



AML/CTF Board Responsibility Guidelines

A key obligation for a board is to maintain adequate oversight of the club's AML/CTF compliance practices.



Executive Summary

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (the Act), boards have governance responsibilities to ensure compliance with various obligations. Failure to enquire, oversee, and direct appropriately can leave board members exposed to personal risk. Recent cases in Australia have resulted in the abrupt departure of board members where money laundering-related regulatory issues have surfaced.

This guidance note is designed to help club board members to:

- understand general obligations of clubs concerning the Act
- understand what an annual report means to AUSTRAC
- understand what type of information should be provided to the board
- consider when additional specialist advice may be needed
- identify needs for additional training and knowledge.

Disclaimer

This guidance note sets out suggested approaches and is not a prescriptive standard and should not be treated as such. Boards are encouraged to tailor approaches to the risk profile of their business and operations.

Guidance

1 Understanding general obligations

Initially, a board must understand the obligations that apply to its club. A club with less than 16 gaming machines is considered low risk and will have fewer formal obligations — *although this is not always the case and management should explain clearly to the board which category the club falls into.*

Clubs with less than 16 gaming machines must enrol their business, keep customer and transaction records, and submit reports AUSTRAC when suspicious matters arise or transactions over the threshold occur.

Clubs with 16 or more gaming machines must also appoint an Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) compliance officer, develop and maintain an AML program, identify customers and employees in line with their risk profiling, and submit a wider range of reports to the authorities. They must also have an independent review of their program undertaken on a regular basis.

Board members must demonstrate oversight and understanding of:

- the money laundering risk associated with the club
- the appropriateness of controls in place to comply with the Act and AML/CTF Rules
- reports to the board on money laundering events and regulatory changes.

In short, a board must demonstrate an understanding of the club's position and compliance with Australian law, as well as documenting suitable inquiries of management when an AML-related issue occurs.

2 Annual reports to AUSTRAC

Most clubs covered by the Act must submit to AUSTRAC, an 'Annual Compliance Report' each year setting out the performance of their AML controls.

Management should explain the results of the report, highlighting any sections which might indicate a shortfall in AML/CTF practice. Some clubs may wish to ensure the board is informed before submission, especially if the compliance report will inform AUSTRAC of non-compliance with the Act. If non-compliance is identified, boards should ensure management explain the remediation plan in place to bring the club back into compliance.

3 What type of information should a board receive?

Every board meeting agenda should have a defined item covering AML/CTF, ensuring management and the board have an opportunity to raise any items for discussion.

Annually, a more formal and comprehensive report should be made by management to the board on the AML controls and events. This may include the annual compliance report or other materials.

If the club is required to have a formal AML program, the board must review and approve the program. ClubsNSW will issue further guidance in coming months on key issues to look out for in an AML program. Any changes that occur to the program must also be approved by the board.

Every club's risk profile is different and the board should seek clarity from management as to how the AML controls have been tailored to reflect their club in particular. AUSTRAC has indicated that organisations that applied an 'off the shelf' program may not be demonstrating a positive approach – and as the risk of regulatory action increases, ensuring a fit-for-purpose program is crucial.

A board should expect and ensure that management keeps it informed of changes to the risk profile, regulatory changes and interactions, events that indicate a possible control issue, metrics relating to the AML controls, and findings of audits or independent reviews.

Management should also explain to the board how they monitor patrons, staff and transactions to detect and report potential money laundering. This includes

understanding how management identifies patrons and documents transactions, keeps records, and monitors for potentially suspicious behaviour — ongoing metrics can show the boards any changes in risk over time.

When a regulatory action or news story breaks that affects the industry — for example, a competitor is reported as failing to have appropriate money laundering controls — the board may find it useful to ask management whether the same risk exists in its club and how existing controls would prevent the same failure.

4 External advice

Occasionally, a board may identify an ongoing risk linked to AML obligations that require specific expertise. The board should consider whether financial crime specialist advice would benefit the club — in the case of specific cases of money laundering or serious control failure. The use of an external firm can demonstrate that the board was serious in identifying and resolving any risks to the club.

ClubsNSW can provide information on potential advisors on request. Your compliance officer can utilise [ClubSAFE Advisor Checklist](#) to assess the appropriateness of potential advisors.

5 Further Training

Ensuring that the board has sufficient knowledge and experience is important – it is recommended that all board members complete the online Board Oversight for AML/CTF provided by ClubsSAFE.

In addition, you can view AUSTRAC's extensive set of [resources](#), valuable for board members to review.

Conclusion

ClubsNSW recommends an ongoing focus on the issue of AML/CTF for all boards. The role and obligations of board members are increasingly seen as key in the fight against organised crime and laundering and ClubsNSW will continue to provide tools and supportive materials to help strengthen board capabilities and knowledge. Should you have any questions or requests in respect of board responsibilities at clubs, please contact the ClubSAFE team at clubsafe@clubsnsw.com.au or ClubASSIST on 1300 730 001.