



EDBS/KH/C/61/2020  
8<sup>th</sup> October 2020

**The Chief Executive Officers**  
All Payment Services Providers  
Manama  
Kingdom of Bahrain

Dear Sir/Madam,

**Audit of Client Money and Compliance with Authorisation Module**

This has reference to CBB's requirement for audit of client money referred to in Authorisation Module (Module AU), Volume 5 of the CBB Rulebook. CBB hereby, requires the licensees to whom this circular is addressed to ensure that independent auditors are appointed to perform an in-depth audit of the client money received and its usage, accounting records, internal controls, etc. every six months and submit the report to CBB, as required under AU-1.2.11L of the CBB Rulebook, Volume 5.

The overarching objectives of the audit must be:

1. Ensuring that the client money is properly segregated and not commingled with the Licensee's own funds;
2. The Licensee has established and implemented adequate internal control procedures and systems to ensure client money is always segregated;
3. The client money is not used for purposes other than for client transactions as stipulated in the terms of the products/services with its customers;
4. The balances are maintained with a retail bank licensee in Bahrain and such balances are not subject to any lien or other restrictions; and
5. Fraud risks are adequately controlled and mitigated.

The audit must be performed by the Licensee's external audit firm or by an independent third party audit firm acceptable to CBB.

The Licensees must submit the audit report to CBB after two months of period end, i.e. 31<sup>st</sup> August for the June report and end of February for the December report.

المدير التنفيذي للقائبات المصرفية

Executive Director - Banking Supervision

Should you have any queries on the above requirements, please contact your normal supervisory point of contact at CBB.

Yours faithfully,



**Khalid Hamad Al-Hamad**

cc: Bahrain Association of Banks  
External Auditor