

CPP EXAM CONTENT OUTLINE

This informational outline reflects the subject matter tested on the CPP Examination.

For a complete list of the Knowledge, Skills, and Abilities (KSAs) tested on the CPP examination, visit www.americanpayroll.org/certification.

CPP CERTIFICATION EXAMINATION OUTLINE

The below Content Outline is effective starting September 14, 2019:

I. CORE PAYROLL CONCEPTS.....24%

- A. Worker Status
- B. Fair Labor Standards Act
- C. Employment Taxes
- D. Employee Benefits
- E. Employee/Employer Forms
- F. Professional Responsibility
- G. Methods and Timing of Pay

II. COMPLIANCE/RESEARCH AND RESOURCES 16%

- A. Escheatment
- B. Legislative and Regulatory Requirements
- C. Reporting
- D. Record Retention
- E. Penalties
- F. Global
- G. Multi-state Taxation / Reporting

III. CALCULATION OF THE PAYCHECK20%

- A. Compensation/Benefits
- B. Fringe Benefits
- C. Involuntary Deductions/Taxes
- D. Voluntary Deductions
- D. Employer Taxes and Contributions
- E. Total Payroll

IV. PAYROLL PROCESS AND SUPPORTING SYSTEMS AND ADMINISTRATION 12%

- A. Maintain Master File Components
- B. Concepts and Functionalities
- C. Business Continuity Plan
- D. Technology Evaluation
- E. Upgrade/Implementation Knowledge
- F. System Maintenance/Updates
- G. System/Project Implementations

V. PAYROLL ADMINISTRATION AND MANAGEMENT 10%

- A. Policies and Procedures
- B. Management Skills and Practices
- C. Customer Service and Communication
- D. Staffing, Employee Development, and Core Competencies

VI. AUDITS.....9%

- A. Internal Controls
- B. Payroll System Controls
- C. Accounting System Controls
- D. Audit Policies and Procedures
- E. Third Party Controls

VII. ACCOUNTING9%

- A. Financial Reporting
- B. Accounting Principles
- C. Payroll Journal Entry
- D. Account Reconciliation

Note: Effective September 14, 2019 all FPC and CPP examinations will be based on the updated Knowledge, Skills, and Abilities. Visit www.americanpayroll.org/cpp for the latest exam content outline.

Content Area 1: Core Payroll Concepts

1.1 Identify worker status in order to correctly compensate workers

1.1.1	K1101	Knowledge of worker classification criteria
1.1.2	K1102	Ability to determine worker status and employer obligations (e.g., employee, independent contractor, temporary agency/leased employee)
1.1.3	K1103	Knowledge of purpose of Form SS-8
1.1.4	K1104	Knowledge of Common Law Test
1.1.5	K1105	Knowledge of Reasonable Basis Test
1.1.6	K1106	Knowledge of worker classification under the FLSA
New!--->	1.1.7	K1107 Knowledge of Certified Professional Employer Organization (CPEO)
1.1.8	K1108	Ability to determine worker status and employer obligations for statutory employee and statutory nonemployee

1.2 Incorporate and apply the regulatory requirements under FLSA in order to accurately compensate employees

1.2.1	K1201	Knowledge of minimum wage requirements and FLSA components (e.g., federal minimum wage, tip credit)
1.2.2	K1202	Knowledge of definition of the workweek (e.g. 8/80, fluctuating)
1.2.3	K1203	Knowledge of compensable time (e.g., meal periods, rest periods, waiting time, unauthorized overtime, business travel)
1.2.4	K1204	Knowledge of overtime requirements and regular rate of pay
1.2.5	K1205	Knowledge of acceptable work time rounding practices
1.2.6	K1206	Knowledge of tipped employee requirements
1.2.7	K1207	Knowledge of employee classification (e.g., exempt/nonexempt, white collar exemption classifications, and salary requirements)
1.2.8	K1208	Knowledge of child labor regulations
1.2.9	K1209	Knowledge of public sector FLSA requirements
1.2.10	K1210	Knowledge of the public service contract acts (e.g. Davis-Bacon, Walsh-Healey, Service Contract)

