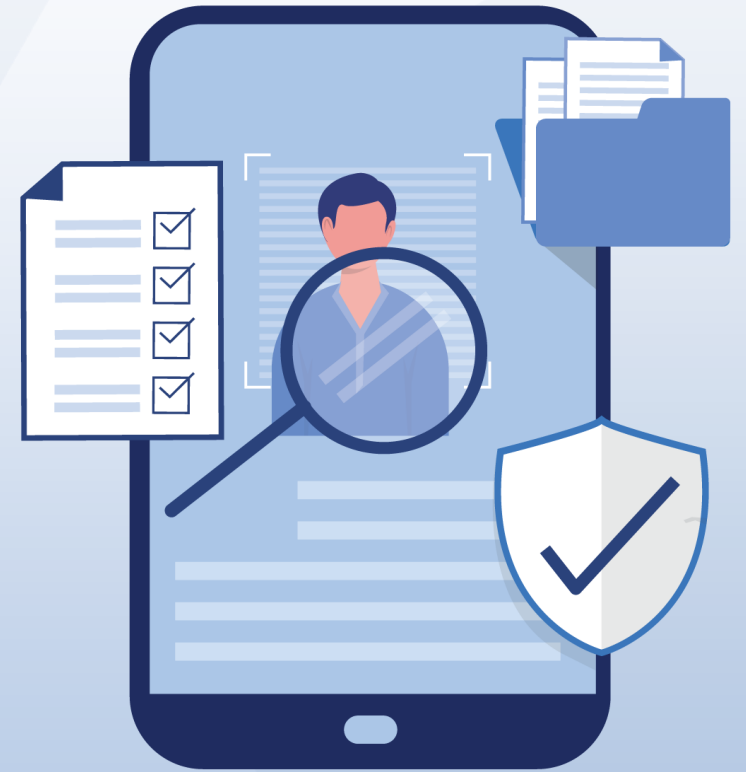




# How to Prepare for AML Regulatory Inspection



## About Speakers

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**Vasantha Mohan**

Vasantha holds a Master's in Law specialising in Banking Laws and Anti-Money Laundering and is CAMS and CGSS certified. With over 35 years of experience, she has worked closely with regulators and international financial institutions, building financial crime risk frameworks, sanctions monitoring programmes, and compliance systems across multiple jurisdictions.



**Sridhar Rajam**

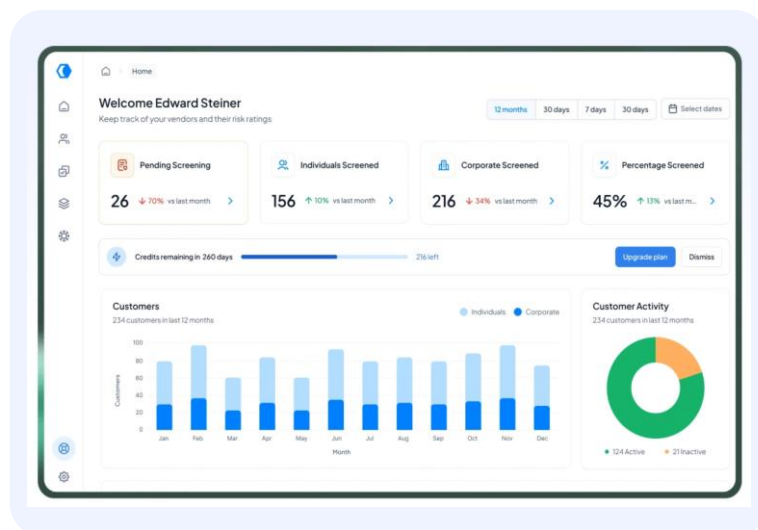
Sridhar is a Certified Anti-Money Laundering Investigator (CAMI) with over 30 years of experience in compliance, risk, and audit, including more than 20 years in AML and financial crime prevention. He has contributed to the development of UAE regulatory standards through the FERG sub-committee and has maintained active engagement with the Central Bank of the UAE on supervisory and compliance matters.



# About Us

## About Citadel365

Citadel365 is a single, integrated AML/CFT platform that turns episodic checklists into a continuous, auditable compliance lifecycle, built by AML/CFT veterans from Vertex Compliance.



