

## IS YOUR COMPANY PREPARED FOR ITS NEXT COMPLIANCE AUDIT?

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AT ONE TIME, THE MOST DREADED AUDIT FACING THE AMERICAN PUBLIC WAS THE FEARSOME IRS AUDIT. ARMED WITH BRIEFCASE AND CALCULATOR, THE IRS AUDITOR SEEMED FOCUSED ON ONLY ONE GOAL: FIND TAXPAYERS' MISDEEDS AND PUNISH THEM. TODAY, HOWEVER, THERE IS A NEW KID ON THE AUDIT BLOCK, ONE WHO IS COMING NOT JUST FROM ONE AGENCY BUT FROM SEVERAL, WITH A FOCUS ON FINANCIALS, IT, PRIVACY POLICIES, DISCLOSURES, RECORD-KEEPING, EMAIL ARCHIVES, AND COMPANY DISPOSAL OF ITS WASTE PRODUCTS. THE DIFFERENCE BETWEEN A NICE OR NASTY AUDIT EXPERIENCE WILL COME DOWN TO ONE THING: YOUR AUDIT TEAM'S LEVEL OF PREPAREDNESS. WE'LL SHOW YOU HOW TO ACHIEVE THAT.

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### The HIPAA Case

The Department of Health and Human Services (HHS) is the agency charged with enforcing the various HIPAA (Health Insurance Portability and Accountability Act) rules, including the Privacy Rule, Security Rule, Breach Notification Rule and the Patient Safety Rule. Those are four compliance issues ripe for auditing, and in a pilot program initiated last year, HHS did just that: 115 health-care entities were audited for HIPAA compliance, and of those, two-thirds were found to have non-existent or inaccurate risk assessment policies.

As of October 2014, the HIPAA Omnibus Rule will make such audits a permanent HHS function.

### RIAs, FINOPs and Fingerprints

Registered Investment Advisers (RIAs)—individuals or firms that receive compensation for giving advice on investments and who either directly or indirectly have possession of client funds or securities—are deemed securities' custodians and subject to surprise audits of "custody assets."

An organization defined as a broker-dealer is subject to audit for compliance with the accounting and financial reporting rules of the SEC, FINRA and other regulatory agencies and is required to have a qualified Financial and Operations Principal (FINOP) registered with the firm. If the FINOP's fingerprints are not on file, that is a regulatory compliance violation.

### Be a Gatherer, Not a Hunter

Compliance audits are an inescapable part of business life. However, good compliance officers understand that the key to a successful audit is to have all necessary data readily accessible well before the auditor arrives. Knowing why the auditor is coming and having the necessary data at your fingertips avoid your having to organize a team to hunt for critical documents at the 11th hour.

By utilizing Regulatory Compliance Outsourcing (RCO), your company will know exactly which audits your organization is subject to and have in place protocols and timelines for gathering the required information on an ongoing basis. By examining prior audits by a regulator and noting its exceptions, your RCO expert can advise you on the likely issues of the new audit.