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**ANTI-MONEY LAUNDERING COUNTER
FINANCING OF TERRORISM AND
COUNTER FINANCING OF PROLIFERATION
RISK-BASED SUPERVISORY MANUAL**

ACRONYMS

Acronym	Word
AML	Anti-Money Laundering
AML/CFT/FoP law	Law N° 75/2019 of 29/01/2020 on Prevention and Punishment of Money laundering, Financing of Terrorism and Financing of Weapons of Mass destruction (as amended)
CDD	Customer Due Diligence
CFT	Countering the Financing of Terrorism
EDD	Enhanced Due Diligence
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
FoP	Financing of Proliferation of weapons of mass destruction
ML	Money Laundering
MLCO	Money Laundering Control Officer
PEP	Politically Exposed Person
RBA	Risk-Based Approach
STR	Suspicious Transaction Reporting
TF	Terrorism Financing

DEFINITIONS

In this manual, unless the context otherwise requires;

- i. **Beneficial owner** means a natural person who ultimately owns or controls a customer or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or legal arrangement;
- ii. **Client** means an individual or legal person who:
 - a) Commences an engagement with the practitioner;
 - b) Has the power to sign on that Engagement;
 - c) Deposits, transfers money in relation to an engagement;
 - d) Is authorised to conduct to engage with the Practitioner, in regard to an engagement;
 - e) Has business relations or occasional transaction with the Practitioner.
- iii. **Financing of the proliferation of weapons of mass destruction** means
 - a. Providing property or funds for the manufacture, production, possession, acquisition, stockpiling, development, transportation, sale, supply, transfer, import, export, transshipment or use of nuclear weapons, chemical weapons, biological weapons and such other materials, as may be prescribed, which are related to nuclear weapons, chemical weapons or biological weapons;
 - b. Providing technical training, property or funds, financial service, advice, service, brokering or assistance related to any of the activities specified in point a;
- iv. **Financing of terrorism** means an act committed directly or indirectly by a natural or legal person, on behalf of a terrorist or terrorist organisation in giving, collecting or managing property or funds, offering advice, teaching, training in order to acquire property or funds that may be used, knowing or is likely to know that they are intended to be used, in whole or in part in terrorism activities;
- v. **Money Laundering** means;
 - a) The conversion, transfer or handling of property or funds whose perpetrator knows or is likely to know that such property or funds is the proceeds of crime or it derives from an act of participation in such crime;
 - b) The concealment, disguise of the true nature, origin, location, movement, disposition, donation, disguise of the beneficial owner of the property or funds or the person having rights on it, knowing or likely to know that such a property or funds is proceeds of crime or from an act of participation in such crime;
 - c) Acquisition, possession or use of property or funds the author knows or is likely to know, at the time of reception, that such a property or funds is derived from proceeds of crime or from an act of participation in such crime;

- d) Participation in, association with or conspiracy to commit, attempt to commit, aiding, inciting, abetting, facilitating or counselling the commission of any of the acts mentioned in point a), b) and c).
- vi. **Politically exposed person** means any person who is or has been entrusted with prominent public functions in Rwanda or in other countries, including his or her family members or other persons who are his or her close associates or have business or financial relationships with him or her;
- vii. **Reporting persons** includes accountants, tax advisors and auditors. However, for purposes of this manual, the accountants referred to are the practitioners or practicing accountants.
- viii. **Risk** means the impact and likelihood of ML/TF taking place.
- ix. **Risk-based approach** means an approach whereby **the practitioner** identifies, assesses and understands the ML/TF risks to which it is or they are exposed and to take AML/CFT measures to prevent or mitigate ML and TF are commensurate to the risks identified. This allows resources to be allocated in the most efficient ways, directing resources in accordance with priorities so that the greatest risks receive the highest attention. Thus, for high-risk clients, the Customer due diligence ought to be enhanced, while for medium and low risk customers, the due diligence should be Simplified.
- x. **Sanctions** refers to effective, proportionate and dissuasive restrictive measures imposed on individuals or entities in an effort to curtail their activities and to exert pressure and influence on them. These restrictive measures include, but are not limited to, financial sanctions, trade sanctions, restrictions on travel or civil aviation restrictions.
- xi. **suspicious transaction** refers to a transaction which is inconsistent with a customer's known legitimate business or personal activities or with the normal business for that type of account or business relationship, or a complex and unusual transaction or complex or unusual pattern of transaction;

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FOREWORD

This manual provides detailed supervisory guidance by the Institute of Certified Public Accountants (ICPAR), including the conduct of inspections for practitioners. The manual was created to promote and assess compliance with the AML/CFT/FoP obligations as well as the effectiveness in detecting and deterring clients to Practitioners who may want to conduct activities or use the services of the practitioner to carry out money laundering and the financing of terrorist activities. It is intended to be used in conjunction with other guidelines issued by ICPAR.

Information in this manual is intended to provide general policy direction only and does not replace the legislative measures outlined in the AML/CFT/FoP Law and its related Regulations.

The guidance in this manual should help to ensure that policies and procedures regarding on-going monitoring and on-site inspections are uniformly applied; that ICPAR practitioners, as reporting persons, understand ICPAR's mandate and approach; and that staff maintain a high degree of professionalism by using experience, skills and communication in conducting inspections. The goal is a risk based supervisory program that is — and is perceived to be — fair and equitable in its application.



INTRODUCTION

Rwanda's last National Risk assessment on Money Laundering and Terrorist financing (ML/TF) carried out between July,2017 and December 2018 rated Rwanda's risk to ML/TF as medium. The risk for the accountancy sector was rated as a sector with low risk of ML/TF with a score of 0.41.

The findings of the assessment highlighted sectoral weaknesses in combating ML including the ineffective supervision/oversight activities, ineffectiveness of compliance function in reporting persons, inefficiency to detect suspicious activity as well as unavailability and inadequate enforcement of both administrative and criminal sanctions. The assessment of TF risk revealed that TF risk is Medium Low. This derived from the combined assessment of financing of terrorism threats and vulnerabilities where threats were rated Low while vulnerabilities were Medium. Rwanda does not face any immediate financing terrorist threats but need to put counter measures considering the volatile geo-political situation in neighboring countries and the region. Rwanda had terrorism cases in terms of radicalization but non-financial aspects were observed. As for TF vulnerabilities, the assessment found that there is an effective institutional and legal framework in place to prevent and to counter terrorism.¹

The effectiveness of a country's supervisory regime is based on a number of factors, as set out in Immediate Outcome 3 of the Financial Action Task Force (FATF) Methodology, including, but not limited to;

- a) How well supervisors identify and maintain an understanding of the Money Laundering, Terrorist Financing and Financing of Proliferation of weapons of mass destruction (ML/TF/FoP) risks in the sectors as a whole, between different sectors and types of institution, and of individual institutions?
- b) With a view to mitigating the risks, how well supervisors, on a risk-sensitive basis, supervise or monitor the extent to which their supervisees are complying with their AML/CFT/FoP requirements?
- c) To what extent are remedial actions and/or effective, proportionate and dissuasive sanctions applied in practice?
- d) To what extent are supervisors able to demonstrate that their actions have an effect on compliance by the supervised entity?
- e) How well do the supervisors promote a clear understanding by the supervised entity of their AML/CFT/FoP obligations and ML/TF/FoP risks?

According to FATF² effective supervision should:

¹ Republic of Rwanda National Risk Assessment Report 2017/2018

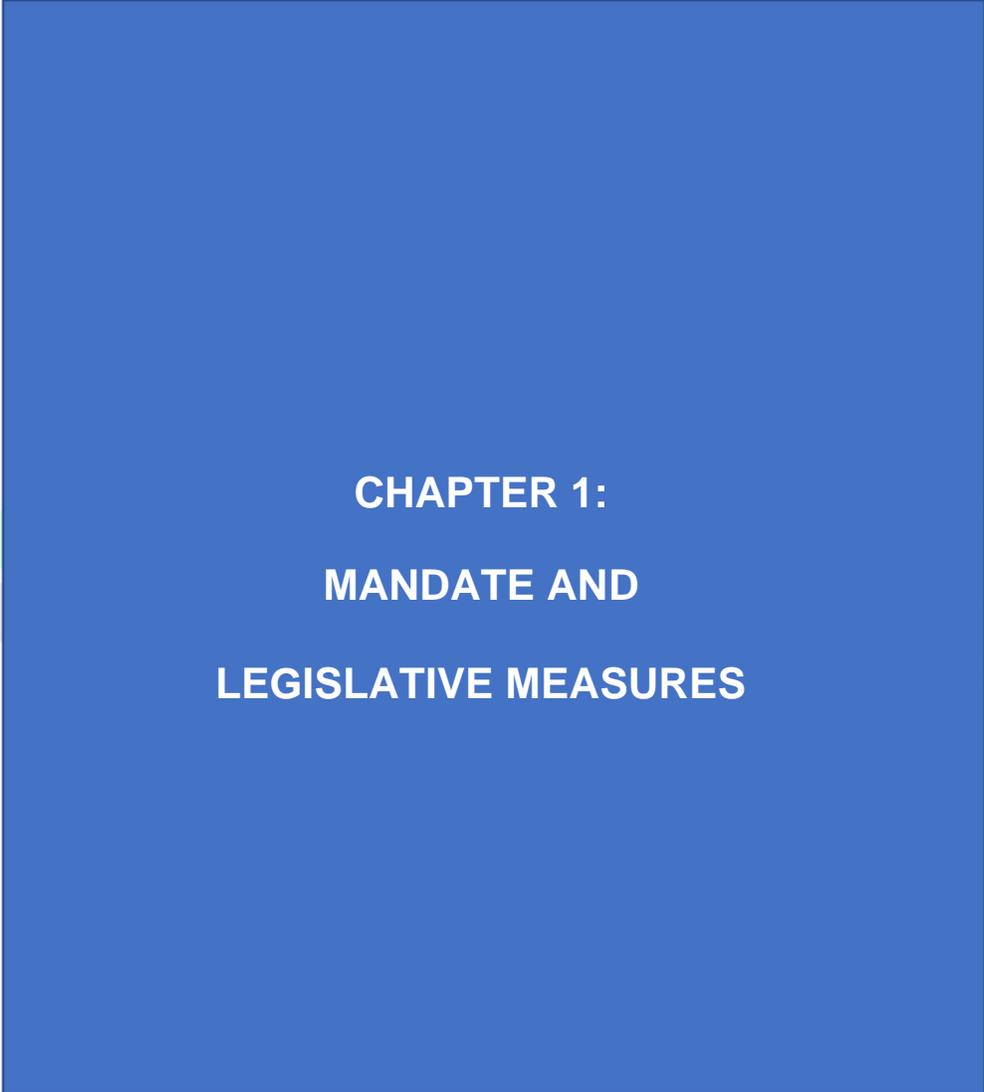
² FATF, Effective Supervision and Enforcement by AML/CFT Supervisors of The Financial Sector and Law Enforcement, 2015

1. Be risk-based, focusing on both major prudential and conduct of business risks, as well as a wide range of other risks, such as compliance risk, reputational risk, legal risk, and ML/TF risks;
2. Be the result of a combination of off-site and on-site supervision;
3. Be based on having appropriate access to all the books and records of each supervised entity sufficient to collect the widest range of information that a supervisor needs; and
4. Include the international element of groups operating across borders by allowing for international cooperation (including arrangements for the sharing of confidential information with foreign counterparts).

In a risk-based regime, there is no one size fits all, supervised entities ought to adopt AML/CFT controls relevant to their business model and assessed risks, and thus not all supervised entities will adopt identical AML/CFT controls. Furthermore, isolated incidents of AML/CFT deficiencies that do not rise to a systemic risk level may not necessarily invalidate the integrity of a supervised entity's AML/CFT controls. It should however be noted that a flexible RBA does not exempt them from applying effective AML/CFT controls.

FATF further guides that during supervisory examination processes the supervisor should;

- a) Have clear and adequate methodologies and procedures for off-site supervision and on-site inspections. Off-site monitoring tools could include (self assessment) questionnaires on the policies, procedures and controls in place in a supervised entity. On-site assessment tools could include assessing the adequacy of AML/CFT controls, such as management reporting and oversight. Supervisors should consider interviewing members of the Board of Directors or other Senior Management personnel, in this case the Senior Partners of firms, and staff of various levels of seniority and assess procedures and policies in place and/or conduct testing (e.g., review of customer files, testing the effectiveness of a transaction monitoring system, suspicious activity reporting, training and integrity of staff) to assess effective implementation of the financial institution's policies and controls. Sample testing is a particularly important tool when examining compliance, both for risk-based and rules-based requirements. (e.g. the implementation of targeted financial sanctions).
- b) The supervisor should ensure that officers carrying out AML/CFT inspections are adequately trained and have up-to-date knowledge of AML/CFT issues.
- c) In addition to supervision at individual firms, the supervisor should, where appropriate, conduct risk-based assessments across all or part of the sector where the supervisor considers the risks warrant this approach.



**CHAPTER 1:
MANDATE AND
LEGISLATIVE MEASURES**

1.0 GOVERNANCE

1.1 Mandate

The Institute of Certified Public Accountants of Rwanda (ICPAR) is the designated supervisory authority for practitioners of accountancy and auditing in Rwanda³. As such, under Article 26 of the Law N° 75/2019 of 29/01/2020 on Prevention and Punishment of Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction (as amended) (“AML/CFT/FoP law”)⁴ ICPAR is responsible for the supervision and enforcement of compliance by members of the accounting profession with the requirements imposed by the AML/CFT/FoP law, related regulations and such guidelines as may be issued by the Financial Intelligence Centre (FIC) or ICPAR. Given its mandate, ICPAR is the supervisor of all practitioners thus, any reference to Practitioners in this manual shall refer to the members of ICPAR.

1.2 Regulatory powers to ensure compliance

ICPAR exercises powers under Article 26 of the AML/CFT/FoP law.

These powers include:

- i. Ensuring compliance of all Practitioners, with the provisions of the AML/CFT/FoP Law;
- ii. Determining administrative sanctions against any Practitioner who does not fulfil his or her responsibilities as provided by this Law;
- iii. Issuing regulations on anti-money laundering, countering the financing of terrorism or the financing of proliferation of weapons of mass destruction in accordance with the provisions of the Law on ML/TF/FoP and recognized international principles;
- iv. Compelling production of or obtain access to all records, documents or information relevant to monitoring compliance to this Law and regulations.

ICPAR may exercise these powers only if the information sought to be obtained is reasonably required in connection with the exercise of its functions under AML/CFT/FoP law.

