

Student name: _____

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

Payroll and human resources legislation mirror societal evolution.

true

false

The difference between the Civil Rights Act of 1964 and the Civil Rights Act of 1991 is the addition of protections for more minority groups.

true

false

The SECURE 2.0 Act of 2022 added over 90 provisions to assist workers with setting aside money for retirement.

true

false

Workers' Compensation insurance is mandated by states and is based on worker classification and associated risks.

true

false

The E-Verify process replaces the need to collect the documentation required by the I-9.

true

false

Ethical principles are codified for all payroll accountants.

true

false

The Fair Labor Standards Act has two levels of coverage: individual and enterprise.

true

false

The ethical principle of integrity pertains to standards for remaining current with payroll professional development and certification.

true

false

The Computer Fraud and Abuse Act addresses cybercrime, an essential part of payroll protection.

true

false

The use of payroll apps shifts the onus for payroll accuracy from the employer to the employee.

true

false

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

The Personal Responsibility, Work and Family Promotion Act of 2002 mandated that new employees must be reported to state employment offices within how many days of the employee commencing employment?

30

25

20

15

Which Act required the reporting of COVID-19-related leave?

DOMA

ARPA

FMLA

FFCRA

During which decade were many landmark payroll legislation pieces enacted?

1910s

1920s

1930s

1940s

Which federal act assists workers who are displaced through no fault of their own?

HIPAA

FUTA

SUTA

ERISA

As of 2024, at what age may people born after 1960 receive full Social Security retirement benefits?

62

65

67

69

Which Act created the classification of workers as exempt or nonexempt?

SSA

FICA

CTPA

FLSA

Which of the following employer obligations is an insurance policy, not legislation?

Sarbanes-Oxley

Workers' compensation

Walsh-Healey

Davis-Bacon

Which ethical principle emphasizes the use of moral judgment in all actions?

Professionalism

Confidentiality

Integrity

Due Care

Which of the following situations would **not** potentially comprise a payroll accountant's objectivity or independence, according to the PCAOB?

Personal or family ownership of <1 percent of company shares

Commitment to present or future financial interest in a client's business

Personal engagement with a client's firm in terms of ownership

Purchase of greater than five percent of the company's shares

Employment legislation during the 1960s included which of the following Acts:

FLSA, FUTA, and FICA.

Civil Rights Act, ADEA, and Equal Pay Act.

CTPA, FICA, and ERISA.

DOMA, FMLA, and PRWOR.

The main purpose of the Current Tax Payment Act was to:

ensure that all employees pay appropriate taxes.

maintain legal eligibility to work in the United States.

mandate employer remittance of taxes withheld from employees.

provide benefits for workers who were displaced from their jobs.

Which act adds monetary penalties for illegal discriminatory employer actions?

Civil Rights Act of 1964

Davis-Bacon Act

Americans with Disabilities Act

Civil Rights Act of 1991

Which of the following legislation specifically pertains to government contractors?

ADEA and ERISA

Davis-Bacon Act and Walsh-Healey Act

FLSA and FICA

DOMA and FMLA

Which Amendment to the U.S. Constitution mandated a federal income tax for employees?

13th Amendment

16th Amendment

20th Amendment

24th Amendment

What form should employers use to determine if a worker is an employee or independent contractor?

Form W-2

Form 941

Form 1099

Form SS-8

Employees may be classified as exempt or nonexempt because of provisions of the:

Current Tax Payment Act.

Sixteenth Amendment to the US Constitution.

Social Security Act.

Fair Labor Standards Act.

Which of the following is among the guidelines for a payroll code of ethics?

Reporting

Accountability

Integrity

Interdependence

The accounting employees at Redwood Roofing have not attended professional development training in two years. Which ethical principle have they violated?

Confidentiality

Professionalism

Professional Competence and Due Care

Integrity

Emerson is the payroll accountant for WexWorks, Incorporated, and uses the on-site company exercise facilities. During one of the exercise sessions, a coworker asks about pay rates for management at the company. Which ethical principle prevents Emerson from disclosing such information?

Confidentiality

Objectivity and Independence

Integrity

Professional Competence and Due Care

Peyton is an employee of Elite Engravings a family owned and operated firm. Peyton's relative, Tatum, asks to postpone payroll processing due to an urgent family issue. Which ethical principle might Tatum's request violate?

Objectivity and Independence

Professional Competence and Due Care

Integrity

Professionalism

Morgan is the payroll accountant for the family's company. A sibling has asked Morgan to overlook their payroll tax liability for a pay period so they can have a little extra cash in their paycheck. Which ethical principle would Morgan violate if they complied with their brother's request?

