



Joint AML/CTF Program
Monitoring & Review

November 2020

Crown – Joint AML/CTF Program Testing & Review

Table of Contents	
Background	3
Three Lines of Defence (3LoD) Summary.....	3
AML/CTF Obligations	4
Compliance Risks.....	5
AML/CTF Program Controls	5
AML/CTF Program Control Monitoring and Review	6
Testing and Monitoring Plan.....	7
Review and Approval	7
Reporting	7
Action Plans.....	7
Document Control.....	7
Appendix A - Systems & Controls.....	9
Appendix B - Testing and Monitoring Plan	43
Appendix C - Three Lines of Defence (3LoD) Model	61

Crown – Joint AML/CTF Program Testing & Review

Background

Crown Resorts Limited (Crown) is Australia's largest gaming and entertainment group. Crown (a Reporting Entity) provides services designated under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act). The Crown entities providing designated services are members of the Crown Designated Business Group (DBG) and have adopted the Joint AML/CTF Program (Joint AML/CTF Program).

This document sets out the Crown DBG's approach to Monitoring and Review relating to the implementation of its Joint Anti-Money Laundering and Counter-Terrorism Financing Program (AML/CTF Program).

In support of Crown's approach to Monitoring and Review, this document establishes a risk-based Testing and Monitoring Plan which is maintained by the AML/CTF Compliance Officer in consultation with the relevant business leaders. The Testing and Monitoring Plan is designed to support the Board and Senior Management in their performance of ongoing oversight in relation to the operation and effectiveness of the AML/CTF related systems and controls which have been implemented as a part of Crown's AML/CTF Program.

The Testing and Monitoring Plan is based on Crown's Three Lines of Defence model, which is Crown's formal structure designed to support its risk-based decision-making and oversight.

This document should be read in conjunction with the Joint AML/CTF Program and the Joint AML/CTF Policy and Procedures.

Three Lines of Defence (3LoD) Summary

Crown has adopted a 3LoD model which is designed to support its risk-based decision-making and oversight. Information concerning Crown's 3LoD is detailed in Appendix A. A summary of Crown's 3LoD model as it relates to Monitoring and Review: *[INSERT CROWN'S 3LoD APPROACH TO ASSURANCE HERE – A SUMMARY OF CPG220 AS A REFERENCE POINT IS PROVIDED]*

The first line of defence

1. *The first line of defence comprises the business management who have ownership of risks. Accordingly, business management is responsible for day-to-day risk management decision-making involving risk identification, assessment, mitigation, monitoring and management. Roles and responsibilities of risk owners are clearly defined and incorporated into performance reviews where appropriate.*
2. *Executive and senior business management ensure risk ownership is clearly defined and that the risk management framework is effectively implemented and supports decision-making. This includes reporting, escalation and monitoring procedures that are appropriate for the management of different risk categories.*

The second line of defence

3. *The second line of defence comprises the specialist risk management function(s) that are functionally independent of the first line of defence. The second line of defence supports the Board and its committees through objective review and challenge of:*
 - i) *the consistent and effective implementation of the risk management framework throughout the APRA-regulated institution; and*
 - ii) *the data and information captured as part of the risk management framework which are used in the decision-making processes within the business, in particular the completeness and appropriateness of the risk identification and analysis, ongoing effectiveness of risk controls, and prioritisation and management of*

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action plans; and

The third line of defence

4. *The third line of defence comprises the function(s) that, in accordance with CPS 220, provide to the Board and its committees:*
 - a) *at least annually, independent assurance that the risk management framework has been complied with and is operating effectively; and*
 - b) *at least every three years, a comprehensive review of the appropriateness, effectiveness and adequacy of the risk management framework.*

AML/CTF Obligations

Part 7 of the AML/CTF Act requires that a reporting entity (a business offering one or more services designated under the AML/CTF Act) put in place an AML/CTF Program.

Part 7 of the AML/CTF Act sets out:

- *A reporting entity must have and comply with an anti-money laundering and counter-terrorism financing program.*
- *An anti-money laundering and counter-terrorism financing program is divided into Part A (general) and Part B (customer identification).*
- *Part A of an anti-money laundering and counter-terrorism financing program is designed to identify, mitigate and manage the risk a reporting entity may reasonably face that the provision by the reporting entity of designated services at or through a permanent establishment of the entity in Australia might (whether inadvertently or otherwise) involve or facilitate:*
 - *money laundering; or*
 - *financing of terrorism.*
- *Part B of an anti-money laundering and counter-terrorism financing program sets out the applicable customer identification procedures for customers of the reporting entity.*

The purpose of Part A of the AML/CTF Program is to identify, mitigate and manage the risk that a reporting entity may, directly or indirectly, facilitate money laundering or terrorism financing. Part B is focused on the procedures for identifying customers and beneficial owners including those that are politically exposed persons (PEPs) and verifying their identity.

The AML/CTF Act is supported by AML/CTF Rules, which provide the detailed requirements in furtherance of Part 7 of the AML/CTF Act. Chapters 9 and 15 of the AML/CTF Rules set out the key requirements that should be addressed within a Part A AML/CTF Program, including how ML/TF risk should be identified, mitigated, and managed by a reporting entity.

Chapter 4 sets out the customer identification requirements required under Part B of the AML/CTF Program.

The AML/CTF obligations applicable to Crown have been set out in Appendix A - Systems & Controls.

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Compliance Risks

The risks related to the AML/CTF Program are the risks of non-compliance with the requirements and obligations placed on Crown by Chapters 9, 15 and 4 of the AML/CTF Rules.

ISO 31000¹ on Risk Management defines risk as:

3.1

risk

effect of uncertainty on objectives

Note 1 to entry: An effect is a deviation from the expected. It can be positive, negative or both, and can address, create, or result in opportunities and threats.

Note 2 to entry: Objectives can have different aspects and categories, and can be applied at different levels.

*Note 3 to entry: Risk is usually expressed in terms of **risk sources** (3.4), potential **events** (3.5), their **consequences** (3.6) and their **likelihood** (3.7).*

The risks related to the AML/CTF Program include:

- Not adequately documenting the requirements
- Not identifying obligations required
- Not undertaking activity required to address obligations

The Compliance Risks have been set out in Appendix A - Systems & Controls.

AML/CTF Program Controls

In order to manage and mitigate the risks resulting from the AML/CTF Program obligations and requirements, Crown is required to establish controls to ensure compliance with requirements specified by the AML/CTF Program.

ISO 31000 on Risk Management defines controls as:

3.8

control

measure that maintains and/or modifies risk (3.1)

Note 1 to entry: Controls include, but are not limited to, any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk.

Note 2 to entry: Controls may not always exert the intended or assumed modifying effect.

The controls required to manage and mitigate Crown's risk of non-compliance with the AML/CTF Program requirements will include processes, procedures, and staff activity.

In addition, Crown may also have systems that contain and deploy a control or multiple controls.

The controls appropriate to manage and mitigate the risk of non-compliance with the AML/CTF Program have been set out in Appendix A - Systems & Controls.

¹ <https://www.iso.org/obp/ui/#iso:std:iso:31000:ed-2:v1:en>

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AML/CTF Program Control Monitoring and Review

The monitoring and review of the design adequacy and operational effectiveness of the controls put in place to manage and mitigate the risks of non-compliance with the AML/CTF Program is a separate and additional type of activity undertaken by some reporting entities, on a risk-basis, as part of Crown’s risk management framework to continually monitor its control environment and manage its residual risks within appetite.

ISO 31000, defines monitoring and review as:

6.6 Monitoring and review

The purpose of monitoring and review is to assure and improve the quality and effectiveness of process design, implementation, and outcomes.

Ongoing monitoring and periodic review of the risk management process and its outcomes should be a planned part of the risk management process, with responsibilities clearly defined.

Monitoring and review should take place in all stages of the process. Monitoring and review includes planning, gathering and analysing information, recording results and providing feedback.

The results of monitoring and review should be incorporated throughout the organization’s performance management, measurement, and reporting activities.

Monitoring and review activity should be based on the nature, size, and complexity of the business and the risks faced. This allows a reporting entity to ‘right size’ monitoring and review activity based on their business.

It should be noted that neither the AML/CTF Act nor the AML/CTF Rules address or specify what type of monitoring and review is required for a Part A AML/CTF Program.

In relation to Crown’s 3LoD monitoring and review:

- Line 1 – undertakes testing of the adequacy and operational effectiveness
- Line 2 – undertakes activities that constitutes monitoring of the risk, controls, and line 1 testing
- Line 3 – undertakes assurance over the understanding the risk, the controls and the oversight and testing undertaken by line 1 and 2

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Testing and Monitoring Plan

To support the Monitoring and Review of the controls associated with the AML/CTF Program, Crown has established a Testing and Monitoring Plan. The Testing and Monitoring Plan is designed on a risk-basis to review the design adequacy and operational effectiveness of the controls put in place to manage and mitigate the risks of non-compliance with the AML/CTF Program.

The Testing and Monitoring Plan has been designed by firstly understanding the AML/CTF obligations and requirements applicable to Crown as outlined in its AML/CTF Program, the associated Compliance Risks and the Systems and Controls in place to address those Risks.

Once the Controls are understood, a risk-based Testing and Monitoring Plan has been developed with a focus on key Controls.

The Testing and Monitoring Plan is set out in Appendix B - Testing and Monitoring Plan.

Review and Approval

Once the Testing and Monitoring Plan has been agreed by the AML/CTF Compliance Officer in consultation with the responsible business leaders, the Testing and Monitoring Plan will be presented to the ERCC for review and approval/endorsement/approval.

The Testing and Monitoring Plan will be reviewed at least annually, to ensure it remains current and continues to reflect an appropriate risk-based approach.

Reporting

Results

The results of all Testing and Monitoring will be reported monthly to the ERCC by the responsible business leader, including any relevant Action Plan. Where results are outside of business risk appetite (for example, identification of control deficiencies relating to high risk activity), results will be escalated to the XXX.

Progress

Areas responsible for performing Testing and Monitoring will report their progress against the approved plan at least quarterly to the ERCC. Any material change to the Testing and Monitoring Plan must be approved by the ERCC. Therefore, where progress against the approved Testing and Monitoring Plan is at risk or has fallen behind schedule and is unlikely to be brought back on track within the following quarter, this should be escalated by the XXXX to the XXXXX.

Action Plans

Where control deficiencies are identified, these should be addressed with an appropriate action plan to be established and implemented by the responsible business leader with the support of the relevant accountable business leader.

Document Control

This document will be reviewed annually by the AML/CTF Compliance Officer, and subject to approval by the XXXX.

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Document Version	Approved By	Date

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Appendix A - Systems & Controls

The following table includes:

- A summary of the obligations set out in the AML/CTF Rules;
- A description of the Obligations and Requirements;
- The identified Compliance Risks;
- The Systems and Controls Crown has implemented to manage its Compliance Risks; and
- The responsible and accountable roles for those Systems and Controls.

