

HELPSHEET

GUIDE TO AML INSPECTIONS

CONTENTS

GUIDE TO AML Inspections	1
Contents	1
OVERVIEW	2
HOW the inspections are scheduled.....	2
BEFORE THE inspection	3
THE start of the inspection.....	3
DURING the inspection.....	4
Records we will want to see	4
At the end of the inspection.....	5
AFTER THE INSPECTION	5
COMPLAINTS	6
OFF-SITE inspections	6
After an off site inspection	6
INFORMATION REQUESTS AT OTHER TIMES.....	6

OVERVIEW

Accounting firms that engage in relevant financial business are subject to the Supervision of CIIPA. Note that this help sheet is for those firms that are subject to supervision, i.e. those carrying out relevant financial business.

A key element of Supervision is the inspection of firms. Here we seek to provide an overview of the Inspection process including what to expect before, during and afterwards.

You should read the detailed information provided in [CIIPA's Guidance](#). If you have any questions regarding this information and what to expect you are encouraged to contact us.

Your inspection is designed to focus on your firm's policies, procedures and controls to ensure that you are assessing and managing your risks and complying with the Proceeds of Crime Law, Terrorism Law, Proliferation Financing (Prohibition) Law, Targeted Financial Sanctions and the Anti-Money Laundering Regulations.

HOW THE INSPECTIONS ARE SCHEDULED

Within the first year of registration, all firms conducting relevant financial business will be inspected. The frequency of subsequent inspections will be 1 – 5 years depending on the firm's risk profile which draws on standard risk factors. When you are notified of an inspection it does not mean that we think there is anything wrong with your firm.

We will normally visit your main business premises to:

- see how your anti-money laundering risk assessment, policies, controls and procedures work
- have access to all the records and paperwork relating to your procedures
- speak to the right people

You should let CIIPA know if you want the visit to take place at a different business premises.

Exceptionally, CIIPA may visit a business without making an appointment. If we do, the officer will:

- identify themselves
- give a reason for the unannounced visit

BEFORE THE INSPECTION

CIIPA will write to you to confirm:

- the date and time of the visit
- who we will want to speak to
- the information we will want you to give us
- the records and documents we will want to see

CIIPA will usually let you know in advance the names and contact numbers of the officer who will conduct the inspection.

After you have been notified of an inspection we will request that you complete and return within 10 business days the ***Pre-Inspection Information Form and Declaration*** after which, we may telephone you to discuss, answer any questions you may have about the inspection, and agree the practical arrangements.

THE START OF THE INSPECTION

We start with an opening meeting which helps us understand:

- the nature of your business
- how you operate your business
- your approach to AML Systems and Controls
- any substantive changes since either the last inspection, the pre-inspection call or ***Pre-Inspection information and Declaration*** submission.

The opening meeting also gives the firm an opportunity to raise specific points about how your firm operates and to ask questions. You are welcome to invite colleagues who are involved in compliance to join you.

If you are a larger firm, part of a group or a subsidiary of an overseas larger firm, we may need to arrange to meet with:

- the person responsible for risk management
- the person responsible for Human Resources

We understand that the same person may perform a number of these roles and also certain key persons may not be in Cayman at the time of the inspection in which case the meeting can be held by video or conference call.

After that, the owner of the business does not need to be there so long as a responsible person is present who can:

- answer our questions
- give us any documents or information we need

Your manager (or the person in the business who's responsible for complying with the regulations if that's someone else) should always be there during the visit.

DURING THE INSPECTION

The officer will look at your risk assessment, policies, controls and procedures and test them to make sure they're working properly.

They'll need to speak to you as the business owner, your senior managers (Connected persons) and sometimes other members of staff to make sure you all understand the policies and procedures and have applied them in your business.

We will focus on your anti-money laundering risk assessment, policies, controls and procedures to make sure these are working effectively to identify and reduce the money laundering risks your business might face.

