December 2014

CPA VOICE

The Ohio Society of Certified Public Accountants

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THE OHIO SOCIETY OF CPAs
535 Metro Place South
Dublin, Ohio 43017

Here's where you can prove your value

CPAs are known for being good with numbers. They have a reputation as trusted business advisors because they can interpret those numbers and guide an organization to financial success.

But increasingly, the data that can shape an organization's future isn't numbers – it's words. Database gurus call this "unstructured data." Just the name alone can be daunting, but there is a wealth of opportunity here for CPAs. Organizations are increasingly looking to data to drive business decisions and a credible expert who can see the relationships between numbers and trends and provide strategic guidance that delivers results. I don't know of a better candidate for that job than a CPA.

> "Data can shatter perceptions but also open new doors to growth."

Data – whether structured or unstructured – is useless without interpretation. It's just a tool; just like a chisel is simply a chisel until it's put in the hands of a master sculptor.

CPAs have an opportunity to emphasize their value by helping companies interpret their data to drive organizational success.

This ability to be a data-savvy manager, versus just pulling the data, is a growing need that Paul Mugge discussed in a recent article in *BusinessWeek.* In it, Mugge outlined three principles for would-be data managers to keep in mind.

1. Learn to ask the right questions.
There's an adage that when you put bad data in, you get bad data out. The same is true with questions. Ask the wrong questions and you'll get the wrong answers. CPAs are uniquely primed to apply their organizational knowledge to ask the questions that really need to be answered.

2. Data is a tool, not a degree.
Recently, there has been a lot of buzz around the need for data scientists - specialists trained to wrangle the data. However, the McKinsey Global Institute estimates that there is 10 times more demand for data-savvy managers than data scientists.

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After you ask the right questions, someone needs to interpret and challenge the results. That means having the ability to apply the data – not just configure it into spreadsheets – and make the recommendations that drive an organization in new directions.

3. If you have these skills, **choose the right environment.** Make sure your organization's culture is open to new ideas that challenge the status quo. Data can shatter perceptions but also open new doors to growth. It takes a brave organization to handle it. It means putting aside egos and suppositions for the sake of organizational success.

The bottom line is this: Big Data might be a fad term, but using data to solve real problems is here to stay. In the coming year, CPAs should look at ways to better position themselves as a valuable part of their organization's strategic team. Harnessing data – all data, not just numbers – offers a clear opportunity to do so. At the very least, CPAs need to be aware of the trend toward big data and the larger role it is beginning to play in the business environment of tomorrow.

Ultimately, OSCPA is committed to partnering with you to promote yourself and the CPA credential. Your success is our success. In the coming year, we are looking to enhance our value to you as a member and help you succeed, whether you are in business and industry, public practice or education. I look forward to accomplishing big things together in 2015.

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Municipal tax reform is a gift to all Ohioans

By Mark Van Benschoten, CPA

Just in time for the holidays, the Ohio legislature this month presented a gift to CPAs, taxpayers and all Ohioans when it passed House Bill 5, the municipal income tax bill.

Though Gov. Kasich had not signed the bill as of this writing, he is expected to. When the law goes into effect on Jan. 1, 2016, it will offer relief to taxpayers, attract business to the state and, frankly, allow CPAs to focus their attention on helping to strategically grow business rather than struggling with what was the most arcane tax system in America.

This is a monumental achievement for the state and for The Ohio Society of CPAs. It reflects more than 20 years of effort to secure significant reform to an unfair and badly broken municipal income tax system.

Some of the highlights:

- Net operating loss (NOL) carry forwards standardized to five years
- Consistent treatment of pass-through entities
- A non-retroactive 20-day occasional entrant provision under which a "day" is defined to ensure a worker will allocate all hours worked to whichever city he/she worked for the preponderance of that day.
- Consistent quarterly and annual filing due dates, interest rates and discretionary penalties for all Ohio cities and villages
- Annual payments, vs. more frequent filings, for businesses owing less than $200 annually in tax to a municipality.
- Limits on the number of forms and attachments a city can require to be filed with a tax return
- Automatic municipal extensions if a federal extension has been filed
- Elimination of the requirement that employers must give each city where they do business a list of employees who worked there less than 20 days
- A taxpayer "bill of rights" at the local level – modeled after the state taxpayer "bill of rights" – to ensure that taxpayers encounter a consistent approach from one city to another

Most provisions in the bill will go into effect on Jan. 1, 2016, and the NOL rollout begins in 2017. As with any complex tax law, there will be some minor fine tuning over the next year.

Is the bill perfect? No. Political realities prevented us from pursuing other common sense solutions, such as some form of centralized collection, and taxpayers will

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still have to file in multiple jurisdictions. However, it will create significant consistency and predictability in a system that previously had neither and will reduce the number of required filings.

For CPAs, the new law will mean more predictability, more consistency and less time spent researching variations in jurisdictions. Sen. Bob Peterson, R-Sabina, who chairs the Senate Ways and Means Committee, summed it up well just before the Senate vote:

"At the end of the day, House Bill 5 represents a cut to the costs of compliance and a significant step toward uniformity. The heart of this bill is truly a benefit to our smallest of business people."

Kudos to Sen. Peterson, who invested untold hours helping to manage the Senate process. There are many others who deserve thanks, as well.

The bill's joint House sponsors, Reps. Cheryl Grossman, R-Grove City, and Michael Henne, R-Clayton – along with many other House and Senate members – devoted their time and expertise to driving its passage.

Members of the Municipal Tax Reform Coalition – a partnership of 33 organizations supporting HB 5 – were essential partners in getting the story out about Ohio's broken system.

OSCPA Chair Elect Tom Zaino, CPA, JD, invested countless hours in this effort, as did Barb Benton, CAE, OSCPA vice president of governmental affairs, and the Society's Director of Tax Policy Greg Saul, Esq.

Thank you to OSCPA's Tax Legislation Policy Committee - especially past chair Matt Yuskewich - as well as the staff of The Ohio Society of CPAs for all your efforts.

Finally, the passage of this bill would not be possible without the involvement of hundreds of CPAs across the state who took the time over the years to reach out to legislators and educate them about the need for reform. You have helped build a stronger Ohio.

Mark Van Benschoten, CPA with Rea & Associates, Inc. in Dublin, is The Ohio Society of CPAs 2014-2015 Chair of the Board.

For the latest information including a complete breakdown of the vote in the Ohio legislature, go to munitaxreform.org.

The Affordable Care Act: Advising clients as informed practitioners

By Kimberly Flett, CPA, QPA, QKA

The Affordable Care Act (ACA) has created many new challenges for CPAs – but it has also created the opportunity to play a pivotal role in informing clients about the law's myriad complexities. Here are a few recent technical updates that are essential when counseling clients on the ACA.

Tax considerations

High wage earners, with a $250,000 threshold for married filing jointly, $125,000 for married filing separately, and $200,000 for all others, must pay a Medicare tax of an additional 0.9%, for a total tax of 2.35%. Those with an income of $200,000 or more have this tax withheld at the payroll level during the year, but adjustments are needed once annual income is determined – which can result in additional taxable income.

Another Medicare tax of 3.8% is assessed on net investment income of high wage earners, which includes gross income from interest, dividends, royalties, rents, annuities, gross income derived from a trade or business, and gain attributable to the disposition of property.

TAKEAWAYS

- The Affordable Care Act (ACA) includes recent technical updates to understand when counseling clients on the ACA.
- High wage earners must pay an additional Medicare tax of 0.9%, for a total tax of 2.35%.
- Another Medicare tax of 3.8% is assessed on net investment income of high wage earners.
- Employers should consider the tax issues that come into effect in 2018 for health plans with lavish benefits – one of which is a nondeductible tax of 40%.
- If your company has an FSA that isn't affiliated with a medical program, this account is considered to be self-funded and could be subject to PCORI fees for employees.
- Several new forms that are still in the draft stage will be required in 2016. As these reporting forms are detailed and complex, employers should consult with their benefits professional and accounting specialist before completing them.