1.3 Other documents

This manual is to be used in conjunction with other AML/CFT/FoP guidelines issued by ICPAR and those from competent authorities on AML/CFT/FoP.

1.4 Practitioners’ obligations

In accordance with the FATF’s Forty Recommendations, Practitioners are subject to AML/CFT/FoP law and are listed in Article 7 item 5° of the AML/CFT/FoP law. Thus, the obligations referred to in this manual means obligations under the AML/CFT/FoP law.

³ Article 7 item 1° of the LAW N° 11/2008 OF 06/05/2008 Establishing the Institute of Certified Public Accountants of Rwanda and Determining its Powers, Organization and Functioning

⁴ Article 3 item 19° and Article 26 item 1° of the LAW N° 75/2019 OF 29/01/2020 on Prevention and Punishment of Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction

1.5 Policies, controls, and procedures

In accordance with Article 8 of the AML/CFT/FoP law, practitioners ought to establish policies, controls, and procedures to mitigate and manage effectively the risks of money laundering, terrorism financing and financing of proliferation identified in any risk assessment undertaken by the reporting persons.

The policies, controls, and procedures should include the following elements:

- a) Record keeping, including customer due diligence and transaction records;
- b) Systems including the development of risk-sensitive internal policies, procedures, and controls together with the documentation of a risk assessment and a process for ongoing monitoring;
- c) Internal reporting procedures;
- d) Training, including continuing employee training;
- e) Modalities of monitoring compliance within senior management; and
- f) An independent audit function to test the system.

** Article 8 item 2° (b) of the AML/CFT/FoP law, does not discuss in detail the issue of appointing a compliance officer however, FATF recommends that the modalities of monitoring compliance with the law at senior management level should include appointment of the compliance officer.⁵ Therefore, reference to the compliance officer throughout this manual is a recommendation from internationally recognized standards of what ought to be in place for the effective functioning of the AML/CFT compliance program. The Compliance officer is meant to act as the liaison person between ICPAR and the Practitioners or the Practitioner and FIC. He/she is in charge of ensuring that the Practitioners comply with the AML/CFT/FoP policies and procedures. We therefore highly recommend that the Practitioners appoint a compliance officer to be in charge of their AML/CFT/FoP compliance program.

Since practitioners operate in such different circumstances, they shall tailor their compliance programs to suit their own situations and compliance risks. Compliance programs should reflect the nature, size and complexity of each practitioner's operations.

1.6 Risk assessment

Pursuant to Article 8 item 1° of the AML/CFT/FoP law, every practitioner shall identify, assess, and mitigate the money laundering, terrorism financing and financing proliferation of weapons of mass destruction risks and to apply a risk-based approach.

1.7 Types of reports

In accordance with the AML/CFT/FoP law, practitioners are required to submit the following reports:

⁵ Paragraph 3 of the FATF Interpretive note to Recommendation 18.

(a) Suspicious Transaction Reports (STRs)

AML/CFT/FoP law requires reporting persons to submit STRs in the following circumstances;

- i. When they carry out due diligence and are uncertain of the information of the suspected client. This STR must be made within 24 hours to the Financial Intelligence Centre (Article 12).
- ii. When they have reasonable grounds to suspect that the property or funds are linked or are likely to be linked to ML/TF/FoP. This STR ought to be reported to the Financial Intelligence Centre immediately (Article 17).
- iii. All unusual or complex patterns of transactions which have no apparent economic or visible lawful purpose. (Article 15)

(b) Cross border cash declaration

Pursuant to Article 18 of the AML/CFT/FoP law, any person who enters or leaves Rwanda with cash or any negotiable instrument whose value exceeds the threshold set by FIC, has an obligation to declare the same to a competent authority.

1.8 National and international sanctions procedures

When ICPAR receives information from FIC concerning any new or revised sanctions, ICPAR must forward this information to all Money Laundering Control Officers ('MLCO') within the accounting profession to remind them that they should:

- 1) Check whether they maintain any accounts or hold any funds or economic resources for the persons set out in the various notices.
- 2) Freeze such accounts, and other funds or economic resources.
- 3) Refrain from dealing with the funds or economic resources or making them available to such persons.
- 4) Report any findings to the FIC, together with any additional information that would facilitate compliance with the AML/CFT/FoP law.
- 5) Be aware that failure to comply with financial sanctions legislation or to seek to circumvent its provisions is a criminal offence.

CHAPTER 2:

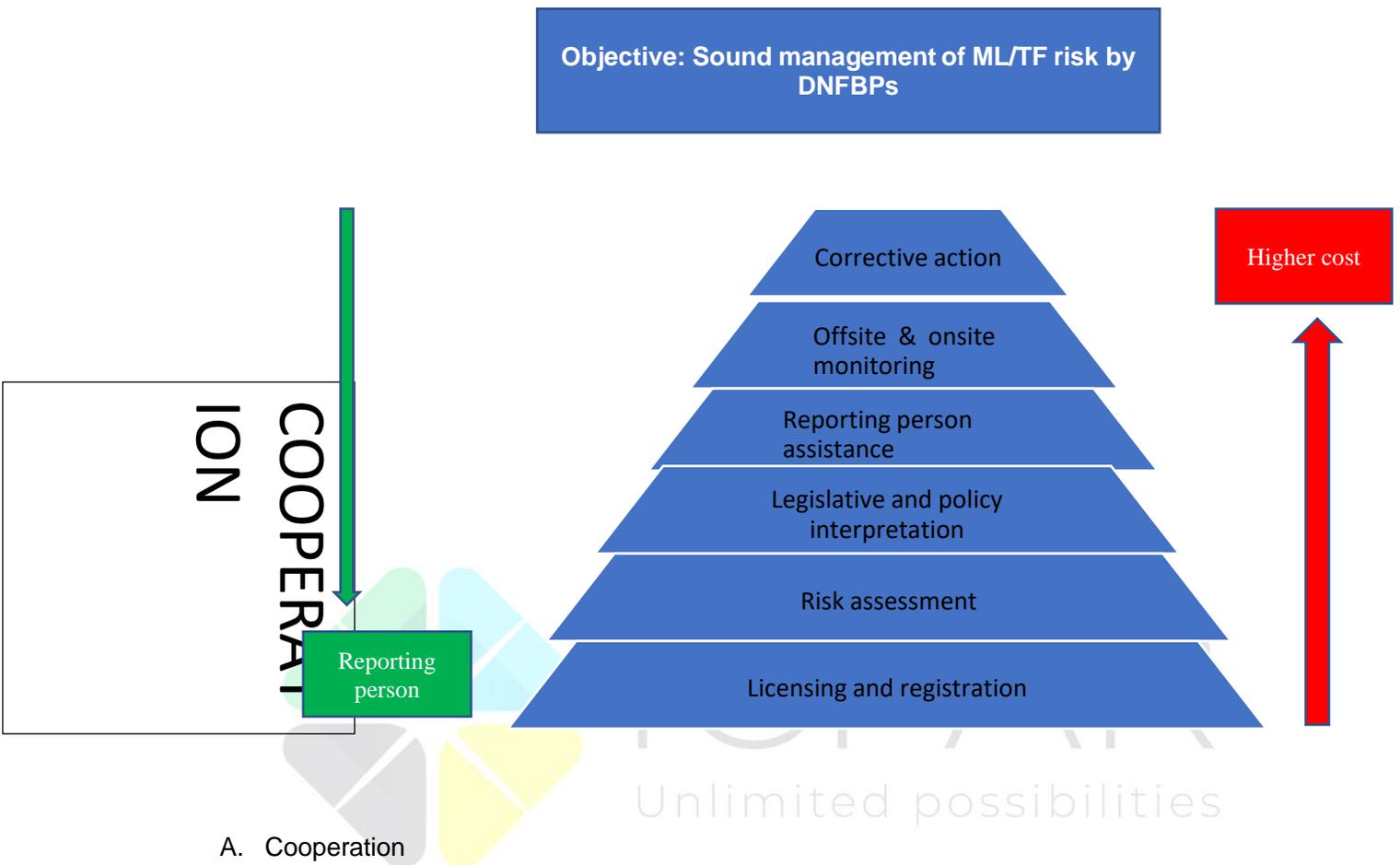
**RISK-BASED SUPERVISORY
FRAMEWORK**

2.0 RISK-BASED SUPERVISORY FRAMEWORK

1. **The structure of the supervisory model plays a key role in the effectiveness of a country's AML/CFT/FoP regime.** The proposed approach is predicated on internationally recognized best practices in establishing AML/CFT/FoP supervisory functions. This chapter provides an overview of the advantages of a risk-based supervisory framework for ICPAR supervision.
2. **A risk-based supervisory approach is recognized as a best practice internationally and a requirement of the FATF standard.** Recognizing that most supervisory agencies have limited resources, the risk-based supervisory approach allows authorities to determine which supervisory activities are the most appropriate according to the risk of non-compliance, ML, TF, and FoP that is present within a particular sector and respective reporting entities. With the risk-based approach, there is no one size fits all, ICPAR shall have a duty to identify, assess and allocate resources basing on areas within the sector that require the most attention in order to mitigate the risks identified within the sector. It will not be enough just to ensure that all ICPAR members have AML/CFT/FoP manuals. ICPAR shall have to carry out continuous training of the members as well as outreaches to ensure that the practitioners understand how to apply the AML/CFT international standards and local legislation to their businesses.
3. **A risk-based supervisory approach presents a number of strategic advantages.** A risk-based approach to supervision aims to focus limited supervisory resources to the highest risk sectors and entities. This targeted approach aims to achieve the highest level of compliance with minimal allocation of resources. As discussed below lower risk entities are provided with educational material and training while inspection resources are focused on highest risk entities. When a comprehensive risk-based approach is applied it should result in the vast majority of entities being compliant with obligations and non-compliant entities being subject to inspections and corrective actions.
4. **A risk-based approach shall be integrated in all aspects of the AML/CFT/FoP supervisory program.** A risk-based approach shall be integrated in all elements of the AML/CFT/FoP program. The risk-based approach serves as the lens by which all supervisory functions are developed and implemented.
5. **A progressive approach to AML/CFT/FoP supervision shall be adopted with activities progressing from education, to inspection and corrective action.** The AML/CFT/FoP supervisory framework shall be developed considering all tools or functions that shall help achieve the highest level of compliance⁶. In adopting a risk-based approach to supervision AML/CFT/FOP ICPAR shall allocate minimal resources to lower risk entities and reserve inspection and corrective action activities to those entities at highest risk of being non-compliant. With this approach in mind the following diagram sets out the six key functions that should form the basis of any risk-based supervisory framework.

⁶ Studies indicate that much attention is often solely dedicated to the inspection function often to the detriment of other key elements that will help ensure high levels of compliance

AML/CFT RISK-BASED SUPERVISORY FRAMEWORK



A. Cooperation

- 6. Cooperation between supervisory authorities is essential to the establishment of an effective supervisory regime.** Regardless of which supervisory authority is designated responsible for ensuring compliance with AML/CFT/FoP obligations, cooperation between supervisory authorities is critical to a well-functioning supervisory regime. As there are multiple AML/CFT/FoP supervisors for financial institutions and other DNFBPs it will be important that coordination mechanisms are established to ensure that interpretations of the legislation and regulations are consistent across reporting persons. The establishment of an AML/CFT/FoP supervisory forum will also be an opportunity for supervisors to share best practices and lessons learned with respect to ensuring compliance with AML/CFT/FoP obligations.

B. Licensing

- 7. Licensing ensures that practitioners have the necessary training and integrity to minimize the possibility that the accounting sector is used for ML/TF/FoP purposes.** Recommendation 28 of the FATF standard requires that ICPAR, as a supervisory authority, takes the necessary measures to prevent criminals or their associates from being professionally accredited or holding (or being the beneficial owner of) a significant or controlling interest or holding a management function in an accounting firm.

C. Risk Assessment

8. **The risk assessment function shall help ICPAR determine where supervisory resources should be attributed.** The core of a risk-based supervisory approach is the establishment of risk assessment function responsible for evaluating the ML/TF/FoP and compliance risks associated with practitioners.

The risk assessment function shall take into account the various risk assessment exercises that are undertaken under the AML/CFT/FoP framework:

- a) **The National Risk Assessment (NRA)** the assessment of national threats and vulnerabilities undertaken by all AML/CFT/FoP competent authorities and the private sector.
 - b) **The Sectoral Risk Assessment** which evaluates the risk of each obligated sector and helps allocate supervisory resources. In most countries, the sectoral risk assessment has been conducted in the context of the NRA by the relevant supervisory authority with feedback by the private sector.
 - c) **The Institutional Risk Assessment** which evaluates the risk of individual reporting entities and helps supervisory authorities target highest risk entities. The institutional risk assessment is conducted by the ICPAR based on information gathered through a statistical questionnaire as well as information from all the other types of risk assessment.
 - d) **The risk assessment conducted by the reporting person** where practitioners assess the risk of their operations.
9. **Developing risk matrices to evaluate the risk of practitioners is a fundamental step in adopting a comprehensive risk-based supervisory program.** Once the sectoral risk assessment has been completed an analysis of which practitioners are at highest risk must be undertaken. This risk assessment exercise is targeted to the specificities of the accounting sector. Initially information to populate the risk matrices may be unavailable. Statistical questionnaires provide a vehicle to gather important compliance information while also raising awareness amongst reporting entities. Once information is gathered the risk assessment of practitioners can be undertaken. As with all risk assessments the evaluation of risk is continuously informed by publicly available information as well as off-site monitoring and on-site inspections.
10. **The development of an Annual Supervisory Plan is informed by the sectoral and reporting entity risk assessments.** The sectoral and reporting entity risk assessments inform the development of an Annual Supervisory Plan that details where reporting entity assistance and inspection resources will be attributed. Lower-risk practitioners may only be subject to educational opportunities through the reporting entity assistance function and off-site monitoring whereas higher-risk practitioners will see a heightened occurrence of inspections and supervisory activity. The Annual Supervisory Plan outlines the specific awareness as well as off-site monitoring and on-site inspection activities for the year.

11. **The effectiveness of the risk assessment model is evaluated continuously.** Once the risk assessment model has been used to develop the Annual Supervisory Plan, including the designation of inspection activities, an evaluation of the effectiveness of the risk assessment model is undertaken to determine whether the risk assessment tools developed are successful in targeting the highest risk sectors and entities.

