



Anti-Money Laundering Authority | Financial Intelligence Unit
Office of the Attorney General

POCKET GUIDE

to Examinations

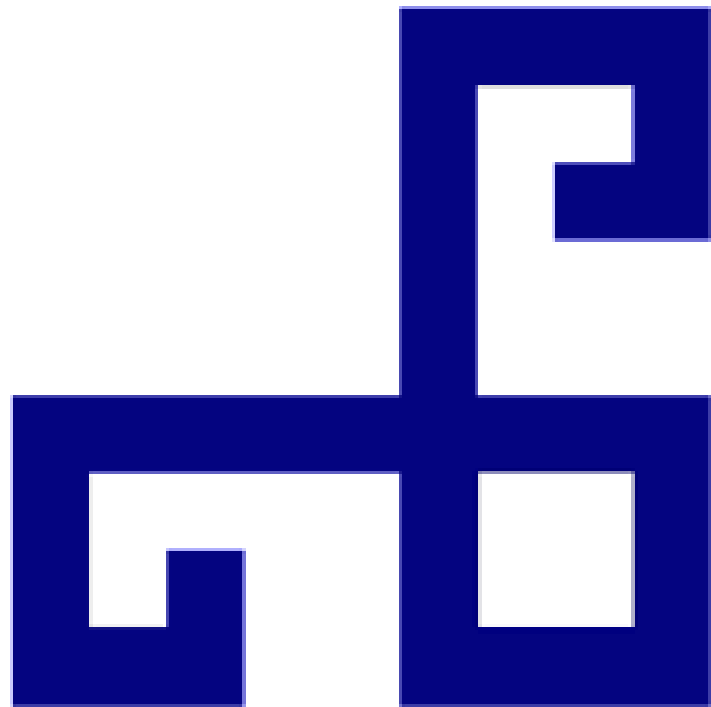


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1.0 Introduction

Designated Non-Financial Businesses and Professions (i.e. accountants, attorneys, dealers in precious metals and stones, and real estate agents) that engage in relevant financial business are subject to the supervision of the Compliance Unit (Unit).

A key element of supervision is the examination of entities. This guide seeks to provide an overview of the examination process including what to expect before, during and after the on-site visit.

Your examination is designed to focus on your company's policies, procedures and controls to ensure that you are assessing and managing your risks and complying with the Money Laundering and Financing of Terrorism (Prevention and Control) Act (MLFTA).

If you have any questions regarding this information and what to expect you are encouraged to contact the Unit.

2.0 How the Examinations are Scheduled

The requirement for the examination is based on the level of risk which is assessed for each entity. The frequency of subsequent examinations will be 1 – 3 years depending on the entity's risk profile which draws on standard risk factors. Please note that when you are notified of an examination it does not mean that we think there is anything wrong with your entity.

The On-site Compliance Officers will normally visit your main business premises to:

- See how your anti-money laundering risk assessment, policies, controls and procedures work;
- Have access to all the records and paperwork relating to your procedures; and
- Speak to the appropriate staff members.

Exceptionally, the Unit may visit a business without making an appointment. If we do, the officer will:

- Identify themselves; and
- Give a reason for the unannounced visit.

3.0 Before the Examination

The Compliance Unit will write to you to confirm:

- The date and time of the visit;
- Who we will want to speak to;
- The information we will want you to provide us with; and
- The records and documents we will want to review.

The Unit will let you know in advance the names and contact numbers of the officers who will conduct the examination.

After you have been notified of an examination we will request that the requested information should be made available to the Unit within **two (2) business days** of the request.

If you have any queries, please contact us so that we can discuss, answer any questions you may have about the inspection, and agree the practical arrangements.

4.0 The Start of the Examination

We start with an opening meeting which helps us understand:

- The nature of your business
- How you operate your business
- Your approach to AML Systems and Controls
- Any substantive changes since either the last examination, the pre- examination call or **Pre-Inspection information and Declaration** submission.

The opening meeting also gives you an opportunity to raise specific points about how your entity operates and to ask questions. You are welcome to invite colleagues who are involved in compliance to join you.

After that, the owner of the business does not need to be there so long as a responsible person is present who can:

- Answer our questions; and
- Give us any documents or information we need.

Your manager (or the person in the business who's responsible for complying with the regulations if that's someone else) should always be there during the visit.

5.0 During the Examination

The officer will look at your risk assessment, policies, controls and procedures and test them to make sure they are working properly.