### Citadel365 supports:

- ✓ Customer onboarding with self-KYC and document capture, which shortens the onboarding life cycles
- ✓ Sanctions, PEP, and adverse media screening in real time with exportable, timestamped records
- ✓ Risk assessment module with configurable scoring, thresholds, and weightages
- ✓ Case management with clear controls and audit trails

The software supports DNFBPs, VASPs, banks, fintechs, financial institutions, and regulated entities, shaping their compliance practices for what comes next.

## About Vertex Compliance

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Vertex Compliance is a leading provider of comprehensive compliance and risk management solutions, dedicated to helping businesses navigate complex regulatory environments.



Vertex specialises in AML, KYC, and regulatory compliance, offering tailored solutions to meet the unique needs of various industries.

We also provide consulting services pertaining to FATCA/CRS, Data Protection Laws, and Trade Finance Compliance.

## Disclaimer

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This session is intended to enhance compliance awareness and operational readiness.

It does not constitute legal advice.

Requirements may vary by sector, supervisory authority, and licence conditions.

Entities should align final implementation with applicable UAE laws, executive regulations, and sector-specific guidance.

## Outcome – Expectations from the webinar

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Understand what supervisory authorities typically assess during inspection.

Build a structured response plan from receipt of the notice to closure.

Prepare inspection evidence that is complete, coherent, and retrievable.

Identify common weaknesses before inspectors do.

Follow best practices to reduce supervisory friction.



# Legal and Regulatory Framework

## Legal & Supervisory Foundation

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- ✓ Federal Decree Law No. (10) of 2025 and Cabinet Decision No. (134) of 2025 empower supervisory authorities to conduct off-site and on-site inspection of regulated entities.
- ✓ The framework expects full cooperation, timely submission of information, and accurate disclosure of records.
- ✓ For practical readiness planning, entities should map controls and evidence against the current legal framework, including Federal Decree Law No. 10 of 2025 and Cabinet Decision No. 134 of 2025, alongside applicable sector circulars and supervisory instructions.

**Key message:** Inspection is a legal supervisory process, not a voluntary review.

## Purpose of an Inspection

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Authorities usually seek to confirm that the entity:

- Understands its ML, TF, and PF risk exposure.
- Applies a risk-based control framework that fits its business model.
- Conducts effective CDD, EDD, monitoring, and reporting.
- Maintains accurate records and audit trails.
- Has active management oversight and timely remediation.

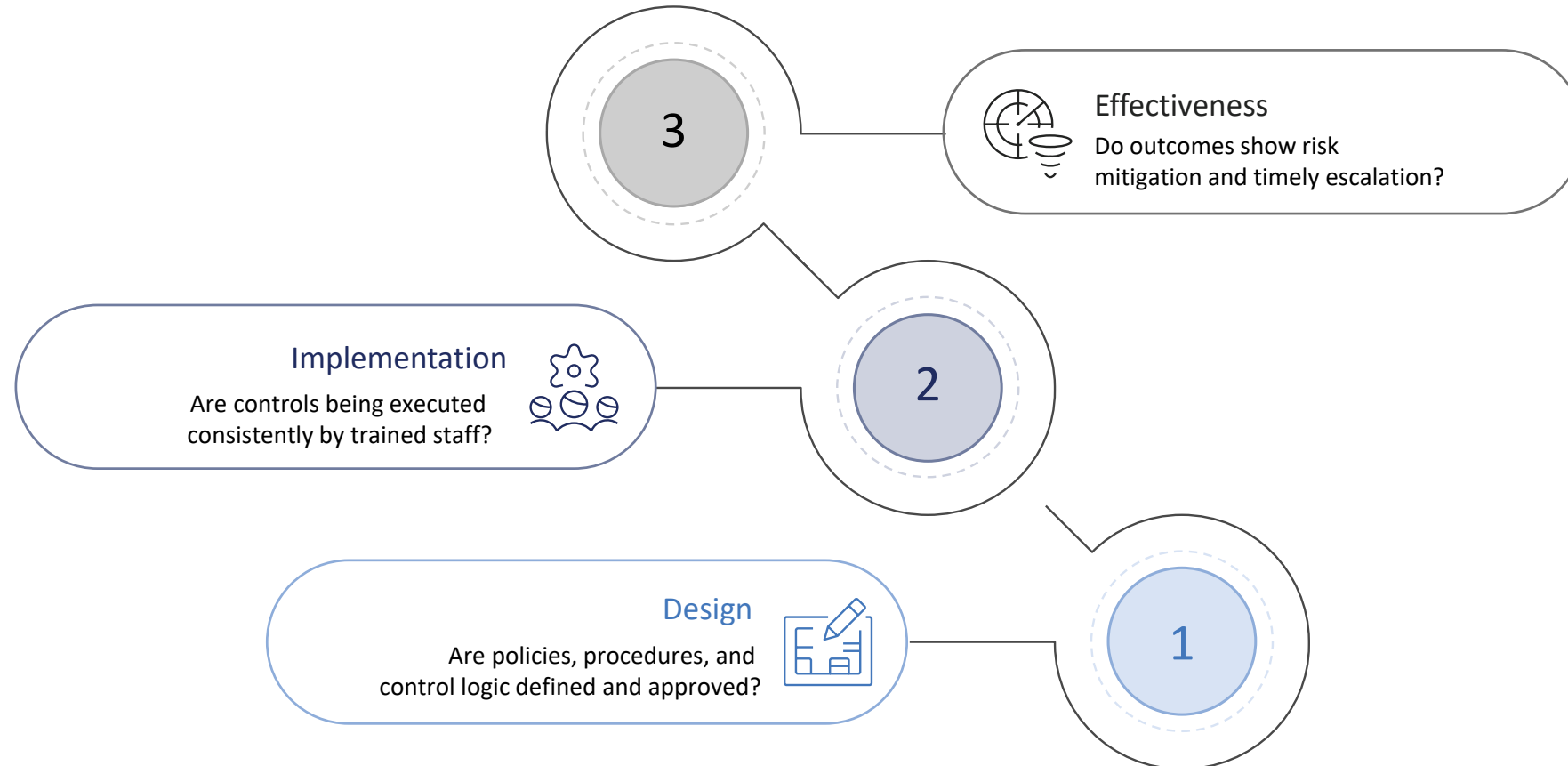
Success is demonstrated by consistency across policies, processes, system outputs, and decision logs.



