



Regulatory Intelligence

Compliance Solutions Inc.

Requirement for Independent Testing of AML Programs

Section 5318(h) of the Bank Secrecy Act requires banks and other depository institutions (referred to collectively as “banks”) to establish anti-money laundering programs (AML Programs) “In order to guard against money laundering through financial institutions”. The statutory requirements for AML Programs include: “An independent audit function to test (AML) programs”.

Persons conducting Independent Testing of bank AML Programs must report directly to the board of directors or to a designated board committee comprised primarily or completely of outside directors. They must be independent of the function being tested; and, qualified to provide the board with reliable assessments regarding the overall adequacy of the AML Program and its effectiveness in guarding against money laundering through the bank.

Regulatory Intelligence Compliance Solutions, Inc. has developed a patent pending BSA/AML Independent Testing Model (BSA Model) that incorporates the BSA laws, rules and implementing regulations relevant to banks. It is a comprehensive tool for assessing banks’ statutory and regulatory compliance with their BSA/AML requirements. The BSA Model incorporates the scope of the Federal Financial Institutions Examination Council (FFIEC) “Bank Secrecy Act/Anti-Money Laundering Examination Manual – 2010”, thereby assisting banks in preparing for their next regulatory BSA/AML compliance examination. The BSA Model is designed to:

- Be a one-stop process for conducting comprehensive Independent Tests of AML Programs for banks
- Provide authoritative guidance for evaluating the reasonableness of the bank’s Money Laundering Risk Profile; and, tools for developing a Money Laundering Risk Profile if the bank has no money laundering risk assessment
- For each Independent Test topic:
 - Cite relevant laws, regulations and authoritative guidance
 - Provide detailed test procedures to be conducted
 - Identify test procedures to be conducted on-sight
 - Recommendations for conducting Transaction Testing
 - Provide template documents to facilitate and document test procedures
 - Offer Workpaper Recommendations to document test procedures performed; and, to support conclusions regarding the adequacy of the AML Program’s in compliance with the test topic
- Provide guidance for developing independent test findings and preparing the Independent Testing Report
- Recommendations for Management Responses and Board of Directors’ oversight of corrective actions
- Enable comprehensive on-the-job training for staff
- Web-based corrective action facility (to assure implementation of all BSA/AML findings)

Regulatory Intelligence Compliance Solutions has the tools and expertise to enable your bank to implement and maintain an AML Program that complies with the evolving environment of BSA/AML expectations.

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