Other procedural changes:

- Itemized deductions on Schedule A of Form 1040, which expands the medical expense deduction from 7.5 to 10% for those under age 65.
- Flexible Spending Accounts (FSA) have been capped at $2,500. If you sponsor one of these plans you must have all document amendments in place by the end of 2014.

Employers should consider the tax issues that come into effect in 2018 for health plans with lavish benefits – one of which is a nondeductible tax of 40%. Health plan premiums considered excessive are $10,000 for single coverage and $27,000 for family.

A small business health care credit is available to employers with 25 or fewer full-time equivalents (FTEs) with wages averaging less than $50,000 per year. The employer must pay at least 50% of these employees' health insurance costs. In 2014, the credit is 50% for for-profit entities and 35% for tax-exempt employers – and it is only available if the insurance is purchased through the Marketplace. Tax returns can be amended for previously missed credits.

Individual mandate

The individual mandate is in effect with few exemptions. Those without health insurance coverage will pay a penalty, which in 2014 is the greater of either $95 or 1% of modified adjusted gross income and $47.50 per dependent under the age of 18. For families this can result in a maximum 2014 penalty of $285. For 2015 and 2016, the amounts are $325 or 2% of income and $695 or 2.5% of income respectively. The maximum penalty is equivalent to the national average premium for a bronze plan on the Marketplace.

Employer mandate updates

On Feb. 10, 2014, the U.S. Treasury Department issued an update that gives mid-sized employers an additional year before the employer mandate takes effect. Employers with 50 to 99 FTEs now have until January 2016 to offer health insurance or pay a penalty. Fiscal year plans will not be subject to the mandate until the beginning of the health plan year as long as the employer maintained a fiscal year plan as of Dec. 27, 2012.

The employer mandate still applies to employers with 100 or more FTEs. These employers must offer insurance effective Jan. 1, 2015 or pay a penalty. The percentage of FTEs required to be covered has been reduced to 70% for 2015, but will increase to 95% in 2016.

Part-time and variable hour employees are converted to FTEs in order to determine how many employees a company has under the employer mandate. Calculated on monthly hours, the formula is the total working hours of all FTEs for a month divided by 120. Seasonal employees with less than 120 days a year can be excluded. Employers who already offer affordable coverage need to consider that variable hour part-time employees could transition to a FTE and be eligible for coverage. Measurement periods under ACA regulations should be utilized to consider both variable hour employees as well as the overall employer mandate. Special considerations are needed for controlled groups, mergers and acquisitions.

Fee requirements

PCORI fees

If your client sponsors a fully insured health plan, the health insurance carrier is required to pay the Patient Centered Outcomes Research Institute (PCORI) fee directly. However, if your client self-funds their health plan, they were required to pay the $2 fee by July 31, 2014 on Form 720. With annual fee increases, there is a sunset provision for plan years ending Oct. 1, 2019.

If your company has an FSA that isn't affiliated with a medical program, this account is considered to be self-funded and could be subject to PCORI fees for employees. Health reimbursement arrangements should be integrated with health insurance, and are still considered self-funded for the PCORI fee requirement.

Reinsurance fee due in January 2015

Sponsors of self-funded health insurance plans should have reported the number of people covered by their plans to the Department of Health and Human Services for the 2014 plan year by Nov. 15, 2014. This includes employees, spouses and dependents covered under the plan.

The IRS has specified four specific counting methods for this purpose:

1. Actual count
2. Snapshot dates
3. Snapshot factor
4. Form 5500 method

Pay.gov is the reporting site for employers to report their count. After reporting, the employer will receive a notice regarding the reimbursement fees due, which will equal $63 per covered life for 2014. The first installment will be due to HHS by Jan. 15, 2015. Fully insured plans will collect these fees through the insurance premiums paid. The reimbursement fee applies to each medical plan sponsored by the employer and must be submitted on a per plan basis.

Implications for 2015 and 2016

New reasons employees can change their health care coverage

With the issuance of IRS Notice 2014-55, there are now two reasons employees covered under a Section 125 plan can change health care options:

1. An employee can cease participation in an employer-sponsored plan in order to enroll in the Marketplace without an otherwise qualified change in status.

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2. Variable-hour employees (those who may work less than 30 hours a week but were determined to be full-time during a measurement period and are otherwise enrolled in the employer-sponsored plan) can also cease participation in order to enroll in the Marketplace when their employment status drops below 30 hours a week.

Employers must adopt an amendment allowing these elections on or before the last day of the plan year. For 2014, the amendment must be adopted by Dec. 31, 2015. Participants must be notified of these changes. An election to revoke coverage on a retroactive basis cannot be allowed under any circumstance.

This change does not apply to flexible spending accounts or non-health insurance benefits under a cafeteria plan, such as dental and vision coverage.

Note: the Marketplace allows open enrollment at specific times. The 2015 open enrollment period is Nov. 15, 2014 – Feb. 15, 2015. Employers may rely on good faith representation from their employees to enroll in the Marketplace.

Reporting requirements

Forms 1094-B, 1095-B, 1094-C and 1095-C, for the 2015 plan years will be due to the IRS in 2016. These forms, which are all currently in the draft stage, will be used to report the different types of insurance offered, which employees are covered, and various other details related to employer-sponsored health plans. The IRS will use the data to compute both the individual and employer mandates under the ACA. As these reporting forms are detailed and complex, we recommend employers consult with their benefits professional and accounting specialist before completing them.

Finally, the Department of Labor is now auditing health and welfare plans.

Items under review include document and notice requirements for medical plans, HRAs and FSAs including wrap documents, Summary Plan Descriptions, the Summary of Benefits and Coverage and other disclosure notices required under the ACA.

Kimberly Flett, CPA, QPA, QKA is the lead director in SS&G's retirement plan design and administration department. She supervises a team of retirement professionals and is responsible for all aspects of retirement plan administration, including plan administration, plan valuations, nondiscrimination testing, ERISA, and tax compliance. Kimberly is also responsible for medical plan design and administration, including welfare benefit, Section 125 plans, health reimbursement arrangements and health savings accounts. She can be reached at KFlett@SSandG.com.

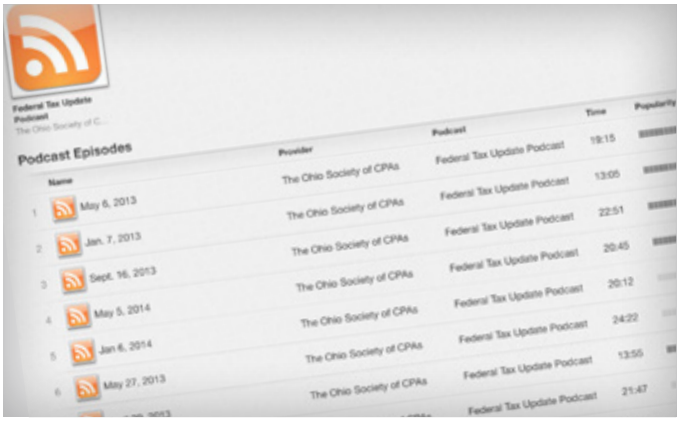
Tax resources to help CPAs

Web page
OSCPA's Tax News and Resource Center helps CPAs keep up to speed on everything tax related. As a service to members, this online resource features breaking tax news and links to forms, applications and more for local, state and federal taxes. Go to **www.ohiocpa.com/tax-resources**

The one-stop shop for the latest tax resources and a valuable benefit of your OSCPA membership is just a click away at ohiocpa.com.

Find IRS and Ohio Department of Taxation forms and publications in one convenient location.

