

**Anti Money Laundering
Unconventional Professional Opportunities for CAs**

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Auditing the AML Function



Skill-Set Required

- Integrity, Objectivity, Independence
- Expertise of Regulatory Guidelines
- Focus on Risk-Based Audits rather than on Transaction Audits
- Thematic Reviews
- Linkages with Conventional Audit

As an auditor, CA focuses on providing independent assurance to the Management that the Control activities designed to mitigate the ML risk are being designed and operating effectively



Statutory Audit

- As per the Long Form Audit Report
- In accordance with RBI Master Direction on KYC
- Review of Bank's Compliance with PML Rules



Internal Audit

- Of Compliance function – Policy Framework
- Of the Operations function – Operational aspects
- Of the sales function – Conduct aspects



Concurrent Audit

- Account Opening Activities
- Trade Finance Activities
- Transaction Monitoring Activities

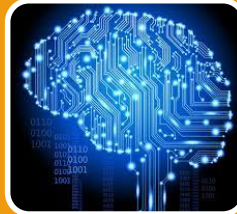
Investigating the AML Incident



Skill-Set Required

- Blood-hound & not Watch-dog
- Understanding of Neural Networks
- Legal angle to the Money Laundering & Predicate Offence

As an investigator, CA takes a deep dive into the AML incident to evaluate the accounting forensics, system controls and assist the law enforcement authorities in their investigation



Forensic Investigation

- Review of Financial Statements
- Careful Examination of books & accounts
- Establishing networks and linkages



Information Systems Auditor

- Evaluation of System Controls for Account Opening
- Transaction Monitoring Alert Generation Process
- Regulatory Report Generation Process



Law Enforcement Investigation

- Understanding the Predicate Offence
- Drawing up a suitable audit plan
- Establishing the Money Laundering angle

Designing the Compliance Function



Skill-Set Required

- Statute vs. Regulation distinction
- Understanding of Business Strategy
- Handling of Govt. Authorities
- Negotiation Skills

As a Compliance Professional, CA provides an end-to-end advisory support to top management regarding the controls put in place with the Bank to manage the AML Compliance Risk



Compliance Controls – Guideline Implementation

- Identification / dissemination of regulatory guidelines
- Facilitating the implementation of guidelines by the Bank
- Interaction with regulators on clarifications required



Compliance Controls – Regulatory Interactions

- Principal Officers for FIU-IND purposes
- Manner of seeking regulatory approvals
- Protocols for handling Law Enforcement Agencies



Compliance Controls – Supervisory Inspections

- Preparedness for supervisory inspections
- Facilitating the on-site supervisory examination process
- Handling the compliance to inspection reports

Leveraging upon technology for AML



As an IT Domain Expert, CA can focus on providing value-added services to the bank/financial institution's IT development process, business process standardisation & data analytics

Skill-Set Required

- ❑ Ability to work on flow-charts & diagrams
- ❑ Mastery over analytical review procedures
- ❑ Understanding of financial ontology and data definitions



System Analysis & Design

- Vendor Evaluation / Screening
- Business Requirements / Functional Specifications
- User Acceptance / System Integration Testing



Business Process Re-engineering

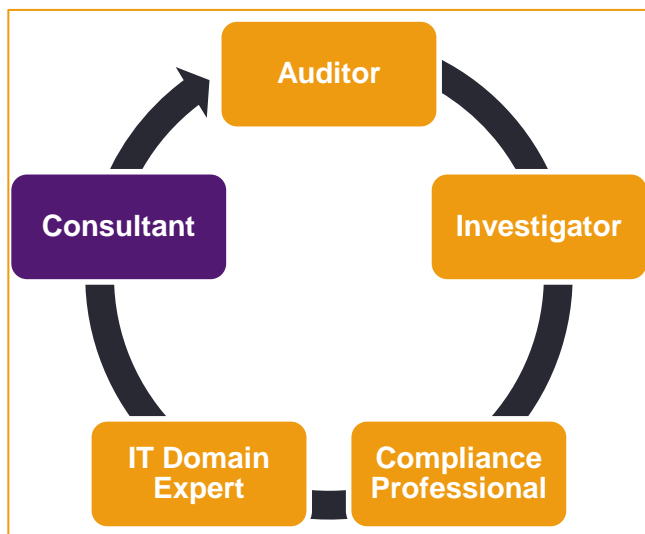
- Standard Operating Procedures
- Handling of Exception Procedures / Deviations
- MIS & Reporting



Data Analytics

- Descriptive Analytics
- Predictive Analytics
- Prescriptive Analytics

Advising on AML Best Practices



Skill-Set Required

- Expertise on regulatory guidelines
- Keeping up-to-date on industry developments
- Having in-house expertise or seeking out joint-consulting assignments

As a Consultant, CA provides advisory support to the banks and financial institutions on the design of the Compliance framework in accordance with regulatory requirements



Regulatory Obligations Advisory

- Client On-boarding
- Transaction & Trade Screening
- Regulatory Reporting testing



Self-Certification Processes

- Process to assist CEO's certificate to the Board
- Backed-up by Business Heads Certification
- Handling of Compliance Exceptions



Compliance Testing Framework

- Understanding the Inherent Compliance Risk
- Evaluating the Control Environment
- Arriving at the Residual Compliance Risk

THANK YOU