

# **Solutions Manual for Payroll Accounting 2026 36th Bieg**

2026 edition

# PAYROLL ACCOUNTING

**Bieg/Toland**

## TEST 1

Student \_\_\_\_\_

Chapter 1    Date \_\_\_\_\_

### SCORING RECORD

| Section | Total Points | Deductions | Score |
|---------|--------------|------------|-------|
| A       | 60           |            |       |
| B       | 40           |            |       |
| Total   | 100          |            |       |

**Section A—DIRECTIONS:** Each of the following statements is either true or false. Unless directed otherwise by your instructor, indicate your choice in the Answers column by writing “T” for a true answer or “F” for a false answer. (2 points for each correct answer)

|                                                                                                                                                                                  | Answers | For<br>Scoring |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|
| 1. The Fair Labor Standards Act sets the current minimum wage at \$7.50 per hour. ....                                                                                           | _____   | 1. _____       |
| 2. The Federal Insurance Contributions Act covers restrictions on the employment of child labor. ....                                                                            | _____   | 2. _____       |
| 3. The Federal Income Tax Withholding Law requires that all employment data be kept on file permanently. ....                                                                    | _____   | 3. _____       |
| 4. In cases where both federal and state regulations cover the minimum wage for the same employee, the higher of the two rates is always used as the standard minimum wage. .... | _____   | 4. _____       |
| 5. Those records that are required by the various payroll laws must generally be kept on file for only the current year. ....                                                    | _____   | 5. _____       |
| 6. Unions and employment agencies are excluded from coverage under the Civil Rights Act of 1964. ....                                                                            | _____   | 6. _____       |
| 7. Employers’ photocopying of new employees’ I-9 documents is not required under the Immigration Reform and Control Act. ....                                                    | _____   | 7. _____       |
| 8. The Age Discrimination in Employment Act protects virtually all workers, but only to the age of 70. ....                                                                      | _____   | 8. _____       |
| 9. FICA taxes are levied upon employers only. ....                                                                                                                               | _____   | 9. _____       |
| 10. Criminal background checks can be used by employers on all job applicants. ....                                                                                              | _____   | 10. _____      |
| 11. Most employers are faced with two unemployment taxes—federal and state. ....                                                                                                 | _____   | 11. _____      |
| 12. Every state imposes state unemployment taxes on employers in their state. ....                                                                                               | _____   | 12. _____      |
| 13. As part of their FMLA, a few states have implemented a paid family leave plan. ....                                                                                          | _____   | 13. _____      |
| 14. The FUTA tax paid to the federal government is used to pay benefits to the unemployed workers who qualify for the benefits. ....                                             | _____   | 14. _____      |
| 15. Under the Affordable Care Act, all employers are required to provide insurance coverage for all full-time employees. ....                                                    | _____   | 15. _____      |
| 16. The information reporting requirements of the Affordable Care Act only involve the filing of each employee’s Form W-2. ....                                                  | _____   | 16. _____      |
| 17. Once vested, workers have the right to receive a pension at retirement age, even if they no longer work for that company. ....                                               | _____   | 17. _____      |
| 18. Under the Family and Medical Leave Act, employers can exempt the highest paid 10 percent of their workforce from its provisions. ....                                        | _____   | 18. _____      |
| 19. Under federal law, new-hire reporting also applies to newly hired independent contractors. ....                                                                              | _____   | 19. _____      |
| 20. Form I-9, Employment Eligibility Verification, is completed only by employees who were born outside the United States. ....                                                  | _____   | 20. _____      |

## SECTION A (continued)

|                                                                                                                                                                                 | Answers | For<br>Scoring |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|
| 21. The deadline for an employee to complete and sign Section 1 of Form I-9 is one year from the date of hire. ....                                                             | 21.     | ___            |
| 22. Under the Family and Medical Leave Act, an employer can substitute an employee's earned paid leave for any part of the 12-week family leave. ....                           | 22.     | ___            |
| 23. Workers' compensation insurance applies only to work-related injury, illness, or death. ....                                                                                | 23.     | ___            |
| 24. Pre-hire questions pertaining to religion, sex, national origin, or age are allowed when these factors are bona fide occupational requirements for a job. ....              | 24.     | ___            |
| 25. If an investigative consumer report is being used, the applicant must be given a written notice that the information obtained will be used in the employment decision. .... | 25.     | ___            |
| 26. Employers cannot terminate an employee for providing false information on an application form once the employee begins employment. ....                                     | 26.     | ___            |
| 27. The hiring notice is a record sent to the Payroll Department so that the new employee can be added to the payroll. ....                                                     | 27.     | ___            |
| 28. The payroll register is used by employers in preparing Form W-2, the wage and tax statement sent to each employee at year-end. ....                                         | 28.     | ___            |
| 29. The payroll register is used to provide the information needed to record the payroll entries made in the journal on each payday. ....                                       | 29.     | ___            |
| 30. The FLSA requires all employees to be paid weekly or biweekly. ....                                                                                                         | 30.     | ___            |

**Section B—DIRECTIONS:** Complete each of the following sentences by writing in the Answers column the letter of the word or words that correctly completes each statement. (5 points for each correct answer)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Answers | For<br>Scoring |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|
| 1. Which of the following is not a provision of the Fair Labor Standards Act (FLSA)? (A) Restricts the employment of child labor, (B) Sets minimum wage, (C) Forbids discrimination in hiring, (D) Mandates equal pay for equal work, regardless of sex, (E) All of these choices are provisions of FLSA .....                                                                                                                                                                           | 1.      | ___            |
| 2. Which of the following bases for discrimination in employment practices is not covered in Title VII of the Civil Rights Act of 1964 as amended? (A) Color, (B) Religion, (C) Age, (D) Sex, (E) National origin .....                                                                                                                                                                                                                                                                  | 2.      | ___            |
| 3. Which of the following acts covers employee pension and welfare plans? (A) Affordable Care Act, (B) Federal Insurance Contributions Act, (C) Age Discrimination in Employment Act, (D) Family and Medical Leave Act, (E) Employee Retirement Income Security Act. ....                                                                                                                                                                                                                | 3.      | ___            |
| 4. Medicare is a two-part health insurance program that was part of an amendment to what act? (A) Federal Insurance Contributions Act, (B) Federal Income Tax Withholding Law, (C) Federal Unemployment Tax Act, (D) Affordable Care Act, (E) Fair Labor Standards Act. ....                                                                                                                                                                                                             | 4.      | ___            |
| 5. Which of the following statements is <i>not</i> a provision of ERISA? (A) ERISA applies to pension and welfare plans established by any employer engaged in commerce. (B) ERISA establishes minimum vesting schedules that protect the workers' benefits. (C) ERISA provides that all employees are eligible to set up their own individual retirement accounts. (D) ERISA requires each employer to establish a pension plan. (E) All of these choices are provisions of ERISA. .... | 5.      | ___            |
| 6. Which of the following acts deals with the minimum wage paid to laborers for contractors who supply materials to any agency of the United States? (A) Davis-Bacon, (B) Walsh-Healey Public Contracts, (C) Federal Insurance Contributions, (D) McNamara-O'Hara Service Contract, (E) None of these choices are correct. ....                                                                                                                                                          | 6.      | ___            |
| 7. Which of the following forms is used to complete each employee's Form W-2, Wage and Tax Statement? (A) Payroll register, (B) Employee's paycheck, (C) Change in payroll rate form, (D) Employee's individual retirement account, (E) Employee's earnings record. ....                                                                                                                                                                                                                 | 7.      | ___            |
| 8. Protection under the provisions of the Age Discrimination in Employment Act begins at what age? (A) 18, (B) 65, (C) 21, (D) 40, (E) 50. ....                                                                                                                                                                                                                                                                                                                                          | 8.      | ___            |