D. Reporting Person/Practitioner Assistance

12. **The practitioner assistance function ensures that firms/practitioners are aware of their obligations.** Awareness of obligations is the first step in achieving a high level of compliance from reporting entities. Awareness-raising activities are often a cost-effective supervisory activity requiring less significant resource investments while reaching a much larger population base. The establishment of a practitioner assistance function ensures that resources dedicated to awareness-raising activities are targeted and strategic.

13. **Education tools such as guidance will be developed.** The practitioner assistance function is responsible for developing guidance targeted to practitioners. Prior to publication, the guidance may be subject to consultation to determine the appropriateness of the guidance to the needs of the accounting profession. A component of the Annual Supervisory Plan is dedicated to reporting entity assistance activities detailing what specific education products are required as well as a training delivery schedule identifying what training will be provided to reporting entities on a yearly basis.

14. **A mechanism to ensure consistent policy interpretation should be established between supervisory authorities through the supervisory forum.** This shall involve establishing a coordination mechanism for policy interpretation through the AML/CFT/FoP Supervisory Forum to ensure consistent interpretation between AML/CFT/FoP supervisors.

15. **Consultation with reporting entities contributes to enhanced awareness.** Ongoing consultations with practitioners plays a key role in ensuring that they are aware and understand the importance of complying with obligations. It is also an opportunity to gain a better understanding of industry operations and activities. It also provides practitioners with an opportunity to offer constructive feedback on how to more effectively implement AML/CFT/FoP obligations in their sector.

E. Off-Site and On-Site Monitoring

16. **Off-site monitoring and on-site inspection activities are risk-based.** Once reporting persons are aware of their obligations, inspection activities are undertaken to determine whether obligations are being complied with. Monitoring and inspection activities are focused on medium and high-risk entities that may require additional incentives to comply. As mentioned earlier the inspection plan is developed based on the sectoral and institutional risk assessment. Random inspections are also conducted to provide a baseline for comparison and ensure that completed risk assessments are effective.

17. **Off-site monitoring is an essential component of a risk-based supervisory framework.** Off-site monitoring is the first step in understanding a reporting person's activities and allows the AML/CFT/FoP inspector to make a determination whether an on-site inspection is required. By conducting off-site monitoring the inspector can determine whether the level of compliance is acceptable or whether the conduct of an on-site inspection is warranted. Off-site monitoring is also an important tool to validate and inform the results of both sectoral and institutional risk assessments.
18. **The conduct of on-site inspections is determined by the results of the sectoral and institutional risk assessment as well as the results of the off-site monitoring.** Given the resource investment involved in inspections, ICPAR minimizes number of AML/CFT/FoP inspections conducted at low-risk entities (other than random inspections) and reserves on-site inspections for those entities at greatest risk of ML/FT and non-compliance. The sectoral and reporting person risk assessment also assists in targeting the scope of on-site inspections focusing on those obligations where there is a higher level of risk or non-compliance. If risk assessments are accurate, on-site inspection results for entities with a high risk of non-compliance for example should identify a greater number of deficiencies than for lower medium-risk entities. This is where random inspections play a key role in providing a baseline for comparison where random inspections should result in fewer deficiencies than in high-risk entities. The tracking of inspection results thus becomes extremely important to measure the effectiveness of risk assessment and subsequently corrective action activities.
19. **Inspection policies and procedures are being developed and documented in a Supervisory Manual.** Inspection policies and procedures play an important role in ensuring that inspectors adopt a consistent approach to inspections reducing the possibility that inspection findings will be challenged. Policies and procedures are documented in a Supervisory Manual that is readily available to all inspectors to ensure that this consistency in approach is achieved.
20. **Supervisory policies and procedures will continuously be assessed for further improvement.** In order to ensure that policies and procedures are appropriate to the assessment will be undertaken to identify implementation challenges. This will allow the policies and procedures to be continuously improved. It will also permit differences within the sector to be identified and accommodated.
21. **Off-site monitoring and on-site inspection trends will be identified.** Inspection findings will be tracked to allow for the identification of compliance trends. These trends can inform both risk assessment activities as well as the reporting person assistance function by identifying areas of weakness that would benefit from additional educational attention. As trends are identified strategies to address common deficiencies should be developed.

F. Corrective Action

22. **ICPAR will consider a number of corrective actions when addressing non-compliant behavior.** Following an inspection, the inspector must consider what steps should be undertaken when deficiencies have been identified. A spectrum of corrective actions is in place to address various degrees and severity of non-compliance. These

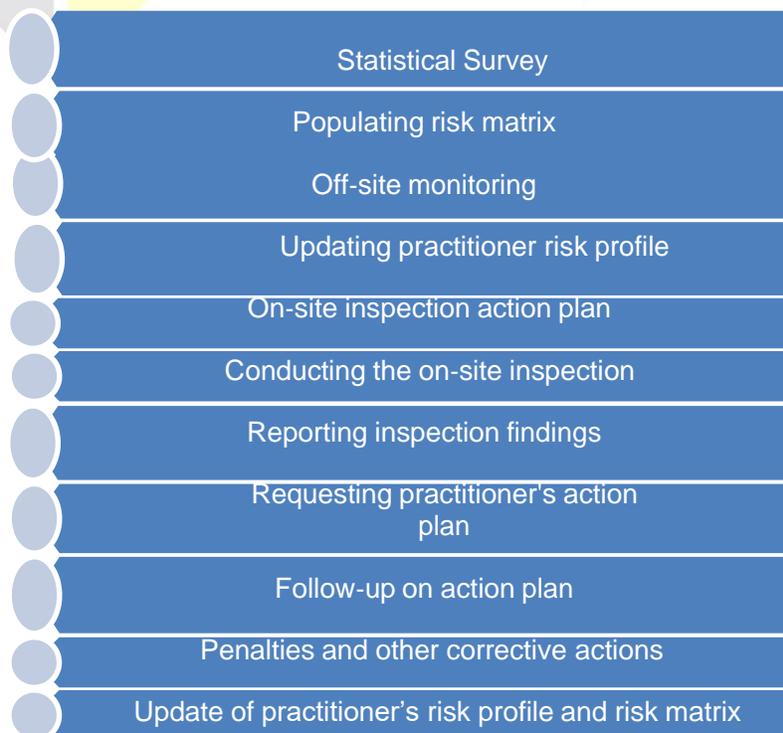
include the requirement to produce a compliance action plan, the ability of the Secretariat to request or direct the correction of deficiencies and the application of sanctions.

23. **Policies and procedures regarding corrective actions.** Consistency in application of corrective actions is crucial particularly with respect to the application of sanctions. The Secretariat may provide further guidance to inspectors with respect to what corrective action is appropriate in what situation, considering the resource implication of each option.

The effectiveness of corrective actions should be evaluated over the medium term. The impact of corrective actions on the compliance behavior of practitioners is a key measure of a supervisory program's effectiveness. The application of the proper corrective action should result in increased compliance with obligations. The tracking of inspection findings and corrective actions as well as the conduct of re-inspections of entities where sanctions have been applied will be essential to determining whether corrective actions activities are effective. This evaluation will be in the medium term. The collection of inspection findings, corrective actions, and re-inspection results will be collected at the initial stages of implementation to provide the necessary data to conduct an effectiveness analysis.

2.1 Supervisory cycle

This supervisory manual describes the activities that ICPAR needs to undertake as part of its risk based supervisory framework. The diagram below outlines the key activities that define the Supervisor's supervisory cycle.



The activities listed above correspond to the risk assessment, inspection and corrective action functions outlined in the supervisory framework outlined in Section 2.1.

The supervisory cycle begins with Practitioners completing a statistical survey that gathers information on the practitioners' activities to identify areas of potential ML/TF/FoP risk (See Appendix 1). The information is entered in the ICPAR risk matrix which calculates the practitioners' ML/TF/FoP (inherent) risk, the practitioners' compliance risk as well as the practitioners' overall residual risk. These activities are described in further detail in Chapter 4 on risk assessment.

Based on the results of the ICPAR risk assessment, the AML/CFT/FoP inspector will identify which practitioners should be subject to off-site monitoring. Focus is placed on those practitioners with higher ML/TF or residual risk. Once a practitioner is selected, the AML/CFT/FoP inspector undertakes off-site monitoring which reviews the practitioner's AML/CFT/FoP policies and procedures, its self-risk assessment as well as its AML/CFT/FoP internal audit or review. Procedures for the off-site monitoring are outlined in Chapter 6 and Appendix 2.

Based on the review of the statistical return and the off-site monitoring, the practitioner's risk profile is updated. The AML/CFT/FoP inspector makes a recommendation on whether the practitioner should be subject to an on-site inspection based on the risks identified in the risk profile. If an on-site inspection proceeds, the AML/CFT/FoP inspector will focus the scope of the inspection on the clients and activities that have been determined as a higher risk for the practitioner. The planning of the on-site inspection including the updating of the practitioner's risk profile and the definition of the inspection action plan are outlined in Chapter 7 and Appendices 3 and 4.

The on-site inspection is conducted based on the scope outlined in the inspection action plan. An on-site inspection checklist is used (Appendix 6) to ascertain the practitioner's compliance with AML/CFT/FoP obligations. A customer due diligence checklist (Appendix 7) is used to ensure that the practitioner is complying with CDD and record keeping requirements. Detailed on-site inspection procedures are outlined in Chapter 8.

Once the on-site inspection is completed the inspector will determine whether deficiencies with AML/CFT/FoP obligations have been identified. The deficiencies identified are communicated to the Practitioners and a findings letter is issued. The reporting of inspection findings is outlined in Chapter 9.

If deficiencies have been identified, the practitioner will be asked to develop and implement an action plan to address the identified deficiencies. Once the action plan is implemented, the inspector will follow-up to ensure that the measures adopted have adequately addressed the identified deficiencies. Chapter 10 outlines the process to address non-compliance. The inspector will also make a recommendation to the Secretariat on whether sanctions, penalties or other enforcement measures should be implemented as outlined in Chapter 11.

At the end of the supervisory cycle, the practitioner's risk profile and the ICPAR risk matrix are updated to inform future supervisory decision making.

2.2 Cooperative approach

ICPAR favors a cooperative, "no surprises" approach to ensuring compliance. Inspector's actions must reflect this approach when conducting inspections.

ICPAR is committed to working constructively with practitioners to make sure they understand their obligations and to help them comply. In addition, ICPAR may periodically provide practitioners with feedback about the adequacy, completeness and timeliness of the information that practitioners report to ICPAR.

When compliance issues are identified, ICPAR should work with the practitioner to find reasonable solutions. If the efforts are still not successful, or the practitioner continues to be in non-compliance, ICPAR may apply/recommend civil or criminal penalties (see Chapter 11).



CHAPTER 3:
PROFESSIONAL SUPERVISORY
EXPECTATIONS OF ICPAR

3.0 PROFESSIONAL SUPERVISORY EXPECTATIONS OF ICPAR

In all their interactions with ICPAR, practitioners should be entitled to all of the following:

- a) Fair treatment — legislative measures are applied fairly and impartially.
- b) Courtesy and consideration — practitioners are treated with courtesy, respect, and consideration.
- c) Privacy and confidentiality — personal, transactional and financial information is protected against unauthorized use or disclosure.
- d) Information — without prejudice to their duties under AML/CFT/FoP law and Regulations, particularly as to training and observance of Guidelines, practitioners are entitled to complete, accurate and clear information about their obligations.

In addition, the AML/CFT/FoP inspectors shall apply all the fundamental principles of the International Code of ethics for Professional Accountants (outlined below) in the course of conducting compliance inspections:

- a) Integrity;
- b) Objectivity;
- c) Professional competence and due care;
- d) Professional behavior and
- e) Confidentiality.

Individual judgment is required in the application of these principles.

3.1 Integrity

The AML/CFT/FoP Inspector have a responsibility to conduct themselves in such a way that their good faith and integrity are not open to question.

The Inspector(s) should:

- a. Perform their work with honesty, diligence and responsibility;
- b. Observe the law and make disclosures expected by the law and the legislative measures;
- c. Not knowingly be a party to any illegal activity or engage in acts that are discreditable to the ICPAR; and
- d. Respect and contribute to the legitimate and ethical objectives of ICPAR.

Integrity is important to establish a practitioner's trust and confidence in the Inspector's judgment.

3.2 Objectivity

AML/CFT/FoP inspectors should exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the elements being examined. The Inspector should make a balanced assessment of all relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The inspectors should:

- a. Not participate in any activity or relationship that impairs or can be seen to impair their unbiased assessment;
- b. Not accept anything that may impair or be presumed to impair their professional judgment; and
- c. Disclose all material facts known to them that, if not disclosed, may distort the reporting of elements under inspection.

3.3 Confidentiality/protection of privacy

AML/CFT/FoP inspectors should respect the value and ownership of information they receive and should not disclose information without appropriate authority unless there is a legal obligation to do so. At all material terms, the inspectors should abide and adhere to the provisions of Law No. 058/2021 of 13 October 2021 Relating to the Protection of Personal Data and Privacy

The inspectors should:

- a. Be prudent in the use and protection of information acquired in the course of their duties in accordance with Article 10 item 2° of Law No. 058/2021 of 13 October 2021 Relating to the Protection of Personal Data and Privacy; and
- b. Ensure adherence to the principles of data processing as stipulated in Article 37 of Law No. 058/2021 of 13 October 2021 Relating to the Protection of Personal Data and Privacy.
- c. Abide by their obligations and duties as laid down in Article 38 of Law No. 058/2021 of 13 October 2021 Relating to the Protection of Personal Data and Privacy.

3.4 Competence

AML/CFT/FoP inspectors should apply the knowledge, skills and experience needed in the performance of inspections.

The inspectors should:

- a. Engage only in those services for which they have the necessary knowledge, skills, and experience;
- b. Perform inspections in accordance with the policies and procedures outlined in this manual; and
- b) Continually improve their proficiency, effectiveness, and quality of their inspection skills.



CHAPTER 4:
RISK ASSESSMENT

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4.0 RISK ASSESSMENT

The risk assessment function is an essential component of the ICPAR's supervisory framework by attributing a risk score to each practitioner.

4.1 Statistical return and supervisory risk matrix

The Statistical Return is sent to practitioners to collect risk information related to the practitioner's activities. The return collects information on the practitioner's activities including information on the practitioner's structure and financial factors; clients; products, services, and transactions; delivery channels, and geographical risk.

This allows ICPAR to evaluate the practitioner's inherent risk (ML/TF/FoP risk). It also integrates the results of previous on-site inspections which assists ICPAR in arriving at a preliminary evaluation of the practitioner's AML/CFT/FoP controls.