# Inspection: Three Layer Assessment

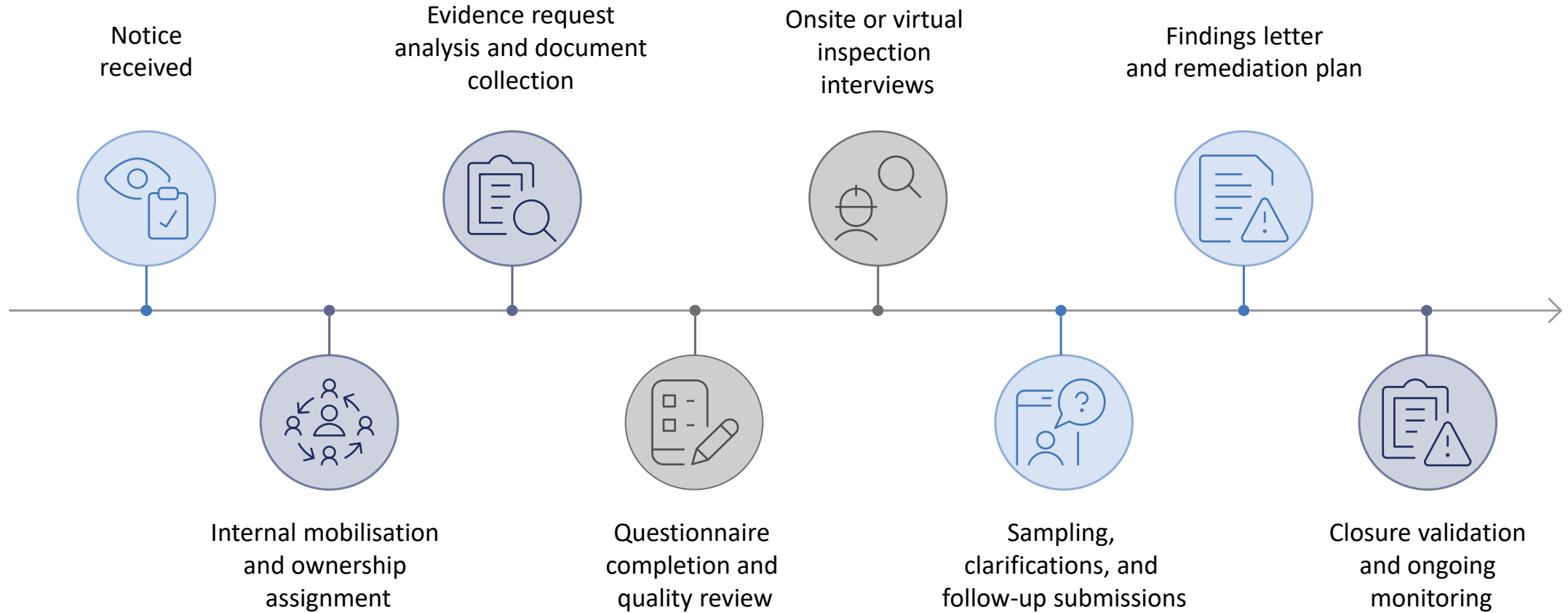
# Inspection: Three Layer Assessment

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If one layer fails, overall compliance confidence drops.

# Inspection Lifecycle



## What an Inspection Notice Usually Contains:

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A formal notice typically includes:

- Reference number and date
- Inspection type and scheduled date/time
- Required attendees (often compliance function and authorised management)
- Pre-submission requirements and deadline
- Rights and obligations during inspection
- Possible consequences of non-compliance

**Entity implication:** Treat the notice as a regulated project with clear governance and deadlines.

## Why Inspection Readiness Matters

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Inspection readiness is no longer a document exercise. Authorities evaluate:

**Whether** controls are  
designed  
appropriately

**Whether** controls are  
working in practice

**Whether** management  
oversight is effective

**Whether** records  
demonstrate  
consistent  
implementation

Weak readiness leads to findings, time-intensive remediation, and possible enforcement consequences.

Strong readiness strengthens trust with regulators, boards, banks, and counterparties.



# First 48 Hours Action Plan

## First 48 Hours Action Plan

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Immediately after receiving notice:

- Appoint an Inspection Coordinator.
- Form a cross-functional response team: Compliance, Operations, Finance, IT, HR, and Senior Management.
- Create a request tracker with owner, due date, dependencies, and status.
- Freeze versions of policies and key reports to avoid conflicting submissions.
- Schedule daily stand-ups until submission is complete.
- Prepare a single communication protocol for regulator-facing responses.

