PAYROLL & INTERNAL CONTROL
ACC 2500

Class Hours: 3.0
Laboratory Hours: 3.0
Credit Hours: 0.0
Date Revised: Fall 2011

Catalog Course Description:

This course focuses on Federal laws related to payroll and internal control and their impact on the accounting system and financial reporting requirements. Calculation of employer and employee payroll taxes and the preparation of payroll related to tax forms are also discussed.

Entry Level Standards:

The student should have an understanding of generally accepted accounting principles, and be able to comprehend at the college level. A working level knowledge of college algebra and business mathematics is also required.

Prerequisites:

ACC 2000

Co-requisites:

None

Textbook(s) and Other Course Materials:

- ACC 2500 course web site.
- Calculator

Note: Programmable calculators (TI 83 plus, etc.) may not be used on exams or quizzes in this course. In addition, no sharing of calculators will be allowed during exams or quizzes.

I. Week/Unit/Topic Basis:

<table>
<thead>
<tr>
<th>Week</th>
<th>Chapter</th>
<th>Topic</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Course Web Site</td>
<td>Course Introduction</td>
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<tr>
<td>2</td>
<td>Course Web Site</td>
<td>Forms of Ownership</td>
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<td>3</td>
<td>Course Web Site</td>
<td>Fraud and Sarbanes-Oxley</td>
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<td>4</td>
<td>Course Web Site</td>
<td>Internal Control</td>
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<tr>
<td>5</td>
<td>1 - Bieg</td>
<td>The Need For Payroll and Personnel Records</td>
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<tr>
<td>6</td>
<td>2 - Bieg</td>
<td>Computing Wages and Salaries</td>
</tr>
<tr>
<td>7</td>
<td>3 - Bieg</td>
<td>Social Security Taxes</td>
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<tr>
<td>8</td>
<td>1-3 - Bieg</td>
<td>Review Week</td>
</tr>
<tr>
<td>9</td>
<td>1-3 - Bieg</td>
<td>Payroll Exam I</td>
</tr>
<tr>
<td>10</td>
<td>4 - Bieg</td>
<td>Income Tax Withholding</td>
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<tr>
<td>11</td>
<td>5 - Bieg</td>
<td>Unemployment Compensation Taxes</td>
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<td>12</td>
<td>6 - Bieg</td>
<td>Analyzing and Journalizing Payroll Transactions</td>
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<tr>
<td>13</td>
<td>4-6 - Bieg</td>
<td>Payroll Exam II</td>
</tr>
<tr>
<td>14, 15</td>
<td>Course</td>
<td>Ratios</td>
</tr>
<tr>
<td></td>
<td>Web Site</td>
<td>Final Exam Week</td>
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**II. Course Goals**:  

The course will:

A. Demonstrate the ability to perform financial statements analysis. (I, III, V)  
B. Apply generally accepted accounting principles and the appropriate tax laws to payroll accounting. (I, II, III, V, VII)  
C. Develop an understanding of payroll taxes, withholding and remittance to federal depositories. (I, II, III, V, VII)  
D. Develop an understanding of the basic forms of business ownership, fraud, Sarbanes-Oxley, and Internal Control. (I, III, V)  
E. Demonstrate an ability to make business decisions. (I, II, III, V)  

*Roman numerals after course objectives reference goals of the Business Administration program (Career Program Goals and General Education Goals are listed [here](http://www.pstcc.edu/departments/curriculum_and_instruction/syllabi/)).*

**III. Expected Student Learning Outcomes**:  

Students will be able to:

1. Explain and analyze corporate financial ratios. A, E  
2. Identify the strength of a company based on its financial ratios and cash flow. A, E  
3. Understand ethical considerations in accounting and business. E  
4. Identify different types of business organizations. E
5. Identify the various laws that affect employers in their payroll operations. B
6. Examine the recordkeeping requirements of these laws. B
7. Explain the importance of a thorough recordkeeping system. B
8. Describe the employment procedures generally followed in a Human Resources Department. B
9. Recognize the various personnel records used by businesses and know the type of information shown on each form. B
10. Outline the procedures employed in a typical payroll accounting system. B, C
11. Identify the payroll register and employee’s earnings record. B, C
13. Distinguish between the employees’ principal activities and their preliminary and postliminary activities. B, C
14. Describe the main types of records used to collect payroll data. B, C
15. Calculate regular and overtime pay. B
16. Perform the following computations: B
   (a) Convert weekly wage rates to hourly wage rates.
   (b) Convert monthly and annual salary rates hourly rates.
   (c) Compute regular earnings and overtime earnings to arrive at total gross earnings.
   (d) Compute overtime payments for pieceworkers using two different methods.
17. Identify, for social security purposes, those persons covered under the law and those services that make up employment. B, C
18. Identify the types of compensation that are defined as wages. B
19. Apply the current tax rates and wage base for FICA and SECA purposes. B, C
20. Explain the importance of obtaining and correctly using the Employer’s Identification Number and the Employee’s Social Security Number. B, C
21. Describe the different requirements and procedures for depositing FICA taxes and income taxes withheld from employees’ wages. C
22. Complete Form 941, Employer’s Quarterly Federal Tax Return, and Form 8109, Federal Tax Deposit Coupon. C
23. Recognize that, as collection agents for the government, employers may be subject to civil and criminal penalties if they fail to carry out their duties. B, C
24. Explain coverage under the federal income tax withholding law by determining: (a) the employer-employee relationship, (b) the kinds of payments defined as wages, and (c) the kinds of employment excluded under the law. B, C
25. Explain the types of withholding allowances that may be claimed by employees for income tax withholding purposes. B, C
26. Explain the purpose of Form W-4 and list the proper procedures for using the information contained on the form. B, C