The information collected through the Statistical Return is entered in the supervisory risk database (matrix) which ranks practitioners based on their ML/TF/FoP (inherent risk) and compliance (controls) risks which allows ICPAR to ultimately calculate the practitioner's overall risk (residual risk).

4.2 Supervisory strategy and annual inspection plan

ICPAR's Strategy and Annual Inspection Plan is developed based on the results of risk assessment information. The results of the national, sectoral and institutional risk assessments as well as supervisory information will help inform the supervisory strategy which outlines the supervisor's overall activities including outreach and awareness, monitoring and inspections.

The strategy will include an annual monitoring inspection plan. Entities with a higher risk rating will be subject to more frequent inspections. ICPAR's goal is to rely on off-site monitoring for lower risk entities rather than conduct inspections for all entities.

ICPAR uses the information collected through the Statistical Return to rank practitioners based on their ML/TF/FoP (Inherent Risks) and compliance (controls) risks. ICPAR then uses these results to determine the frequency and intensity of AML/CFT/FoP supervision of practitioners on the basis of their understanding of the ML/TF/FoP risks, taking into consideration the characteristics of the practitioners and the ML/TF/FoP risk profile of those practitioners. When assessing the adequacy of the practitioner's AML/CFT/FoP internal controls, policies and procedures, ICPAR exercises a degree of discretion, as allowed under the risk-based approach

The supervisory strategy should also outline the awareness and outreach activities that ICPAR will undertake in the year. These activities should be informed by sectoral and institutional risk where higher risk sectors and entities should be subject to greater exposure to ML/TF training. Also, the awareness strategy should focus on providing tools and training related to common deficiencies in order to assist obliged entities in better implementing their AML/CFT/FOP obligations.

CHAPTER 5:

TYPES OF COMPLIANCE

INSPECTION TOOLS

5.0 TYPES OF COMPLIANCE INSPECTION TOOLS

5.1 Compliance inspection tools

The primary purpose of a compliance inspection is to verify that practitioners are meeting their obligations under AML/CFT/FoP law and regulations and are adequately mitigating ML/TF/FoP risks.

AML/CFT/FoP inspectors shall use the most efficient and appropriate tools and methods to verify compliance. The inspector should first attempt to use the tool that is least disruptive to the practitioner's business operations and least resource-intensive for ICPAR, but which is also the most effective in verifying the practitioner's compliance with its legal obligations.

The compliance inspection is usually an on-site inspection; however, the inspectors are not restricted from using any or all compliance inspection tools at any time if the situation is appropriate.

AML/CFT/FoP inspectors have a wide range of tools and methods to verify compliance. Some tools available are:

- a) The statistical return;
- b) Off-site monitoring; and,
- c) On-site inspection.

Note: ICPAR may receive information from competent authorities and has already a cooperation arrangement with other supervisory authorities to share compliance information.

5.1.1 Statistical return

While this tool is used primarily for risk assessment purposes, it may support the findings of off-site monitoring and on-site inspections. The annual statistical survey can help the Inspector to determine the scope of a particular inspection being considered. The benefits of the statistical survey are:

- a) It covers a large number of practitioners for a small cost;
- b) It is less disruptive to the practitioner's business operations than an on-site inspection, and
- c) It can be informative because of the knowledge that the practitioner has of their own risks and controls.

This collaboration, and the discussions that arise out of it, may allow the AML/CFT/FOP inspector to prepare the most accurate profile of the practitioner's compliance situation as possible (see 7.1 below).

See Appendix 1 for a copy of the statistical return.

5.1.2 Off-site monitoring

During off-site monitoring, the AML/CFT/FoP inspector reviews all information available to him or her (i.e., annual statistical return, risk score, practitioner's policies and procedures, practitioner's risk assessment, internal audit/review etc.) from his or her desk. The inspector may also ask the practitioner to provide specific information electronically or by mail. The results of the off-site monitoring can help inform whether an on-site inspection is warranted, as well as update the practitioner's risk profile.

5.1.3 On-site inspection

The main goal of the on-site inspection is to obtain an overview of a practitioner's compliance, with a focus on whether the controls established by its compliance program effectively mitigate ML/TF/FoP risk. This may be accomplished by conducting interviews and/or asking to be provided with copies of key documents, such as compliance policies and procedures, etc. It may also involve the sampling of records and interviews with employees in various positions at the practitioner's site.

5.1.3.1 Stages of an on-site inspection

An on-site inspection has three stages as follows:

(a) **Planning**

This stage involves creating/revising a practitioner's profile and risk assessment, determining the objectives, scope and methodology of the inspection; and setting out an action plan. (See Chapter 7)

(b) **Conducting the Inspection**

This stage includes work required to verify the effectiveness of the practitioner's compliance program controls in mitigating ML/TF risk by the use of interviews and review of records. (See Chapter 8)

(c) **Reporting the Findings**

This stage includes finalizing the inspection summary report and writing letter(s) to the practitioner concerning the findings, including any recommendations for corrective actions. (See Chapter 9)



CHAPTER 6:

OFF-SITE MONITORING



6.0 OFF-SITE MONITORING

Off-site monitoring is comprised primarily of assessing key documents that provide an overview of the practitioner's operations, ML/TF risk, and level of compliance with AML/CFT/FoP obligations.

6.1 Assessment of key documents

6.1.1 Statistical return

While the statistical returns are used primarily for compliance risk assessment purposes, they may contribute to the findings of off-site monitoring. Information gathered within the statistical return will help confirm areas where additional oversight may be needed. In instances where non-compliance has already been identified by the AML/CFT/FoP inspector it can help focus remedial activity sometimes avoiding the need to go on-site if areas of deficiency have already been clearly identified by the practitioner. In instances where an on-site inspection has been deemed necessary, the statistical return can also help the Inspector determine the scope and focus of a particular on-site inspection.

6.1.2 Policies and procedures and risk assessment

The policies and procedures and risk assessment completed by a practitioner provide key information with respect to the practitioner's understanding of its AML/AFT obligations, the adequacy of its policies and procedures, and whether risks identified are adequately mitigated. The template for the off-site monitoring checklist (Appendix 2) and the on-site inspection checklist (Appendix 6) outlines in detail what elements should be covered in both policies and procedures and risk assessments.

6.1.3 Internal audit/review

The mandated internal audit/review that is required to be conducted by the practitioner provides important insight as to the vulnerabilities in the practitioner's compliance program. If properly conducted it can provide a good roadmap to what areas should be the focus of upcoming compliance activities. The template for the off-site monitoring checklist (Appendix 2) and the on-site inspection checklist (Appendix 6) outlines in detail what elements should be covered in the internal audit/review.

Combined with the development of the practitioner's risk profile (see Chapter 7.1.1) this evaluation of key documents should help determine a tailored supervisory strategy for each practitioner. Appendix 3 provides a template for inputting the practitioner's risk profile and the assessment of the Statistical Return, policies and procedures, risk assessment, and internal audit requirements ultimately resulting in a risk assessment and compliance recommendation for the practitioner.

Once the off-site monitoring has been completed a compliance recommendation is made to determine whether an on-site inspection is required. If it is determined that through the review of key documents the practitioner is found to be compliant with its policies and procedures, risk assessment and internal audit obligations these findings should be reflected in the compliance recommendation section of the practitioner's Risk Profile. The inspector shall communicate these findings to the practitioner. If deficiencies are identified, an on-site inspection shall be conducted.



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CHAPTER 7:

**PLANNING THE ON-SITE
INSPECTION**

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7.0 PLANNING THE ON-SITE INSPECTION

After a particular practitioner has been selected, planning the inspection includes:

- a) Creating/updating the practitioner profile (7.1);
- b) Assessing the practitioner's risk (7.2), and
- c) Completing a detailed action plan (7.3 below).

7.1 Create/update practitioner profile

The practitioner profile provides general information about the practitioner and summarizes any issues associated with non-compliance. To evaluate a practitioner's compliance, the AML/CFT/FoP inspector first must develop a sufficient understanding of the practitioner and associated risks.

The inspector must then carefully document the practitioner profile, since it helps him or her to determine the inspection's objectives and scope.

7.1.1 Contents of practitioner profile

The practitioner profile for a practitioner can be adapted as appropriate. The following list suggests various possibilities for the contents:

- a) Practitioner's structure, ownership, direction and control (organization chart);
- b) Number of branches, if applicable;
- c) Business lines and key activities (types of operations, products and services);
- d) Size of assets, if known;
- e) Results of statistical return (appendix 1);
- f) Total value and number of transactions conducted by practitioner;
- g) Outstanding compliance issues (if any);
- h) Practitioner's annual report, if available;
- i) Contact information for practitioner (including contact information for the practitioner's compliance officer);
- j) Summary of outreach activities attended by the practitioner;
- k) Number suspicious transaction reports submitted (i.e. STR);
- l) Any potential safety risks to the inspector associated with on-site visits to the practitioner;
- m) Identification if practitioner is located in a dwelling-house;

The level of detail will depend on the complexity and size of the firm. If a firm is quite small, a one-page profile may be adequate, while a large firm, with a number of locations and global business operations, will require a more extensive profile. The amount of detail will also depend on the availability of preliminary information.

Moreover, a practitioner's risk profile will evolve as an inspection progresses. In addition to refining the profile at the planning phase, the practitioner profile must be updated as part of the procedures for reporting findings (see 7.2 below).

7.1.2 Other sources of information

Other sources of information that can contribute to creating or revising a practitioner's profile include:

- a) The practitioner's website;
- b) Records of practitioner interactions with the ICPAR from any contact centralized information management system, if applicable.
- c) Telephone directories/internet information;
- d) Databases inside and outside ICPAR; and
- e) Findings and follow-up to recommended actions from a previous inspection.

7.2 Practitioner risk assessment

ICPAR's risk assessment of practitioners consists of identifying and quantifying the risks of ML/TF/FoP and non-compliance that relate to a specific practitioner. Risk assessments of all practitioners is conducted and located in a Risk Assessment Database. Quantifying risk at the practitioner level makes it possible to focus on the areas of most serious risk.

Both sectoral and the institutional risk assessments will evolve based on the results of inspections. ICPAR's institutional risk assessment must be updated as part of the procedures for reporting findings (see 9.3 below).

7.3 Inspection objectives, scope and action plan

The Inspector develops an inspection action plan (subject to approvals), based on the practitioner profile and risk assessment above.

Along with the suggested scope, the action plan outlines specific objectives, tasks or other requirements within the scope that have been determined for the inspection. These include:

- a) Identifying which of the Inspector will conduct the inspection;
- b) Arranging any special assistance required; and
- c) Outlining detailed steps in the process, including timelines and budgets. The action plan sets out exactly what has to be examined and specifies the methodology that will be used (e.g., sampling of records, interviews, etc.).

Some elements of the action plan may be shared with the practitioner to show the practitioner what is involved and to discuss how best to avoid disrupting business, without providing certain details (such as the budget, etc.)

7.3.1 Scope and objectives of the inspection

The first step in developing an action plan is to determine the scope and objectives of the inspection based on the practitioner's profile and risk assessment. Risk management strategies must be applied to ensure that the scope and objectives cover the most serious risks for a particular practitioner.

The Inspector assigned to the inspection should complete the form called *Compliance Inspection Objectives, Scope and Action Plan* (see Appendix 4). It documents the grounds for selecting the practitioner for inspection (i.e., whether this is a random or risk-assessed selection). It also includes the period covered by the inspection.

As described in 7.1 above, an inspection begins with the general component, which looks at a practitioner's compliance program, including each of its reporting, record keeping and client identification controls. It then proceeds to a more detailed and in-depth review focusing on one or more of the above-mentioned elements.

A sample of the form is included in Appendix 4.

7.3.2 Inspection team and special assistance

The Chairperson of the Commission for inspection has responsibility over the conduct of all inspections. (S)he assigns AML/CFT/FoP inspectors to conduct the on-site inspection, on the basis of their knowledge, skills and experience. The expertise required to conduct an inspection will vary depending on the scope and objectives of the inspection, time pressures, and availability of financial and human resources.

If additional specialized skills or knowledge are required to gain a better understanding of a practitioner or to interpret inspection findings, the team could be supplemented by bringing in specialists from outside ICPAR.

7.3.3 Methodology

Methodology refers to how the inspection team will go about the collection, analysis, interpretation, and documentation of information. These method(s) will be expanded upon in the work plan (see 7.3.4 below).

The practitioner risk assessment (7.2 above) must be considered in developing the methodology.

The methodology could simply state that standard inspection procedures (as explained in this manual) will be used or it could be more specific. Whatever the method(s) chosen, it should be clearly documented and specified in the action plan.

The judicious use of analytical methods can result in useful conclusions while minimizing the need for intensive corroboration. For example, ICPAR could compare the level of operations reported by a practitioner with results from other practitioners in the same sector to determine whether the operations reported over a given period appear reasonable. Other examples include multi-year trend analysis, which compares reports by the same practitioner from two different periods to focus on any variances, and comparative analysis of the number of reports filed by different branches of the same practitioner.

7.3.4 Work plan

This part of the action plan specifies in detail which of the practitioner's policies and procedures will be analyzed and what records will be consulted, in accordance with the scope and objectives established for the inspection.

Work plans usually entail researching the practitioner's compliance program. More detailed inspections will also require testing compliance mechanisms and controls to make sure they work as intended and, depending on the scope of the inspection, examining the practitioner's records to ensure the effectiveness of the following:

- a) Identifying and reporting suspicious transactions;
- b) Record keeping
- c) Client identification;
- d) On-going monitoring;
- e) Enhanced due diligence including politically exposed persons;
- f) Sanctions monitoring
- g) Risk assessment; and
- h) Compliance program.

7.3.5 Safety considerations

ICPAR is committed to providing a safe working environment for its employees. It is important to identify any risks to personal safety associated with a particular inspection during the planning process. If at any time during the inspection, the inspectors feel that their personal safety is at risk, they are encouraged to cease the inspection, contact the Chairperson of the Commission for inspection and return to the office or another secure location immediately.



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CHAPTER 8:
CONDUCTING THE INSPECTION

8.0 CONDUCTING THE INSPECTION

The action plan (7.3 above) guides the execution of the inspection.

Although the Commissioners for inspection may use different tools to verify compliance, only the tools that have been determined at the planning stage should be used at this point.

The inspector must ensure that the action plan remains relevant. Identification of new risks may oblige the ICPAR to revisit the objectives and scope of the inspection.

8.1 Importance of regular communication with the practitioner

It is important to establish and maintain effective communication with the practitioner's Compliance Officer and partners throughout the entire inspection process. Regular communication helps to ensure the practitioner's active participation and collaboration in the inspection process and to validate the information gathered during the inspection.

