



ISCA Financial Forensic Accounting Qualification

Financial Crime

Scope of Content

Updated: as at 15 February 2019

ISCA Financial Forensic Accounting Financial Crime

1. Scope of content

Detailed Topics	Learning Outcomes	Proficiency Level
<p>1. Singapore and international financial industry</p> <p>1.1. Singapore and global financial industry</p>	<p>Candidates will be able to:</p> <p>(1) Describe the role and importance of the Singapore and global financial industry.</p> <p>(2) Summarise key aspects of the banking and financial industry, including:</p> <p>a. Types of financial institutions (e.g. banks, insurers, trusts);</p> <p>b. Central bank and financial regulatory authority (e.g. Monetary Authority of Singapore (MAS));</p> <p>c. Other professional bodies (e.g. Financial Action Task Force (FATF), Anti-Money Laundering and Countering the Financing of Terrorism Industry Partnership (ACIP));</p> <p>d. Products; and</p> <p>e. Delivery channels.</p>	Foundation ¹
<p>1.2. Information in financial institutions</p>	<p>(1) Describe a typical set up within a financial institution</p>	

¹ Learning outcomes at the foundation level relate to work environments that are characterized by low levels of ambiguity, complexity, and uncertainty. *Source: International Accounting Education Standards Board.*

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2.2. Money laundering and terrorist financing laws in Singapore	<p>Banking Act and Securities and Futures Act.</p> <p>(1) Discuss money laundering and terrorist financing laws in Singapore, including:</p> <ul style="list-style-type: none"> a. Corruption, Drug Trafficking and Other Serious Crimes (Confiscation Of Benefits) Act (CDSA); and b. Terrorism (Suppression Of Financing) Act (TSOFA). <p>(2) Explain key offences within the CDSA and TSOFA.</p>	
2.3. MAS Anti-Money Laundering (AML) regulations, guidelines and guidance	<p>(1) Discuss key AML regulations, guidelines and guidance issued by MAS for financial institutions in Singapore. These will include:</p> <ul style="list-style-type: none"> a. MAS Notice 626² – Prevention of Money Laundering and Countering the Financing of Terrorism – Banks; 	

² MAS has issued specific notices, guidelines and guidance for the different types of financial institutions under their purview. We will be covering the notice, guidelines and guidance for banks as the key AML requirements do not differ much among the various financial institutions.

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<p>2.4. Securities and Futures Act (SFA)</p>	<p>b. Guidelines to MAS Notice 626 on Prevention of Money Laundering and Countering the Financing of Terrorism;</p> <p>c. Guidance on Anti-Money Laundering and Countering the Financing of Terrorism controls in Trade Finance and Correspondent Banking;</p> <p>d. Guidance on Private Banking Controls;</p> <p>e. Singapore National Risk Assessment; and</p> <p>f. ABS Guidelines on AML/CFT.</p> <p>(1) Explain the legislative framework of SFA.</p> <p>(2) Explain key offences within SFA.</p>	

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2.5. International standards and guidelines relevant to AML and Sanctions	<p>(1) Identify international AML standards and guidelines such as:</p> <ul style="list-style-type: none"> a. FATF 40+9 Recommendations; b. Wolfsberg Standards; c. Publications from Basel; and d. United Nations Security Council Resolutions relating to prevention and suppression of terrorist financing (e.g. United Nations Security Council Resolution 1373 (2001)). 	
<p>3. Money laundering, terrorist financing and sanctions</p> <p>3.1. Money laundering and terrorist financing</p>	<p>Candidates will be able to:</p> <ul style="list-style-type: none"> (1) Differentiate between money laundering and terrorist financing. (2) Outline the three stages of money laundering (i.e. placement, layering and integration). (3) Analyse that different geographical locations pose different ML/TF risks. 	Intermediate ³

³ Learning outcomes at the intermediate level relate to work environments that are characterized by moderate levels of ambiguity, complexity, and uncertainty. *Source: International Accounting Education Standards Board.*

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3.2. Sanctions	<ul style="list-style-type: none"> (1) Explain what sanctions are, including the different types of sanctions (i.e. country versus individual/entity sanctions). (2) Identify the key enforcing parties of sanctions. (3) Explain when a specific country’s sanction will apply. (4) Explain the impact of violating sanctions. 	
3.3. Regulatory landscape and enforcements	<ul style="list-style-type: none"> (1) Outline how financial institutions are supervised by MAS in Singapore, which will include key elements within MAS framework; progressive regulations, intensive supervision, rigorous enforcement and international co-operation and industry partnerships. (2) Discuss recent real life financial crime investigations undertaken by Singapore and international regulators and the impact of the investigations (i.e. action being taken against the financial institution and individuals). 	

