

February 6, 2024

CIRCULAR LETTER TO:

ALL GAMING MACHINE OPERATORS - GAMING LOUNGES

- Chief Executive Officers
- Chief Operating Officers
- Nominated Employees
- Compliance Officers
- Other Principal Senior Officers
- Other Relevant Personnel

REF: CIR-001-02-2024

Guidance for the AML/CFT Independent Review Report

The Commission reminds each operator of gaming lounges that it must have their AML/CFT programme audited every three years in accordance with the BGLC Anti-Money Laundering and Countering Financing of Terrorism and Proliferation (AML/CFT/CFP) Gazette Guidelines.

The independent AML audit report is to be conducted **triennially** and a copy of such should be submitted to the Commission.

Purpose

The AML/CFT Independent Review Guidance is intended to assist gaming lounge operators in the discharge of their obligations in conducting ongoing and adequate assessment, review and testing, to verify the extent of their compliance with their applicable AML/CFT Guidelines, as set out in the BGLC Anti-Money Laundering and Countering Financing of Terrorism and Proliferation (AML/CFT/CFP) Gazetted Guidelines.

Background

The gaming lounge operator must develop an AML/CFT programme that includes the review and testing of its compliance with its AML/CFT policies, procedures, systems, and controls.

The BGLC Anti-Money Laundering and Countering Financing of Terrorism and Proliferation (AML/CFT/CFP) Gazetted Guidelines Part 10 clause 289 stipulates that gaming lounge operators have systems in place for an independent audit, in order to ensure that the statutory requirements and the programmes itemized in the Guidelines and adopted in policy manuals, are implemented.

Suitability of the Reviewer

Skills, knowledge, and experience

The person conducting the review must have appropriate AML/CFT/CFP skills, knowledge, and experience; and be professionally competent. The independent reviewer must undertake the review with due skill, care, and diligence.

Independence of the Reviewer

The person conducting the review should be independent of the function being reviewed and the division, department, unit, or other parts of the entity where that function is performed. Further, the gaming lounge operators and independent reviewers must ensure that there is no actual or potential conflict of interests. If there is a conflict, the independent reviewer must refrain from conducting the review.

Who can perform the independent review?

The internal audit unit or the gaming lounge's internal auditor, risk specialist, or consultant of the entity. The review can also be conducted by an external auditor or a person with the required professional competence, qualifications and skills, as well as integrity and independence.

The auditor(s) must be certified by the Association of Certified Anti-Money Laundering Specialists (ACAMS) or the International Compliance Association (ICA) or the equivalent.

Scope of the Independent Review Report

The scope of the independent review should address, at a minimum, the following:

1. Overall integrity and effectiveness of the regulated entity's AML/CFT compliance programme, as stipulated in POCA, TPA, UNSCRIA and its regulations, its AML/CFT Compliance manual, including policies, procedures, systems and controls.
2. Integrity and accuracy of management information systems used in the AML/CFT compliance programme.
3. Adequacy, quality, scope, and frequency of the regulated entity's AML/CFT assessments, including documented Business Risk Assessments, threat assessment methodology, and the risk profiling of a business relationship.
4. Customer Due Diligence (CDD) measures, including customers identification programmes as per their relevant risk profile, and identification of beneficial owners, using relevant information or data from a reliable source.
5. Adequacy of customer due diligence (and enhanced due diligence) policies, procedures, and processes, and whether they comply with both internal and relevant regulatory requirements.
6. Adequacy of measures to reduce the risks associated with establishing and maintaining business relationships with Politically Exposed Persons (PEPs), their family members and associates.
7. Adequacy of due diligence performed for customers' sources of funds and wealth. Funds received into the regulated entity's account, related to customer transactions, being verified for money laundering and terrorist financing risks.
8. Customer file reviews and the testing performed to assess compliance with POCA and its regulations and Part 5 of the BGLC Anti-Money Laundering and Countering Financing of Terrorism and Proliferation (AML/CFT/CFP) Gazetted Guidelines Notes.
9. Adequacy of the regulated entity's ongoing monitoring programmes, including appropriate transaction testing, with particular emphasis on high-risk operations (products, services,

- customers, and geographic locations) and the screening of customers, transactions, and accounts.
10. Adequacy and effectiveness of the sanctions screening process and the implementation of the target financial sanctions.
 11. Assessment of the overall process for identifying and reporting suspicious transactions/activities, including a review of internal and external Suspicious Transaction Reports to determine their accuracy, timeliness, and completeness, and overall effectiveness of the regulated entity's policy.
 12. Screening for the implementation of Know Your Customer measures.
 13. Review of the AML/CFT training programme to determine its comprehensiveness and effectiveness, including a review of the accuracy of materials, the training schedule, and attendance tracking.
 14. The regulated entity's consideration of guidelines and circulars issued by the BGLC or papers issued by the designated authority, and implementation of appropriate action.
 15. Evaluating management's efforts to resolve violations and deficiencies noted in previous tests or audits and regulatory reviews, and towards promoting a regulated entity-wide AML/CFT compliance culture within the firm.
 16. Documentary evidence of compliance and recordkeeping requirements.
 17. Employees adherence to the regulated entity's AML/CFT policies, procedures, and processes.
 18. Any other matters that the independent reviewer deems important based on the regulated entity's nature, scale, and complexity.

Outcome of the Report

Should the review identify any findings, deficiencies, and recommendations, Senior Management must address the issues identified and be responsible for adequate remediation and closure within the agreed timelines. This must be included in the report.

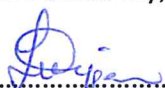
Conclusion & Rating

The independent review report must include a summary of the review and the assessment of the overall AML/CFT framework of the gaming lounge operator. A detailed and overall rating of AML/CFT controls must be provided using the scale of: Good, Acceptable, Needs Improvement, or Deficient.

Responsibility & Accountability

The Senior Management and independent reviewer are responsible for conducting appropriate and ongoing assessment, review and testing; and are accountable for ensuring that the independent review is conducted in accordance with the Guidelines.

Yours sincerely,



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Laurie Wiggan

Director, Compliance & Regulatory

BETTING, GAMING & LOTTERIES COMMISSION