

# Conducting AML/CFT Business Risk Assessment & Independent Audits

NOVEMBER 2020

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## Introduction to Business Risk Assessment & Independent Audit

- 1 Background of BDO AML/CFT Compliance Services Initiative
- 2 BDO's approach to AML/CFT Business Risk Assessment
- 3 Scope of our AML/CFT Independent Audit
- 4 Closing comments



Background of BDO AML/CFT  
Compliance Services Initiative

COMPLIANCE



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Financial Institutions – Key Industries Targeted



Banking Sector



Offshore – Management Companies



Member of relevant profession/occupation



BDO's approach to AML/CFT Business Risk Assessment  
Risk Assessment and Risk Mitigation



Inherent Risks



Risk Mitigation



Risk Matrix



Internal Controls



Risk Scoring



Introducing the AML/CFT  
Business Risk Assessment tool



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### Scope of our AML/CFT Independent Audit

**Policy Review**  
Design and Effectiveness



**Compliance Function Review**  
Compliance Plan/Monitoring



**Risk Assessment**  
Risk Framework




**File Review**  
Sample Check




**BDO**

### Scope of our AML/CFT Independent Audit


**Trainings - Adequacy and Awareness**



**Systems Review - Suspicious Transactions Monitoring Record Keeping**



**Follow up on corrective actions - Investigations, Deficiencies Addressed**



**BDO**

### Scope of our AML/CFT Independent Audit

**BDO INDEPENDENT AUDIT TOOL**

Audit Criteria	Audit Objective	Data Collection & Analysis Method	Audit Classification
Policy Review	Review Client's existing policies, procedures and checklists designed to ensure compliance with relevant FSC and regulations. The internal processes to detect and gather additional information. Review the adequacy of policies, procedures and processes.		Good
File Review	Assess adherence to such procedures by performing compliance review by: a) Perform a sample file check on KYC/AML related matters b) Review related documents, agreements & contracts from an internal audit perspective.		Fair
Compliance Function Review	Review the effectiveness in the compliance function. Review the compliance anti-program and compliance monitoring. Review timely payment of regulatory fees of FSC. Review compliance with licensing conditions. Dates of audited financial statements whether approved duly filed with the FSC within the prescribed time period.		Fair
Risk Assessment Framework	Review the adequacy of AML/CFT risk assessment framework and the application of a risk-based approach.		Unsatisfactory
Follow up on corrective actions	Evaluate and investigate Client's efforts to take corrective actions in respect of deficiencies noted in previous audits, compliance reports and regulatory checks. Ensure timely follow up on actions, including internal reports and regulatory checks. Review any regulatory/legal, investigatory notices.		Good

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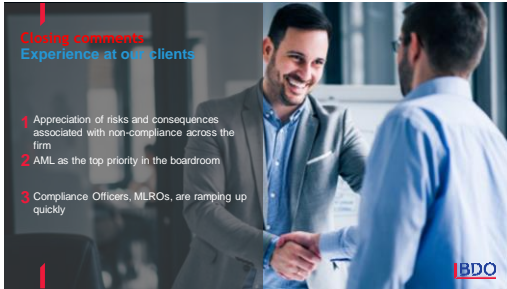
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**Closing comments**  
Experience at our clients

- 1 Appreciation of risks and consequences associated with non-compliance across the firm
- 2 AML as the top priority in the boardroom
- 3 Compliance Officers, MLROs, are ramping up quickly

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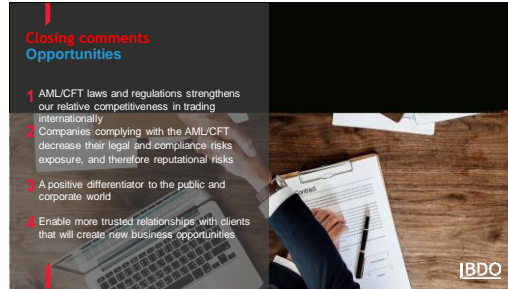
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**Closing comments**  
Opportunities

- 1 AML/CFT laws and regulations strengthens our relative competitiveness in trading internationally
- 2 Companies complying with the AML/CFT decrease their legal and compliance risks exposure, and therefore reputational risks
- 3 A positive differentiator to the public and corporate world
- 4 Enable more trusted relationships with clients that will create new business opportunities

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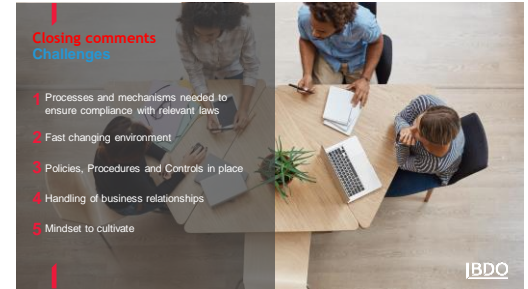
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**Closing comments**  
Challenges

- 1 Processes and mechanisms needed to ensure compliance with relevant laws
- 2 Fast changing environment
- 3 Policies, Procedures and Controls in place
- 4 Handling of business relationships
- 5 Mindset to cultivate

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