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# It is essential to have effective internal controls in your business.....

Every business manager knows that it is impossible to know everything that their staff are up to and they are reliant on their staff reporting upwards accurately so that they can feel confident that their business is performing at its best. But things go wrong from time to time and in many cases had a perceived problem been addressed in a timely manner the problem may not have blown up or its fallout might have been mitigated.

Let's consider some examples of comments that might give cause for concern:

'It's like getting blood out of a stone when I ask X to report to me....'

'I have been asking for a written update, but X just ignores my requests'

'No-one seems to know who is really responsible for that'

'Yes, it's a bit of a mess and embarrassing that we cannot tell you who decided to do that'

'The contract was signed by a junior who did not understand the rules as we have no written procedures here'

'Our records and file notes have never been the best'

Hopefully, these are rather extreme examples, but we have all come across versions of them and multiple others which should have caused alarm bells ringing and alerted management to the fact that behind what may be a flippant comment, a deeper issue might be lurking.

So, what if you suspect that there may be a problem, but you have not found the time to address it or you decide to let sleeping dogs lie and hope that nothing will blow up?

It might be helpful to consider some or all of the following:

Is your company's corporate governance up to scratch? If frequent problems are arising should an external review of governance be carried out? The regulators want to be satisfied that those that they regulate have robust and effective governance procedures and that they monitor its continuing effectiveness – it is not a one-off task.

Is there a need for workshops? For example, to reinforce the company's culture and values and to educate staff as to the minimum standards that are expected of them and how to minimise risk to the business?

It may be appropriate to review whether departmental and team management structures are at a level that is appropriate to ensure that staff feel properly managed. Management also need to be able to understand what is going on in their teams.

Is there an effective mechanism for staff to report any concerns that they have on a confidential basis? These need not be as formal as those that deal with whistleblowing issues.

Is there a space for staff to give their input so that they buy into the aims of the management and commit fully to the business?

Are staff made aware that the business has procedures and that they must be followed?

If the answer to these questions leads management to the opinion that changes are needed then those changes should be implemented to minimise the risk that inadequate policies may ultimately lead to costly regulatory investigations.



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