“The Challenges in Conducting an AML/CFT Audit in Offshore Jurisdictions”

By: Kem Warner

Managing Director, KAW Management Services Ltd.
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Statement of Intent

The purpose of this paper “The Challenges in Conducting an AML/CFT Audit in Offshore Jurisdiction” will seek to illustrate why an Anti Money Laundering/Counter Financing of Terrorism (AML/CFT) Audit is one of the key ingredients in an effective AML/CFT Program. The paper will allow readers to gain a comprehensive understanding of how and why an AML/CFT Audit should be conducted on a risk-based approach as opposed to a prescriptive approach. It will also emphasize some differences between an AML/CFT Audit and a Financial Audit, who should conduct it and how it should be conducted. The paper will allow the readers to understand some challenges faced by small companies operating in offshore jurisdictions. It will also offer suggestions to institutions, governments, regulators and law enforcement agencies and those who conduct an AML/CFT Audit for improving the procedures and scope. The paper will also address some possible perceptions by onshore jurisdictions on AML/CFT Compliance in offshore jurisdictions. The facts and opinions are drawn mostly from knowledge of the Caribbean jurisdictions.

Introduction

The threat of money laundering, terrorism and financial crimes due to globalization has forced international organizations like the Financial Action Task Force (FATF)¹ to design and offer recommendations that financial and non financial institutions, as well as governments should adopt. One such critical recommendation is for financial institutions to put in place an Anti-Money Laundering (AML) Program. An important element in the program is for an independent AML/CFT Audit to be conducted for all financial institutions. This important element is enshrined in most if not all of the offshore jurisdiction legislation. In the Caribbean, for example, whether the recommendation to implement an AML/CFT Program was legislated by will or by force is another story. Unfavorable reports by organizations such as the Organization for Economic Co-operation and Development (OECD) resulted in islands being placed on what was referred to then as the “Black List”. Many of these territories were termed Non Cooperative Countries and Territories (NCCT)². Based on this, many would have had to amend their legislations.

The Problem

In its recent recommendations, FATF suggests that an AML Program should not be prescriptive but rather risk based. However, some of the laws and regulations, as well as excessive powers granted to some law enforcement agencies in offshore jurisdictions seem to be providing the

environment for a prescriptive model to the AML/CFT Audit. The unique products, services and structures available in smaller (offshore) jurisdictions, as well as the interpretation of the FATF’s recommendations, have placed significant operational and financial pressures on the one- or two-person operations that are classified as a financial institution under the laws. For example, in some Caribbean institutions, a sole lawyer in a firm providing corporate services business is considered a financial institution. As such, this entity is regulated by the same standards as a bank because it would be termed “Financial Institution” under the law. The conflict or lack of understanding as to the difference between a Financial Audit and an AML/CFT Audit further solidifies the problem. To further expand on the issue, the onshore jurisdictions’ perception of the lack of compliance in smaller jurisdictions, coupled with ongoing sanctions, naming and shaming, in addition to ongoing extra-territorial laws and regulations has forced law enforcement agencies and governments to implement more laws and regulations without taking into consideration the overall impact they will have on the sector and the jurisdictions. This is not to say that small jurisdictions and entities should not be regulated. However, there must be some flexibility as to how certain laws are implemented and how different sectors and entities are regulated. The lack of guidance by regulators and Financial Intelligence Units in some regions further complicates the issue leaving many financial institutions clueless as to what an AML/CFT Program entails. The conflict of interest as to the functions of a regulatory department and an FIU is also a concern since in some of the jurisdictions the functions also overlap. This sometimes frustrates shareholders and directors of smaller institutions in these jurisdictions, thus, creating challenges as to how and why they should comply, the difficulties in operating since in many cases there is no clear guidance or communication coming from these bodies.

Since the implementation of the FATF original 40 recommendations in 1989 followed by several revisions, there is no question that their objectives of promoting effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats has made an impact on the integrity of the international financial system. In their latest revision in 2012, the FATF provided guidance to several financial institutions on how to apply a risk-based approach to their business.

