

PERFORMING EFFECTIVE PROCEDURES

Farid S. Daoud
Director
Ernst & Young

The Anti-Money Laundering Forum
Legal Requirements and Audit Procedures
Biel 4-5 May 2015

Table of Contents

- Scope of the Engagement
- Procedures Performed at Branches
- Procedures Performed at AML/CFT Compliance Unit
- Continuous Monitoring

Scope of Engagement

- International Standards on Related Services Applicable to Agreed Upon Procedures Engagements.
- Assist the Bank or Financial Institution in Applying Basic Circular No. 83.
- Reporting Deficiencies

Procedures Performed at Branches

- Choosing the Branches to visit:
 - Newly Opened;
 - Geographic Location;
 - High Volume of Transactions;
 - Feedback From AML/CFT Compliance Unit.
- Meeting with Branch's Key Personnel:
 - Branch Manager
 - AML/CFT Branch Officer

Procedures Performed at Branches (continued)

- Meeting with Branch's Functional Personnel:
 - Head of Transfers Section
 - Cashiers
 - Head of Checks Section
- Rely Heavily on Interviews with the Above Personnel in Addition to Corroborating Evidence from the Sample Selected.

Procedures Performed at AML Compliance Unit

- Specialized software used to detect suspicious account movements or transactions;
- Plan for KYC update;
- Compliance unit reports;
- AML/CFT Specialized Committee minutes of meetings;
- AML/CFT Specialized Committee reports sent to the Board of Directors;
- Reports of the Internal Audit;

Procedures Performed at AML Compliance Unit (continued)

- Suspicious Transactions Reports (STRs) sent to Central Bank of Lebanon;
- Central Archive for the names circulated by the “SIC” and the names of those reported by the Bank or financial institution itself;
- Understand the procedures performed to monitor and identify suspicious transactions;
- Risk Based Approach implementation.

Continuous Monitoring

- Internal audit reports periodically sent to External Auditor
- Inquire during the External Auditor interventions (interim audit, year-end annual audit and review of mid-year accounts)

Thank you