



ENERGY REGULATED NWDI SACCO SOCIETY LTD

ANTI-MONEY LAUNDERING POLICY

Re

List of Acronyms

AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering / Combating the Financing of Terrorism
CDD	Customer Due Diligence
CTR	Cash Transaction Report
EDD	Enhanced Due Diligence
EFT	Electronic Funds Transfer.
FATF	Financial Action Task Force
FRC	Financial Reporting Centre (Kenya)
ID	Identification Document
KYC	Know Your Customer
MLRO	Money Laundering Reporting Officer
PEP	Politically Exposed Person
POCAMLA	Proceeds of Crime and Anti-Money Laundering Act (Kenya)
RBA	Risk-Based Approach
SACCO	Savings and Credit Cooperative Organization
SASRA	Sacco Societies Regulatory Authority
SDD	Simplified Due Diligence
SME	Small and Medium Enterprise
SOPs	Standard Operating Procedures
STR	Suspicious Transaction Report

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1. Purpose & Scope

1.1 Purpose

The primary purpose of this Anti-Money Laundering (AML) Policy is to establish robust internal mechanisms that prevent the use of Energy RNDT SACCO as a conduit for money laundering, terrorist financing, and other forms of illicit financial activities. This policy ensures that the SACCO operates in compliance with both local and international standards for financial transparency, integrity, and accountability.

Money laundering and terrorism financing expose financial institutions—including SACCOs—to a wide range of risks. These include **reputational risk** (damage to the SACCO's public image), **operational risk** (disruption of normal business processes), **legal risk** (penalties and sanctions for regulatory non-compliance), and **exposure to large, unchecked transactions from a small number of clients**, commonly referred to as **concentration risk**. This last type of risk can make the SACCO vulnerable if a small group of members is involved in suspicious or illegal financial activities that dominate the SACCO's financial flows (FATF, 2023). Recognizing this, the policy seeks to:

- Promote a culture of compliance and transparency within Energy RNDT SACCO.
- Establish clear responsibilities for all personnel in preventing and detecting suspicious activity.
- Provide a framework for customer due diligence, monitoring, reporting, and staff training.

These objectives are consistent with Kenya's national AML framework as defined in the **Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009**, as amended in 2023 (POCAMLA, 2009), and international standards set by the **Financial Action Task Force (FATF)**.

1.2 Legal and Regulatory Framework

This policy is developed in compliance with:

- **The Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009 (Rev. 2023)** – Kenya's central legislation addressing money laundering and establishing obligations on reporting institutions.
- **The Proceeds of Crime and Anti-Money Laundering Regulations, 2013** – Provide practical procedures for implementation of AML obligations, including recordkeeping, due diligence, and **Suspicious Transaction Reports (STRs)**. **Examples of Transactions that May Trigger an STR**
 - A member deposits large sums of cash inconsistent with their income history.
 - A member requests rapid withdrawal of a recently approved loan without justification.
 - Use of multiple accounts to move funds in patterns consistent with "structuring" or smurfing.

- Unusual foreign remittances without declared business purposes.
- Refusal or failure to provide required identity documents or source of funds.
- **The Sacco Societies Act, 2008 (Cap 490B)** – Regulates SACCOs in Kenya through the Sacco Societies Regulatory Authority (SASRA), which supervises non-deposit taking SACCOs like Energy RNDT (Kenya Law, 2022).
- **SASRA Prudential Guidelines (2021)** – These guidelines require SACCOs to establish systems for identifying, assessing, and managing risks associated with financial crime, including money laundering and terrorist financing (SASRA, 2021).

1.3 Scope

This policy applies to:

- **All directors, officers, and employees** of Energy RNDT SACCO.
- **All SACCO members and customers**, whether individuals or corporate entities.
- **Third-party service providers** engaged in financial transactions or customer onboarding processes on behalf of the SACCO.

The policy shall govern the conduct of business across all SACCO services, including but not limited to:

- Member registration and onboarding;
- Savings, credit, and loan disbursement operations;
- Investment, asset management, and remittance transactions.