The FATF also realized that regional style bodies are critical to the implementation of their objectives. Hence, several regional bodies like the Caribbean Financial Action Task Force (CFATF) were set up to ensure that the fight against money laundering, terrorism and other financial crimes is done on a global level through strategic initiatives and cooperation. The FATF’s recommendation speaks to their member countries undergoing an annual self-assessment followed by a peer review by their FATF members. Even though in some instances it may not be done annually, the frequency of the review is superior to that of the regional style bodies. In

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3 http://www.fatf-gafi.org/pages/caribbeanfinancialactiontaskforcecfatf.html “Caribbean Financial Action Task Force (CFATF) is an organisation of states and territories of the Caribbean basin which have agreed to implement common counter-measures against money laundering. The Task Force was established as the result of two key meetings convened in Aruba in and Jamaica in the early 1990s.
some instances, assessments by the CFATF are done every five years or even longer. This statement is in no way discrediting the major work carried out by such organizations and this may well be as a result of the limited resources available to them. In fact, this may be quite similar to regional bodies in other parts of the world given their resource constraints, as well as other factors that may prohibit more frequent reviews of their member countries.

**Key Essentials of an AML/CFT Program**

In FATF’s original forty 40 recommendations, one of the key measures to be taken by financial and non financial institutions is to implement an effective AML Program. This recommendation is now widely implemented around the world and consists of four basic elements. These include:

- Strong policies and procedures surrounding AML/CFT issues
- The appointment of a Compliance Officer
- Ongoing training of key employees of the institution
- Independent audit to test the program

In most if not all offshore jurisdictions, there are some written laws and regulations addressing an AML Program. Most, if not all, of the institutions have a written document on AML/CFT policies and procedures. Although some are generically designed and are not tailored to address the specific risks of the institutions, there is a fundamental understanding by all that a policies and procedures manual must be in place. Most have gotten to the stage of at least appointing a compliance officer even though in many instances due to the uniqueness of the institution, as well as, the lack of knowledge of board and management, this person tends to have dual or multiple roles. In Antigua, for example, efforts have been made to have most of the compliance officers independent. Training appears to be on the rise as the awareness level has increased due to initiatives by regulators, law enforcement agencies, the private sector and non profitable organizations through workshops, seminars and conferences. The independent AML/CFT audit is yet to gain significant traction and many of the stakeholders in the smaller jurisdictions have limited or no knowledge of the requirement of such a function. Although it may be enshrined in the legislation, not having to comply by it over the years and no pressures to do so by the regulators allows for a cavalier approach on this important matter. The major issue surrounding this is the regulators’ lack of knowledge in several jurisdictions and in some instances the lack of resources and political support. In some of the jurisdictions, the regulators themselves are unaware of the requirements of an AML/CFT audit. In some instances, there is that uncertainty as to which regulatory body is responsible for the audit in a particular industry and whether the audit should be “just signed off” or properly assessed by an accountant/auditor or AML/CFT professional. The term “signed off” in some jurisdictions is interpreted to mean that an individual may simply sign off on a document to say that the AML/CFT Audit was conducted. However, there was no evidence of testing methodology or assessing the materiality and effectiveness of the AML/CFT program.
The AML/CFT audit assessment under the program is a systematic check of an institution’s AML/CFT risk. FATF’s Recommendation 15 states that financial institutions’ anti-money laundering programs should include “an audit function to test the system”. It should be carried out by an independent and suitably qualified person. The audit report should address some critical areas but not limited to whether the institution meets the minimum requirements for an institution’s AML/CFT risk assessment and AML/CFT Program; whether the AML/CFT Program was adequate and effective throughout a specified period and whether any changes are required to the program. It is an opportunity for the institution to obtain an independent view of how well the AML/CFT program and AML/CFT risk assessment is designed and working.

The audit will also allow for testing to be done regarding the adequacy and effectiveness of the AML/CFT program. It will also assess the robustness of the institution’s program. The opinions and assessments may also influence the way in which the institution will be viewed by regulators. It is important to note that an AML/CFT audit can be performed by internal or external auditors or other independent qualified parties. The audit report should be presented directly to the Board and/or Senior Management and all testing and audit documentations should be made available to examiners.

