

RISK ASSESSMENT

ACTIVITIES	RISKS																			
Tax Compliance (Nonresident aliens)	HH	Failure to withhold taxes when required	HH	Incorrect depositing of taxes withheld	HH	Illegal payments made to nonresident aliens	HM	Failure to file or late filing of Form 1042S	MH	Failure to file or late filing of Form 1042	MH	Payments made to nonresident aliens without Payroll approval e.g. purchase orders and scholarship payments								
Tax Compliance (employees)	HH	Incorrect depositing of payroll taxes	HH	Negligent disregard of tax laws governing the withholding of taxes on taxable fringe benefits resulting in withholding errors	HM	Failure to file or late filing of Form W-2	HL	Failure to use the appropriate withholding tables for withholding payroll taxes	MH	Failure to file or late filing of Form 941	ML	Failure to report wages to SSA								
Tax Compliance (independent contactors)	HH	Failure to report taxable payments to the IRS	HM	Failure to file or late filling of Form 1099-MISC	MH	Failure to follow the accountable plan rules for expense reimbursements	ML	Failure to obtain Taxpayer ID (TIN or SSN) prior to making a payment												
Payroll Deductions and Fringe Benefits	HH	Failure to make accurate and prompt payments to vendors	MH	Failure to report payroll deductions and fringe benefits to agencies (other than the IRS)																
Records Retention	HH	Failure to maintain IRS forms for the duration of the statute of limitations	LH	Failure to maintain payroll and payroll related records in accordance with records retention policies																
State Reporting Requirements	HL	Failure to report payroll related data	LH	Failure to reconcile HRIS exceptions																
<table border="0"> <tr> <td data-bbox="142 1182 323 1201">HH, HM</td> <td data-bbox="390 1182 848 1201">= Extensive Risk Management & Considerable Risk Management</td> </tr> <tr> <td data-bbox="142 1208 323 1227">HL, MH</td> <td data-bbox="390 1208 537 1227">= Manage and Monitor</td> </tr> <tr> <td data-bbox="142 1234 323 1253">MM, ML, LH</td> <td data-bbox="390 1234 785 1253">= Monitor (only Operating Controls & Monitoring Controls)</td> </tr> <tr> <td data-bbox="142 1260 323 1279">LM, LL</td> <td data-bbox="390 1260 709 1279">= Accept (accept the risk and have no controls)</td> </tr> </table>													HH, HM	= Extensive Risk Management & Considerable Risk Management	HL, MH	= Manage and Monitor	MM, ML, LH	= Monitor (only Operating Controls & Monitoring Controls)	LM, LL	= Accept (accept the risk and have no controls)
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<table border="0"> <tr> <td data-bbox="142 1312 323 1351">Steve Hoffman, The Tax Translator</td> <td></td> </tr> <tr> <td data-bbox="142 1351 340 1390">Steve@TheTaxTranslator.com</td> <td></td> </tr> <tr> <td data-bbox="142 1390 239 1409">732.853.4721</td> <td></td> </tr> </table>													Steve Hoffman, The Tax Translator		Steve@TheTaxTranslator.com		732.853.4721			
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