



## GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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September 15, 2022

**CIRCULAR LETTER TO:**

Compliance Officers: Listed Businesses (LBs); and  
Non-Regulated Financial Institutions (NRFIs)

***Copied to:***

Art Society of Trinidad and Tobago  
Association of Real Estate Agents  
Automotive Dealers Association of Trinidad and Tobago  
Co-operative Credit Union League of Trinidad and Tobago  
The Law Association of Trinidad and Tobago  
Trinidad and Tobago Automobile Dealers Association  
Trinidad and Tobago Members Club Association  
The Institute of Chartered Accountants of Trinidad and Tobago  
Association of Co-operative Credit Union Presidents of Trinidad & Tobago

**FIUTT REF: CIR/003/2022**

### **OBLIGATION TO SUBMIT EXTERNAL AND INTERNAL AUDITS**

Non-Regulated Financial Institutions (“NRFIs”) and Listed Businesses (“LBs”) are reminded of their legal obligation to engage the services of an external and internal auditor to review their compliance programme.

The FIUTT draws your attention to the provisions of **Regulation 10 of the Financial Obligations Regulations, 2010 (“FORs”)**, which states:

“(1) The compliance programme of a financial institution or listed business shall be reviewed by the internal and external auditors engaged by the financial institution or listed business.

(2) In reviewing the compliance programme—

(a) the external auditor shall evaluate compliance with relevant legislation and guidelines and shall submit reports and recommendations annually or with such frequency as may be specified by the relevant Supervisory Authority, to the Board of Directors of the financial institution or listed business and to the relevant Supervisory Authority; and

(b) the internal auditor shall ensure that policies, procedures and systems are in compliance with the requirements of these Regulations and that the level of transaction testing, is in line with the risk profile of the customer.

To assist you in meeting this obligation the FIUTT has developed the “**Guidance to Non- Regulated Financial Institutions and Listed Businesses on Independent Testing of Compliance Programme**” which is available on the FIUTT’s website [www.fiu.gov.tt](http://www.fiu.gov.tt) and accessible at (<https://fiu.gov.tt/wp-content/uploads/Guidance-on-Independent-Testing-of-Compliance-Programme.pdf> )

Further, the FIUTT draws your attention to **Section 57 of the Proceeds of Crime Act Chap 11:27**, which states:

“(1) A person who knowingly contravenes or fails to comply with the provisions of sections 55, 55A and 55C and any Regulations made under section 56 commits an offence and is liable-

- (a) On summary conviction, to a fine of five hundred thousand dollars and to imprisonment for a term of two years; or
- (b) On conviction on indictment, to a fine of three million dollars and to imprisonment for a term of seven years.

(2) Where a company commits an offence under this Act any officer, director or agent of the company who directed, authorised, assented to, acquiesced in or participated in the commission of the offence is a party to, and commits the offence and is liable on conviction to the punishment provided for the offence.”

#### **FAQs:**

How often should internal and external audits be conducted?

- Internal and external audits must be conducted annually or at a frequency determined by the FIUTT.

Who can conduct internal or external audits?

- A competent professional ought to perform this independent review. A competent professional is defined as a person with qualifications in Law, Accountancy, Business Management or other relevant qualifications. This person should also have sound knowledge of AML/CFT/CPF laws, regulations and FATF Standards as evidenced by certification and/or sufficient experience in AML/CFT/CPF. *(See guidance for further information)*

What is the difference between an external and internal audit?

- An external audit is an examination that is conducted by a competent professional who is independent to the NRFI or LB and consists of an evaluation of the NRFI or LB’s compliance with relevant legislation and guidelines. The external auditor must submit reports and recommendations on the results of this evaluation to the Board of Directors, or equivalent function in the NRFI or LB, and to the FIUTT.
- An internal audit is conducted by a competent professional within the NRFI or LB who must be independent of the AML/CFT/CPF compliance function. An internal audit is conducted where there is an internal audit function within the NRFI or LB and consists of testing to ensure the

policies, procedures and systems of the NRFI or LB are in compliance with the Financial Obligations Regulations, 2010 and that the level of transaction testing within the NRFI or LB is in line with the risk profiles of its customers. Where there is no internal audit function an external audit must be conducted annually or at such frequency as determined by the FIUTT.

Yours sincerely,

Mr. Nigel Stoddard  
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