Due to the uniqueness of offshore sectors in terms of the products and services and the structure of the operations, implementing an AML/CFT program may appear daunting to some service providers. Many of the laws, however, in the offshore sectors were done at a macro level – some were even created with the assistance of major onshore jurisdictions and organizations. FATF’s recommendation on what is considered a financial institution as indicated above is enshrined in most of the laws and regulations placing many institutions like trust companies, corporate service providers, money services businesses, fund management and captives as financial institutions. Interestingly, some of them are one- or two-person operations and in order to be compliant will have to balance staffing and costs. In a typical corporate service provider operation, a lawyer, for example, may only have one employee as his or her assistant. This is not to say that the entities should not be regulated as one can appreciate many of them are considered and termed high risk based on certain criteria including their structures. The point, however, is that many times a prescriptive approach to regulation and supervision is normally employed. An institution’s AML/CFT Program should be risk based and not prescriptive and the auditing of such programs should not be the same even though some fundamental methodologies would be the same. Assessing an institution using the same yardstick is not the best approach to auditing. For example, no two corporate services’ operations are exactly the same or will any two banks’ operations be exactly the same. Therefore, an AML/CFT Audit should always be risk based. Failure to conduct risk-based audits will force many operations out of business.

Based on what an AML Program entails, a one-or two- person operation is already at least one employee short. To avoid conflict of interest and independence of the compliance function, a compliance officer will have to be appointed. This can either be a new hire or the institution can outsource the function to an individual or a company. This is already an additional cost to the
institution and with reduced business, as a result of the global recession; the survival of this entity can sometimes be threatened. In addition, at least annually, a separate independent person will have to conduct an audit of the program based on the risks associated with that institution. With so many competitors in the market, the fall in business demand, coupled by increased regulations few are able to survive. The impact of this also has other macro economic factors. Most of the offshore jurisdictions rely heavily on the financial services sector. The closure of this type of business will result in unemployment, loss of revenue to the governments and fall in Gross Domestic Product (GDP). Being a practitioner in the industry, I am certainly not supporting non compliance, as I am fully cognizant of the AML/CFT risks that may affect the financial services industry globally. However, these institutions cannot function effectively if they are being regulated and supervised by the same standards as the much larger institutions such as banks. This is an example of prescriptive regulation of the financial sector. Therefore, efforts must be made by law makers, regulators and other law enforcement bodies to ensure that a risk-based approach to an AML Program is employed without being viewed as non compliant with international recommendations. We are all in the fight against money laundering and terrorism globally but this cannot be successfully achieved if we continue to employ only a prescriptive approach to audits and more so regulation and supervision.

**Importance of Risk-Based Assessment**

A risk-based approach to an AML Program was cited by the FATF long before its 2012 revision\(^4\). Some law enforcement officers and practitioners in the industry appeared to understand this concept. However, what appeared straightforward to a few was not so practical to all. The concept of one size fits all in designing an AML/CFT program and conducting an audit of the program certainly does not and will never work. No two operations will be the same due to the uniqueness of the products and services being offered, varying privacy laws and jurisdictions in which they operate, etc.

Although there are no set standards for an AML/CFT audit unlike accounting and audit standards, there are some key fundamental guidelines set forward by the FATF and other supporting organizations. The Association of Certified Anti-Money Laundering Specialists (ACAMS), in their exam certification manual\(^5\) also provide guidance from the Bank Secrecy Act Examination Manual on what should be part of an Audit Assessment ([see guideline for an AML/CFT Audit Assessment in Exhibit A](http://www.fatf-gafi.org/documents/riskbasedapproach/)).

It is evident that the task of completing an AML/CFT Audit should not be conducted by an individual or a company without certification or experience in the Anti-Money Laundering/Counter Financing of Terrorism industry. It should also be noted that not all the

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\(^{4}\) [See Risk Based Approach](http://www.fatf-gafi.org/documents/riskbasedapproach/)

\(^{5}\) Study Guide for the CAMS Certification Examination (Fifth Edition)
elements listed would be fully applicable. The methodology used will be different based on jurisdiction laws, products and services, size of institution, type of institution, etc. Risk-based audit assessments should be flexible, proportionate and effective. Law makers in offshore jurisdictions should be cognizant of this so as to prevent issues of over or under regulation or prescriptive assessment of institutions. Those conducting the audit should fully understand what is required of them. Failure to apply a risk-based approach will also lead to excessive costs in smaller institutions.

