

“ On the 31 March 2021, the Financial Services Commission of Mauritius issued a communique regarding updates being made to the Anti-Money Laundering and Combatting the Financing of Terrorism Handbook 2020 (‘AML/CFT Handbook’). According to the communique, the updates (as outlined below) come further to the first AML/CFT supervisory cycle 2020-2021 and these are intended to assist financial institutions in conducting an effective AML/CFT Independent Audit and in implementing an adequate Business Risk Assessment. It should be highlighted that all references to the FSC Code on the Prevention of Money Laundering and Terrorist Financing have also been removed.



## Business Risk Assessment

According to the AML/CFT Handbook, the ultimate responsibility for the Business Risk Assessment lies with the board of directors. However, the updates also bring clarity on the various departments/functions that need to work together to perform the Business Risk Assessment. Also, it is now clear that it should also be reviewed in case of trigger events.

The AML/CFT Handbook also states that risk management requires a systematic approach, it is a cyclical process. This

means that a financial institution is expected to perform the whole cycle of identification, analysis and testing of the effectiveness of controls at regular intervals. Whilst the AML/CFT Handbook provides a list of factors to be taken into consideration when carrying out a Business Risk Assessment, a paragraph has been added to confirm that these are not exhaustive, and it is for the financial institution to assess and decide what is appropriate and relevant in the circumstances of the business.



## Independent Audit

A new chapter on Independent Audit has been added to the AML/CFT Handbook. Regulation 22(1) (d) of the FIAML Regulations 2018 requires that financial institutions shall have in place an audit function to review and verify compliance with and effectiveness of the measures taken in accordance with the FIAMLA and FIAML Regulations 2018 and the chapter is designed to assist financial institutions in meeting their regulatory and legal requirements. The following areas are covered in this chapter:

- 01** **Scope of independent audit** – The areas that should mandatorily be covered have been spelt out in a non-exhaustive list.
- 02** **Choosing the Audit Professional** – clarity on factors that should be considered.
- 03** **Assessing the “independence” of the audit professional** – checks to be carried out and questions to be answered to assess independence.
- 04** **Frequency of the Independent Audit** – factors to be considered to determine the frequency of the independent audit.
- 05** **Key components of the AML/CFT programme** – the process to assess the effectiveness of the AMLCFT programme.
- 06** **Audit outcome, report and recommendations** – The contents of the report and the actions to be taken.
- 07** **Filing to the Commission** – providing the FSC with the report/information on independent audit.