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3.4. AML program framework and the control components	(1) Identify key components in an AML program framework and relevant control components. Candidates should also be able to explain control components within higher risk areas such as Correspondent Banking, Private Banking and Trade Finance.	
3.5. Leadership and governance	(1) Outline the lines of defence within a typical financial institution and explain their respective roles in leadership and governance. (2) Explain the importance of risk culture within a financial institution.	
3.6. Enterprise risk assessment	(1) Summarise the main components of an enterprise risk assessment framework and explain how an enterprise risk framework can be performed.	
3.7. AML policies and procedures	(1) Distinguish the difference between AML Policy Standard and AML Procedures Manual (2) Explain how one performs gap analysis on policies and	

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<p>3.8. Customer due diligence (CDD)</p>	<p>procedures to ensure adhere to regulatory requirements.</p> <p>(1) Distinguish the different types of legal persons and legal arrangements for example, Personal Investment Companies, Sole Proprietors, Trusts and Foundations.</p> <p>(2) Discuss the following topics:</p> <p>a. Who must CDD be performed for?</p> <p>b. When are CDD measures required?</p> <p>c. What does one perform as part of CDD measures (i.e. identification and verification measures)?</p> <p>d. What are the typical CDD documentary requirements for individuals and entities (e.g. corporates, partnerships)?</p> <p>e. What is a customer risk assessment and what are the common risk factors used to calculate customer risk rating in a financial institution?</p> <p>f. How does one unveil corporate structures to</p>	

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<p>3.9. Client screening</p>	<p>identify shareholders and ultimate beneficial owners?</p> <p>g. Who are Politically Exposed Persons (PEPs) and how does one identify them?</p> <p>h. What does simplified due diligence measures and enhanced due diligence measures entail and when does one apply them?</p> <p>i. What is Source of Wealth and Source of funds?</p> <p>j. How does one corroborate Source of Wealth?</p> <p>k. What is involved in ongoing monitoring of customers?</p> <p>l. When does one perform ongoing monitoring of customers?</p> <p>(3) Understand what are bearer shares and risk associated with bearer shares.</p> <p>(1) Explain what is involved in the client screening process within a financial institution, which will include periodic review of the effectiveness of the client screening system.</p>	

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3.10. Payment filtering	<p>(2) Recognise a “good” disposition of client screening alert sample.</p> <p>(1) Explain what is involved in the payment filtering screening process within a financial institution, which will include periodic review of the effectiveness of the payment filtering system.</p> <p>(2) Recognise a “good” disposition of payment filtering alert sample.</p>	
3.11. Transaction monitoring	<p>(1) Explain what is involved in the transaction monitoring process within a financial institution, which will include setting threshold and parameters and performing periodic calibration of thresholds and parameters of a transaction monitoring system.</p> <p>(2) Recognise a “good” disposition of transaction monitoring sample.</p> <p>(3) State the examples of suspicious transaction red flags.</p>	

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3.12. Suspicious transaction reporting (STR)	<ul style="list-style-type: none"> (1) Explain what is involved in the suspicious transaction reporting process within a financial institution. (2) List the parties who may be involved in the STR process (e.g. Suspicious Transaction Reporting Office, the financial intelligence unit within the financial institution and Egmont Group) and their roles and responsibilities. (3) Outline the characteristics of an effective STR narrative. (4) Explain the consequences of tipping off. 	
3.13. Record keeping and information sharing	<ul style="list-style-type: none"> (1) Explain the recordkeeping requirements. (2) Summarise on a high level the different ways information sharing is done within and outside a financial institution, including frameworks in place such as the Anti-Money Laundering and Countering the Financing of Terrorism Industry Partnership (ACIP) and Singapore’s membership in international AML/CFT organisations. 	

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<p>3.14. Employee due diligence</p> <p>3.15. Training</p> <p>3.16. Compliance monitoring and testing</p> <p>3.17. Typologies used in ML/TF</p>	<p>(1) Describe what does employee due diligence entail.</p> <p>(1) Explain the importance of training and when training should be conducted.</p> <p>(1) Describe how compliance monitoring and testing can be organised to ensure regulatory requirements have been met and that there are adequate controls in place to mitigate key risks.</p> <p>(1) Differentiate known typologies for ML/TF.</p>	
<p>4. Other financial crime</p> <p>4.1. Other financial crime risk areas</p> <p>4.2. Key control components for fraud, bribery and corruption</p> <p>4.3. Key control components for market conduct control areas</p>	<p>Candidates will be able to:</p> <p>(1) Identify other financial crime risk areas.</p> <p>(1) State the key control components for other financial crime risk areas including 3rd party and employee due diligence, whistleblowing hotline, gift and entertainment register and forensic data analytics.</p> <p>(1) State the key control components for market conduct control areas including trade and communication surveillance.</p>	<p>Foundation</p>

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<p>5. Investigations in financial institutions</p> <p>5.1. Financial institutions investigative approaches</p>	<p>Candidates will be able to:</p> <p>(1) Identify the types of financial frauds.</p> <p>(2) Prepare an investigation plan.</p> <p>(3) Identify the sources of evidence within a financial institution including, hardcopy and computerised accounting books and records, outputs from various financial institution systems such as call reports, trade finance systems.</p> <p>(4) Apply the methodologies and identify the appropriate investigative techniques or tools that can be deployed to detect financial fraud and gather evidence.</p>	<p>Intermediate</p>
<p>5.2. Evidence gathering and management</p>	<p>(1) Apply the principles of gathering evidence including chain-of-custody and legal considerations.</p> <p>(2) Apply the methods of gathering evidence in order to preserve the evidence collected (including labelling, recording, tracking, use, retention, storage and</p>	

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	security of evidence) during investigation. (3) Identify the types of analyses that can be performed on evidence gathered (4) Analyse the evidence and prepare report to document the results.	