# EXAMINATION QUESTIONS

To aid instructors using *Payroll Accounting*, we have provided a section of examination questions in this manual. The section contains true-false and multiple-choice questions for Chapter 1, with the addition of short problems for Chapters 2 to 6, arranged according to the presentation of the subject matter within these chapters of the textbook.

There are a sufficient number of test questions so that you may vary your examinations from semester to semester or prepare different examinations for each section of the course you may be teaching. Each of the true-false and multiple-choice questions is preceded by a letter answer to the question and a page reference to the textbook page upon which the answer may be found. These test questions are also available within CengageNow, so that tests can be created from our online site.

## CHAPTER 1

### True-False Questions

- |          |                                                                                                                                                            |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| T<br>1-3 | 1. The Fair Labor Standards Act is commonly known as the Federal Wage and Hour Law.                                                                        |
| F<br>1-3 | 2. The FLSA imposes no recordkeeping requirements on employers.                                                                                            |
| T<br>1-3 | 3. The employer is required by the FLSA to display a poster that informs employees of the provisions of the law.                                           |
| F<br>1-3 | 4. All states have set their minimum wage to be the same as the federal government.                                                                        |
| F<br>1-3 | 5. Under the Federal Insurance Contributions Act, the Medicare portion of the tax is paid only by the employer.                                            |
| F<br>1-4 | 6. The FLSA provides health insurance for the aged and disabled (Medicare).                                                                                |
| T<br>1-4 | 7. The tax paid to the federal government for unemployment taxes is used for paying state and federal administrative expenses of the unemployment program. |
| T<br>1-4 | 8. The Self-Employment Contributions Act imposes a tax on the net earnings from self-employment derived by an individual from any trade or business.       |
| F<br>1-4 | 9. Each state imposes an income tax on employees that is 2 percent of gross wages.                                                                         |
| F<br>1-4 | 10. Only six states do not impose a state unemployment tax on employers in their state.                                                                    |

- T 11. One of the provisions of coverage of the Civil Rights Act is that the  
1-5 employer must have 15 or more workers.
- F 12. Title VII of the Civil Rights Act protects all employees from arbitrary  
1-5 dismissal.
- T 13. Under the Civil Rights Act of 1964, the U.S. government is classified  
1-5 as an exempt employer.
- T 14. Employers not subject to Title VII coverage may come within the scope  
1-7 of the Civil Rights Act by reason of a contract or subcontract involving federal funds.
- T 15. By the use of executive orders, the federal government has banned  
1-7 discrimination in employment on government contracts.
- T 16. An exception to the protection that the Age Discrimination in  
1-7 Employment Act provides for all workers over 40 involves executives who are 65 or older and who have held high policy-making positions during the two-year period prior to retirement.
- T 17. Under the Federal Personal Responsibility and Work Opportunity Rec-  
1-8 onciliation Act, every employer is required to report the name, address, and social security number of each new employee to the appropriate state agency.
- T 18. Form I-9 must be completed by each new hire.  
1-8
- F 19. Employers are now required to photocopy new employees' Form I-9  
1-8 documents.
- T 20. In order for the Walsh-Healey Public Contracts Act to protect laborers  
1-9 for contractors who furnish materials to any agency of the United States, the contract amount must be at least \$15,000.
- F 21. Under FMLA, the time off must be used in one uninterrupted period of  
1-10 time.
- T 22. Under the Family and Medical Leave Act, employers can exempt an  
1-11 employee who has not worked for the employer for at least one year and has worked for the company at least 1,250 hours in the last year.
- F 23. FUTA was designed to ensure that workers who are covered by pen-  
1-12 sion plans receive benefits from those plans.
- T 24. Under ERISA, vesting conveys to employees the right to share in a  
1-12 retirement fund in the event they are terminated before the normal retirement age.

- T 1-12 25. ERISA provides for full vesting of the employer's contributions at the end of the fifth year of service or 20 percent vesting after the third year of service, with another 20 percent vesting in each subsequent year until full vesting is reached at the end of the seventh year.
- T 1-13 26. Under the Affordable Care Act, employers with 50 or more full-time employees during the previous year are required to provide health insurance coverage for all full-time employees.
- F 1-13 27. The Affordable Care Act does not make a distinction between large and small employers.
- F 1-14 28. The total cost of workers' compensation insurance is borne by the employees.
- T 1-14 29. Workers' compensation insurance premiums for employers vary according to the different degrees of danger in various classes of jobs and employers' accident experience rate.
- F 1-14 30. All states have partial-wage-replacement disability programs that cover injuries away from the worker's place of employment.
- F 1-16 31. The *requisition for personnel form* is sent to the Payroll Department so that the new employee can be properly added to the payroll.
- F 1-17 32. Employment application forms are usually discarded when the applicant is hired.
- T 1-17 33. If an investigative consumer report is being used, the applicant must be given a written notice that the information obtained will be used in the employment decision.
- T 1-17 34. Questions pertaining to religion, sex, national origin, or age are allowed on application forms when these are bona fide occupational qualifications for a job.
- T 1-17 35. Asking applicants for their arrest records is illegal.
- F 1-23 36. There are no states that allow employees to access their personnel files.
- F 1-24 37. The *payroll register* is a separate payroll record that is kept on each employee.
- T 1-24 38. A *payroll register* lists all employees who have earned remuneration, the amount of remuneration, the deductions, and the net amount paid for each pay period.
- F 1-24 39. The amounts needed for the payroll entries in the journal come from the *employee's earnings record*.
- F 1-25 40. The trend toward outsourcing of payroll operations has weakened in recent years.

