



NOTICE TO APPOINT AN EXTERNAL AUDITOR TO CONDUCT A COMPLIANCE AUDIT

SUBSECTION 162(2)

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING ACT 2006

TO: Western Union Financial Services (Australia) Pty Ltd
ACN 082 282 773
Level 11, 10 Carrington Street
SYDNEY NSW 2000

Attention: The Proper Officer

1. I, Caroline Savage, Acting National Manager, Regulatory Operations of the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), as delegate of the Chief Executive Officer of AUSTRAC (**AUSTRAC CEO**), have reasonable grounds to suspect that Western Union Financial Services (Australia) Pty Ltd ACN 082 282 773 (**WUFSA**), a reporting entity as referred to in section 5 *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (**AML/CTF Act**), has contravened and/or is contravening sections 32, 36, 41, 45 81 and 82 AML/CTF Act.
2. Pursuant to subsection 162(2) of the AML/CTF Act, as delegate of the AUSTRAC CEO, I require WUFSA to appoint [REDACTED] (the **external auditor**), arrange for the external auditor to carry out an external audit of one or more specified aspects of WUFSA's compliance with the AML/CTF Act, AML/CTF Regulations and the AML/CTF Rules and provide a copy of the audit report to AUSTRAC in accordance with paragraphs [3] – [9] of this Notice and the Schedule.

Requirements under section 162 AML/CTF Act

Within 14 days of this notice given under section 162(2) AML/CTF Act (this Notice), WUFSA must:

3. Engage the external auditor to conduct an audit covering the matters specified in the Schedule to this Notice, including giving the audit report to WUFSA.

Within 180 days of the external auditor being engaged, WUFSA must:

4. Give the AUSTRAC CEO a copy of the audit report setting out the external auditor's findings.

The matters to be covered by the audit:

5. The audit must cover the matters set out in the Schedule to this Notice.

The form of the audit report:

6. The audit report must be in a form that:

- a) Accords with any Australian standard applicable to that kind of audit report, or which in the opinion of the external auditor accords with the closest applicable Australian standard; or
- b) Accords with the format and style in which the external auditor would prepare a report suitable to annex to an expert witness affidavit the external auditor would make in Federal Court of Australia proceedings.

Submission of audit report:

7. The audit report is to be submitted to **Faranaz Alam** and **Nitin Chandra** at regulatoryoperations@austrac.gov.au

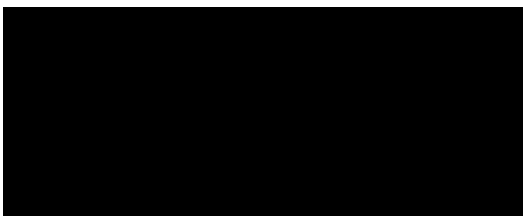
Consequences of not complying with a subsection 162(2) AML/CTF Act requirement in this Notice:

8. Under section 162(7) AML/CTF Act a person (as defined in section 5 AML/CTF Act) commits an offence if:
- a) the person is subject to a requirement under section 162(2) AML/CTF Act; and
 - b) the person engages in conduct; and
 - c) the person's conduct breaches the requirement.

Penalty: Imprisonment for 12 months or 60 penalty units, or both.

9. Section 162(8) AML/CTF Act, which is a civil penalty provision, states that a reporting entity must comply with a requirement under section 162(2) AML/CTF Act.

Dated 16 September 2025



Caroline Savage

Acting National Manager, Regulatory Operations

AUSTRAC

Schedule

Definitions

The following definitions apply to this Schedule.

AML/CTF Act means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

AML/CTF Rules means the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)*.

Channels mean WUFSA's digital and physical channels, including affiliates overseen by WUFSA and sub agents managed by super agents.

Part A Program means Part A of:

- a standard anti-money laundering and counter-terrorism program as defined in subsection 84(2) AML/CTF Act.

PEP is a politically exposed person, as defined in Part 1.2 AML/CTF Rules

Program means:

- a standard anti-money laundering and counter-terrorism program as defined in subsection 84(1) AML/CTF Act.

Relevant Period means the period 1 January 2022 to the date of issue of this Notice.

Sampling expectations

- The external auditor must determine sample sizes that are appropriate to the nature, size, complexity, and AML/CTF risks of WUFSA's operations.
- Sampling must ensure coverage across all relevant channels (digital, physical, sub-agents, and affiliates), product types, and risk levels. The audit must use a methodology that allows for:
 - a) Representative sampling based on transaction volume, customer base, and risk profile;
 - b) Risk-based stratification where appropriate (e.g., high-risk corridors, SMR-linked customer and PEPs);
 - c) Justification of how the samples were selected in the context of the audit scope.