Direct discussions prevent misunderstandings or misinterpretations: they give the practitioner the opportunity to clear up certain points, explain the reasons for or context of decisions, and express their opinions about findings. They also help the practitioner to identify the root cause of any weaknesses that are observed and propose workable remedies.

8.1.1 Notification of inspection

Initial communication with a practitioner about the inspection should be with the practitioner and the Compliance Officer. The goal is to establish a good relationship with the practitioner and to secure the practitioner's cooperation in permitting access to all information required.

The amount of notice given to a practitioner may vary. As far as possible, it is prudent to avoid any surprises concerning arrival of an inspection team at the practitioner's site. Fourteen days' advance notice should ensure, among other things, that the practitioner's compliance officer and other required personnel are available.

Generally, a telephone conversation should occur first, with a follow-up letter to confirm details.

The initial message to the practitioner will specify the following:

- a. The practitioner's obligations in accordance with AML/CFT/FoP law;
- b. ICPAR's mandate to provide assistance to the practitioner and to ensure compliance;
- c. A general description of the scope of the inspection and the elements to be examined (if the inspection will concern mainly the implementation of the compliance program, explain that a more detailed inspection could follow);
- d. The period covered by the inspection and proposed dates of on-site work; and

- e. The records to be ready for the inspection (the message may refer to the specific section of AML/CFT/FOP law which requires a practitioner to produce their records for inspection).

Where appropriate, propose an introductory meeting to interview the practitioner and/or Compliance Officer or other individuals.

In closing, express gratitude for the practitioner's cooperation and availability.

The Commissioner for inspection should make an effort to identify the total value and number of transactions conducted by the practitioner over a year, using any and all available data sources.

Such information will allow for a more specific idea of the number of transaction records to be sampled during the inspection. Reference should likewise be made to the ICPAR database for such type of information and for sectoral comparative analysis.

See Appendix 5 for a sample of the follow-up letter to notify a practitioner of the inspection.

8.1.2 Discussions during the inspection

Discussions pertaining to the inspection among the Commissioners of inspection should take place at a location that assures confidentiality. However, this may be outside the Commission's control in the case of discussions with the practitioner at the practitioner's premises.

The Commissioner for inspection conducting the inspection must follow the need-to-know principle and respect restrictions on sharing of information with anyone.

8.1.3 Initial meeting

Upon arrival at the practitioner's premises, the Commissioner for inspection will meet with the practitioner. Depending on the size of the firm, this generally includes the Managing Partner and the practitioner's Compliance Officer. The goal of this meeting is to summarize the approach that will be taken by outlining the scope of the inspection and how it will be conducted, and to make sure the practitioner understands why the team is there and what it will be looking at.

Other topics could include asking if there are any changes to the practitioner profile because of the following:

- a) Changes in control, partnership or management;
- b) Changes in organizational structure or business strategies; and
- c) New products just introduced or about to be introduced.

The Commissioner for inspection will request an organization chart, unless one is already on file, along with a list of persons in charge of various departments and branches that will be involved in the inspection and any other key individuals recommended by the practitioner's senior management. This is a very important step to help guide the team if they encounter any problems.

Other administrative matters might include:

- a) The need for equipment (e.g., photocopier) or other support;
- b) The importance of cooperation during the inspection, in that the practitioner responds to requests for information and documents, and the team does not interfere with the practitioner's business operations; and
- c) Availability of the practitioner's main contact to answer questions from the ICPAR about the information requested or about compliance matters generally.

8.1.4 Interviews

Interviews with the people who are actually performing or managing the work can be a very effective way of gathering information on a practitioner's compliance program.

8.2 On-Site inspection checklist

An On-Site Inspection Checklist (see Appendix 6) has been created to assist the Commissioner for inspection to systematically evaluate the elements of a practitioner's compliance program, namely:

- a. Compliance Officer;
- b. Compliance Policies and Procedures;
- c. Risk Assessment;
- d. Review of Compliance Policies and Procedures; and
- e. Ongoing Compliance Training.

The Commissioner should conduct interviews and review documents following the checklist and is encouraged to add additional questions specific to the practitioner. Any review of policies and procedures should identify whether they refer to whether an individual or practitioner is conducting a transaction on behalf of a third party.

It is expected that a more general inspection will include limited review and sampling of records. A more detailed inspection will include in-depth review of a larger sample of records.

8.3 Record keeping obligations

Compliance inspections must verify whether a practitioner meets its record keeping obligations under the AML/CFT/FoP law.

For practical reasons, the various record keeping requirements cannot all be discussed in this manual. Please refer to the record keeping and client identification obligations and to the *On-Site Inspection Checklist* (Appendix 6) and the *Customer Due Diligence Checklist* (Appendix 7), designed for conducting a systematic inspection of record keeping and client identification.

8.4 Client identification obligations

Compliance inspections must also verify whether a practitioner meets its client identification obligations under AML/CFT/FoP law. Please refer to the specific requirements for client identification as per the respective legislative measures.

Example: Identification of Individuals

Inspections should determine if a practitioner has met its client identification obligations by retaining records to prove that it referred to one of the following to identify an individual:

- Birth certificate, driver's licence, passport or other similar official record issued by the Rwanda government.

If the individual was not physically present when the account was opened, records should show:

- a) That the customer's identity is established by additional documents, data or information;
- b) That supplementary measures to verify or certify the document supplied are taken;
- c) or That the customer shall move with certified documents at the earliest opportune time while coming to the Practitioner's premises
- d) That confirmatory certification by an AML/CFT/FOP regulated financial institution (or equivalent institution) which is subject to equivalent Regulations is obtained;

8.5 Record sampling

During the inspection, the inspection team will conduct non-statistical sampling of records. Although non-statistical sampling is not considered to be 100 percent scientifically valid for all purposes, it is considered acceptable for assessing compliance and is used by many other organizations that have an inspection mandate.

The inspectors should select samples using their judgment according to the level of risk of ML/TF and non-compliance identified during off-site monitoring and identified in the Inspection Action Plan (Appendix 4). In addition to the high-risk areas identified during the off-site monitoring a portion of the records examined should be chosen through random sampling.

Depending on the volume of transactions of the practitioner, the inspectors will sample test files selected both for the ML/TF/FoP risk as well as at random. The number of files sampled will be determined by the number of transactions/activities conducted as well as the supervisory resources available.

It is important to ensure that the records sampled are subject to AML/CFT/FoP obligations. In other words, the inspector has to make a distinction between those activities/transactions that are covered by the AML/CFT/FoP Legislation obligations and those that are not.

Specifically, the requirements of FATF Recommendation 22 applies to practitioners when they prepare for or carry out transactions for their clients concerning the following activities:

- a) Buying and selling of real estate;
- b) Managing of client money, securities or other assets;

- c) Management of bank, savings or securities accounts;
- d) Organization of contributions for the creation, operation or management of Companies, and
- e) Creating, operating or management of legal persons or arrangements, and buying and selling of business entities.

The Inspector may extend the sample size under both situations (activities/transactions that are covered by the AML/CFT/FoP legislative obligations and those that are not) if he/she believes it appropriate to do so.

Note: Due to the small number of transactions conducted by some Practitioners it may be possible that all transactions will be subject to inspection.

8.6 Documenting the inspection

Preferably, the working papers should be prepared on a computer (any work done on the practitioner's premises should be copied and stored electronically in the appropriate database at ICPAR as soon as possible). If gathering information electronically, the inspector should ensure that the device used is an official device issued by ICPAR and are not a personal device.

The inspection file must contain all important information about the inspection team's work. Record all relevant information — not just findings — that explains how the Inspector arrived at the conclusions and recommendations, but it must avoid superfluous details.

The inspection file should be kept meticulously throughout the inspection and be well organized so that it is easy to consult, both during and after the inspection. Working papers should be cross-referenced to the action plan.

Following the inspection, the inspection file must include such documents as the practitioner's policies and procedures, risk assessment, the inspection's action plan, the On-Site Inspection Checklist, etc. Each section and subsection should be numbered.

The inspection file should show that the inspection's objectives have been met and procedures followed, as indicated in the action plan. Any deviation from the action plan should be explained.

All documents that can be used to reach a conclusion as to whether the practitioner is complying must be included in the file. Findings should also be indicated and cross-referenced to the appropriate working papers.

The following sections may comprise the inspection file:

- a) Risk assessment;
- b) Notice to the practitioner;
- c) Planning (including scheduling, interviews and all relevant documentation);
- d) Additions to the practitioner profile, including statistical return;
- e) Action plan;
- f) Procedures followed, and analysis performed, information obtained, working documents and conclusions drawn;
- g) Interview notes;
- h) Summary of all discussions with the practitioner's compliance officer or senior management, including any discussions with the practitioner regarding observations or recommendations;

- i) Documents obtained from the practitioner, if any;
- j) Findings/recommendations of the inspection;
- k) Action plan to follow up on recommendations/ deficiencies; and
- l) Any other related correspondence with the practitioner.



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CHAPTER 9:
REPORTING
THE INSPECTION FINDINGS

9.0 REPORTING THE INSPECTION FINDINGS

After the inspection is completed, the Inspector will complete the Compliance Inspection Summary Report (Appendix 8). The report should include the findings of the inspection and a proposed timeline for the practitioner to complete corrective actions.

9.1 Compliance inspection summary report

As mentioned above, each inspection file must be well organized and clearly show the work that was done to substantiate the findings. The written report must record stages involved in completing the inspection, comments, cross-references to working papers, test results, conclusions about areas of vulnerability and non-compliance detected by the inspection, and recommendations.

The report (see Appendix 8) summarizes the entire inspection process and gives a clear picture of the extent to which the practitioner has/has not met their obligations in order to comply with AML/CFT/FoP law.

The inspector may suggest solutions to any issues identified as described in 9.1.2 below. The practitioner's compliance officer is required to produce a corrective action plan to address deficiencies (if any) as described in 9.1.3 below.

9.1.1 Approval of inspection findings

The results of all inspection findings must be approved by the inspector and the Chairperson of the Commission for inspection.

9.1.2 Communication with practitioner about findings

ICPAR will summarize the inspection findings in a letter to the practitioner. This letter will, at a minimum, outline:

- a. The elements that were the subject of the inspection;
- b. Specific deficiencies with reference to the legislative requirements;
- c. The evaluation of these elements (to determine compliance or non-compliance), and
- d. Concrete, customized recommendations.

The findings should be communicated verbally with the practitioner, Compliance Officer and other individuals concerned before a letter is formally sent. This gives the practitioner an opportunity to validate or dispute the findings and forms the basis for discussing differences of opinion at a meeting which takes place at the conclusion of the on-site portion of the inspection. If applicable, new findings and information will be set out in a second draft of the letter. The final draft must be scrutinized and approved by the inspector and the Chairperson of the Commission for inspection.

The letter must be such that the practitioner can clearly understand the findings, while encouraging compliance. See sample letters in (Appendix 9 & 10).

9.1.3 Practitioner's corrective action plan

After the findings are communicated to a practitioner identifying the corrective actions required, the practitioner is asked to correct the identified deficiencies.

If a practitioner requires more time to complete corrective actions, extensions may be granted in accordance with the following guidelines:

- a) The extended time should not exceed the original timeline by more than half (for example, if the original time to complete the corrective action is 30 days, the extension cannot exceed 15 days).
- b) If further extensions are required, the same principle applies (in the example above, a further extension should not exceed seven days, the next three days and then one day).
- c) If an action plan has not been received in a timely fashion, the inspector will send the practitioner's compliance officer a reminder letter, with a copy to senior management, encouraging the practitioner to rectify the problem and informing the practitioner that non-compliance could lead to appropriate sanctions.

Note: The above timelines may be adjusted if appropriate.

9.1.4 Follow-up and closure

The practitioner should confirm in writing that the deficiencies have been addressed as well as how they have been addressed. This correspondence must be included in the inspection file for follow-up by the inspector responsible for the file. This inspector is responsible for ensuring reasonable and timely follow-up and must report regularly to the Chairperson of the Commission for inspection concerning progress.

See Appendix 11 for a sample letter for responding to the practitioner's corrective active plan. The Inspector will confirm that all follow-up actions have been completed.

9.1.5 Dealing with practitioners that do not address deficiencies

If an action plan is received that does not adequately address the deficiencies identified in the findings letter, ICPAR will contact the practitioner's compliance officer verbally, and in writing, to encourage the practitioner to provide a new action plan to rectify the deficiencies in a timely manner. Written correspondence should be sent to the practitioner, with a copy to the practitioner's compliance officer. The letter should clearly indicate that the practitioner is in non-compliance with the specified legislative measures.

If the practitioner submits a second inadequate action plan, the practitioner should be clearly informed verbally, and in writing, that failure to adequately address these deficiencies promptly may result in penalties. Written correspondence to the practitioner could indicate that the penalties for non-compliance with the respective legislative measures include significant sanctions, fines and jail terms.

However, as discussed throughout this supervisory manual, the penalty that the Governing Council eventually administers should be risk-based. A first-time offender shall not be punished with the same gravity as a serial offender. Guidance to sanctioning is provided in Chapter 11 of this supervisory manual.

9.1.6 Reconsideration of inspection results

Any Practitioner that is the subject of ICPAR's inspection has the right to request that the results of the inspection be reconsidered. The practitioner should first be encouraged to identify its concerns to the inspector. If the concerns cannot be addressed, then the practitioner should be advised that he/she has the right to make a formal request in writing to the Governing Council on notice (as discussed in chapter 11).

9.2 Update practitioner's profile

At various stages throughout the inspection process, the practitioner's profile may require updating to incorporate additional information obtained from the practitioner.

In some cases, updating the practitioner profile may only involve a description of the practitioner's operations in terms of inputs, activities, tools, outputs, stakeholders, systems, etc. Depending on the scope and objectives of the inspection, as well as on risks and potential impacts, major activities may need to be analyzed in greater detail.

Information may be obtained from an interview with the practitioner's Compliance Officer. It may also be appropriate to collect intelligence from external sources in order to understand such factors as the economic and technological environment in which the practitioner does business and trends most likely to affect the practitioner in the short term.

9.3 Update risk assessment

On the basis of the inspection findings, the inspector should perform another risk assessment to consider any new facts or knowledge that affect the risk posed by the practitioner.

**CHAPTER 10:
ADDRESSING
NON- COMPLIANCE**

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10.0 ADDRESSING NON-COMPLIANCE

Based on submissions from the inspectors, disciplinary committee may determine the most appropriate response to non-compliance and coordinate interventions with practitioners. Non-compliance issues could be identified by, among others, the following ways:

- a) Identified by voluntary information on non-compliance received; or
- b) Identified as a result of the compliance inspection.

