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.
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| 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.
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