### Multiple-Choice Questions

- a  
1-3
1. Which of the following laws establishes the minimum wage?
- a. Fair Labor Standards Act
  - b. Federal Income Tax Act
  - c. Federal Insurance Contributions Act
  - d. Federal Unemployment Tax Act
  - e. Fair Employment Laws
- a  
1-3
2. Which of the following is a provision of the Fair Labor Standards Act (FLSA)?
- a. Sets up minimum wage
  - b. Tax on net earnings of self-employed individuals
  - c. Allows discrimination in hiring
  - d. Separate tax on employees and employers
  - e. All of these choices are provisions of the FLSA.
- b  
1-3
3. The Fair Labor Standards Act has set the current minimum hourly rate of pay at:
- a. \$10.00.
  - b. \$7.25.
  - c. \$7.75.
  - d. \$5.00.
  - e. \$8.50.
- b  
1-3
4. Which of the following acts levies a tax on employers and employees that is credited to the Federal Old-Age and Survivors' Trust Fund and the Federal Disability Insurance Trust Fund?
- a. Federal Income Tax Act
  - b. Federal Insurance Contributions Act
  - c. Fair Labor Standards Act
  - d. Federal Unemployment Tax Act
  - e. Employee Retirement Income Security Act
- a  
1-3
5. Which of the following is *not* part of the social security program?
- a. Federal Income Tax Law
  - b. Federal Old-Age and Survivors' Trust Fund
  - c. Medicare
  - d. Self-Employment Contributions Act
  - e. All of these choices are part of the social security program.
- c  
1-4
6. Which of the following is a part of the social security program?
- a. Federal unemployment taxes (FUTA)
  - b. State income tax withholding
  - c. Medicare
  - d. Federal income tax withholding
  - e. All of these choices are part of the social security program.

- a  
1-4      7. Which of the following levies a graduated tax on the earnings of most employees and is deducted from their gross pay?
- a. Income tax withholding laws
  - b. Federal Unemployment Tax Act
  - c. Fair Labor Standards Act
  - d. Federal Insurance Contributions Act
  - e. Employee Retirement Income Security Act
- b  
1-4      8. What tax act levies a tax on employers to pay state and federal administrative expenses of the unemployment program?
- a. Federal Income Tax Act
  - b. Federal Unemployment Tax Act
  - c. Federal Wage and Hour Law
  - d. Estate Unemployment Tax Acts
  - e. Workers' Compensation Laws
- c  
1-5      9. Which of the following acts established the Equal Employment Opportunity Commission (EEOC)?
- a. Americans with Disabilities Act
  - b. Immigration Reform and Control Act of 1986
  - c. Civil Rights Act of 1964
  - d. Age Discrimination in Employment Act
  - e. None of these choices are correct.
- d  
1-5      10. Title VII of the Civil Rights Act is referred to as the:
- a. Wage and Hour Act.
  - b. Social Security Act.
  - c. Age Discrimination Act.
  - d. Equal Employment Opportunity Act.
  - e. Immigration Reform Act.
- b  
1-7      11. All of the following are covered by the Age Discrimination in Employment Act *except*:
- a. labor unions.
  - b. an employer with 15 employees.
  - c. state government employees (other than elected officials).
  - d. employment agencies.
  - e. All of these choices are covered.
- e  
1-7      12. The Age Discrimination in Employment Act provides protection to virtually all workers over the age of:
- a. 50.
  - b. 65.
  - c. 70.
  - d. 75.
  - e. 40.

- b  
1-8      **13.** Form I-9, which is completed by each employee, deals with:
- a. contributions to individual retirement accounts.
  - b. verification of employment eligibility.
  - c. eligibility for unemployment benefits.
  - d. eligibility for Medicare benefits.
  - e. None of these choices are correct.
- a  
1-8      **14.** Form I-9, Employment Eligibility Verification, is required due to which of the following acts?
- a. Immigration Reform and Control Act of 1986
  - b. Civil Rights Act of 1964
  - c. Age Discrimination in Employment Act
  - d. Americans with Disabilities Act
  - e. None of these choices are correct.
- e  
1-9      **15.** Which of the following acts deals with the minimum wage paid to laborers for contractors on federal government construction contracts?
- a. Walsh-Healey Public Contracts Act
  - b. Fair Labor Standards Act
  - c. McNamara-O'Hara Service Contract Act
  - d. Occupational Safety and Health Act
  - e. Davis-Bacon Act
- e  
1-10      **16.** The E-Verify program is a system to check the:
- a. age of new hires.
  - b. vesting status of all employees.
  - c. health status of employees on medical leave.
  - d. social security status of new hires.
  - e. employment eligibility of new hires.
- c  
1-10      **17.** Which of the following acts deals with unpaid leave for a family or medical emergency?
- a. Fair Labor Standards Act
  - b. Occupational Safety and Health Act
  - c. Family and Medical Leave Act of 1993
  - d. Walsh-Healey Public Contracts Act
  - e. None of these choices are correct.
- d  
1-10      **18.** Which of the following is part of the Family and Medical Leave Act for the employer?
- a. Must provide for nine months of unpaid leave
  - b. Must allow all employees to take the leave
  - c. Must pay the employee 50 percent of his/her salary during the leave
  - d. Must continue the employee's health-care coverage during the leave
  - e. All of these choices are correct.