Part A Requirements	Obligations and Requirements	Compliance Risks	Requirement	Systems & Controls	Accountable Role	Responsible Role
<p>Part 9.1 - Part A of a joint anti-money laundering and counter-terrorism financing (AML/CTF) program.</p> <p>9.1.3 Allows for “some” systems and controls in place for other part of Chapter 9 and Chapter 15 to be “risk-based”. Where systems and controls are risk based their design should consider: (1) the nature, size, and complexity of business; and (2) the type of ML/TF risk that might be reasonably faced.</p> <p>9.1.4 In identifying ML/TF risk Part A must take into account the risk posed by (1) the customer types, including any politically exposed persons; (2) the types of designated services provided; (3) the methods by which designated services are delivered; and (4) the foreign jurisdictions dealt with.</p> <p>9.1.5 Part A must be designed to: (1) understand the nature and purpose of the business relationship with customer types, including as appropriate the collection of information relevant to that understanding; and</p>	<ul style="list-style-type: none"> • Establishes that the primary purpose of Part A of a joint AML/CTF program is to identify, manage and mitigate ML/TF risk faced • Sets out the Risk Based Approach that should be addressed and implemented within the Part A Program. • Requires that Part A & Part B must be appropriate to the ML/TF risk faced and be 	<ul style="list-style-type: none"> • Part A of the AML/CTF Program does not document the risk-based approach adopted to address the requirements of Part A that can be subject to risk based controls, as specified in the Rules. • The ML/TF risk faced are not identified or understood. • The ML/TF risk are not appropriately managed 			<ol style="list-style-type: none"> 1. AML/CTF Compliance Officer 2. AML/CTF Compliance Officer 	<ul style="list-style-type: none"> • AML Team • AML Team

Crown – Joint AML/CTF Program Testing & Review

<p>(2) understand the control structure of non-individual customers;</p> <p>(3) identify significant changes in ML/TF risk for the purposes of the group’s Part A and Part B programs, including:</p> <p>(a) risks identified by consideration of the factors in paragraph 9.1.4; and</p> <p>(b) risks arising from changes in the nature of the business relationship, control structure or beneficial ownership of its customers; and</p> <p>(4) such changes in ML/TF risk to be recognised for the purposes of the requirements of the group’s Part A and Part B programs; and</p> <p>(5) identify, mitigate, and manage any ML/TF risk arising from:</p> <p>(a) all new designated services prior to introducing them to the market;</p> <p>(b) all new methods of designated service delivery prior to adopting them;</p> <p>(c) all new or developing technologies used for the provision of a designated service prior to adopting them; and</p> <p>(d) changes arising in the nature of the business relationship, control structure or beneficial ownership of its customers.</p> <p>9.1.6 Part A must include a requirement that, in determining what is an appropriate risk-based procedure for inclusion in Part B of the reporting entity’s joint AML/CTF program, the reporting entity must have regard to ML/TF risk relevant to the provision of the designated service.</p> <p>Application</p> <p>9.1.7 Unless otherwise provided in the AML/CTF Act or these Rules, each reporting entity in the designated business group must apply Part A to all areas of its business that are involved in the provision of a designated service, including in relation to any function carried out by a third party.</p>	<p>adjusted as and when the ML/TF risks change.</p> <ul style="list-style-type: none"> • Key control vs non-key control – a key control is defined as control that, if failure were to occur, a risk event will certainly arise. Non-key control is defined as a control that, if failure were to occur, a risk event may not necessarily arise as a direct result of that failure. • Allows for “some” systems and controls in place for other part of Chapter 8/9 and Chapter 15 to be “risk-based” • Requires the Part A Program be applied to all areas of its business including third parties. 	<p>and mitigated by the controls established to meet the requirements set out in the Part A Program.</p> <ul style="list-style-type: none"> • The ML/TF risk assessment is not kept up to date and changes in the ML/TF risks is not identified. • The Part A and Part B Programs and the controls established are not adjusted to accommodate changing ML/TF risk. • The Part A Program is not extended to all relevant areas of the business, including third parties. 			
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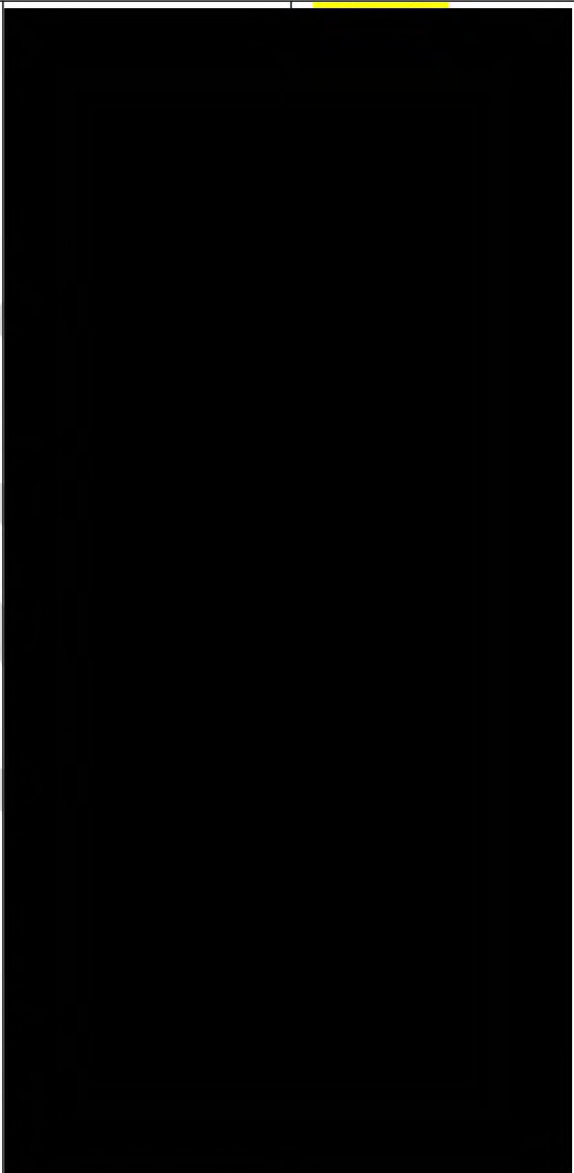
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Part 9.2 - AML/CTF risk awareness training program 9.2.2 On a risk basis: <ul style="list-style-type: none">Give employees appropriate training having regard to ML/TF risk Crown may reasonably face; and	On a risk basis: <ul style="list-style-type: none">Give employees appropriate training (9.2.2);Provide employees	<ul style="list-style-type: none">Part A of the AML/CTF Program does not document the requirements regarding			

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<ul style="list-style-type: none"> Provide employees training at appropriate intervals having regard to ML/TF risk Crown may reasonably face. <p>9.2.3 AML/CTF training must be designed to enable employees to understand:</p> <ol style="list-style-type: none"> the obligations of the reporting entity under the AML/CTF Act and Rules; the consequences of non-compliance with the AML/CTF Act and Rules; the type of ML/TF risk that the reporting entity might face and the potential consequences of such risk; and those processes and procedures provided for by the reporting entity's AML/CTF program that are relevant to the work carried out by the employee. 	<ul style="list-style-type: none"> training at appropriate intervals (9.2.2); and Training covers elements specified by the Rule (9.2.3). 	<p>AML/CTF Training set out in the Rules.</p> <ul style="list-style-type: none"> Employee roles are not appropriately risk assessed to determine type and frequency of training. Employees are not provided appropriate training based on their risk; Employees are not trained at appropriate intervals based on their risk; and Training does not cover all elements specified by the Rules. 			
<p>Part 9.3 Employee due diligence program</p> <p>9.3.1 Part A must include an employee due diligence program that meets the requirements of paragraphs 9.3.2 to 9.3.4 of these Rules.</p>	<ul style="list-style-type: none"> Identify roles that may facilitate ML/TF. Determine whether to, and in what manner, 	<ul style="list-style-type: none"> Part A of the AML/CTF Program does not document the requirements regarding 			<ul style="list-style-type: none">

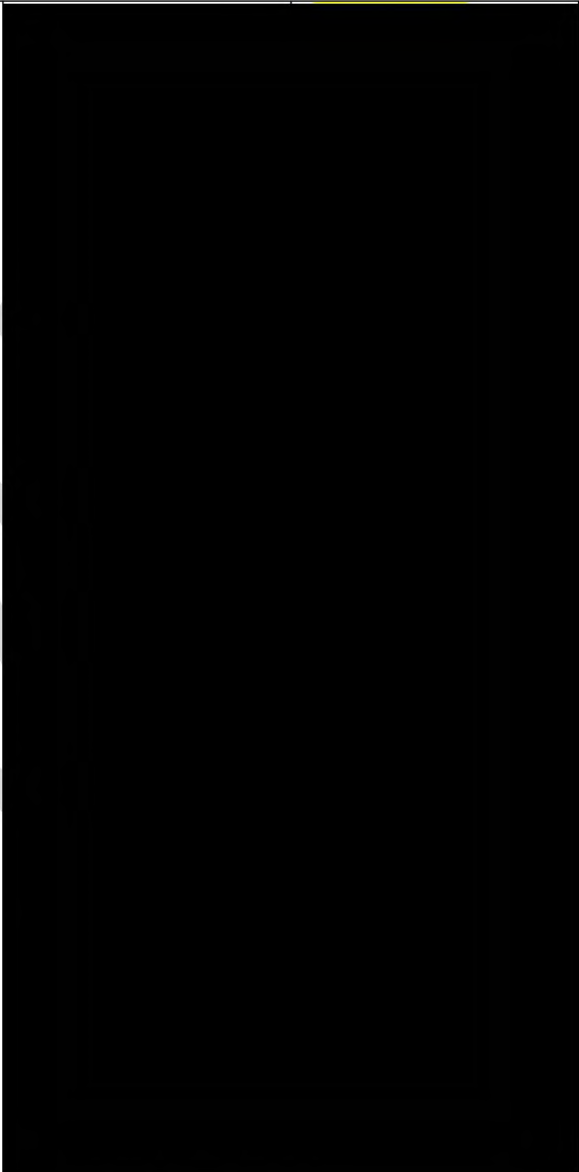
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<p>9.3.2 The employee due diligence program must put in place appropriate risk-based systems and controls to determine whether to, and in what manner to, screen any prospective employee who, if employed, may be in a position to facilitate the commission of a money laundering or financing of terrorism offence in connection with the provision of a designated service by the reporting entity.</p> <p>9.3.3 The employee due diligence program must include appropriate risk-based systems and controls to determine whether to, and in what manner to, re-screen an employee where the employee is transferred or promoted and may be in a position to facilitate the commission of a money laundering or financing of terrorism offence in connection with the provision of a designated service by the reporting entity.</p> <p>9.3.4 The employee due diligence program must establish and maintain a system for each reporting entity to manage any employee who fails, without reasonable excuse, to comply with any system, control or procedure established in accordance with Part A or Part B.</p>	<p>screen new employees that undertake a role that may facilitate ML/TF (9.3.2).</p> <ul style="list-style-type: none"> • Determine whether to, and in what manner, re-screen existing employees transferred or promoted into a role that may facilitate ML/TF. (9.3.3). • Manage (discipline) employees that fail to follow the systems, controls or procedures put in place to comply with Part A or Part B (Customer Due Diligence) (9.3.4) 	<p>Employee Due Diligence set out in the Rules.</p> <ul style="list-style-type: none"> • Employees roles have not been appropriate assessed for vulnerability to facilitating ML/TF. • New employees whose role is vulnerable to facilitating ML/TF are not screened. • The screening is not appropriate with regard the employee role's vulnerability to facilitating ML/TF. • Existing employees who are transferred or promoted to role a vulnerable to facilitating ML/TF are not screened • The existing screening is not 			
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		<p>appropriate with regard the employee role’s vulnerability to facilitating ML/TF.</p> <ul style="list-style-type: none"> There is no monitoring of staff compliance with their AML/CTF related processes and procedures and/or the appropriate response is not applied when a staff member fails to comply with a process or procedure related to the AML/CTF Program 			
<p>Part 9.4 Oversight by boards and senior management</p> <p>9.4.1 Except where paragraph 9.4.2 applies, the Part A program must be approved by the governing board and senior management of each reporting entity in the designated business group. Part A must also be subject to the ongoing oversight of each reporting entity’s board and senior management. Where the reporting entity does not have a board, Part A must be approved and overseen by its chief executive officer or equivalent.</p>	<ul style="list-style-type: none"> Part A must be approved by the governing Board and senior management Part A must also be subject to ongoing oversight by the Board and 	<ul style="list-style-type: none"> Part A of the AML/CTF Program does not document the requirement to approve and undertake oversight of the Part A AML/CTF Program set 		<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