**Choosing the Right Person for the Audit**

Who then should conduct the audit? Most AML/CFT regulations state that the person must be independent and appropriately qualified to conduct the audit. Most regulations also do not speak of the qualifications and experience of the person conducting the audit. Hence, the term appropriately qualified does not necessarily mean that the person conducting the audit has to be a Chartered Accountant or Certified Internal Auditor of financial statements. The person conducting the audit, however, must have relevant skills or experience to conduct the audit. This would include knowledge of the AML/CFT Act and Regulations, for example, people with AML/CFT or relevant financial experience in your sector might be suitably qualified. An institution must be able to justify to the regulators how the auditor is appropriately qualified by providing the qualifications and experience of the auditor in the field of AML/CFT, including auditing background and certifications to prove the same. The person conducting the audit must be independent, and not involved in the development of a reporting institution’s AML/CFT risk assessment, or the establishment, implementation or maintenance of its AML/CFT program. Therefore, the person cannot be an operational employee or the compliance officer. The decision to ensure that the audit is independent and is conducted by a qualified person is critical not just to the institution but also to the auditor in the event of any litigation against the institution.

Similarly, an institution may choose to appoint an external company to undertake the audit, but the same independence must apply. Those within the company undertaking the audit must be separate from those involved with the development of the AML/CFT risk assessment and the AML/CFT program. Therefore, an outsourced compliance firm providing compliance officer services cannot perform the audit function. An institution must also ask a potential auditor about the company’s or individual’s background and qualifications to help in the decision making process. If considering whether a company has been involved in the development of the risk assessment, or the establishment, implementation or maintenance of the AML/CFT program, the institution should take into account whether the risk assessment or program has changed substantially since the involvement. Any considerations or observations should be recorded of the auditor’s independence by regulators. An institution can set a policy around these points or explain the reasoning to the regulators before finalizing arrangements for the audit. When deciding who to use and how to audit, some options to consider are reciprocal audit
arrangements with a similar company, as well, as audit rotation, which would involve using different auditors to audit your AML/CFT risk assessment and AML/CFT program.

Internally, one has to understand that an AML/CFT Audit done by the independent auditor and the internal assessment or audit that the compliance officer or department conducts should be different. The AML compliance department’s role is to assist in the development, implementation and monitoring of AML policies, procedures and risk controls. Internal Audit is considered independent of the AML Program and is relied upon to review and appraise the soundness and adequacy of the program and to test whether or not the program is in compliance with AML laws and regulations.

Understanding the Differences Between an Independent Audit of an AML Program and a Financial Audit

To add further, there are some differences between an independent audit of an AML/CFT program and a financial audit. The purpose of a financial audit is to provide an objective independent examination of the financial statements, which increases the value and credibility of the financial statements produced by management, thus increasing user confidence in the financial statements, reducing investor risk and consequently reducing the cost of capital of the preparer of the financial statements. The AML/CFT audit, on the other hand, seeks to report the results of testing performed on the AML/CFT program. The financial audit does not allow the auditor to conduct a systematic assessment of the entire AML/CFT risk of the institution’s AML/CFT policies and procedures, the role and functions of the compliance officer and also training. A financial audit is more geared towards financial statements and management reporting rather than the AML/CFT program which focuses on AML/CFT risks and controls.

In addition, most offshore jurisdictions’ legislations list an accountant/auditor as a financial institution once they provide financial services. Gatekeepers, as they are widely called, are critical to the financial stability of any economy. Of recent times, due to AML/CFT guidelines, accountants’/auditors’ responsibilities have increased tremendously. When conducting a financial audit, they must disclose red flags of money laundering (ML) and terrorist financing (TF) and in some situations report the matter directly to the Financial Intelligence Units (FIU). Of course, this will depend on the laws and regulations of the particular jurisdiction, as well as, the engagement with the institution. In fact in some jurisdictions, accountants/auditors are now more reluctant to validate or perform such an audit mainly because of the risk posed to them in the event of possible litigation.

Who should conduct an AML/CFT audit based on FATF’s recommendation still remains a “grey” area for interpretation. The independent audit in itself as indicated is not referring to the financial audit done by the company’s external chartered or certified public accountant
conforming to Generally Accepted Accounting Principles (GAAP). By ‘independent audit’ it is interpreted to mean review by persons who are not part of the anti-money laundering/counter financing of terrorism (AML/CFT) compliance team, of the institution’s AML/CFT policies and procedures, for their appropriateness, compliance and effectiveness. Therefore, the independent audit for AML may be done by external accountants, independent consultants, or the firm’s own internal audit department.