1.3 Identify and understand the appropriate employment tax regulations to maintain compliance

1.3.1	K1301	Knowledge of federal employment tax requirements (e.g., income tax, social security, Medicare, and FUTA)
1.3.2	K1302	Knowledge of federal income tax withholding methods (e.g., wage bracket, percentage, optional or mandatory flat rate, and aggregate)
1.3.3	K1303	Knowledge of backup withholding requirements
1.3.4	K1304	Knowledge of multi-state taxation rules (e.g., SIT, SUI, and military spouse regulations)
1.3.5	K1305	Knowledge of FICA student exemption
1.3.6	K1306	Knowledge of FICA Public Sector requirements
1.3.7	K1307	Knowledge of Railroad Retirement Tax Act requirements

1.4 Identify and understand the application of employee benefit requirements for payroll, taxation, and reporting to maintain compliance

1.4.1	K1401	Knowledge of impact of taxable and non-taxable benefits
1.4.2	K1402	Knowledge of a qualified and nonqualified plans (e.g. retirement plans, awards, IRC Sec. 125, moving, adoption)
1.4.3	K1403	Knowledge of imputing fringe benefits
1.4.4	K1404	Knowledge of grossing-up taxable benefits
1.4.5	K1405	Knowledge of Affordable Care Act (ACA)
1.4.6	K1406	Knowledge of nondiscrimination testing

1.5 Recognize and understand the proper use of federal forms related to payroll to maintain payroll compliance

1.5.1	K1501	Knowledge of employee forms (Forms I-9, W-4 series, and W-9)
1.5.2	K1502	Knowledge of quarterly forms (Forms 941 series)
1.5.3	K1503	Knowledge of annual forms (Forms 940, 943, 944, 945, W-2 series, W-3 series, 1099 series, and 1096)
1.5.4	K1504	Knowledge of ACA forms (Forms 1094 series and 1095 series)
1.5.5	K1505	Knowledge of global forms (Forms 1042 series and 8233)

1.6 Monitor and assess the impact of technology, data security, and regulatory changes and the resources available to maintain payroll compliance

1.6.1	K1601	Knowledge of necessity to maintain confidentiality of employer/employee data
1.6.2	K1602	Knowledge of resources available to stay abreast of legislative and regulatory changes
1.6.3	K1603	Ability to identify a breach of data or confidentiality
New!--->	1.6.4	K1604 Ability to address a breach of data or confidentiality

1.7 Understand the methods, requirements, and processes for timely payment of employee compensation

1.7.1	K1701	Knowledge of constructive receipt
1.7.2	K1702	Knowledge of allowed pay vehicles (e.g., cash, check, direct deposit, pay cards)
1.7.3	K1703	Knowledge of pay frequency/method governance
1.7.4	K1704	Knowledge of ACH process and components
1.7.5	K1705	Knowledge of impact of federal banking holidays
1.7.6	K1706	Knowledge of stopping payment of checks
1.7.7	K1707	Knowledge of payment by check (e.g., holder in due course, check processing, positive pay)

Content Area 2: Compliance/Research and Resources

2.1 Understand the requirements of escheat laws for unclaimed payroll payments to maintain regulatory compliance

2.1.1 K2101 Knowledge of escheat laws

2.1.2 K2102 Knowledge of escheatment procedures

2.2 Comprehend and incorporate legislative and regulatory requirements for compliant payroll processing

2.2.1 K2201 Knowledge and processing of wage attachments (child support, tax levies, garnishments, National Medical Support Notice)

2.2.2 K2202 Knowledge of supplemental wages

2.2.3 K2203 Knowledge of timing and methods of federal tax deposits

2.2.4 K2204 Knowledge of government agency notices

2.2.5 K2205 Knowledge of HIPAA regulations

2.2.6 K2206 Knowledge of Federal agency regulations impacting payroll (IRS, SSA, DOL, USCIS, third-party sick pay, E-Verify)