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<p>9.4.2 Where each member of a designated business group is related to the other members, the Part A program may be approved by and subject to the ongoing oversight of the governing board and senior management of the main holding company of the group.</p>	<p>senior management.</p>	<p>out in the Rules.</p> <ul style="list-style-type: none"> • The Part A Program is not approved. • Part A Program is not subject to ongoing oversight. 			
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<p>Part 9.5 AML/CTF Compliance Officer</p> <p>9.5.1 Part A program must provide for the designated business group to designate a person as the 'AML/CTF Compliance Officer' at the management level. The AML/CTF Compliance Officer may have other duties.</p>	<ul style="list-style-type: none"> Part A must set out the requirement and process to designate an AML/CTF Compliance Officer at the management level. 	<ul style="list-style-type: none"> The Part A Program does not include the requirements and processes to designate an AML/CTF Compliance Officer set out in the Rules. 		<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
<p>Part 9.6 Independent review</p> <p>9.6.1 Part A must be subject to regular independent review.</p> <p>9.6.2 The frequency of the review should take into account the nature, size and complexity of each reporting entity's business, and the type and level of ML/TF risk it might face.</p> <p>9.6.3 While the review may be carried out by either an internal or external party, the person appointed to conduct the review must not have been involved in undertaking any of the functions or measures being reviewed, including: (1) the design, implementation, or maintenance of Part A of the joint AML/CTF program; or</p>	<ul style="list-style-type: none"> On a risk basis the Part A AML/CTF Program must be subjected to "regular" (timeframe undefined) independent review. The independence of the reviewer must be able to be demonstrate 	<ul style="list-style-type: none"> Part A of the AML/CTF Program does not document the requirements regarding Independent Reviews set out the Rules. The Part A Program is not subjected to an independent review 			<ul style="list-style-type: none">

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<p>(2) the development of any of the reporting entities' risk assessments or related internal controls.</p> <p>9.6.4 The designated business group must be able to demonstrate the independence of the reviewer.</p> <p>9.6.5 The purpose of the review should be to:</p> <p>(1) assess the effectiveness of the Part A program having regard to the ML/TF risk of each reporting entity in the designated business group;</p> <p>(2) assess whether the Part A program complies with these Rules;</p> <p>(3) assess whether the Part A program has been effectively implemented; and</p> <p>(4) assess whether each reporting entity in the designated business group has complied with its Part A program.</p> <p>9.6.6 The result of the review, including any report prepared, must be provided to senior management and, where applicable the governing board of each reporting entity in the designated business group.</p>	<p>d and not be someone that has been involved in the design, implementation, or maintenance of Part A or the systems and controls that support Part A compliance.</p> <ul style="list-style-type: none"> Establishes criteria that the independent review should address. Requires that the Independent Review report be provided to the senior management and governing Board. 	<p>frequency appropriate to the nature, size and complexity and the assessed ML/TF risk of the business.</p> <ul style="list-style-type: none"> The reviewer is not appropriately independent. The independent review does not address the criteria set out in 9.6.5. The results of the independent review are not provided to the senior management. Where applicable the independent review are not provided to Board. 			
<p>Part 9.7 Incorporation of AUSTRAC feedback and guidance</p> <p>9.7.1 In developing and updating Part A of a joint AML/CTF program, a reporting entity must take into account:</p>	<p>In developing and updating Part A of the AML/CTF Program the following must be taken into account, where</p>	<ul style="list-style-type: none"> Part A of the AML/CTF Program does not document the requirement 		<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

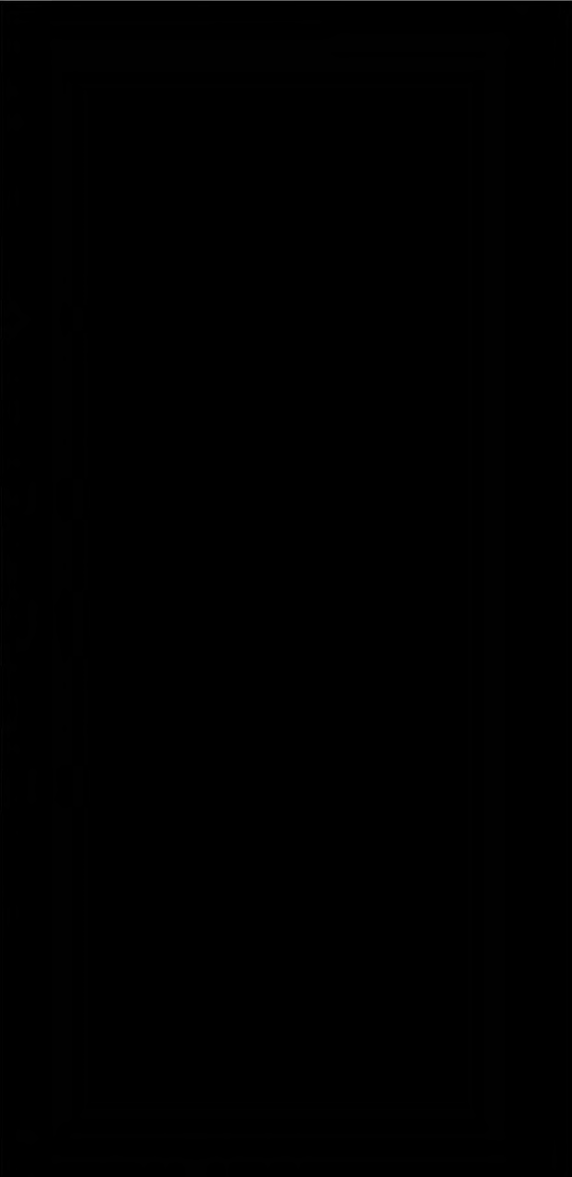
Crown – Joint AML/CTF Program Testing & Review

<p>(1) any applicable guidance material disseminated or published by AUSTRAC; and</p> <p>(2) any feedback provided by AUSTRAC in respect of the reporting entity or the industry it operates in,</p> <p>that is relevant to the identification, mitigation, and management of ML/TF risk arising from the provision of a designated service by that entity.</p>	<p>relevant to the identification, mitigation, and management of ML/TF risk:</p> <ul style="list-style-type: none"> • Applicable guidance material published or disseminated by AUSTRAC • Any feedback provided by AUSTRAC directly or to the industry. 	<p>s to incorporate AUSTRAC and guidance set out in the Rules.</p> <ul style="list-style-type: none"> • Relevant direct feedback is not taken into account and incorporated into your Part A Program. • Relevant feedback to industry is not taken into account and incorporated into your Part A Program. • Applicable guidance from AUSTRAC is not taken into account and incorporated into your Part A Program. 			
<p>Part 9.8 Permanent establishments in a foreign country</p> <p>9.8.1 The Rules in 9.8 are made pursuant to section 229 of the AML/CTF Act for the purposes of paragraph 85(2)(b) of that Act. The Rules in</p>	<p>Part A of a reporting entity's AML/CTF program must include systems and controls to obligations under</p>	<p><i>Not Relevant to Crown</i></p>			

Crown – Joint AML/CTF Program Testing & Review

<p>9.8 apply to those reporting entities in the designated business group that provide designated services at or through a permanent establishment in a foreign country.</p> <p>9.8.2 Subject to 9.8.3, Part A of a reporting entity's AML/CTF program must include systems and controls that meet the obligations under the AML/CTF Act that apply to the provision by the reporting entity of designated services at or through a permanent establishment of the reporting entity in a foreign country.</p> <p>9.8.3 Where a reporting entity's permanent establishment in a foreign jurisdiction is regulated by anti-money laundering and counter-terrorism financing laws comparable to Australia, only minimal additional systems and controls need to be considered.</p> <p>9.8.4 The requirements in parts 9.4 to 9.7 of these Rules apply in relation to a permanent establishment in a foreign country at or through which a reporting entity provides designated services. The requirements in parts 9.1 to 9.3 of these Rules do not apply in relation to a permanent establishment in a foreign country at or through which a reporting entity provides designated services.</p>	<p>the AML/CTF Act that apply to the provision of designated services at or through a permanent establishment in a foreign country. Specifies that the requirements in parts 9.4 to 9.7 of these Rules apply to a permanent establishment only.</p>						
<p>Part 9.9 Reporting obligations</p> <p>9.9.1 Part A must include:</p> <p>(1) the obligations that apply to each of the reporting entities under sections 41, 43, 45 and 47 of the AML/CTF Act (reporting obligations); and</p>	<p>Part A must set out: The obligations that apply in relation to:</p> <ul style="list-style-type: none"> SMRs – Suspicious Matter 	<ul style="list-style-type: none"> Part A of the AML/CTF Program does not document the relevant reporting obligations 			<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	

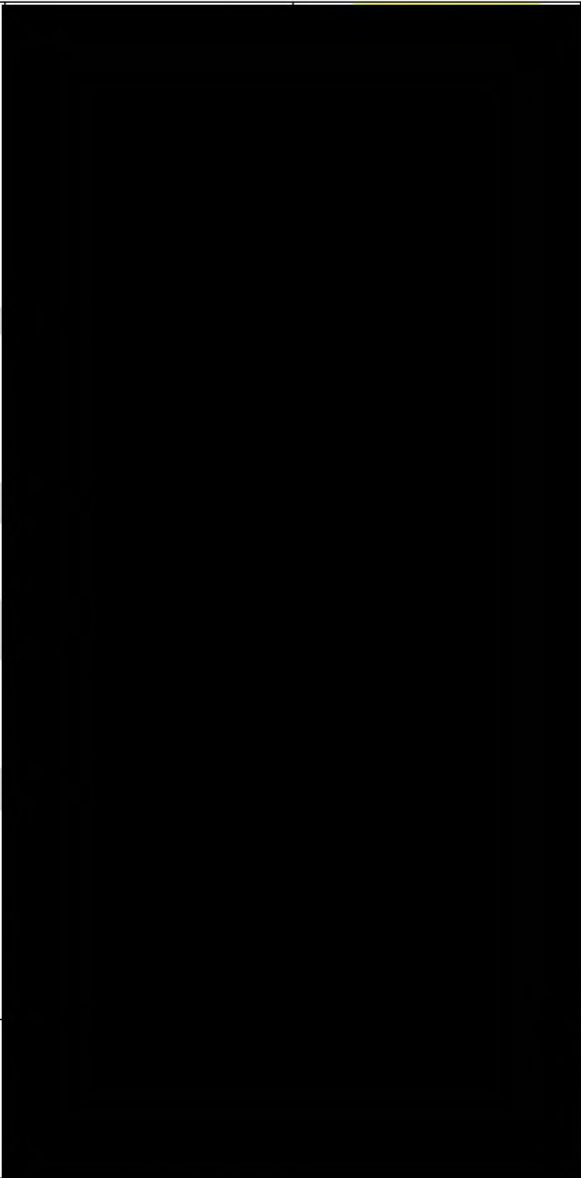
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<p>(2) appropriate systems and controls of each of the reporting entities designed to ensure compliance with the reporting obligations of the reporting entity; and</p> <p>(3) the obligations that apply to each of the reporting entities under section 51F of the AML/CTF Act and Chapter 64 of the AML/CTF Rules; and</p> <p>(4) where a reporting entity in the designated business group is a remittance dealer, the obligations that apply to the remittance dealer under section 75M of the AML/CTF Act (as applicable) to advise:</p> <p>(a) the AUSTRAC CEO of material changes in circumstances and other specified circumstances under subsections 75M(1) and 75M(3) of the AML/CTF Act; or</p> <p>(b) the registered remittance network provider of material changes in circumstances and other specified circumstances under subsection 75M(2) of the AML/CTF Act.</p>	<p>Reports (Sec 41)</p> <ul style="list-style-type: none"> • TTRs - Threshold Cash Transactions 10,000 or more cash (Sec 43) • IFTI – International Funds Transfer Instructions (Sec 45) • Annual Compliance Report (Sec 47) <p>Part A must include “appropriate” (not Risk-based) systems and controls designed to ensure compliance with reporting obligations.</p> <ul style="list-style-type: none"> • Part A must also set out the obligations to keep up to date information provided to AUSTRAC during enrolment as a reporting entity. 	<p>set out in the Rules.</p> <ul style="list-style-type: none"> • All qualifying matters and instructions are not reported. • Reports are not lodged with AUSTRAC within the period specified by the AML/CTF Act (timeliness). • Reports lodged do not contain all the required content (format). • Reports lodged do not contain appropriate content (accuracy). 			
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