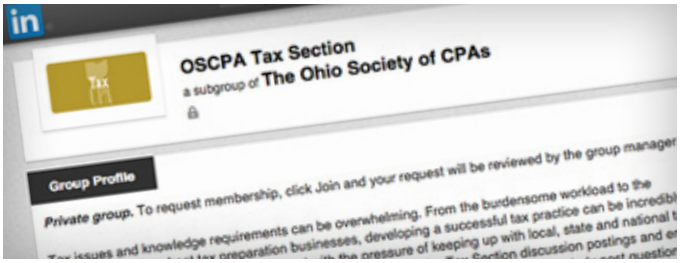
Tax law and knowledge requirements can be overwhelming. From the burdensome workload to the competition of storefront tax preparation businesses, the challenges of developing and maintaining a successful tax practice can be considerable.



Free federal tax podcast

Get up-to-date news on federal tax legislation, court cases and other developments with weekly Federal Tax Update podcasts hosted by tax expert E. Lynn Nichols, CPA, and other experts from Nichols Patrick CPE.

The podcasts are available when it's convenient for you on OSCPA's website. Podcasts are also available to download on iTunes by searching for "The Ohio Society of CPAs."



Join the tax section to keep up with state and local law changes

CPAs serving all sectors participate regularly in the Special Interest Tax Section, posting questions seeking knowledgeable advice on new issues or laws. Learn from others and review expert advice. Section members also receive a weekly digest of the latest tax news. As an added benefit, OSCPA has created private groups on LinkedIn for Tax and all other Special Interest Sections – providing a more dynamic and interactive experience. You can easily engage, share and consume information, ask questions and get answers in real time.

Sign up now!
www.ohiocpa.com/taxsection

Other resources

OSCPA also offers a video highlighting the value of working with a CPA. All of these resources are just part of the benefits available to you as a member of The Ohio Society of CPAs. To learn more, go to **www.ohiocpa.com/tax-resources.**

Have questions? Call CPAnswers, the member service center, at **(888) 959-1212.**

What do fraud, ethics and controllership have in common?

By Gary Zeune, CPA

If you have never thought about it, everything we do in accounting starts with a human behavior. A sales person makes a sale. Purchasing buys raw materials. Manufacturing makes a widget. Legal writes a contract. R&D develops a new product. Distribution delivers and installs the widget. Service techs fix the widget when it malfunctions. In fact, if other people don't do their jobs, accounting doesn't have anything to do.

TAKEAWAYS

- Predictability is one of an accountant's greatest weaknesses; if fraudsters know where you're going to look, they'll commit their fraud someplace else.
- Hire people you trust, but never let your guard down.
- It never "costs too much" to implement effective internal controls.
- Make sure your policies don't create incentives for your employees or others that aren't aligned with your company's ideals (or perhaps even the law).
- Human behavior never stays the same, so don't assume yesterday's controls or audit procedures apply today.

> If consistency is one of our biggest risks, what can you do about it? Answer: Don't do more work; do it differently… just because you do the work does not mean it has any value.

Think of business as a ballgame. Other people play and we keep score. Fraudsters depend on accountants not knowing enough about the game to know the numbers are wrong. So why would fraudsters take the risk? Because we make it easy for them to hoodwink us. How? By doing the same thing over and over.

Predictability is one of our greatest weaknesses. CPAs performing the same procedures or applying the same internal controls is the fraudster's best friend. Why? Because if fraudsters know where you're going to look, they'll commit their fraud someplace else.

This is a simple example to illustrate: Do you ever change your behavior to circumvent a control system? Let's say you drive to work the same way most of the time, and going around a bend in the road there's a side street. There's a police car there every morning when you drive by, so what do you do? You slow down. If you change your behavior to avoid detection of your speeding, what makes you think your clients or staff don't do the same thing to you?

So if consistency is one of our biggest risks, what can you do about it? Answer: Don't do more work; do it differently. For example, if you always vouch the last 10 sales for the revenue cut off test, where is the client NOT going to put fraudulent sales? The last 10. You can still vouch 10 sales, just don't have a pattern of what 10. The lesson is that just because you do the work does not mean it has any value. If the control or procedure doesn't deter fraud then it has no value.

Another major risk is trust. Who are the only people who can steal you blind or cook the books undetected? People you trust. If you don't trust them you won't give them access or have them as a client. So surround yourself and hire people you trust, but don't let your guard down. That's when you'll get burned. Here's a secret: Trust is NOT a control or an audit procedure.

Daniel Wiant was the CFO of the Ohio Chapter of the American Cancer Society. The society had a policy that it would take two people to conduct any wire transfer of $5,000 or more. One would initiate the wire, and the other confirmed it to the bank. One day, while everyone else was out of the office, Wiant wired the entire checking account balance of $7.2 million to himself in Austria. He left his wife a note and she called the FBI. How could he wire the money? He and the Executive Director had given each other their passwords in case of an emergency. I posted a video of his theft called "Daniel Wiant Steals $7+ Million from Cancer Society." http://bit.ly/1r1Eqq4 The video is a composite of his arrest, his wife talking on the court house steps, and an interview with the executive director. Note when a reporter asks the executive director if anyone has been held accountable (meaning him), he doesn't answer the question.

Rita Crundwell started working for the city of Dixon, Illinois while still in high school. Dixon is about an hour west of Chicago and Ronald Reagan's boyhood home. The annual operating budget was about $10 million for a town of around 16,000 residents. Crundwell rose to be the finance director. Her side business was championship horses. She also stole $53 million from the city over 20 years. How did she get caught? Crundwell was gone from work. Her assistant saw a bank account statement addressed to the city but didn't recognize the bank. The assistant showed the bank statement to the mayor, who called the FBI. Crundwell is now serving 20 years. In this video, the mayor explains the fraud: http://bit.ly/1xSQ8Zb

Amy Wilson was the typical bookkeeper at a small private company, and was completely trusted. The owner didn't want to go over financial information, telling Amy, "That's what I pay you for." The company's outside accountant recommended her boss, the owner, move from a compilation to at least a review, and preferably an audit. The boss' reply: Not worth the money.

Amy, like many people, started stealing when she needed $5,000 and didn't have it. The Amys of the world tell themselves "I'll pay it back." So now you have completed the triangle of fraud in SAS 99: Need/pressure/incentive, opportunity (access) and rationalization. In her presentations she shows how she used the demo mode to circumvent the accounting software control system.

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Amy got busted when her bank called her boss to ask why she was paying her credit card with company checks. After doing prison time, she now mentors other female prisoners on how to put their lives back together after release.

Want to make your management letter real? Include a link to "Amy Wilson Shares How and Why She Stole $350,000" on YouTube. Why? Because most people won't fix things until they're broken. Amy explains how much damage one trusted person in the right position can do: http://bit.ly/1uEz5c4

How many times have you heard "It costs too much" as an excuse not to implement controls? It's not true, either. How do we know it's not true? Because the trucking company owner will spend $500,000 on new trucks, but won't hire a $50,000 person in accounting to segregate duties. So cost is not the reason. One of the reasons clients, or your boss, won't install new controls is because we don't ROI justify the recommendation. If you don't justify the cost of the recommendation, your clients are just making what they think is a rational business decision.

Defective compensation systems cause fraud. Remember Domino's Pizza advertisement, "30 Minutes or it's FREE"? Typically, drivers got a small bonus if they delivered the pizza on time and got docked if they were late. Even though management knew drivers were wrecking their cars and getting speeding tickets, they kept the system. It wasn't until a driver ran a four-way stop sign, hit a woman and killed her that the company quickly suspended the system and has never brought it back.

Question: Was it ethical for a CPA to work at Domino's and do the payroll when the compensation system was causing employees to break the law?

What management and CPAs fail to realize is that any time you change a system, people will always change their behavior to maximize the benefit to themselves. Behavior never stays static. It always changes. Think about the subprime mortgage meltdown. So don't ever think yesterday's controls or audit procedures apply to today's new system.

