Athennian

The Corporate Compliance Companion:

Your Essential Guide to Streamlining Processes, Reducing Risk, and Centralizing Data

The Ultimate Corporate Compliance Handbook: Streamlining Processes, Reducing Risk and Centralizing Data

Maintaining strong corporate compliance controls can be challenging when the regulatory landscape is constantly changing. With the right technology, administrators can rest easy, knowing that their data is accurate and they're meeting the right regulatory requirements.

Introduction

In today's corporate landscape, stakeholders expect businesses to manage risk with strong compliance processes that ensure all regulatory requirements are met. Unfortunately, legal frameworks shift regularly — and sometimes without much warning — so it doesn't take long for data and documents to become outdated.

A lack of proper compliance controls can result in missed deadlines, incorrect reports, and lost documents, exposing companies to fines, penalties, erosion of trust, and the jeopardizing of business deals, including mergers and acquisitions. Governance, Risk, and Compliance (GRC) teams must work diligently to monitor for changes and respond quickly when they occur.

In this handbook, you'll:

- Develop a stronger understanding of compliance.

- Gain a firmer grasp of what entity management software is.

- Learn to recognize when you need entity management software.

- Build a better understanding of how entity management software can help ensure your compliance data is robust and accurate — and your compliance processes are streamlined and efficient.

- Read best practices for implementing entity management software.

- Find additional resources for maintaining strong corporate compliance.

What is corporate compliance?

Corporate compliance is the training, procedures, and practices an organization deploys to keep pace with all its legal and ethical obligations. Having reliable standards and practices that demonstrate the legitimacy of your business conduct mitigates risks, makes your business less vulnerable, and provides reassurance that your business is adhering to national and international legal and regulatory guidelines in its everyday operations.

The four basic types of compliance include:

- Financial Compliance: Ensures adherence to mandatory financial regulations, including tax laws and accounting standards, as well as strict requirements like Anti-Money Laundering and Know Your Customer protocols. This compliance type is fundamental to businesses' financial integrity and transparency.

- Corporate Governance Compliance: Involves adhering to ethical standards, board directives, and management practices, including Environmental, Social, and Governance criteria and reporting. This compliance area shapes corporate responsibility and sustainable business practices.

- Data Governance Compliance: Focuses on mandatory obligations for secure and ethical data management, including data protection, privacy, and cybersecurity. This compliance type is vital for aligning with legal standards for maintaining the confidentiality and integrity of sensitive information.

- Operational Compliance: Covers the scope of regulatory adherence for maintaining good standing, including labor laws, workplace safety, and employee rights. It's essential for maintaining operational continuity and excellence, and a safe, equitable working environment.

Remember, regulatory requirements can vary by location and industry, so be sure to check regularly with local governmental bodies and industry-specific regulators.

Understanding Entity Management Software

Ensuring corporate compliance is critical — it's the only way to confirm that a company or organization is operating within the legal and regulatory framework set by the applicable industry regulators and the government. However, managing corporate compliance can be complex and time-consuming, especially for organizations with many subsidiaries. Fortunately, a strong entity management solution can play a significant role in simplifying this work.

What is entity management software?

Entity management software is often cloud based, allowing businesses to manage their subsidiaries and legal entities from one centralized location. This centralized data repository becomes a single source of truth that enables a wide range of time-saving automated features, including bulk changes, document generation, task reminders, and more. Using entity management software, businesses can streamline compliance processes, reduce the risk of violations, and improve their overall corporate governance.

The best entity management software can:

- Centralize all data related to governance, risk, and compliance
- Create profiles for each subsidiary
- Manage access rights and permissions for various users
- Enable secure cloud collaboration
- Maintain an audit track record, including an immutable history of data changes
- Ensure effective scheduling and communication for compliance requirements coordination.
- Standardize templates and reporting to ensure consistency and minimize revisions

How Can Entity Management Software Help?

If you have outdated, manual compliance practices, your company could be facing unnecessary risk. Below are some of the symptoms of outdated compliance practices — and suggestions for how entity management software can help.