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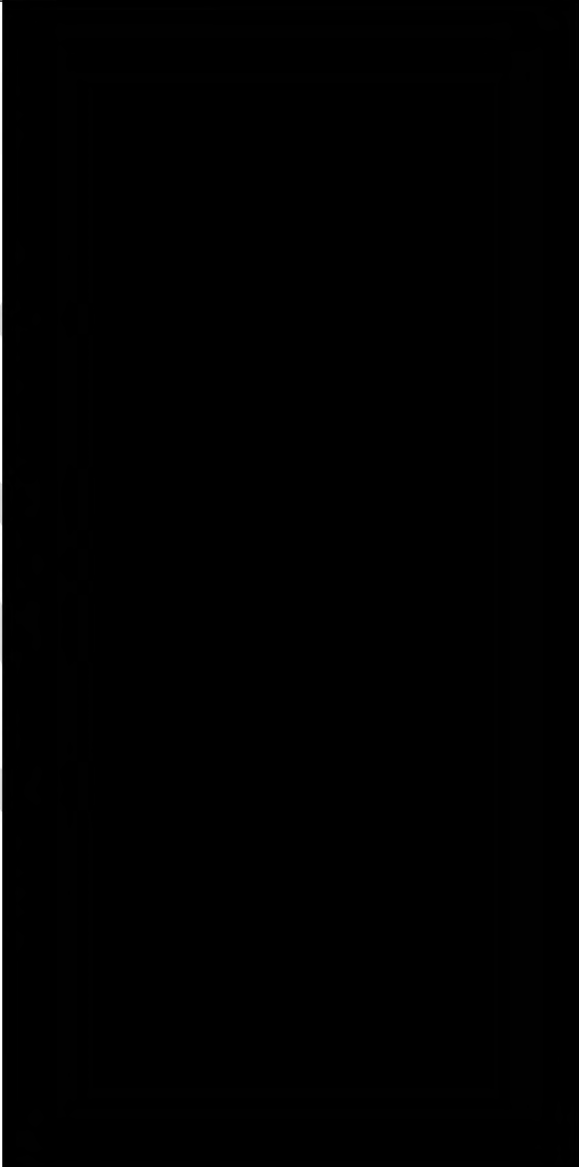
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<p>Part 15 - KYC information and Beneficial Owner Information</p> <p>15.2 A reporting entity must include in Part A of its AML/CTF program appropriate risk-based</p>	<ul style="list-style-type: none">Part A of the AML/CTF program must include appropriate risk-based	<ul style="list-style-type: none">Part A of the AML/CTF Program does not document the		<ul style="list-style-type: none">	<ul style="list-style-type: none">

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<p>systems and controls to enable a reporting entity to determine in what circumstances further KYC information or beneficial owner information should be collected or verified in respect of customers or beneficial owners of customers to enable the review and update of KYC information and beneficial owner information for ongoing customer due diligence purposes.</p> <p>Note: 'Beneficial owner information' is the information referred to in Part 4.12 of Chapter 4 of these Rules.</p> <p>15.3 A reporting entity must undertake reasonable measures to keep, update and review the documents, data or information collected under the applicable customer identification procedure (particularly in relation to high risk customers) and the beneficial owner identification requirements specified in Chapter 4 of these Rules.</p>	<p>systems and controls to enable a reporting entity to determine in what circumstances further KYC information or beneficial owner information should be collected or verified.</p> <ul style="list-style-type: none"> Part A of the AML/CTF Program must include reasonable measures to keep CDD (ACIP) and KYC information up to date (with a focus on high risk customers) 	<p>requirements for additional KYC and to keep ACIP and KYC information up to date set out in the Rules.</p> <ul style="list-style-type: none"> The circumstances where further KYC information or beneficial owner information should be collected or verified have not been identified. Where further KYC information or beneficial owner information is required to be collected or verified it has not been. Reasonable measures to update ACIP and KYC information have not been undertaken. 			
<p>Part 15 - Transaction monitoring program</p>	<p>Part A of the AML/CTF program</p>	<ul style="list-style-type: none"> Part A of the AML/CTF 			

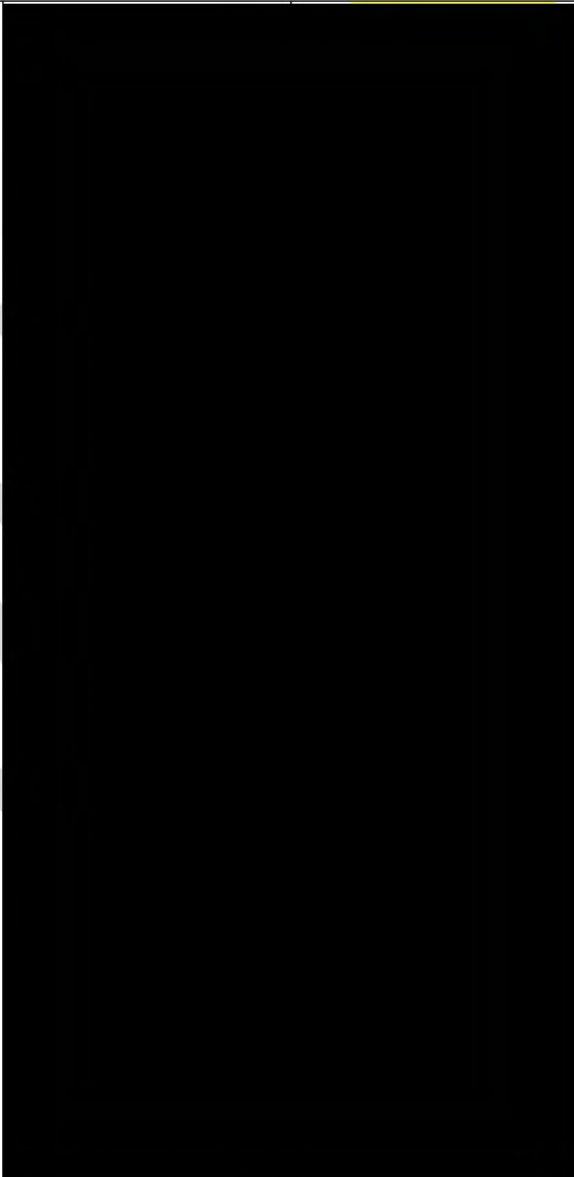
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<p>15.4 A reporting entity must include a transaction monitoring program in Part A of its AML/CTF program.</p> <p>15.5 The transaction monitoring program must include appropriate risk-based systems and controls to monitor the transactions of customers.</p> <p>15.6 The transaction monitoring program must have the purpose of identifying, having regard to ML/TF risk, any transaction that appears to be suspicious within the terms of section 41 of the AML/CTF Act.</p> <p>15.7 The transaction monitoring program should have regard to complex, unusual large transactions, and unusual patterns of transactions, which have no apparent economic or visible lawful purpose.</p>	<p>must include a Transaction Monitoring Program (TMP):</p> <ul style="list-style-type: none"> The TMP in Part A of the AML/CTF Program must include appropriate risk-based systems and controls to monitor the transactions of customers. The TMP must have the purpose of identifying any transaction that appears to be suspicious The TMP should have regard to complex, unusual large transactions, and unusual patterns of transactions, which have no apparent economic or visible lawful purpose. 	<p>Program does not document the TMP requirements set out in the Rules</p> <ul style="list-style-type: none"> The TMP is not appropriate for the business. The TMP does not have regard to the ML/TF risks faced by the business The TMP is not capable to identifying transaction that appears to be suspicious. The TMP is not designed to monitor for complex, unusual large transactions, and unusual patterns of transactions. 			
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<p>Part 15 - Enhanced customer due diligence program</p> <p>Note: Reporting entities that provide designated services to customers who are custodians are exempt from the requirements specified in subparagraphs 15.9(2), 15.10(1)(b), 15.10(1)(c), 15.10(2) and 15.10(4) of these Rules in relation to underlying customers of custodians. These exemptions are set out in paragraph 4.4.18 of Chapter 4 of these Rules.</p> <p>15.8 A reporting entity must include an enhanced customer due diligence program in Part A of its AML/CTF program.</p> <p>15.9 Subject to paragraph 4.4.18, the reporting entity must apply the enhanced customer due diligence program when:</p> <p>(1) it determines under its risk-based systems and controls that the ML/TF risk is high; or</p> <p>Note: Reporting entities should consider whether any beneficial owner of a customer, including domestic or international organisation politically exposed persons, should be considered high risk.</p> <p>(2) a designated service is being provided to a customer who is or who has a beneficial owner who is, a foreign politically exposed person; or</p> <p>(3) a suspicion has arisen for the purposes of section 41 of the AML/CTF Act; or</p>	<p>Part A of the AML/CTF program must include an Enhanced Due Diligence (ECDD) Program. The ECDD Program must be applied when:</p> <ul style="list-style-type: none"> The ML/TF risk is assessed high The customer is a foreign or high risk PEP The customer is the subject of an SMR A transaction involves a prescribed country (currently only Iran or North Korea) <p>The ECDD program in Part A of the AML/CTF Program must include appropriate risk-</p>	<ul style="list-style-type: none"> Part A of the AML/CTF Program does not document ECDD risk-based systems and controls. Where the customer or beneficial owner is a foreign PEP the mandated ECDD requirements are not undertaken. ECDD specified in the Part A AML/CTF Program is not undertaken when : <ul style="list-style-type: none"> The ML/TF risk is assessed high The customer is 		<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

