

Assessment

Tax Compliance Risk Assessment: How Exposed Is Your Tax Compliance Program?



This analysis is intended for informational purposes only and is not tax advice. For tax advice, consult your tax adviser. See the full disclaimer [here](#).

Assessment

Multi-state tax compliance often relies on spreadsheets, institutional knowledge, and manual processes that have evolved over time. The challenge is that these approaches can conceal compliance risk until a filing is missed, an audit uncovers gaps, or a key employee leaves the organization.

Complete this assessment to evaluate your organization's exposure across five critical areas:

- Key-Person Dependency
- Filing Accuracy & Deadline Management
- Audit Readiness
- Acquisition Readiness
- Executive Visibility

Scoring Instructions:

Select the answer that best reflects your current environment.

Response	Points
A	1 Point
B	2 Points
C	3 Points
D	4 Points

Section 1: Key-Person Risk

1. If your primary tax compliance employee left tomorrow, how confident are you that all filing obligations would still be completed on time?

- A. Very confident
- B. Mostly confident
- C. Somewhat confident
- D. Not confident

2. Where is compliance knowledge primarily maintained?

- A. Fully documented and centralized
- B. Mostly documented
- C. Combination of documentation and individual knowledge
- D. Primarily in one person's spreadsheets, inbox, or memory

3. How easily could a new employee assume compliance responsibilities?

- A. Within days
- B. Within a few weeks
- C. Within one to two months
- D. Significant disruption expected

4. How often does management review compliance status independent of the individual managing filings?

- A. Real-time visibility
- B. Monthly review
- C. Periodic updates
- D. Only when issues arise

Key-Person Risk Score (A=1, B=2, C=3, D=4)

Score: _____ / 16

Controlled (4–6)

Compliance knowledge appears documented and distributed across the organization.

Vulnerable (7–11)

Certain compliance activities may depend on individual knowledge, manual processes, or limited backup coverage.

Exposed (12–16)

A personnel change could significantly disrupt compliance operations and create filing risk.

Section 2: Filing Accuracy & Deadline Risk

5. How are filing deadlines tracked?

- A. Compliance management platform
- B. Workflow software
- C. Shared spreadsheets
- D. Individual calendars or reminders

6. How are upcoming deadlines monitored?

- A. Automated alerts and escalations
- B. Manual review with secondary oversight
- C. Manual review by one person
- D. No formal process

7. How quickly can leadership determine filing status across jurisdictions?

- A. Immediately
- B. Within minutes
- C. Requires manual reporting
- D. Difficult to determine

8. How often are filing dates, due dates, or jurisdiction requirements manually updated?

- A. Rarely
- B. Occasionally
- C. Frequently
- D. Constantly

9. How often are returns filed before all required data has been received, reconciled, and validated?

- A. Never. Required data and approvals are complete before filing
- B. Rarely. Exceptions are documented and reviewed
- C. Occasionally. Deadlines sometimes require estimates or incomplete data
- D. Frequently. Returns are filed to meet deadlines and correct later

10. How does your organization track amended returns and their financial impact?

- A. Amendments, overpayments, underpayments, refunds, credits, penalties, and interest are tracked through resolution
- B. Amendments are tracked, and most financial impacts are visible
- C. Tracking is inconsistent or requires manual research
- D. Amendments and their financial impact are not centrally tracked.

Filing Accuracy & Deadline Risk Score (A=1, B=2, C=3, D=4)

Score: _____ / 24

Controlled (6–9)

Deadline management appears standardized and supported by repeatable processes.

Vulnerable (10–17)

Manual oversight may be required to maintain filing accuracy and timeliness.

Exposed (18–24)

Missed deadlines, overlooked obligations, or filing errors may become more likely as complexity increases.

Section 3: Audit Readiness

11. How are filing confirmations and supporting documents maintained?

- A. Centralized repository with audit trail
- B. Organized shared folders
- C. Multiple locations
- D. Email and local files

12. How quickly could you provide documentation for an audit covering the previous 24 months?

- A. Same day
- B. Within a few days
- C. Within several weeks
- D. Unsure

13. Does your organization maintain documented approvals and filing history?

- A. Complete audit trail
- B. Mostly documented
- C. Inconsistent documentation
- D. No formal documentation

Audit Readiness Score (A=1, B=2, C=3, D=4)

Score: _____ / 12

Controlled (3–4)

Documentation appears organized and readily available for audit support.

Vulnerable (5–8)

Retrieving documentation may require manual effort and coordination across multiple systems.

Exposed (9–12)

Audit preparation could be time-consuming and may reveal documentation gaps.