- e  
1-11      **19.** Employers can exempt which of the following from the provision of the Family and Medical Leave Act?
- a. All salaried employees
  - b. Employees with less than a five-year tenure with the employer
  - c. All employees under the age of 30
  - d. All employees earning the minimum wage
  - e. Highest-paid 10 percent of their workforce
- d  
1-12      **20.** One of the vesting schedules for ERISA provides for full vesting of the employer's contribution to an employee's pension fund after five years or gradually over:
- a. ten years.
  - b. five years.
  - c. six years.
  - d. seven years.
  - e. No gradual vesting is allowed.
- d  
1-13      **21.** The Affordable Care Act defines applicable large employers (ALEs) as employers with:
- a. 15 or more full-time employees during the previous year.
  - b. 1 or more full-time employees during the previous year.
  - c. 200 or more full-time employees during the previous year.
  - d. 50 or more full-time employees during the previous year.
  - e. 200 or more full- and part-time employees during the previous year.
- d  
1-13      **22.** Which of the following acts gives a tax credit to employers for offering health insurance to their employees?
- a. Civil Rights Act
  - b. Fair Labor Standards Act
  - c. Family and Medical Leave Act
  - d. Patient Protection and Affordable Care Act
  - e. None of these choices are correct.
- a  
1-13      **23.** Which of the following laws protects employees against losses due to work-related injury?
- a. Workers' Compensation
  - b. Federal Wage and Hour
  - c. Family and Medical Leave
  - d. State Disability
  - e. Federal Unemployment
- e  
1-16      **24.** Which of the following is included in a job description?
- a. Essential and nonessential duties
  - b. Education, credentials required
  - c. Necessary skills
  - d. Job title
  - e. All of these choices are correct.

- c  
1-17      **25.** Pre-hire questions pertaining to religion, sex, national origin, or age are allowed if:
- a. all employees are asked the same questions.
  - b. only foreign-born applicants are asked these questions.
  - c. these factors are bona fide occupational qualifications for the job.
  - d. they are not in written form.
  - e. the applicant is married.
- c  
1-17      **26.** Which of the following is not allowed as part of a company's pre-hire inquiries?
- a. Past employment and experience records
  - b. Social security numbers
  - c. Lie detector tests
  - d. Educational background
  - e. List of references
- b  
1-21      **27.** Which of the following is used to provide a continuous record of the relationship between employer and employee?
- a. Change in payroll rate form
  - b. Employee's history record
  - c. Hiring notice
  - d. Employee's earnings record
  - e. None of these choices are correct.
- d  
1-24      **28.** Which of the following is not part of the records employers keep in employee files?
- a. Regular pay rate
  - b. Reference letters
  - c. Wages subject to tax for the calendar year
  - d. Health-care account withdrawals
  - e. None of these choices are correct.
- b  
1-24      **29.** Which of the following records lists all employees who earn remuneration, the amount of remuneration, the deductions, and the net amount paid for each payroll period?
- a. Employee's history record
  - b. Payroll register
  - c. Change in payroll rate form
  - d. Reference inquiry form
  - e. None of these choices are correct.
- a  
1-24      **30.** Which of the following is a multicolumn form used to assemble and summarize the data needed at the end of each payroll period?
- a. Payroll register
  - b. Reference inquiry form
  - c. Change in payroll rate form
  - d. Employee history record
  - e. None of these choices are correct.

# CHAPTER 1

*Note:* Working space and special forms are provided for the Practical Problems and the Continuing Payroll Problem only. If students are required to prepare written answers to the Questions for Review, Questions for Discussion, and Case Problems, blank paper should be provided.

## Learning Objectives

After studying this chapter, students should be able to:

1. Identify the various laws that affect employers in their payroll operations.
2. Examine the recordkeeping requirements of these laws.
3. Describe the employment procedures generally followed in a Human Resources Department.
4. Identify the various personnel records used by businesses and the type of information shown on each form.
5. Identify the *payroll register* and the *employee's earnings record*.

## Contents

### Chapter 1 outline:

LEARNING OBJECTIVES

THE PAYROLL PROFESSION

FAIR LABOR STANDARDS ACT

FEDERAL INSURANCE CONTRIBUTIONS ACT

INCOME TAX WITHHOLDING LAWS

UNEMPLOYMENT TAX ACTS

RECORDKEEPING REQUIREMENTS

FAIR EMPLOYMENT LAWS

Civil Rights Act of 1964

Executive Orders

Age Discrimination in Employment Act

Americans with Disabilities Act

OTHER FEDERAL LAWS AFFECTING THE NEED FOR PAYROLL AND PERSONNEL RECORDS

Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996

Immigration Reform and Control Act of 1986

*E-Verify*

Family and Medical Leave Act of 1993

Uniformed Services Employment and Reemployment Rights Act of 1994

Employee Retirement Income Security Act of 1974

*Disclosure Requirements*

Affordable Care Act of 2010 (ACA)

*Applicable Large Employers (ALEs)*

*Small Employers*

## OTHER STATE LAWS AFFECTING THE NEED FOR PAYROLL AND PERSONNEL RECORDS

Workers' Compensation Laws

Disability Benefit Laws

## HUMAN RESOURCES AND PAYROLL ACCOUNTING SYSTEMS

### HUMAN RESOURCES SYSTEM

Job Descriptions

Requisition for Personnel

Application for Employment

Reference Inquiry

Hiring Notice

Employee History Record

Change in Payroll Rate

Terminating an Employee

### RECORDKEEPING SYSTEM

Employee Access—Personnel Files

### PAYROLL ACCOUNTING SYSTEM

Payroll Register

Employee's Earnings Record

Paycheck

Outsourcing Payroll

### KEY TERMS

### KEY POINTS SUMMARY

### Matching Quiz (p. 1-27)

1. B
2. D
3. F
4. A
5. H

6. I
7. J
8. C
9. E
10. G

**Questions for Review (p. 1-27)**

1. The Fair Labor Standards Act sets the minimum wage rate, and the current minimum wage rate is \$7.25 an hour.
2. To meet the requirements of the FLSA, the employer must keep records providing the following information with respect to each employee's wages earned:
  - a. Day and time of day when workweek begins
  - b. Regular hourly rate of pay
  - c. Basis of wage payments
  - d. Hours worked each day
  - e. Hours worked each week
  - f. Daily or weekly straight-time pay
  - g. Amount and nature of exempt pay
  - h. Weekly overtime pay
  - i. Total additions to or deductions from wages
  - j. Total remuneration for payroll period
  - k. Date of payment
  - l. Payroll period
3. FICA levies taxes on employers and employees to finance the Federal Old-Age and Survivors' Trust Fund, the Federal Disability Insurance Trust Fund, and the Health Insurance Plan—Medicare. SECA also imposes taxes on the net earnings of the self-employed individual.
4. The taxes paid to the federal government (FUTA tax) are used to pay the state and federal administrative expenses incurred in operating the overall unemployment insurance program. The taxes paid to the various state governments (SUTA tax) are used to pay the unemployment compensation benefits to the qualified unemployed workers.
5. The unfair employment practices prohibited by the Civil Rights Act of 1964, as amended, include:
  - a. Discriminating in hiring, firing, promoting, compensating, or in any other condition of employment on the basis of race, color, religion, sex, or national origin.
  - b. Unions may not include or segregate union members on these bases.
  - c. Employment agencies may not refer or refuse to refer applicants for employment on the basis of race, color, religion, sex, or national origin.
6. The purpose of the Age Discrimination in Employment Act (ADEA) is to prohibit discrimination on the basis of age in the employment practices of employers, employment agencies, and labor unions that are engaged in an industry affecting interstate commerce.

