



## Year End Budgeting and Housekeeping Best Practices for Businesses

Business & Tax Practice Group

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As 2022 comes to a close, every company and business should review certain essential elements for a smooth transition to 2023. It's easy to get busy and overlook any of these practical steps, but failure to do so can result in unforeseen costs and risks in the coming year.

### 1. Policies and Procedures

Before year's end, review your policies and procedures. Which ones need revamping, which are due for review, and which might be missing? As you do this, consult your regulatory attorney about any changes coming in the new year that would require a policy change or a new policy altogether. A year-end policy plan sets you on the right foot going forward. Not only will you have a clearer roadmap of what needs to be revamped and implemented, but you will also have a grasp on the time and cost needed to make you and your team compliant in the new year.

### 2. Contract Review

Be sure to have any contracts reviewed by an experienced attorney. This can help prevent your business from entering into an unfair contract while also preserving the business relationship between the parties.

### 3. Corporate Governance – Does the Corporate Transparency Act apply to you?

The Corporate Transparency Act (CTA) is set to dramatically change reporting requirements for many small and medium-sized businesses and organizations. All the information will be added to a federally managed database with criminal penalties for violations. For more information, please see our CTA Resource Page.

### 4. Privacy Policy

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The legal privacy landscape is constantly changing. Various states have enacted new or revamped old privacy regulations in the past few years. Make sure your privacy policy reflects current laws and policies. Also, ensure that your websites are up to date with the correct disclaimers and opt-outs. Staying current could help prevent costly fines.

## **5. Employee Handbooks**

Reviewing your business' employee handbooks is another good year-end task. Work with your Human Resources team and Employment counsel to ensure that you have all the required forms and disclosures and that if you have expanded or plan to expand into new states, you have the appropriate systems to handle requisite state law requirements. Also, in the ever-changing remote work environment, it would be pertinent to review handbooks to ensure you have the appropriate information regarding items like work-from-home policies and return-to-office procedures, if applicable.

## **6. Cybersecurity**

While there are many areas of concerns, phishing schemes are becoming increasingly sophisticated and hard to detect. Do you have regular training in place for your staff? Reviewing current cybersecurity policies, procedures, and software is an essential end-of-year housekeeping step that can prevent costly issues in 2023. Review these with outside counsel for regulatory changes or if you need to undergo stress testing or reporting in the current or coming year. Talk to trusted IT advisors regarding any industry trends in security and data breaches. Outlining the testing plan and revamping policies and procedures can help you budget appropriately for this often costly, yet essential part of running your business.

## **7. Intellectual Property**

A company's intellectual property can be a competitive advantage in today's digital world. Review the proactive and protective measures your company has in place to secure its intellectual property rights (copyrights, trademarks, service marks, patents, and trade secrets). This could prevent costly challenges or litigation in the coming year.

## **8. Incident Response Plans**

Data Breaches and other cybersecurity incidents are becoming more frequent every year. Having an incident response plan already in place is a necessity. It is not a matter of 'if' an incident will occur – only 'when'. A good incident response plan can help identify a threat quickly and mitigate damage.

## **9. Permits and Licenses**

Examine your permits and licenses – do any require renewal in the coming year? Does any information need to be updated? Is any testing required to complete the license? Ensure all background checks, fingerprinting, meeting minutes, and corporate documents are up to date and readily available when filing or renewing licenses. Be sure to read the requirements carefully and make a catalog of when the coming year's permits



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need to be renewed or milestones completed to prevent any lapse in licensure.

**10. Year-End Tax Planning**

Now is the time to consult with your tax advisors while you still have time to act in 2022. You don't want to be scrambling on December 31. Assuming your CPA or financial advisor will automatically suggest ways to minimize your tax liability could be costly and prevent you from getting the maximum deductions. During this time, make sure to document plans and get meeting minutes, consult your CPA and tax attorney, take account of any donations, and analyze 2023 projections.

The key is being proactive in planning and budgeting for the coming year. It is better to be one step ahead with a clear roadmap for the new year than trying to spend the first quarter playing catchup. Knowing your risks and requirements can help you avoid costly pitfalls in the new year. If you have further concerns that were not addressed above, contact your Foster Swift attorney.