We will always:

- check that the information on the CIIPA register is correct
- check that you and connected persons are fit and proper for your roles
- ask you about your risk assessment of your customers, products and services to check it covers all your relevant financial business
- look at the policies, controls, procedures and training you've put in place to manage and reduce the risks you've identified
- ask you to explain how your anti-money laundering risk assessment, policies, controls and procedures work

We may also carry out some of the following checks:

- examine your records of transactions
- test your customer due diligence procedures
- see how effective your systems are for identifying and reporting suspicious activity to the Financial Reporting Authority (FRA)
- check that your staff know about anti-money laundering legislation and that they're trained to recognise and deal with suspicious activity
- make sure your systems are effective

RECORDS WE WILL WANT TO SEE

- internal audits of how you've complied with internal anti-money laundering procedures and controls
- an external auditor's report, if this covers your business's compliance with the regulations
- bank statements accounts relating to your relevant financial business
- copies of or references to material verifying your customers' identities

- evidence of client monitoring
- client screening reports or access to the system used
- training and appraisals records
- a job description of the senior manager in your business who is responsible for complying with anti-money laundering legislation
- records of suspicious transactions and of the action you took
- copies of any Suspicious Activity Reports (SARs) you submitted to the FRA, and any correspondence from the FRA concerning consent to proceed

If any items listed here are not clear, please discuss them with us during our pre-inspection phone call.

If you are a larger company where the board is separate from the management, we will also want to see your governance documents e.g. board charter, articles of association, minutes of board meetings and evidence of compliance reports to the Board.

We assume we will have access to requested records without delay, so if you anticipate you will need more than 2 business days-notice to arrange for records to be made available, you should discuss this with us during the pre-inspection telephone call.

If your internal audit has identified findings that need to be addressed, the reviewer will look to see how you've dealt with them.

AT THE END OF THE INSPECTION

At the end of the inspection the officer will:

- review with you what they've done
- explain any areas of concern
- agree with you any action you need to take
- answer any questions you have

We will summarise our findings and discuss them with you. We will highlight any more significant issues, including any areas where we consider the firm has not met the requirements of the legislation.

You are welcome to respond at the end of the on-site and immediately afterwards so this is taken into account prior to the issuance of the Draft Inspection Report.

AFTER THE INSPECTION

Once your response is received, if we have any further questions, we will contact you as soon as possible, by phone before completing the draft report.

You will then receive your Draft Inspection Report which may include any proposed directions to ensure effectiveness of your firm's systems and controls or compliance with the legislation and if so an explanation of the potential consequences of not complying.

You will have 15 business days to respond to this. Your responses are an important part of the inspection process so please take particular care when you draft them. Be specific and refer to any actions you have already taken or plan to take, and state by what date. If you disagree with the Findings you should make that clear and provide the reasons why.

The final stage is to send you the Final Inspection Report and if there are any material differences to the Draft Inspection Report you will be given a further 10 days to submit comments to us.

COMPLAINTS

Please write to the Council of CIIPA if you have any comments or complaints about the inspection process.

OFF-SITE INSPECTIONS

CIIPA may decide to conduct an off-site inspection using file sharing, telephone or email. If we decide to do this, we'll contact you by email or telephone to arrange a time and date. We will request the same information and records as when carrying out an on-site Inspection.

The purpose of an off-site inspection is the same as an on-site inspection, and similar checks may be carried out. Our officers will make sure they are speaking to a responsible individual within the business such as the business owner or senior manager.

In many cases an off-site inspection will be enough to test the compliance of your business. However, CIIPA may need to use other types of checks to follow up if your business is complex or there are concerns that need further investigation.

AFTER AN OFF-SITE INSPECTION

CIIPA will follow the same process as for an on-site inspection but we'll generally give you more time to send us any information we need, and to put right any problems thus the time taken to finalise an off-site inspection report will generally be longer than for an on-site inspection.

INFORMATION REQUESTS AT OTHER TIMES

Please be aware that we can ask for any information at any time and you must respond within time specified otherwise face a penalty.