Failure to comply with this policy may result in regulatory penalties from the Financial Reporting Centre (FRC), SASRA, or other enforcement agencies, as well as internal disciplinary action.

2. Governance & Responsibilities

A strong governance framework is fundamental to the effective implementation of an AML policy. It establishes clear lines of accountability, ensures oversight by senior management, and integrates AML obligations into the SACCO's corporate culture. This section outlines the roles and responsibilities of the Board, Senior Management, and designated compliance personnel in line with the **Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009**, **AML Regulations (2013)**, and **SASRA Prudential Guidelines (2021)**.

2.1 Board of Directors

The Board of Directors holds the **ultimate accountability** for ensuring that the SACCO complies with AML laws and maintains an effective internal control framework to detect, prevent, and report suspicious financial activities. Key responsibilities include:

- Approving the AML policy and any subsequent revisions.
- Providing strategic direction for the SACCO's risk management framework, including financial crime risk.



- Ensuring that adequate resources, staffing, and systems are allocated to support the AML program.
- Receiving regular updates from the Money Laundering Reporting Officer (MLRO) on suspicious transaction reports (STRs), risk assessments, audit findings, and regulatory obligations.
- Promoting an institutional culture of compliance and ethical conduct.

The board shall ensure that policies and procedures are in place to prevent the institution from being used for money laundering or terrorist financing As per SASRA Prudential Guidelines, 2021, Section 3.4.1

2.2 Senior Management

Senior Management (e.g. CEO, Finance Manager) is responsible for implementing the policy decisions and directives of the Board. They play a critical role in translating strategic AML objectives into operational procedures. Their responsibilities include:

- Overseeing the development and enforcement of internal AML procedures.
- Ensuring that customer due diligence (CDD), record-keeping, and reporting mechanisms are operational and compliant.
- Appointing and empowering a competent **Money Laundering Reporting Officer (MLRO)** as required by Regulation 8 of the **AML Regulations, 2013** (Kenya Law, 2013).
- Ensuring that the SACCO maintains staff training programs and conducts regular AML risk assessments.
- Facilitating the regular review and updating of the AML policy and associated SOPs.

2.3 Money Laundering Reporting Officer (MLRO)

The MLRO is the **designated focal point** for all matters relating to AML compliance. The officer should be at management level, independent, and with unrestricted access to necessary data and personnel. Key duties include:

- Receiving and evaluating internal reports of suspicious transactions from SACCO staff.
- Submitting STRs and, where applicable, **Cash Transaction Reports (CTRs)** to the **Financial Reporting Centre (FRC)** in accordance with Section 44 of **POCAMLA**.
- Keeping detailed records of STRs submitted and decisions made, for a minimum period of 7 years.
- Coordinating staff training, awareness, and capacity building on AML/CFT.
- Monitoring compliance with AML laws and SACCO procedures and providing regular compliance reports to the Board and SASRA.

"An institution shall designate an officer at management level as the money laundering reporting officer who shall have the responsibility of ensuring compliance with the Act."
(AML Regulations, 2013, Regulation 8)



2.4 All Staff and Agents

Each employee and agent of the SACCO—especially those dealing with member accounts, transactions, or onboarding—has a duty to:

- Observe due diligence in knowing the customer and understanding their transactions.
- Be alert to unusual or suspicious activity and promptly report it to the MLRO.
- Maintain confidentiality about any STRs raised.
- Participate in AML training sessions as scheduled.

Failure to comply with these duties may attract disciplinary action and expose the individual and institution to legal liability under Section 47 of POCAMLA.

3. Risk Assessment

A well-structured risk assessment framework is essential for identifying and managing the money laundering and terrorism financing threats faced by the SACCO. Risk-based approaches are not only considered best practice internationally (per FATF Recommendations), but they are also a **regulatory requirement in Kenya** under both the **AML Regulations, 2013** and the **SASRA Prudential Guidelines, 2021**.

