

Student name: _____

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) Internal payroll reports are used to inform a firm's managers and decision-makers about labor costs.

- ☐ true
- ☐ false

2) The Lilly Ledbetter Act of 2009 removed the 180-day statute of limitations for claims of unequal treatment among workers who perform identical tasks.

- ☐ true
- ☐ false

3) The Age Discrimination in Employment Act (ADEA) prohibits discrimination in employment practices for workers who are older than age 50.

- ☐ true
- ☐ false

4) Payroll-related legislation often reflects emerging issues in societal evolution.

- ☐ true
- ☐ false

5) The Worker's Compensation Act of 1935 legislated the payment of worker's compensation insurance.

- ☐ true
- ☐ false

6) The ethical

principle of professional competence and due care pertains to the upholding of rights and justice of stakeholders.

- ☐ true
- ☐ false

7) Payroll accounting systems may involve an integrated software package that contains business-planning tools.

- ☐ true
- ☐ false

8) The IRS uses EINs to track employers for tax purposes.

- ☐ true
- ☐ false

9) The payroll volume tends to be greater for small companies than for large businesses.

- ☐ true
- ☐ false

10) The use of outsourced payroll relieves employers of the responsibility for payroll accuracy.

- ☐ true
- ☐ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

11) The Age Discrimination in Employment Act of 1967 prevented mandatory retirement for workers over the age of:

A) 43.

- B) 39.
- C) 56.

D) 40.

12) The Age Discrimination in Employment Act of 1967 prevented mandatory retirement for workers over the age of:

- A) 55.
- B) 50.

- C) 45.
- D) 40.

13) Which Act extended medical benefits for certain terminated employees?

- A) ADEA
- B) COBRA

- C) OSHA
- D) ERISA

14) Within how many days after initially commencing work must an employer report a new employee, according to PRWOR?

- A) 8
- B) 11

- C) 20
- D) 31

15) Within how many days after initially commencing work must an employer report a new employee, according to PRWOR?

- A) 7
- B) 10

- C) 20
- D) 30

16) The Sarbanes-Oxley Act legislated penalties for violations of which Act?

- A) HIPAA
- B) ERISA

- C) PRWOR
- D) DOMA

17) The *U.S. v. Windsor* case repealed an Act and affected payroll tax withholdings for certain employees. Which Act did Windsor repeal?

- A) OSHA
- B) ARRA

- C) ATRA
- D) DOMA

18) The purpose of payroll legislation is to:

- A) Increase the complexity involved in compensating employees.
- B) Protect the rights of employees by legislating workplace equity.
- C) Generate increased tax revenue for governmental

entities.

- D) Promote governmental involvement in business activities.

19) According to FMLA, during the time that an employee is on family leave:

- A) The employer must not contact the employee during the leave.
- B) The employee is responsible for staying in touch with the employer.
- C) The employer may make changes to the

employee's benefits.

- D) The employer is responsible for alerting the employee to changes in processes and benefits.

20) The USERRA legislation provided the following:

- A) Military service members receive mandatory priority during the hiring process.
- B) Military service members receive preferential

treatment for promotions and raises during the normal course of business.

- C) Military

members must receive the same promotions and compensation that they would have received when they return from active duty.

D) Injured military veterans must be allowed to

return to work, but their compensation may be reduced based on their disability.

21) Payroll taxes were instituted by the 16th Amendment to the United States Constitution:

- A) To pay for governmental salaries.
- B) To make money from businesses that had employees.
- C) To fund infrastructure improvements of booming

cities.

D) To penalize people who needed employment.

22) Employment legislation during the 1930s included which of the following Acts:

- A) FLSA, FUTA, and FICA.
- B) ADEA, Davis-Bacon Act, and FLSA.
- C) Walsh-Healey Act, FICA, and ERISA.

D) FUTA, ADA, and FLSA.

