

Form:

Small Business Legal Audit Checklist

Explanation:

This is a checklist for a small business to review concerning its legal operations. After the checklist is completed, it can be reviewed with the company's legal counsel to address any issues or problems

Small Business
Legal Audit Checklist

1. Contracts

- yes* *no* Are all of the company's important agreements in writing?
- yes* *no* Are there good form contracts in place?
- yes* *no* Do the contracts provide for disputes to be resolved in courts in the city where the company's principal office is located?
- yes* *no* Is there an attorney's fees clause in each contract?
- yes* *no* Does the contract say that amendments to the contract may only be made in writing?
- yes* *no* Are there provisions in the company's standard form contracts regarding limiting the company's liability?
- yes* *no* Is the company complying with the terms of its contracts and leases?

2. Corporate Minute Book

- yes* *no* Do the Articles of Incorporation provide for sufficient authorized number of shares?
- yes* *no* Is a copy of the Articles in the Minute Book?
- yes* *no* Is a copy of the Bylaws in the Minute Book?
- yes* *no* Are there minutes for all meetings of shareholders?
- yes* *no* Are there minutes for all meetings of directors?
- yes* *no* Are there minutes of annual shareholder meetings?
- yes* *no* Are all written consents of shareholders and directors included?

3. Stock Matters

- yes* *no* Has the company received the consideration for each sale of stock?
- yes* *no* Is the Stock Ledger current?
- yes* *no* Were all sales of stock made in compliance with applicable securities laws?
- yes* *no* Did the Board of Directors properly authorize the sale of all stock?
- yes* *no* If necessary, did the shareholders properly authorize the sale of stock?
- yes* *no* Did the company receive the consideration for the issued stock?
- yes* *no* Were stock certificates issued?
- yes* *no* Did the stock certificates have appropriate legends?

4. Government Filings

- yes* *no* Has the company obtained its Federal Employer ID number?

- yes* *no* Has the company obtained its State Employer ID number?
- yes* *no* Have any required local and state licenses and permits been obtained?
- yes* *no* Has the company qualified to do business in all states it is required to?
- yes* *no* Have all annual information statements been filed with the Secretary of State?
(varies from state to state)

5. Intellectual Property Protection

- yes* *no* Have trademark registrations been obtained for company products and services?
- yes* *no* Is the “TM” or “SM” or “®” notice displayed properly on all company literature?
- yes* *no* Is a proper copyright notice put on all company copyrightable materials?
- yes* *no* Have patents been applied for company-owned inventions and discoveries?
- yes* *no* Is a trade secret protection program appropriate?
- yes* *no* Have employees signed appropriate Confidentiality and Invention Assignment Agreement?
- yes* *no* Have consultants and independent contractors signed appropriate Confidentiality and Invention Assignment Agreements?
- yes* *no* Is the company infringing the intellectual property rights of others?
- yes* *no* Is there a program in place to determine if others are violating the company’s intellectual property rights?
- yes* *no* Are all needed licenses obtained?
- yes* *no* Is the company complying with all license agreements to which it is a licensee?

6. Employment

- yes* *no* Does the Company have an “at will” employment policy in place?
- yes* *no* Do interviewers of prospective employees know what they can and can’t ask?
- yes* *no* Is there a Non-Discrimination Policy in place?
- yes* *no* Is each prospective employee required to fill out a good form of Employment Application?
- yes* *no* Are employees treated fairly and evenly?
- yes* *no* Is there a Sexual Harassment Policy in place?
- yes* *no* Are job offer letters to new employees carefully drafted?
- yes* *no* Does the company have all needed forms from employees (W-2, I-9, etc.)?

7. Recordkeeping

- yes* *no* Is the company keeping good records of its income and expenses?
- yes* *no* Is the company keeping track of all of its contracts?
- yes* *no* Is the company keeping track of all employee records?

yes *no* Is the company keeping track of all tax filings required?

8. Laws. Has the company determined the applicability of the following laws to its business?

yes *no* Environmental laws

yes *no* Worker Safety laws

yes *no* Securities laws

yes *no* Consumer protection laws

yes *no* Advertising laws

yes *no* Employment laws

yes *no* ERISA

yes *no* Product liability laws

yes *no* Corporate laws

yes *no* Tax laws

yes *no* Commercial and Real Property laws