

# AUDIT CHECKLIST: Is Your Business Breach-Proof?

*A Strategic Self-Assessment for Kenyan SMEs*



## SECTION 1: THE DOCUMENTATION FOUNDATION

Before you can recover a debt, you must prove it exists. This is your primary defense in Law.

- The Master Agreement:** Do you have a signed, written contract for every client, or are you relying on handshake WhatsApp chats and verbal promises?
- The Paper Trail:** Does every invoice you issue reference a specific Fee Note, signed Purchase Order (PO) or a signed Delivery Note (DN)?
- Identity Verification (KYC):** Do you have a copy of your client's KRA Pin, National ID, or Certificate of Incorporation on file? (Required for formal legal filings).

## SECTION 2: THE RECOVERY CLAUSES

Standard contracts often leave the creditor paying for the debtor's mistakes. These clauses shift that burden.

- Costs of Collection:** Does your contract explicitly state that the debtor is liable for all legal fees, collection agency commissions, and auctioneer costs?
- Interest on Arrears:** Is there a defined interest rate (e.g., 2% per month) for payments delayed beyond your standard terms?
- The Dispute Sunset:** Do you have a clause that forbids disputes or quality complaints raised after a certain period (e.g., 7 or 14 days)?

## SECTION 3: THE GUARDIAN PILLAR (DATA PRIVACY)

In the age of the Data Protection Act (2019), how you handle debtor info is a legal liability.

- Third-Party Data Consent:** Does your contract give you explicit permission to share the debtor's contact and financial info with a recovery firm or credit bureau in case of default of payments?
- Confidentiality:** Is there a mutual non-disclosure clause to protect your trade secrets and digital rights during a dispute?

## SECTION 4: THE RESTORATION STRATEGY

Growing and sustainable businesses prioritize reconciliation and relationship preservation.

- Alternative Dispute Resolution (ADR):** Does your contract mandate Mediation or negotiation before either party can escalate to court?
- The Stop Work Trigger:** Do you have a clear clause allowing you to legally suspend all services or deliveries if an invoice remains unpaid past a specific date?

## SCORING YOUR BUSINESS

SCORE RANGE	CATEGORY	DESCRIPTION
<b>8-10 CHECKS</b>	THE GUARDIAN OF FOUNDATIONS	Your business is structurally sound. Your cash flow is protected, and you have the documents needed to win in debt recovery.
<b>5-7 CHECKS</b>	THE OPEN BREACH	There is a hole in your wall. You are likely experiencing strategic stalling from debtors who know your paperwork won't hold up under pressure.
<b>0-4 CHECKS</b>	HIGH RISK	Your business is currently operating on trust alone, which leaves your personal and professional foundations vulnerable to total loss.

### Next Steps:

If you scored less than an 8, your foundations need repair. Contact us to **schedule a free 30-minute Credit Risk Audit to plug the leaks in your contracts.**

### **Wangoko Wairimu Giathi & Company Advocates**

#### **Debt Recovery & Advisory Department**

Repairing the Breach | Restoring the cashflow

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