23) The main purpose of the Federal Insurance Contributions Act (FICA) was to:

- A) Provide health insurance for all employees.
- B) Mandate worker's compensation insurance for employers.
- C) Provide life insurance for all employees.

D) Provide benefits for workers who were unable to work because of age, disability, or death.

24) Which Act governs the minimum wage that must be paid to nonexempt workers?

A) FICA

- B) FLSA
- C) FUTA

D) SSA

25) The Fair Labor Standards Act contains provisions for:

- A) Overtime pay, minimum wage, and working conditions.
- B) Full-time workers, part-time workers, and independent contractors.
- C) Minimum wage, maximum wage, and overtime

pay.

D) Pay periods, paid time off, and minimum wage.

26) The Current Tax Payment Act changed employer remittance of taxes by:

- A) Instituting the mandatory transfer of payroll tax liabilities.
- B) Legislating the amounts of tax withheld from each employee.
- C) Requiring employers to remit taxes at specific

times during the year.

D) Calling for employers to remit only the current portions of taxes due.

27) Worker's compensation insurance premiums:

- A) Are the same amount for all employees of a company, regardless of employee task.
- B) Are remitted in full at the end of the year to ensure accuracy.
- C) Are mandated by the Fair Labor Standards Act.

D) Are governed by state laws and vary according to worker job classification.

28) The classification of workers as exempt and nonexempt pertains to the provisions of the:

- A) Social Security Act.
- B) Equal Pay Act.

C) Fair Labor

Standards Act.

D) Federal Insurance Contributions Act.

29) Which of the following is among the guidelines for a Code of Ethics?

- A) Company Interest
- B) Corporate Profitability
- C) Professionalism

D)
Interdependence

30) The payroll accountant for Candor, Incorporated was found to have issued payroll checks in the name of several terminated employees. Upon investigation, the checks were all deposited to the same bank account, which was owned by the payroll accountant. Which ethical principle did the payroll accountant violate?

- A) Confidentiality
- B) Professionalism

C) Professional
Competence and Due Care
D) Integrity

31) Leslie is the accountant for a major movie production. She is approached by a group of people from the press who ask her questions about the salaries of the actors and actresses involved in the film. According to the Code of Ethics, which

- A) Confidentiality
- B) Objectivity and Independence

principle most closely
governs the appropriate
conduct in this situation?

C) Integrity
D) Professional
Competence and Due Care

32) Jonathan is the payroll accountant for Terrafirm Company. The company has experienced a rise in business that has increased Jonathan's workload to more than

double his original amount. Because of the business increase, he has not been able to engage in the continuing professional education (CPE) that his payroll certification requires. When asked by his employer, Jonathan claims to be current with his continuing professional education CPE. According to the

- A) Objectivity and Independence
- B) Professional Competence and Due Care

Code of Ethics, which of the following most closely describes the principle that Jonathan has violated?

- C) Integrity
- D) Professionalism

33) Michael is the payroll accountant for a non-profit. In his personal life, he is also a single father of three young children. On the day that payroll is supposed to be issued, his children are sick and he is unavailable to be at work. The employees' paychecks cannot be issued without his presence.

- A) Confidentiality
- B) Objectivity and Independence

Which ethical principle most closely governs this situation?

- C) Integrity
- D) Professionalism

34) Peter is the owner of a fast-food franchise. When his payroll accountant quit, he hired his wife, Karen, to take over the payroll responsibilities. Peter prefers to review the payroll records prior to disbursement and often asks Karen to add or subtract amount from employee pay. Which ethical principle

- A) Objectivity and Independence
- B) Integrity
- C) Professional Competence and Due Care

most closely describes Peter and Karen's unethical actions?

- D) Confidentiality

35) Which most closely identifies why it is important for payroll accountants to adhere to the Code of Ethics?

