

AML/CTF program quick guide

As a reporting entity you must develop, maintain and comply with an anti-money laundering and counter-terrorism financing (AML/CTF) program.

Your AML/CTF program protects your business from criminal exploitation through money laundering, terrorism financing and proliferation financing. We refer to these as ML/TF.

You must develop an effective AML/CTF program for your business **before providing a designated service.**

Note: This document is a quick guide of the key components of an AML/CTF program and is not exhaustive. It should be read in conjunction with AUSTRAC guidance and the AML/CTF Act and Rules. These explain the obligations in relation to AML/CTF programs in more detail. You may wish to seek independent advice to ensure you understand your obligations.

This quick guide outlines the key components of an AML/CTF program.

Establish your governance framework






- Outline your business's governance roles, and their respective AML/CTF responsibilities and accountabilities.
- Outline the eligibility requirements your compliance officer will meet.
- Outline how you'll keep the governing body or senior manager/s informed of program performance and risks (for example, reporting frequency).
- Outline the process for the governing body to receive reports from the AML/CTF compliance officer, and how you'll ensure this is at least once every 12 months.
- Outline your process for notifying AUSTRAC within 14 days of appointing an AML/CTF compliance officer, including who is responsible for this.
- Outline how the senior manager/s will document approval of the policies and risk assessment, and any updates.
- Outline how the senior manager/s will notify the governing body (in writing) of any updates to the risk assessment, and how they will do this as soon as practicable.



Identify and assess your risks: risk assessment






- Outline your business' ML/TF risk assessment.
- Document approval of your ML/TF risk assessment.
- Outline how you'll stay aware of and incorporate AUSTRAC guidance and risk updates into your risk assessment.
- Outline the frequency and triggers for review of your risk assessment.

<p>Manage and mitigate your risks: AML/CTF policies</p> 	<ul style="list-style-type: none"> • Develop policies, procedures, systems and controls that are tailored to appropriately manage and mitigate the ML/TF risks you identified in your ML/TF risk assessment. • Explain how these measures are tailored to the size, nature and complexity of your business.
<p>Customer due diligence</p> 	<p>Customer risk rating</p> <ul style="list-style-type: none"> • Outline the methods you'll use to assign a risk rating to a customer. • Outline how you'll risk rate your customers and the processes for checking and verifying your customers' identities. • Outline the simplified measures you'll apply to low-risk customers. <p>Initial customer due diligence (initial CDD)</p> <ul style="list-style-type: none"> • Outline the types of know your customer (KYC) information you'll collect and verify for different customer types. • Outline when you'll need to collect more information to be satisfied of a person's identity, and what information you'll collect. • Outline what you'll do if you can't verify a person's identity because of inconsistent information. • Outline how you'll deal with inconsistent information. • Detail when it's appropriate to delay initial CDD, and how you'll manage and mitigate any ML/TF risks that arise. • Outline any alternative identification procedures, and the circumstances in which you'll use them. <p>Enhanced customer due diligence (enhanced CDD)</p> <ul style="list-style-type: none"> • Outline how you'll determine what additional KYC information you need to collect and verify, based on the ML/TF risk of the customer. • Outline when you'll collect and verify information on a customer's source of funds and source of wealth. • Specify a range of enhanced CDD measures. • Specify when you'll apply different enhanced CDD measures. • Specify who is responsible for applying enhanced CDD. • Outline how you'll respond to any enhanced CDD findings, and how you'll decide whether to continue providing designated services to a customer. • Outline how you'll monitor and review the effectiveness of your enhanced CDD measures. • Outline how you'll identify your customer's ML/TF risk and whether enhanced CDD applies before you start providing them with a designated service. • Outline how you'll manage your tipping off obligations when conducting enhanced CDD.

