



VANUATU FINANCIAL
= SERVICES COMMISSION =

GUIDELINES ON THE EXTERNAL AUDIT OF OPERATIONAL CONTROLS AND AML/CTF/PF POLICIES AND PROCEDURES

(January 2026)

SUPERVISION DEPARTMENT

1. Application of Guidelines

Applies to all licensees under the Act, subject to proportionality and licence conditions.

2. Purpose

To set expectations for independent external audits covering operational controls (including custody and cyber) and AML/CTF/PF programmes, including reporting to VFSC.

3. Legal Basis

These Guidelines are issued under section 59 of the Virtual Asset Service Providers Act No. 3 of 2025 (the Act), and support VFSC's licensing, supervision and enforcement functions.

4. Core Regulatory Expectations

- Must engage an independent auditor with relevant expertise and ensure auditor independence.
- Must audit scope should cover: governance, risk management, cybersecurity, custody controls, outsourcing controls, AML/CTF/PF programme effectiveness and sanctions screening.
- Must ensure audit findings are addressed through a remediation plan with accountable owners and timelines.
- Must ensure audit reporting to VFSC includes material findings, management responses, and remediation status.

5. Reporting, Notifications and Records

- Must submit annual audited financial statements and external audit reports within VFSC timelines.
- Must notify VFSC of any qualified opinion or material weakness identified by the auditor.

6. Supervisory Approach and Enforcement

- VFSC may require special audits, expand scope, or impose conditions where assurance is inadequate.

7. Benchmarking Consistency (non-exhaustive)

- BMA Bermuda: Digital Asset Business Operational Cyber Risk Management Code of Practice (cyber and operational resilience baseline).

- FSC Mauritius: AML/CFT Guidance Notes for VASPs and IITOs (risk-based AML/CFT and supervisory expectations under VAITOS).
- CIMA Cayman Islands: Rule and Statement of Guidance - Market Conduct for VASPs (conduct, custody, disclosures, incident reporting).
- FSRA Saint Lucia: Virtual Asset Business Regulations (licensing, operational capability, cyber and AML/CFT expectations).
- MFSA Malta: VFA Rulebook Chapters (governance, systems audits, custody/ITA certification, and conduct obligations).

Please contact the following person should you have any questions:

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Branán Karae
Commissioner

