[Your Company Name]

Anti-Money Laundering Risk Assessment

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Revision History

VERSION	REVISION DATE	SECTION REVISED	REASON FOR REVISION	DESCRIPTION OF REVISION

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1 INTRODUCTION

This risk assessment template is to be used in conjunction with **[Your Company Name's]** *(hereinafter referred to as the **"Company"**)* Risk Management Procedures and Anti-Money Laundering Policy and has been designed as a tool for identifying, assessing and managing the risks of money laundering and terrorist financing.

All businesses with obligations under the Money Laundering Regulations are required to assess the risks posed to the company from money laundering and terrorist financing and are required to put policies and controls into place to manage and where possible, mitigate such risks. This template has been designed to aid the Company in their risk assessment and ongoing monitoring and to help us: -

- Carry out a risk assessment identifying where the Company is vulnerable to money laundering and terrorist financing
- Prepare, maintain, and approve a written policy statement, controls, and procedures to show how the Company will manage the risks of money laundering and terrorist financing identified through any risk assessment(s)
- Review and update the policies, controls, and procedures to reflect changes to the risks faced by the Company
- Provide training and guidance to all employees on the identified risks and how to effectively implement the policies and controls and to monitoring the risks and outcomes
- Ensure that adequate resources, funds, and systems are in place to support the controls needed to identify, assess and manage risks
- Monitor the effectiveness and adequacy of the Company's policies, controls and procedures and make improvements where required

2 RISK ASSESSMENT

The Company are obligated to carry out a company-wide risk assessment to identify areas of vulnerability relating to money laundering and to record any risks posed to the Company. We already have Anti-Money Laundering and Risk Management procedures and controls for assessing all risks associated with the Company and either have procedures for completing this assessment. However, as the risks posed by money laundering are company/industry specific, we utilise this template to aid in creating a written risk assessment that relates solely to the prevention of money laundering and terrorist financing within the organisation.

This assessment enables a pro-active approach to risk and allows the Company to apply corrective actions and mitigating controls to effectively eliminate, reduce or manage such risks and vulnerabilities. The overall aim of this assessment is to identify any areas of vulnerability with regard to money laundering and to create a complete profile of any risks posed to the Company.

Through our risk management controls, we aim to eliminate or reduce the risk to an acceptable level. The overall scope of the risk assessment is to either –

- Eliminate
- Reduce

- Manage

In some cases, an identified risk can be eliminated by putting certain controls or systems into place to ensure that the risk is eliminated altogether. However, in many cases risks have to be tolerated as part of a business and so we seek to reduce the risk to its lowest possible affect through the use of controls, policies, systems and training. Where risks remain, we have defined controls and solutions to manage the outcomes to reduce the risk of money laundering in the Company to an absolute minimum.

2.1 ASSESSMENT REQUIREMENTS

Once we identify each risk, we then assess the risk, the impact and the likelihood, and record the origin, nature, particularity and severity of that risk, along with the operation/factor causing the risk and any mitigating measures and/or proposed solutions or controls for managing the risk.

We utilise supervisory authority guidance when considering what risks the Company may face, including resources from the HMRC, FCA and JMLSG. ***The below table are examples of the areas we assess for risk but is by no means an exhaustive list.***

RISK AREA	***RISK DESCRIPTION***
CUSTOMERS & RELATIONSHIPS	• Types of customer • Location of customer • The business relationship is conducted in unusual circumstances • How customer is introduced • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • [illegible] • The customer is a third country national who is applying for residence rights in or citizenship of an EEA state in exchange for transfers of capital, purchase of a property, government bonds or investment in corporate entities in that EEA state

