

CHECKLIST | Small Business Compliance

Presented by Franconia Insurance & Financial Services

Compliance is the act of adhering to federal, state and local laws and regulations. It's an essential part of any business's operations, regardless of size or industry. Ensuring compliance can aid employers in mitigating risks and avoiding hefty fines and penalties. It can also help organizations to become more competitive by strengthening their reputation, improving customer trust and protecting employees' workplace rights.

Compliance obligations can present major challenges for small businesses; most of these organizations must navigate many of the same complex and regulatory obligations as larger employers, such as complying with the Fair Labor Standards Act, but with fewer resources. This is further complicated by the fact that a small business's legal obligations often depend on its size and location. Failing to comply with legal requirements can hinder a small business's growth and future success.

This checklist outlines steps to help small businesses establish compliance practices. It's intended to be used as a guide, and not all of the following steps may be necessary to create and manage compliance practices. This checklist only scratches the surface of small business compliance requirements; therefore, the steps in this list should be modified to meet any jurisdictional requirements as well as the unique needs of an organization. Because small business compliance requirements vary based on several factors, including size and location, employers are encouraged to seek legal counsel to address specific issues and concerns.

Ensuring Compliance With Applicable Laws and Regulations	Completed
Identify all applicable federal, state and local laws and regulations.	<input type="checkbox"/>
Consider legal obligations based on the organization's size, location and industry.	<input type="checkbox"/>
Consult with legal counsel regarding applicable federal, state and local laws and regulations.	<input type="checkbox"/>
Review current organizational policies and practices to determine whether they are consistent with all applicable federal, state and local legal requirements.	<input type="checkbox"/>
Ensure the organization's policies and practices comply with all applicable federal, state and local laws and regulations.	<input type="checkbox"/>
Train personnel on all applicable legal requirements.	<input type="checkbox"/>
Review the organization's policies and practices regularly and update them as needed to ensure compliance with all applicable federal, state and local laws.	<input type="checkbox"/>

This checklist is merely a guideline. It is neither meant to be exhaustive nor meant to be construed as legal advice. It does not address all potential compliance issues with federal, state or local standards. Consult your licensed representative at Franconia Insurance & Financial Services or legal counsel to address possible compliance requirements. © 2023 Zywave, Inc. All rights reserved.

Establishing Compliance Practices	Completed
<p>Perform a risk assessment of the organization’s current compliance activities in the following areas:</p> <ul style="list-style-type: none"> • Recruitment • Onboarding • Offboarding • Training and development • Employee compensation, timekeeping and payroll practices • Benefits administration • Workforce health and safety • Record creation and retention • Response to employee leave and accommodation requests 	<input type="checkbox"/>
<p>Establish a clear set of compliance policies and procedures to develop the framework for how the organization operates.</p>	<input type="checkbox"/>
<p>Develop written policies or an employee handbook outlining laws, regulations and rules the organization and its employees must follow.</p>	<input type="checkbox"/>
<p>Assign a dedicated individual or a group of people to be responsible for overseeing and ensuring organizational compliance, including completing the following tasks:</p> <ul style="list-style-type: none"> • Identifying potential risks • Creating and implementing compliance practices and processes • Monitoring compliance practices and activities • Resolving compliance-related issues • Advising leadership on how to minimize risks and better comply with laws and regulations <p>While this individual or group may not have expertise or knowledge of all compliance functions, they are accountable for taking necessary steps to achieve compliance. This may include seeking guidance from local legal counsel.</p>	<input type="checkbox"/>
<p>Train managers and employees on applicable laws, regulations and policies, including how to do the following:</p> <ul style="list-style-type: none"> • Recognize applicable laws, regulations and requirements • Identify compliance concerns and issues • Report compliance-related issues 	<input type="checkbox"/>
<p>Audit and monitor the organization’s compliance practices consistently and regularly.</p>	<input type="checkbox"/>

Implement systems to track, report and mitigate compliance-related issues.	<input type="checkbox"/>
Establish a corrective action plan to respond to compliance-related issues quickly and effectively when they arise.	<input type="checkbox"/>
Follow up after responding to a compliance-related issue and take steps to ensure it does not reoccur.	<input type="checkbox"/>
Update or establish new policies and procedures, if necessary.	<input type="checkbox"/>
Provide employees with additional training to prevent future noncompliance, if necessary.	<input type="checkbox"/>
Create a communication channel for employees to report ethical or legal concerns.	<input type="checkbox"/>

Managing Compliance Practices	Completed
Create a compliance calendar to manage and track important dates and deadlines.	<input type="checkbox"/>
Monitor government agencies' websites regularly to stay informed of any changes.	<input type="checkbox"/>
Establish a practice for staying up to date with changing federal, state and local compliance requirements.	<input type="checkbox"/>
Subscribe to industry newsletters and blogs.	<input type="checkbox"/>
Join professional associations related to the organization's industry.	<input type="checkbox"/>
Attend industry conferences.	<input type="checkbox"/>
Leverage technology to manage and improve compliance efforts. Such technology may include payroll software, human capital management, an HR information system or an HR management system.	<input type="checkbox"/>
Consider outsourcing compliance obligations to experts, including third-party vendors.	<input type="checkbox"/>
Establish regular compliance reviews and audits.	<input type="checkbox"/>
Hire legal counsel to help develop policies and procedures, establish compliance practices, advise on employee discipline and respond to government audits.	<input type="checkbox"/>

Successful compliance practices will differ based on the unique needs of an organization and applicable legal requirements. Regularly evaluating compliance practices and processes can help organizations ensure they follow applicable federal, state and local laws; identify any gaps in their processes; and adjust to avoid costly fines and penalties.

Contact Franconia Insurance & Financial Services today for more information about small business compliance.