



AML AUDIT GUIDELINES

Common questions and answers
about AML/CFT Audits.

AML^{NZ}
SOLUTIONS

Get ready for your AML/CFT Audit

Reporting entities are required to have an Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) audit every three years, or as required by their Supervisor (the Department of Internal Affairs, Reserve Bank of NZ, or Financial Markets Authority). Many organisations have AML/CFT audits due, so in this guide AML Solutions aims to give a run-down on what to expect.

What is an AML/CFT audit?

An AML/CFT audit is an assessment of the policies, procedures, and controls of your AML/CFT Compliance Programme, and Risk Assessment. An audit typically covers a three-year span from your most recent audit, or, if you've never been audited before, from the date when you first commenced the listing process.

Who can do my audit?

AML/CFT audits are conducted by an independent, and appropriately qualified auditor.

The auditor will make sure that your policies, procedures, and controls are up to the standard of the AML/CFT Act and then will test that they are applied correctly by selecting a sample from the relevant area (e.g. they'll look at 10 customer due diligence records).

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A good idea is to contact a few potential AML/CFT auditors and ask them for quotes and availabilities. The price of your audit will depend on the size and nature of your business, number of staff, and size of the sample selected.

During this scoping phase it is useful to assess if the potential auditor is a good fit for your business, and you can ask them to provide information on their experience and qualifications. For example, some auditors may be a Certified Anti-Money Laundering Specialist (CAMS), which indicates they have specific AML/CFT expertise.

What happens once I've chosen my auditor?

Once you have selected your auditor, you can expect them to request some information from you. In general, this will cover:

- A copy of your Risk Assessment and Compliance Programme
- A list of your new and existing clients
- A list of staff hired since your last audit or since you started trading
- Your training register
- Your suspicious activity register
- Your most recent audit report (if any)
- Any communications you've had with the DIA
- The Annual Reports submitted to your Supervisor during the relevant period

How will the audit be run?

In the first instance, the auditor will review the Risk Assessment and Compliance Programme, the items listed above, and other relevant information. This is usually done remotely. Once the auditor has reviewed

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the documents, they will ask you for further information to do the testing which can occur on site or remotely.

On-site testing is preferable as your auditor has ready access to anyone they need to talk to. However, remote audits can also be efficient as they can be more flexible and help you to reduce the cost of the audit (the auditor will not need to travel to your premises).

Depending on the size of your agency and number of transactions, your auditor will request to review a sample of your records.



Who will the auditor talk to?

In general, you can expect your AML/CFT auditor to meet with the Compliance Officer, Compliance team, possibly the Human Resources team (for training and staff vetting review), and potentially senior managers. Sometimes the auditor will also speak to frontline staff to assess the level of AML/CFT knowledge and the culture of compliance.

How should I prepare for my audit?

Preparation for your AML/CFT audit needs to be done in advance so that you can provide relevant information within a reasonable timeframe. So, it is important that you make sure that your systems can provide all the information promptly. Platforms like AMLHUB are ideal for this. In addition, ensure training is up to date and you and your staff are trained annually.

What happens once the audit is done?

Once the testing is completed, the auditor will issue a draft audit report. Your auditor should give you the chance to add comments to the draft report and to correct any factual errors before it is finalised.

The finalised audit report will then be reviewed by your senior management team for assessing whether any change needs to be done to your policies, procedures, and controls, and any identified remedial actions.

The advantage of a specialist - over 1,000 AML/CFT audits completed by our team.

AML Solutions is New Zealand's foremost expert at conducting independent statutory AML/CFT audits and providing AML/CFT training. All our auditors are CAMS-certified, and we have been delivering AML/CFT audits and staff training since 2013.

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