If non-compliance is detected during an inspection, the inspection team will take the following steps:

- a) Define the areas of possible non-compliance.
- b) Retain copies of records in support of the determination of non-compliance; and
- c) Discuss the findings with the Inspector.

If areas of vulnerability or breaches of compliance are detected, the inspection team will make recommendations to help the practitioner meet its obligations.

10.1 Non-compliance with legislative measures

Non-compliance with AML/CFT/FoP law and any other relevant legislative measures should be identified in an inspection findings letter. Completed forms must be submitted by the inspector for review.

Non-compliance with the requirements of the legislative measures, refers to any of the elements of the compliance program (see 1.4.2 and 8.3 above) or to reporting, client identification, and record-keeping. Alternatively, a control that looked good on paper may have been found to be ineffective upon testing.

In these instances, the Inspector will help the practitioner to pinpoint areas that need improvement and to determine actions that reduce the practitioner's risk of becoming the target of money laundering or terrorist financing schemes.

The inspector will consider with the practitioner the most appropriate response to non-compliance. The goal is to choose the most effective and efficient way to address the situation, and at the same time achieve lasting compliance.

All instances of non-compliance should result in the identified deficiencies being addressed in the findings letter. The practitioner should provide an attestation that the non-compliance has been addressed within a 21 to 28-day timeframe. The timeline for addressing the deficiency should be agreed upon between the Inspector and the practitioner.

The practitioner may request an extension of the established timeline which can be considered by the inspector on a case by case basis.

The inspector will also inform the disciplinary committee of the non-compliance so that it advises the Governing Council on whether civil penalties or criminal prosecution for non-compliance with the legislative measures should be applied. See Chapter 11 on criteria to help make this determination.

If the inspector identifies the potential need to revise a legislative requirement, this should also be documented.



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CHAPTER 11:
SANCTIONS, PENALTIES
AND CRIMINAL PROSECUTIONS

11.0 SANCTIONS, PENALTIES AND CRIMINAL PROSECUTIONS

FATF Recommendations require supervisors to have a sufficient range of sanctions available that can be applied proportionately to greater or lesser breaches of supervisory requirements. This range should extend from taking informal remedial actions to taking formal supervisory actions. Sanctions applied in practice should address the specific deficiencies identified, effective at ensuring future compliance by the sanctioned practitioner, and be dissuasive of noncompliance by others.

ICPAR's remedial actions should seek not only to correct weaknesses in processes, procedures, systems or controls within the accountancy sector but also to influence and foster a corporate culture that contributes to effective risk management and compliance with national laws.

ICPAR's remedial measures should be proportionate to the severity of the deficiency identified. They may include action plans and timelines, and supervisory follow-up to ensure that the required measures are effectively implemented. These plans, timelines, and follow up may include sufficient detail in terms of required action, deadlines, and the nature of supervisory follow-up.

Having detected non-compliance, the Governing Council shall make final determination whether sanctions, penalties or criminal prosecutions will be pursued basing on the Secretariat's finite proposition. It does so on the basis of report made by the Commission for Inspection, under the law governing ICPAR.

11.1 Power to enforce compliance.

Article 26 item 1° of the AML/CFT/FoP law is to the effect that ensuring compliance with the provisions of the AML/CFT/FOP law by practitioners, tax advisors shall be the responsibility of ICPAR.

Thus, ICPAR has a duty to ensure that all practitioners abide by the AML/CFT/FoP law. This could be through offering guidance, trainings, and outreaches among others. In the event of non-compliance, ICPAR has a duty to determine an administrative sanction under Article 26 item 2° of the AML/CFT/FoP law.

The inspector shall forward the non-compliant firms to the disciplinary committee who shall make a recommendation as to the appropriate sanction to address the non-compliance.

11.2 Beneficial ownership sanctioning

FATF Recommendation 24:

Countries should take measures to prevent misuse of legal persons and ensure adequate, accurate and timely Beneficial Ownership (BO) information.

FATF Recommendation 25:

Countries should take measures to prevent misuse of legal arrangements and ensure adequate, accurate and timely BO information.

It is trite that practitioners are reporting persons and thus must establish and maintain written procedures that are reasonably designed to identify and verify beneficial owner(s) of legal persons and to include such procedures in their anti-money laundering compliance program. Therefore, practitioners must collect and verify information from all significant owners of legal entities and their accounts. They must collect all of this information when commencing a business relationship with a legal person.

FATF defines a Beneficial owner as the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those natural persons who exercise ultimate effective control over a legal person or arrangement. It can thus be said that Beneficial ownership is two pronged, control and ownership.

Under the control prong, the beneficial owner is a single individual with significant responsibility to control, manage or direct a legal person. This includes an executive officer or senior manager (Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, President), or any other individual who regularly performs similar functions. One beneficial owner must be identified under the control prong for each legal person.

Under the ownership prong, a beneficial owner is each individual, if any, who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25 percent of the legal person's equity interest or as the relevant authority may determine from time to time of the equity interests of a legal person. If a trust, the beneficial owner is the trustee.

At the most basic level of compliance with the Beneficial Ownership Rule, practitioners must identify, verify, and maintain the following information of all beneficial owners:

- Full names.
- Residential address, business, postal and/or email address.
- Nationality.
- Date of birth.
- National ID/Tax identification number.
- Date on which the individual became a beneficial owner.
- Nature and extent of ownership interest held in the company.
- Nature and extent of control exercised over the company.
- Date of cessation as a beneficial owner.
- In respect of a class of beneficial owners, information sufficient to identify and describe the class of individuals who are beneficial owners.

A practitioner found without a register of Beneficial Ownership at inspection, shall be subject to sanctioning. The Governing Council shall discretionally sanction the defaulting Practitioner of the Institute (on recommendation from the disciplinary committee) based on the circumstances of each case. The sanction shall be more severe for a repetitive or serial offender compared to a first-time offender.

11.3 Determining whether a sanction is warranted.

The following factors are considered when making this recommendation:

- Nature of the failure, violation, or contravention (whether inadvertent, willful, or the product of negligence);
- Length of time in which the failure, violation, or contravention continued.
- Prior compliance history of the practitioner (all types of compliance considered);
- Prior compliance history with regard to this type of failure, violation, or contravention.
- Whether sanctions against the practitioner have previously been issued regarding this type of failure, violation, or contravention.
- Disciplinary action taken against persons found to have committed the failure, violation, or contravention.
- Nature of corrective action, if any, taken against the practitioner that committed the failure, violation, or contravention.
- Economic impact of the sanction to the person(s) or practitioner that committed the failure, violation, or contravention; and
- Existence of concealment, fraud, and/or intentional falsification.

Where appropriate, ICPAR may recommend that civil penalty or criminal prosecution be pursued by FIC.

In determining the amount of the sanctions to apply, the disciplinary committee, and the Governing Council may use the following grid:

Deficiencies	Fine
Failure to conduct risk assessment (Article 8 item 1°)	Small firms- Not exceeding FRW 300,000 Medium firms- Not exceeding FRW 600,000. Big firms- Not exceeding FRW 1,200,000
Failure to conduct training (Article 8 item 2°(c))	Small firms- Not exceeding FRW 300,000 Medium firms- Not exceeding FRW 600,000. Big firms- Not exceeding FRW 1,200,000
Failure to appoint a Money Laundering Reporting Officer (Article 8 item 2°)	Small firms- Not exceeding FRW 300,000 Medium firms- Not exceeding FRW 600,000. Big firms- Not exceeding FRW 1,200,000
Failure to conduct independent audit	Small firms- Not exceeding FRW 300,000 Medium firms- Not exceeding FRW 600,000. Big firms- Not exceeding FRW 1,200,000
Failure to apply CDD measures (Article 9 & 10)	Small firms- Not exceeding FRW 300,000 Medium firms- Not exceeding FRW 600,000. Big firms- Not exceeding FRW 1,200,000
Failure to maintain a beneficial ownership register	Small firms- Not exceeding FRW 300,000 Medium firms- Not exceeding FRW 600,000. Big firms- Not exceeding FRW 1,200,000
Failure to maintain records	Small firms- Not exceeding FRW 300,000 Medium firms- Not exceeding FRW 600,000. Big firms- Not exceeding FRW 1,200,000

The disciplinary committee shall make a finite proposal of the possible sanction to be imposed on a defaulting practitioner to the Governing Council to allow it make a final determination as to the applicable sanction using the criteria listed above keeping in mind that the sanction should be effective, proportionate and dissuasive.

11.4 Areas where Practitioners may be found with inadequate measures in place.

In instances where a Practitioner has AML/CFT/FoP controls in place but are inadequate, ICPAR shall have a duty to assist the firms in realizing the satisfactory level of compliance by applying the following remedies.

Inadequate measures/controls	Remedy
Inadequate risk assessment (Article 8 item 1°)	Attend mandatory training organized or recommended by ICPAR and replicate the knowledge into conducting the risk assessment afresh
Compliance officer does not meet the prescribed requirements (Article 8 item 2° (b))	Advise on who qualifies based on the firm
Training program is not appropriate (Article 8 item 2°(c))	Attend mandatory training organized or recommended by ICPAR and replicate at the individual firm
Partial keeping of records relating to all transactions, suspicious transactions, findings of analysis and examination of transactions, as well as account books, and business correspondence (Article 20)	Attend mandatory training organized or recommended by ICPAR
Inadequate ongoing monitoring (Article 9)	Attend mandatory training organized or recommended by ICPAR
Inadequate CDD measures	Attend mandatory training organized or recommended by ICPAR

11.5 Non-monetary sanctions

The disciplinary committee, and the Governing Council shall consider a wide range of non-monetary or financial sanctions when penalizing the defaulting Practitioners. These shall include.

- i. Suspension from the institute for a finite period.
- ii. Written warning.
- iii. Removal from the practitioners' list

11.6 Issuing a warning notice.

Where the disciplinary committee proposes to impose a sanction, it may give the practitioner notice (a "notice") of—

- (a) its proposal to impose the penalty and the proposed amount.
- (b) the reasons for imposing the penalty; and
- (c) the right to make representations to the Governing Council within a specified period.

11.7 Issuing a decision notice.

After considering any representations made by the practitioner, the Governing Council shall decide whether or not to impose the sanction.

The Governing Council may give the practitioner notice (a “decision notice”) of—

- (a) its decision not to impose a sanction; or
- (b) its decision to impose a sanction/penalty/fine and—
 - i. the amount of the penalty.
 - ii. the reasons for its decision; and
 - iii. the right to appeal under the relevant Rwanda Law.

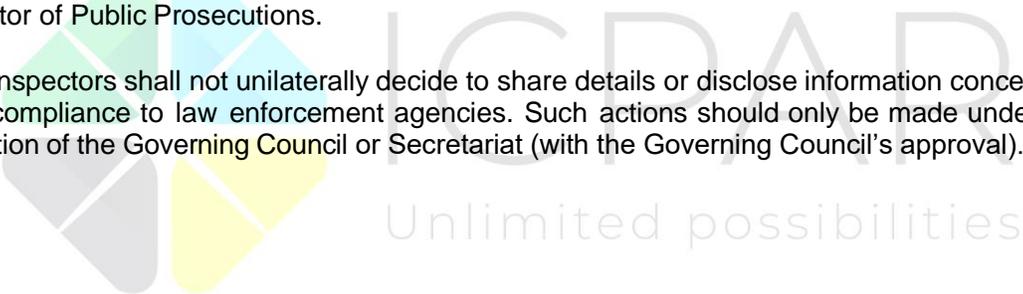
11.8 Publishing the issuance of a sanction.

ICPAR may publish a decision to impose a sanction on a practitioner in such manner as it considers appropriate. The purpose of the publication shall be to inform the general public of the existing sanctions and to deter other practitioners from non-compliance.

11.9 Criminal prosecutions

In instances where a practitioner appears to have committed any of the criminal offences contemplated by the AML/CFT/FoP law, ICPAR shall refer the matter to FIC and/or the Director of Public Prosecutions.

The inspectors shall not unilaterally decide to share details or disclose information concerning non-compliance to law enforcement agencies. Such actions should only be made under the direction of the Governing Council or Secretariat (with the Governing Council’s approval).



Telephone contact, postal address and email address
 Introductory letter from the employer or a senior government official attesting to the identity of the person
 Tax identification number
 Summary of nature of business activities person is engaged in
 Sample signature and thumb print

h) Which of the following details do you capture from your clients that are legal entities? (select all that apply)

The name of the company
 The company registration number
 The registered address and/or principal place of business (if different)
 The identity of shareholders and their percentage ownership
 Names of the board of directors/senior individuals responsible for the company's operations
 The law to which the company is subject and its constitution
 The types of activities and transactions in which the company engages.

i) Do you conduct a risk assessment of your clients based on (select all that apply):

Country or geographic risk
 Client risk (owing to nature of industry, profile of owners/ directors or nature of entity or relationship)
 Transaction/ service or associated delivery channel risk

j) Where a client or beneficial owner is a politically exposed person (PEP) or a family member or close associate of a PEP, do you perform the following procedures? (select all that apply)

Obtain senior management's approval before establishing the relationship
 Take reasonable measures to establish the source of wealth and source of funds
 Conduct enhanced ongoing monitoring of the business relationship

k) Which mode of payment is most preferred by your clients to effect payments

Direct cash		Payment in-kind	
Bank transfer/ EFT/ RTGS		Other (please specify)	

m) Is it possible for the practitioner to initiate a business relationship via the internet or telephone with no face-to-face contact with the client?

YES NO

n) Has the practitioner filed a suspicious transaction report (STR) in the last twelve months?

YES NO

n) Does the practitioner have an effective internal AML compliance function?