For example, health care in general and the Affordable Care Act (ACA) specifically provide many opportunities and incentives to commit fraud. To combat the explosion of prescription drug deaths, the Drug Enforcement Agency and Food and Drug Administration now allow pharmacies to take back unused medications. How will you change your analytical procedures to detect when a pharmacy doesn't destroy the meds as required by law and instead resells them? How might you know? Because the pharmacy sells more controlled substances than it purchased. Don't think it can't happen. Pharmacist Robert Courtney diluted 100,000 prescriptions for 4,000 patients. Sales exceeded purchases. How can that happen? Watch "Deadly Rx for Greed": http://bit.ly/1ynCno5

Companies should be careful not to break the law when they reduce employee hours below the 30-hour threshold to provide health care coverage. Why? Because some attorneys are arguing it's a violation of ERISA section 510, which forbids employers from changing hours worked for the purpose of changing their employee benefits.

Pharmaceutical manufacturers have paid billions in fines for illegal marketing. Think about that. Just because an invoice went out and the money is in the company's checking account does not mean the revenue was legally earned.

The Physician Payments Sunshine Act, which was part of the Affordable Care Act, requires medical companies to post on a public website all the monies paid to health care professionals, such as consulting, speaking fees and the value of sales rep's pizza. What's your procedure to match your client doctor's record with publicly available information?

Think CPAs are automatically ethical? Have you seen these cases?

- The New York City tax partner who stole $4 million in tax billings
- The Big Four vice chairman who was released from prison July 2014 over $400,000 of insider trading
- The Big Four audit manager sentenced to 15 years for child porn, some of which was reported to be on his work computer
- The CPA/CFO who stole payroll withholdings from Catholic Schools
- The small firm tax partner who stole $11 million then hired a hit man to kill the clients who owned it
- The staff CPA sentenced to 37.5 to 50 years for killing his sole practitioner boss
- The tax partner who was charged with securities fraud and nearly went to prison because he didn't close his home office door
- The dangerous info of what's not on your staff's annual disclosure form
- The small firm managing partner who went to prison for changing client records
- When under time and budget pressure some staff will falsely sign off that they did work they didn't do
- The A&A partner who was living beyond his means, borrowed from a client, helped the client commit a $350 million financial reporting fraud and served 4+ years in prison

Auditing standards require auditors to assess risk by "understanding the entity and the environment, including internal

controls." Do you have to know and analyze all of them? No, but you better know and analyze the ones that might materially affect your clients. I can't list every danger, but I can show you how to find and analyze risk with a few examples of new threats for 2014 engagements:

- Responding with integrity to a client who says, "It's my company and I can do whatever I want."
- Providing guidance to American cheese makers who may not be able to use foreign origin names such as Asiago, Brie, Cheddar, Feta, Gouda, Provolone and Parmesan.
- Properly advising clients who have illegal unclaimed property.
- Dealing with competitive risk when a major competitor comes to town.
- Implementing the forthcoming lease accounting standard.
- Responding to disruptive technologies such as Uber, Lyft and Sidecar and 3-D printing.
- Addressing the ethical challenges of whistleblower rewards.
- Preventing schools from manipulating attendance records and report card grades.
- Addressing issues related to restricted or designated donations.

Controllers and CFOs, you aren't off the hook.

- Do you know how your financial systems cause bad debts?
- Can you write down three ways you help make more money, not just count the money?
- Do you know how an extraordinary guarantee can drive profits?
- Do you know which customers you should fire?
- How do you get customers to do business with you over and over?
- How do you identify competitive threats that cause a going concern condition (that you would disclose to your auditor – right?)
- What is mass customization and should you do it?
- How, by using one flaw in the control system, did a low level employee almost take down the second largest bank in France?
- Do you have a comprehensive yet simple control system that actually makes money?
- Should you replace at least some credit cards with purchasing cards?
- To minimize fraud, are your pay and control systems 'goal congruent' (don't worry it's not nearly as hard as it sounds)?

Parting thoughts

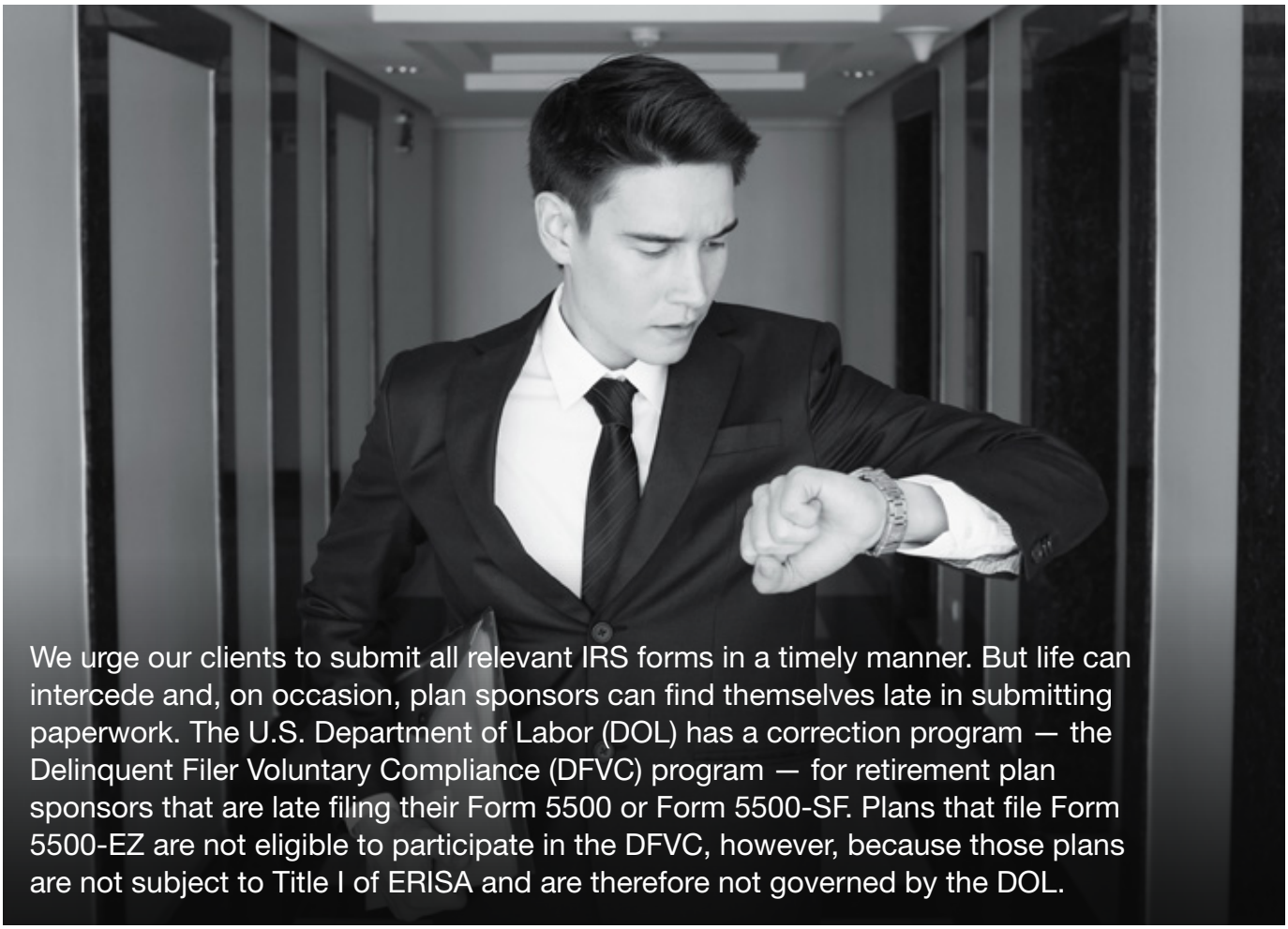
As CPAs you have to pay attention to what's in the accounting records. We hold ourselves responsible to prevent and detect material fraud in financial statements. The problem is that by the time the fraud is material and in the financial statements, it's too late. As you can tell from the above discussion, fraud, ethics and strategy all have human behavior in common. They all begin outside the financial statements. When you look the other way for little frauds (the boss running personal expenses through the company, for example), could you still swear in court that you're an ethical CPA? Think about it.