Confidentiality

Objectivity and Independence

Integrity

Professionalism

Emery is the owner of a motel franchise. When the payroll accountant quit, Emery took over the payroll responsibilities. Emery has had no training in payroll practices. Which ethical principle most closely describes Emery's takeover of the franchise's payroll?

Objectivity and Independence

Integrity

Professional Competence and Due Care

Confidentiality

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

To maintain company profitability

To overlook fraudulent actions of company officers

To protect the assets of the company and remit money owed to the government

To maintain personal standards only

In the event of an ethical breach by a payroll accountant, which entity is ultimately liable for any monetary damages due to stakeholders?

The payroll accountant

The company, its CEO, or president

The governmental entity associated with company oversight

The entity that issued the license to the accountant

Contemporary payroll practices reflect:

a shift toward manual payroll processing for security concerns.

the decrease in labor costs that reflects the effect of the economic recession.

the transition to Internet- or cloud-based accounting software.

the replacement of accounting personnel with computerized systems.

Which of the following is a challenge for payroll accountants?

Electronic tax filing requirements

Employees based only in one country

Outsourced payroll processing as a default

Lack of security available for online programs

What is a best practice for payroll accountants?

Payroll should be regarded as a separate entity within a firm.

Technology has impeded the development of global companies.

Payroll is a tool for a firm's strategic planning.

Payroll accountants are not important to the decision-making process.

Which of the following is a payroll accountant's responsibility when preparing payroll?

Withholding disbursements until after the pay date

Use of manual computations for preparation

Accessibility of payroll data to all company employees

Accuracy of payroll computations and disbursement information

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

Wage negotiations with prospective employees

Construction contract negotiations with governmental entities

Preparation for corporate safety audits

Preparation of payroll tax returns

Which form does the Internal Revenue Service use to keep track of employees?

SS-4

I-9

SS-8

W-4

Oakley is the CFO for Parsons Project Management. They have been notified of an impending audit of all accounting records. What is Oakley's role in the audit?

They are required to be absent during the audit to avoid influencing the results.

They must agree to serve on the audit staff for other companies.

They must be available to answer questions and grant access to payroll records.

They must prevent privacy breaches by disallowing access to payroll records.

Which of the following is **not** a privacy act specifically pertaining to payroll records?

Common Law Privacy Act

Freedom of Information Act

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

Computer Fraud and Abuse Act

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

They leverage artificial intelligence, bypassing human error.

They reduce the need for payroll oversight.

They promote accurate time measurement.

They alleviate the need for internal control.

Which of the following is a payroll-related challenge that large companies may experience?

Centralized reporting

Ease of communication

Homogeneous workforce

Dispersed geographic locations

Ari's Art Supply, a multi-state franchise, uses a company-maintained website to allow employment management of their payroll records. What would be the most significant concern for the firm?

Accuracy of employee-entered data

Employer access to stored data

Website access problems

Personnel data security

One benefit of cloud-based payroll accounting is:

an on-site standalone system dedicated to payroll processing.

regularly scheduled software updates.

access to all company personnel records.

access by any company employee.

Sloan is a payroll accountant in a company that specializes in custom products. The biggest payroll challenge is the accurate allocation of labor to jobs. Which of the following represents the most accurate option to track the company's labor costs?

Handwritten time slips with employee-reported time per job.

Verbal reporting of time worked per job.

Computer logins when employees change tasks.

Radio-frequency time cards to track time allocations.

What is the most significant payroll challenge for small businesses?

Availability of payroll-trained personnel

Availability of accounting resources

Accessibility of free on-site payroll software

Accessibility of on-site payroll guidance

An example of an accounting software package that fosters cloud-based payroll processing for small businesses is:

SageBooks.

Quick100.

QuickBooks.

GreatBooks.

Paycards represent a trend in payroll disbursement that alleviates the employee's need for a: timesheet.

bank account.

computer.

supervisor.

The largest challenge to companies that use manual payroll processing is:

payroll tax accuracy.

integrating employee data.

disbursing employee pay.

filing appropriate governmental reports.

Why is outsourced payroll popular among accounting professionals?

Payroll processing requires less oversight.

Data generated by the outsourced company is completely accurate.

Time demands for payroll processing decrease.

Records generated by outsourced vendors are not subject to oversight.

Which law requires a company with federal contracts to use certified payroll for any contract size?

