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Section: ACAMS Connection

Title: How can I monitor the status of my financial institution's compliance program to ensure that it complies with regulatory requirements, industry standards and best practices?

For years the Basel Committee has stressed the importance of periodically testing compliance programs, and the practice has been echoed by the recently released Federal Financial Institutions Examination Council (FFIEC) Bank Secrecy Act/Anti-Money Laundering Examination Manual guidance. In addition, enforcement cases involving AmSouth, Banco de Chile, Arab Bank and Riggs have indicated that independent testing is an important line of defense against weak internal controls and procedures.

One of the simplest and easiest ways to monitor your compliance program's status against prevailing regulatory requirements, industry standards and best practices is to conduct a self-assessment. In order to remain in compliance, it is vital to conduct self-reviews in addition to pre-regulatory inspection checks.

The Bank Secrecy Act (BSA) self-audit checklist, available at <http://www.impactaml.com/BSAChecklist.html>, increases the efficiency of self-assessment procedures. It is a tool that compliance officers can use to prepare for a regulatory visit or simply to conduct an independent review. It is a convenient reference tool for your BSA audit needs that weeds out superfluous information and obtains relevant and easily researchable data. The checklist also provides compliance professionals with a manageable and traceable way to implement BSA AML/CFT requirements in an indexed and searchable source. The checklist has been downloaded and is used by leading regulatory agencies and financial institutions.

Here are some of the checklist's features and benefits:

- It is freeware: no cost or charge to download or use the software
- Does not need any additional software to function, as it uses Windows Installer
- The format follows the FFIEC Exam Manual and is supplemented by questions from related guidance, both domestic and international
- Questions are grouped into categories that mirror those of the FFIEC Examination Manual
- Questionnaire format allows the tracking of your audit program's maintenance
- Has the ability to assign remediation tasks to responsible parties or attach notes to each item on the questionnaire
- The "notes" feature for each item of the checklist allows the user to document current and future needs regarding BSA implementation and examination status
- Provides a histogram that gives a complete and quick visual reference for the status of your compliance program vis a vis the FFIEC Examination Manual
- Offers additional categories and questions based on actual exam findings from institutions cited for violations and shows trends in regulatory enforcement efforts, information that is not readily available
- Supplies custom reports in print format
- Includes an extensive help file that reproduces publicly available and non-copyrightable information as well as best practices, both domestic and international
- Provides a fully searchable help file and index
- Includes the full text of the BSA, the USA PATRIOT Act and the FFIEC Examination Manual
- Supplies regularly updated guidance and exam findings content

Keep in mind that the use of the self-audit checklist is not intended to replace a financial institution's requirement of conducting an independent audit. It is a best practice to conduct an external audit by a third party because internal audits are limited by lack of objectivity and/or are biased due to specialized knowledge and training. The self-audit checklist is merely an efficient tool to gauge the progress of your compliance program.

Watch for a securities and risk assessment tool equivalent with a related risk matrix scoring

structure in the near future.

Note: Go to www.amlcft.com if you have trouble accessing the link.

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