

STAFFING INDUSTRY CHECKLIST



IN HOUSE - PAYROLL ISSUES:

NOTES:

Are workers properly categorized as W-2 employees or 1099 independent contractors?



TIP: Review your corporate income tax return with your accountant to discuss ways to avoid audits. For example - having a disproportionate amount of "employee benefits" to W-2 wages may be a red flag

Did you know that firms can file IRS Form SS-8, Determination of Worker Status to have the IRS rule on a worker's status?

Have all workers paid as 1099 contractors signed a W-9 and have the ramifications of their 1099 status been clearly explained?

Are timesheets completed and stored properly?



TIP: Daily totals are required by NJ DOL - weekly totals are not sufficient

Are there periodic checks that all withholdings from payroll are correct?

Do you verify correct base weeks for SUI forms?

Did you consider direct deposit of paychecks?



TIP: Strict monitoring is required to make sure that there are no fictitious employees receiving a paycheck

Are all unemployment claims scrutinized?



TIP: Make sure to offer new suitable positions to all employees after completion of current assignments - this will avoid a "qualifying separation" - these employees will be ineligible to file for unemployment - saving you big bucks!

Have you verified the possibility of making a voluntary payment to reduce SUI rates?



COMPLIANCE ISSUES:

NOTES:

Are you verifying that all employees have proper paper work allowing them to work in the U.S.?

Has every employee properly completed an I-9 and is all I-9 documentation properly filed?



WARNING: Staffing companies are a prime target for an I-9 audit and the penalties for non-compliance are very steep!

Is the employee handbook distributed to all employees?



TIP: The policies regarding payment for waiting time, training time and time spent answering emails at home should be clearly laid out. Procedures should be in place to resolve all discrepancies in hours worked and paid.

Are you checking if employee is eligible for overtime?



TIP: Certain categories of employees are exempt from overtime

Do you have any "mixed rate" employees - employees who perform multiple functions each paid at a different rate?



WARNING: Calculating overtime for a mixed rate employee is complicated - be sure to consult your accountant for guidance

Is your business ACA compliant?



FRAUD ISSUES:

NOTES:

Are controls in place to detect fictitious employees?



TIP: Periodic supervision of the distribution of checks (for those not receiving direct deposit) will help detect any fictitious employees

Are passwords changed frequently?



TIP: Passwords must be changed after employees are terminated so that terminated employees no longer have access to company documents

Are all those receiving medical insurance bona-fide employees of the company?



WARNING: Make sure the controller did not improperly add his mother-in-law to the policy



MULTI-STATE ISSUES:

NOTES:

Is your company properly registered with the Secretary of State in each State that you are conducting business?

Do you have the required business licenses?

Are you in compliance with the various local requirements including local registration requirements, city withholding, township taxes, and personal property taxes?

Do you have the proper insurance coverages including Worker's Comp and Disability?

Are you collecting and submitting sales tax properly?



TIP: Have your accountant verify which services that you provide are subject to sales tax in the states in which you are operating



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