconciliation processes are kept current, the quarter-end and year-end review and reconciliation process is much easier.

Another review that will facilitate the quarter-end reconciliation process is the CIPPS Automated 10/33 Reconciliation (Report U092 and U093). These reports provide the means for a monthly reconciliation of the masterfile information, and for the correction of records. Incorporating this monthly reconciliation into your normal procedures helps to:

- Reduce the number of adjustments at quarter-end.
- Reduce the research period for errors.
- Reduce the reconciliation time at quarter-end.
- Keep the agency aware of payroll information in the CIPPS masterfile record.

DOA issues a PAYROLL OPERATIONS CALENDAR, on a semi-annual basis, outlining Quarterly Certification due dates. Agencies must adhere to these deadlines to allow for proper reporting to federal and state agencies. Failure to do so may result in the agency being reported in the Comptroller's Quarterly Report, and/or IRS penalties and fines associated with reporting incorrect information.

Quarterly Reconciliation Procedures

Quarterly Payroll Reports

After the last payroll is processed in a quarter, DOA produces a set of Quarter Regulatory Reports (QRR). DOA moves (or rolls) the CIPPS current quarter information totals to the prior quarter fields, which allows current payrolls to be processed while the QRR are being produced. The following chart details the reports.

NOTE: **Prior Quarter** refers to the information being reported for the quarter just ended.

Report Number	Report Name	Description
880	Employee Quarterly Tax Report #1 as of <u>date</u>	Displays by employee Prior Quarter and Year-To-Date totals for gross pay, all taxable wages, and taxes withheld.
881	Employee Quarterly Tax Report #2 as of <u>date</u>	Displays by employee Prior Quarter and Year-To-Date totals for additional taxable fields (i.e. FUTA, DI, uncollected FICA, etc.)
56	Quarterly Composite Tax Report as of <u>date</u>	Displays a comprehensive tax report by tax unit, country, state, local and establishment number. Use the COMPANY TOTAL page in the reconciliation process.
U057	Quarterly Employee Count for SUI Purposes by FIPS	Displays by Federal Information Processing Standard (FIPS) Code the number of employees in the FIPS Code area and the total wages paid, excess wages paid, and the SUI Taxable wages.
U090	FIPS Code Error Report	Displays the detail information for employees who have an incorrect or missing FIPS Code.

Quarterly Reconciliation Procedures, Continued

Reconciling Quarterly Reports

The Quarterly Reconciliation requires a comparison of the totals on CIPPS reports (Report 880, 881, and 56) to agency maintained totals (Control Total Worksheet). The Report 880 and the Report 56 Year-To-Date line item totals must agree to the Year-To-Date totals on the agency's Controls Totals Worksheet. For more information on the Control Totals Worksheet, see CAPP – Cardinal Topic No. 50905, *Monthly Reconciliations*.

If all totals agree, the agency completes the Certification form and forwards the form and the Company Total page of the Report 56, with the Fiscal Officer signature, to DOA.

If the totals do not agree, agencies must analyze the differences and determine if adjustments to employee records are required. If the Control Totals have been reconciled to the Report U092 and U093, and the "10 to 33" adjustments have been sent to DOA for processing, only one month of payroll information will have to be reviewed for potential errors.

NOTE: Any "10 to 33" adjustments submitted for processing will not be reflected in the agency's Report 33 totals, and therefore will not be reflected in an agency's Control Total Worksheet. The Control Total Worksheet will need to be adjusted for these correcting entries in order to balance.

Adjustments

Manual adjustments to employee records must be submitted on the Employee Tax File Adjustment Form. Only actual "10 to 33" adjustments should be submitted to DOA for processing; all other adjustments must be processed through payroll using manual paysets. Refer to CAPP – Cardinal Topic No. 50705, *Employee and Tax Masterfile Updates,* for instructions on processing adjustments using manual paysets.