Gary D. Zeune, CPA, is a nationally recognized speaker and writer on fraud, ethics and corporate strategy. He also founded The Pros & The Cons, the nation's only speakers' bureau for white-collar criminals. You can reach him at gzfraud@TheProsAndTheCons.com.

section editor: Jennifer Rieman

Form 5500 Series: New penalty relief rules

By Victor H. Hicks II, CFP®, AIF®



We urge our clients to submit all relevant IRS forms in a timely manner. But life can intercede and, on occasion, plan sponsors can find themselves late in submitting paperwork. The U.S. Department of Labor (DOL) has a correction program — the Delinquent Filer Voluntary Compliance (DFVC) program — for retirement plan sponsors that are late filing their Form 5500 or Form 5500-SF. Plans that file Form 5500-EZ are not eligible to participate in the DFVC, however, because those plans are not subject to Title I of ERISA and are therefore not governed by the DOL.

TAKEAWAYS

- The IRS at last offers a late filer program for retirement plan sponsors that are late filing Form 5500-EZ
- The program runs from June 2, 2014, to June 2, 2015. There is no penalty, fee or other payment required under the pilot program.
- You should review any DFVC program submissions made after Dec. 31, 2009, to see if a Form 8955-SSA was required. If it was, file one to avoid penalties.
- The pilot program is available for one-participant plans: retirement plans that cover only the owner and the owner's spouse or one or more partners and their spouses. Plans that provide benefits for other individuals must file either Form 5500 or Form 5500-SF.
- The IRS is soliciting input from the public about replacing the pilot program with a permanent program after June 2, 2015.

Absent a correction program, plans that are late filing Form 5500-EZ are subject to full IRS penalties. The IRS has been working on a late filer program for many years. At long last, here it is:

Pilot program for Form 5500-EZ filers
Revenue Procedure 2014-32 created a pilot correction program for Form 5500-EZ late filers that will run from June 2, 2014, to June 2, 2015. There is no penalty, fee or other payment required under the pilot program. Form 5500-EZ filers must complete and submit the late forms for the appropriate years, carefully following the rules in the revenue procedure.

Relief for one-participant plans
The pilot program is available for one-participant plans: retirement plans that cover only the owner and the owner's spouse or one or more partners and their spouses. The term "partner" was modified by the Pension Protection Act of 2006 to include an individual who owns more than 2% of an S corporation. To be eligible to file Form 5500-EZ, the plans cannot provide benefits for other individuals (e.g., common law employees). Plans that provide benefits for other individuals must file either Form 5500 or Form 5500-SF.

Note: If the assets of a one-participant plan plus the assets of all other one-participant plans maintained by the same employer do not exceed $250,000, the plan does not have to file an annual Form 5500-EZ. However, a final Form 5500-EZ is required in the event of a plan termination, regardless of the size of the plan.

Relief for foreign plans
Some foreign plans may also be eligible for the pilot correction program. A foreign plan is a retirement plan maintained outside of the United States primarily for nonresident aliens. A plan is eligible for relief if the plan sponsor is a domestic or foreign employer with income derived from sources within the U.S. that deducts plan contributions on its U.S. income tax return, including foreign subsidiaries of domestic employers.

Additional points
Plan sponsors submitting forms after the program's end date (June 2, 2015) will not be entitled to relief under the pilot program. However, they may request relief for "reasonable cause." The IRS is soliciting input from the public about replacing the pilot program with a permanent program after June 2, 2015. Note that there would be a fee associated with a permanent program, similar to the DFVC program.

If a plan sponsor already submitted a late filing and received a CP 283, Penalty Charged on Your Form 5500 Return, from the IRS before the guidance was issued, then a penalty has already been assessed and the relief provided under this revenue procedure is not available. In lieu of the relief, filers may continue to request relief from late filing penalties for reasonable cause.

Changes for Form 5500 and 5500-SF late filers
Before the new IRS guidance in Notice 2014-35, plan sponsors that had not filed a Form 5500 or Form 5500-SF but had corrected the mistake under the DFVC programs by filing the missing forms paying the fee, and meeting the DFVC requirements for relief would have enjoyed IRS and DOL late penalty waivers.

The new guidance changes the criteria for obtaining IRS penalty relief. Now, in addition to filing under the DFVC program, late filers are required to file a Form 8955-SSA with the IRS for the year at issue. Form 8955-SSA was introduced in 2009 and replaces Schedule SSA. It is used to report participants who separate from service and leave a vested benefit in the plan.

At press time, there was no system for filing a delinquent Form 8955-SSA electronically. When a Form 8955-SSA is required as part of a DFVC filing, it must be filed on paper. The deadline is 30 calendar days after the DFVC filing is completed or Dec. 31, 2014, whichever is later. This requirement applies to all DFVC filings submitted through EFAST2 (i.e., generally all filings for plan year 2009 and after).

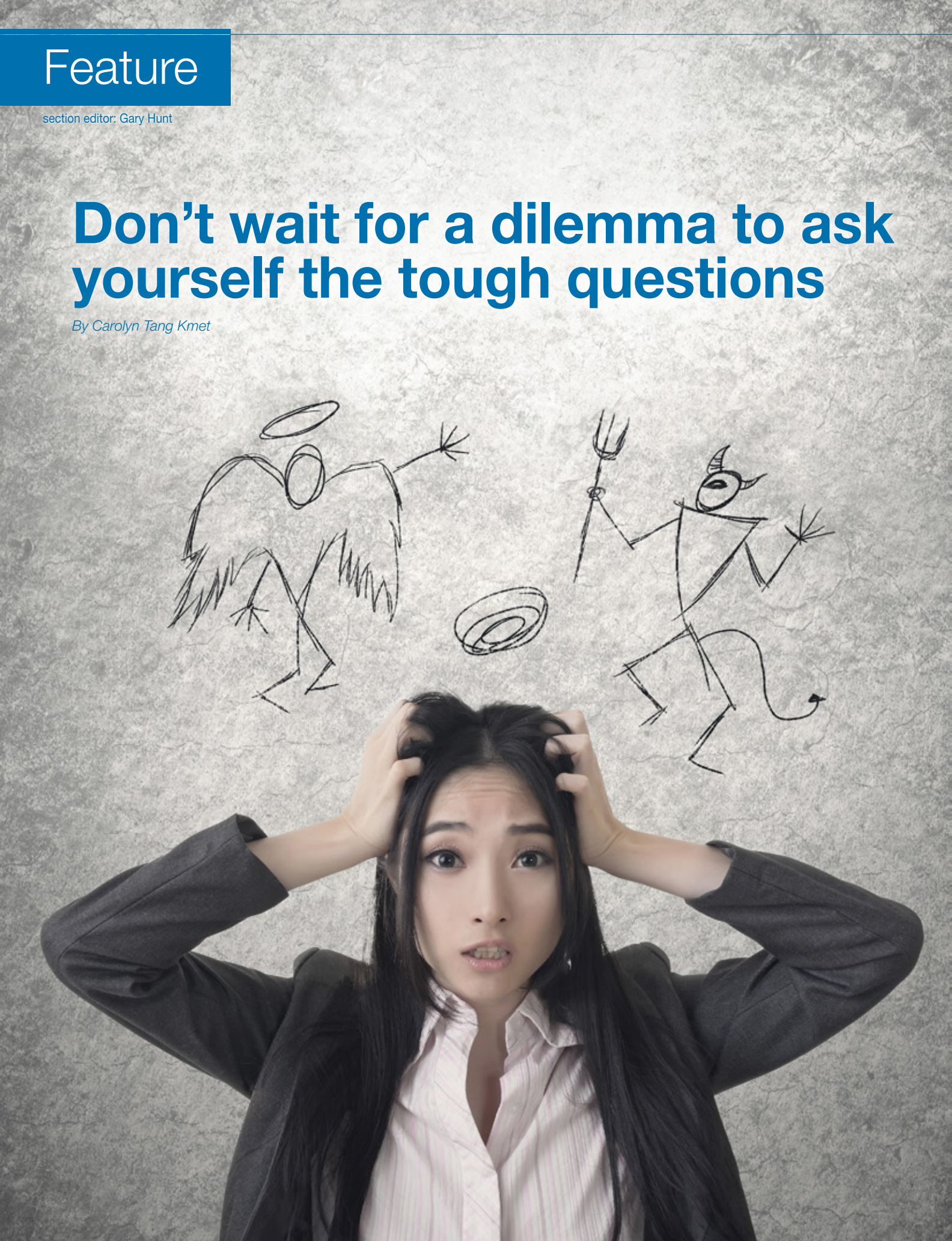
Example: A DFVC filing for a delinquent 2009 and 2010 Form 5500 was filed in 2012, but information required on Form 8955-SSA was never filed. To qualify for the IRS penalty relief, the sponsor must file a paper Form 8955-SSA with the IRS for the 2009 and 2010 plan years by Dec. 31, 2014.