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<p>(4) the reporting entity is entering into or proposing to enter into a transaction and a party to the transaction is physically present in, or is a corporation incorporated in, a prescribed foreign country.</p> <p>15.10 The enhanced customer due diligence program must include appropriate risk-based systems and controls so that, in cases where one or more of the circumstances in paragraph 15.9 arises, a reporting entity must undertake measures appropriate to those circumstances, including a range of the measures in subparagraphs 15.10(1) to (7):</p> <p>(1) seek information from the customer or from third party sources in order to undertake one or more of the following as specified in subparagraphs 15.10(1)(a) – (d):</p> <p>(a) clarify or update KYC information already collected from the customer;</p> <p>(b) subject to paragraph 4.4.18, clarify or update beneficial owner information already collected from the customer;</p> <p>(c) subject to paragraph 4.4.18, obtain any further KYC information or beneficial owner information, including, where appropriate, taking reasonable measures to identify:</p> <p>(i) the source of the customer’s and each beneficial owner’s wealth; and</p> <p>(ii) the source of the customer’s and each beneficial owner’s funds;</p> <p>(d) clarify the nature of the customer’s ongoing business with the reporting entity;</p> <p>(2) undertake more detailed analysis of the customer’s KYC information and, subject to paragraph 4.4.18, beneficial owner information, including, where appropriate, taking reasonable measures to identify:</p>	<p>based systems and controls and measures.</p> <ul style="list-style-type: none"> • 	<p>the subject of an SMR</p> <ul style="list-style-type: none"> • A transaction involves a prescribed country (currently only Iran or North Korea) • 			
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<p>(a) the source of the customer's and each beneficial owner's wealth; and</p> <p>(b) the source of the customer's and each beneficial owner's funds;</p> <p>(3) verify or re-verify KYC information in accordance with the customer identification program;</p> <p>(4) subject to paragraph 4.4.18, verify or re-verify beneficial owner information in accordance with the beneficial owner identification requirements specified in Chapter 4 of these Rules;</p> <p>(5) undertake more detailed analysis and monitoring of the customer's transactions – both past and future, including, but not limited to:</p> <p>(a) the purpose, reasons for, or nature of specific transactions; or</p> <p>(b) the expected nature and level of transaction behaviour, including future transactions;</p> <p>(6) seek senior management approval for:</p> <p>(a) continuing a business relationship with a customer; and Authorised</p> <p>(b) whether a designated service should continue to be provided to the customer;</p> <p>(7) consider whether a transaction or particular transactions should be processed.</p> <p>15.11 If the circumstances in subparagraph 15.9(2) arise, in addition to any other appropriate measures in paragraph 15.10, a reporting entity must undertake the measures in subparagraphs 15.10(2) and 15.10(6).</p>						
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Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
<p>Part 4.1 - Part B of a joint anti-money laundering and counter-terrorism financing (AML/CTF) program.</p> <p>4.1.3 For the purposes of these Rules, in identifying its ML/TF risk a reporting entity must consider the risk posed by the following factors:</p> <ul style="list-style-type: none"> (1) its customer types; including: <ul style="list-style-type: none"> (a) beneficial owners of customers; and (b) any politically exposed persons; (2) its customers' sources of funds and wealth; (3) the nature and purpose of the business relationship with its customers, including, as appropriate, the collection of information relevant to that consideration; (4) the control structure of its non-individual customers; (5) the types of designated services it provides; (6) the methods by which it delivers designated services; and (7) the foreign jurisdictions with which it deals. 	<ul style="list-style-type: none"> • Part B must be appropriate to the ML/TF risk faced as assessed in the Part A Program and be adjusted as and when the ML/TF risks change. 	<ul style="list-style-type: none"> • The ML/TF risk are not appropriately managed and mitigated by the controls established to meet the requirements set out in the Part B Program. • The Part B Program and the controls established are not adjusted to accommodate changing ML/TF risk. 		<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
<p>Different requirements with respect to different kinds of customers</p> <p>4.1.4 These Rules specify different requirements for AML/CTF programs in relation to different kinds</p>	<ul style="list-style-type: none"> • The Part B Program must be written to include different 	<ul style="list-style-type: none"> • Part B of the AML/CTF Program does not document 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •

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Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
<p>of customers. An AML/CTF program must comply with such requirements to the extent that a reporting entity has a customer of a particular kind. These Rules make provision in respect of the following kinds of customers:</p> <ol style="list-style-type: none"> (1) Individuals – Part 4.2 of these Rules; (2) Companies – Part 4.3 of these Rules; (3) Customers who act in the capacity of a trustee of a trust – Part 4.4 of these Rules; (4) Customers who act in the capacity of a member of a partnership – Part 4.5 of these Rules; (5) Incorporated or unincorporated associations – Part 4.6 of these Rules; (6) Registered co-operatives – Part 4.7 of these Rules; (7) Government bodies – Part 4.8 of these Rules. <p>Requirements in respect to Beneficial Owners and Politically Exposed Persons</p> <p>4.1.5 These Rules specify different requirements for AML/CTF programs in relation to beneficial owners and politically exposed persons:</p> <ol style="list-style-type: none"> (1) Beneficial Owners – Part 4.12 of these Rules; (2) Politically Exposed Persons – Part 4.13 of these Rules. 	<p>customer identification requirements for different types of customers in accordance with the AML/CTF Rules.</p> <ul style="list-style-type: none"> • The Part B Program must be written to include different customer identification requirements for customers who are BOs or PEPs in accordance with the AML/CTF Rules. <ul style="list-style-type: none"> • 	<p>different customer identification requirements for different types of customers in accordance with the AML/CTF Rules.</p> <ul style="list-style-type: none"> • Part B of the AML/CTF Program does not document different customer identification requirements for BOs and PEPs in accordance with the AML/CTF Rules • Where the customer or beneficial owner is a foreign PEP the mandated ECDD requirements are not undertaken in accordance with the Part A ECDD Program. 				

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Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
<p>Part 4.2 Applicable customer identification procedure with respect to individuals.</p> <p>4.2.2 An AML/CTF program must include appropriate risk-based systems and controls that are designed to enable the reporting entity to be reasonably satisfied, where a customer is an individual, that the customer is the individual that he or she claims to be.</p> <p>Collection of information 4.2.3 An AML/CTF program must include a procedure for the reporting entity to collect, at a minimum, the following KYC information about an individual (other than an individual who notifies the reporting entity that he or she is a customer of the reporting entity in his or her capacity as a sole trader): (1) the customer's full name; (2) the customer's date of birth; and (3) the customer's residential address.</p> <p>4.2.5 An AML/CTF program must include appropriate risk-based systems and controls for the reporting entity to determine whether, in addition to the KYC information referred to in paragraph 4.2.3 or 4.2.4 above, any other KYC information will be collected about a customer.</p> <p>Verification of information 4.2.6 An AML/CTF program must include a procedure for the reporting entity to verify, at a minimum, the following KYC information about a customer: (1) the customer's full name; and (2) either: (a) the customer's date of birth; or (b) the customer's residential address.</p> <p>4.2.7 An AML/CTF program must require that the verification of information collected about a customer be based on:</p>	<ul style="list-style-type: none"> • The Part B Program includes a section relating to the customer identification of individuals (as applicable) • Must be reasonably satisfied the customer is who she or he claims to be • The customer's name, address and dob must be collected • Must determine, on a risk basis whether additional KYC information should be collected • Must verify the customer's name and address, or the customer's name and dob. • Verification must be based on reliable and independent 	<ul style="list-style-type: none"> • The Part B Program does not include a section relating to the customer identification of individuals (as applicable) • The processes and procedures are not adequate to be reasonably satisfied the customer is who he or she claims to be • The minimum information is not collected and verified in accordance with the OCDD section of the Part A Program (as required by 	•	•	•	•

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Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
<p>(1) reliable and independent documentation; (2) reliable and independent electronic data; or (3) a combination of (1) and (2) above.</p> <p>4.2.8 An AML/CTF program must include appropriate risk-based systems and controls for the reporting entity to determine whether, in addition to the KYC information referred to in paragraph 4.2.6 above, any other KYC information collected about the customer should be verified from reliable and independent documentation, reliable and independent electronic data or a combination of the two.</p>	<p>documentation and/or electronic data</p> <ul style="list-style-type: none"> Must determine, on a risk basis whether additional KYC information should be verified 	<p>AML/CTF Rule 15.2)</p> <ul style="list-style-type: none"> The verification is not based on appropriate reliable and independent documentation and/or electronic data. 				
<p>Responding to discrepancies</p> <p>4.2.9 An AML/CTF program must include appropriate risk-based systems and controls for the reporting entity to respond to any discrepancy that arises in the course of verifying KYC information collected about a customer so that the reporting entity can determine whether it is reasonably satisfied that the customer is the person that he or she claims to be.</p>	<ul style="list-style-type: none"> The Part B Program must include a section detailing how discrepancies are dealt with Must implement procedures to take additional steps to resolve any discrepancies arising during the customer identification process, to ensure reasonably satisfied the customer is who she or he claims to be 	<ul style="list-style-type: none"> The Part B Program does not include a section setting out how identification discrepancies are dealt with Customer identification processes and procedures do not include additional steps where a discrepancy is identified during the customer identification process The additional 	•	•	•	•

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Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
		<p>steps in the process and procedures are not adequate to be reasonably satisfied the customer is who he or she claims to be</p> <ul style="list-style-type: none"> • 				
<p>Documentation-based safe harbour procedure where ML/TF risk is medium or lower</p> <p>4.2.10 Paragraph 4.2.11 sets out one procedure for documentation-based verification which a reporting entity may include in an AML/CTF program to comply with its obligations under paragraphs 4.2.3 to 4.2.8, and 4.9.1 to 4.9.3 of these Rules where the relationship with the customer is of medium or lower ML/TF risk. Paragraph 4.2.11 does not preclude a reporting entity from meeting the requirements of paragraphs 4.2.3 to 4.2.8, and 4.9.1 to 4.9.3 of these Rules in another way where the relationship with the customer is of medium or lower ML/TF risk.</p> <p>4.2.11 An AML/CTF program that requires the reporting entity to do the following will be taken to meet the requirements of paragraphs 4.2.3 to 4.2.8 and 4.9.2 to 4.9.3 of these Rules in respect of a customer, where a reporting entity determines that the relationship with that customer is of medium or lower risk:</p> <p>(1) collect the KYC information described in paragraph 4.2.3 or 4.2.4 (as the case may be);</p> <p>(2) verify the customer's name and either the customer's residential address or date of birth, or both, from:</p>	<ul style="list-style-type: none"> • An RE can elect to follow documentation-based safe harbour where the ML/TF risk is medium or lower • Where the RE elects to follow safe harbour, it must set out in its Part B Program that it will collect the customer's name, address and dob, and verify the customer's name and address or name and dob from an original or certified copy 	<ul style="list-style-type: none"> • An RE elects not to follow safe harbour, potentially increasing the regulatory risk. • An RE follows the documentation-based safe harbour when the ML/TF risk is higher • The Part B includes a safe harbour procedure, but it does not align to the requirements in the AML/CTF Rules 	•	•	•	•

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Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
<p>(a) an original or certified copy of a primary photographic identification document; or</p> <p>(b) both:</p> <p>(i) an original or certified copy of a primary non-photographic identification document; and</p> <p>(ii) an original or certified copy of a secondary identification document; and</p> <p>(3) verify that any document produced about the customer has not expired (other than in the case of a passport issued by the Commonwealth that expired within the preceding two years).</p>	<p>of: (a) a primary photographic document or</p> <p>(b) a primary non-photographic document and a secondary document, and verify that the documents have not expired (an AU Passport can be up to 2 years post expiry).</p>					
<p>Electronic-based safe harbour procedure where ML/TF Risk is medium or lower</p> <p>4.2.12 Paragraph 4.2.13 sets out one procedure for electronic verification which a reporting entity may follow to comply with its obligations under paragraphs 4.2.3 to 4.2.8, and 4.10.1 of these Rules where the relationship with the customer is of medium or lower ML/TF risk. Paragraph 4.2.13 does not preclude a reporting entity from meeting the requirements of paragraphs 4.2.3 to 4.2.8, and 4.10.1 of these Rules in another way where the relationship with the customer is of medium or lower ML/TF risk.</p> <p>4.2.13 Part B of an AML/CTF program that requires the reporting entity to do the following will be taken to meet the requirements of paragraphs 4.2.3 to 4.2.8 and 4.10.1 of these Rules in respect of a customer, where a reporting entity determines that the relationship with the customer is of medium or lower risk:</p>	<ul style="list-style-type: none"> An RE can elect to follow electronic-based safe harbour where the ML/TF risk is medium or lower Where the RE elects to follow safe harbour, it must set out in its Part B Program that it will collect the customer's name, address and dob, and verify the 	<ul style="list-style-type: none"> An RE elects not to follow safe harbour, potentially increasing the regulatory risk. An RE follows the electronic-based safe harbour when the ML/TF risk is higher The Part B includes a safe harbour procedure, but it does not align to the 	•	•	•	•

