

# Accountant APA-CPP

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# Latest Version: 6.1

## Question: 1

A company has recently restructured its departments. As a result, human resources now comprises payroll, benefits, recruiting and hiring, training, employee data maintenance, and HR customer service. The new structure is characteristic of what type of environment?

- A. Controlled services
- B. Shared services
- C. Managed services
- D. Umbrella services

**Answer: B**

Explanation:

Businesses often operate in shared or managed services environments. A company would opt for shared services to streamline operations and communication between employees with various functions. Shared services can also help with customer service, as information may be easier to obtain without having to call multiple departments to resolve an issue. In a shared services environment, leaders of the department may have greater flexibility to work on strategic planning while others complete everyday responsibilities. Managed services are different in that many of the roles carried out in shared services environments are outsourced. Companies may pay a fee to have duties such as payroll processing or onboarding of new hires managed by a separate entity.

## Question: 2

Which accounting principle requires a company to record transactions in the same manner across accounting periods?

- A. Matching principle
- B. Consistency principle
- C. Time period principle
- D. Realization principle

**Answer: B**

Explanation:

Generally Accepted Accounting Principles (GAAP) are a set of standards created by the Financial Accounting Standards Board (FASB). The consistency principle requires companies to record transactions in a consistent manner, which makes it easier for auditors and decision-making executives to compare data.

The time period principle requires all companies to establish an accounting period. The realization principle helps companies determine how to recognize and report revenue. The matching principle

requires companies to report their revenue and expenses during the same accounting period to allow both to be matched on the income statement.

### Question: 3

Every payroll period, employee A inputs the company totals from the preview payroll register into an Excel spreadsheet. The spreadsheet is used to compare the current period totals with prior payroll periods before sign-off and release of pay and is sometimes called a flux report. This would be an example of which payroll process?

- A. Batch processing
- B. Reconciliation of payroll input
- C. Validation of source data
- D. Testing internal controls

**Answer: B**

Explanation:

Comparing current period balances to prior balances can be an effective way of reconciling payroll input. Comparing similar cycles can help identify issues, including incorrect processing of earnings or deduction codes, the need to review tax calculations, and unnoticed keying errors that may lead to significant variances. Flux reports can also create a greater understanding of payroll components and allow more junior team members to play a role in finalizing the payroll process. Batch processing is also a type of reconciliation of payroll input, but it is normally done and reviewed at the time of individual input rather than reviewed holistically in relation to the larger payroll. Normally, validation of source data is also done at that time. Testing of internal controls is an ongoing process in day-to-day processing and audits.

### Question: 4

Company XYZ is a global company that is planning to integrate payroll and HR systems for all business divisions, and they will be hiring consultants to assist with the project. In this situation, for which of the following roles would the consultants be best suited?

- A. Subject matter advisors
- B. Project team leads for each department
- C. Independent contributors
- D. Full project team members

**Answer: A**

Explanation:

Outside consultants are often hired during implementation projects for their deep knowledge of the new system or process being implemented. They would be best suited for roles such as analysts and facilitators, helping guide the new teams' understanding of the intricacies of the project and the potential outcomes of various decisions. The ultimate success of any large implementation project relies on the internal team becoming subject matter experts, as this ensures good long-term outcomes. For

this reason, the internal team should maintain ownership of project deliverables, documentation, and input while utilizing consultants as support rather than drivers.

### Question: 5

Training is a fundamental part of a payroll team's goals, as the landscape is constantly changing. Manager C does not have room in the budget to pay for her team to receive the training opportunities she would like to provide for them. How can manager C best utilize resources to support her team's training needs?

- A. Research and deploy low-cost initiatives, such as question-and-answer email programs or blogs.
- B. Engage the team with monthly "train the trainer" meetings where the team members present on topics.
- C. Create a document repository with various training materials obtained during the course of business.
- D. Request a higher budget and invest in high-quality online training.

**Answer: B**

Explanation:

Regardless of budget, engagement with training is the primary requirement for achieving successful outcomes. There are myriad options for training available, including professional organizations, third-party providers, online resources, legal support services, and governmental entities. Identifying relevant topics for the team to research and present on, allowing various types of research methods and training styles to be highlighted, and providing an opportunity for the team to engage with each other directly as they learn will allow multiple skills and outcomes to be addressed without a large budgetary investment. Once topics are reviewed and discussed, resources can be managed in a document repository; however, any repository created without learning opportunities for the team at large only provides training to self-motivated, curious team members who have time available. Providing materials without a deep dedication to day-to-day, integrated learning gives the sense of training without the results. Low-cost options such as question-and-answer emails and blogs require a fair amount of confirmation research because the details may not be clear enough to formulate a correct response.

These options can be very helpful in learning the complexity of the payroll environment for curious team members; however, any training that requires self-direction may or may not be successful depending on the individual employee and his or her working style. An investment in high-quality resources can provide great support but are not always approved or available depending on the environment. Training should never wait for a particular solution.

### Question: 6

Company V has a process that pays vendors directly through accounts payable when moving employees and their families for work. What is required as part of that process?

- A. Company V reports the amounts on Form 1099s issued to the employees.
- B. The vendor reports the amounts on Form 1099s issued to the employees.
- C. Company V reports the amounts on the employees' Form W-2s.
- D. The vendor reports the amounts on a Form VV-9 issued to Company V.

**Answer: C**

Explanation:

Regardless of the employee's ability to take a moving expense deduction, moving expenses are included on the employee's Form W-2. Since tax year 2018, the amount is included in gross income. In prior tax years, the amount was reported in box 12 using code P. A Form 1099 may also need to be issued to the vendor if the vendor is not a corporation and the amount paid is over \$600.