- A) To maintain company profitability
- B) To overlook fraudulent actions of company

officers
C) To protect the assets of the company and

remit money owed to the government

- D) To maintain personal standards only

36) In the event of an ethical breach by a payroll accountant, which entity is ultimately liable for any monetary

- A) The payroll accountant
- B) The company's CEO or president
- C) The governmental entity associated with

damages due to stakeholders?

company oversight

- D) The entity that issued the license to the accountant

37) Contemporary payroll practices reflect:

- A) The increased use of manual payroll accounting systems.
- B) The decrease in labor costs that reflects the effect of the economic recession.
- C) The strategic use of payroll data as a company

planning tool.

- D) The replacement of accounting personnel with computerized systems.

38) Which of the following is **not** an option available to payroll accountants?

- A) Payroll preparation through manual, handwritten spreadsheets.
- B) Reduced responsibility for accuracy because of outsourcing services.
- C) Increased use of paycards as a vehicle for paying

employees.

- D) Governmentally mandated and monitored payroll outsourcing.

39) What is the effect of payroll-related legislation on payroll practice?

- A) Legislation explicitly dictates specific activities

of payroll accountants.

B) Legislation has prescribed the format and delivery of a payroll system.

C) Legislation has alleviated the need for a company to design its own payroll system.

D) Legislation highlights the need for firms to create well-designed payroll systems.

40) Which of the following represents a payroll system privacy breach by Susan, a payroll accountant?

A) Susan shares information about labor costs with company executives.

B) Susan alerts department managers about potential FLSA violations in their departments.

C) Susan discusses specific information about the company's federal contracts with friends during lunch.

D) Susan places employee payroll files in a cabinet to which only she and her supervisor have access.

41) Which of the following is a payroll accountant's responsibility?

A) Wage negotiations with prospective employees.

B) Construction contract negotiations with governmental entities.

C) Preparation for corporate safety audits.

D) Preparation of payroll tax returns.

42) Which form does the Internal Revenue Service use to keep track of employers?

A) SS-4

B) ES-4

C) SS-8

D) W-4

43) Joel is the payroll accountant for a company. He has been notified of an impending audit of all accounting records.

What is Joel's role in the audit?

A) He is required

to be absent during the audit to avoid influencing the results.

B) He must agree to serve on the audit staff for other companies.

C) He must be available to answer questions and grant access to payroll records.

D) He must prevent privacy breaches by disallowing access to payroll records.

44) Which of the following is **not** a privacy act related to payroll records?

A) Community Property Act of 1990

B) Freedom of Information Act

C) U.S. Department of Labor OCFO-1

D) U.S. Department of Health and Human Services Privacy Act 09-40-0006

45) Why do different methods of time collection devices (e.g., time cards, biometric devices) exist among companies?

A) They replace personnel with computers, which prevents ethical issues.

B) They maintain precise tracking of employee whereabouts.

C) They promote compensation accuracy that

matches company needs.

D) They alleviate the need for internal control.

46) Many large companies have website portals in which employees may view and change payroll data. Which of the following is the most significant concern about such websites?

A) Accuracy of employee-entered data

B) Employer oversight of stored data

C) Employee website navigation issues

D) Security of personnel data

- 47) If a company chooses to use computer-based accounting, which of the
- A) A standalone system that is dedicated to payroll processing.
 - B) Regularly scheduled software updates.
 - C) Certification by a CPA prior to use for payroll processing.
 - D) Certification and bonding of payroll personnel.

48) Jonah is one of the payroll accountants in a company that specializes in custom work for each customer. His biggest payroll challenge is accurate allocation of labor to jobs.

Which of the following represents the most accurate option to

A) Handwritten time slips on which the employee documents the times worked on each job.

B) Verbal reporting via telephone of time worked per job.

C) Computer log-ins when employees change tasks.

track the company's labor costs?

D) Radio-frequency time cards to track time allocations.

49) What is the most significant challenge pertaining to payroll that small businesses face?

A) Availability of payroll-trained personnel.

B) Availability of accounting resources.

C) Accessibility of free on-site payroll software.