The prudent course of action is to review any DFVC program submissions made after Dec. 31, 2009, to see if a Form 8955-SSA was required. If it was, it's best to file one to avoid IRS penalties. If you need further help meeting this timely requirement, please contact a Lumin Financial advisor.

By Victor H. Hicks II, CFP®, AIF® is owner and managing principal at Lumin Financial, LLC, an independent Registered Investment Adviser. You can reach him at vhicks@luminfinancial.com.

Don’t wait for a dilemma to ask yourself the tough questions

By Carolyn Tang Kmet



Some ethical dilemmas start out simple. Maybe you disagree with something your supervisor asks you to do, such as discount a product or service for a friend or family member. But what if you witness a bribe? What if you're asked to cut a check for something that really isn't a business expense? What if you're asked to flat out misrepresent financial information to, say, manipulate institutionalized bonus structures?

"Enron is a perfect example of ethics gone haywire," said John Lawrence Allen, a former Los Angeles deputy district attorney who now represents investors in securities arbitrations. "They got away with accounting fraud for years. I'm sure the first small unethical steps taken blossomed into a full-blown fraudulent operation.

"What if you saw those around you making millions from a fraudulent scheme?" he said. "Would you turn a watchful eye away and join the crowd or would you simply quit?"

Ethics is situational and contextual, said Illinois CPA Society member Marcy Maslov, CPA, the creator of e-Factor!®, an educational board game for business ethics.

"How we approach ethical dilemmas depends on our background and experience, as well as on the facts we have in the moment," Maslov said. "Our diverse backgrounds and experiences mean each of us has a different definition of ethics, and this may lead to a different set of choices and decisions in resolving ethical challenges."

According to a 2013 *Ethics & Compliance Leadership Report* conducted by LRN, a firm that focuses on fostering ethics in corporations, the majority of executives surveyed think data privacy (74 percent), conflicts of interest (70 percent), electronic data protection (68 percent), and bribery and corruption (62 percent) are top ethics and compliance risks.

Consider the following scenarios, all of which are common ethical dilemmas that accountants and auditors face on a regular basis.

Scenario 1: Access to inside information

All too often, financial officers or accountants find themselves privy to inside (material, non-public) information about a company.

"If you act on that information and profit from it, at the very least you are committing a civil violation and could be subject to criminal prosecution," Allen said.

He points out that the ethical nature of a situation isn't determined by how frequently it happens, or by how many people engage in it. Rather, it's determined by the situation itself.

"Just because it's done every day doesn't alter the fact that it's unethical behavior," he said.

Allen said he used to work on Wall Street, where many of his associates made millions from trading on and selling inside information and pushing products they knew were unethical for their clients. Being exposed to these behaviors was a critical influence on his career.

"I had a choice to make: Profit greatly from unethical behavior or earn an honest living and miss out on the opportunity to make millions," Allen said. "I chose the harder path and didn't participate in the wrongdoing going on around me.

"It's a simple choice. Is money more important to you than character and integrity? Money can't buy integrity. And in today's world, integrity is in short supply."

Scenario 2: Subordination of judgment

As the accounting profession moves from being rules-based to principles-based, CPAs are relied upon to apply professional judgment no matter their rank. This concept is termed "subordination of judgment" and is Interpretation No. 102-4 in the AICPA Code of Professional Conduct.

To illustrate subordination of judgment, Robert Dow, CPA, a partner with the law firm Arnall, Golden and Gregory, presents a scenario where an assistant controller discovers a potential revenue recognition problem that initially appears immaterial. However, when the problem is identified, the assistant controller is directed to spread the write-off over the next four quarters. What should he or she do? It's certainly possible to hide the issue in loan-loss reserves, expense accruals or inventory valuation accounts, but possible doesn't necessarily mean ethical.

"The temptation is to go along to get along as the company management fudges the numbers to make their earnings targets," Dow said. "I actually dealt with some of these issues when I was an accountant. The accountant

Continued on page **18** ►

Continued from page **17** ►

has to be willing to push back against superiors when they are looking for earnings in all the wrong places."

It can be even more challenging to uphold subordination of judgment if you happen to be friends with your supervisor or client.

"In both internal and external audit, it's normal to like the people you're auditing," said Gary Kemnitz, vice-chairman of the Illinois CPA Society Ethics Committee and partner with Elgin-based CPA firm Borhart Spellmeyer and Company. "It's OK. We want to have pleasant working relationships with them. However, there's a line. We have a duty. In public accounting, that duty is right in our name. We are 'public' accountants. In industry, that duty is to the shareholders."

Kemnitz advises to always consider the user. "Put yourself in their shoes. What would they want you to do? What information do they want to see?" Let that be your guide.

Scenario 3: Number-fudging

Allen presents another scenario where a CFO pressures an internal auditor to fudge some numbers relating to earnings or gross sales.

"You say to yourself, 'Well, it really isn't that significant a change and no one will ever find out,'" Allen said. "But you are committing fraud. If an investor reads the financial report and makes a decision based on misrepresentative accounting, that investor could hold the company liable for fraud. In a worst-case scenario, believe me, it won't be the CFO who takes the fall."

> "The slightest hint of dishonesty is a hint too much. Why take the risk of discrediting yourself and your organization?"

The best advice is to always look at a request as more than an isolated task. Think about the ramifications for you and the people who rely on the data you're providing. The slightest hint of dishonesty is a hint too much. Why take the risk of discrediting yourself and your organization?

As an accounting professional, you can expect to encounter many ethical dilemmas throughout your career, and the decisions you make will impact you personally if civil and criminal prosecution is pursued.

"Once you cross the line between ethical and unethical behavior, the demarcation between doing what is right or wrong becomes more and more blurred," Allen said. "When you make a questionable decision and everything turns out alright, the next time you have to decide between an ethical path and an unethical path, the decision to proceed down the wrong path will be much easier."

Reprinted courtesy of *INSIGHT Magazine*, the magazine of the Illinois CPA Society. For the latest issue, visit www.icpas.org/insight.htm.

Navigating the gray

Robert Dow, CPA, partner with law firm Arnall, Golden and Gregory, offers six key pieces of advice to navigate issues that are anything but black and white.

1. Be aware of and sensitive to the ethical culture and nuances of your company.
2. Think about these ethical issues before the crisis hits and resolve not to allow yourself to get caught up in any misconduct you might see.
3. Develop alliances within the organization with people you know and trust and who share your ethical values.
4. Make sure you have the facts straight before you blow the whistle. Ask yourself, "Is this just a misunderstanding of the facts?" Try to validate the facts without letting rationalization creep in.
5. Remember that even ethical people and companies might turn to the dark side when the pressure heats up.
6. Understand that there might be a tipping point where you can no longer stay at your employer if the company refuses to do the right thing.