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Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
<p>(1) collect the KYC information described in paragraph 4.2.3 or 4.2.4 (as the case may be) about a customer;</p> <p>(2) verify, having regard to the matters set out in subparagraph 4.10.2(1):</p> <p>(a) the customer's name; and</p> <p>(b) either:</p> <p>(i) the customer's residential address; or</p> <p>(ii) the customer's date of birth; or</p> <p>(iii) both (i) and (ii); or</p> <p>(c) that the customer has a transaction history for at least the past 3 years.</p> <p>4.2.14 For subparagraphs 4.2.13(2)(a) and (b), verification must be undertaken by the reporting entity through the use of reliable and independent electronic data from at least two separate data sources.</p>	<p>customer's name and address and/or name and dob from 2 reliable and independent electronic data sources or that the customer has a transaction history of at least the past 3 years.</p> <ul style="list-style-type: none"> The RE must determine the data sources which are reliable and independent having regard to 4.10.2(1) 	<p>requirements in the AML/CTF Rules</p> <ul style="list-style-type: none"> The RE has not taken into account the requirements of 4.10.2. 				
<p>Part 4.9 Verification from documentation</p> <p>Verification with respect to individuals</p> <p>4.9.1 In so far as an AML/CTF program provides for the verification of KYC information about an individual by means of reliable and independent documentation, an AML/CTF program must comply with the requirements specified in paragraphs 4.9.2 and 4.9.3.</p> <p>4.9.2 An AML/CTF program must require that the reporting entity be satisfied that any document from which the reporting entity verifies KYC information about an individual has not expired (other than in the case of a passport issued by the Commonwealth that expired within the preceding two years).</p>	<ul style="list-style-type: none"> Where a Part B Program allows for verification of KYC information from reliable and independent documentation the RE must ensure the document is current (except an AU Passport which can be expired up to 2 years). 	<ul style="list-style-type: none"> The Part B Program does not include a risk assessment explaining how it has assessed which documents are reliable and independent in accordance with the requirements of Part 4.9.3 	•	•	•	•

Crown – Joint AML/CTF Program Testing & Review

Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
<p>4.9.3 An AML/CTF program must include appropriate risk-based systems and controls for the reporting entity to determine:</p> <p>(1) what reliable and independent documentation the reporting entity will require for the purpose of verifying the individual's name and date of birth and/or residential address (as the case may be);</p> <p>(2) if any other KYC information about an individual is to be verified – what reliable and independent documentation may be used to verify that information;</p> <p>(3) whether, and in what circumstances, the reporting entity is prepared to rely upon a copy of a reliable and independent document;</p> <p>(4) in what circumstances a reporting entity will take steps to determine whether a document produced about an individual may have been forged, tampered with, cancelled or stolen and, if so, what steps the reporting entity will take to establish whether or not the document has been forged, tampered with, cancelled or stolen;</p> <p>(5) whether the reporting entity will use any authentication service that may be available in respect of a document; and</p> <p>(6) whether, and how, to confirm KYC information about an individual by independently initiating contact with the person that the individual claims to be.</p>	<ul style="list-style-type: none"> The Part B Program must set out the risk-based systems and controls the RE has used to determine what documents are reliable and independent, in accordance with the requirements of Part 4.9.3. 	<ul style="list-style-type: none"> The Part B Program does not require identification documents to be current (except for an AU Passport which can be expired up to 2 years) 				
<p>Part 4.10 Verification from reliable and independent electronic data</p> <p>4.10.1 In so far as an AML/CTF program provides for the verification of KYC information collected about a customer by means of reliable and independent electronic data, an AML/CTF program must comply with the requirements specified in paragraph 4.10.2.</p> <p>4.10.2 An AML/CTF program must include appropriate risk-based systems and controls for the reporting entity to determine:</p>	<ul style="list-style-type: none"> Where a Part B Program allows for verification of KYC information from reliable and independent electronic data sources the Part B Program must set out the risk-based 	<ul style="list-style-type: none"> The Part B Program does not include a risk assessment explaining how it has assessed which electronic data sources are reliable and independent in 	•	•	•	•

Crown – Joint AML/CTF Program Testing & Review

Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
<p>(1) whether the electronic data is reliable and independent, taking into account the following factors:</p> <p>(a) the accuracy of the data;</p> <p>(b) how secure the data is;</p> <p>(c) how the data is kept up-to-date;</p> <p>(d) how comprehensive the data is (for example, by reference to the range of persons included in the data and the period over which the data has been collected);</p> <p>(e) whether the data has been verified from a reliable and independent source;</p> <p>(f) whether the data is maintained by a government body or pursuant to legislation; and</p> <p>(g) whether the electronic data can be additionally authenticated; and</p> <p>(2) what reliable and independent electronic data the reporting entity will use for the purpose of verification;</p> <p>(3) the reporting entity's pre-defined tolerance levels for matches and errors; and</p> <p>(4) whether, and how, to confirm KYC information collected about a customer by independently initiating contact with the person that the customer claims to be.</p>	<p>systems and controls the RE has used to determine what electronic data sources are reliable and independent, in accordance with the requirements of Part 4.10.2.</p>	<p>accordance with the requirements of Part 4.10.2</p>				
<p>Part 4.11 Agents of customers</p> <p>Agents of customers who are individuals</p> <p>4.11.1 For the purposes of paragraph 89(1)(b) and 89(2)(b) of the AML/CTF Act, paragraphs 4.11.2 to 4.11.4 of these Rules apply in relation to an agent of a customer who is an individual where that agent is authorised to act for or on behalf of the customer in relation to a designated service.</p> <p>4.11.2 An AML/CTF program must include a procedure for the reporting entity to collect, at a minimum, the following information and documentation (if any) about the customer:</p> <p>(1) the full name of each individual who purports to act for or on behalf of the customer with respect to</p>	<ul style="list-style-type: none"> Where the RE allows for agents of individual customers, the RE must include a procedure for the RE to collect the full name of each individual who purports to act for or on behalf of the customer and evidence of the 	<ul style="list-style-type: none"> The Part B Program does not include procedures relating to agents of customers to ensure it collects the name of the agent and the customer's authority of the agent The Part B Program 	•	•	•	•

Crown – Joint AML/CTF Program Testing & Review

Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
<p>the provision of a designated service by the reporting entity; and (2) evidence (if any) of the customer's authorisation of any individual referred to in subparagraph 4.11.2(1).</p> <p>4.11.3 An AML/CTF program must include appropriate risk-based systems and controls for the reporting entity to determine whether, and to what extent, it should verify the identity of any of the individuals referred to in subparagraph 4.11.2(1).</p> <p>4.11.4 An AML/CTF program must require the reporting entity to have regard to the ML/TF risk relevant to the provision of the designated service for the purposes of determining whether, and to what extent, it should verify the identity of any of the individuals referred to in paragraph 4.11.2(1).</p>	<p>customer's authorisation of the individual in its Part B Program.</p> <ul style="list-style-type: none"> The Part B Program must include appropriate risk-based systems and controls, and regard to the ML/TF Risk to determine whether to and the extent it should verify the identity of the agent. 	<p>does not include a risk based approach to determining the extent to which it verifies the identity of the agent.</p>				
<p>Part 4.13 Collection and Verification of Politically Exposed Person information</p> <p>4.13.1 An AML/CTF program must include appropriate risk-management systems to determine whether a customer or beneficial owner is a politically exposed person. The determination must occur either before the provision of a designated service to the customer or as soon as practicable after the designated service has been provided. If it is determined that the customer or beneficial owner is a politically exposed person, the reporting entity must carry out the applicable steps in this Part.</p> <p>4.13.2 An AML/CTF program must include appropriate risk-management systems for the reporting entity to undertake each of the following steps for domestic politically exposed persons and</p>	<ul style="list-style-type: none"> Part B must include risk-based systems to determine if the customer is a PEP either before a Designated Service is provided or as soon as practicable. If a domestic/international organisation PEP is identified, the RE must 	<ul style="list-style-type: none"> The Part B program does not include a section requiring PEPs to be identified either prior to the provision of a designated service or as soon as practical thereafter The Part B Program does not require an RE to assess domestic/inter 	•	•	•	•

Crown – Joint AML/CTF Program Testing & Review

Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
<p>international organisation politically exposed persons: (1) in the case of a beneficial owner, comply with the identification requirements specified in paragraphs 4.2.3 to 4.2.9 of these Rules as if the politically exposed person was the customer; and (2) determine whether the person is of high ML/TF risk; and (3) if the person is determined to be of high ML/TF risk, then, in addition to the action specified in subparagraph 4.13.2(1), carry out the actions specified in subparagraphs 4.13.3(2), (3) and (4).</p> <p>4.13.3 An AML/CTF program must include appropriate risk-management systems for the reporting entity to undertake each of the following steps for foreign politically exposed persons and for high ML/TF risk domestic or international organisation politically exposed persons: (1) in the case of a beneficial owner, comply with the identification requirements specified in paragraphs 4.2.3 to 4.2.9 of these Rules as if the politically exposed person was the customer; and (2) obtain senior management approval before establishing or continuing a business relationship with the individual and before the provision, or continued provision, of a designated service to the customer; (3) take reasonable measures to establish the politically exposed person's source of wealth and source of funds; and (4) comply with the obligations in Chapter 15 of these Rules.</p> <p>4.13.4 An AML/CTF program must include appropriate risk-based systems and controls for the reporting entity to respond to any discrepancy that arises in the course of verifying information collected about a politically exposed person, so that the reporting entity can be reasonably satisfied that the politically exposed person is the person that he or she claims to be.</p>	<p>determine whether the PEP is a BO, in which case conduct identification with individual requirements, is of high ML/TF Risk and if so apply the high ML/TF risk PEP procedures</p> <ul style="list-style-type: none"> If a foreign or high ML/TF Risk domestic/international PEP the RE must determine whether the PEP is a BO, in which case conduct identification with individual requirements, obtain senior management approval before establishing or continuing the business relationship with the PEP, and take reasonable measures to 	<p>national organisation PEPs to determine if they are high ML/TF Risk</p> <ul style="list-style-type: none"> The Part B Program does not require the additional measures set out in 4.13.3 to be applied to foreign and high risk PEPs The Part B Program does not include a section setting out how identification discrepancies are dealt with Customer identification processes and procedures do not include additional steps where a discrepancy is identified during the customer identification process The additional steps in the process and procedures are not adequate to be reasonably 				

Crown – Joint AML/CTF Program Testing & Review

Part B Requirements	Obligations and Requirements	Compliance Risks	Commitment	Systems & Controls	Accountable Role	Responsible Role
	<p>establish the PEP's SoW and SoF, and comply with the ECDD requirements in the Part A Program</p> <ul style="list-style-type: none"> • The Part B Program must include a section detailing how discrepancies are dealt with • Must implement procedures to take additional steps to resolve any discrepancies arising during the customer identification process, to ensure reasonably satisfied the customer is who she or he claims to be • 	<p>satisfied the customer is who he or she claims to be</p>				

Crown – Joint AML/CTF Program Testing & Review

Appendix B - Testing and Monitoring Plan

The following table has been developed on a risk basis in consultation with:

- Line 1 – Heads of business responsible for undertaking testing of the adequacy and operational effectiveness of their AML/CTF controls;
- Line 2 – AML/CTF Compliance Officer, responsible for undertaking activities that constitute oversight of the risk, controls, and line 1 testing; and
- Line 3 – Internal Audit, responsible for undertaking assurance over the understanding the risk, the controls and the oversight and testing undertaken by line 1 and 2.