“A reporting institution shall take appropriate steps to identify and assess the risks of money laundering and financing of terrorism that arise from its operations, including new products, services, and delivery channels.” — AML Regulations, 2013, Regulation 4(1)

3.1 Risk-Based Approach (RBA)

Energy RNDT SACCO shall adopt a **risk-based approach** to anti-money laundering and counter-terrorism financing (AML/CFT). This means applying enhanced controls in higher-risk areas and simplified procedures in lower-risk circumstances, consistent with FATF Recommendation 1.

The SACCO shall identify and assess ML/TF risks across the following dimensions:

- **Customer Risk** – e.g., high-net-worth members, politically exposed persons (PEPs), non-residents.
- **Product/Service Risk** – e.g., mobile lending platforms, third-party payments, large-value loans.
- **Geographic Risk** – transactions involving jurisdictions with weak AML regimes.
- **Delivery Channel Risk** – remote onboarding, use of agents, or digital wallets.

“The institution shall determine the overall inherent risk rating and adopt mitigating controls commensurate with the risk level.” — SASRA Prudential Guidelines, 2021, Section 4.1.2

3.2 Risk Categorization

The SACCO shall maintain a structured **risk rating framework** to classify member relationships and transactions into the following risk categories:

- **Low Risk** – salaried individuals with predictable income patterns and full KYC compliance.
- **Medium Risk** – small and medium enterprises (SMEs) or members with occasional large deposits.
- **High Risk** – PEPs, foreign account holders, and members with complex or opaque ownership structures.

Each risk rating shall determine the level of **due diligence** required and the **frequency of monitoring**. High-risk relationships will require enhanced due diligence (EDD) as described in Section 4.

3.3 Periodic Risk Assessments

Energy RNDT SACCO shall conduct a **comprehensive risk assessment at least once every two years**, or sooner if significant operational, regulatory, or geopolitical changes occur. This includes:

- Reviewing risk exposure by member segment;
- Evaluating the effectiveness of current controls;
- Incorporating feedback from internal audit and the MLRO.

The assessment findings shall be documented, approved by the Board, and shared with the Financial Reporting Centre (FRC) or SASRA upon request.

“Each institution shall document its risk assessment methodology, findings, and mitigation measures, and keep them up to date.” (AML Regulations, 2013, Regulation 4(5))

3.4 Integration with Strategic Planning

AML/CFT risk assessments shall feed into the SACCO’s broader enterprise risk management (ERM) and strategic planning processes, including:

- Business model reviews,
- Product innovation,
- Branch expansion,
- Partnerships or digital platform integrations.

This ensures AML considerations are not treated in isolation but as integral to corporate sustainability.

4. Customer Due Diligence (CDD) & Know Your Customer (KYC)

Customer Due Diligence (CDD)—commonly known as Know Your Customer (KYC)—is a foundational element in the prevention of money laundering and terrorist financing. It enables the SACCO to know the identity, background, and risk level of its members and their transactions. CDD practices are mandatory under **Section 45 of POCAMLA** and elaborated in the **AML Regulations, 2013** and **SASRA Prudential Guidelines, 2021**.

"A reporting institution shall undertake customer due diligence measures before establishing a business relationship or carrying out a transaction." (AML Regulations, 2013, Regulation 5(1)).

4.1 When to Apply CDD

Energy RNDT SACCO shall conduct CDD:

- **At the start of a business relationship** (e.g., when a member joins);
- **When carrying out occasional transactions** above KES 1 million (or foreign currency equivalent);
- **When there is doubt** about the authenticity or adequacy of previously obtained identification data;
- **When suspicious activity is detected**, regardless of transaction size.

4.2 Information to Be Collected (KYC Requirements)

The SACCO shall collect and verify the following information from natural persons:

- Full name (as per National ID or Passport);
- National identification or passport number;
- Date of birth;
- Residential address (supported by utility bill or tenancy agreement);
- Source of income/funds (e.g., payslip, business permit).

For legal entities:

- Certificate of registration/incorporation;
- CR12 or list of directors/beneficial owners;
- Physical and postal address;
- Tax Identification Number (PIN);
- Resolution to open an account (if applicable).

