Examination Procedures

Concentration Accounts

Objective. *Assess the adequacy of the bank’s systems to manage the risks associated with concentration accounts, and management’s ability to implement effective monitoring and reporting systems.*

| **Procedure** | **Comments** |
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| 1. Review the policies, procedures, and processes related to concentration accounts. Evaluate the adequacy of the policies, procedures, and processes in relation to the bank’s concentration account activities and the risks they represent. Assess whether the controls are adequate to reasonably protect the bank from money laundering and terrorist financing. |  |
| 1. From a review of MIS and internal risk rating factors, determine whether the bank effectively identifies and monitors concentration accounts. |  |
| 1. Review the general ledger and identify any concentration accounts. After discussing concentration accounts with management and conducting any additional research needed, obtain and review a list of all concentration accounts and the bank’s most recent reconcilements. |  |
| 1. Determine whether the bank’s system for monitoring concentration accounts for suspicious activities, and for reporting of suspicious activities, is adequate given the bank’s size, complexity, location, and types of customer relationships. |  |
| 1. If appropriate, for additional guidance refer to the core examination procedures, “Office of Foreign Assets Control”. |  |
| **Transaction Testing** | |
| 1. On the basis of the bank’s risk assessment of its concentration accounts, as well as prior examination and audit reports, select a sample of concentration accounts. From the sample selected, perform the following examination procedures:  * Obtain account activity reports for selected concentration accounts. * Evaluate the activity and select a sample of transactions passing through different concentration accounts for further review. * Focus on higher-risk activity (e.g., funds transfers or monetary instruments purchases) and transactions from higher-risk jurisdictions. |  |
| 1. On the basis of examination procedures completed, including transaction testing, form a conclusion about the adequacy of policies, procedures, and processes associated with concentration accounts. |  |