Details to be included in the audit report

1. The audit report must contain details of:

- a) The external auditor's assessment of the matters set out under the heading Matters to be covered by the audit, below in the Schedule;
- b) Any provisions of the AML/CTF Act and/or the Rules which the external auditor concludes that WUFSA has not or is not complying with;
- c) The facts on which the external auditor has relied to make the assessment identified in paragraph [1.A and 1.B];
- d) Any measures which the external auditor believes WUFSA should implement to ensure that it complies with the AML/CTF Act and the AML/CTF Rules;
- e) The capacity of WUFSA to implement the measures set out in paragraph [1.D].
- f) The audit report must outline the rationale for the sampling approach, including how the selected samples are representative of WUFSA's business model, delivery channels, and identified AML/CTF risks.

Matters to be covered by the audit

Money Laundering and Terrorism Financing Risk Assessment

- 2. Whether WUFSA has during the Relevant Period complied with the requirements of Part 8.1 AML/CTF Rules across all channels.

Transaction Monitoring Program (TMP)

- 3. Assess whether Part A of WUFSA's AML/CTF Program complied with the requirements of the AML/CTF Rules (including Rules 15.4–15.7) during the Relevant Period.
- 4. Evaluate the effectiveness of WUFSA's TMP to detect and escalate transactions indicative of financial crime and associated harm, including predicate crimes and other serious crimes
- 5. Consider governance, escalation procedures, typology coverage, change management, and system transitions across all channels.

Suspicious Matter Reporting (SMR)

- 6. Assess whether WUFSA has complied with the requirements of section 41 AML/CTF Act across all channels during the Relevant Period.
 - a) Evaluate whether WUFSA's processes supported timely and risk-based SMR submissions, across all crime types including predicate crimes it was exposed to.
 - b) Include testing of alerts and case escalations.
 - c) Evaluate the timeliness of SMR submissions, across transitions and/or system upgrades. Include an evaluation of whether SMRs were initiated independently or in response to queries or notices from Government agencies and/or media queries. Identify patterns that may indicate a reactive rather than proactive compliance posture.
 - d) Matters escalated for review that did not result in SMRs, including whether suspicion should reasonably have been formed under section 41 AML/CTF Act.
 - e) Sample must include SMRs tied to high-risk jurisdictions and/or repeat customers.

KYC information

7. Whether WUFSA's Part A Program has during the Relevant Period complied with the requirements of AML/CTF Rules 15.2 and 15.3 across all channels.
8. Evaluate the adequacy of controls to prevent the use of recycled or inaccurate customer identifiers and address data.

Enhanced Customer Due Diligence (ECDD) Program

9. Whether WUFSA's Part A Program has during the Relevant Period complied with the requirements of AML/CTF Rules 15.8, 15.9, 15.10 and 15.11 across all channels.
10. When determining WUFSA's compliance with the matters outlined in the above paragraph:
 - a) The audit must include SMR-associated customers, PEPs and high-risk corridors; and
 - b) Include all relevant documentation and risk assessments.
11. Assess WUFSA's policies and procedures for off boarding high-risk customers, including those subject to repeated SMRs, and review decision making, consistency and timeliness associated with off boarding decisions.

Compliance with ongoing customer due diligence (OCDD)

12. Whether WUFSA has complied with section 36 AML/CTF Act during the Relevant Period across each channel.

Reporting obligations

13. Whether WUFSA has complied with section 45 AML/CTF Act and Chapter 17 AML/CTF Rules during the Relevant Period across all channels including:-
 - a) The accuracy and completeness of reports submitted to AUSTRAC, including payee address and recycled and inaccurate IDs.
 - b) The adequacy of governance and assurance arrangements, including QA testing, vendor oversight, and processes for identifying, analysing, and remediating the root causes of reporting errors or deficiencies.

Governance and Internal Audit

14. Review the effectiveness of WUFSA's AML/CTF governance framework across all channels during the Relevant Period, in accordance with section 81 AML/CTF Act including:

- a) The adequacy of governance, oversight, and accountability arrangements supporting WUFSA's AML/CTF program
- b) The effectiveness of systems and controls for risk identification, escalation, assurance, and independent review
- c) Oversight of third-party vendors engaged in compliance-related processes, including governance of audit and remediation activities, assurance of data quality and reporting integrity, and management of any systemic issues arising from vendor reliance.

Training

- 15. Review and assess whether WUFSA complied with its obligations under Chapter 8 AML/CTF Rules during the Relevant Period across all channels including:
 - a) The adequacy and frequency of AML/CTF training;
 - b) Whether that AML/CTF Act training supported staff in effectively identifying suspicious activity, across all crime types that WUFSA is exposed to; and
 - c) The extent and appropriateness of the AML/CTF Act training as was tailored to staff managing transactions involving high-risk jurisdictions.