Qualified accountants would have comprehensive knowledge of how to structure an audit. Although both audits are designed to test the effectiveness and verify information, the methods of conducting them are quite different. Since small and medium sized institutions are already feeling the effects on their bottom line, a strategic approach from some offshore institutions is to engage their financial auditors to complete both the Financial Audit and the AML/CFT Audit simultaneously. Nothing is fundamentally wrong with this approach provided that the financial auditors have the requisite knowledgeable and qualifications in the field of Anti-Money Laundering and Counter Financing of Terrorism. If this is not the case, it would be a grave injustice to the institution’s programs testing and may put the institution at risk.

Financial audits are typically performed by firms of practicing accountants who are experts in financial reporting. The audit process bench mark is governed internationally by the International Standards on Auditing (ISA) and issued by the International Auditing and Assurance Board (IAASB). Although there is no clear AML/CFT audit benchmark, the FATF’s recommendations are fully adopted by their member countries and organizations. In the Caribbean, the CFATF too have adopted this particular recommendation. Not having AML/CFT experience and background will greatly affect the AML/CFT audit and ultimately the institution’s control assessment.

Most jurisdictions tend to have a two-tiered regulatory system. One regulates what we refer to as the “domestic sector” mainly banks and the other we refer to as the “offshore sector”. Over the years, one cannot argue that the offshore sector did not increase the GDP tremendously of these jurisdictions thus raising the standards of living in many territories; nor can one argue that the same sector attracted scrutiny from the onshore sectors. As a result, governments are forced time and time again, to make changes to laws and regulations to keep the sector afloat. There is some merit to the fact as strides are being made to improve AML/CFT compliance, there is always another challenge ahead mainly due to additional pressures, sanctions and laws by the onshore sector.

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6. General Accepted Accounting Principles (GAAP) – The common set of accounting principles, standards and procedures that companies use to compile their financial statements.

7. http://www.financialstabilityboard.org/cos/index.htm International Standards on Auditing (ISAs) are professional standards that deal with the independent auditor’s responsibilities when conducting an audit of financial statements. ISAs contain objectives and requirements together with application and other explanatory material.

8. http://www.ifac.org/auditing-assurance/about-iaasb International Auditing and Assurance Standards Board (IAASB) is an Independent standard-setting that serves the public interest by setting high-quality international standards for auditing, quality control, review, other assurance, and related services, and by facilitating the convergence of international and national standard.
There are some pundits and economists who are not supporters of the offshore sector in the Caribbean including central banks who firmly believe that the sector should be abandoned as the reputational damages of the sector outweigh the cost benefits. Whether this is so will all depend on macroeconomic indicators, how the indicators are interpreted, the knowledge of governments and policy makers in AML/CFT issues and the resources both human and capital employed in the regulatory sectors. There are others from the onshore sectors who would love nothing more than the closure of these sectors under the perception that it will result in flight capital, thus boosting their economies. The impact of the latter may just be a perception as many of those same funds are actually already placed in the banking systems of the onshore jurisdictions.

These statements are not to promote tax evasion, as we all agree that it is a predicate offense to money laundering and terrorism. The point I am trying to make is that there is a great myth that the offshore sectors are not regulated and supervised. The points raised above certainly contradict such arguments since it evident in many jurisdictions that some are actually over-regulating the sector mainly due to pressures faced by international bodies, are applying a prescriptive approach rather than risk-based assessment and/or are not properly staffed with the right resources to effectively perform their functions and duties.

**Sector Recommendations**

AML audits should never be “box checking” exercises. Those who conduct it should have the necessary skills, experience and qualifications to ensure quality execution. Regulators and the financial institutions should confirm that the right individuals for the task are selected. The auditors should be:

- Analytical
- Thorough
- Decisive
- Possess knowledge of the nature of the business
- Exposed to AML/CFT disciplines
- Trained and certified
- Independent

Reacting hastily after sanctions, name shaming or negative media may result in drastic measures being taken without looking holistically at the problem. Too often new laws are implemented, mutual agreements signed without any proper consultation with local subject matter experts and practitioners in the industry. As a result, additional burden is placed on the financial institutions.
especially those in the offshore sector. Law makers acting hastily and without guidance frequently result in prescriptive measures by regulators rather than risk based approach due diligence, thus, causing a prescriptive approach to AML/CFT audits. Laws and regulations governing an AML/CFT Program and the independent audit of that program should always be risk based and not prescriptive.