They'll need to speak to you as the business owner, your senior managers (Connected persons) and sometimes other members of staff to make sure you all understand the policies and procedures and have applied them in your business.

We will focus on your anti-money laundering risk assessment, policies, controls and procedures to make sure these are working effectively to identify and reduce the money laundering risks your business might face.

We will always:

- Check that the information maintained within our database is correct;
- Review whether you and connected persons are knowledgeable about your roles;

- Ask you about your risk assessment of your customers, products and services to check it covers all your relevant financial business;
- Look at the policies, controls, procedures and training which you have put in place to manage and reduce the risks you have identified; and
- Ask you to explain how your anti-money laundering risk assessment, policies, controls and procedures work.

We may also carry out some of the following checks:

- Examine your records of transactions;
- Test your customer due diligence procedures;
- Assess the effectiveness of your systems for identifying and reporting suspicious activity to the Financial Intelligence Unit (FIU);
- Check that your staff know about anti-money laundering legislation and that they are trained to recognise and deal with suspicious activity; and
- Ensure that your systems are effective.

6.0 Examples of Records We May Want to Review

- Internal audits which indicate compliance with internal anti-money laundering procedures and controls
- An external auditor's report, if this covers your business's compliance with the regulations
- Bank statements of accounts relating to your relevant financial business
- Copies of or references to material verifying your customers' identities
- Evidence of client monitoring
- Client screening reports or access to the system used
- Training and appraisals records
- A job description of the staff member in your business who is responsible for complying with anti-money laundering legislation
- Records of suspicious transactions and of the action you took
- Copies of any Suspicious Transaction Reports (STRs) you submitted to the Authorities, and any correspondence from them concerning consent to proceed

If any items listed here are not clear, please discuss them with us during our pre-examination phone call.

If you are a larger company where the board is separate from the management, we may also want to review your governance documents e.g. Board charter, Articles of association, Minutes of Board meetings and evidence of compliance reports to the Board.

We assume we will have access to requested records without delay, so if you anticipate you will need more than 2 business days-notice to arrange for records to be made available, you should discuss this with us during the pre-examination meeting/ telephone call.

If your internal audit has identified findings that need to be addressed, the reviewer will review to determine how you have dealt with them.

7.0 At the End of the Examination

At the end of the examination the officer will:

- Review with you; what they have done;
- Explain any areas of concern;
- Agree with you any action you need to take; and
- Answer any questions you have.

We will summarise our findings and discuss them with you. We will highlight any more significant issues, including any areas where we consider the entity has not met the requirements of the legislation.

You are welcome to respond at the end of the on-site and immediately afterwards so this is taken into account prior to the issuance of the Examination Report

8.0 After the Examination

You will then receive your Examination Report which may include any proposed directions to ensure effectiveness of your entity's systems and controls or compliance with the legislation and if so an explanation of the potential consequences of not complying.

In instances where non- compliance is identified during the examination, an **Action Plan Report** will be circulated to the you.

This action plan will highlight any incident whereby a registrant does not comply with the Money Laundering and Financing of Terrorism (Prevention and Control) Act (MLFTA) and will be deemed as non- compliance.

You will be assigned adequate time to respond to this. Your responses are an important part of the examination process so please take particular care when you draft them.

Be specific and refer to any actions you have already taken or plan to take, and state by what date. If you disagree with the Findings you should make that clear and provide the reasons why.

9.0 Complaints

Please write to the Unit if you have any comments or complaints about the examination process.

10.0 Off-Site Examinations

The Unit will conduct an off-site examination using file sharing, telephone or email. When we have decided to do this, we will contact you by email or telephone to arrange a time and date. We will request the same information and records as when carrying out an on-site examination.

The purpose of an off-site examination is the same as an on-site examination, and similar checks may be carried out. Our officers will make sure they are speaking to a responsible individual within the business such as the business owner or senior manager.

In many cases; especially where the risk of money laundering is deemed to be low; an off-site inspection will be enough to test the compliance of your business. However, the Unit may need to use other types of checks to follow up if your business is complex or there are concerns that need further investigation.

11.0 After an Off-Site Examination

The Unit will follow a similar process as for an on-site examination.

In instances where non-compliance is identified during the examination, an **Action Plan Report** will be circulated to the registrant.

12.0 Information Requests at Other Times

Please be aware that we can ask for any information at any time and you must respond within the time specified otherwise face a penalty.