	<p>Ongoing customer due diligence (ongoing CDD)</p> <ul style="list-style-type: none"> • Outline how you'll detect when a customer's ML/TF risk becomes high, and how you'll respond. <p>Third-party reliance</p> <ul style="list-style-type: none"> • Outline any third-party services or reliance arrangements you'll use to carry out CDD. • Outline how you'll ensure any third party you engage has appropriate measures in place to comply with your AML/CTF obligations and implement these in practice.
<p>Personnel due diligence and training</p> 	<ul style="list-style-type: none"> • Specify which roles perform AML/CTF functions and require due diligence and training. • Specify high-risk roles that require tailored due diligence and training. • Outline how you'll make sure an individual has the skills, knowledge and expertise to perform their AML/CTF functions. • Outline how you'll assess the integrity of personnel, including background checks where appropriate. • Outline the frequency and triggers for periodic reassessment. • Outline how you'll respond to adverse assessments. • Provide AML/CTF risk awareness training to relevant personnel. • Make sure personnel understand their responsibilities, the risks your business faces and what processes are involved. • Outline your training content and schedule, tailored to different roles and their risks. • Outline how you'll review and update training content to reflect new risks or regulatory changes. • Outline the frequency and triggers for retraining personnel. • Outline how you'll record completion dates of training, and when further training is due. • Outline how you'll monitor the effectiveness of your training, and whether personnel are applying it. • Outline how you'll document assessments and decisions regarding personnel suitability that are reasonably necessary to demonstrate compliance.

<p>Customer monitoring</p> 	<ul style="list-style-type: none"> • Outline how you'll monitor and analyse your customers' transactions and behaviour, including whether this will be automated or manual. • Outline how you'll identify unusual transactions and behaviour. • Outline how you'll ensure your monitoring is working effectively. • Detail how you'll review and update customers' information or risk, based on your monitoring. • Outline how you'll prioritise and respond to any risks identified through monitoring. • Outline how you'll document and audit your monitoring processes. • Outline when you'll review a transaction or behaviour to determine if you need to submit a suspicious matter report.
<p>Reporting</p> 	<p>Suspicious matter reports</p> <ul style="list-style-type: none"> • Outline how you'll train personnel to identify suspicious activity and respond to it. • Outline processes for personnel to escalate suspicious activity. • Specify personnel or teams responsible for assessing suspicious activity and submitting suspicious matter reports within required timeframes. • Outline how you'll manage your tipping off obligations when a suspicious matter arises. • Outline the steps to conduct timely reviews of material relevant to a suspicious matter. • Outline the steps you'll take to manage the consistent reporting of suspicious matters. <p>Threshold transaction reports</p> <ul style="list-style-type: none"> • Specify personnel or teams responsible for identifying a reportable transaction and submitting a report within the required timeframe. • Outline which reporting method you'll use. <p>Cross-border movement reports</p> <ul style="list-style-type: none"> • Specify personnel or teams responsible for identifying a reportable transaction and submitting a report within the required timeframe. • Outline which report type you may need to report, and which reporting/declaration method you'll use. <p>Annual compliance reports</p> <ul style="list-style-type: none"> • Specify who is responsible for completing, reviewing and approving the annual compliance report. • Outline how you'll ensure you have all the information you need to complete the report on time.

<p>Review and update your AML/CTF program</p> 	<ul style="list-style-type: none"> • Outline how you'll keep your program updated as your business or risks change. • Outline how you'll review and update your policies when required. • Outline how you'll review and update AML/CTF policies when there are changes to your business' ML/TF risks. • Outline your process to revise these policies, when needed.
<p>Conduct an independent evaluation</p> 	<ul style="list-style-type: none"> • Outline the frequency of your independent evaluations, and any trigger for an independent evaluation to occur. • Specify who is responsible for coordinating an independent evaluation. • Outline the steps to conduct an independent evaluation. • Specify how the evaluator will review your ML/TF risk assessment against the requirements in the AML/CTF Act and Rules. • Specify how you'll evaluate the design of your policies against the requirements of the AML/CTF Act and Rules. • Outline how you'll determine if an evaluator is independent and suitable for your business's nature, size and complexity. • Specify that you'll provide the independent evaluator's written report to the governing body and approving senior manager as soon as reasonably practicable after it's completed. • Outline how you'll review and, if required, update your ML/TF risk assessment and AML/CTF policies in response to adverse findings.
<p>Record keeping</p> 	<ul style="list-style-type: none"> • Outline what records you must keep to meet your AML/CTF obligations. • Specify the format and systems you'll use to store records, and how you'll make them accessible and auditable for AUSTRAC. • Detail how long you must keep each type of record. • Outline who is responsible for maintaining, reviewing and securely storing records. • Outline procedures for protecting records from unauthorised access, loss or tampering.