All documents shall be validated and retained in line with **AML Regulations, Regulation 8** and **Data Protection Act, 2019**.

4.3 Beneficial Ownership and PEPs

The SACCO must take reasonable steps to identify and verify **beneficial owners**—the natural persons who ultimately own or control a legal entity or account.

Where a customer or beneficial owner is identified as a **Politically Exposed Person (PEP)**—whether local or foreign—the SACCO shall:

- Conduct **enhanced due diligence (EDD)**,
- Seek **senior management approval** before establishing or continuing the relationship,
- Monitor the relationship continuously.

"Enhanced measures shall apply in cases involving politically exposed persons and high-risk customers." (SASRA Prudential Guidelines, 2021, Section 4.2.3).



4.4 Ongoing Due Diligence

CDD is not a one-time event. The SACCO shall:

- Monitor members' transactions to ensure they are consistent with their known profile;
- Flag and review deviations (e.g., sudden large deposits or multiple cash transactions);
- Periodically update KYC records, at least once every 2 years or upon significant changes.

"The institution shall maintain up-to-date customer information and conduct due diligence throughout the relationship." (AML Regulations, 2013, Regulation 6).

4.5 Simplified and Enhanced Due Diligence

- **Simplified Due Diligence (SDD)** may be applied to low-risk members (e.g., salaried individuals with transparent income).
- **Enhanced Due Diligence (EDD)** shall be applied for high-risk members, including PEPs, non-residents, and those involved in complex or unusually large transactions.

EDD measures include:

- Verifying source of funds in detail;
- Greater frequency of transaction monitoring;
- Senior management approval for account opening or large transactions.

4.6 Record Keeping

All CDD/KYC documentation shall be retained for at least **seven (7) years** after the end of the relationship, in compliance with **POCAMLA Section 45** and **AML Regulations, Regulation 15**.

These records must be accessible to internal auditors, the MLRO, and regulatory bodies such as SASRA or the FRC upon request.

5. Transaction Monitoring & Reporting

Monitoring and reporting member transactions is a central pillar of any effective Anti-Money Laundering (AML) framework. Transaction monitoring enables the SACCO to detect unusual or suspicious activity that may be linked to money laundering, terrorism financing, or other illicit conduct. The reporting component ensures that such suspicions are escalated to the **Financial Reporting Centre (FRC)** in accordance with the **Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009**, and the **AML Regulations, 2013**.

"A reporting institution shall monitor complex, unusually large or unusual patterns of transactions, which have no apparent lawful purpose, and shall report suspicious transactions to the Centre." (POCAMLA, Section 44(1)).

5.1 Monitoring Obligations

Energy RNDT SACCO shall implement both **manual and automated transaction monitoring procedures** to detect:

- Transactions inconsistent with a member's known profile;

- Unusually large cash deposits or withdrawals;
- Structuring (breaking large transactions into smaller ones to evade reporting thresholds);
- Rapid movement of funds into and out of an account;
- Transfers involving high-risk jurisdictions.

Monitoring shall be performed by front-office staff, internal audit, and the **Money Laundering Reporting Officer (MLRO)**, who will coordinate escalation procedures.

5.2 Cash Transaction Reporting (CTR)

As required under **Regulation 13 of the AML Regulations, 2013**, any single transaction or series of related transactions involving **KES 1 million or more (or its foreign currency equivalent)** in cash must be reported to the FRC within **seven (7) days**.

"A reporting institution shall report to the Centre any cash transaction equivalent to or exceeding US\$10,000 or its local currency equivalent." (AML Regulations, 2013, Regulation 13(1)).

The report must include:

- Member identification details;
- Nature and value of the transaction;
- Date and method of transaction;
- Any explanation provided by the member.

5.3 Suspicious Transaction Reporting (STR)

A **Suspicious Transaction Report (STR)** shall be filed when:

- A transaction appears inconsistent with the customer's known legitimate activities;
- A customer provides insufficient or misleading identification or refuses to provide required information;
- Transactions involve **politically exposed persons (PEPs)** or sanctioned entities without proper justification.

