

## RECORDKEEPING COMPLIANCE AND VALUE

There are many factors to prove your compliance and keep your business' good reputation in tact:

- Audits
- Certifications
- Licenses & Permits

Audits ensure that businesses adhere to the standard, established protocol as set by a governmental or non-governmental regulatory body. There are two forms of audits. One is for accounting purposes and the other is for quality control. The latter is usually conducted on a periodic basis.

Certifications are awarded to those individuals and businesses that meet and maintain certain criteria as established by an accrediting entity. After completing a rigorous certification process, individuals and businesses can utilize this as a competitive advantage tool and compete for bigger business.

Licenses/permits allow businesses to engage in activity that, without proper licensing, would otherwise be considered illegal. Licenses can range from state-issued business licenses to alcohol-distribution licenses to copyright licenses.

### Potential Consequences of a Failed Audit or Not Being Licensed and/or Certified:

- lose right to operate a business legally
- fines
- employee lawsuits
- client lawsuits
- competitive/infringement lawsuits

A minimal investment today will save thousands, potentially millions, in lawsuits, fines, fees, and at worst, having your business shut down permanently! It literally pays to invest in solid business infrastructure as a foundation for your compliant growth.

### You can set up and maintain compliant records by doing the following:

1. Obtain a copy of all regulations your business is required to comply with. As a starting point, consider the following:
  - Internal Revenue Service (IRS)
  - U.S. Patent & Trademark Office
  - Department of Transportation
  - Securities & Exchange Commission
  - HIPPA
  - Federal Trade Commission
  - State & Local Business License Requirements
  - Occupational Safety & Health Administration
  - Environmental Protection Agency
  - Consumer & Employee Privacy Laws

- Dissect these regulations (including certifications) into individual points of compliance per department (based on your business design). Create a list of all required documents, procedures, protocol, and audit dates.

As an example:

	file require- ments	audit cycle	applicable forms
<b>FINANCE/ACCOUNTING</b>			
IRS			
SBA or Bank Loan audit			
FTC - merchant accounts/extension of credit			
Sarbanes-Oaxley			
Securities & Exchange Commission			
<b>H.R.</b>			
Department of Labor Employee Laws			
<b>OPERATIONS</b>			
HIPPA			
CARF			
Six Sigma			
Minority Business Enterprise			
Women Business Enterprise			
Disadvantaged Business Enterprise			
ISO 9001			
<b>LEGAL</b>			
Copyright Protection			
Trademark Protection			
Copyright Infringement			
Trademark Infringement			
Patent Protection			
Patent Infringement			
State Business (Occupation) License			
Department of Transportation			
Privacy Laws			
<b>MARKETING</b>			
Advertising Laws			

- Determine responsibility for compliance in each department and assign a different person to act as a Quality Control checkpoint to monitor compliance.

4. Create a paper and electronic filing structure to manage and maintain all necessary records.
5. Apply a security framework. That framework can be a combination of fireproof/waterproof safes, locked file cabinets, restricted access networks, and remote data backup.

## Value to You

**Purpose:** every business, regardless of size or industry needs some type of license and/or certification to comply with federal, state and local regulations.

**Effect:** Having these requirements in place establishes your business as a trustworthy organization that clients and vendors can feel comfortable doing business with.

A compliant recordkeeping system (be it paper, electronic or a combination of the two) allows you to:

- File tax returns on time and save money in potential extensions with a solid bookkeeping system.
- Pass audits and qualify for certifications and industry licenses.
- Prepare for litigation with a recordkeeping system that provides easy-to-find evidence to prove your case.
- Catch errors quickly and prevent or minimize unnecessary billing, tax and payroll filing fees.
- Produce documentation as requested and needed within minutes.
- Minimize downtime with intelligent electronic data storage and airtight security measures.
- Instill confidence in your customers guaranteeing that their confidential data will not be confidence.
- Make better informed decisions with access to data that serves as a knowledge management tool.

### Things to Remember:

- Many people think that there is a gray area when it comes to compliance for professional services. But that is not true. CPAs, Attorneys, Doctors, Consultants, Architects, Financial Planners and Engineers (just to name a few) all have to adhere to privacy laws, advertising laws, IP laws, financial reporting laws, etc.
- certifications that are an absolute requirement and then you can focus on others that are not necessarily required, but may give you more of a competitive advantage in attracting a certain type of client.
- Some organizations are non-profit, some are for-profit, and some are governmental.
- You can visit [www.business.gov](http://www.business.gov) for more information on federal, state and local auditing and license requirements for your small business.