Quarterly Reconciliation Procedures, Continued

Adjustments (continued)

The Employee Tax File Adjustment Form must be completed using the corrected TOTALS - not the amount of the adjustment(s) to the record as follows:

Step	Action
1	Identify and show the correct TOTAL in all fields requiring adjustment(s)
2	Provide a written explanation of why the adjustment if necessary on the reverse side. Adjustments submitted with no or incomplete explanations will not be made by DOA.
3	Summarize all employee adjustments and clearly write the correct total amounts on the Company Total page of the Report 56.
4	Submit the Employee Tax File Adjustment Form with the Quarterly Certification Form and the signed Company Total page of the Report 56 to DOA for processing.

Regulatory Reporting and Processing

Internal Revenue Service

Each quarter, all employers who pay wages subject to payroll taxes must file an IRS Form 941, Employer's Quarterly Federal Tax Return. The Payroll and Benefits Accounting Unit in DOA prepares and submits Forms 941 for each agency on CIPPS. Each agency receives a copy of the completed Form 941 after filing is complete (usually the last day of the month following the date the quarter ended). Reconciliation of the Form 941 totals to the agency's Control Totals must be completed, and exceptions reported to DOA immediately.

Regulatory Reporting and Processing, Continued

Employer's Quarterly Report

Agencies are required to complete and submit the Employer's Quarterly Report (Form VEC-20). Instructions and specific due dates are included in the packet sent out to employers, by the Virginia Employment Commission. DOA submits information to VEC via magnetic *media* that contains the information as it appears on your QRR.

The VEC 20 is completed using the company totals, adjusted for any Report U090 figures provided on the Report U057. Use the instructions on the VEC-20 and the totals to complete the information. Generally for state agencies, only sections A, B1, B2, & B3 must be completed.

If adjustments to an employee's records are made, the VEC must be informed of the following:

WHAT TO REPORT:

Employer's Name and Agency Number   Quarter and Year for Reporting
Employee's Social Security Number   Original Totals
Employee's Name   Corrected Totals
Agency authorized signature

WHERE TO REPORT:

Virginia Employment Commission
Audit Department, Room 114
P.O. Box 1358
Richmond, VA 23211

Continued on next page

Regulatory Reporting and Processing, Continued

Multiple Worksite Report

Agencies with multiple FIPS Codes may be required to complete a Multiple Worksite Report. The required information to complete this reporting requirement is found on the Report U057. If the agency receives a Report U090, the Report U057 totals must be corrected for the figures on the Report U090. Follow the instructions on the form.

If a Report U090 is received, and you did not receive a Multiple Worksite Report, you must send the following to the Virginia Employment Commission.

WHAT TO REPORT:

Employer's Name and Agency Number	Authorized Signature
Correct FIPS Code	
Original No. of Employees in Month 1	Corrected No. of Employees in Month 1
Original No. of Employees in Month 2	Corrected No. of Employees in Month 2
Original No. of Employees in Month 3	Corrected No. of Employees in Month 3
Original Taxable Wages	Corrected Taxable Wages
Original Excess Wages	Corrected Excess Wages
Original Total Wages	Corrected Total Wages

WHERE TO REPORT:
Virginia Employment Commission
ES-202, Room 3194
P.O. Box 1358
Richmond, VA 23211

Internal Control

Internal Control

It is the responsibility of agency fiscal management to ensure that all quarterly reports have been reviewed and audited and that all appropriate adjustments have been made prior to the certification of final year-to-date totals on the quarterly report.

Records Retention

Time Period

All reports should be retained for a period of 5 years or until audited, whichever is longer.

Contacts

DOA Contact

Director, State Payroll Operations
Voice: (804) 225-2245
E-mail: Payroll@doa.virginia.gov

Payroll Support Analyst/Trainer
Voice: (804) 786-1083
E-mail: Payroll@doa.virginia.gov

Subject Cross References

References

CAPP – Cardinal Topic No. 50705, *Employee and Tax Masterfile Updates*
CAPP – Cardinal Topic No. 50905, *Monthly Reconciliations*

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.