7. A key exception is executives who are 65 or older and who have held high policy-making positions during the two-year period prior to retirement. If such an employee is entitled to an annual retirement benefit from the employer of at least \$44,000, the employee can be forcibly retired.
8. The Walsh-Healey Public Contracts Act covers laborers for contractors who furnish materials, supplies, articles, and equipment to any agency of the United States, provided the minimum contract amount is \$15,000.
9. The employer is required to offer the employee as many as 12 weeks of unpaid leave. The leave may be used all at once, or in separate weeks, days, or hours.
10. ERISA was designed primarily to ensure that workers covered by private pension plans receive benefits from those plans in accordance with their credited years of service with their employers.
11. *Vesting* conveys to employees the right to share in a retirement fund in the event they are terminated before the normal retirement age. The vesting process is linked to the number of years needed for workers to earn equity in their retirement plans and to become entitled to full or partial benefits at some future date if they leave the company before retirement. Once vested, a worker has the right to receive a pension at retirement age, based on years of covered service, even though the worker may not be working for the firm at that time.
12. The administrator must furnish a statement, not more than once in a 12-month period, of the total benefits accrued and accrued benefits that are vested, if any, or the earliest date on which these accrued benefits will become vested.
13. Employers with 50 or more full-time employees during the previous year (applicable large employers) are required to provide insurance coverage for all full-time employees and their dependents.
14. The procedure that may be followed by the Human Resources Department in hiring new employees is:
  - a. Receive request for new employee.
  - b. Examine applications.
  - c. Interview applicants.
  - d. Administer tests.
  - e. Check references.
  - f. Select and notify successful applicant.
  - g. Send information to Payroll Department.
  - h. Prepare personnel file.

15. The application for employment form may provide information such as the following:
  - a. Personal information, including name, address, telephone number, and social security number
  - b. Educational background, including a summary of the schools attended, whether the applicant graduated, and degrees conferred
  - c. Employment and experience record
  - d. Type of employment desired
  - e. References
16. The employer who is subject to the Civil Rights Act of 1964 and the Age Discrimination in Employment Act must make certain that all aspects of the pre-hire inquiries are free of discrimination on the basis of race, color, religion, sex, national origin, and age.
17. The Fair Credit Reporting Act of 1968 subjects employers to certain disclosure obligations when they seek an investigative report from a consumer reporting agency on a job applicant or, in certain instances, on present employees. Generally, these steps must be followed:
  - a. Notify the applicant in writing that the information obtained will be used in the employment decision.
  - b. Have the applicant sign the notification.
  - c. Give the applicant a notice and a copy of the report at least five days before making an adverse employment decision.
  - d. Provide a copy of the government document "A Summary of Your Rights Under the FCRA."
18. A typical payroll accounting system includes the following procedures:
  - a. Record hours worked or units produced.
  - b. Compute gross pay, deductions, and net pay.
  - c. Complete payroll register.
  - d. Maintain payroll deduction records.
  - e. Update employees' earnings records.
  - f. Make payments to employees.
  - g. Record payroll in accounting books.
  - h. Prepare various payroll reports.
19. The two basic records generated in a payroll accounting system are the payroll register and the employee's earnings record.
20. The earnings record provides the information needed to prepare periodic reports required by the various laws and to complete Form W-2 for each employee.

### Questions for Discussion (p. 1-28)

1. A small retailer with only three employees would not need very detailed personnel records. There should be, however, an application form or some other record providing the employee's name, address, telephone number, social security number, date of employment, regular working hours, and information about wages.

2. Many employers do not check job applicants' references because former employers, who are afraid of lawsuits, tend to be less than candid in their comments about ex-workers. Some companies will not make any comment about former workers unless they have the written consent of those workers. Other companies have found that even a good recommendation can create a "potential liability."
3. Use of this approach in staffing an office may pose too great an opportunity for the development of cliques in the office. The applicant recommended may not be desirable, and this will cause some embarrassment or disappointment to the person who recommended the applicant. The advantages in most instances, however, outweigh these disadvantages. The advantages realized from the use of in-house referrals include the added prestige among present employees and a positive psychological effect. Firms may offer incentives, such as cash payments, U.S. savings bonds, and company merchandise, for referrals after the newly employed worker has been on the job for a stipulated period of time. Some firms estimate the recruiting and advertising cost of a new hire to be \$5,000.
4. Sources of potential employees include employment agencies, both public and private; newspaper advertisements (Help Wanted and Jobs Wanted); employment bureaus in schools and in social and philanthropic institutions; employment-focused social media platforms; friends and relatives secured through present employees; and "through the gate" and unsolicited applications. Past national surveys have found that for employees without a college degree, the leading recruiting sources were (1) walk-in, (2) newspaper advertisements, (3) in-house referrals, (4) employment agencies, (5) requests to high schools, (6) high school career conferences, and (7) unions.
5.
  - a. and b. Illegally. Answers to these two questions could reveal the national origin, race, religion, or color of the applicant. One exception to this is when information of this nature is required as a bona fide occupational qualification for reasons of national or state security.
  - c. Legally. Companies subject to Title VII of the Civil Rights Act of 1964 must ask applicants if they are U.S. citizens. Companies are also permitted to ask the applicants if they intend to become U.S. citizens and if they have legal sanctions to remain in the United States.
  - d. Legally. A company is within legal sanction to ask the applicant *what* languages they are capable of reading, writing, or speaking. These abilities can be acquired through study and thus do not necessarily reveal race, religion, color, or national origin. However, the company may be proceeding illegally in its pre-employment practices if it inquires *how* the applicant acquired the language abilities, for this could easily determine ethnic background. Thus, the interviewer must be aware of the *what* and *how* aspects of this question when making pre-hire inquiries that could directly or indirectly establish ethnic background characteristics of the applicant.

**Case Problem (p. 1-28)****Case 1-1**

Even though it was the company's mistake, legally it was entitled to reimbursement from Ken. However, the cost of legal fees to follow through on the proceedings needed to reclaim the paychecks would probably exceed the total of the four paychecks. The company would be better off to absorb this loss and to solve the problems it has in interdepartmental communication.



