BSA/AML Internal Controls

Examination Procedures

Objective: *Determine whether the bank has implemented a system of internal controls that assures ongoing compliance with BSA regulatory requirements.*

| **Procedure** | **Comments** |
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| 1. Determine whether the bank’s system of internal controls (i.e., policies, procedures, and processes) is designed to:  * Mitigate and manage ML/TF and other illicit financial activity risks, and * Assure ongoing compliance with BSA regulatory requirements. |  |
| 1. Determine whether the internal controls:  * Incorporate the bank’s BSA/AML risk assessment and the identification of ML/TF and other illicit financial activity risks, along with any changes in those risks. * Provide for program continuity despite changes in operations, management, or employee composition or structure. * Facilitate oversight of information technology sources, systems, and processes that support BSA/AML compliance. * Provide for timely updates to implement changes in regulations. * Incorporate dual controls and the segregation of duties to the extent possible. * Include mechanisms to identify and escalate BSA compliance issues to management and the board of directors, or a committee thereof, as appropriate. * Inform the board of directors, or a committee thereof, and senior management of compliance initiatives, identified compliance deficiencies, and corrective action taken, and notify the board of directors of SARs filed. * Identify and establish specific BSA compliance responsibilities for bank personnel and provide oversight for execution of those responsibilities, as appropriate. |  |