D) Accessibility of on-site payroll guidance.

50) An example of an accounting software package that fosters electronic payroll processing is:

A) SageBooks.

B) Quick100.

C) QuickBooks.

D) GreatBooks.

51) Paycards represent a trend in employee compensation that alleviates the employee's need for:

A) Filing data about time worked.

B) Bank account establishment.

C) Functional literacy.

D) Workplace competence.

52) The largest challenge to companies that use manual

payroll processing is:

- A) Integrating current tax tables.
- B) Obtaining accurate employee data.
- C) Maintaining accurate personnel records.

D) Filing appropriate governmental reports.

53) Why is outsourced payroll popular among accounting professionals?

- A) Payroll processing is always simpler and quicker.
- B) Data generated by the outsource company is completely accurate.
- C) Time required for payroll processing is reduced.

D) Records generated by outsourced vendors are not subject to retention rules.

54) Which law requires a company to use certified payroll?

- A) Walsh-Healey Public Contracts Act
- B) Copeland Anti-Kickback Act
- C) Davis-Bacon Act

D) Sarbanes-Oxley Act

55) Which court case updated the definition of spouse to include same-sex unions?

- A) *Pollard v. DuPont*
- B) *Obergefell v. Hodges*
- C) *CIGNA v. Amara*

D) *Young v. Wackenhut*

56) _____ is the state counterpart of the Federal Unemployment Tax Act.

- A) Fair Labor Standards Act
- B) Worker's compensation insurance

C) State Income

Tax Act

D) State Unemployment Tax Act

57) Which of the following is true about independent contractors within the context of payroll?

- A) They are employees of the company.
- B) A temporary working relationship must exist.
- C) Tools and facilities are provided by the employer.

D) The worker controls hours worked and exercises judgment.

58) Worker's compensation is an insurance policy used for:

- A) Wage continuation after job-related injuries.
- B) Payment of mandatory payroll taxes.
- C) Remittance of wages mandated by the FLSA.

D) Settlement of payroll-related lawsuits.

59) According to the Public Company Accounting Oversight Board, personal or family ownership in excess of five percent of a client's business may compromise an accountant's:

- A) Professional Competence and Due Care.
- B) Objectivity and Independence.

C) Professionalism.
D) Integrity.

60) Which privacy act safeguards information contained in private personnel records and mandates information safekeeping?

- A) DHHS Privacy Act 09-04-0006
- B) Privacy Act of 1974
- C) Common Law Privacy Act

D) Computer Fraud and Abuse Act of 1986

61) Positive aspects of the use of Internet-based accounting software

- A) Suitability for highly complex large businesses.
- B) Continual updates for tax rate and other changes.
- C) Unlimited options for company personnel.
- D) Fixed software layout for consistency among companies.

62) The _____ prohibited discrimination based on race, creed, color, gender, or national origin.

- A) Lilly Ledbetter Fair Pay Act of 2009
- B) Civil Rights Act of 1964
- C) Equal Pay Act of 1963

D) Fair Labor Standards Act of 1935

63) The _____ modified the statute of limitations imposed by the Equal Pay Act of 1963.

- A) Civil Rights Act of 1991
- B) Family Medical Leave Act of 1993
- C) Lilly Ledbetter Fair Pay Act of 2009

D) Consolidated Omnibus Budget Reformation Act of 1986

64) The _____ mandated that employers verify an employee's legal ability to work in the United States.

- A) Personal Responsibility and Work Opportunity Reconciliation Act of 1996
- B) Health Insurance Portability and Accountability Act of 1996
- C) American Reinvestment and Recovery Act of

2009

D) Immigration Reform and Control Act of 1986

65) Prevailing local wages and wage classification strategies for government contractors were mandated by the _____.

- A) Davis-Bacon Act
- B) Walsh-Healey Public Contracts Act

C) Fair Labor Standards Act
D) Equal Pay Act

66) Congress passed the _____ and _____ to assist

displaced workers.

