BSA - Bank Secrecy Act

INTRODUCTION AND PURPOSE	
REPORTS	
PENALTIES	
RECORD RETENTION REQUIREMENTS	
REGULATORY REFERENCES	

		Yes/No/NA	Comments
Risk Assessment / Scoping			
1.0.0	Does review of the AIRES Compliance Violations module indicate that all prior violations are resolved?		
2.0.0	Has the credit union received correspondence from law enforcement or outside regulatory agencies relating to BSA compliance since the last examination?		
3.0.0	Does the credit union maintain a list of high risk accounts?		
4.0.0	Has the credit union completed an appropriate assessment of BSA AML risk?		
4.0.a	Assess BSA risk using examiner judgment and note exam BSA risk assessment in Comments box.		
Basic Requirements - Policy			
5.0.0	Has the board of directors established an appropriate written program to assure the CU meets BSA reporting and recordkeeping requirements?		
	Does the written BSA compliance program address:		
5.0.a	Internal Controls (748.2(c)(1))		
5.0.b	Independent Testing (748.2(c)(2))		
5.0.c	Responsible Individual (748.2(c)(3))		
5.0.d	Training (748.2(c)(4))		
5.0.e	Customer Identification (748.2(b)(2))		
5.0.f	Customer Due Diligence (1020.210(b)(5))		
5.0.g	Beneficial Ownership Identification and Verification (1010.230(b))		
Basic Requirements - Practice			
6.0.0	Has the credit union established an adequate Customer (member) Identification Program (CIP)? (1020.220)		
6.0.a	Does the CIP require the minimum information (name, date of birth, address, identification number) prior to opening an account? (1020.220(b)(2))		
6.0.b	Does the CIP require verification of the information obtained? (1020.220(b)(2))		
6.0.c	Does the CU have a process for handling exceptions to the standard CIP policy?		
6.0.d	Does the CU keep CIP data for five years after account is closed and CIP documents for, at least, five years after account is opened? (1020.220(b)(3)(ii))		
6.0.e	Does the CU provide adequate member notice it is requesting information to verify their identity? (1020.220(b)(5))		
7.0.0	Has the CU established an adequate Customer (member) Due Diligence (CDD) Program? (1020.210(b)(5))		
7.0.a	Does the CU have effective procedures for developing member risk profiles that identify the specific risks of individual members or categories of members? (1020.210(b)(5)(i))		
7.0.b	Are the risk-based CDD policies, procedures, and processes commensurate with the CU's BSA/AML risk profile, with increased focus on higher risk members? (1020.210(b)(5)(i) and (ii))		

		Yes/No/NA	Comments
7.0.c	Do procedures include identifying members that may pose higher risk for money laundering or terrorist financing and whether and/or when, on the basis of risk, it is appropriate to obtain and review additional member information? (1020.210(b)(5)(i) and (ii))		
7.0.d	Has the CU developed procedures for documenting analysis associated with the due diligence process, including guidance for resolving issues when insufficient or inaccurate information is obtained?		
7.0.e	Do policies contain a clear statement of management's and staff's responsibilities, including procedures, authority, and responsibility for reviewing and approving changes to a member's risk profile, as applicable?		
7.0.f	Has the CU developed procedures for performing ongoing monitoring of the member relationship, on a risk basis, to maintain and update member information, including beneficial ownership information of legal entity customers/members? (1020.210(b)(5)(ii))		
7.0.g	Has the CU defined in its policies and procedures how member information, including beneficial ownership information for legal entity customers/members, is used to meet other relevant regulatory requirements, including but not limited to, identifying suspicious activity and determining OFAC sanctioned parties? (1020.210(b)(5)(ii))		
8.0.0	Has the CU established written procedures, included in their BSA/AML compliance program, that are reasonably designed to identify and verify beneficial owners of legal entity customers/members? (1010.230(a))		
8.0.a	Do the CU's procedures require identification of the beneficial owner(s) of each legal entity customer/member at the time a new account is opened on or after May 11, 2018 (unless the member is otherwise excluded pursuant to paragraph (e) of this section or the account is exempted pursuant to paragraph (h) of this section)? (1010.230(b)(1))		
8.0.b	Do the CU's procedures require the minimum information (name, address, identification number, and data of birth) for beneficial owner(s) of legal entity customers/members, and timely verification of enough information to form a reasonable belief as to the beneficial owner's true identity? (1010.230(b)(2))		
8.0.c	Does the CU have a process for circumstances in which it cannot form a reasonable belief that it knows the true identity of the beneficial owner(s) of a legal entity customer/member?		
8.0.d	Does the CU retain a record of the identity information, the method used to verify identity, and verification results for the required period? (1010.230(i))		
9.0.0	Is the credit union's independent testing adequate for the size and complexity of the institution? (748.2(c)(2))		
10.0.0	Does the BSA officer have appropriate knowledge, resources, and authority - commensurate with the complexity of the credit union's operations? (748.2(c)(3))		
11.0.0	Is the credit union's training adequate for the size and complexity of the institution? (748.2(c)(4))		
Reporting - Data Quality Violations			

