

AuditOne Regulatory Advisory

From Bud Genovese, Chairman

Understanding the New BSA/AML Manual

By Stan Mattice, AuditOne Compliance Practice Director

The FFIEC recently released the revised Bank Secrecy Act/Anti-Money Laundering Examination Manual. This latest revision is intended to provide current and consistent guidance on risk-based policies, procedures, and processes to comply with all aspects of BSA/AML. While most of the changes are updates of previously released FILs and regulatory announcements, you should take note of the information below on some specific areas of enhancement and change. We also encourage you to review the entirety of the new manual located on FFIEC's Internet site: http://www.ffiec.gov/bsa_aml_infobase/default.htm.

There is an enhancement of methods to identify, research and report suspicious activity under Suspicious Activity Reporting. The enhancement sections include:

- Identification or alert of unusual activity which may include employee identification, law enforcement inquiries, other referrals, and transaction and surveillance monitoring system output (page 69);
- Managing alerts which focuses on alerting management on processes used to investigate and evaluate identified unusual activity (page 74);
- SAR decision making. After thorough research and analysis has been completed, findings are typically forwarded to a final decision maker (individual or committee) (page 75);
- SAR completion and filing. SAR forms should be filed in a timely manner, complete and accurate, and narrative should provide sufficient description of the activity reported as well as the basis for filing (page 77).

Also, pay particular attention to these areas updated by the new Manual:

- Currency Transaction Reports: Exemptions from currency transaction reporting requirements. Updated by FinCEN 12-5-08.
- Electronic Banking: Remote Deposit Capture (RDC). Updated by FFIEC 1-14-09.
- Third-Party Payment Processors: Updated by FIL-127-2008.

In conclusion, BSA Officers should compare the revised Manual with the previous edition to ensure that all subject matter and updates that pertain to your institution are clearly and adequately addressed in your BSA Program.

We at AuditOne encourage you to talk with us about any of the Manual's provisions and how to best implement recommended action steps. Please contact (jeremy.taylor@audit-one.com) or Kevin Watson (kevin.watson@audit-one.com) at 562-802-3581 with any questions or for information on next steps.

*Bud Genovese is Chairman of AuditOne LLC, a California-based internal audit firm that focuses only on banks and their service providers. Mr. Genovese pioneered the concept of providing comprehensive, affordable, independent internal audit and credit review services by gathering wide-ranging, extraordinary expertise within one firm. AuditOne now serves over 160 clients throughout the Western United States, and **nationally**. Contact Bud Genovese at 408-980-8099 or bud.genovese@audit-one.com*