YES NO

CLIENT INDUSTRY (provide the number):

Appendix 2. Off-site monitoring checklist

Practitioner Name:
Operating Name: (if different from above)
Firm Address:

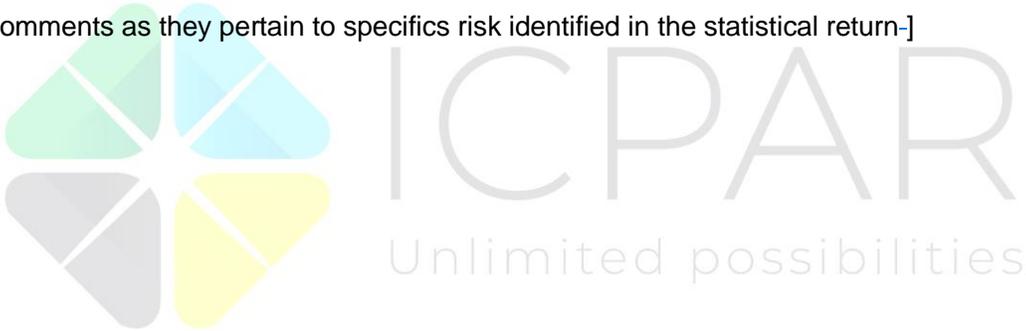
Contact Name	Telephone Number
Overall Comments (Mandatory)	
[Enter comments as they pertain to the overall inspection results]	

Review of Statistical Return

Practitioner’s ML/TF (inherent) risk ~~risk~~-score:

Practitioner’s non-compliance risk score (effectiveness of mitigants): Overall risk score (residual risk):

[Enter comments as they pertain to specifics risk identified in the statistical return-]



Compliance Policies and Procedures (Article 8 item 2°)

1. Have compliance policies and procedures been established?	
2. Does the level of detail reflect the complexity of operation and the risk of exposure to money laundering and terrorist financing schemes?	
3. Have they been clearly explained to front-line staff?	Onsite
4. Are they fully understood?	Onsite
5. Do they cover all applicable requirements)?	
6. Risk assessment and risk mitigation	
7. Customer due diligence	
8. Record keeping	
9. Enhanced due diligence <ul style="list-style-type: none"> a. Persons or transactions involving a country identified as higher risk by FATF or subject to sanctions (See Section 1.4.5) b. Persons or transactions involving higher risk countries for ML, TF, corruption or subject to international ML/TF c. Any other situation representing a higher risk of ML/TF 	
10. Politically exposed persons	
11. Ongoing monitoring	
12. Suspicious transaction reporting	
13. Training	
14. Do they provide for the identification and scrutiny of:	
15. Complex or unusually large transactions	
16. Unusual patterns of transactions which have not apparent economic or visible lawful purpose	
17. Any other activity related to ML/TF	
18. Do they specify the taking of enhanced due diligence to prevent the use for of products and transactions which might favour anonymity (eg. Trust and other legal persons and arrangements)?	
19. Do they specify procedures to respond as soon as reasonably practicable from FIA and police?	
20. Do senior management understand what the legislative measures require?	Onsite
21. Do they indicate how they will be communicated to professionals, staff as branches and subsidiaries?	
22. Do they indicate how changes in AML/CFT/FOP legislative and regulatory will be integrated?	
23. Do they indicate how often they will be updated?	
24. Policies and procedures are adopted by branches and subsidiaries	

Comments:

[Enter comments as they pertain to this particular section]

Internal Audit/Review Function

1. Has the practitioner implemented a process for reviewing its policies and procedures to test their effectiveness at least every two years?	
2. Is the review documented?	
3. Is the review independent?	
4. Is the audit/review comprehensive?	
5. How often is this audit/review conducted?	[If other, please
6. Is more frequent review needed?	
If yes, provide Reason (e.g., Regulations, amendments, issues of	
7. Has the practitioner had to amend existing policies as a result of the review	
8. The review has been conducted by:	

Comments:

[Enter comments as they pertain to this particular section]

Risk Assessment and Mitigation (Article 8 item 1°)

1. Has the practitioner conducted a AML/CFT/FOP risk assessment?	
2. Does the risk assessment analyze risks related to : 1) client; 2) product, services, transactions; 3) geography; 4) delivery channels?	
3. Is a risk assessment conducted for new products, practices or technology?	
4. Is the risk assessment proportional to the size and complexity of the practitioner?	
5. Has senior management approved the risk assessment?	
6. Has the practitioner identified risk mitigation or controls for higher risk situations or clients?	
7. Are the risk assessment and controls measures been shared with employees?	
8. [Other]	

Comments:

[Enter comments as they pertain to this particular section]

Appendix 3 – Template for practitioner’s risk profile

1. General Information on Practitioner	
Practitioner Information	
Name	Country
Street Address	Parish
City	Postal Code
Practitioner’s Compliance Officer	
Name	
Phone #:	Email:
Supervisory activities	
Statistical return (date)	Last on-site inspection
Last Off-Site Monitoring	Last update of practitioner profile



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Inspector who last update firm risk profile

First Name

Last Name

Compliance Manager who approved the firm risk profile

First Name

Last Name

Information on operations

Number of assets:

Size of assets:

Annual Revenue:

Number of Annual

Transactions:

Total Value of Annual Transactions:

Located in dwelling house?

Number of branches:

Safety concerns?

Photocopy on premises?

Practitioners' Ownership (Describe)

Affiliation

Yes Specify:

No

Corporate or Partnership Structure (Description)

2. Assessment of Practitioner's Operations

Comments on Practitioner Structure

Identify any issues or concerns that could be relevant to ML/FT risks, including e.g. complexity or lack of transparency in corporate structure, domicile of owners, controllers and head office, etc.

Management and Governance

Identify any issues or concerns that could be relevant to ML/FT risks e.g. lack of board/partnership level responsibility for AML/CFT/FOP program, etc.

Markets

Comments: Identify any issues or concerns that could be relevant to ML/FT risks e.g. operations in risk crime areas, ML/TF geographic location, branch and subsidiary networks, affiliation, etc

Business lines, clients, services, distribution channels, etc

Comments: Identify the key risk activities facing the practitioner, including mode of delivery e.g. limited or no face-to-face contact, use of intermediaries. Also note any potentially risky areas such high net worth business, PEPs, NPOs, trust, etc. Relate this to the discussion on the effectiveness and capacity of management, and to the risk management and control systems in place.

3. Assessment of AML/CFT/FOP Program

Based on information available from prior on-site inspections, compliance, internal and external audit reports, annual statistical return, the financial intelligence unit, and other sources, discuss the key features of the practitioner's ML/FT risk management, control and compliance policies and practices. This discussion on the adequacy of the AML/CFT/FOP program should take account of and be proportional to the type, nature and inherent risk of the business of the RE as discussed above. The Inspector should briefly describe and comment on the existence and adequacy of at least the following components of the AML/CFT/FOP program (e.g. as weak, satisfactory or strong). The Inspector should refer to the key components laid down below;

Adequacy of AML/CFT/FOP policies and procedures

Assessment:

Adequacy of AML/CFT/FOP risk assessment

Assessment:

Enhance due diligence

Assessment:

Adequacy of Customer Due Diligence measures

Assessment:

Monitoring and reporting of suspicious activities

Assessment:

Internal Review

Assessment:

Record Keeping

Assessment:

Training

Assessment

4. Risk Evaluation

After having completed the practitioner profile and the assessment of the AML/CFT/FOP obligations Inspectors should determine based on the practitioner risk profile, the ICPAR's risk assessment of the practitioner, the policies and procedures of the practitioner as well as the practitioner's risk assessment.

5. Risk Mitigation and Recommendations

Based on the foregoing risk assessment developed through the Off-Site Monitoring activities the Inspector may recommend that certain actions be taken to mitigate the risk. The mitigating actions could range from no further action to a recommendation for an on-site inspection.



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Appendix 4. Compliance inspection objectives, scope and action plan

Practitioner Name:

1. Objectives and Scope

1.1 Objectives

Under the authority of AML/CFT/FOP law, ICPAR has a responsibility to ensure compliance with AML/CFT/FOP law. The inspection will include specified steps to measure the effectiveness of the Practitioner's mechanisms and controls to reduce the risk of money laundering, terrorism financing and non-compliance, and to verify whether the Practitioner is meeting its obligations under the legislative measures.

1.2 Scope

Compliance Program

- Compliance Officer
- Risk Assessment
- Training Program
- If other, please specify:
- Policies and Procedures
- Review of Policies and Procedures

Reporting and Record Keeping

Reporting

Please specify applicable report/record type:

- Suspicious Transactions
- Wire transfers
- Cash Transaction Reports

Record keeping

- Record keeping
- Third-Party Determination
- Other elements to be examined, if so specify:
- Client Identification
- Beneficial ownership

Sampling of client identification and transaction record

Number of records to be sampled:

- Individuals
- Domestic clients
- Politically Exposed Person
- High value transactions
- Cash transactions
- Complex legal structures
- Legal persons
- Foreign clients
 - High net worth individuals
- Trusts
- Power of attorney
- High risk jurisdiction

2. Inspection Team

Position	Name	Office	Phone	Cell/Pager
Head of Compliance				
Inspector				
Inspector				

3. Special Assistance

Please specify, if exists:

4. Practitioner Profile

Name:	
Street	
City:	
Parish:	
Country:	
Postal	
Contact	
Title:	
Telephone	
Fax:	
E-Mail:	

5. On-site Pre-Inspection Meeting (recommended for large firms)

6. Practitioner Contacts

Name	Title	Phone

7. Risk Assessment

[Insert risk assessment information here if applicable / available]

8. Methodology

Standard inspection procedures specified in the *AML/CFT/FOP Supervisory guidance* will be used. Specialty guidance materials, including checklists, forms and other guidance documents will be used where recommended in this supervisory guidance. manual

Where we determine through our review that everything appears to be in order with the practitioner's compliance program, we complete the appropriate summary for that area and go on to the next area that we are responsible for.

Where it appears not to be performing in accordance with the legislative measures, it is said to be in non-compliance. The following steps will then be followed:

- a) Define the area of possible non-compliance;
- b) Retain any clearly defined evidence;
- c) Complete the deficiency letter and attach any evidence or supporting documentation that is collected; and
- d) Pass all documentation (deficiency letter and evidence/supporting documentation) to the team leader.

9. Work Plan

1. Administer statistical return (if applicable).
2. Conduct risk assessment of Practitioner to be examined.
3. Conduct off-site monitoring
4. Prepare the Practitioner risk profile.
5. Update detailed risk assessment (if necessary).
6. Determine the objectives and scope of the inspection.
7. Determine/assign the inspection team members.
8. Notify the Practitioner that the inspection will be conducted.
9. Prepare/update necessary inspection documentation/checklists.
10. Conduct introductory meeting (where applicable).
11. Evaluate effectiveness of Practitioner's controls established for compliance with the legislative measures.
12. Conduct testing to ensure compliance program controls are mitigating ML/TF risks.
13. Identify and document violations of non-compliance (if necessary).
14. Develop solutions to address issues of non-compliance (if necessary).
15. Prepare and document findings.
16. Conduct meeting with Practitioner to discuss results and validate findings.
17. Inform appropriate management of inspection results.
18. Prepare formal findings and recommendations letter for Practitioner and get necessary approval.
19. Ensure that Practitioner responds to recommendations and action plan to address weaknesses (if necessary).
20. Conduct a "what went well/what went wrong?" analysis with inspection team.
21. Complete working papers and save electronically.

10. Officer Safety Considerations

[Specify if there are any security considerations]

11. Inspector Responsible for Inspection (if applicable)

Signature: _____

Inspector

Date

12. Approval of Inspection Action Plan

Signature: _____

Head of Compliance

Date



ICPAR
Unlimited possibilities

Appendix 5. Inspection notification letter (sample)

BY EMAIL

(Date)

Dear

AML/CFT/FoP Onsite Examination

ICPAR has been designated under the AML/CFT/FOP law to be the supervisory authority for the accounting profession. ICPAR will ensure the compliance with AML/CFT/FOP law.

As a practitioner, we write to you for the purpose of scheduling the said Onsite Examination of **(Name of Practitioner)** on **(Date)**.

The scope of the AML/CFT/FOP onsite exam will cover the processes of the procedures and policies of the Practitioner in relation to compliance with the Act and Regulations, a review of the Practitioner's AML/CFT/FOP systems and controls, the business ML/TF risk assessment, role of the Compliance Officer, staff training, customers and risk ratings, ongoing monitoring, transaction activity and suspicious transaction procedures.

We will arrive at 9:30 a.m. each day. We will be conducting interviews with senior management, the Compliance Officer and staff members of the Company.

Please forward the documentation listed in **Appendix A** electronically by the close of business on **(Date)**, for the attention of: XXX at XXX.

Following a review of the submitted documentation, we will provide you with a list of staff selected for interviews and files to be selected for file testing.

Please contact us if you foresee any problems with the suggested above-mentioned dates or have any further questions or concerns.

Yours Faithfully,

XXXX

Inspector

Appendix A – Documentation to be provided by end of business on (Date)

1. List of products and services offered
2. Board approved AML/CFT/FOP Policies and Procedures manual(s) including sanctions
3. New business on boarding procedures with copies of the relevant on boarding forms/documentation
4. An up-to-date organizational chart and a corporate organizational chart showing shareholders, directors, controllers, senior executives; affiliated practitioners
5. Compliance Officer – details of the role and responsibilities, job description and experience
6. Details of the company's director/senior manager assigned to the overall responsibility for establishing and implementing AML/CFT/FOP systems and controls
7. A list and copy of all Compliance/AML/CFT/FOP reports for the last 18 months
8. Any internal or external audit reports relating to AML/CFT/FOP deficiencies for the last 18 months
9. Any log or other documentation regarding:
 - a. Internal suspicious activity log
 - b. External suspicious activity log
 - c. Details of any declined business in the last 18 months (for AML/CFT/FOP purposes)
 - d. PEP register
10. AML/CFT/FoP staff training log including dates of training, topics, and participants
11. ML/TF Risk Assessment/Methodology
 - a. Firm wide (company) ML/TF risk assessment
 - b. Customer risk assessment form or tool

Appendix 6. On-site inspection checklist

Practitioner Name:
Operating Name: (if different from above)
Firm Address:

Contact Name	Telephone Number
Type of Inspection (Comprehensive, targeted)	

Overall Comments (Mandatory):

[Enter comments as they pertain to the overall exam results]

Compliance program/system (Article 8)

1. Compliance program implemented?
2. Compliance program includes all the key elements?
Compliance Officer
Risk Assessment
Policies and procedures
Training program
Periodic review/Independent audit function

3. [Other]

Comments:

[Enter comments as they pertain to this particular section]

Compliance Officer *This is a recommendation by the Independent consultant*

4. Has a compliance officer been appointed?	
5. Does the compliance officer have the necessary powers and resources to discharge his obligations effectively?	
6. Does the compliance officer understand and apply the policies and	
7. Does the compliance officer regularly give a status update to superiors?	
8. Does the compliance officer hold a senior-level position?	
9. Has the compliance officer delegated any duties to other employees?	
10. If yes, which employees: What duties (list duties):	