## How to Reply

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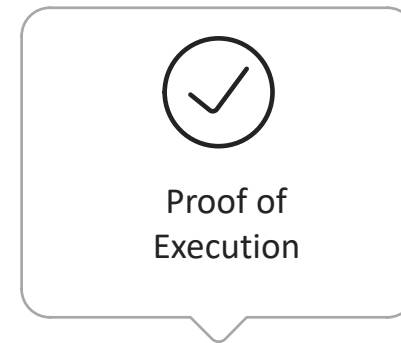
For each questionnaire point, provide three elements:



where the  
requirement is  
defined.



how the control  
runs in day-to-day  
business.



sample records, logs,  
approvals, reports,  
and dates.

Do not submit policy text alone.

Do not submit data without context.

Pair narrative and evidence for every material requirement.



# Documents/ Information

## Documents/Information: Company-Specific

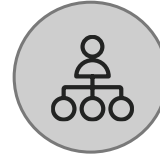
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Trade  
licence



Shareholding and  
UBO declarations



Organisation chart  
and reporting lines



EOCN registration  
for TFS compliance



Compliance officer appointment records, role  
profile, and delegation



Committee structure, escalation  
matrix, and meeting minutes



Outsourcing arrangements and oversight  
controls, where applicable



goAML system registration and  
reporting setup

# Documents/Information: Financial Records

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## Documents/Information: AML Programme

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✓ AML policy and procedural manual

✓ Enterprise-wide risk assessment methodology and latest output

✓ Customer risk assessment model and methodology

✓ CDD and EDD standards, including UBO verification expectations

✓ Name screening records and record retention procedures

✓ Internal escalation and regulatory reporting procedures

## Documents/Information: CDD Records

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CDD files across low, medium, and high-risk samples



Customer risk assessment records with rationale



EDD files for high-risk and PEP relationships



Periodic review or re-KYC logs



Exception approvals with accountable authority and date

## Documents/Information: Ongoing Monitoring

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Monitoring scenarios  
aligned to ML/FT risk