		Yes/No/NA	Comments
10.0.0	Does the credit union have an adequate process to identify transactions that require completion of a Currency Transaction Report (CTR)? (1020.311)		
10.0.a	Since the prior exam, have one or more transactions occurred that require reporting through a Currency Transaction Report (CTR)?		
10.0.b	Does the credit union electronically file a CTR with FinCEN for all currency transactions greater than $10,000 (1010.311), and multiple transactions in currency which aggregate to more than $10,000 occurring in one day (1010.313) , unless it is an exempt transaction?		
10.0.c	Is the CTR filed within 15 days after the transaction occurs? (1010.306)		
10.0.d	Does the CU properly exempt permitted persons from CTR filing by filing a "Designation of Exempt Person" form? (1020.315)		
10.0.e	For exempt persons, does the CU perform an annual review of the account (1020.315) to ensure the exemption remains appropriate? Is this review documented?		
11.0.0	Does the CU have an adequate Customer Due Diligence (CDD) process for identifying suspicious transactions and monitoring accounts for suspicious activity? (1020.320(a)(2)(iii))		
11.0.a	Is a Suspicious Activity Report (SAR) filed within 30 calendar days from the date of the initial detection of facts that may constitute a basis for filing a SAR? (1020.320(b)(3))		
11.0.b	Is supporting documentation for a SAR retained for 5 years? (1020.320(d))		
11.0.c	Does CU document decision process on whether to file a non-mandatory SAR?		
11.0.d	Does the CU complete SARs fully, accurately and in accordance with form instructions?		
11.0.e	Is the Board of Directors promptly notified of all SARs filed? (748.1(c)(4))		
Recordkeeping			
12.0.0	Does the CU maintain the necessary information for the purchase or issuance, by currency, of credit union checks, cashier's checks, traveler's checks, and money orders for amounts between $3,000 and $10,000? (1010.415(a)) and (1010.415(b))		
13.0.0	Does the CU maintain adequate historical records on the following transactions for 5 years:		
13.0.a	Extensions of credit greater than $10,000, except those secured by an interest in real property? (1010.410(a))		
13.0.b	Attempts to transfer more than $10,000 to or from any person, account or place outside the U.S.? (1010.410(b))		
13.0.c	All signature cards? (1020.410(b)(1))		
13.0.d	Member transaction statements or ledger cards? (1020.410(b)(2))		
13.0.e	CU and member share drafts or money orders over $100? (1020.410(b)(3))		
13.0.f	All withdrawals, other than share drafts or money orders, over $100 to accounts, except CU charges or periodic charges made pursuant to an agreement? (1020.410(b)(4))		
13.0.g	Transfers of more than $10,000 to any person, account, or place outside the US? (1020.410(b)(5,6))		