11. A reporting officer has been appointed?	
12. Are internal reporting procedures in place where suspicions of ML/TF are reported to the compliance officer?	
13. The reporting officer receives suspicions of ML/TF?	
14. Does the compliance officer have access to information which may be of assistance in considering reports of suspicion?	
15. Does the reporting officer report to the FIC in instances of suspicions of	

Comments:

Enter comments as they pertain to this particular section]

Compliance Policies and Procedures (Article 8 of AML/CFT/FoP Law)

16. Have compliance policies and procedures been established?	
17. Does the level of detail reflect to complexity of operation and the risk of the exposure to money laundering and terrorist financing schemes?	
18. Have they been clearly explained to professionals and employees?	
19. Are they fully understood?	
20. Do they cover all applicable requirements (reporting, record keeping, internal control and client ID)? <ul style="list-style-type: none"> a) Risk assessment and risk mitigation b) Customer due diligence c) Record keeping d) Enhanced due diligence <ul style="list-style-type: none"> i. Persons or transactions involving a country identified as higher risk by FCFT ii. Persons or transactions involving higher risk countries for ML, TF, corruption or subject to international ML/TF iii. Any other situation representing a higher risk of ML/TF e) Politically exposed persons f) Ongoing monitoring g) Suspicious transaction reporting 	
21. Do they provide for the identification and scrutiny of: <ul style="list-style-type: none"> a) Complex or unusually large transactions b) Unusual patterns of transactions which have not apparent economic or visible lawful purpose c) Any other activity related to ML/TF 	
22. Do they specify the taking of enhanced due diligence to prevent the use for ML/TF of products and transactions which might favour anonymity (eg. Trust and other legal persons and arrangements)?	
23. Do they specify procedures to respond as soon as reasonably practicable to enquiries from FIU and police?	
24. Do senior management understand what the legislative measures require?	
25. Policies and procedures are adopted by branches and subsidiaries	

Comments:

[Enter comments as they pertain to this particular section]

Internal Audit/Review Function (Section 8 (2) (d) of AML/CFT/FoP LAW)

26. Has the practitioner implemented a process for reviewing its policies and procedures to test their effectiveness at least every two years?	
27. Is the review documented?	
28. Is the review independent?	
29. Is the audit/review comprehensive?	
30. How often is this audit/review conducted?	[If other, please
31. Is more frequent review needed? If yes, provide recommendation:	
Reason (e.g., Regulations, amendments, issues of non-compliance, new products):	
32. Has the practitioner had to amend existing policies as a result of the review process?	
33. The review has been conducted by:	

Risk Assessment and Mitigation (Article 8 of AML/CFT/FoP Law)

34. Has the practitioner conducted an AML/CFT/FoP risk assessment?	
35. Does the risk assessment analyze risks related to : 1) client; 2) product, services, transactions; 3) geography; 4) delivery channels?	
36. Is a risk assessment conducted for new products, practices or technology?	
37. Is the risk assessment proportional to the size and complexity of the firm?	
38. Has senior management approved the risk assessment?	
39. Has the practitioner identified risk mitigation or controls for higher risk situations or clients?	
40. Are the risk assessment and controls measures been shared with employees?	
41. [Other]	

Comments

[Enter comments as they pertain to this particular section]

Ongoing Compliance Training

42. Does the Practitioner have employees or agents authorized to act on its behalf?	
43. Does the training program reach all employees/agents?	
44. Have other people who have duties inherent in the compliance program received training (IT, employees responsible for reporting, compliance officers, internal auditors...)?	
45. How frequently is training offered?	N/A
46. What training modes are used?	N/A [If other, please specify]
47. Does each new employee receive the training as part of orientation?	
48. Are employees given refresher training periodically?	
49. Are all employees aware of the most recent changes and trends in money laundering/terrorist financing (ML/TF)?	
50. Do employees who have moved to a different position receive the training they need to understand their risk of exposure, in their new duties, to ML/TF schemes?	
51. Is the training method adequate in view of the size of the Firm and the complexity of the subject?	
52. Does the training allow staff to understand legislative requirements?	

53. Does the training make employees aware of internal policies and procedures to detect ML/TF?	
54. Does staff understand exactly what their responsibilities are with respect to the policies and procedures?	
55. Do they understand the extent to which their organization is vulnerable to	
56. Does the training give examples of ways used to launder money?	
57. Are employees informed that they do not have the right to disclose to anyone outside the compliance officer the fact that they have reported a Suspicious	
58. Do they understand that they are not liable for civil or criminal proceedings against them for making a report in good faith?	
59. Does the training provide general information about ML/TF?	
60. [Other]	
Comments	
[Enter comments as they pertain to this particular section]	

Timing of CDD (Article 9 of AML/CFT LAW Regulations)

61. Is CDD conducted in the following situations?	
a) Business relationship is established	
b) Occasional transaction	
c) Suspicion of ML/TF	
d) Doubts about the veracity or adequacy of documents	
d) Verification of identity is done prior to establishment of relationship or carrying out of transaction	
Comments	
[Enter comments as they pertain to this particular section]	

Customer Due Diligence: (Articles 9- 13 of AML/CFT/FoP LAW)

62. Use of reliable and independent sources for identification (eg. Government issued documents such as driver's license, passport, voter registration)	
63. Identification of natural person	
64. Identification of legal person or arrangement	
65. Identification of beneficial ownership for legal person and arrangement	
66. Application of CDD measures for existing customers in a business relationship on sensitive basis	
67. Ongoing monitoring of business relationships includes:	
a) Investigation of transactions undertaken throughout the course of the	
b) Investigation into the background and purpose of all complex, unusually large transactions or unusual patterns of transactions which have no apparent economic or lawful purpose.	
68. If CDD conducted during the establishment of a business relationship are these conditions met:	
a) It was necessary not to interrupt the normal conduct of business; and	
b) Little risk of ML/TF risk occurring	
c) ML/TF risks are managed	
69. Transactions are ceased and business relationship is not established when CDD cannot be applied.	
Comments	
[Enter comments as they pertain to this section]	

Enhanced Due Diligence

70. EDD is conducted on situations that present higher ML/TF risks	
71. EDD is conducted on countries that are identified by the practitioner as being higher risk	
72. EDD is conducted in instances where a person or transaction is from or in a presents a higher ML, corruption, TF risk or is subject to international sanctions	

- | | |
|--|--|
| 73. Non face to face transactions: one of the following measures applied | |
| a) ID is established by additional documents, data or information | |
| b) Supplementary measures to verify and certify supplied documents | |
| c) Payment through an account opened in the customer's name with a banking institution | |

Politically Exposed Persons: (Article 13 of AML/CFT/FoP LAW)

- | | |
|--|--|
| 74. Policies and procedures to determine whether a customer is a PEP is documented | |
| 75. Approval of senior management is obtained | |
| 76. Source of wealth and source of funds is documented | |
| 77. Enhanced ongoing monitoring of business relationship is conducted | |

Comments

Records: (Article 20 of AML/CFT/FoP LAW)

- | | |
|---|--|
| 78. Records include: | |
| a) Evidence of the customer's identity | |
| b) Supporting evidence and records in respect of CDD | |
| c) Documents and findings related to investigations of complex transactions, unusually large transactions, unusual patterns of transactions | |
| 79. Records are kept for five years | |

Comments

STR Reporting: (Article 16, 17, 18 of AML/CFT/FoP LAW)

- | | |
|--|--|
| 80. STRs are made to FIC when the practitioner knows, suspects or has reasonable grounds to suspect ML/TF and criminal conduct | |
|--|--|

Comments:

[Enter comments as they pertain to this particular section]

Sanctions

- | | |
|---|--|
| 81. The practitioner has implemented measures to confirm whether they maintain any accounts or hold any funds or economic resources set out in various notices. | |
| 82. Freeze such accounts and other funds or economic resources | |
| 83. Refrain from delaying with or economic resources or making them available to such persons unless licensed by the DESIGNATED AUTHORITY | |
| 84. Report any findings to the DESIGNATED AUTHORITY | |

Comments:

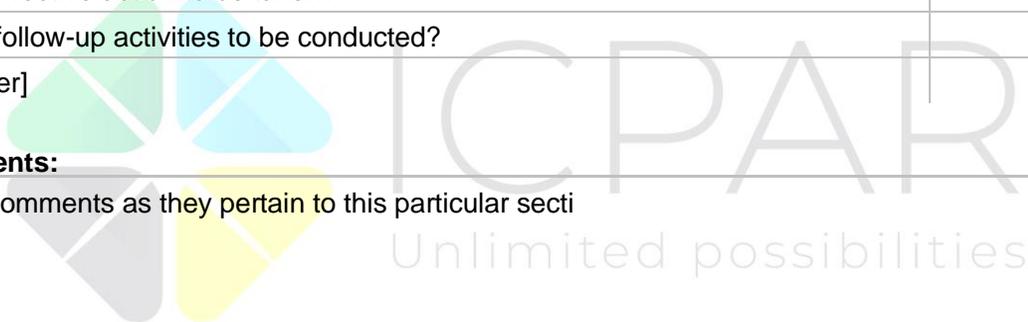
[Enter comments as they pertain to this particular section]

Inspector's checklist:

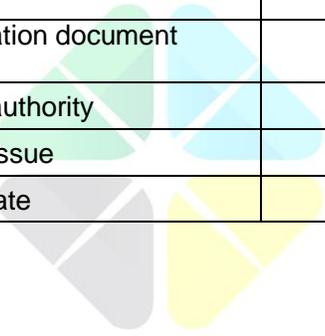
85. Interviews with operational staff and their supervisors to assess their	
86. An inspection of the criteria used to detect Suspicious Activity?	
87. A control of record keeping procedures to verify its compliance with the [legislative measures]?	
88. A control of client identification procedures to verify their compliance with the [legislative measures]?	
89. A control of client identification procedures to verify their compliance with the [legislative measures]?	
90. Have any identified weaknesses been pointed out to senior management?	
91. Did senior management indicate corrective actions and propose an implementation schedule?	
92. Did the self-review make it possible to determine whether appropriate policies and procedures are in place?	
93. Are the details of the review consistent with the complexity of the practitioner's activities?	
94. Does it indicate weaknesses detected?	
95. Is corrective action to be taken?	
96. Are follow-up activities to be conducted?	
97. [Other]	

Comments:

[Enter comments as they pertain to this particular secti



Beneficial owner												
Purpose or intended nature of the business												
Person acting on behalf of legal person or												
For trusts: Designated beneficiary												
CDD for beneficial ownership												
Requirements	1	2	3	4	5	6	7	8	10	11	12	13
Full name												
Any former names (eg. maiden name) or other names (if applicable)												
Principal residential address												
Date of birth												
Place of birth												
Nationality												
Gender												
Identification document number												
Issuing authority												
Date of issue												
Expiry date												



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Appendix 8. Supervisory inspection summary report

Practitioner Name:

Practitioner Address:

SUMMARY OF COMPLIANCE DEFICIENCIES (if applicable)

SUMMARY OF BEST PRACTICES (if applicable)

[Enter list of all best practices, if applicable]

Date(s) of inspection:

Date findings/deficiency letter sent:

Due date for Practitioner to address non-compliance:

Date replied to Practitioner response:

Inspector	Signature	Date
-----------	-----------	------



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Appendix 9. Sample of findings letter at the end of inspection

Dear:

The purpose of this letter is to advise you of the results of our recent compliance inspection to verify your compliance with the AML/CFT/FOP law.

We would like to thank you for the efforts that you have taken to implement a compliance program and express our appreciation for your cooperation with our compliance team during the inspection process. As we advised you verbally at our on- site inspection, we have identified the following deficiencies that result in your organization being in non-compliance with AML/CFT/FOP law at present:

ICPAR is committed to achieving compliance by taking a cooperative approach. Consequently, we request that you provide us with an action plan identifying what steps you have taken to rectify these compliance issues, in writing, no later than 30 days from the date of this letter. After that time, an Inspector may conduct a follow-up inspection to verify if the steps have assisted your organization in meeting its obligations under the legislative measures.

In addition to the deficiencies noted above, you may also want to consider the following best practices:

Best Practice: Title of best practice

You should consider...

Best Practice: Title of best practice

You should consider...

Best Practice: Title of best practice

You should consider...

We would like to thank you in advance for your assistance and cooperation. For more information, or if you have any question please do not hesitate to contact me by telephone at XXX by e-mail at XXX.

Yours sincerely,

Inspector
ICPAR

cc: Head of Compliance

Appendix 10. Findings letter at the end of an inspection (no deficiencies)

Dear :

The purpose of this letter is to advise you of the results of our recent compliance inspection to verify your compliance with the AML/CFT/FoP law.

We would like to thank you for the efforts that you have taken to implement a compliance program and express our appreciation for your cooperation with our compliance team during the inspection process. As we advised you verbally we did not observe any deficiencies as of the date of the inspection that would put your organization in non-compliance with the [legislative measures].

However, you may want to consider the following best practices:

Best Practice: Title of best practice

You should consider...

Best Practice: Title of best practice

You should consider...

Best Practice: Title of best practice

You should consider...

We would like to thank you in advance for your assistance and cooperation. For more information, or if you have any questions please do not hesitate to contact me by telephone at or by e-mail at.

Yours sincerely,

Inspector

cc: Head of Compliance

Appendix 11. Sample letter for responding to the practitioner's action plan

Dear :

The purpose of this letter is to discuss your compliance action plan. You prepared the plan as a result of the deficiencies identified in our recent inspection to verify your compliance with the AML/CFT/FoP law.

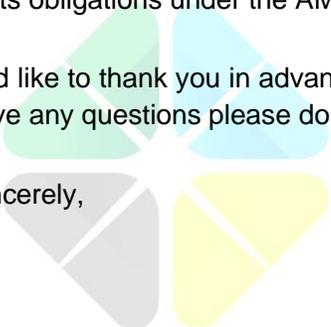
We would like to express our appreciation for submitting your action plan in a timely manner. After reviewing your action plan, we have assessed that either more detail or greater clarification is need to adequately address the identified deficiencies. The remaining issues are outlined below, and correspond with the same deficiencies as numbered on our previous letter dated.

ICPAR is committed to achieving compliance by taking a cooperative approach. Consequently, we request that you provide us with an action plan identifying what steps you will take to rectify these compliance issues, in writing, no later than 15 days from the date of this letter. After that time, an Inspector may conduct a follow-up inspection to verify if the steps have assisted your organization in meeting its obligations under the AML/CFT/FOP law.

We would like to thank you in advance for your assistance and cooperation. For more information, or if you have any questions please do not hesitate to contact me by telephone at or by e-mail at XXX .

Yours sincerely,

Inspector
cc.: Head of Compliance



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