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
AML Program Review										
Part A Program includes required Sections in accordance with the AML/CTF Rules. Controls: <ul style="list-style-type: none"> Risk Assessment 1 AML/CTF Risk Awareness Training 1 Employee Due Diligence 1 Oversight by Boards and Senior Management 1 AML/CTF Compliance Officer 1 Independent Review 1 AUSTRAC Feedback and Guidance 1 Reporting Obligations 1 	Yes				Review Line 2 Processes and Procedures AML/CTF Compliance Officer reviews document updates prepared by AML Team	Annual	AML/CTF Compliance Officer	Check to ensure AML/CTF Program subject to Annual Review	Annual	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
<ul style="list-style-type: none"> OCDD – Additional KYC and KYC Refresh 1 OCDD – Transaction Monitoring 1 ECDD – ECDD 1 Part B – Customer ID Part B – PEPs 										
AML Risk Assessment										
AML Risk Assessment performed, annually refreshed and consequential AML/CTF Program updates Controls: Risk Assessment Controls 2, 3, 4, 5, 6,	Yes				Review Line 2 processes and procedures AML/CTF Compliance Officer reviews updated AML/CTF Risk Assessment and AML/CTF Program updates prepared by AML Team	Annual	AML/CTF Compliance Officer	Check to ensure AML/CTF Risk Assessment subject to Annual Review and AML/CTF Program updated accordingly	Annual	AML/CTF Compliance Officer
AML Risk Assessment – Changes Controls: Risk Assessment Controls 5, 7, 14, 15	Yes	Review of proposed changes in the last/upcoming quarter to determine whether an AML Approval form has been submitted and/or approval response received from the AML Team	Quarterly	Executive GM/GMs	Review Line 1 and Line 2 processes and procedures Review Line 1 Testing Results	Annual	AML/CTF Compliance Officer	AML Team cross references received AML Approval forms, meets with sourcing, and business leaders to determine if any business changes have occurred without the AML Team being notified	Annual	AML/CTF Compliance Officer
AML Risk Assessment – Customer Risk Assessments Controls: Risk Assessment Controls 8, 9, 10, 13	Yes	Test 25 Customer Files to determine whether the Customer Risk Rating was correctly undertaken in	Monthly	EGM/GM	Review Line 1 processes and procedures Review Line 1 testing results	Annual	AML/CTF Compliance Officer	Test 10 High Risk and non- high risk Customer Files to ensure correct assessment and referral to AML Team	Monthly	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
		accordance with the procedures						Review higher risk triggers to determine if customers have been upgraded to a higher risk where required (3.1.3 P&Ps). For high Risk customers confirm AML Team referral to Group GM AML and/or POI		
AML Risk Assessment – Customer Risk Assessment review Risk Assessment Control 12					Review Line 2 processes and procedures AML/CTF Compliance Officer reviews updated Customer Risk Assessment prepared by AML Team	Every 2 years (or is it conducted annually on some customers, and then annually on others?)	AML/CTF Compliance Officer	Check to ensure Customer Risk Assessment subject to Review every 2 years has occurred.	Every 2 years	AML/CTF Compliance Officer
AML/CTF Risk Awareness Training										
AML Risk Assessment - Employee Roles Controls: 2					Review Line 2 processes and procedures AML/CTF Compliance Officer reviews updated Employee Risk Assessment prepared by AML Team	Annual	AML/CTF Compliance Officer	Check to ensure Employee Risk Assessment subject to Review every year has occurred.	Annual	AML/CTF Compliance Officer
AML Risk Awareness Training – Training content is correct Control: 3	Yes	Review all AML training modules ensure to AML Team approval is held for all training content	Annual	EGM/GM	Review Line 1 processes and procedures	Annual	AML/CTF Compliance Officer	Review Training Content where not reviewed within the last 12 months	Annual	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
AML Risk Awareness Training – Training is correctly allocated to staff Control: 4	Yes	Test/reconcile staff who should have been allocated AML/CTF Risk Awareness Training against records of allocation	Quarterly	EGM/GM	Review Line 1 processes and procedures	Annual	AML/CTF Compliance Officer	Review staff roles which have received AML/CTF Training, and those which have not to ensure they correlate with Risk Assessment. Sample records to ensure staff appear to be allocated to the correct role titles	Annual	AML/CTF Compliance Officer
AML Risk Awareness Training – Training records are maintained, and outstanding training is followed up Controls: 5, 6	Yes	Review outstanding training records to determine whether all staff have completed within the correct timeline, and if not what action plan has been established as a result	Quarterly	EGM/GM	Review Line 1 Processes and Procedures	Annual	AML/CTF Compliance Officer	Sample records of overdue training, confirm what actions have been taken in response – ie communication, blocking certain activity etc	Annual	AML/CTF Compliance Officer
Employee Due Diligence										
AML Risk Assessment – Employee Roles and Screening Control: 2, 3	Y				Review Line 2 processes and procedures AML/CTF Compliance Officer reviews updated Employee Risk Assessment & Screening requirements prepared by AML Team	Annual	AML/CTF Compliance Officer	Check to ensure Employee Risk Assessment subject to Review every year has occurred.	Annual	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
Employee Due Diligence – Screening processes Controls: 4, 8	Y	Test a sample of prospective and transferred/promoted staff files to ensure employee Screening has occurred in accordance with requirements (ie State based licencing/criminal history/declaration)	Quarterly/6 monthly	HR/Line 1	Review Line 1 processes and procedures, including escalation processes	Annually	AML/CTF Compliance Officer	Test a sample of prospective and transferred/promoted employee files to ensure screening has occurred in accordance with requirements, including whether anomalies have been correctly escalated. Check to confirm whether any staff have been declined based on the screening outcome	Annually	AML/CTF Compliance Officer
Employee Due Diligence – Dow Jones Screening Controls: 5	Y	Reconcile employees against list for Dow Jones to ensure complete	Quarterly/6 monthly	HR/Line	Review Line 1 processes and procedures	Annually	AML/CTF Compliance Officer	Reconcile employees against list for Dow Jones to ensure complete	Annually	AML/CTF Compliance Officer
Employee Due Diligence – Dow Jones Screening Controls: 6, 7	Y	Test a sample of Alerts to review whether they have been correctly dispositioned and escalated	Monthly	Line 1?	Review Line 1 processes and procedures	Annually	AML/CTF Compliance Officer	Test a sample of Alerts to review whether they have been correctly dispositioned and escalated	Quarterly	AML/CTF Compliance Officer
Employee Due Diligence – Staff Compliance Controls: 8	Y	Refer to Monitoring for each section	NA	NA	NA	NA	NA	NA	NA	NA
Employee Due Diligence – Staff Compliance Controls: 9, 10	Y	Review a sample of adverse Monitoring results to ensure appropriate action plan was implemented, ensuring that any identified breaches	Quarterly	EGM/GM	Review Line 1 processes and procedures	Annually	AML/CTF Compliance Officer	Review a sample of adverse Monitoring results to ensure appropriate action plan was implemented, ensuring that any identified breaches	6 monthly	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
		are escalated to the AML Team						are escalated to the AML Team		
								Review whether any identified breaches have been escalated to the AML Team		
Oversight by Boards & Senior Management – 2 yearly approval Controls: 4	Y				Review Line 2 processes and procedures	Annual	AML/CTF Compliance Officer	Review whether the AML/CTFF Program has been reviewed and approved by senior management within the last 2 years	Annual	AML/CTF Compliance Officer
Oversight by Boards & Senior Management – Records of AML Programs and approval Controls: 5	Y				Review Line 2 processes and procedures	Annual	AML/CTF Compliance Officer	Review the AML Program record keeping repository to ensure all required versions of the AML/CTF Program and their associated approvals are held on file	Annual	AML/CTF Compliance Officer
Oversight by Boards & Senior Management – Ongoing Oversight Controls: 6, 7, 8	Y				Review Line 2 processes and procedures Review Reporting Template to ensure it includes all items set out in the AML Program at a minimum	Annual	AML/CTF Compliance Officer	Review whether monthly and quarterly AML reports have been provided to Senior Management and the Board and whether there has been any feedback/challenge. Consider whether the AML/CTF Compliance Officer has attended any Board Meetings	Annual	AML/CTF Compliance Officer
Oversight by Boards & Senior Management – Compliance Certificate Controls: 6, 7, 8		Review Compliance Certificates for any AML/CTF matters and confirm whether they	Annual	Line 1/Compliance ?	Review Line 2 processes and procedures	Annual	AML/CTF Compliance Officer	Review a sample of Compliance Certificates to determine whether	Annual	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
		have been escalated to the AML Team						they raise any AML/CTF matters, and confirm whether they have been escalated to the AML Team Confirm whether Compliance Certificates were discussed at the Compliance Committee and the AML/CTF Committee as required		
AML/CTF Compliance Officer										
AML/CTF Compliance Officer- Appointment Controls: 2, 3, 4	Y							Confirm whether there is evidence of the appointment of the AML/CTF Compliance Officer at the Management Level through review of Board Resolutions/Position Description/AUSTRAC Online	Once off	AML/CTF Compliance Officer
								Confirm whether the requirements of the AML/CTF Compliance Officer are appropriately reflected in the role's PD	Annual	AML/CTF Compliance Officer
								Confirm AUSTRAC Online has the correct details recorded for the AML/CTF Compliance Officer	Annual	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
Independent Review										
Independent Review – Schedule Control 3								Confirm in the last or upcoming 12 months whether an Independent Review was/will be undertaken if required, in accordance with the intervals set out in the AML/CTF Program	Annual	AML/CTF Compliance Officer
Independent Review – Independence Control 4, 5					Review Line 2 processes and procedures Review Independent Review Engagement Checklist to ensure it includes all items set out in the AML Program at a minimum, including reviewer independence and confirmation requirement	Annual	AML/CTF Compliance Officer	Confirm whether the Engagement Checklist was completed, including the appropriate assessment of the Independence of the Reviewer and confirmation of independence is held on file. Review whether the engagement covered all items required to be reviewed under AML/CTF Rule 9.6.3 and Part B where required by the AML/CTF Compliance Officer.	Every 3, 2 or 1 years as required	AML/CTF Compliance Officer
Independent Review – Independence Control 6					Review Line 2 processes and procedures Requirement to provide Independent Review report to the ERCC, Senior	Annual	AML/CTF Compliance Officer	Confirm the Independent Review report was provided to the ERCC, Senior Management and the Board in a timely manner.	Every 3, 2 or 1 years as required	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
					Management and Board			Confirm whether appropriate action plans have been developed and are progressing in a timely manner, where required		
Incorporation of AUSTRAC feedback and guidance										
Incorporation of AUSTRAC feedback and guidance Control 2					Review Line 2 processes and procedures Ensure a procedure is in place to assess and respond to direct AUSTRAC feedback	Annual	AML/CTF Compliance Officer	Review to ensure any direct AUSTRAC Feedback has been responded to in a timely manner, any open items have an appropriate action plan, or matters are closed with AUSTRAC, and evidence is retained	Annual	AML/CTF Compliance Officer
Incorporation of AUSTRAC feedback and guidance Control 2					Review Line 2 processes and procedures Ensure a procedure is in place to identify, assess and respond to AUSTRAC feedback to industry	Annual	AML/CTF Compliance Officer	Review to ensure AUSTRAC feedback provided to industry has been identified, assessed, any open items have an appropriate action plan, or matters are closed and evidence is retained	Annual	AML/CTF Compliance Officer
Incorporation of AUSTRAC feedback and guidance Control 3					Review Line 2 processes and procedures Ensure a procedure is in place to identify, assess and respond to AUSTRAC guidance.	Annual	AML/CTF Compliance Officer	Review AUSTRAC Website and other relevant sources to ensure AUSTRAC guidance has been identified, assessed, any open items have an appropriate action plan, or matters are	Annual	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
								closed and evidence is retained		
Permanent Establishment in a foreign country										
Permanent Establishment in a foreign Country								Review business activity changes with Company Secretary (or otherwise) to determine whether any change has occurred which may have resulted in a change to Designated Services offered overseas, which may not have been advised through the change process.	Annual	AML/CTF Compliance Officer
Reporting obligations										
Reporting Obligations SMRs	Y	Test 25 Customer Files to determine whether any potential SMRs occurred and if so, whether they were escalated to the AML Team in accordance with the Line 1 processes and procedures Eg: Review 25 Cage Transactions to determine whether any potential SMRs occurred and if so, whether they were escalated to the AML team in accordance with the Line 1	Monthly	Line 1	Review Line 1 processes and procedures Ensure a procedure is in place to identify and escalate to the AML Team with sufficient information/guidance	Annual	AML/CTF Compliance Officer	Review escalated UARs to determine: <ul style="list-style-type: none"> Are UARs coming from all expected areas Are UARs covering all expected scenarios Are UARs of the appropriate standard or quality Whether Line 1 is performing its monthly review appropriately	Quarterly	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
		<p>processes and procedures</p> <p>(Note suggestion to use the same customer files reviewed for risk rating etc, but may need an appropriate sample for each team most likely to identify potential SMRs.</p>								
					<p>Review Line 2 processes and procedures</p> <p>Ensure a procedure is in place to analysis, investigation, lodge and record outcome of SMRs</p>	Annual	AML/CTF Compliance Officer	<p>Review of sample of X UARs (closed as both non-SMRs and SMRs) to determine:</p> <ul style="list-style-type: none"> • Review in a timely manner (reconciliation?) • Quality of review • Appropriate outcome and explanation • Quality of SMR form completion in AUSTRAC Online • Evidence of SMR lodgement as required, and quality of submission <p>Extras could include, increasing TM thresholds, re-risk rating the customer</p>	Quarterly	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
Reporting Obligations TTRs	Y	Test X cash transactions to determine: <ul style="list-style-type: none"> Customer ID undertaken in accordance with processes and procedures TTR entered into system, including where possible quality of submission (based on approach, I am not sure whether quality can be assessed as maybe corrected in AOL by someone else?) 	Monthly	Line 1	Review Line 1 processes and procedures Ensure a procedure is in place to undertake customer ID on Threshold Transactions and completion of form as required.	Annual	AML/CTF Compliance Officer	Review whether Line 1 is performing its monthly review appropriately	Quarterly	AML/CTF Compliance Officer
					Review Line 2 processes and procedures Ensure a procedure is in place to validate and update information provided by Line 1, including customer ID, and ensure submission.	Annual	AML/CTF Compliance Officer	Review of sample of X TTRs to determine: <ul style="list-style-type: none"> Review in a timely manner (reconciliation?) Quality of review Quality of TTR form completion in AUSTRAC Online Appropriate outcome and explanation Evidence of TTR lodgement as required 	Quarterly	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
Reporting Obligations IFTIs	Y	Test X Telegraphic Transfer transactions to determine: <ul style="list-style-type: none"> IFTI entered into system, including where possible quality of submission (based on approach, I am not sure whether quality can be assessed as maybe corrected in AOL by someone else?) 	Monthly	Line 1	Review Line 1 processes and procedures Ensure a procedure is in place to complete of form as required.	Annual	AML/CTF Compliance Officer	Review whether Line 1 is performing its monthly review appropriately	Quarterly	AML/CTF Compliance Officer
					Review Line 2 processes and procedures Ensure a procedure is in place to validate and update information provided by Line 1 and ensure submission.	Annual	AML/CTF Compliance Officer	P&Ps 12.4 - Daily review of 5 or 5% of IFTIs from the previous day Review of sample of X IFTIs to determine: <ul style="list-style-type: none"> Review in a timely manner (reconciliation?) Quality of review Quality of IFTI form completion in AUSTRAC Online Appropriate outcome and explanation Evidence of IFTI lodgement as required 	Daily Quarterly	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
Reporting Obligations ACR					Review Line 2 processes and procedures Ensure a procedure is in place to gather, evidence and record responses to questions at the appropriate time	Annual	AML/CTF Compliance Officer	<ul style="list-style-type: none"> Review evidence held to support responses 	Annual	AML/CTF Compliance Officer
								<ul style="list-style-type: none"> Review submission to ensure it went through governance, in accordance with the AML/CTF Program prior to submission, and evidence is held (ie Minutes etc) 	Annual	AML/CTF Compliance Officer
Reporting Obligations Enrolment								<ul style="list-style-type: none"> Review business activity changes with Company Secretary (or otherwise) to determine whether any change has occurred which may have resulted in a change to enrolment details, which may not have been advised through the change process. 	Annual	AML/CTF Compliance Officer
OCDD Additional KYC and KYC Refresh Control 2	Y	Test 25 Customer Files to determine whether the correct additional KYC was collected where	Monthly	Line 1	Review Line 1 processes and procedures	Annual	AML/CTF Compliance Officer	Review of sample of 10 Customer Files tested by Line 1, determine whether the correct additional	Quarterly	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
		required in accordance with procedures.			Ensure a procedure is in place to collect additional KYC information in accordance with the AML/CTF Program.			KYC was collected where required and in line with the Line 1 assessment •		
OCDD Additional KYC and KYC Refresh Control 3	Y	Test X sample of Customer Files to determine whether KYC information was updated in accordance with procedures.	Monthly	Line 1	Review Line 1 processes and procedures Ensure a procedure is in place to update KYC information in accordance with the AML/CTF Program.	Annual	AML/CTF Compliance Officer	Review X sample of Customer Files tested by Line 1, determine whether KYC was updated where required and in line with the Line 1 assessment •	Quarterly	AML/CTF Compliance Officer
OCDD Additional KYC and KYC Refresh Control 3	Y				Review Line 2 processes and procedures Ensure a procedure is in place to proactively update KYC information in accordance with the AML/CTF Program.	Annual	AML/CTF Compliance Officer	Review X sample of Customer Files to determine whether KYC was updated correctly where required	Quarterly/Annual depending on approach to refresh	AML/CTF Compliance Officer
OCDD Transaction Monitoring Control 6, 7, 8, 9					Review Line 2 processes and procedures Ensure a procedure is in place to review, analysis and disposition Transaction Monitoring alerts.	Annual	AML/CTF Compliance Officer	Review 25 Transaction Monitoring Alerts to ensure they were correctly assessed, evidence/rationale is held on file to support disposition, and where required a SMR has been lodged. Assess timeliness of review and disposition.	Quarterly	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
								Extras could include, increasing TM thresholds, re-risk rating the customer		
OCDD Transaction Monitoring Control 2, 3, 4, 5, 10, 11					Review TMS to determine whether: <ul style="list-style-type: none"> Any additional rules should be added based on emerging/new typologies, industry best practices, feedback Thresholds are appropriate for current rules Non-performing rules are reviewed for error and/or considered for deactivation Confirm all transactions are flowing through the system correctly and there is no leakage or data quality issues 	18 months	AML/CTF Compliance Officer	Review whether the TMS Retuning has occurred in the past period in accordance with the timeframes set out in the AML/CTF Program, and whether changes went through appropriate governance	Annual	AML/CTF Compliance Officer
OCDD ECDD Control 2, 3, 5, 6	Y	Test X sample of Customer Files to determine whether ECDD was undertaken in accordance with procedures.	Monthly	Line 1	Review Line 1 processes and procedures Ensure a procedure is in place to perform ECDD in accordance	Annual	AML/CTF Compliance Officer	Review X sample of Customer Files tested by Line 1, determine whether ECDD was undertaken and the assessment is in line with the Line 1 assessment	Quarterly	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
					with the AML/CTF Program.					
OCDD ECDD Control 2, 3, 7, 8, 9, 10	Y				Review Line 2 processes and procedures Ensure a procedure is in place to proactively perform ECDD in accordance with the AML/CTF Program, including correct identification and recording of High Risk Customers.	Annual	AML/CTF Compliance Officer	Review X sample of Customer Files to determine whether ECDD was undertaken correctly where required	Quarterly/Annual depending on approach to ECDD	AML/CTF Compliance Officer
Part B – Customer Identification	Y	Test a sample of 25 Customer Files to ensure Customer Identification has been undertaken in accordance with procedures (25 for each relevant business line) Include PEPs and BOs in the sample as applicable	Monthly	Line 1	Review Line 2 processes and procedures Ensure a procedure is in place setting out the current customer identification procedures, including responding to discrepancies in accordance with the AML/CTF Program in every relevant business area.	Annual	AML/CTF Compliance Officer	Review X sample of Customer Files to determine whether Customer Identification was undertaken correctly where required and the outcome was the same as the Line 1 testing assessment. Include PEPs and BOs in the sample as applicable	Quarterly	AML/CTF Compliance Officer
					Review Line 2 processes and procedures Ensure a procedure is in place to respond to the identification of PEPs, including disposition of alert,	Annual	AML/CTF Compliance Officer	Review X sample of Customer Files to determine whether PEP assessment, rating and customer identification requirements were undertaken correctly, including ECDD	Quarterly	AML/CTF Compliance Officer

