

Schedule Recurring Compliance Tasks

by : *Gil Van Over*

I take a little bit of pride in being a relatively organized person. My wife laughs at my closet, with suits and shirts arranged in the order I intend to wear them. It takes me four hours to cut the grass because the edges have to be perfect. I used to carry my old Franklin planner because it wouldn't fit in my briefcase. Thank goodness for Outlook.

Outlook has greatly streamlined my time management. No more erasers to change people's phone numbers. No more constantly checking the store for next year's calendar release. No more constantly reshuffling tasks if not completed within the day.

Outlook's absolute, best feature, though, is recurring tasks. Now I can schedule roses for a birthday, anniversary, Valentine's Day and Sweetest Day with just a few clicks. What a savior.

Outlook as a compliance tool

You can use Outlook as a compliance tool by scheduling recurring tasks. There are compliance follow-up items that should be reviewed on a regular basis, either monthly, quarterly or annually. Here are a few examples. This list is not all-inclusive. You will also likely add recurring compliance follow-up items as time moves by.

Monthly

Confirm 8300 reporting – Review all transactions since last review for potential 8300 reporting requirements. By reviewing monthly, you should be able to catch any transactions that require an 8300 filing and be able to file the report within required periods. Some dealers have reported IRS fines of \$25,000 per missed transaction.

Review five deals per F&I manager – Select five deals from each F&I manager from the prior month. Make sure all required forms are properly completed, payments quoted are appropriate and signatures match. Compare the checklist completed by the accounting clerk to the deal file to ensure the clerk is properly checking each deal.

Test safeguards procedure – Make up a phony credit application or other document with customer personal, non-public information and leave it laying somewhere in public site. See how long it takes until an employee brings it to the safeguard's compliance officer's attention.

Walk the used car lot – The FTC Used Car Rule requires that a used car buyers guide be prominently displayed on all used vehicles offered for sale prior to the vehicle's sale. If you negotiate in Spanish, a Spanish version must also be posted. Walk your lot once a month, preferably on the day prior to your buyers guide vendor's scheduled visit, to see how many vehicles are missing or have incomplete guides. This one can cost up to \$11,000 per violation.

Quarterly

Conduct safeguards audit – A dealership is required by the FTC's Safeguards Rule to periodically conduct safeguards audits. The FTC does not define periodic, however, most experts and attorneys

suggest quarterly audits. While conducting the audit, confirm that the safeguards documentation file is current, including training of all new hires since the last audit.

Review AFIP certifications – Keep a list of all employees that you require be AFIP certified. Review this list quarterly to ensure everyone you expect to be certified either is certified or is on schedule to be certified.

Review sales and F&I policy and procedure manual acknowledgements – You should require that all sales and F&I employees review your policy and procedure manuals and that the employees acknowledge receipt of the manual and agree to abide by the policies set forth in the manual.

Annually

Have attorney review sales and F&I forms – The laws and regulations affecting the auto industry are constantly evolving. If your buyer's order was cut and pasted together five years ago, you probably have an out of date buyer's order. Have your attorney, who hopefully is a member of the National Association of Dealer Counsel, review all the forms you use in sales and F&I.

Conduct safeguards training – Another recurring requirement under the FTC's Safeguards Rule is to provide ongoing employee training. All new hires must be trained when coming on board, hopefully as part of an overall orientation process. You should also conduct dealershipwide safeguards training on an annual basis.

Review safeguards vendor letter acknowledgements – Vendor acknowledgements are required under the FTC Safeguards Rule. Annually confirm that every vendor that has access to your customers' personal, non-public information has signed an acknowledgement letter.

Review 8300 customer notification – The regulation requiring that an 8300 be filed with the federal government on qualifying transactions also requires that the reporting institution (you) notify your customer of the filing by January 15 of the following year. Many dealers will send the customer the notification at the same time they file the 8300. However, if you wait until the filing deadline, this is a good recurring task to put into Outlook.

These are just a few of the vast number of recurring compliance follow-up tasks. I am interested in hearing about additional tasks you've added to your list. Please e-mail them to me at gil@gvo3.com.

Gil Van Over is the president of gvo3 & Associates, a nationally recognized dealer compliance consulting firm. He assists dealers with F&I and sales compliance.