Symptom: Inconsistent documentation	Solution: Centralized compliance management
Your board meeting minutes, bylaws, shareholder agreements, or other corporate documents are outdated, inconsistent or incomplete.	Entity management software provides businesses with a centralized location to manage all their subsidiaries and legal entities. That means everyone in the organization has access to the same information without the risk of duplication or errors.
Symptom: Missed compliance deadlines	Solution: Automated compliance tracking and reporting
You frequently miss deadlines for regulatory documents, like tax filings or annual reports.	With the help of corporate compliance software, businesses can automate compliance tracking and reporting processes. For example, entity management software allows companies to track compliance deadlines, generate compliance reports, and maintain an electronic record of all compliance-related documents.
Symptom: Lack of accountability	Solution: Improved collaboration and communication
It's unclear who is responsible for completing compliance tasks within the organization, leading to oversights and errors.	Entity management software can help businesses easily assign tasks and responsibilities to different teams or individuals, making everyone aware of their duties, deadlines, and deliverables.
Symptom: Inefficient data management	Solution: Document management and version control
It's challenging and complicated to retrieve critical corporate data, resulting in delays and errors when responding to compliance inquiries or audits.	Entity management software provides document and version control features to help businesses manage compliance-related documents. It can also track document versions and changes so everyone in the organization can access the latest version.

The Role of Entity Management Software in Compliance

Compliance is complex, and there are many aspects that businesses simply can't control. You can, however, be prepared to respond quickly and accurately whenever changes occur.

Broken down, compliance is really a series of mandatory tasks that ensure regulatory requirements are met. Without the right system in place, however, these tasks can be cumbersome — especially when there are multiple teams involved.

For example, to renew a business license, you may need the entity's financial statements from the finance team, a tax clearance certificate from the tax team, a resolution from the board of directors authorizing the company to continue business, plus anything else you're required to submit in your area and industry. If processes are disorganized and documents aren't easily accessible, deadlines might be missed.

Entity management software can also make it easier to collaborate with other compliance stakeholders, ensure accurate data, and reduce administrative workloads.

Having a single repository for data enables automatic processes like document and organizational chart generation. With these features in place, the process of gathering information to renew a business license is suddenly simple. Better yet — the data is reliable and no one has to pay a late-filing fee.

Ensuring Security

While a single source of truth can be a game-changer for compliance teams, it's critical to ensure that your entity management software comes with robust data security, including granular control over permissions. Protect sensitive data by choosing a solution that allows administrators to provide users access to the tools and data they need to do their jobs — and nothing more.

Tracking Regulatory Changes With Entity Management Software

Staying on top of regulatory changes is critically important. If a business fails to comply with legal requirements, there are consequences — even if the non-compliance resulted from simple negligence as opposed to willful avoidance. Repercussions might include investigations, financial penalties, and even jail time for executives.

To avoid this, build strong internal teams and establish processes to track the latest regulatory changes. You'll also need to build the capacity and resources to regularly — and accurately — update your entity management software. Once an administrator grants the appropriate user permissions, they can use the entity management software to automatically notify team members when a regulation has been updated and allocate tasks to the appropriate people.

Once tasks have been assigned, features like bulk changes, document storage, and document generation will reduce the time needed to implement the changes and ensure consistency across the entire organization.

Are You Ready for Entity Management Software?

There are a few steps every company needs to take before adopting an entity management solution. Check the list below to find out if you're ready.

- ☐ You have a cross-functional compliance committee

- ☐ You have an internal system for staying informed about regulatory changes

- ☐ You're subscribed to legal and regulatory updates, participating in appropriate industry associations, and attending relevant seminars

- ☐ You have a robust change management process that includes updating compliance requirements

Ensuring Adherence to Compliance Regulations

Now that you know how entity management software can help you track and coordinate regulatory changes, let's explore the ways it can improve adherence.

Organizations face varying levels of compliance complexity. Depending on their size, industry, geographic location, and more, they may have to adhere to regulations in multiple jurisdictions, ensure changes are passed down through networks of branches and subsidiaries, or work with a decentralized network of local service providers. They must also attend to numerous aspects of governance, risk, and compliance (GRC) related to ownership, control, tax, and other areas, while sifting through an ever-increasing volume of data.

All of this is made even more difficult when multiple teams within an organization are responsible for maintaining their own data and documents. People have to request documents and information before they can take necessary actions, causing delays and missteps. A lack of standardization introduces the possibility of human error, which could affect data-driven decisions and or lead to incorrect data showing up in reports. Documents could go missing while traveling between departments. It's simply more difficult to ensure compliance when teams are siloed.

Fortunately, the single source of truth provided by entity management software can help break down these interdepartmental barriers. As long as permissions are provided, information can be passed along to all relevant parties via notifications and bulk changes, giving everyone a head start on adhering to new regulations.

A strong entity management solution can also reduce human error and lower the chances of documents going missing. As well, having access to accurate and complete information makes it easier for teams to implement the right changes to their processes.

Tax Troubles:

When a company creates new business entities to mitigate risks, a range of transactions take place. These transactions may involve intellectual property, financing, strategic support, and the sales of goods and services.

The controlling organization must then allocate profits among its entities and ensure tax compliance while each entity files taxes in its respective jurisdiction. Determining which legal entity pays taxes on each portion of profits becomes one of the highest risks for multinational organizations.

To determine how to split the profits, tax departments refer to intercompany agreements, which should reflect the relationship between the entities. When an organization has hundreds or thousands of these agreements, however, it's not uncommon for them to contain inaccuracies. These deficiencies can result in adverse tax actions and penalties.

In this situation, it's critical for tax teams to have a central repository of accurate entity data and a database of intercompany agreements reflecting the nature of the transactions. Managing hundreds and thousands of legal entities also demands the ability to share and update data in real time across the organization. A strong entity management solution can provide all this and more.

Enhancing Compliance Practices and Minimizing Risks

Internal audits are another important way to minimize risks, as they can help companies spot and strengthen their own weak points before a regulator does.

A sound internal audit plan is essential for systematic risk analysis. Unfortunately, effective audit planning comes with many of the same complexities that make it difficult to respond quickly to regulatory changes, including distributed corporate structures, shared responsibilities between legal, tax, and finance departments, and multiple law firms providing services globally.

With its centralized data repository and automated features like document generation and organization chart creation, entity management software can streamline your audit planning and implementation from top to bottom. This technology is now considered a must-have for staying audit-ready in the modern global environment.

Best practices: Integrating compliance software into your business processes

Strong compliance requires cooperation between humans and technology. While entity management software can make a massive difference in your compliance adherence, it won't work unless you have other corporate processes in place to support it. Here are a few best practices to help you get the best results:

Keep your data up to date: A central repository of information is only as useful as the data it holds. As documents, data, and regulatory requirements shift, ensure that each team has someone responsible for updating the entity management database.

Develop change management processes: Create standard operating procedures with guidelines for how data should be added to the platform so that each team or department follows consistent practices and documents aren't misplaced.

Provide access across departments: Often companies have legal or compliance teams, but access to your entity management solution needs to extend beyond these groups. For peak efficiency, every department that's involved in regulatory compliance should be able to access the data and documents it needs.

Set up notifications: Ensure that everyone knows what they need to do, and when. By using the notifications feature in your entity management software, you can give team members a heads-up on expiring licenses, tax deadlines, and more.

Case Study 1: Commvault

Company: Commvault is a multinational corporation with 31 subsidiaries across 24 countries. The company provides cyber-resilience solutions to more than 100,000 organizations.

Challenge: The company's structure is complex, and entity management was disorganized and siloed. This made it difficult to maintain efficient corporate compliance processes and respond to regulatory requests, especially when they came with a short timeline.

Solution: Commvault transitioned to Athennian and enjoyed a quick and seamless implementation process. The company also hired Athennian to help migrate the documentation to ensure accuracy was maintained, and it enlisted a trainer to ensure that all users understood the technology and processes.