Alert generation and  
closure workflow

Red flag library used by  
frontline and  
compliance teams

Internal suspicious  
activity escalation  
register

Reporting records and  
decision logs

Post-report case  
handling controls and  
confidentiality  
safeguards

## Documents/Information: TFS, Training, and Audits

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### TFS

- Sanctions and TFS screening approach, frequency, and logs
- Hit handling protocol and clearance rationale

### Training

- Role-based AML training matrix and attendance proof
- Training effectiveness assessment results

### Audits

- Latest internal or external AML audit report
- Action tracker showing closure of prior findings

## Record Retention

- Files related to all records and documents
- Records related to transactions such as financial, commercial, and cash

## SAR/STR Reporting

- Records of suspicious transaction or suspicious activity reports
- Records of other regulatory reporting submitted

## Cash/Virtual Assets Transaction

- Records of significant cash transactions
- Records of virtual asset transactions (if applicable)



# Quiz

## Quiz 1

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A high-risk customer file contains complete identity documents but lacks a written rationale for the final risk rating.

What is the primary compliance weakness?

- A. File format issue
- B. Missing decision traceability
- C. Missing tax file number
- D. Low relationship value

**Correct answer: B**

**Why:** Authorities expect defensible, documented reasoning for risk outcomes.



# Quiz

## Quiz 2

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A PEP has been onboarded and screened, but there is no record of senior management approval.

What is the most accurate interpretation?

- A. Acceptable if screening was done once
- B. Acceptable for low-volume transactions
- C. Control gap in PEP governance and approval evidence
- D. No issue for existing client relationships

**Correct answer: C**

**Why:** PEP handling requires enhanced governance and demonstrable approval trail.



# Inspection Readiness and Best Practices

# How to Complete Inspection Questionnaire Properly

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✓ Be factual, concise, and evidence-led.

✓ Avoid defensive or argumentative language.

✓ Avoid legal conclusions unless legally reviewed.

✓ If remediation is underway, state the status transparently with the target date and the owner.

✓ Ensure all numbers match source reports.

# Interview Readiness for Compliance Officer and Management

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## Before the inspection interview

- ✓ Assign topic owners by function.
- ✓ Rehearse control walkthroughs with real case examples.
- ✓ Align language between policy and practice.
- ✓ Prepare data points with supporting extracts.

## Avoid

- ✓ Guessing answers.
- ✓ Contradictory statements across teams.
- ✓ Referring to “planned controls” as if already implemented.

## Common Gaps

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Common gaps include:

- ✓ Risk scoring without a documented rationale.
- ✓ Incomplete UBO verification trail.
- ✓ PEP approvals without senior sign-off evidence.
- ✓ Alert closures with weak reasoning.
- ✓ Policy updates are not reflected in operations.
- ✓ Training records present, but competency not demonstrated.
- ✓ Previous audit findings not fully closed.

Root causes are usually ownership ambiguity, fragmented data, and weak evidence governance.

## Best Practices that Reduce Supervisory Friction

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✓ Maintain a live central evidence library.

✓ Run quarterly mock inspections.

✓ Use maker-checker on high-risk decisions.

✓ Keep board and senior management reporting structured and periodic.

✓ Track control effectiveness through KPIs and KRIs.