27. Compute the amount of federal income tax to be withheld using: (a) the percentage method and (b) the wage-bracket method. B, C

28. Compute the amount of federal income tax to be withheld using alternative methods such as quarterly averaging and annualizing of wages. B, C

29. Compute the withholding of federal income taxes on supplementary wage payments. B, C

30. Explain how employees may receive Advance Earned Income Credit and how the employer computes the amount of the advance. B

31. Complete Form W-2 and become familiar with other wage and tax statements. B

32. Review completion of Form 941, Employer’s Quarterly Federal Tax Return, B, C

33. Describe the major types of information returns. B

34. Explain the impact of state and local income taxes on the payroll accounting process. B

35. Describe the basic requirements for an individual to be classified as an employer or an employee under the Federal Unemployment Tax Act. B

36. Describe the factors considered in determining the coverage of interstate employees. B

37. Identify generally what is defined as taxable wages by the Federal Unemployment Tax Act. B

38. Compute the federal unemployment tax and the credit against this tax. B

39. Describe how an experience-rating system is used in determining employers’ contributions to state unemployment compensation funds. B

40. Complete the reports required by the Federal Unemployment Tax Act. B

41. Describe the types of information reports under the various state unemployment compensation laws. B

42. Describe the factors that determine eligibility for unemployment compensation benefits. B

43. Record payrolls in payroll registers and post to employees’ earnings records. B

44. Journalize the entries to record the payroll, payroll taxes, and payment of payroll-related liabilities. B, C

45. Post to the various general ledger accounts that are used to accumulate information from the payroll entries. B, C

46. Explain the payment and the recording of the payroll tax deposits. B, C

47. Understand the need for end-of-period adjustments. B

48. Identify the general ledger accounts used to record payroll transactions. B
49. Explain the basics of internal Control. D
50. Identify fraud. D

* Capital letters after Expected Student Learning Outcomes reference the course goals listed above.

IV. Evaluation:

A. Testing Procedures:

The instructor's policies on exams, quizzes, homework, attendance, and grades will be provided on a supplement to the course syllabus. A minimum of 2 major exams is recommended.

B. Laboratory Expectations:

None

C. Field Work:

None

D. Other Evaluation Methods:

This information, if applicable, will be provided by the instructor in full detail during the first week of class via syllabus supplement.

E. Grading Scale:

<table>
<thead>
<tr>
<th>Score Range</th>
<th>Grade</th>
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<tbody>
<tr>
<td>92 - 100</td>
<td>A</td>
</tr>
<tr>
<td>89 - 91</td>
<td>B+</td>
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<tr>
<td>82 - 88</td>
<td>B</td>
</tr>
<tr>
<td>79 - 81</td>
<td>C+</td>
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<tr>
<td>72 - 78</td>
<td>C</td>
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<tr>
<td>65 - 71</td>
<td>D</td>
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<tr>
<td>Below 65</td>
<td>F</td>
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V. Policies:

A. Attendance Policy:

Pellissippi State expects students to attend all scheduled instructional activities. As a minimum, students in all courses (excluding distance learning courses) must be present for at least 75 percent of their scheduled class and laboratory meetings in order to receive credit for the course. Individual departments/programs/disciplines, with the approval of the vice president of the Learning Division, may have requirements that are more stringent. In very specific circumstances, an appeal of the policy may be addressed to the head of the department in which the course was taken. If further action is warranted, the appeal may be addressed to the vice president of the Learning Division.

B. Academic Dishonesty:

Academic misconduct committed either directly or indirectly by an individual or group is subject to disciplinary action. Prohibited activities include but are not limited to the following practices:
• Cheating, including but not limited to unauthorized assistance from material, people, or devices when taking a test, quiz, or examination; writing papers or reports; solving problems; or completing academic assignments.
• Plagiarism, including but not limited to paraphrasing, summarizing, or directly quoting published or unpublished work of another person, including online or computerized services, without proper documentation of the original source.
• Purchasing or otherwise obtaining prewritten essays, research papers, or materials prepared by another person or agency that sells term papers or other academic materials to be presented as one’s own work.
• Taking an exam for another student.
• Providing others with information and/or answers regarding exams, quizzes, homework or other classroom assignments unless explicitly authorized by the instructor.
• Any of the above occurring within the Web or distance learning environment.

C. Accommodations for disabilities:

Students who need accommodations because of a disability, have emergency medical information to share, or need special arrangements in case the building must be evacuated should inform the instructor immediately, privately after class or in her or his office. Students must present a current accommodation plan from a staff member in Services for Students with Disabilities (SSWD) in order to receive accommodations in this course. Services for Students with Disabilities may be contacted by going to Goins 127, 132, 134, 135, 131 or by phone: 539-7153 or TTY 694-6429. More information is available at www.pstcc.edu/departments/swd/.

D. Other Policies: