

**Australian Credit Licensee Compliance & Risk Review**  
**Quarter 4, 2020**



Business Name:	ABC Finance
Responsible Manager:	Ms Manager
Review performed by:	Mr Example
Audit Date:	9 February 2021

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# Compliance Testing - Executive Summary

Compliance Category	Compliance Rating
Responsible Lending & Best Interest Duty	Unsatisfactory
Human Resources	Satisfactory
Information Security	Needs improvement
Clients and Third Parties	Satisfactory
Other Regulatory Risks	Satisfactory

## Overall Compliance Rating

Needs Improvement

## Key Recommendations and Corrective Actions

1. Review business practices with respect to consumer assessment and disclosure documents

# Compliance Testing - Category Summaries

## Responsible Lending & Best Interest Duty

The overall rating applied to the business' credit assessment process is **Unsatisfactory**. Like many of the business' peers at the moment, there was no visible evidence that clients' lifestyle expenditure had been considered over and above statistical assumptions contained in lender calculators. The industry as a whole has been on notice about this issue for over two years and ASIC's commentary continues to hone in on it.

Of greater concern is that the business is not fully complying with responsible lending disclosure document requirements.

## Human Resources

Controls for this category largely centre on the business's existing HR policy and the HR-related portions of the Compliance Programme and Credit Supervision policy. There have been no staffing changes in this testing period and all personnel checks and control points remain effective and up-to-date. Although the business has been attending development training, it has failed to demonstrate its compliance by maintaining a training register. Furthermore, the business has not developed a training programme for its Responsible Manager/s for this year. The business is rated as **Satisfactory** for this category.

## Information Security

The office infrastructure security needs to be increased as it currently has exploitable weaknesses and the office backup discipline is also insufficient to guarantee data protection and business continuity. The business' use and management of information is rated **Needs improvement**.

## Clients and Third Parties

This section assesses how well the business is managing client expectations and feedback. The business is taking performance statistics to measure lender timeframes and the business is attempting to divert business to more effective lenders and/or set client expectations appropriately. The business is not taking appropriate steps to meet its best interest obligation. Lastly, it is pleasing to see that outsourced relationships are managed in line with accepted good practice. The business is rated as **Satisfactory** in this category.

## Other Regulatory Risks

Miscellaneous areas of regulation reviewed in this testing period include remaining up to date with regulatory developments; changes to the business's representative authorisations; money laundering; and privacy laws. The business has been rated **Satisfactory** for this category.

## Previous Corrective Actions

The following are items that were raised as issues in the previous compliance reporting. Your particular attention is drawn to items that the reviewer does not believe have been sufficiently rectified to date.

Item	Status
Adopt in-house serviceability modelling	closed
Review Credit Guide process	closed
All files to contain Credit Proposal Disclosure Document, listing all fees applicable to loan application	closed
Complete CPD register for all training	closed
Document review of reputation issues associated with current product offering	closed
Backup business-critical files on schedule	closed
Ensure hard copy files are always secure when not in use	closed
Reconsider client relationship management systems	closed
Consider ideal customer and how to attract them	closed
Link settlement data into financial forecasts	closed
Demonstrate enquiries and verification of client household expenditure	closed

# Audit Tests: Responsible Lending & Best Interest Duty

## Compliance Testing Worksheet

Ref no	Obligation name	Test period	Test performed by	Risk Rating
C7	Responsible Lending	December 2020	Mr Example	High

### Obligation Description

Consumer credit cases must be properly assessed by the Licensee and its representatives to ensure that no consumer is placed in a credit contract that is unsuitable for them.

### Control Description

Licensee's internal preliminary assessment

### Test steps

Sample 10% of credit files from quarter or 10 files, whichever is greater:

1. Ensure checklist is in place
2. Test serviceability calculations
3. Review income verification documents
4. Review requirements and objectives as articulated, and how these address the consumer's interests

### Results

Files reviewed:

M Client

### General observations:

The business is performing its own arithmetic calculations, which is commendable. However the expenses numbers the business is using routinely appear to be statistically derived, rather than the result of a client discussion.

There were some cases where data in servicing calculations did not fully match evidence held on file, however the situation was inside cautionary boundaries and not at a level that could be called systemic.

It appears that consumers are not being consulted about their living expenses and that pure benchmark figure are utilised.

Client requirements and objectives were clearly articulated on file with demonstrated evidence that client input was sought. It was not always clear how the selected loan was best for the customer. Whilst these loans were written prior to best interest duties being introduced to the business, this period should be used to integrate the best interest duty into its business and risks being noncompliant in the future.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
C8	Credit disclosure documents	December 2020	Mr Example	High

#### Obligation Description

A Licensee and its Credit Representatives must provide a consumer with the Licensee and Credit Rep's respective disclosure documents.

#### Control Description

Sales process checklist

#### Test steps

1. Review the Licensee's standard Credit Guide to ensure it contains all requisite disclosures.
2. See C8. If the Licensee charges a fee-for-service, payable by the consumer, does the file contain a copy of a compliance Credit Quote document, signed by the client?
3. See C8. Does each file contain a copy of the Credit Proposal Disclosure Document provided to the client?
4. Do Credit Proposal Disclosure Documents disclose *all* fees connected with the application for the individual credit contract, payable by the consumer?

#### Results

1. The business has completed a Credit Guide but the business's practices and procedures do not provide a compelling enough demonstration that the Credit Guide is always issued to consumers.
2. The business does not charge fee-for-service.
3. Credit Proposal Disclosure Documents were observed on all files reviewed.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
C10	Interest-only loans	December 2020	Mr Example	Medium

#### Obligation Description

Ensure interest-only feature matches consumer requirements and objectives.

#### Control Description

Compliance monitoring of sales activity. Fact Find document.

#### Test steps

1. Is the business active in this product and if so, does its standard process account for IO products?
2. Consider any files from the sample at C7 that included an interest-only period and ensure that reasoning behind interest-only is sound and is articulated on file

#### Results

1. In cases where clients were assisted with interest-only products, the reasons for this were well-articulated in the client record.
2. See above.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
C11	Interest-only loans	December 2020	Mr Example	Medium

#### Obligation Description

Ensure refinance feature matches consumer requirements and objectives and is clearly demonstrated

#### Control Description

Compliance monitoring of sales activity. Fact Find document.

#### Test steps

1. Consider any files from the sample at C7 that included a refinance and ensure that the reasons for refinancing are articulated on file and met by the suggested product(s)
2. Ensure any files from the sample at C7 that included a refinance for purely monetary reasons (e.g. pricing, cashflow) were tested to meet this requirement

#### Results

1. The reviewer was able to locate proper justification for all refinanced credit contracts.
2. See above.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
C38	Sales supervision	December 2020	Mr Example	High

#### Obligation Description

Ensure appropriate monitoring and testing of credit sales process in order to maintain compliance

#### Control Description

Compliance monitoring of sales activity.

#### Test steps

See test C8 for evidence of staff errors and/or non-compliance

#### Results

From the perspective of quality of credit, files audited in this period showed no systemic compliance issues and bore all the hallmarks of prudent deals.



Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C45</b>	Filenotes	December 2020	Mr Example	High

#### Obligation Description

Failure to adequately record file notes demonstrating the extent of the loan writer's inquiries and verification

#### Control Description

Client loan application checklist, ongoing review of file notes

#### Test steps

See test C7 for evidence that key activities were appropriately documented on file.

#### Results

Documented file notes were consistently viewed to be of a high standard.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C27</b>	Tax Advice	December 2020	Mr Example	Medium

#### Obligation Description

If the Licensee has discussions with consumers about investment properties, it is likely that there will be discussions on tax issues such as deductability of certain items. If these discussions go beyond general advice and the advisor is not a registered tax agent, this breaches the Corporations Act and taxation laws.

#### Control Description

Client property advice process

#### Test steps

Review property advice process and ensure:

1. Broker has a sound understanding of taxation basics with respect to borrowing for investment property
2. Client documentation contains sufficient disclaimers
3. Discussions do not go beyond general advice

#### Results

1. The upshot of our discussions with the Business in this area is that we believe the business understands what constitutes a tax-appropriate borrowing structure. In addition to this, other tax-related discussions that the Business has with its clients appear to be general and merely factual in nature and the Business advises its clients that it should seek professional taxation advice at all times.
2. See Point 1 above
3. See Point 1 above

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C34</b>	Conflict management	December 2020	Mr Example	High

#### Obligation Description

Ensure no customer is disadvantaged by a conflict of interest

#### Control Description

Use of conflicts checklists on client files

#### Test steps

See test C7 - ensure conflicts that are not part of the regular conflicts register are identified and appropriately managed.

#### Results

Conflicts appear to have been effectively managed by the business, however the business also appears to be breaching its conflict priority obligations by failing to ensure all conflicts are resolved in a manner that prioritises the customer.

### Control rating

**Unsatisfactory**

### Corrective action plan

Milestone	Responsible Manager	Target date
Adopt in-house serviceability modelling	Ms Manager	09th February 2021
Improve file quality to remove irregularities	Ms Manager	09th February 2021
All files to contain Credit Proposal Disclosure Document, listing all fees applicable to loan application	Ms Manager	09th February 2021
Review Credit Guide process	Ms Manager	09th February 2021
Demonstrate enquiries and verification of client household expenditure	Ms Manager	09th February 2021
Review conflict management procedures and resolve conflict	Ms Manager	09th February 2021

### Sign-off

Ms Manager

Responsible Manager

Signature

09/02/2021

Date

## Audit Tests: Human Resources

### Compliance Testing Worksheet

Ref no	Risk name	Test period	Test performed by	Risk Rating
C39	Representative review	December 2020	Mr Example	Low

#### Risk Description

Annual review of all credit sales staff to ensure training up-to-date, review breaches, review sales metrics.

#### Control Description

Compliance monitoring of sales activity.

#### Test steps

Sight or perform annual review of all credit personnel, including Credit Representatives. Ensure CPD points sufficient; review any breaches caused by the individual; review sales metrics for unusual patterns or unexplained out-performance.

#### Results

The business has performed a documented review of loan writing representatives over the past twelve months.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
R5	Recruitment	December 2020	Mr Example	Medium

#### Obligation Description

Inadequate recruitment procedures and background checks.

#### Control Description

Human Resources policy includes recruitment processes.

#### Test steps

Review any new hires in the testing period and ensure that the compulsory background checks (per HR policy) have been performed.

#### Results

There were no new hires in the testing period. The recruitment process that the business follows are in line with good practice

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C26</b>	Staff planning	December 2020	Mr Example	Medium

#### Obligation Description

Link business strategy to HR planning

#### Control Description

6-monthly strategy planning

#### Test steps

Compliance provider to discuss with the Responsible Manager and understand and document HR strategy.

#### Results

The business has included a formal, written assessment of its staffing needs in its 2020 Compliance Programme.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C17</b>	Competence and training	December 2020	Mr Example	Medium

#### Obligation Description

Responsible managers and staff need to be suitably qualified and maintain their qualifications

#### Control Description

1. Company training register
2. Annual review of Responsible Managers

#### Test steps

1. Review training register and progress of CPD points
2. Ensure Responsible Manager training plan has been reviewed

#### Results

1. Whilst it was evident that the business's representatives have been attending relevant training, this was not recorded in a register. Training registers are an important control tool to demonstrate compliance.
2. The Responsible Manager attends many professional development opportunities throughout the year and is of the opinion that this is good enough. While it may turn out that the Responsible Manager ends up attending sufficient training, it is still an ASIC expectation that skills evaluation will be performed and documented at least annually.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C41</b>	Training mixture	December 2020	Mr Example	Medium

#### Obligation Description

Ensure training is a suitable mixture of product, technical and compliance topics

#### Control Description

Review of CPD register to ensure proper mix

#### Test steps

Six-monthly review all training registers to ensure that the training attended by representatives has a suitable mix of different types of training.

#### Results

The training recorded in the register shows a healthy mix of product, technical and compliance training, including the business's quarterly interaction with QED Risk Services.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C40</b>	Responsible Manager review	December 2020	Mr Example	Medium

#### Obligation Description

Perform annual review of Responsible Managers, ensure their CPD points and résumé up-to-date

#### Control Description

Annual compliance tasks register

#### Test steps

1. Six monthly track CPD points
2. Annually ensure that Responsible Managers CV is up-to-date

#### Results

1. See C17
2. The business holds current CVs for its Responsible Manager/s.

Ref no	Risk name	Test period	Test performed by	Risk Rating
<b>R38</b>	Fraud - Identification	December 2020	Mr Example	Low

#### Risk Description

Lack of linkage to external bodies and agencies for intelligence sharing and knowledge of industry developments and tools.

#### Control Description

Six monthly strategy review to ensure business remains up-to-date in terms of fraud updates

#### Test steps

Document six monthly review regarding business objectives, target client base, and industry changes.

#### Results

The review discussed recent developments with respect to fraud that is taking place in the mortgage sector, with respect to both generally increasing the business's awareness and pointing out that lenders are becoming increasingly keen to place more responsibility on introducers.

More importantly, ASIC has been paying an inordinate amount of attention to this topic in the past 18 months with no sign of letting up. It is crucial that the business keeps up with the latest methods that the fraudsters are using as well as the methods that lenders have to combat those methods.

Ref no	Risk name	Test period	Test performed by	Risk Rating
<b>R39</b>	Fraud - Training	December 2020	Mr Example	Medium

#### Risk Description

Representatives not sufficiently trained in new and/or existing fraud procedures and systems

#### Control Description

Six monthly strategy review to ensure business remains up-to-date in terms of fraud updates

#### Test steps

1. Document six monthly review regarding fraud updates.
2. Review CPD and training registers for currency.

#### Results

1. The business has recently attended an information session on current fraud practices. With the heavy focus on this area from ASIC, it is important that the business keeps up-to-date on the latest methods.
2. See C17 above

Ref no	Risk name	Test period	Test performed by	Risk Rating
<b>R40</b>	Fraud - Technology	December 2020	Mr Example	Low

**Risk Description**

Lack of appropriate technology to meet fraud challenges; lack of ability to change the technology..

**Control Description**

Six monthly strategy review to ensure business technology remains up-to-date in terms of fraud updates

**Test steps**

Document six monthly review regarding fraud updates.

**Results**

See R37 and R38 above

**Control rating**

**Satisfactory**

**Corrective action plan**

Milestone	Responsible Manager	Target date
Complete CPD register for all training	Ms Manager	09th March 2021
Document Responsible Manager training needs analysis	Ms Manager	09th March 2021

**Sign-off**

Ms Manager		09/02/2021
Responsible Manager	Signature	Date

## Audit Tests: Information Security

### Compliance Testing Worksheet

Ref no	Risk name	Test period	Test performed by	Risk Rating
R26	Data integrity	December 2020	Mr Example	Medium

#### Risk Description

Risk that data could be modified, duplicated or forged without detection.

#### Control Description

Data backups and firewall protection

#### Test steps

1. See C33
2. Review office infrastructure. Is appropriate firewall software running in addition to the firmware firewall in the office router?

#### Results

1. The business's aggregator has provided its annual assurance notification regarding its systems security.
2. All office machines were observed to be secured by passwords and to have their virus definitions up-to-date.
3. There was no wireless network detected by the reviewer.



Ref no	Risk name	Test period	Test performed by	Risk Rating
R27	Security	December 2020	Mr Example	Medium

#### Risk Description

Risk that systems are compromised by lack of security of networks, apps, hardware or viruses.

#### Control Description

1. Reliance on lender/aggregator system security
2. Software protection and security features on own hardware

#### Test steps

1. Ensure annual confirmation received from aggregator re system security arrangements
2. Ensure all business machines are password-protected and anti-virus software up to date
3. Conduct wireless scan, looking for unsecured networks

#### Results

1. The business's aggregator has provided its annual assurance notification regarding its systems security.
2. All office machines were observed to be secured by passwords and to have their virus definitions up-to-date.
3. There was no wireless network detected by the reviewer.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
C33	Security & Backup	December 2020	Mr Example	High

#### Obligation Description

Backup critical data at least monthly and ensure security of systems and hardware.

#### Control Description

1. Monthly offsite backup of data logged
2. Password protection for all hardware with access to business data

#### Test steps

1. Review backup log, ensure backups performed to schedule
2. Sample backups and sight file creation date
3. Check all office machines and other hardware access points, including any smartphones, to ensure password protection

#### Results

1. Whilst a backup log was made available for review, it shows that backups have been somewhat sporadic.
2. The backup file observed by the reviewer was quite recent.
3. See R26, part 2

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C32</b>	Annual review	December 2020	Mr Example	Low

### Obligation Description

Annual review required to take place covering:

- Information security;
- Currency, quality, relevance of IT resources;
- Disaster Recovery/Business Continuity Plans;
- Number of users;
- Response and down times; and
- IT-related complaints.

### Control Description

Six-monthly strategy planning

### Test steps

Ensure annual review of IT resources has been documented including the following items:

1. Information security;
2. Currency, quality, relevance;
3. DRP/BCP;
4. Number of users;
5. Response and down times; and
6. IT-related complaints.

### Results

The business has documented the requisite review of its IT platform.

### Control rating

**Needs improvement**

### Sign-off

Ms Manager

Responsible Manager

Signature

09/02/2021

Date

## Audit Tests: Clients and Third Parties

### Compliance Testing Worksheet

Ref no	Risk name	Test period	Test performed by	Risk Rating
<b>R15</b>	Lender performance	December 2020	Mr Example	Medium

#### Risk Description

Poor lender performance in terms of approval process, turnaround time, credit policy etc

#### Control Description

Performance metrics on lenders

#### Test steps

1. Review business workflow records to observe lender performance
2. Ensure business is either diverting business or engaging lenders proactively to arrest declines in performance

#### Results

custom

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>R16</b>	Lender panel	December 2020	Mr Example	Medium

#### Obligation Description

Failure to proactively manage the business' lender panel may result in unnecessary restrictions or conflict pressures placed on the business or a breach of the business's best interest duty.

#### Control Description

Review of lender panel

#### Test steps

1. Sight documented review of lender panel
2. Consider appropriate steps to ensure lender panel will allow the business to meet best interest obligations

#### Results

1. The business has completed a review of its lender panel and documented a review.
2. The business's review determined that the current panel consists of an appropriately diverse range of products to ensure that there is a reasonable likelihood the business will have the capacity to assist any consumers in the future

Ref no	Obligation name	Test period	Test performed by	Risk Rating
C42	Consumer process	December 2020	Mr Example	Low

**Obligation Description**

Ensure availability of consumer friendly complaints "brochure" at all consumer touch points, including website.

**Control Description**

Annual compliance tasks register

**Test steps**

Ensure complaints brochure (not policy) available.

**Results**

The business has client-friendly complaints information available at all customer touch points.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
C43	Complaints register	December 2020	Mr Example	Low

**Obligation Description**

Record all complaints in a central register

**Control Description**

Complaints investigation form

**Test steps**

Review complaints forms, match to register, note any time blowouts.

**Results**

The business has not received any complaints during the testing period, pursuant to the definition contained in ISO10002.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C44</b>	Root Cause Analysis	December 2020	Mr Example	Low

#### Obligation Description

Treat systemic issues resulting in complaints

#### Control Description

Performance of root cause analysis

#### Test steps

Review complaints register. If sufficient volume of complaints to perform root cause analysis, ensure it has been done and any trends identified and actioned.

#### Results

The business has not received any complaints during the testing period.

Ref no	Risk name	Test period	Test performed by	Risk Rating
<b>R17</b>	Conflicts of interest	December 2020	Mr Example	Low

#### Risk Description

Failure to sufficiently govern outsourced activities, perform sufficient due diligence on providers and keep track of their performance.

#### Control Description

Provider register and reviews

#### Test steps

Ensure that all outsourced activities are recorded in the outsourcing register and that relationships have been reviewed in accordance with policy.

#### Results

All of the business's currently outsourced activities are recorded in the outsourcing register.

Ref no	Risk name	Test period	Test performed by	Risk Rating
<b>R32</b>	Contracts/terms of trade	December 2020	Mr Example	Low

#### Risk Description

Contracts with third parties that contain unfavourable trade terms or are not sufficiently binding.

#### Control Description

Directors review and signs-off all contracts.

#### Test steps

Six monthly review all contracts with third parties to assess contract adequacy.

#### Results

All outsourced activities are subject of an appropriate agreement with the business.

Ref no	Risk name	Test period	Test performed by	Risk Rating
<b>R36</b>	Service and Credit providers	December 2020	Mr Example	Low

#### Risk Description

Lack of control over activities performed by third parties.

#### Control Description

Outsourcing process. Third party activities are controlled and restricted by contracts.

#### Test steps

For all outsourced activities (if any):

1. Ensure due diligence performed and documented.
2. Review contract, ensure it complies with requirements of outsourcing policy.
3. Ensure relationship review has been performed within 12 months and that provider is performing to expectations.

#### Results

1. See R17 above
2. See R32 above
3. All outsourced functions have been subject of a documented review by the business and actioned accordingly.

Ref no	Risk name	Test period	Test performed by	Risk Rating
<b>R37</b>	Professional advisors	December 2020	Mr Example	Low

**Risk Description**

Lack of due diligence; conflicts of interest.

**Control Description**

Outsourcing process. Third party activities are controlled and restricted by contracts.

**Test steps**

See test C37 (and R17)

**Results**

See test C37 (and R17)

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C37</b>	Third party management	December 2020	Mr Example	Low

**Obligation Description**

Ensure proper management of outsourced activities; due diligence on providers; proper contractual arrangements in place; relationship review at least annually.

**Control Description**

Outsourcing register

**Test steps**

See R17 above

**Results**

See R17 above

**Control rating**

**Satisfactory**

**Sign-off**

Ms Manager		09/02/2021
Responsible Manager	Signature	Date

## Audit Tests: Other Regulatory Risks

### Compliance Testing Worksheet

Ref no	Risk name	Test period	Test performed by	Risk Rating
<b>R13</b>	Standard Operational Procedures	December 2020	Mr Example	Low

#### Risk Description

Failure to operate in an organised, consistent manner

#### Control Description

Compliance monitoring

#### Test steps

Ensure compliance monitoring is up-to-date and covers all internal procedures and policies

#### Results

The business has engaged the compliance provider and testing is on schedule.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C1</b>	ACL authorisations	December 2020	Mr Example	Medium

#### Obligation Description

Must hold an ACL to cover the activities engaged in

#### Control Description

Review services provided, ensuring they are permitted by the business' ACL

#### Test steps

Ensure review has been performed, documented and signed off by business owner.

#### Results

The owner has performed the required review and the business continues to act within the authorisations of the Licence.



Ref no	Obligation name	Test period	Test performed by	Risk Rating
C4	Compliance Certificate	December 2020	Mr Example	Medium

#### Obligation Description

Must lodge an annual compliance certificate, no later than 45 days from licence anniversary date.

#### Control Description

Annual compliance tasks register

#### Test steps

Ensure annual compliance certificate has been properly completed, including signoff by CEO or similar.

#### Results

The business's annual compliance certificate is not yet due for completion.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
C15	EDRS currency	December 2020	Mr Example	Medium

#### Obligation Description

The Company must maintain a compliant internal disputes resolution system, including maintaining membership of an approved external disputes resolution scheme.

#### Control Description

Annual review of I&EDRS to ensure currency

#### Test steps

>Review membership currency at [www.afca.org.au](http://www.afca.org.au)  
Ensure business is a current member of AFCA.

#### Results

The business holds current membership with the Australian Financial Complaints Authority and its membership will remain current until July 2021.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C16</b>	Credit Rep EDRS membership	December 2020	Mr Example	Medium

#### Obligation Description

Incorrect structuring of EDRS arrangements for Credit Representatives

#### Control Description

Review of EDRS details of Credit Reps in the appointment process

#### Test steps

Review Credit Rep appointments, particularly in relation to Corporate Credit Reps without "sub-authority" and ensure ADRS memberships are correct.

#### Results

The business has no Credit Representatives so this issue is not relevant at this time. We will, however, continue to monitor the situation.

Ref no	Obligation name	Test period	Test performed by	Risk Rating
<b>C22</b>	AML/CTF Act	December 2020	Mr Example	Medium

#### Obligation Description

Whilst not captured as providers of "designated services" by the legislation, our credit providers are. Lenders pass on some of their regulatory tasks to the Company to perform on their behalf.

As well as being aware of these procedural requirements, staff are also trained in the criteria for identifying and reporting suspicious behaviour.

#### Control Description

Client account opening procedures and checklists.

Induction and annual refresher training provided to all staff on AML/CTF issues and obligations.

#### Test steps

See test C7. Ensure files contain sufficient ID copies.

#### Results

See C7 for files sampled. All files sampled contained ID copies.

Control rating

Satisfactory

Sign-off

Ms Manager  
Responsible Manager

Signature

09/02/2021  
Date

SAMPLE