STRs shall be:

- Prepared and filed by the **MLRO**;
- Submitted to the **FRC** within **seven (7) days** of forming the suspicion;
- Confidential—under Section 46 of POCAMLA, staff are prohibited from tipping off the subject of an STR.

"A person who discloses to a customer or to any other person that a report under this Part is being or has been made, commits an offence." (POCAMLA, Section 46(1)).

5.4 Internal Escalation and Documentation

Before submission to the FRC, suspicious transactions must go through the following internal process:

- i. Detected by SACCO officer or system alert;
- ii. Reported immediately to the **MLRO** using an internal STR template;
- iii. MLRO conducts analysis and determines if reporting threshold is met;
- iv. If yes, the STR is submitted to FRC and securely archived;
- v. If not, the file is retained for internal monitoring and audit purposes.

All STRs and CTRs must be retained for a **minimum of seven (7) years**, in line with **AML Regulations, Regulation 15**.

5.5 Ongoing Transaction Review

The SACCO shall implement **ongoing monitoring mechanisms** which:

- Compare transaction activity to the member's established risk profile;
- Generate alerts for further investigation;
- Use historical data to identify new risk indicators.

Where possible, monitoring shall be supported by **core banking software or automated AML surveillance tools**, enabling the detection of red flags in real time.

6. Record-Keeping & Data Management

Effective record-keeping is essential for the prevention, detection, and investigation of money laundering and terrorism financing. Energy RNDT SACCO shall establish a comprehensive system to collect, retain, protect, and make available relevant records in compliance with the **Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009**, the **AML Regulations, 2013**, and guidance issued by the **Financial Reporting Centre (FRC)**.

"A reporting institution shall keep records of transactions in such form as enables the transactions to be readily reconstructed at any time by the competent authorities." (AML Regulations, 2013, Regulation 14(1)).

6.1 Record Types

The SACCO shall maintain the following categories of records:

- **Customer Identification Records (Know Your Customer/KYC):**
 - National ID or passport
 - Proof of residence and income
 - Customer Risk Profile (CRP)
- **Transaction Records:**
 - Date, value, type, and purpose of transaction
 - Origin and destination of funds
 - Channels used (e.g. mobile, over-the-counter, EFT).
- **Suspicious Transaction Reports (STRs) and Cash Transaction Reports (CTRs)**



- **Internal investigation records and audit trails**
- **Training logs and AML compliance registers**

6.2 Record Retention Period

All AML-related records shall be maintained for a **minimum of seven (7) years**, in line with **Regulation 15 of the AML Regulations, 2013**, and Section 45 of POCAMLA.

"A reporting institution shall keep a record of every transaction for a period of at least seven years after the transaction was made." (POCAMLA, Section 45(1)).

Where an investigation or legal proceeding is ongoing, records shall be retained until the matter is fully resolved, even if this exceeds the 7-year minimum.

6.3 Data Integrity and Confidentiality

- All records shall be stored securely in both **physical** and **electronic** formats, with **access restricted** to authorized personnel only.
- AML records shall be protected from **unauthorized access, alteration, or deletion**, in compliance with the **Data Protection Act, 2019** of Kenya.
- STRs and related documentation are **strictly confidential**, and their disclosure outside the legally mandated channels is prohibited (POCAMLA, Sec. 46).

"All information obtained under the Act shall be used only for the purpose for which it was disclosed and shall not be further disclosed." (Data Protection Act, 2019, Section 25(c)).

6.4 Accessibility for Investigations

Upon request by the FRC, EACC, Directorate of Criminal Investigations (DCI), or other competent authority, the SACCO shall avail relevant records promptly to support investigations into money laundering or related offenses. Delays or obstruction may attract penalties under Section 48 of POCAMLA.