2.2.7 K2207 Knowledge of options to verify social security numbers

2.2.8 K2208 Knowledge of wage assignments

2.2.9 K2209 Knowledge of COBRA requirements

2.2.10 K2210 Knowledge of the E-Verify requirements

2.2.11 K2211 Knowledge of ERISA requirements

2.2.12 K2212 Knowledge of workers' compensation regulations

2.3 Comprehend and incorporate legislative and regulatory requirements for compliant payroll reporting

2.3.1 K2301 Knowledge of employee forms completion requirements (Forms W-4 series, I-9, W-9)

2.3.2 K2302 Knowledge of quarterly forms completion and filing (Forms 941 series)

2.3.3 K2303 Knowledge of annual forms completion and filing (Forms W-2 series, W-3 series, 1099 series, 1096)

2.3.4 K2304 Knowledge of completion and filing of annual unemployment tax return (Form 940)

2.3.5 K2305 Knowledge of completion and filing of Federal tax levy forms (Form 668 series)

2.3.6 K2306 Knowledge of FMLA regulation and requirements

2.3.7 K2307 Knowledge of New Hire Reporting

2.3.8 K2308 Knowledge of non-tax deduction reporting (e.g. charitable contributions, union dues)

2.3.9 K2309 Knowledge of completion and filing of global tax returns (Forms 1042 series)

2.3.10 K2310 Knowledge of completion and filing of Affordable Care Act returns (Forms 1094-C, 1095-C)

2.3.11 K2311 Knowledge of reporting and filing of annual tax returns (Forms 943, 944, 945)

2.4 Identify and apply payroll record retention requirements based on federal regulatory statutes to maintain compliance

2.4.1 K2401 Knowledge of IRS requirements

2.4.2 K2402 Knowledge of FLSA requirements

2.4.3 K2403 Knowledge of FMLA requirements

2.4.4 K2404 Knowledge of USCIS requirements

2.4.5 K2405 Knowledge of EEOC and ADEA requirements

2.5 Recognize and understand regulatory penalties for non-compliance of depositing and/or reporting/filing requirements

2.5.1 K2501 Knowledge of IRS penalties

2.5.2 K2502 Knowledge of DOL penalties

2.5.3 K2503 Knowledge of USCIS penalties

2.5.4 K2504 Knowledge of Affordable Care Act (ACA) penalties

2.6 Comprehend and apply global payroll and compliance concepts for accurate worldwide employee payments and taxation

2.6.1 K2601 Ability to apply or calculate expatriate payroll and tax processes

2.6.2 K2602 Ability to apply or calculate nonresident alien taxation and processing

2.6.3 K2603 Ability to apply or calculate resident alien taxation and processing

2.6.4 K2604 Ability to process foreign worker payments

2.6.5 K2605 Knowledge of tax treaty benefits and limitations

2.6.6 K2606 Knowledge of managing international relationships

2.6.7 K2607 Knowledge of totalization agreements

2.6.8 K2608 Knowledge of foreign worker payments

2.6.9 K2609 Knowledge of tax equalization and hypothetical tax

2.6.10 K2610 Knowledge of shadow payroll

2.6.11 K2611 Knowledge of timing of foreign currency conversions

2.6.12 K2612 Ability to determine the resident/nonresident alien status

2.6.13 K2613 Knowledge of different types of visas and the impact on federal tax withholding

2.6.14 K2614 Knowledge of foreign earned income and housing cost exclusions and the impact on taxation

2.6.15 K2615 Ability to manage expatriate payroll and tax processes

2.7 Understand complex taxation and reporting requirements to maintain compliance

2.7.1 K2701 Knowledge of employee tips regulations and reporting (Forms W-2, 8027, allocated tips)

2.7.2 K2702 Knowledge of merger/acquisition requirements and reporting

2.7.3 K2703 Knowledge of requirements for filing multiple worksite reports and census reports

2.7.4 K2704 Knowledge of common paymaster regulations and reporting

New! --->

2.7.5 K2705 Knowledge of common pay agent regulations and reporting

Content Area 3: Calculation of the Paycheck

3.1 Apply and execute regulatory requirements to accurately calculate employee compensation

- 3.1.1 K3101 Ability to calculate FLSA overtime and regular rate of pay
- 3.1.2 K3102 Ability to calculate gross pay (e.g., hours worked, regular, overtime, piece rate, commissions, final pay)
- 3.1.3 K3103 Ability to calculate gross pay for tipped employees
- 3.1.4 K3104 Ability to calculate employer paid taxes (gross-up)
- 3.1.5 K3105 Ability to identify or calculate supplemental wages
- 3.1.6 K3106 Ability to identify or calculate overpayment situations
- 3.1.7 K3107 Ability to calculate expatriate payments

