

Annual Legal Review Checklist

Is your company current and compliant with all applicable laws and regulations?

When it comes to legal issues, the one thing you can count on is change. Legislators and bureaucrats at all levels of government—local, state, federal—are constantly passing new laws and regulations that can impact your company. In addition, litigation routinely results in new interpretations and case precedents that could affect you.

Just because you were in compliance a year ago doesn't necessarily mean that you still are. And even if you are, there may be changes in the legal landscape that could affect how you choose to operate.

While this may be fascinating for lawyers, it's frustrating for business owners. And as business owners ourselves, we feel your pain. We recommend that you do a legal review of your business once a year. Use this checklist as a guide:

- **Contracts.** If you have standard contracts that you use with your customers and vendors, review them. Look at the terms, including rates, delivery charges, due dates, discounts, penalties and so on. Is it time to change or renegotiate any of the details?
- **Leases.** Are any property or equipment leases coming up for renewal? Is it time to renegotiate the terms?
- **Auto-renewals.** Look at agreements or any subscription services that auto-renew. Again, should you renegotiate the terms? Is the provider raising the cost and, if so, can you challenge the increase? Is it a service you're no longer using and should cancel?
Tip: Chances are your agreements will not all renew at the same time of year. As part of your annual legal review, make a note of the dates every agreement expires so you can calendar plenty of time to do any renegotiating or shopping for a new supplier before the renewal date.
- **Policies and procedures.** Review all of your internal policies and procedures. Pay particular attention to human resource and safety issues. Review your employee handbook as well as your independent contractor agreements.
- **Website.** Review your website's terms of use, privacy statement and disclosures. Be sure these documents reflect current legal requirements and best practices.
- **Laws and regulations.** Identify any new laws that became effective since your previous review as well as the regulations developed from those laws that could affect your operations.
- **Annual meeting and report.** Your annual meeting doesn't need to be a grand, splashy affair, but it's a good time to review the previous year; set goals and make plans for the coming year; and make sure that all the owners, board members, officers and shareholders are fully informed and working together. If you have investors, provide them with an annual report that tells them how you're doing. You must also file your annual report with the Florida Department of State to keep your information current and maintain your active status with the state. You may also need to do this in other states where you operate. Finally, this is the time to amend your articles of incorporation or bylaws if changes in your company make it necessary.

- **Licenses and permits.** Be sure you have all the necessary licenses and permits and that they will be renewed on schedule.
- **Legal structure.** Is your current legal structure still the most appropriate one for your business or is it time to change?
- **State registration.** Be sure your business is registered in each state where you conduct business. If you've grown or expanded into new regions, you may need to register in those states.
- **Taxes.** Review your tax status at every level. While federal taxes often come under the brightest spotlight, be sure your property and other local and state taxes are not only paid, but also accurate.
- **Deal with any open issues.** Handle any pending issues that you've been putting off.
Tip: Be sure you understand all the documents you're reviewing. If you don't understand something, either change the language to make it clear or call your attorney for advice. And remember: If it's in the contract, it's enforceable. If it's not in the contract, it's not enforceable.

Do It Yourself or Call Your Attorney?

Can you do your annual legal review yourself or do you need an attorney? You can certainly do the initial review yourself, identifying all the documents and areas where changes might be needed.

Depending on the complexity of your business and the type of changes that have occurred since your last review, you may want to invest in a consultation or at least a quick phone call with your attorney to discuss the possibility of issues you aren't aware of.

Just as it's easier to correct issues before they become problems, it's also better to have a conversation with your attorney when you're not in crisis mode.

When to Schedule Your Review

The best time to do an annual legal review is at the end of the year, while you still have time to make any necessary changes before the new year. But that timing doesn't work for everyone. You can peg your legal review to any annual event: the end of the calendar year, the end of your fiscal year, an anniversary of some type or even a tax filing deadline.

The point is to get it done. Give it the same priority level that you would give a tax filing. An annual legal review is not required by law, but you could suffer penalties if you don't do it.