6.5 Digital Systems Integration

Where possible, the SACCO shall:

- Integrate record-keeping with **core banking systems**;
- Use **cloud storage** solutions compliant with Kenyan data protection laws;
- Implement **backup and recovery systems** to avoid loss of compliance data.

7. Staff Training & Awareness

Effective prevention and detection of money laundering and terrorism financing depends significantly on the knowledge and vigilance of the SACCO's staff. As such, Energy RNDT SACCO shall establish a **structured and ongoing AML/CFT training programme** to ensure that all employees, Board members, and committee officials are equipped with the necessary understanding of risks, obligations, and red flags.

"Every reporting institution shall develop a program to train its employees on matters relating to money laundering and financing of terrorism." (AML Regulations, 2013, Regulation 10(1)).

7.1 Training Objectives

The AML/CFT training programme shall aim to:

- Build staff capacity to identify and report suspicious activities;
- Promote a risk-based understanding of customer profiles and transactions;
- Ensure compliance with legal and regulatory requirements;
- Embed a culture of integrity, vigilance, and accountability in day-to-day operations.

7.2 Target Groups and Frequency

Training shall be tailored to specific staff roles and risk exposure levels:

Target Group	Training Frequency	Key Content Areas
All Staff (including new recruits)	Induction + Annual refresh	AML concepts, KYC, reporting obligations
Credit & Front Office Personnel	Quarterly	Risk indicators, EDD, transaction monitoring
MLRO, Compliance, and Internal Audit Teams	Bi-annually	STR handling, legal updates, advanced detection techniques
Board & Supervisory Committee Members	Annually	Oversight responsibilities, risk governance

"A reporting institution shall conduct periodic training appropriate to the functions of its employees."(AML Regulations, 2013, Regulation 10(3)).

7.3 Training Content

Core topics to be covered in all AML training include:

- Introduction to money laundering and terrorism financing
- Legal framework: POCAMLA, AML Regulations, FRC Guidelines
- SACCO's AML/CFT policy and procedures
- Customer Due Diligence (CDD) and Know Your Customer (KYC)
- Identifying red flags and typologies
- Suspicious Transaction Reporting (STRs) procedures
- Record keeping and data confidentiality
- Consequences of non-compliance (legal, reputational, financial)

7.4 Documentation and Evaluation

- Attendance records and training content shall be maintained for audit and regulatory inspection purposes (AML Reg. 10(4)).
- The effectiveness of training shall be evaluated through feedback surveys, testing, and periodic performance reviews.
- Internal audits will assess whether employees apply AML knowledge correctly in their roles.

framework to **periodic independent audits** and **annual policy reviews**, in accordance with international best practice and regulatory obligations.

9.1 Purpose of Independent AML Audit

The independent AML audit serves to:

- Assess the effectiveness of the SACCO's AML/CFT controls, systems, and procedures;
- Identify any gaps, weaknesses, or compliance lapses;
- Evaluate adherence to legal and regulatory obligations, including reporting, customer due diligence, recordkeeping, and staff training;
- Provide actionable recommendations for strengthening the AML framework.

According to the **Financial Action Task Force (FATF)**, regular and independent testing is a key element of an effective AML/CFT program (FATF Recommendations, Rec. 18).

9.2 Frequency and Scope

- The **AML audit shall be conducted annually**, either by an external auditor with AML expertise or an internal audit function that is operationally independent of the compliance team.
- The scope of the audit will include:
 - Compliance with the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009 and Regulations, 2013;
 - Effectiveness of the Know Your Customer (KYC) process;
 - Suspicious Transaction Reporting (STR) procedures;
 - Training and awareness measures;
 - Recordkeeping and data integrity.

Kenyan AML Regulations under **Legal Notice No. 59 of 2013** require financial institutions to implement risk-based internal controls, including independent testing of AML systems (Reg. 9).

9.3 Audit Reporting and Follow-up

- Audit reports shall be submitted to the Board of Directors and the Supervisory Committee within 30 days of completion.
- Identified deficiencies must be addressed within a timeframe agreed upon by the Board, with follow-up reviews to verify corrective actions.
- Material findings may also be shared with SASRA or FRC, where applicable, to demonstrate transparency and regulatory cooperation.