3.2 Identify and determine the tax treatment of fringe benefits to accurately calculate employee taxable compensation

- 3.2.1 K3201 Ability to identify or calculate imputed income (e.g., GTL, personal use of company car, mileage)
- 3.2.2 K3202 Knowledge of impact(s) of third party payments (e.g., workers' comp, third-party sick)
- 3.2.3 K3203 Knowledge of taxable and non-taxable income for fringe benefits (e.g., educational assistance, personal use of company car, mileage, relocation, awards and prizes, qualified transportation)
- 3.2.4 K3204 Knowledge of accountable and non-accountable plans (e.g., business expense)
- 3.2.5 K3205 Knowledge of IRS special accounting rule
- 3.2.6 K3206 Knowledge of impact of stock awards and purchases

3.3 Calculate taxes and involuntary deductions from compensation to maintain compliance

- 3.3.1 K3301 Ability to calculate federal employment tax (e.g., taxable wages, income tax, social security, Medicare)
- 3.3.2 K3302 Ability to calculate federal income tax withholding (e.g., wage bracket, percentage, optional or mandatory flat rate, aggregate, backup withholding)
- 3.3.3 K3303 Ability to identify or calculate withholding for wages paid after death
- 3.3.4 K3304 Ability to calculate disposable earnings
- 3.3.5 K3305 Ability to calculate take home pay
- 3.3.6 K3306 Ability to identify or calculate involuntary deductions and payments (e.g., child support, creditor garnishment, federal tax levy, student loans)
- 3.3.7 K3307 Ability to calculate federal income tax withholding from qualified pension distributions

3.4 Apply and calculate voluntary deductions from compensation to comply with regulatory obligations

- 3.4.1 K3401 Ability to calculate deferred compensation contributions (e.g., IRC Sec.401(k), 403(b), 457(b), USERRA)
- 3.4.2 K3402 Ability to calculate other deductions (e.g. union dues, wage assignment, charitable contributions)
- 3.4.3 K3403 Ability to identify or calculate IRC Sec. 125 components (cafeteria plan contributions)
- 3.4.4 K3404 Knowledge of IRC Sec. 132, Nontaxable Fringe Benefits (components of exclusion from income)
- 3.4.5 K3405 Knowledge of deferred compensation regulations (e.g., IRC Sec. 401(k), 403(b), 457(b))
- 3.4.6 K3406 Ability to identify or calculate allowable employer deductions under FLSA (e.g., uniforms, lodging, docking pay, employer provided loans, overpayments, repayments)
- 3.4.7 K3407 Knowledge of IRC Sec. 129, Dependent Care Assistance Plans (components of exclusion and limitations)
- 3.4.8 K3408 Knowledge of or ability to calculate clawback of employee wages (e.g., executive compensation based on fraud or accounting errors)

3.5 Calculate employer taxes and deposits based on federal requirements

- 3.5.1 K3501 Ability to calculate federal employer tax liabilities (e.g., FICA, FUTA)
- 3.5.2 K3502 Ability to calculate federal employer deposits (e.g., FIT, FICA, FUTA)

3.6 Calculate total payroll including gross pay, total deductions, and employer costs for accurate paychecks

- 3.6.1 K3601 Ability to calculate net pay
- 3.6.2 K3602 Ability to calculate total deductions (voluntary/involuntary)
- 3.6.3 K3603 Ability to calculate total payroll (gross pay, voluntary/involuntary deductions, employer cost)

Content Area 4: Payroll Process and Supporting Systems and Administration

4.1. Recognize appropriate employee information required to perform payroll calculations, benefit administration, and tax reporting

- 4.1.1 K4101 Knowledge of master file components

4.2 Understanding of system functionality, automated processes, and system evaluation in order to enhance payroll processing efficiency