Do you have an ethics question or concern? An Ethics Consultant can help. Call Laura Hay or Lisa Brown at (800) 686-2727 to be matched up with an Ethics Consultant. If they are not available and you don't want to leave a message, call CPAnswers at (888) 959-1212 to leave your message.

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Do you know someone struggling with addiction?

By E. Lynn Nichols, CPA

"The mental stress and long hours associated with a CPA's work can be difficult to handle, driving some to seek comfort in mood-altering chemicals. Health.com recently listed accounting as one of the top 10 professions with high rates of addiction.

Throughout my career, I've seen lots of folks struggle with alcoholism. I was one of them. I drank for 31 years – the last 17 of which every day, and the last two years, all day. I was never arrested but I was often impaired. Controlling the drinking and avoiding "one-too-many" was the focus of my life. I was a drinker! Wives came and went. Jobs changed every three or four years when the initial resolve and the glow of being the "new man" would fade. I could not keep a commitment. My work was erratic… genius on Tuesday… a missed delivery date on Thursday... and serious conflict with a co-worker on any day."

That was my life – one disappointment after another. For years, I justified my behavior and its consequences as being misunderstood, unappreciated or unlucky, or any other excuse to avoid looking at myself.

Like me at that time, many CPAs are admitted "problem drinkers" and waste lots of time and energy attempting to control their alcohol consumption. Rarely does "controlled" consumption turn out to be successful, because the first one or two drinks clouds judgment and weakens resolve. Others might not identify alcohol consumption as a problem until the role of alcohol in some embarrassing event is undeniable and painful: loss of a client, conflict with a valued employee, divorce or front-page coverage of an alcohol-fueled folly. How is it that otherwise bright and perceptive professionals do not recognize the symptoms of alcohol addiction?

Learn more at
www.ConcernedCPA.org

The Ohio Society of CPAs' Concerned CPA Network is dedicated to informing Ohio CPAs, accounting professionals, students or their peers and family members about alcohol or substance abuse problems, depression or mental illness. This program encourages those affected to seek help and assists in their recovery.

The Concerned CPA Network connects those in need with volunteer CPAs who have personally struggled with the same challenges or who have someone close to them who has. This is a confidential hotline dedicated to addressing substance abuse and related problems. All calls are STRICTLY CONFIDENTIAL and are responded to by people in recovery or with family or friends in recovery programs.

Contact The Ohio Society of CPAs Concerned CPA Network toll-free at (800) 939-5906 or visit www.concernedcpa.org for more information.

CONCERNED CPA NETWORK
The Ohio Society of CPAs
(800) 939-5906

Get ready for Social Security requirements with these OSCPA Affinity Partners

Premier Social Security Consulting LLC: Leaders in Social Security consulting and education

Premier Social Security Consulting's mission is to empower people to take control and maximize their Social Security benefits.

Studies show more than 90% of all recipients leave money on the table as they and their advisors are not aware of the options. Many people do not understand Social Security or the amount of benefits to which they are entitled. To many, the Social Security rules and bureaucracy are intimidating. Premier Social Security Consulting's goal is to empower future Social Security recipients to take control and to maximize their benefits.

Premier created the National Social Security Advisor (NSSA) certification program for advisors nationwide. The purpose is to educate advisors regarding Social Security, thereby increasing value to their clients.

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Find out what you need to know about Medicare and how you can get the answers you need at Medicare and Muffins. This is a one-hour educational event about Medicare enrollment when you are turning 65 or retiring. Find out upcoming dates and locations for Medicare and Muffins in Central Ohio at http://bit.ly/1uRKOWd

Not in Central Ohio? Schedule your no-cost consultation with an SBG agent today by calling (614) 799-1403.

Members in Motion

Paul Fullerman, CPA, CVA

Hilary Dodson, CPA

Michele Himes, CPA

Jeffrey M. Kurzweil, CPA,

CAMBRIDGE

PAULA SCHLOSSER, CPA, has been promoted to manager at Rea & Associates.

CHARDON

NMS, a CPA business and financial advisory firm, has completed the acquisition of **PICARDINI & ASSOCIATES, CPA, INC.** of Mentor.

CLEVELAND

SEAN ABRAMS, CPA, has been hired as accounting and auditing manager at Cohen & Company.

LIBMAN, GOLDSTINE, KOPPERMAN & WOLF has merged with **BOBER, MARKEY, FEDOROVICH.** The converged firm will comprise more than 100 employees and 47 CPAs.

BRYAN LEUSZLER and **KIMBERLY ROSSMAN** have been hired as staff accountants at Cohen & Company.

ANGELIA MILO, CPA, has joined Meaden & Moore as a vice president with the firm's tax services group.

ERIK SCHUTH, CPA, has been hired as a senior staff accountant at Cohen & Company.

GARY SHAMIS, CPA, senior managing director with SS&G, has been appointed to the board of directors of Hillel International, the largest Jewish student organization in the world.

SS&G and **SS&G PARKLAND** will join **BDO USA** effective Jan. 1.

COLUMBUS

TRISTA ACKER, CPA, CFP, and **BEN ANTONELLI, CPA,** have been promoted to principal at Rea & Associates.

MARK BEEBE, CPA, has been promoted to supervisor at Rea & Associates.

PAUL FULLERMAN, CPA, CVA, has joined GBQ Consulting as a manager in the firm's forensic and dispute advisory services practice.

MEDINA

TED KLIMCZAK, CPA, and Anita Martin, CPA, have been promoted to manager at Rea & Associates.

ERIN WHITE-MEECE has been promoted to senior accountant at Rea & Associates.

PAUL ZEBARI, CPA, has been promoted to senior accountant at Rea & Associates.

MILLERSBURG

BRIAN KEMPF, CPA, has been promoted to senior manager at Rea & Associates.

JENNIFER MASTERS, CPA, has been promoted to senior accountant at Rea & Associates.

JORDAN MILLER, CPA, has been promoted to supervisor at Rea & Associates.

NEW PHILADELPHIA

JOSHUA CARLISLE has been promoted to supervisor at Rea & Associates.

KATELYN YODER, CPA, has been promoted to senior accountant at Rea & Associates.

POWELL

HILARY DODSON, CPA, has been promoted to director of client service, outsourced accounting at Kaiser Consulting.

MICHELE HIMES, CPA, has been promoted to director of client service, compliance at Kaiser Consulting.

RICHMOND, IND.

GARY ADAMSON, CPA, president of Adamson LLC and Adamson Advisory, has been invited to join the CPA Consultants' Alliance, a national group of thought leaders within the CPA, profession.

ROCKY RIVER

JEFFREY M. KURZWEIL, CPA, has joined Schultz Bertin & Co.

WESTLAKE

CORRIGAN KRAUSE CPA, has been named to the Crain's Cleveland Business Magazine's Fast 50 List, a ranking of the top fifty fastest growing companies in Northeast Ohio.

WOOSTER

SANDY LENDE, CPA, and **DAVID SHALLENBERGER, CPA,** have been promoted to manager at Rea & Associates.

YOUNGSTOWN

JORDANA LIMA has been hired as a staff accountant at Cohen & Company.

ZANESVILLE

SCOTT MOYER, CPA, has been promoted to manager at Rea & Associates.

CPAs go back to school to play FETCH!

With a roll of the over-sized dice, teams of kids who dubbed themselves the Awesome Cheeseballs, Fluffy Marshmallows, Fuzzy Puppies and the Purple Gummy Bears faced off in a fun financial challenge at Hoffman Trails Elementary in Hilliard.These student teams were among thousands statewide that participated in the fifth annual FETCH! financial literacy event on Nov. 18.