# Instructor Manual

Bieg/Stomberg, Payroll Accounting 2026, 9798214044651;  
Chapter 1: The Need for Payroll and Personnel Records

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## PURPOSE AND PERSPECTIVE OF THE CHAPTER

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The purpose of this chapter is to examine the various laws that affect employers in their payroll operations and the payroll and personnel records that they use to meet the requirements of the laws.

### LIST OF STUDENT DOWNLOADS

Students should download the following items from the Student Companion Center to complete the activities and assignments related to this chapter:

- As We Go to Press
- Check Figures\*
- Annotated EOC Excel Templates\*
- Continuing Payroll Problems A and B
- Federal Payroll Taxes Calendar
- Free Access to Microsoft Excel for Students
- PowerPoints\*
- Tax Tables

\*Items specific to this individual chapter.

## CHAPTER OBJECTIVES

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After studying this chapter, you should be able to:

- LO 1. Identify the various laws that affect employers in their payroll operations.
- LO 2. Examine the recordkeeping requirements of these laws.
- LO 3. Describe the employment procedures generally followed in a Human Resources Department.
- LO 4. Identify the various personnel records used by businesses and the type of information shown on each form.
- LO 5. Identify the *payroll register* and the *employee's earnings record*.

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## KEY TERMS

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**Applicable large employers (ALEs):** employers with 50 or more full-time employees during the previous year.

**Application form:** personnel record that gives the applicant an opportunity to provide complete information as to personal qualifications, training, and experience.

**Change in payroll rate form:** the document that notifies the proper departments of a change in the employee's rate of remuneration.

**Disability benefit laws:** laws that provide benefits to employees who are absent from their jobs because of illness, accident, disease not arising out of their employment, or death.

**Employee history record:** a continuous record of the relationship between the employer and the employee.

**Employee's earnings record:** payroll record for each employee that is used to provide complete information about the accumulated earnings of each employee.

**Executive orders:** regulations issued by the federal government that ban, in employment on government contracts, discrimination based on race, color, religion, sex, or national origin.

**Fair employment practices:** laws that deal with discrimination on the basis of age, race, color, religion, gender, or national origin as a condition of employment.

**Form I-9, Employment Eligibility Verification:** the form that lists the documents an employee must furnish to the employer; they identify the employee and, if an alien, verify authorization to work in the United States.

**Form W-2, Wage and Tax Statement:** the form used by the employer to report the amount of wages paid to each worker in the course of the trade or business of the employer.

**Hiring notice:** a form that is sent to the Payroll Department so that new employees are properly added to the payroll.

**Human resources system:** system that embodies procedures and methods related to recruiting, selecting, orienting, training, and terminating personnel.

**Income tax:** levy on the earnings of most employees that is deducted from their gross pay.

**Investigative consumer report:** a study done by a consumer reporting agency on a job applicant or current employee concerning the individual's character, general reputation, and mode of living.

**Payroll accounting system:** system that embodies procedures and methods related to the disbursement of pay to employees.

**Payroll register:** a multicolumn form used to assemble and summarize the data needed at the end of each payroll period. It lists all employees who earned remuneration, the amount of remuneration, the deductions, and the net amount paid.

**Pre-hire inquiries:** questions asked in the employment interview and on application forms, résumés of experience or education required of an applicant, and any kind of written testing.

**Reference inquiry form:** document used by the employer to investigate the references given on the application blank by the job applicant.

**Requisition for personnel:** document submitted by a department head to the Human Resources Department asking for additional or replacement employees.

**Small employers:** employers with fewer than 50 full-time-equivalent employees with average annual wages of less than \$50,000.

**Vesting:** the process of conveying to employees the right to share in a retirement fund in the event they are terminated before the normal retirement age.

**Workers' compensation insurance:** protection provided to employees and their dependents against losses due to injury or death incurred during employment.

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## WHAT'S NEW IN THIS CHAPTER

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The following elements are improvements in this chapter from the previous edition:

- *Revised and updated chapter materials as needed for the changes in years and the related amounts.*
- *Revised and updated tax tables.*
- *Download the Transition Guide for a more detailed list of changes to each chapter.*
- *Download the Educator Guide for detailed changes to the CNOWv2 product.*

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## CHAPTER OUTLINE

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The following outline organizes activities (including any existing discussion questions in PowerPoint presentations or other supplements) and assessments by chapter (and, therefore, by topic) so you can see how all the content relates to the topics covered in the text.

- I. The Payroll Profession (LO 1, PPT Slide 3)
  - a. Payroll professionals are required to comply with numerous regulations that require advanced knowledge in the area of payroll.
  - b. Positions within the payroll profession range from payroll clerk to senior payroll manager.
    - The 2025 Robert Half Associates survey revealed the following:
      - The average salary for payroll managers is \$90,750.
      - The average salary for payroll clerks is \$46,000.
    - Membership in the American Payroll Association (APA) helps keep professionals updated on current changes.
    - PayrollOrg (PAYO) helps payroll professionals keep abreast of changes in the field so they can remain technically proficient.
    - “Code of Ethics” sets the direction for the profession.
- II. Fair Labor Standards Act (FLSA) (LO 1, PPT Slide 8)
  - a. The outline of the law deals with:
    - Minimum wage (\$7.25 per hour) and overtime pay requirements.
    - Equal pay for equal work, employment of child labor, public service contracts, and wage garnishment.
    - Coverage of employers engaged in interstate commerce or in the production of goods and services for interstate commerce.
    - Maintaining records that explain the basis of wage differentials paid to employees for equal work regardless of gender for equal work.
    - Displaying a poster (from the regional office of the Wage and Hour Division) informing employees of the provisions of the law.
    - States’ minimum wage and maximum hour laws that also establish minimum wage rates for covered employees. Where both federal and state laws cover the same employee, the higher of the two rates prevails (e.g., Rhode Island—\$15.00 per hour, in 2026).
    - States’ wage orders that can also affect pay periods, pay for call-in and waiting times, rest and meal periods, absences, meals and lodging, uniforms, etc.
- III. Federal Insurance Contributions Act (FICA) (LO 1, PPT Slide 9)
  - a. The basic provisions of the act deal with:

- Tax on employees (set percent of their gross wages) and employers for the Federal Old-Age and Survivors' Trust Fund and the Federal Disability Insurance Trust Fund.
  - Separate tax on employees and employers to finance the Health Insurance Plan—Medicare.
  - Tax on net earnings of the self-employed individual (Self-Employment Contributions Act—SECA).
  - Making payments to persons who are entitled to benefits under these social security taxes.
- IV. Income Tax Withholding Laws (LO 1, PPT Slide 10)
- a. Income tax is levied on the earnings of most employees and is deducted from their gross pay.
  - b. Income taxes can be imposed by federal, state, and local governments.
  - c. Federal Income Tax (FIT) employs a percentage formula or a wage bracket chart used by each employer to withhold a specified amount from each wage payment.
  - d. State tax rates vary from state to state.
- V. Unemployment Tax Acts (LO 1, PPT Slide 11)
- a. These acts cover a detailed discussion of:
    - Tax levied on employers (Federal Unemployment Tax Act—FUTA) that is used to pay state and federal administrative expenses of the unemployment program.
    - A credit granted against most of the FUTA tax if the employer pays a state unemployment tax. A smaller credit is granted to states that have not paid back borrowings from the federal government that were used to pay the cost of benefits to their eligible unemployed workers.
    - State unemployment taxes (State Unemployment Tax Act--SUTA) on employers imposed by all states. These taxes are used to pay unemployment benefits.
    - Standards set by the Social Security Act that result in a high degree of uniformity in the requirements of state unemployment laws.
    - Employers' need to be aware of the SUTA laws in the states where they operate.
  - b. **Knowledge Check Activity 1: 10 minutes total. Answer the multiple-choice question given on PPT Slide 13.**  
According to the Fair Labor Standards Act (FLSA), what is the minimum wage rate per hour?
    - a. \$6.75
    - b. \$7.25
    - c. \$8.00
    - d. \$8.25

## VI. Fair Employment Laws (LO 2, PPT Slide 15)

- a. Title VII of the Civil Rights Act of 1964, entitled “Equal Employment Opportunity” (EEO)
  - It prohibits discrimination in hiring, firing, promoting, or compensating based on color, race, religion, national origin, or gender.
    - Unions may not exclude or segregate members on the bases mentioned.
  - Sexual harassment is also prohibited.
  - It applies to all employers who engage in an industry “affecting commerce” and employ 15 or more workers in each of 20 or more weeks in the current or preceding calendar year.
  - The Civil Rights Act of 1991 grants compensatory and punitive damages in cases where discrimination is intentional.
- b. Executive orders: In a series of executive orders, the federal government has banned, in employment on government contracts, discrimination based on race, color, religion, sex, or national origin.
- c. Age Discrimination in Employment Act (ADEA)
  - It states that employers, employment agencies, and labor unions cannot use age to discriminate in hiring, firing, or promoting.
  - It applies to employers engaged in interstate commerce with 20 or more workers.
  - It provides protection to workers over 40 years old, with a few key exceptions.
  - It places the onus on the employer to keep accurate personnel and payroll records.
- d. Americans with Disabilities Act (ADA)
  - ADA of 1990 prohibits employers with 15 or more employees, employment agencies, labor organizations, or joint labor-management committees from discriminating against qualified (defined as persons who can perform the essential functions of the job with or without reasonable accommodation) persons based upon disability.
  - The prohibition of disability-based discrimination applies to job application procedures, hiring, advancement, termination, compensation, job training, and other conditions of employment.
  - Reasonable accommodations, such as wheelchair-accessible restrooms and ramps for qualified disabled job applicants and workers, must be provided.

- VII. Other Federal Laws Affecting the Need for Payroll and Personnel Records (LO 2, PPT Slide 20)
- a. The Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 mandates that all states must establish new-hire reporting programs. Every employer is required to report the name, address, and social security number of each new employee and the employer's name, address, and federal employer identification number within 20 days of hire to the State Directory of New Hire Reporting.
  - b. The Immigration Reform and Control Act of 1986 (IRCA) bars employers from hiring and retaining persons unauthorized to work in the United States. It also requires all employers to verify employment eligibility for all individuals by examining the employee's verification documents and having the employee complete Form I-9, Employment Eligibility Verification. E-Verify is a government-run system that allows employers to check the employment eligibility of new hires by comparing the information on an employee's Form I-9 with the databases of the Social Security Administration and the Department of Homeland Security.
  - c. The Family and Medical Leave Act of 1993 (FMLA) requires employers that have 50 or more employees within a 75-mile radius, for at least 20 weeks in the current or preceding calendar year, to grant workers unpaid leave for a family or medical emergency. In cases of childbirth, adoption, serious illness of the employee or the employee's child, spouse, or parent, or emergency due to active duty in the Armed Forces, the employer must offer the worker as many as 12 weeks of unpaid leave.
  - d. The Uniformed Services Employment and Reemployment Rights Act (USERRA) gives military personnel the right to take leaves of absence from their civilian jobs for active military service and to return to their jobs with accrued seniority.
  - e. The Employee Retirement Income Security Act of 1974 (ERISA) covers employee pension and welfare plans established or maintained by any employer or employee organization representing employees engaged in commerce or in any industry or activity affecting commerce. The legislation safeguards pension funds by regulating how the funds are to be raised and disbursed, who controls them, and what is to be done when funds are insufficient to pay promised benefits.
  - f. The Affordable Care Act (Obamacare) consists of two pieces of legislation: Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act. The act was designed to expand health insurance coverage to more Americans while increasing benefits and lowering costs for consumers. The Tax Overhaul Bill of 2017 repealed the requirement that all Americans obtain health insurance, resulting in an uncertain future for the Affordable Care Act (ACA). Employers with 50 or more full-time employees during the previous year (applicable large employers—ALEs) are required to provide coverage for

all full-time employees and their dependents. Small employers (fewer than 25 full-time-equivalent employees with average annual wages of less than \$58,000) can purchase affordable insurance through the Small Business Health Options Program and may also receive a tax credit (if the payment is at least 50% of the premium for single coverage).

VIII. Other State Laws Affecting the Need for Payroll and Personnel Records (LO 2, PPT Slide 30)

- a. Workers' compensation insurance protects employees and their dependents against losses due to work-related injury, illness, or death.
- b. Disability benefit laws: Five states (California, Hawaii, New York, New Jersey, and Rhode Island) have disability benefit laws to provide benefits to employees absent from work because of illness, accident, or death. This coverage is different from Worker's Compensation because it covers injuries away from the worker's place of employment.