- 4.2.1 K4201 Knowledge of functionality, processing, and performance of the payroll systems (e.g., cloud processing, artificial intelligence, robotics)
- 4.2.2 K4202 Knowledge of batch processing and totals
- 4.2.3 K4203 Knowledge of payroll system integrations and interfaces
- 4.2.4 K4204 Knowledge of employee and/or manager self-service
- 4.2.5 K4205 Knowledge of system security
- 4.2.6 K4206 Knowledge of payroll system reports and schedules
- 4.2.7 K4207 Knowledge of processing types (e.g., batch, real-time, corrections)
- 4.2.8 K4208 Knowledge of system data edits
- 4.2.9 K4209 Knowledge of advantages/disadvantages when comparing payroll systems
- 4.2.10 K4210 Ability to evaluate functionality, processing, and performance of the payroll systems

4.3 Apply the steps required to create and test a plan in order to support business continuity

4.3.1	K4301	Knowledge of Business Continuity Plans and their components
4.3.2	K4302	Ability to test and validate results for a Business Continuity Plan
4.3.3	K4303	Ability to develop procedures for a Business Continuity Plan
4.3.4	K4304	Ability to update procedures for a Business Continuity Plan

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4.4 Identify stakeholders and analyze key components required to evaluate technology

4.4.1	K4401	Knowledge of system selection process steps
4.4.2	K4402	Ability to identify project stakeholders
4.4.3	K4403	Knowledge of gap and needs analyses
4.4.4	K4404	Knowledge of a Request for Proposal (RFP) and Request for Information (RFI)

4.5 Demonstrate knowledge of steps required to effectively upgrade or implement technology

4.5.1	K4501	Ability to define workflow
4.5.2	K4502	Ability to identify project team members
4.5.3	K4503	Knowledge of mapping, converting, and reconciling data
4.5.4	K4504	Knowledge of planning, developing, and implementing user training
4.5.5	K4505	Knowledge of purpose of testing (e.g., unit, user acceptance, parallel, end-to-end)
4.5.6	K4506	Knowledge of steps required to implement/upgrade systems

4.6 Understand steps required to maintain, back up, and update payroll-related systems to ensure compliance, data integrity, and efficiency

4.6.1	K4601	Ability to verify system updates and enhancements
4.6.2	K4602	Knowledge of appropriate backup procedures
4.6.3	K4603	Knowledge of steps required to update system
4.6.4	K4604	Knowledge of system documentation

4.7 Manage tasks related to system implementations or upgrades in order to facilitate project completion

4.7.1	K4701	Ability to develop Request for Proposals (RFPs) and Request for Information (RFI) and evaluate responses
4.7.2	K4702	Ability to formulate and implement project plans including budgets
4.7.3	K4703	Ability to formulate and implement project plans
4.7.4	K4704	Ability to plan and conduct post project plan reviews
4.7.5	K4705	Ability to manage, analyze and assess project plans
4.7.6	K4706	Ability to engage stakeholders and project teams during project planning and activities
4.7.7	K4707	Knowledge of business planning concepts, methods and resources

Content Area 5: Payroll Administration and Management

5.1 Understand, document, and correctly apply payroll policies and procedures for consistency and compliance based on company guidelines

5.1.1	K5101	Ability to apply departmental procedures
5.1.2	K5102	Ability to illustrate logical flow of processes
5.1.3	K5103	Ability to implement and organize department processes
5.1.4	K5104	Knowledge of documentation processes

5.2 Understand management skills required to develop and enforce intradepartmental agreements to be an effective and efficient payroll department

5.2.1	K5201	Knowledge of service level agreements
5.2.2	K5202	Knowledge of the payroll department's objectives
5.2.3	K5203	Knowledge of time management techniques
5.2.4	K5204	Ability to apply management practices
5.2.5	K5205	Knowledge of benchmarking
5.2.6	K5206	Knowledge of effective management practices
5.2.7	K5207	Knowledge of shared services environment
5.2.8	K5208	Knowledge of team building techniques

5.3 Incorporate techniques to effectively facilitate customer service needs and payroll department communications

5.3.1	K5301	Ability to communicate effectively
5.3.2	K5302	Ability to identify and apply customer service principles
5.3.3	K5303	Knowledge of implications of governmental notices
5.3.4	K5304	Knowledge of resources available for resolution of customer issues