Many institutions sometimes lack the guidance from those who regulate them. In some instances those placed as regulators may lack the necessary knowledge of what is required in an AML/CFT audit and who should conduct it. Therefore, the onus is on the governments in the region to properly select competent individuals including board members of these statutory bodies. The tone must be set from the top. Those at the top should have comprehensive knowledge of AML/CFT compliance and this will then improve the culture of compliance in these bodies. This will then trickle down to the stakeholders in the financial services sector. Training has to be paramount to sensitize those at the top, as well as, all critical employees in both the regulatory bodies and the financial institutions. Profitability should not be the only thing in the mind of shareholders of financial institutions. Regulators and financial institutions must work together if any effective changes are to be made to improve the way in which audits are conducted and who should conduct these audits.

Designing of internal policies and controls, appointing a Compliance Officer and conducting training are only three elements of a four pillar program. An AML/CFT Audit conducted by a qualified independent person or company should be done at least once annually or according to the risk level of the institution. Although cost will always be a consideration, one cannot substitute compliance for cost. An institution will soon find that if this is done, it will more likely cost more in the long run due to fines, sanctions and confinement of their employees. If an institution is too small to fulfill all elements of the program internally, then the outsourcing of elements in the program like the AML compliance officer and/or AML/CFT Audit function should be done.

**Conclusion**

Not conducting an independent AML/CFT Audit may put the institution at risk and could result in fines and/or confinement. Not having the right person conducting the audit will result in improper assessment of the AML/CFT risks and controls. A risk-based approach to an AML/CFT audit is preferred since it is more effective, proportionate and flexible to suit the particular institution. Despite several efforts by some offshore jurisdictions, pressures continue to be placed on them as they experience challenges keeping up with ongoing regulations. Collectively, the region will need to come together and take a unified stance on certain positions to reduce AML/CFT risk exposure to the jurisdictions. AML/CFT compliance is everyone’s responsibility and we must all work together to reduce the risk of money laundering, terrorist
financing and financial crimes. An Independent AML/CFT audit is a critical assessment of the AML/CFT compliance program, therefore, it is important that all stakeholders are fully cognizant of its content, how it should be conducted, by whom and to ensure that the results of the audit are fully communicated and implemented.
Exhibit A

Guidelines on How to Conduct an AML/CFT Audit

When assessing policies and procedures and Compliance Officer’s functions:

- The audit should address the adequacy of AML Risk Management Controls
- It should examine the adequacy of Customer Due Diligence (CDD) policies, procedures and processes, and whether they comply with internal requirements in the institution
- Should assess employees’ adherence to the AML policies and procedures
- Appropriate transaction testing should be conducted, with particular emphasis on high-risk operations (products, service, customer and geographical locations)
- Should assess training adequacy, including its comprehensiveness, accuracy of materials, training schedule and attendance tracking
- Examine the integrity and accuracy of the management information system used in the AML compliance program
- The auditor should review policies and procedures and processes for suspicious transactions
- The internal system’s methodology for establishing and applying expected activity or filtering criteria should be assessed
- The internal system’s ability to generate monitoring reports should be assessed
- If an automated system is not used to identify or aggregate large transactions, the audit should include a sample test of how the Compliance Office conducts monitoring
- Suspicious Activity Reports (SARs) and SARs’ systems including an evaluation of research and referral of unusual activity should be tested
- The effectiveness of the institution’s policy for reviewing accounts and generating report filing should be assessed
- The auditor should decide whether the audit’s overall coverage and frequency are appropriate to the risk profile of the institution
- The auditor should determine whether the system’s filtering criteria are reasonable
When assessing the training program and materials:

- The audit should assess the importance the Board and Senior Management place on ongoing education, training and compliance

- Employee accountability for ensuring AML compliance

- Comprehensiveness of training, in view of specific risks of individual business lines

- Training of personnel from all applicable areas of the institution

- Frequency of training

- Coverage of company policies, procedures, processes, and new rules and regulations

- Coverage of different forms of money laundering (ML) and terrorist financing (TF) as they relate to identifying suspicious activity

- Penalties for non compliance with internal policies and regulatory requirements