Section 4: Acquisition Readiness

14. If your company acquired operations in five new states tomorrow, how difficult would integration be?

- A. Minimal effort
- B. Manageable effort
- C. Significant effort
- D. Major disruption

15. How are new entities, licenses, and filing obligations added today?

- A. Standardized process
- B. Semi-standardized process
- C. Manual process
- D. Ad hoc process

16. Has compliance complexity increased faster than team capacity over the past three years?

- A. No
- B. Slightly
- C. Moderately
- D. Significantly

Acquisition Readiness Score (A=1, B=2, C=3, D=4)

Score: _____ / 12

Controlled (3–4)

The compliance program appears capable of supporting growth without major disruption.

Vulnerable (5–8)

Growth may increase manual work and operational complexity.

Exposed (9–12)

Acquisitions, expansion, or new filing obligations may strain current compliance processes.

Section 5: Executive Visibility

17. How does leadership receive compliance status updates?

- A. Real-time dashboard visibility
- B. Scheduled reporting
- C. Manual status reports
- D. Informal updates

18. Can leadership quickly identify upcoming deadlines, overdue tasks, high-risk jurisdictions, and open compliance issues?

- A. All
- B. Most
- C. Some
- D. Few or none

19. How much time is spent preparing compliance status updates each month?

- A. Less than 1 hour
- B. 1–4 hours
- C. 5–10 hours
- D. More than 10 hours

Executive Visibility Score (A=1, B=2, C=3, D=4)

Score: _____ / 12

Controlled (3–4)

Leadership has visibility into compliance operations and emerging risks.

Vulnerable (5–8)

Management visibility may depend on manual reporting and periodic updates.

Exposed (9–12)

Compliance risk may remain hidden until a filing issue, audit, or escalation occurs.

Overall Assessment Results

Risk Area	Score
Key-Person Risk	____ / 16
Filing Accuracy & Deadline Risk	____ / 24
Audit Readiness	____ / 12
Acquisition Readiness	____ / 12
Executive Visibility	____ / 12
TOTAL	____ / 76

Your Tax Compliance Risk Profile

Controlled (19–31 Points)

Your compliance program appears to be supported by documented processes, operational controls, and visibility that reduce dependency on individual employees.

Common Characteristics

- Compliance responsibilities are documented
- Filing obligations are centrally managed
- Audit documentation is accessible
- Leadership has visibility into compliance status
- New jurisdictions can be incorporated without significant disruption
- Returns are validated before filing, and amendments and financial impacts are tracked through resolution

Areas to Continue Evaluating

- Regulatory change management
- License management processes
- Audit trail completeness
- Scalability as the business grows
- Amendment frequency and cash recovery

Recommended Next Step

Schedule a Compliance Intelligence Review with IGEN.

During the review, we'll evaluate:

- Key-person dependency
- Filing and deadline controls
- Audit readiness
- Acquisition scalability
- Executive visibility

Together, we'll identify opportunities to reduce compliance risk, improve operational continuity, and strengthen compliance controls across your **tax compliance program**.

Vulnerable (32–53 Points)

Your organization has established compliance processes, but certain activities may still depend on spreadsheets, manual oversight, or institutional knowledge.

These dependencies often remain manageable until a triggering event occurs, such as personnel turnover, acquisitions, new filing obligations, regulatory changes, or an audit request.

Common Risk Areas

- Spreadsheet-based compliance calendars
- Limited backup coverage
- Manual status reporting
- Documentation stored across multiple locations
- Difficulty onboarding new team members
- Returns filed before all required data is validated
- Limited visibility into amendments and their financial impact

Risk Reduction Priorities

- 1.Document compliance procedures
- 2.Centralize deadlines and obligations
- 3.Standardize audit documentation
- 4.Improve visibility into filing status
- 5.Reduce dependence on individual employees
- 6.Track amendments, overpayments, refunds, credits, penalties, and interest through resolution

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Exposed (43–76 Points)

Your assessment suggests significant operational exposure related to tax compliance management.

Compliance obligations may be heavily dependent on one or two individuals, spreadsheet-based processes, or fragmented documentation.

Common Characteristics

- One person manages most compliance activities
- Filing deadlines are maintained manually
- Audit documentation is difficult to retrieve
- Compliance status is not visible in real time
- Growth creates an additional operational burden

Potential Consequences

- Missed filing deadlines
- Penalty assessments
- Audit findings
- Delays during acquisitions
- Knowledge loss following employee turnover
- Amended returns and avoidable rework
- Overpayments and delayed recovery of cash
- Underpayments, penalties, and interest expense

Risk Reduction Priorities

- Eliminate key-person dependency
- Establish a centralized system of record
- Document workflows and ownership
- Implement automated deadline monitoring
- Improve executive visibility into compliance status
- Validate required data before filing and track post-filing financial exposure through resolution

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Together, we'll identify opportunities to reduce compliance risk, improve operational continuity, and strengthen compliance controls across your **tax compliance program**.

Don't wait for a missed filing, audit request, or employee departure to expose compliance gaps.

Contact IGEN to see how your team can reduce risk and gain control.

Talk to IGEN