5.4 Hire staff, develop employees, and manage performance for effective payroll operations

5.4.1	K5401	Ability to delegate appropriately
5.4.2	K5402	Ability to effectively manage interpersonal relationships
5.4.3	K5403	Ability to prepare job descriptions
5.4.4	K5404	Knowledge of employee performance evaluation and development plans
5.4.5	K5405	Knowledge of payroll staff's skills and abilities
5.4.6	K5406	Knowledge of training resources
5.4.7	K5407	Knowledge of effective job interview techniques

Content Area 6: Audits

6.1 Identify and incorporate internal controls to protect assets and maintain compliance for financial audits

6.1.1	K6101	Ability to develop and update department processes
6.1.2	K6102	Ability to identify internal controls (e.g., segregate job duties, identify fraudulent activity, validate accumulators, check processing and printing controls, physical payout, tax filing reconciliations)
6.1.3	K6103	Ability to implement internal controls (e.g., segregate job duties, identify fraudulent activity, validate accumulators, check processing and printing controls, physical payout, tax filing reconciliations)
6.1.4	K6104	Ability to test internal controls (e.g., segregate job duties, identify fraudulent activity, validate accumulators, check processing and printing controls, physical payout, tax filing reconciliations)
6.1.5	K6105	Knowledge of Sarbanes-Oxley compliance and controls
6.1.6	K6106	Knowledge of internal/external audits

6.2 Analyze payroll system functionality through validation and reconciliation of source data to ensure accuracy for compliance and financial audits

6.2.1	K6201	Ability to reconcile payroll output reports to internal sources (e.g., accounts payable)
6.2.2	K6202	Ability to reconcile payroll output reports to external sources (e.g., 401(k), FSA vendors)
6.2.3	K6203	Ability to validate source data input/output
6.2.4	K6204	Ability to reconcile payroll input
6.2.5	K6205	Ability to analyze system operations

6.3 Understand the impact of accounting system controls and perform account reconciliations for accurate financial reporting and compliance

6.3.1	K6301	Ability to identify or correct amounts out of balance
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6.4 Evaluate company policies and procedures to maintain financial reporting and compliance

6.4.1	K6401	Ability to identify or correct amounts out of balance
6.4.2	K6402	Ability to maintain confidentiality
6.4.3	K6403	Knowledge of reporting requirements for data breach
6.4.4	K6404	Ability to identify audit policies and procedures

6.5 Identify and understand third party agreements to maintain contractual compliance

6.5.1	K6501	Knowledge of payroll-related internal agreements (e.g., collective bargaining, service-level agreements)
6.5.2	K6502	Knowledge of payroll-related external agreements (e.g., third-party sick pay, outsourcing agreement)

Content Area 7: Accounting

7.1 Understand accounting requirements to ensure reporting of financial data is not materially misstated

7.1.1	K7101	Knowledge of accounting periods
7.1.2	K7102	Knowledge of accounting principles (e.g., matching, consistency, cost)
7.1.3	K7103	Knowledge of accruals and reversals
7.1.4	K7104	Knowledge of impact of asset, liability and expense accounts on financial statements
7.1.5	K7105	Knowledge of components of financial statements (e.g., income statement, balance sheet)

7.2 Apply accounting principles to payroll processes and data to ensure accurate financial reporting

7.2.1	K7201	Knowledge of account classifications and appropriate account balances
7.2.2	K7202	Ability to identify elements of control source documents

7.3 Understand accounting processes and prepare payroll journal entries to ensure accurate financial reporting

7.3.1	K7301	Ability to record payroll transactions (e.g., compound entries, accruals/reversals)
7.3.2	K7302	Knowledge of journal entry purpose and process
7.3.3	K7303	Knowledge of impact of debits/credits to account balances
7.3.4	K7304	Knowledge of accounting for repayment of wages

7.4 Reconcile payroll data to the general ledger to ensure the financial statements are prepared in conformity with Generally Accepted Accounting Principles

7.4.1	K7401	Knowledge of reconciliation practices and purposes
7.4.2	K7402	Ability to reconcile general ledger payroll-related accounts

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