AML / CTF risk principles framework

AUSTRAC e-learning
AML/CTF Programs

Policy & Strategy

Risk Management policy and Strategy
- Required to define a high level commitment to and ownership of AML/CTF risk management (define risk appetite)
- Should align with any existing organisational risk management frameworks

Process – How organisations could manage AML/CTF risk – procedures, processes and tools

Process Steps	Business risk –operational focus
1. Identify Identify AML/CTF risks	Consider risks within the context of: - customer - product - distribution channel - jurisdiction
2. Analyse Determine inherent and residual AML/CTF risks	- Consider impact of controls or constraints imposed by other legislation - Determine inherent risks by reference to impact and/or likelihood - Identify existing controls - Determine residual risks by reference to consequence and/or likelihood
3. Treat Apply risk management and mitigation strategies	- Determine and apply controls to manage AML/CTF risks within defined risk appetite
4. Monitor Monitor level of residual risks	- Monitor and assess ongoing application of controls - Assess impact of additional mitigating strategies
5. Report Report AML/CTF risks	- Continuous reporting of risk profile

Regulatory risk –compliance focus

1. Identify relevant compliance obligations
2. Analyse impact of obligations on compliance program/process – what, when and how

   Consider impact of other legislation on compliance program
3. Implement compliance program
4. Monitor results of compliance program and identify improvement opportunities
5. Report suspicious matters and keep records of AML/CTF Program to demonstrate compliance with the Rules

People, Committees & techniques in place to support risk management

Structure
Consider:
- Organisational structure supporting risk/compliance management
- Assurance/review programs (internal & external eg. Audit by regulator)
- Performance measurement
- Management and staff education & training
- Communication mechanisms

Culture
Culture to support appropriate risk-taking behaviour (transparency, accountability etc)

© Commonwealth of Australia 2008 **IMPORTANT:** The information contained in this document is intended to provide only a summary and general overview on these matters. It is not intended to be comprehensive. It does not constitute nor should it be treated as legal advice or opinions. The Commonwealth accepts no liability for any loss suffered as a result of reliance on this publication. AUSTRAC recommends that independent professional advice be sought. The information contained herein is current as at the date of this document.