Crown – Joint AML/CTF Program Testing & Review

Systems & Controls [to be updated from previous table]	Key Control	Line 1			Line 2					
		Line 1 Test Description	Frequency	Responsible Role	Monitoring and Review for Control Design Adequacy	Frequency	Responsible Role	Monitoring and Review for Control Operating Effectiveness	Frequency	Responsible Role
					risk rating, customer ID requirements			requirements as applicable.		

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Appendix C - Three Lines of Defence (3LoD) Model

Crown has adopted a 3LoD model which is designed to support its risk-based decision-making and oversight. Crown's 3LoD [INSERT CROWN'S 3LoD MODEL HERE – CPG220 AS A REFERENCE POINT]

According to the APRA's Prudential Practice Guide CPG 220 Risk Management²:

The first line of defence

5. *The first line of defence comprises the business management who have ownership of risks. Accordingly, business management is responsible for day-to-day risk management decision-making involving risk identification, assessment, mitigation, monitoring and management. APRA expects the roles and responsibilities of risk owners to be clearly defined and, where appropriate, incorporated into performance reviews.*
6. *A key tenet of the three lines of defence model is that business management cannot abrogate its responsibility for risk management. The first line of defence is responsible for:*
 - a) *effective implementation of the risk management framework, including reporting and escalation of relevant information to responsible senior management, the second line of defence or as far as the board committees or the Board of directors (the Board), as necessary; and*
 - b) *managing risk in a way that is consistent and integrated with the risk management framework.*
7. *Executive and senior business management would ensure risk ownership is clearly defined and that the risk management framework is effectively implemented and supports decision-making. This would usually include reporting, escalation and monitoring procedures that are appropriate for the management of different risk categories.*

The second line of defence

8. *The second line of defence comprises the specialist risk management function(s) that are functionally independent of the first line of defence. The second line of defence supports the Board and its committees by:*
 - a) *developing risk management policies, systems and processes to facilitate a consistent approach to the identification, assessment and management of risks;*
 - b) *providing specialist advice and training to the Board, board committees and first line of defence on risk-related matters;*
 - c) *objective review and challenge of:*
 - iii) *the consistent and effective implementation of the risk management framework throughout the APRA-regulated institution; and*
 - iv) *the data and information captured as part of the risk management framework which are used in the decision-making processes within the business, in particular the completeness and appropriateness of the risk identification and analysis, ongoing effectiveness of risk controls, and prioritisation and management of action plans; and*
 - d) *oversight of the level of risk in the institution and its relationship to the risk appetite, and any necessary reporting and escalation to the Board or its committees.*

² https://www.apra.gov.au/sites/default/files/cpg_220_april_2018_version.pdf

Crown – Joint AML/CTF Program Testing & Review

9. In order to be effective, risk management functions would have:
- a) adequately experienced staff with relevant technical knowledge who facilitate the development, ongoing review and validation of the risk management framework; and
 - b) appropriate seniority and authority, with access to the responsible board committees.

10. Smaller and less complex APRA-regulated institutions often combine risk management roles with other roles or functions. Where such dual roles exist, APRA expects that appropriate care would be taken to ensure that the objectiveness of the risk management function is maintained and that any conflicts of interest are identified and appropriately managed.

The third line of defence

11. The third line of defence comprises the function(s) that, in accordance with CPS 220, provide to the Board and its committees:
- c) at least annually, independent assurance that the risk management framework has been complied with and is operating effectively; and
 - d) at least every three years, a comprehensive review of the appropriateness, effectiveness and adequacy of the risk management framework.
12. The application of the third line of defence would vary depending on the size, business mix and complexity of an APRA-regulated institution. The independent assurance function could, for example, include internal audit, a third-party assurance provider or a combination of the two. A key consideration would be appropriate independence, technical knowledge and experience.
13. While findings raised by the third line of defence would typically be utilised by management to increase business efficiency and inform decision-making, these benefits are secondary to the primary assurance objective.
14. A graphical representation of a sample implementation of the three lines of defence model is provided at Appendix A.

Crown – Joint AML/CTF Program Testing & Review

Appendix A – Three lines of defence risk governance model