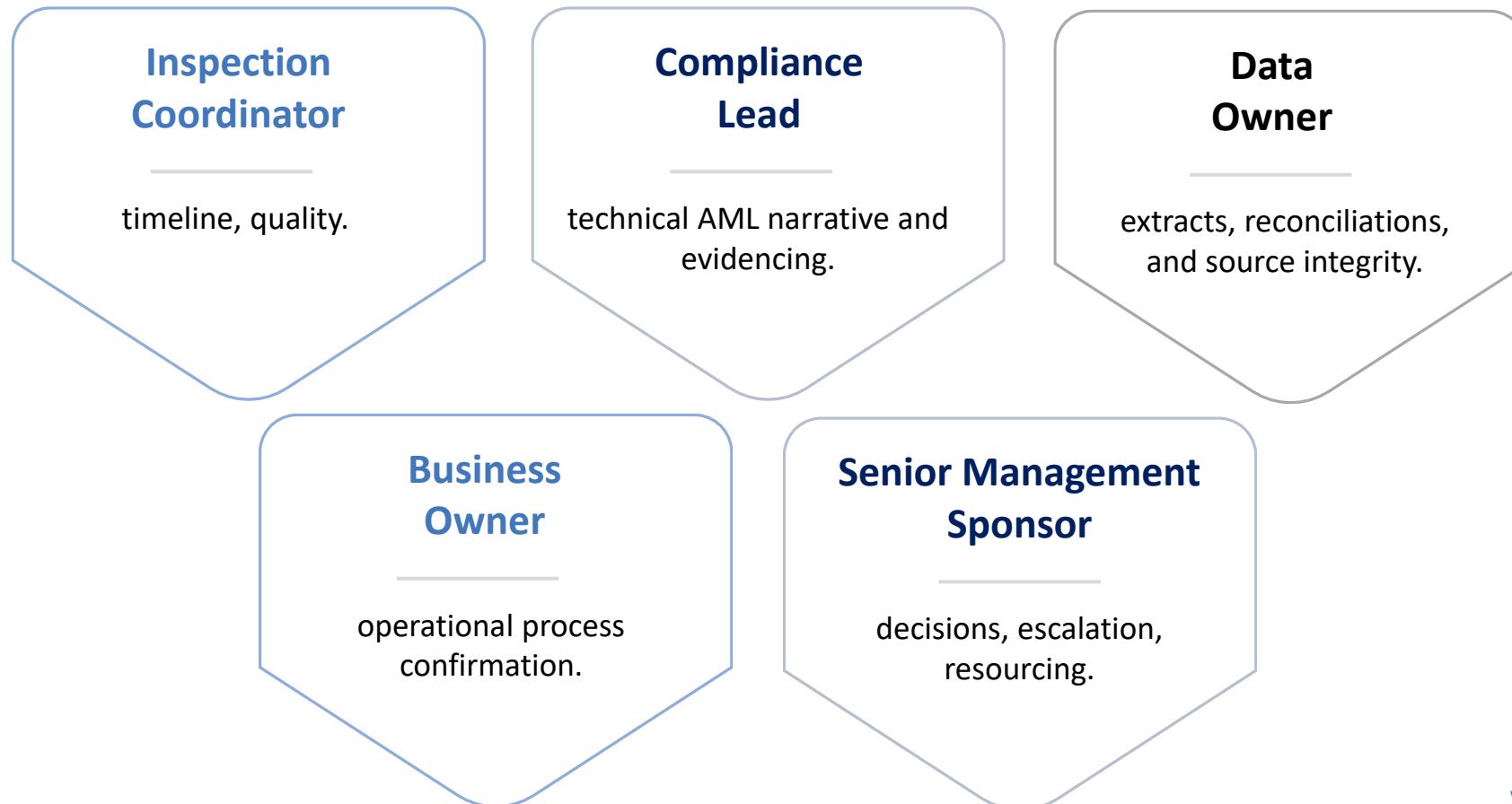
✓ Maintain action closure evidence with dates and owners.

✓ Perform document-to-system reconciliation before every submission.

# Inspection Response Governance Model

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Define explicit ownership:





# How We Can Help

## How Citadel365 Can Help

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Citadel365 can support through:

- ✓ Evidence-ready customer onboarding.
- ✓ Centralised compliance record management.
- ✓ Monitoring and reporting visibility.
- ✓ Audit trail readiness for inspection interactions.

Outcome: faster retrieval, stronger consistency, better control, and transparency.

## How Vertex Compliance Can Help

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Vertex Compliance can support entities with:

- ✓ Inspection readiness assessment and gap analysis.
- ✓ AML framework aligned with UAE requirements.
- ✓ EWRA and CRA refinement.
- ✓ CDD and EDD file remediation.
- ✓ Monitoring and reporting control uplift.
- ✓ Mock inspections, interview coaching, and remediation support.
- ✓ goAML registration and reporting readiness
- ✓ EOCCN registration and TFS compliance readiness

## Integrated Model: Citadel365 + Vertex Compliance

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Combined approach offers:

Technology-enabled execution with expert oversight.

Faster project turnaround and cleaner submissions.

Stronger evidence of discipline and consistency.

Reduced disruption to business operations during inspection cycles.

Better long-term compliance resilience.

## Takeaway

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- ✓ Inspection readiness is an ongoing control discipline.
- ✓ Strong policies must be matched by strong implementation evidence.
- ✓ Early mobilisation and clear ownership prevent deadline risk.
- ✓ Interview readiness matters as much as document readiness.
- ✓ Transparent remediation builds credibility when gaps exist.

## Stay Updated

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Join our WhatsApp Group





**Thank You**



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