

### **Lebanese Association of Certified Public Accountants**

# Anti Money Laundering External Auditors' Role and Responsibilities

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The Anti-Money Laundering Forum: Legal Requirements and Audit Procedures

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## **External Auditor's Role and Responsibility**

- Practicing the Profession in Lebanon = LACPA Membership Accountancy Profession Act Law No 364/94
- Statutory and Professional Requirements = Assurance Engagement on Financial Statement





# **General Framework Auditors' Role and Responsibilities**

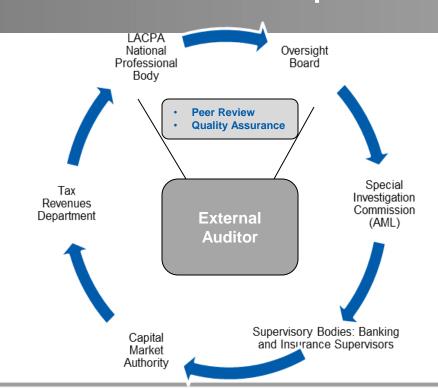


**Code of Commerce** 

The Accountancy Profession Act Law No 364

**Tax Laws** 

**Insurance Law** 



Banking Regulation & Circulars

**Capital Markets Laws** 

Anti-Money Laundering Regulations

Standard Setters ISA, IFRS



# **AML Framework**Auditors' Role and Responsibilities

#### Tone at the Top

**Board of Directors: Governance, Control Environment** 

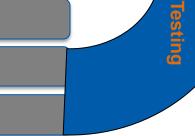
**Audit Committee; Risk Management** 

**Internal Audit Department** 

**AML/CFT: Special Committee** 

**AML/CFT: Compliance Unit** 

**AML/CFT: Policies and Procedures Manual** 





#### **AML/CFT**

### Auditors' Role and Responsibilities

- Agreed Upon Procedures' Engagement
- International Standards on Related Services ISRS 4400, Previously ISA 920
- Restrictions of use
- Do not contribute and audit or review
- A listing of the procedures to be performed as agreed between the two parties
- Carry out the audit procedures agreed upon and use the evidence obtained as the basis for the report of factual findings



#### **CHALLENGES AND LIMITATIONS**

- AML/CFT Evaluation Policies and Procedures: Substance over Form
- People and Systems: Management Information System
- Interrelation and Reliance on AML Compliance Unit and Internal Audit work
- Third Level of Detection = Independent External Testing
- Sampling Risk
- Agreed Upon Procedures Report = Assurance Engagement



#### **RECOMMENDATIONS FOR IMPROVEMENT**

- Conduct agreed upon procedures with due professional care:
   Professional judgment, healthy skepticism and assign experienced professionals
- Proper documentation: Legal and professional evidence obtained as the basis for the agreed upon procedures report
- Evaluation of the reliance on the AML compliance and internal audit





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