### Question: 7

After a new payroll vendor has been selected and the contract is signed, what is the next logical step in the implementation process?

- A. Updating policies and procedures to include the new vendor's contact information
- B. Training employees on the new system
- C. Beginning to migrate data from one system to the other
- D. Meeting with the new vendor to establish goals and a timeline with target dates

**Answer: D**

Explanation:

The next logical step in the implementation process is to establish goals and define target dates for the completion of all necessary items. This includes, but is not limited to, dates on which all demographic and year-to-date payroll information is converted to the new system, dates for virtual or on-site training with staff members, a date for the parallel payroll run, and a go-live date. Once these dates have been established, the implementation process can begin. This includes notifying the old vendor of the transition and dates, training staff, migrating data, and eventually updating procedures to reflect the new payroll vendor's information.

### Question: 8

An employee enrolled in a flexible spending account during open enrollment and elected to contribute \$75 per paycheck to the account. The employee had \$150 remaining at the end of the plan's grace period. What will happen to the remaining funds?

- A. The total will be rolled into the next plan year.
- B. The total is added to the employee's paycheck as a nontaxable reimbursement
- C. The employee forfeits the remaining funds.
- D. The employee has 30 days to use the funds on qualified medical expenses.

**Answer: C**

Explanation:

Any funds remaining in the flexible spending account after the grace period has expired are forfeited by the employee and can be used to offset administrative expenses associated with the plan. While FSA plans generally follow a "use it or lose it" rule, employers have the option of offering a grace period or allowing for funds to carry over up to a certain amount (a maximum of \$640 in 2024). Employers can choose to use a grace period or to carry over, but not both.

### Question: 9

Which of the following items is an important element in evaluating a master service agreement with a payroll provider?

- A. Understanding client responsibilities
- B. Detailing client processes and procedures
- C. Reviewing the SOC 1 and SOC 2
- D. Identifying the background of the support team

**Answer: A**

Explanation:

The key element in master service agreements (MSA) and any SOC 1 and SOC 2 reports provided by third parties that are not part of the MSA is the client responsibilities. Understanding these responsibilities is essential. The MSA may also spell out billing expectations, how additional scope items are to be managed, the escalation process, and service-level agreements connected to the engagement. Every external audit will request the SOC reports for services being performed by third-party providers. As part of the review and audit, the payroll leadership will be required to certify that the client responsibility items are being managed. Understanding where internal team responsibilities lie and the agreements of partnerships will help ensure a compliant and well-managed environment.

### Question: 10

Which of the following is true regarding the Family Medical Leave Act (FMLA)?

- A. Employees can use 12 weeks of FMLA leave to care for a newborn, a newly adopted child, or a fostered child within one year of birth or placement.
- B. The FMLA provides up to 12 weeks of paid leave for eligible employees working for covered employers.
- C. Employees are eligible once they have completed 12 months of employment and have worked more than 1,000 hours within the previous 12-month period.
- D. Employees must be exempt in order to qualify for FMLA leave.

**Answer: A**

Explanation:

Employees can use FMLA leave to care for a newborn child or a child who is newly adopted or fostered but only within one year of birth or placement. FMLA leave can also be used for the employee's own serious health condition or to care for a spouse, child, or parent with a serious health condition. FMLA

leave is not a paid leave benefit, but it provides job protection to employees experiencing any of these circumstances. To be eligible for FMLA leave, the employee must have worked for their employer for at least 12 months and must have worked 1,250 hours or more during the previous 12-month period. Exempt and nonexempt employees are eligible if they have reached the length of service and minimum hours criteria. An employer is covered when it has 50 or more employees (or 50 employees working within 75 miles). Public sector employers are covered regardless of how many employees they have.

### Question: 11

Aaron is the manager of a payroll department and recently hired three payroll processors. The company conducts virtual training on the payroll system and spends a day reviewing company policies with the new hires. After a few payroll cycles, Aaron has noticed one of the new hires struggling to complete her tasks within a reasonable timeframe. In this which training method may be most beneficial to the employee?

- A. Classroom-based training
- B. Coaching
- C. Job shadowing
- D. Roleplaying

**Answer: B**

Explanation:

Based on the information provided, the employee will likely benefit most from coaching, which is typically done in a one-on-one setting and involves observation and feedback. This option can include further system training if necessary. Coaching would be the logical approach because it would allow the manager to better assess the main issues the employee is experiencing and to provide resources and support based on this information.

Classroom-based training includes workshops, seminars, and training and is conducted in a group setting. Role playing works best in simulating customer service situations. Job shadowing involves closely observing another person doing his or her job, which could be beneficial depending on the issues the employee is facing; however, coaching would likely be more useful in addressing specific issues the new hire is experiencing.

### Question: 12

Calculate the employee's disposable earnings based on the following paycheck information. The employee receives a biweekly salary of \$3,200.00 and has biweekly deductions of \$363.75 in federal incomes taxes, \$226.44 in FICA taxes, \$209.60 in state and local taxes, \$55.50 to Section 125 medical insurance, and \$60 toward an HSA. The employee defers \$50 per paycheck to a qualified 403b plan.

- A. \$2,344.71
- B. \$2,234.71
- C. \$2,350.21
- D. \$2,400.21

**Answer: D**

Explanation:

Disposable earnings are defined as gross income minus all deductions required by law, which is most commonly all federal and state taxes. Medical insurance, HSA contributions, and deferrals to retirement accounts are voluntary and do not lower disposable earnings. Disposable pay is used to determine the amount an employee pays for involuntary deductions, such as child support, tax levies, and creditor garnishments.

Calculation:

$\$3,200 - (\$363.75 \text{ (FIT)} + \$226.44 \text{ (FICA)} + \$209.60 \text{ (state and local)}) = \$2,400.21$



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