9.4 Policy Review and Updates

This AML Policy shall be **reviewed annually**, or more frequently if necessitated by:

- Changes in legislation or regulatory guidelines;
- Emerging money laundering or terrorism financing typologies;
- Recommendations arising from audits, inspections, or investigations;
- Significant operational or organizational changes within the SACCO.
- Policy amendments must be approved by the **Board of Directors**, and all staff shall be informed and retrained as necessary.

POCAMLA (2009), Section 45 obligates reporting institutions to ensure policies are current and fit-for-purpose in combating financial crime (Kenya Law Reports).

9.5 Documentation and Retention

All records relating to AML audits, management responses, policy reviews, and implementation plans shall be documented and securely retained for a minimum of **seven years**, in line with regulatory and statutory requirements.

10. Policy Enforcement and Disciplinary Action

A robust Anti-Money Laundering (AML) framework is only effective if enforced consistently and backed by clear consequences for non-compliance. Energy RNDT SACCO shall implement mechanisms to ensure that all Board members, staff, and stakeholders understand their obligations and are held accountable for breaches.

10.1 Obligation to Comply

All officers, employees, and committee members of Energy RNDT SACCO are legally and professionally obligated to adhere to the provisions of this AML Policy, as well as to applicable statutes including:

- The Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009;
- The AML Regulations, 2013;
- The SACCO Societies Act, 2008 and regulations by SASRA;
- Guidelines issued by the Financial Reporting Centre (FRC).

Failure to comply with these laws may attract **civil, criminal, and administrative penalties** under Kenyan law.

“Every person who fails to comply with this Act commits an offence and shall be liable on conviction to a fine not exceeding five million shillings or to imprisonment for a term not exceeding five years, or both.” (POCAMLA, Section 16; AML Regulations, 2013, Regulation 15).

10.2 Disciplinary Measures

The SACCO shall take appropriate disciplinary action against any employee, agent, or officer who:

- Knowingly facilitates or attempts to conceal a suspicious transaction;
- Fails to conduct proper Customer Due Diligence (CDD);
- Neglects to file Suspicious Transaction Reports (STRs);
- Discloses confidential AML information contrary to legal requirements (tipping off);
- Obstructs or interferes with an internal or regulatory AML investigation.

Sanctions may include:

- Verbal or written warnings;
- Suspension or demotion;



- Termination of employment or contract;
- Referral to relevant law enforcement and regulatory bodies.

“Institutions must establish internal disciplinary procedures and sanctions for staff who fail to comply with AML requirements.” (SASRA AML/CFT Guidelines for SACCOs, 2022).

10.3 Whistleblower Protection

Energy RNDT SACCO shall maintain **confidential and secure reporting channels** for staff to report suspected money laundering or terrorism financing without fear of retaliation. Whistleblowers shall be protected in accordance with the **Whistleblower Protection Act, 2021** and relevant SACCO policies.

10.4 Enforcement Oversight

The **Board of Directors**, in collaboration with the **Supervisory Committee** and the **Money Laundering Reporting Officer (MLRO)**, shall oversee the enforcement of this policy. Regular enforcement reports shall be documented and reviewed quarterly to ensure transparency and accountability.

10.5 Review of Enforcement Mechanisms

All enforcement procedures, sanctions, and disciplinary guidelines shall be periodically reviewed to:

- Align with changes in Kenyan AML laws and SACCO regulations;
- Reflect evolving risks and operational realities;
- Incorporate feedback from audit findings and regulatory inspections.

10.6 Approval of the Policy

We, the undersigned, individually and collectively, give commitment to the implementation of the Investment Policy by appending our signatures on behalf of the Board of Directors.

Signed.

Chairman:

Name Paul N. Mbuti Sign [Signature] Date 8/11/25

Secretary:

Name [Signature] Sign [Signature] Date 8/11/25

Treasurer:

Name Tom O. Oloo Sign [Signature] Date

[Signature]