- A) 16th Amendment; Fair Labor Standards Act
- B) Social Security Act; Medicare Act
- C) Federal Unemployment Tax Act; Social Security Insurance Act

D) Federal
Income Contributions Act;
Federal Unemployment
Tax Act

67) The ethical principle of _____ concerns what is right and just for all parties involved.

- A) Professional Competence and Due Care
- B) Integrity
- C) Confidentiality

D) Objectivity
and Independence

68) An accountant must remain current in his or her knowledge of current payroll practices, according to the

ethical principle of
_____.

- A) Professionalism
- B) Objectivity and Independence

C) Professional
Competence and Due Care
D) Integrity

69) Employers must request a(n) _____ by using form _____ for the Internal Revenue Service to track a firm's payroll tax obligations.

- A) Social Security Number; W-4
- B) Employer Registration Number; SS-8
- C) Tax Identification Number; W-2

D) Employer
Identification Number;
SS-4

70) Companies may use _____ and _____ to allow employees to have secure, rapid access to their compensation.

- A) Cash; Checks
- B) Cash; Direct Deposit

C) Direct

Deposit; Paycards

D) Paycards; Checks

71) _____ is required under the Davis-Bacon Act for companies who do business with the Federal government.

- A) Manual payroll
- B) Certified payroll
- C) Outsourced payroll

D) Computerized payroll

72) The _____ instituted significant changes to payroll taxes, especially adjustments for inflation and employee income tax computation.

- A) Social Security Act
- B) Walsh-Healey Public Contracts Act
- C) Tax Cuts and Jobs Act

D) Affordable Care Act

73) The Consolidated Appropriations Act included an increase in funding for the _____ program.

- A) Medicare
- B) E-Verify
- C) Child Health and Infant Protection

D) Disability Accommodations

74) To verify employment eligibility for employees, _____ is mandatory for all employers but _____ is not.

- A) Form W-4; Form I-9
- B) E-Verify; Form I-9
- C) E-Verify; Form W-4

D) Form I-9; E-Verify

75) To re-verify an employee's employment authorization, _____ must be used.

- A) Form I-9
- B) Form W-4

- C) E-Verify
- D) Form W-2

76) A provision of the _____ made managers and supervisors ineligible to participate in the tip pools, when used for tipped employees.

- A) Tipped Employees Act
- B) Tax Cuts and Jobs Act
- C) Consolidated Appropriations Act

- D) Equal Employment Act

77) The _____ granted small employers tax incentives for implementing automatic retirement plan enrollment for their employees.

- A) MARKET Act
- B) SECURE Act

- C) RETIRE Act
- D) SAFE AGE Act

78) The _____ represented sweeping changes to the tax code and reframed the computation of employee income tax.

- A) Consolidated Appropriations Act
- B) Affordable Care Act

- C) Tax Cuts and Jobs Act
- D) E-Verify Act

Answer Key

Test name: chapter
1

- 1) TRUE
- 2) TRUE
- 3) FALSE
- 4) TRUE
- 5) FALSE
- 6) FALSE
- 7) TRUE
- 8) TRUE
- 9) FALSE
- 10) FALSE
- 11) D
- 12) D
- 13) B
- 14) C
- 15) C
- 16) B
- 17) D
- 18) B
- 19) D
- 20) C
- 21) C

22) A

23) D

24) B

25) A

26) C

27) D

28) C

29) C

30) D

31) A

32) B

33) D

34) A

35) C

36) B

37) C

38) B

39) D

40) C

41) D

42) A

43) C

44) A

45) C

46) D

47) B

48) D

49) A

50) C

51) B

52) A

53) C

54) C

55) B

56) D

57) D

58) A

59) B

60) B

61) B

62) B

63) C

64) D

65) A

66) C

67) B

68) C

69) D

70) C

71) B

72) C

73) B

74) D

75) A

76) C

77) B

78) C