FETCH!, which stands for Financial Education Teaches Children Healthy Habits®, gives kids an opportunity to make decisions about saving and spending in a way they can relate to – taking care of a pet dog. The program, which reached nearly 500 classrooms this fall, is funded by The Ohio CPA Foundation and engaged almost 1,500 volunteers throughout the state.

"Having volunteers in the classroom from the business community was great, and the FETCH! game ties in perfectly with our economics unit," said Julie Caserta, fifth-grade teacher at Hoffman Trails. "Kids understand how you earn and spend, but they don't get that you need to save for unexpected expenses. That's what this game teaches them."

The Fluffy Marshmallows were off to a slow start – fined by the Dog Catcher in the first round for not having a collar for their pet. "We stunk it up in the beginning," said Matthew S. "But then we got lucky with Woof! cards and decided to buy all of our inventory items so we didn't get fined again."

Throughout the game, as the teams kept record of their earnings and expenses, the importance of saving became clear. "I'm a spender. I love shopping!" said Ashley B. "Now I realize that if I want a pet, I need to save up first to buy all the things it needs."

Classroom volunteers, Sherri Dorsch, CPA and Kristi Blausey, CPA with Blue & Co., LLC in Columbus facilitated the game and also shared experiences from their accounting careers.

"You don't have to be great at math to be an accountant," Dorsch said to the class. She explained that skills such as problem solving and strategy –

competencies students used during the FETCH! game – are what make her a successful CPA.

Teacher Chris Clifton at Hoffman Trails, who coordinated the participation of four fifth-grade classes, was impressed to see so many female CPA volunteers. "They are great role models, especially for the girls," he said. "They show them that girls, who may be more drawn to subjects like language arts, can be good at math and pursue careers in that area."

When Blausey asked if anyone would consider a career as a CPA, Matthew – of the winning Fluffy Marshmallows team – raised his hand. "I like working with money and math and numbers. And I'd like to travel," he said. "I think I'd like to be an accountant."

The Ohio CPA Foundation is the 501(c)(3) charitable affiliate of The Ohio Society of CPAs. Your gift to the 2014 Annual Fund Campaign supports student outreach programs like FETCH!, Student Ambassadors and High School Accounting Career Days. Learn more at www.ohiocpafoundation.org.

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December 2014
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4. When you are ready to take the exam log in to the OSCPA Store and click "current registrations," click on "visit classroom," and then click "take quiz."
5. Be sure to print the automatic confirmation page for your records.

Print Instructions

1. Take the exam as an open-book test, recording your answers on the answer sheet by filling in the appropriate circle (pen or pencil is fine).
2. Then, fill out the registration information and payment information. Payment must be submitted with the exam. Please print clearly.
3. Mail this page, along with your payment, in an envelope to: **The Ohio Society of CPAs CPA Voice Exam, P.O. Box 1810, Dublin, OH 43017-7810**
4. Fax to **(614) 764-5880**.

Self-Assessment Exam Results

The Ohio Society sends results for print exam submissions via email if an email address is provided on the form. Respondents taking the exam online receive their results immediately. Respondents who pass with a grade of 70% or better receive one hour of CPE credit in specialized knowledge, as approved by the Accountancy Board of Ohio.

ANSWER SHEET

1.	a	b	c	d	7.	a	b	c	d
2.	a	b	c	d	8.	a	b	c	d
3.	a	b	c	d	9.	a	b	c	d
4.	a	b	c	d	10.	a	b	c	d
5.	a	b	c	d	11.	a	b	c	d
6.	a	b	c	d	12.	a	b	c	d

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The Affordable Care Act: Advising clients as informed practitioners

1. **Starting in 2018, health care plans that pay lavish amounts for employee health care will be subject to a Cadillac tax. What does the Affordable Care Act consider a lavish amount to pay for single coverage (on an annual basis)?**
   A. $10,000
   B. $15,000
   C. $20,000
   D. $27,000

2. **The Affordable Care Act provides for tax credits for certain qualifying small businesses. A small business health care credit is available to employers with _____ or fewer full-time equivalents whose wages average less than $50,000 per year.**
   A. 30
   B. 40
   C. 25
   D. 50

3. **Based on the provisions of IRS Notice 2014-55, when can an employee covered under a Section 125 plan change his or her health care coverage?**
   A. The employee did not file the proper paperwork when he or she originally signed up for coverage.
   B. An employee ceases participation in an employer sponsored plan to enroll in the Marketplace without an otherwise qualified change in status
   C. Variable hour employees cease participation in an employer sponsored plan in order to enroll in the Marketplace when their employment status drops below 30 hours a week.
   D. Both B and C

4. **Forms 1094-B, 1095 B, 1094 C, 1095-C for the 2015 plan years will be due to the IRS in 2016. These forms will be used to report:**
   A. The types of insurance coverage available in the Marketplace.
   B. Which employees are and are not covered by the employer's health care plans.
   C. The types of insurance coverage provided by various insurance groups.
   D. The extent to which the company is in compliance with certain mandates of the Social Security Administration.

What do fraud, ethics and controllership have in common?

5. **Which of the following is a major weakness of most CPAs?**
   A. Predictability
   B. Uncertainty
   C. Reliability
   D. Punctuality

6. **What should CPAs do to overcome the weakness identified in question 5?**
   A. Think of ways to streamline their work.
   B. Think about ways to do their work differently.
   C. Think about ways to do more work with less effort.
   D. Take steps to assure the accuracy of their work.

7. **Companies that employ CPAs also face a serious risk. Which of the following create this risk?**
   A. The accountant's knowledge of the company's internal controls.
   B. The trust companies place in their CPAs.
   C. The accountant's ability to use company resources without being detected.
   D. All of the above.

8. **Which of the following represents one side of the fraud triangle?**
   A. Need
   B. Desire
   C. Skill
   D. Motive

Form 5500 Series: New penalty relief rules

9. **If the assets of a one-participant plan plus the assets of all other one-participant plans maintained by the same employer do not exceed _____, the plan does not have to file an annual Form 5500-EZ.**
   A. $100,000
   B. $200,000
   C. $250,000
   D. $120,000

10. **A pension plan is eligible for relief from penalties for failure to timely file if the plan sponsor is a domestic or foreign employer with income derived from sources within the U.S. who deducts plan contributions on its U.S. income tax return, including:**
    A. Those made by foreign subsidiaries for foreign employees.
    B. Those made by foreign subsidiaries for domestic employees.
    C. Those made by all foreign subsidiaries.
    D. Those made by electing subsidiaries who otherwise would need to file separate returns.

11. **Late filers of Form 5500 must also file which of the following forms?**
    A. Form 8599-A
    B. Form 8955-SSA
    C. Form SSA-8955
    D. Form SGA-8299

12. **The Delinquent Filer Voluntary Compliance Program (DFVC) is available to plan sponsors that are late filing their:**
    A. Form 5500-SF
    B. Form 5500-EZ
    C. Form 5600-SF
    D. Form 5600-EZ

Classified ads

Advertisers Index

29 new members and affiliates applied in October

The list of new members and affiliates is available on The Ohio Society of CPAs' website at www.ohiocpa.com.

In memory of our friends and colleagues:

Bob Barnes, CPA (Inactive)
Cincinnati

Harry Enslein, CPA
Centerville

Kendra Haueisen, CPA
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CPA Voice (ISSN 0749-8284) is published monthly May, June, July, August, September, October, November and December with two combined issues in January/February and March/April. It is published by The Ohio Society of CPAs, 535 Metro Place South, P.O. Box 1810, Dublin, OH 43017, (614) 764-2727, or (800) 686-2727, fax (614) 764-5880. Subscription price for non-members: $39.95.

Periodicals postage paid at Dublin, OH and at additional mailing offices. POSTMASTER: Send address changes to: *CPA Voice*, The Ohio Society of CPAs, 535 Metro Place South, P.O. Box 1810, Dublin, OH 43017.