Walsh-Healey Public Contracts Act

Copeland Anti-Kickback Act

Davis-Bacon Act

Sarbanes-Oxley Act

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

Pollard v. DuPont

Obergefell v. Hodges

CIGNA v. Amara

Young v. Wackenhut

_____ is the state counterpart of FUTA.

Fair Labor Standards Act

Worker's compensation insurance

State Income Tax Act

State Unemployment Tax Act

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

They are employees of the company.

A temporary working relationship must exist.

Tools and facilities are provided by the employer.

The worker controls hours worked and exercises judgment.

Worker's compensation is an insurance policy used for:

employer legal protection.

payment of mandatory payroll taxes.

wage continuation after job-related injuries.

settlement of payroll-related lawsuits.

According to the PCAOB, personal or family ownership in excess of five percent of a client's business may compromise a payroll accountant's:

professional competence and due care.

objectivity and independence.

professionalism.

integrity.

What was the purpose of the SECURE 2.0 Act?

Employee security

Employer stability

Retirement planning

Website security

Which legislation did the PATH Act extend?

FMLA

FLSA

ERISA

ATRA

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

Civil Rights Act of 1964

Civil Rights Act of 1991

Equal Pay Act of 1963

Fair Labor Standards Act of 1935

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

Civil Rights Act of 1991

Lilly Ledbetter Fair Pay Act of 2009

Setting Every Community Up for Retirement Enhancement Act of 2020

Consolidated Omnibus Budget Reformation Act of 1986

The _____ mandated employer verification and reporting of an employee's legal ability to work in the United States.

Personal Responsibility and Work Opportunity Reconciliation Act of 1996

Immigration Reform and Control Act of 1986

American Reinvestment and Recovery Act of 2009

Protecting Americans from Tax Hikes Act of 2015

Payment of prevailing local wages for government contractors was mandated by the _____.

Davis-Bacon Act

Walsh-Healey Public Contracts Act

Fair Labor Standards Act

Equal Pay Act

Congress passed the _____ and _____ to assist displaced workers.

Federal Unemployment Tax Act; Social Security Insurance Act

SECURE Act; Federal Unemployment Insurance Act

16th Amendment; Fair Labor Standards Act

Federal Income Contributions Act; Federal Unemployment Tax Act

The ethical principle of _____ applies to the security of payroll records.

professional competence and due care

integrity

confidentiality

objectivity and independence

An accountant must remain impartial in all dealings, according to the ethical principle of _____.

professionalism

objectivity and independence

professional competence and due care

integrity

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

Social Security Number; W-4

Employer Registration Number; SS-8

Tax Identification Number; W-2

Employer Identification Number; SS-4

Companies use _____ and _____ to allow employees to have rapid, electronic access to their compensation.

cash; checks

cash; direct deposit

direct deposit; paycards

paycards; checks

_____ is required under the Davis-Bacon Act for employers who engage with federal contracts.

Cloud-based payroll

Centralized payroll

Certified payroll

Computerized payroll

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

Protecting Americans from Tax Hikes Act

Tax Cuts and Jobs Act

Walsh-Healey Public Contracts Act

Affordable Care Act

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

Medicare

PATH

SECURE

E-Verify

When an employer verifies an employee's employment eligibility, _____ is mandatory but _____ is not.

Form W-4; Form I-9

E-Verify; Form I-9

E-Verify; Form W-4

Form I-9; E-Verify

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

Form I-9

Form W-4

E-Verify

Form W-2

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

Tipped Employees Act

Tax Cuts and Jobs Act

Consolidated Appropriations Act

Equal Employment Act

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

PATH Act

SECURE 2.0 Act

CAA Act

SAFE AGE Act

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

Consolidated Appropriations Act

Affordable Care Act

Tax Cuts and Jobs Act

E-Verify Act

Answer Key

Test name: ch1 Payroll Accounting e10

TRUE

Payroll and human resource legislation evolve continually as society evolves.

FALSE

The difference between the Civil Rights Act of 1964 and the Civil Rights Act of 1991 is the addition of monetary penalties for the victims of violations of civil rights.

TRUE

The SECURE 2.0 Act of 2022 added 92 provisions that included automatic enrolment in retirement savings accounts, additional assistance for student loan payments, and other provisions.

TRUE

FALSE

The E-Verify services streamline the work authorization process but do not replace the need for the verification process provided by the I-9.

FALSE

Ethical principles are guidelines only.

TRUE

FALSE

The ethical principle of integrity pertains to doing the right thing despite contrary influences.

TRUE

The Computer Fraud and Abuse Act strengthened protections against cybercrime.

FALSE

The employer is responsible for payroll accuracy regardless of who processes it.

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