		Yes/No/NA	Comments
13.0.h	Drafts over $10,000 issued by, or drawn on, a foreign bank and paid by the CU? (1020.410(b)(7))		
13.0.i	Transfers of credit, cash, drafts, other checks, investment securities or other monetary instruments over $10,000 received directly from a foreign bank, broker or dealer in currency located outside the US? (1020.410(b)(8,9))		
13.0.j	Records which allow tracing of deposited share drafts over $100? (1020.410(b)(10))		
13.0.k	Name, address, taxpayer ID#, date of transaction, description of instrument, and method of payment for purchases and redemptions of share certificates? (1020.410(b)(11,12))		
13.0.l	Deposit slips or credit checks for transactions, or equivalent wire transfer and direct deposit transactions, over $100 which specify the amount of currency involved? (1020.410(b)(13))		
Specific Products & Services			
14.0.0	Since the prior exam, has the CU originated or received any wire transfers?		
14.0.a	With regard to wire transfers, does the CU retain, for 5 years, the required information for each payment order that it accepts of $3,000 or more? (1010.410(e))		
14.0.b	Is the required wire transfer information, identified in the above question, retrievable by reference to the originator's name and account number? (1010.410(e)(4))		
15.0.0	Since the prior exam, has the CU been involved with the transportation of currency outside the US or maintenance of an account in a foreign country?		
15.0.a	Does the CU file FINCEN Form 105 for the physical transportation of currency in excess of $10,000 into or outside the USA? (1010.340)		
15.0.b	Is a Report of Foreign Bank and Financial Accounts indicating a financial interest in an account in a foreign county filed annual on or before June 30? (1010.350)		
Information Sharing			
16.0.0	Has the CU designated accurate point of contact information on the CU Online program to receive 314(a) information requests from FinCEN regarding investigations of terrorist activity or money laundering? (1020.520(b)(2)(iii))		
16.0.a	Is the CU accessing the electronic list on FinCEN's secure website? (1020.520(b))		
16.0.b	Does the CU begin its search, required by the 314a information request, promptly and complete it within 2 weeks, reporting any matches to FinCEN upon detection? (1020.520(b)(2))		
17.0.0	Does the CU voluntarily share 314b information with other financial institutions for purposes of identifying and reporting suspected terrorist activity or money laundering? (1020.540)		
17.0.a	Has the CU submitted a Section 314(b) notice to FinCEN for the current year? (1020.540(b)(2))		
17.0.b	Has the CU verified that its information sharing partner completed the 314(b) notice? (1020.540(b)(3))		
Third Party Service Providers			
18.0.0	Is the CU using a third party service provider?		

		Yes/No/NA	Comments
18.0.a	Does the CU have an adequate due diligence process for reviewing actions taken by the third party to comply with BSA requirements on behalf of the CU?		

MSB-Money Services Businesses

		Yes/No/NA	Comments
19.0.0	Does the credit union provide account services to money services businesses (MSBs)?		
19.0.a	Is the credit union correctly reporting MSB accounts on the quarterly 5300 Call Report per the Call Report Instructions?		
20.0.0	Does the credit union have adequate policies, procedures, and processes to identify and assess the risk related to MSB accounts?		
21.0.0	Has the credit union established policies, procedures and processes consistent with the interagency guidance released on April 26, 2005 for accounts opened or maintained for money services businesses (MSBs) to:		
21.0.a	Apply the CU's Customer Identification Program (CIP) procedures?		
21.0.b	Confirm FinCEN registration, if required? Note: Registration must be renewed every two years.		
21.0.c	Confirm state licensing, if applicable?		
21.0.d	Conduct a risk assessment to determine the level of risk associated with each MSB account and whether further due diligence is required?		
22.0.0	Is the credit union's system for monitoring MSB accounts for suspicious activities, and for reporting of suspicious activities, adequate?		
23.0.0	Are the credit union's overall policies, procedures, and processes associated with the MSB accounts adequate to reasonably protect the credit union from money laundering and terrorist financing?		
23.0.a	Are internal controls appropriate for the complexity of the institution and the risk posed by the MSB accounts?		
23.0.b	Do results of testing indicate the credit union's risk assessment of its MSB accounts is appropriate?		
24.0.0	Does the credit union exempt any MSBs from CTR filing?		
25.0.0	Has the credit union verified that less than 50% of the exempted entity's gross revenues are related to MSB related services?		

Testing Internal Controls

		Yes/No/NA	Comments
26.0.0	Test the CU's internal control function by reviewing a minimum of 10 account level transactions for BSA compliance		*When responding "Yes" for testing, briefly describe tests in comment section.*
26.0.a	Were transactions reviewed for compliance with Basic Requirements - Practice (Q6-8)		
26.0.b	Were transactions reviewed for compliance with Reporting Requirements (Q10-11)		
26.0.c	Were transactions reviewed for compliance with Recordkeeping Requirements (Q12-13)		
26.0.d	Were transactions reviewed for compliance with Specific Product and Service requirements? (Q14-15)		
26.0.e	Were transactions reviewed for compliance with Information Sharing Requirements (Q16-17)		
26.0.f	Enter the total number of transactions tested.		

Conclusion

		Yes/No/NA	Comments
27.0.0	Did the examination identify required CTR or SAR forms that were not filed?		
20.0.a	For the required CTR forms that were not filed, will the credit union seek a CTR backfiling determination?		

		Yes/No/NA	Comments
28.0.0	Based on the results of exam testing, are the CU's internal controls effective?		
28.0.a	Are internal controls appropriate for the complexity of the institution?		
28.0.b	Do results of testing indicate credit union's risk assessment is appropriate?		