

CASE STUDY 5

SMALL PENSIONS ADVISER FIRM

Problem

Our client was a small pensions advisory firm. It had recently received a supervisory visit from its regulatory body and was instructed by the regulator to make certain improvements in its governance, management processes and oversight of its conduct of business. The firm was instructed to seek external assistance to comply with these requirements. As an additional incentive, the regulator suspended part of the firm's business until corrective actions had been completed to the regulator's satisfaction.

Analysis

- Our first task was to identify the root cause of the problem – the firm was relatively young, was growing rapidly, had poor processes and poor process controls and management attention was spread too thinly.
- We also identified a lack of awareness of the risk of financial crime and a lack of expertise and resource to address the problem.
- There was a need to backfill information and to ensure that clients had not suffered detriment through unsuitable advice.

Solution

- We assisted the firm to redesign and document its management processes and process controls.
- We assisted the firm to redesign and document its advisory processes and process controls.
- We assisted the firm to design and implement a risk-based sampling methodology to contact clients and assess whether there was any systemic risk of potential client detriment.

Implementation

- We assisted in training and assessing appropriate staff in the new management processes, conduct of business processes and advisory requirements.
- The client contact plan was implemented successfully.
- In one case where potential client detriment was identified, we agreed a method of redress with the regulator to ensure the client was no worse off.
- The new management and oversight processes were embedded.

Outcome

The firm met the regulatory requirements to the satisfaction of its regulator and the suspension of part of the firm's business activity was lifted.

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