

# FPC EXAM CONTENT OUTLINE

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

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

## FPC CERTIFICATION EXAMINATION OUTLINE

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

### I. CORE PAYROLL CONCEPTS.....29%

- 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 .... 17%

- A. Escheatment
- B. Legislative and Regulatory Requirements
- C. Reporting
- D. Record Retention
- E. Penalties
- F. Global

### III. CALCULATION OF THE PAYCHECK .....24%

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

### IV. PAYROLL PROCESS AND SUPPORTING SYSTEMS AND ADMINISTRATION .....7%

- A. Maintain Master File Components
- B. Concepts and Functionalities
- C. Business Continuity Plan

### V. PAYROLL ADMINISTRATION AND MANAGEMENT .....7%

- A. Policies and Procedures
- B. Intradepartmental Agreements
- C. Customer Service and Communication

### VI. AUDITS.....8%

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

### VII. ACCOUNTING .....8%

- 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/fpc](http://www.americanpayroll.org/fpc) 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

**1.2 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)
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)
1.2.8	K1208	Knowledge of child labor regulations

**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)

**1.4 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 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)

**1.5 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)

**1.6 Knowledge of 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

**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., 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
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**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, E-Verify)
2.2.7	K2207	Knowledge of options to verify social security numbers
2.2.8	K2208	Knowledge of wage assignments

**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 reporting 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 (Forms 940)
2.3.5	K2305	Knowledge completion and filing of Federal tax levy forms (Forms 668 series)
2.3.6	K2306	Knowledge of FMLA regulation and requirements
2.3.7	K2307	Knowledge of New Hire Reporting

**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

**2.5 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

**New!----> 2.6 Knowledge of global payroll and compliance concepts for worldwide compliance**

2.6.1	K2601	Knowledge of expatriates
2.6.2	K2602	Knowledge of nonresident aliens
2.6.3	K2603	Knowledge of resident aliens

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

**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)
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)

**3.3 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)

**3.4 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))
3.4.2	K3402	Identify or 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))

**3.5 Calculate employer taxes and deposits based on federal requirements**

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

**New!----> 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

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

**4.3 Apply the steps required to 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 results for a Business Continuity Plan

**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 Knowledge of workflow mapping

5.1.3 K5103 Ability to implement department processes

5.1.4 K5104 Knowledge of documentation processes

**New!----> 5.2 Understand the purpose of 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

**5.3 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

**Content Area 6: Audits****6.1 Apply internal controls to protect assets and maintain compliance for financial audits**

6.1.1 K6101 Ability to update department processes

6.1.2 K6102 Ability to identify internal controls (e.g., validate accumulators)

6.1.3 K6103 Knowledge of internal controls (e.g., segregate job duties, physical payouts, phantom employees)

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

**6.3 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

**New!----> 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

**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 payroll impact of asset, liability and expense accounts on financial statements

**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
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**7.3 Understand accounting processes and 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
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