IX. Human Resources and Payroll Accounting Systems (LO 2, PPT Slide 32)

- a. It is critical that a business keep human resources and payroll records that meet federal and state law requirements.
- b. The Payroll Department performs accounting functions and can be under the direct control of the chief financial officer, although the trend is to place it under the direction of the Human Resources Department.
- c. **Discussion Activity 1: 30 minutes total. The scenario is given on PPT Slide 33, and the related discussion question is below.**

Cascade International, a chemical manufacturing company, has recently started its business in San Francisco. The company has plans to expand its business to other cities in California. As per the company's business plan, it will be recruiting 50 employees in the current quarter. The payroll clerk of the company has advised that all the employees joining the company should complete Form I-9 before accepting the job offer. You are a payroll manager at Cascade International, and the company's executives are seeking your advice on the procedure involved in filing Form I-9.

- Discuss if the payroll clerk's advice is valid and discuss in detail the procedure involved in completing Form I-9.

X. Human Resources System (LO 3, PPT Slide 36)

- a. In many medium-sized and large companies, the human resources (HR) system encompasses all those procedures and methods related to recruiting, selecting, orienting, training, and terminating personnel.
- b. Before the Payroll Department can pay newly hired employees, the Human Resources Department must process those employees.
- c. Job descriptions must be accurate and must have been prepared before the job was advertised or the interviewing began.
- d. The requisition for personnel form notifies the Human Resources Department of the need for additional or replacement employees.

e. **Discussion Activity 2: 30 minutes total. The scenario is given on PPT Slide 37, and the related discussion question is below.**

Your friend owns a start-up, and he is of the opinion that the Payroll Department can handle all the steps involved in the hiring of employees and that there is no need for a separate Human Resources Department.

- Explain to your friend the need for a separate Human Resource Department. Discuss the role that the Human Resources Department plays in the hiring process.

XI. Application for Employment (LO 4, PPT Slide 40)

- a. The application for employment form should be completed by a person seeking employment. The following information needs to be provided:
  1. Personal information, including the name, address, telephone number, and social security number of the applicant.
  2. Educational background, including a summary of the schools attended, whether the applicant graduated, and degrees conferred.
  3. Employment and experience record.
  4. Type of employment desired.
  5. References.
- b. Pre-hire inquiries include questions asked in the employment interview and on application forms, résumés of experience or education required of an applicant, and any kind of written testing.
- c. Background checks must be in compliance with the rules established by the Fair Credit Reporting Act (FCRA).
- d. Reference inquiry: Before employing an applicant, a company may check some of the references given on the application.
- e. Hiring notice: After the successful applicant is notified of employment and the starting date, the starting time, and to whom to report, a hiring notice is sent to the Payroll Department so that the new employee can be added properly to the payroll.
- f. The employee history record contains performance evaluations, compensation adjustments, disciplinary issues, and performance appraisals, among others.
- g. The change in payroll rate form notifies the proper departments of a change in the employee's rate of remuneration.
- h. The termination of an employee may be "at will" or "for a good cause only," depending on the situation.
- i. Whether the recordkeeping system is paper-based or computer-based or records in the cloud, it is advantageous to have four separate sets of records for each employee:
  1. Personnel file—basic information (e.g., name, address).
  2. Payroll file—salary and benefits.
  3. Medical file—insurance and private medical data.
  4. I-9 file—copies of the forms and the appropriate documents.

- j. Even though personnel files are the property of the employer, employees may have the right to view and receive a copy of their own files. Even though no federal law guarantees it, more than half of states allow current employees access to their records.
  - k. **Knowledge Check Activity 2: 10 minutes total. Answer the multiple-choice question given on PPT Slide 45.**

Every business, regardless of size, should have an application form to be filled out by a person seeking employment. Which of the following steps is legal in the process of collecting information on employment application forms?

    - a. Lie detector tests should be conducted to verify the criminal background of the applicant.
    - b. The applicant should be given a notice and a copy of the investigative consumer report within two days of making an adverse employment decision.
    - c. The applicant should be notified in writing that the information obtained will be used in the employment decision.
    - d. Persons involved in reviewing application forms should be involved in the interview process as well.
- XII. Payroll Accounting System (LO 5, PPT Slide 47)
- a. A payroll accounting system encompasses all those procedures and methods related to the disbursement of pay to employees.
  - b. Employee's earnings record: An employee's earnings record is a separate payroll record for each employee. The employee's earnings record provides the information needed to prepare periodic reports required by the withholding tax laws, the FICA tax law, and state unemployment or disability laws.
  - c. Employers also use the employee's earnings record in preparing Form W-2, Wage and Tax Statement.
  - d. Paycheck: When employees are paid by check, a check is written for each worker, using as the amount of net pay that figure appearing in the Net Paid column of the payroll register.
  - e. Outsourcing payroll: With the increased need for up-to-the-minute information concerning changes in payroll tax laws, the trend toward outsourcing payroll operations has grown stronger.
  - f. **Discussion Activity 3: 30 minutes total. The scenario is given on PPT Slide 51, and the related discussion question is below.**

Your friend, an executive at a small company, is planning to outsource the payroll operations of her company. However, she is skeptical about the quality and cost involved in the outsourcing payroll services. You

work at an outsourcing company, and she is seeking your advice on her plan before making any decision on payroll outsourcing.

- Explain to your friend the process and benefits of outsourcing payroll operations.

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## ADDITIONAL DISCUSSION QUESTIONS

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The following are discussion questions that do not appear in the text, PPT presentations, or courseware—they are for you to use as you wish. You can assign these questions in several ways: in a discussion forum in your LMS, as whole-class discussions in person, or as a partner or group activity in class.

1. Discussion: Hiring Process (Duration: 45 minutes)
  - a. Often, companies are accused of discrimination during hiring practices and are subject to lawsuits. Some employees may complain about the job being significantly different from the one given in the job description. In the current human resources system, having a true and clear job description is a way to protect companies from such charges. Some jobs in certain industries are subject to transformation because of technological developments or other uncontrollable factors. Therefore, a deviation from the standard job description is a reality.
  - b. Should such deviations be allowed and protected by law?  
Answer: It can be argued that such deviations are normal in certain industries and should be protected by law. However, the job description could have been drafted in such a manner to accommodate deviations from the initial description because of technological changes, uncertainty in business, and other business reasons. For instance, an employee may be hired as a financial planner at a financial services company, and because of the change in the client's project, the employee may be assigned the task of financial analysis. A clear job description should indicate the possible changes from the initial description to the present one to avoid any legal proceedings.

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