Result: Teams can address compliance requirements quickly now that they have access to a central data repository. Commvault also streamlines processes by using a variety of Athennian features, including organizational charts and eSignatures. Now, the company is no longer at risk of missing critical deadlines.

Read the full Commvault case study here.

Case Study 2: Oziel Law

Company: Oziel Law specializes in a variety of fast-paced sectors, from robotics and artificial intelligence to fashion and food. The company advises its innovative clients as they navigate all stages of growth.

Challenge: The company was using server-based entity management software that was difficult to use and had no back-up capabilities, putting data at risk. It also required lawyers to do manual data entry, introducing the possibility of human error. If data loss or data errors occurred, they could have compromised the accuracy and consistency necessary for regulatory compliance.

Solution: Oziel Law adopted a fully customized version of Athennian, initially using it for corporate maintenance, document automation, compliance functions, and entity management. Now, the company also uses Athennian to set up and structure new corporations, including creating incorporation and minute book documents and other corporate records.

Result: Athennian's single source of truth with document automation significantly reduced the risk of errors and streamlined corporate maintenance tasks. Data is now backed up on the cloud and no longer threatened by the possibility of power outages. By implementing solutions to ensure stable and accurate data, Oziel Law is now well equipped to help clients react quickly to regulatory changes and requirements.

Read the full Oziel Law case study here.

A Factual and Informative Approach to Corporate Compliance

Accurate data is important in any business, whether it's a grocery chain basing buying decisions on recent customer trends or a logistics company troubleshooting a delay in the supply chain. For companies that rely on data for regulatory compliance, however, accuracy is crucial for:

Meeting deadlines: Often regulatory requests come with tight timelines. If you put processes and technology in place to ensure that your data is complete and accurate, you'll reduce your risk of missing critical deadlines.

Creating accurate reports: Reports based on accurate data will result in stronger business and legal decisions. In cases where these reports need to be provided to regulators, complete and accurate data will help protect you from regulator fines and other penalties.

Increasing efficiency: If you don't have entity management software in place, it's easy to get bogged down by complex manual processes in an attempt to ensure your data is accurate. When you have automated processes that are built to ensure accuracy, and your data is centralized and accessible to all teams, everyone will save time and effort.

Reducing costs: Companies with strong data compliance practices save on costs resulting from the manual labor of correcting mistakes and searching for missing documents. Additionally, companies using data for regulatory compliance can cut costs by leveraging support from local law firms, which helps avoid higher fees associated with routine compliance tasks. This shift enables high-level administrators to focus more on business-critical initiatives, while also reducing the risk of fines due to late or incorrect filings.

Building accountability

Entity management software boosts transparency and accountability because it allows everyone to work from the same source of truth. You always know what your colleagues are doing and why they're requesting data or a document. Siloes make it harder to align priorities, causing delays and inaccuracies that put the business's continuity and reputation at risk.

Conclusion: Staying Future-Focused

Entity management software can support and protect your business right now by streamlining processes, reducing risk, and improving the accessibility and accuracy of data. But these benefits can also protect your business's future.

Technology that keeps your business organized and compliant will always set you apart from other candidates when you're competing for deals, like mergers and acquisitions. It can also put your company in a stronger position for an initial public offering (IPO).

There's no doubt that the future will bring more regulatory and legislation changes. As business continues on a global scale, as financial crimes evolve, and as technology changes, laws and regulations will continue to adapt. If your business is organized, efficient, and compliant — you'll be ready to meet whatever comes next.

Stay informed

Here's a list of trustworthy educational resources and tools to help you monitor and respond to regulatory compliance changes.

- Lexology
- Thomson Reuters Regulatory Intelligence
- Compliance Week
- Global Legal Monitor (Library of Congress)
- International Compliance Association (ICA)
- Deloitte Insights
- Bloomberg Law
- Data Governance Institute
- The Corporate Governance Institute
- GlobalCompliancePanel
- Governance Intelligence

Ready to set up your own entity management solution?
Request an Athennian demo today.