TRANSACTIONS	• High value transactions *(volume or value)* • One-off transactions • Cash sales • Accepting high charges and/or penalties • Enters into transactions that do not make commercial sense • Is involved in transactions where you cannot easily check where funds have come from • Source of funds/wealth • Patterns of transactions • Payments from/to third parties • Unusual or complex transactions
PRODUCTS, SERVICES & DELIVERY CHANNEL	• Anonymous • Products/services that enable money to be placed in the business, or moved from/through it • Products/services that enable ownership of assets to be disguised • The product involves private banking • The product or transaction is one which might favour anonymity • The situation involves non-face-to-face business relationship or transactions, without certain safeguards, such as an electronic identification process which meets the conditions set in regulation [illegible] • Delivery channels (especially where new) • Where new products and new business practices are involved • Conveyancing and/or property sales • Managing trusts or companies • New products or delivery mechanisms • The service involves the provision of nominee directors, nominee shareholders or shadow directors, or the formation of companies in a third country • There's a transaction related to oil, arms, precious metals, tobacco products, cultural artefacts, ivory, or other items related to protected species, or other items of archaeological, historical, cultural or religious significance or of rare scientific value
BUSINESS	• Products/services offered • Activities undertaken • Employee screening and due diligence • Types of business relationship • Adequate systems and backup plans
LOCATION	• Geographical location • High risk countries (*i.e. corruption)* • Countries with no/little AML regulations *(FATF)* • Countries subject to sanctions, embargos, or similar measures • Countries providing funding or support for terrorism

[The above list is non-exhaustive but can be used to carry out your AML risk assessment. You should consider the size and scope of your business when completing the risk assessment.]

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3.1 Identify the Risks and Vulnerabilities

The risks each business faces from money laundering and terrorist financing can vary greatly, which is why each company must complete their own risk assessment and not rely on the findings or suggestions of a single resource. Size, scope, sector and service all have a vast effect on how a company can be used for financial criminal activity and so assessing and documenting such risks or areas of vulnerability will ensure that controls can be put into place to reasonably reduce the risks.

Risks will usually fall into one of four categories: -

- [illegible]
- [illegible]
- [illegible]
- [illegible]

[illegible]

The risk rating table below uses the common *'Red, Amber, Green (RAG)'* matrix, where each risk is given a RAG score based on the likelihood versus the impact.

LIKELIHOOD	IMPACT				
	Trivial (1)	Minor (2)	Moderate (3)	Major (4)	Severe (5)
Almost Certain (5)	Low Med	Medium	High	Very High	Very High
Likely (4)	Low	Low Med	Med High	High	Very High
Possible (3)	Low	Low Med	Medium	Med High	High
Unlikely (2)	Low	Low Med	Low Med	Medium	Med High
Rare (1)	Low	Low	Low Med	Medium	Medium
Impact Score x Likelihood Score = Risk Rating					

- **GREEN** – All business is exposed to certain risks that have to be managed as they cannot be eliminated. No business will ever be completely risk free, however where the Company cannot eliminate a risk completely, we aim to reduce it to the lowest risk rating possible. The ideal acceptable risk will be rated green and means that it is unlikely to happen or is so minor that the effect of it occurring will not result in any major impact. Some of the risks identified will start out as green, whilst others originally identified as amber/red *(moderate/severe)* may be reduced to green *(low)* with adequate controls and measure applied. Some green rated risks are so minor that it is not feasible to put any controls into place; however, these are still referenced on the assessment record to evidence identification and ensure future monitoring.

- [illegible]

- [illegible]

The above process enables the Company to devise ways to reduce or eliminate money laundering risks and assess the costs and benefits of each approach, as well as looking at the impact such risks can have and the likelihood of them occurring. This enables a broader picture of each risk and a universal approach on managing the risks.

Once the risks have been identified, rated and managed, the Company will then reassess the risk using the same matrix, and reassign ratings that may have changed owing to the controls and measures developed and implemented.

[NOTE: Where you have identified a risk and have been able to eliminate it altogether through either controls or removal; you should still add this risk to the assessment table to indicate that it was identified initially and has since been removed or actioned.]

