PARETOALPHA

# The Controls Check

*A finished check, on a fictitious family office*

Who can move your money · Accounts no report shows · Reporting rebuilt by hand · Work only one person can do. Five days, read-only, in the office's own systems. Every finding beside the document it rests on.

*Written once. Any rewrite shows.*

SPECIMEN · THE FAMILY, THE OFFICE, THE BANKS AND EVERY FIGURE ARE FICTITIOUS

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# The Merridew-Ashcombe Family Office

The Controls Check · Fieldwork: five business days, read-only access, under the family's NDA. Nothing was changed in any system.

Four findings, two of them high: one person can release a wire alone at two of the five banks, and three entities hold accounts that no report includes.

| # | FINDING | SEVERITY | RESTS ON |
|---|---|---|---|
| 1 | One person can release a wire alone at 2 of 5 banks; the office's written policy says two approvals | HIGH | Bank signature mandates (5); payments policy, rev. 2023 |
| 2 | 3 of 19 entities hold accounts that appear in no consolidated report | HIGH | Entity register; custodian and bank statements, Sept. 2026; Q3 consolidated report |
| 3 | The quarterly report is rebuilt by hand from 31 statements in 11 workbooks; about 40 hours a quarter | MEDIUM | Q3 workbooks and their link maps; controller's time log |
| 4 | Two tasks, the private-fund capital-call log and the foundation's grant schedule, are known to one person only | MEDIUM | Process walkthroughs; no written procedure found |

## 1 Who can move your money

At two of the five banks, one person can release a wire alone, although the office's payments policy requires two approvals for any payment over $25,000.

| BANK | SIGNERS ON THE MANDATE | APPROVALS THE BANK REQUIRES | POLICY REQUIRES | AGREES? |
|---|---|---|---|---|
| Bank A (operating) | 3 | 2 | 2 | Yes |
| Bank B (holding company) | 2 | 2 | 2 | Yes |
| Bank C (real estate LLCs) | 4 | **1** | 2 | **No** |
| Bank D (trust accounts) | 2 | 2 | 2 | Yes |
| Bank E (foundation) | 3 | **1** | 2 | **No** |

- **What was tested:** each bank's own signature mandate and online-banking entitlement report, read against the payments policy. Not the policy alone: a policy the bank does not enforce is a sentence, not a control.
- **Also seen:** one former employee still holds view access at Bank C (left in March 2025). A new payee can be added at Bank A by the same person who later approves the payment.
- **What it would take:** each bank's dual-approval setting, and a second person on payee changes. Both are settings, not systems.

## 2 Accounts no report shows

The entity register lists 19 entities; three of them hold accounts that no consolidated report includes, together $4.2 million at 30 September 2026.

| ENTITY | TYPE | ACCOUNTS | BALANCE, 30 SEPT. 2026 | IN THE Q3 REPORT? |
|---|---|---|---|---|
| A dormant real estate LLC | LLC | 1 bank | $180,000 | No |
| A grantor trust (2019) | Trust | 1 brokerage | $3.9 million | No |
| A holding company's escrow | LLC | 1 escrow | $120,000 | No |

- **What was tested:** every account on every bank and custodian statement for September 2026, traced to an entity in the register, then to a line in the Q3 report. Read from the statements, not from the report.
- **Why it matters:** an account no report shows is an account nobody reconciles. The trust's $3.9 million is the family's second-largest single position outside the operating company.
- **What it would take:** the three entities added to the reporting scope, and the register made the source the report is built from.

## 3 Reporting rebuilt by hand

The quarterly report is assembled by hand from 31 statements across 11 workbooks, about 40 hours each quarter, and 6 of its figures are typed rather than linked.

| STEP | DONE HOW | HOURS A QUARTER | WHERE IT CAN GO WRONG |
|---|---|---|---|
| Download 31 statements from 9 portals | By hand | 6 | A statement for the wrong month |
| Key balances into 11 workbooks | By hand | 14 | 6 figures typed, not linked |
| Value 7 private funds | Last capital statement, rolled forward | 8 | Statements up to 2 quarters old |
| Consolidate to the family view | Linked workbooks | 7 | A broken link fails silently |
| Format and send | By hand | 5 | — |

- **What was tested:** the Q3 workbooks and their link maps, each typed figure traced back to its statement, and the controller's time log.
- **What it would take:** the statements read once, in one place, with each figure tied to its line.

## 4 Work only one person can do

Two tasks are known to one person only, with no written procedure: the private-fund capital-call log and the foundation's grant schedule.

| TASK | WHO KNOWS IT | WRITTEN DOWN? | IF THEY ARE AWAY FOR A MONTH |
|---|---|---|---|
| Capital-call log, 7 private funds | The controller | **No** | A call goes unpaid past its due date; the fund's default terms apply |
| Foundation grant schedule and payout | The family's longtime assistant | **No** | December's grants are not made by 31 December |
| Bank and portal log-ins | The controller, partly the principal | Partly (a spreadsheet) | Access is rebuilt bank by bank |

- **What was tested:** a walkthrough of each recurring task with the person who does it, and a search for a written procedure.
- **What it would take:** two one-page procedures, and a second person who has done each task once.

## Method

Twenty tests in four areas, each read from a document rather than from what anyone says, in five business days, with read-only access.

| AREA | TESTS | EVIDENCE READ |
|---|---|---|
| Money movement | 6: approvals the bank enforces; who can add a payee; former staff access; call-back on new instructions; card and check limits; payment-policy currency | Bank signature mandates, entitlement reports, payments policy |
| Accounts and entities | 5: every account to an entity; every entity to a report; dormant entities; intercompany balances; foundation accounts | Entity register, statements for one month, the latest report |
| Reporting by hand | 4: steps and hours; typed versus linked figures; age of private-fund values; silent link failures | Workbooks, link maps, time log |
| Continuity | 5: single-person tasks; written procedures; log-in custody; the next generation's access; the adviser contact list | Walkthroughs, procedure files, access lists |

**Five business days.** Day 1: access. Days 2 to 4: the twenty tests; the money finding within 48 hours, to the principal and the CFO together. Day 4: the draft to both; the CFO's corrections attached, nothing removed. Day 5: the written finding, and an hour together on it.

**If something looks like fraud.** If something looks like fraud, I stop the work and tell the principal in writing the same day. If money appears to be in transit, I tell the principal at once, so the bank can be called. What happens next is the family's decision. If the principal appears to be involved, I stop the work, return the fee in full, and step away. Nothing here limits a disclosure the law requires.

**What this check does not do.** It prepares no tax return, gives no tax, legal or investment advice, audits no financial statement and changes nothing in any system. Your data stays in your systems; the finding is the only document that leaves them.

**The fee.** $3,500. If no one can move your money alone, and every account is in your reports, you get every dollar back.

*Delivered [date] · J.R. Barbieri, eighteen years CFO to five family offices.*