
INTEROFFICE MEMORANDUM

TO: BRAD WECHSLER
FROM: RICHARD JOSLIN
SUBJECT: IMPROVING THE FINANCE FUNCTION
DATE: JANUARY 27, 2015
CC: RICHARD D'AGOSTINO

While some of these items we have discussed previously, I would like to sit down with you with Rich D. to explain in greater detail.

IMPROVING THE FINANCE FUNCTION

Prepared by R Joslin

Jan 27 2015

- Establish and centralize finance function.
 - Various finance functions performed by multiple persons in piecemeal/ incomplete fashion.
 - Finance function mostly "bill pay" currently.
 - Expand review and checking function, e.g. plane, boat.
 - Improve review function.
 1. Lack of clarity of nature and extent of review and accountability hinders effective review.
- Ensure accurate record keeping and complete documentation.
 - Ensure contracts and financial records are centralized and retained by Finance in electronic form.
 1. Individual file retention in email or private directory/ folder limits financial function.
 2. Risk of inaccurate and incomplete accounting/ financial/ tax reporting.
 3. Centralized documentation serves all FO team use.
 4. Ensure third party reporting directly to Finance vs. mail forwarding to Finance improves efficiency and serves to segregate functions.
 - Eliminate processes conducted by multiple parties and centralize to FO.
 - Charity payment and recordkeeping performed by Home staff, Melanie, FO.
 - Define party responsible for maintaining records.
 - Charity pledge recordkeeping and compliance to single person/ department.
 - Home improvements.
 - Collectibles; home furnishings.
- Develop robust internal control process.
 - Ensure segregation of approval and payment responsibilities.
 - Segregate functions to ensure check and balances.
 - Mail opened by Finance team.
 - Implement online banking platform with inherent system of systemic controls.
 - Ensure controls are uniformly implemented across all banking and brokerage platforms with "house rules" that serve to define roles across all financial relationships.
 - Establish authority via trustee/member letter of instruction.
- Implement robust control of banking/ investment function
 - Eliminate centralization of approval and payment responsibilities with single individual.
 - Addition of Finance team members to institute segregation of duties.
 - Eliminate processes that have inherent risk, e.g. email communications to brokers/ bankers for wires/ transactions; potential misappropriation of photocopied signature by use of email.

- Transition to electronic mean of accessing information and performing transactions.
- Expand third party reporting directly to FO/ trustees of financial information.
- Segregate functions – account opening and closing, investment decision and payment/ proceeds approval.
- Improve and Define Approval function
 - Trustee approval centralized to Finance team similar to FO approvals.
 - LDB/ DRB – define items or levels that require their approval or signature.
 1. Defined items outside of Family office ("FO") function may be concentrated to Melanie POA account; balance of items are within Family office responsibility
 2. Bring overview of TPS bill pay to FO finance group from Miriam (home staff).
 - Finance team – Maintain open accounts payable report of items requiring approval to ensure timely signoff and payment, e.g. invoices do not remain unpaid for long periods or with multiple persons.
 - Use set of authorized persons or officers to implement decisions Trustee's or LLC members
 1. Use of authorized persons with clearly defined level of responsibility and authority allows for decisions Trustee's or LLC members to be carried out efficiently and within a control process.
 - Pay invoices; fund capital calls; transfer monies within banking institutions; open accounts; transfer assets, e.g. transfer partnership interests to related party; carry out brokerage instructions;
 - Use of signed authority letters will provide to third parties such as banks the clarity that individuals are acting with express authority. Members of family office will have clarity as to the level of each individual within the family office and trustees/ members with respect to each entity.
 - Ensure that all documents requiring LDB or DRB signature or approval are logged with Ava/ Aneta prior to submission to LDB/ DRB. By logging all documents, the approval process can be monitored and can be used to facilitate and expedite the approval process.
- Delegate responsibilities to Finance team.
 - Move ministerial functions to bookkeepers, e.g. obtain valuations, receive and retrieve invoices.
 - Expand invoice review function to bookkeeping/ controller.
 - Develop defined list of vendors that Finance has final bill approval responsibility.
 - Allow Finance team to communicate directly with 3rd parties, e.g. investment contacts.
- Ensure tax/ accounting/ finance are involved in legal / investment/ estate/ art planning
 - Ensures comprehensive attention to diverse issues and ensure non-financial interests are communicated to Finance.
 - Risk of inaccurate or incomplete reporting.

- Enhances oversight/ compliance and attending to details of contract, e.g. avoid credit line expiration.
- Finance should complete subscription documents to ensure separation of duties (internal control) and to ensure tax/accounting sections are correct.
- Finance should be directly involved in sale of property, e.g. real estate or partnership interests.
- Finance reviews accounting/tax sections of LPAs for new entities.