

**PRESENTATION MADE AT THE ANNUAL GENERAL
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Anti-Money Laundering and Countering the Financing of Terrorism and Proliferation (AML/CFTP) Institutional Policy

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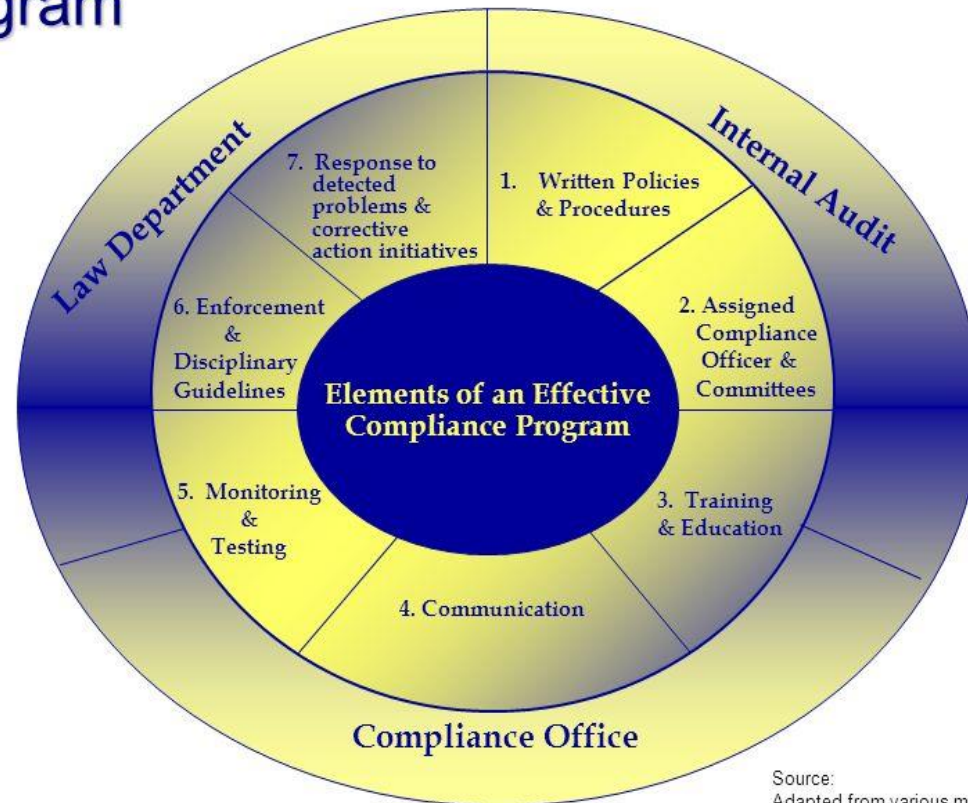
International Standards on AML/CFTP requirements



- ❑ FATF Recommendation 1.11a requires Financial institutions, DNFBPs, VASPs **to have policies, controls and procedures**, which are approved by senior management, to enable them to manage and mitigate the ML/TF risks that have been identified
- ❑ (Section 23(2) (I) of the FIC Act, No. 16 of 2020 –FSPs, DNFBPs and VASPs are required to **develop and implement programmes** for the prevention of money laundering, financing of terrorism and any other serious offence.
- ❑ The programmes referred to in subsection (I) shall include the following:
 - internal policies, procedures and controls to fulfil obligations pursuant to the FIC Act
 - policies and procedures to prevent the misuse of technological developments including those related to electronic means of storing and transferring funds or value

How Does an Effective AML/CFTP Programme look like?

7 Key Elements of an Effective Compliance Program



Source:
Adapted from various models & tools

Institutional AML/CFTP Polices

- ❑ The Institutional AML/CFTP policy should set the minimum and mandatory benchmarks to prevent, detect, deter ML/TF/PF to control and manage related risks.
- ❑ The Policy should be monitored for compliance with the country AML/CFTP legal and institutional framework
- ❑ Approved and signed off by the Board or Partners and be reviewed at such intervals as required by the Board/Partners or by changes in the regulatory environment.



COMPONENTS OF THE AML/CFTP POLICY

- ❑ The AML/CFTP Policy should provide the minimum standards which must be applied throughout the accounting firm. At a minimum, the Policy should cover the following areas:
 - Overview of the Institution
 - Institutional Commitment to fighting ML/TF and other Financial Crimes
 - Policy goals and objectives
 - Roles and responsibilities (Partners/Management, Compliance Officer and Staff)
 - Customer Due Diligence and verification processes
 - Institutional Risk Assessment
 - Application of enhanced or specific measures for high risk and low risk scenarios
 - Sanction screening



**AML/KYC
Policies,
Procedure &
Controls**

COMPONENTS OF THE AML/CFTP POLICY

- Transaction monitoring
- Reporting obligations –
- Record keeping (including beneficial ownership information and ongoing monitoring)
- Confidentiality and tipping off
- Training
- Audit oversight
- Co-operation with competent authorities
- Penalties



COMPLIANCE LEVELS IN THE ACCOUNTING FIRMS



- ❑ Compliance levels in the accounting firms is still very low.

- ❑ FIC undertook a monitoring exercise in 2020 which revealed the following prevalent deficiencies in accounting firms:
 - ❑ Lack of an AML/CFTP Policy
 - ❑ Lack of an ML/TF/PF risk assessment
 - ❑ Lack of an approved compliance officer
 - ❑ Lack of AML/CFTP training for staff
 - ❑ Lack of independent audit of compliance programme.

- ❑ The FIC will be engaging all the accounting firms with deficiencies to ensure they comply with the FIC Act.

ADMINISTRATIVE SANCTION REGIME

- ❑ Provisions under the FIC Act that provide for administrative sanctions for non-compliant reporting entities were strengthened in 2020.
- ❑ FIC will be imposing sanctions on all reporting entities that have been notified of their AML/CFTP deficiencies but remain non-compliant with the FIC Act.



DISCUSSIONS/COMMENTS