IDENTIFIED RISKS AND VULNERABILITIES				
REF	**RISK SUMMARY**	[illegible]	[illegible]	**RAG**
#	*Brief risk summary*	*Ie Customer, Geographical*	*Provide a description of the risk or vulnerability*	*Risk Rating*
R1	*E.g. Cash transactions*	*Transactions*	*The business can be exposed to customers who make high value cash transactions. These customers will warrant additional controls over standard transaction types*	*16*
R2	*E.g. Third-party referrals*	*Customer*	*We utilise Credit generators who pass customers to us but have not assessed the third parties own Due Diligence measures. We may need extra Due Diligence on these customers or refuse referral*	*8*
R3	*E.g. Overseas clients*	*Geographical*	*The company currently ship/trade to overseas clients and are providing services to local clients only*	*2*

[Note: You can customise the template to suit your needs and business type and do not need to retain the suggested headings. Your aim is to identify and assess any and all risks to your business from money laundering and terrorist financing sources/factors. Some may be minor and already have controls in place, but you should still add them to the list to demonstrate a full risk assessment to your AML Supervisory Body]

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MITIGATING ACTIONS & PROPOSED RISK MANAGEMENT CONTROLS				
REF	**RISK**	**RAG**	**CONTROL/MANAGEMENT**	**RAG**
#	*Risk to be controlled*	*Current rating*	*Actions, solutions and/or mitigating controls that address the risk*	*New rating*
R1	*E.g. Cash transactions*	*16*	*1. Perform due diligence to identify client identity* *2. Verify source of funds on all transactions over £2000* *3. Review client business activities and associated relationships*	*10*
R2	*E.g. Third-party referrals*	*8*	*1. Make due diligence part of the lead generator agreement prior to customer referral* *2. Carry out secondary due diligence on the customer after referral*	*4*

[illegible]

3.3 DEVELOPMENT & IMPLEMENTATION

Some of the controls and measures identified in stage 2 may already be in place and should be reviewed for adequacy and effectiveness in accordance with the risk rating and desired outcome. Where a control or management action has been suggested but is not yet in place, the Company will assign each control to a relevant employee *(including outsourced options)* and ensure a completion timeframe and ongoing review is put into place.

Where a service, product or business activity poses a high risk and requires identified controls to reduce or manage the risk, the Company place a temporary hold on such services/activities until the relevant controls have been developed, implemented and assessed.

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[Use the above table to record any controls, measures or systems that are not yet in place and need to be developed, sourced and implemented to reduce or manage the relevant money laundering risk or vulnerability. Each control should be assigned a responsible person in charge or project oversight and should be given a timeframe and completion date to ensure that all controls are developed and implemented as soon as possible.]

4 AUTHORISATION

All stages and aspects of the company risk money laundering risk assessment are recorded and retained for 5 years. After the completed assessment date, annual risk assessments are completed using new templates so that previous assessments can always be referred to and provided to the supervisory authority if requested.

The completed risk assessment aims to demonstrate the Company's commitment to preventing money laundering and terrorist financing and ensures that we are aware of all risks posed to the Company and any areas of vulnerability.

The finalised risk assessment is reviewed and authorised by [MLRO/Nominated Officer/Director/Senior Management].

MLRO/Nominated Officer:

Print Name: _____ **Date:** _____

Assessment reviewed: Yes/No **Signed:** _____

Senior Manager:

Print Name: _____ **Date:** _____

Assessment reviewed: Yes/No **Signed:** _____

Partner/Director:

Print Name: _____ **Date:** _____

Assessment reviewed: Yes/No **Signed:** _____

5 MONITORING & REVIEW

The completed risk assessment is reviewed on an **[annual/bi-annual/quarterly]** basis and each risk is reassessed to re-evaluate the risk rating, appropriateness and managing controls that have been put into place. Any new risks are added to a new risk assessment, with any risks that are no longer valid remaining on the previous risk assessment but not being carried over.

A new risk assessment summary document is provided annually based on the latest risk assessment and is filed/saved. Should it be requested by the supervising authority. The effectiveness of the Company's policies, procedures and controls are evaluated during the review and/or reassessment, along with their adequacy. We utilise suspected and/or identified suspicious activity reports and internal reviews to evaluate the effectiveness and adequacy of the controls we have in place.

The Company already have a dedicated audit and monitoring program in place which enables us to evaluate and examine the adequacy and effectiveness of the policies, controls and procedures that we have in place to meet all regulatory and legal requirements. This program is used to assess the ongoing effectiveness of our AML controls and procedures and adherence to the relevant laws and regulations.