Examination Procedures

Embassy, Foreign Consulate, and Foreign Mission Accounts

Objective. *Assess the adequacy of the bank’s systems to manage the risks associated with transactions involving embassy, foreign consulate, and foreign mission accounts, and management’s ability to implement effective due diligence, monitoring, and reporting systems.*

| **Procedure** | **Comments** |
| --- | --- |
| 1. Review the policies, procedures, and processes related to embassy, foreign consulate, and foreign mission accounts. Evaluate the adequacy of the policies, procedures, and processes given the bank’s embassy, foreign consulate, and foreign mission accounts and the risks they present (e.g., number of accounts, volume of activity, and geographic locations). Assess whether the controls are adequate to reasonably protect the bank from money laundering and terrorist financing. |  |
| 1. Identify senior management’s role in the approval and ongoing monitoring of embassy, foreign consulate, and foreign mission accounts. Determine whether the board is aware of these banking activities and whether it receives periodic reports on these activities. |  |
| 1. From a review of MIS and internal risk rating factors, determine whether the bank effectively identifies and monitors embassy, foreign consulate, and foreign mission accounts, particularly those that pose a higher risk for money laundering. |  |
| 1. Determine whether the bank’s system for monitoring embassy, foreign consulate, and foreign mission 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 embassy, foreign consulate, and foreign mission consulate accounts, as well as prior examination and audit reports, select a sample of embassy and foreign consulate accounts. From the sample selected, perform the following examination procedures:  * Determine compliance with regulatory requirements and with the bank’s established policies, procedures, and processes. * Review the documentation authorizing the ambassador or the foreign consulate to conduct banking in the United States. * Review transaction activity for accounts selected. If necessary, request and review specific transactions. |  |
| 1. On the basis of examination procedures completed, including transaction testing, form a conclusion about the adequacy of policies, procedures, and processes associated with embassy, foreign consulate, and foreign mission accounts. |  |