



SUSPICIOUS ACTIVITY REPORTS (SARS)

INTRODUCTION

This helpsheet has been issued by ICAEW's Technical Advisory Service to help ICAEW members working in a regulated sector to understand the circumstances in which they are required to make a suspicious activity report (SAR) to their nominated officer or the National Crime Agency (as appropriate). It highlights common situations and whether or not a SAR may be required in each.

This helpsheet should be read in conjunction with the [CCAB Anti-Money Laundering Guidance for the Accountancy Sector](#).

Members may also wish to refer to the following related helpsheets and resources:

- [Anti-money laundering tipping off](#)
- [Anti-money laundering client due diligence \(CDD\)](#)
- [Anti-money laundering for new practitioners](#)
- [Professional conduct in relation to taxation \(PCRT\)](#)

WHEN IS A SUSPICIOUS ACTIVITY REPORT REQUIRED?

A suspicious activity report (SAR) is required when, during the course of their business in a regulated sector, a relevant employee (e.g. a member in practice) develops a **suspicion** of a **crime** with **proceeds** (and the privileged circumstances exemption does not apply). Further guidance on each of these elements (and the privileged circumstances reporting exemption) is contained within section 6 of the [CCAB Anti-Money Laundering Guidance for the Accountancy Sector](#).

If a relevant employee considers a SAR is required, it should be made using the firm's procedures to the nominated officer within the firm (often called the money laundering reporting officer or MLRO). When they receive a report, the MLRO applies similar considerations in their assessment of whether to make a SAR to the [National Crime Agency \(NCA\)](#).

Staff within a firm should note that whilst the Proceeds of Crime Act 2002 requires a SAR to be made in the above circumstances, their firm's policies may require a report to be made internally to their MLRO even if there is only speculation, for example.

Once a SAR is made, it is important to consider whether or not it is appropriate to continue to act.

FREQUENTLY ASKED QUESTIONS

The following questions and answers are designed to help with some of the more common questions on SARs.

1. I have found some invoices that my client did not include in their last submitted tax return. Do I need to make a SAR?

Probably not yet. In isolation a missing invoice might not be enough to prompt suspicion of a crime. The oversight may be innocent or unintentional and an explanation should be sought. If the explanations appear reasonable such that you do not suspect the proceeds of crime then no SAR will be required.

However, if you believe they should be included and the client refuses to do so, then the guidance in [Professional conduct in relation to taxation \(PCRT\)](#) should be followed, which may include making a SAR.

2. I have received a response to my letter of professional enquiry from the outgoing accountant. In the letter they make reference to unpaid fees but also a disagreement over the tax position. Do I need to make a SAR?

Possibly. Unpaid fees are not usually a reason to raise a SAR, but references to disagreements are usually an indicator to read between the lines, and further questions of the client may be necessary. The responses to these may well generate a suspicion and prompt you to make a SAR.

3. I went to the pub with some friends. During conversation one of them mentioned their belief that insider trading was taking place at her place of work. Her employer is not a client. Do I have to make a SAR?

In order for a SAR to be required, any suspicion must have come to you during the course of business. Therefore, even if this information did make you suspicious you would not be required to make a SAR as the circumstances are personal. Additionally, you might also consider the extent to which this is hearsay.

4. I have been made aware of a police raid at my client's business premises. Do I have to make a SAR?

In most cases yes. The activities of the police are likely to prompt a suspicion. That said if you are convinced of your client's innocence, or the police interest does not relate to a crime with proceeds, then you should carefully document your decision not to make a SAR.

5. One of my clients is also a personal friend. During a social BBQ he has been strongly suggesting to others that he doesn't declare all his income.

Whilst this information has not come to you during the ordinary course of business it is difficult to suggest that it won't affect your professional work. You cannot 'un-know' this information. As such a SAR is recommended. You would also consider whether or not you should continue to act in these circumstances.

6. I am a member in business, working for a small manufacturing company. I believe that certain legal regulations to which the company is subject have been breached in order to achieve cost savings. Do I have to make a SAR?

If you do not work in the regulated sector then you have no obligation to make a SAR. Instead you must adhere to the requirements of section 260 of the [ICAEW Code of Ethics](#) addresses responding to non-compliance with laws and regulations (NOCLAR) for members in business.

7. I am the MLRO and am filling out completing a SAR. There is a reference to glossary codes. What are these?

SAR glossary codes are used to identify specific categories of suspicious activity and are widely used by law enforcement. Their inclusion can help the NCA make sure the SAR is distributed to the correct agency. Whilst not mandatory, their use is extremely helpful.

Further guidance can be found in the UK Financial Intelligence Unit's publication [Suspicious Activity Report \(SAR\) Glossary Codes and Reporting Routes](#).

8. What are consent SARs and defence to a money laundering offence SARs - should I be submitting one?

Defence to a money laundering offence (DAML) SARs (previously known as consent SARs) allow the submitter to apply for consent to proceed with the activity that has generated the suspicion they are reporting.

Submitting such a SAR is only generally appropriate if there is a specific transaction that requires it (e.g. an insolvency practitioner making a distribution from a company containing tainted funds).

Requesting a defence to a money laundering offence should not be used to seek approval to for general continuation of a business relationship. Further guidance can be found in the UK Financial Intelligence Unit's publication [Requesting a defence from the NCA under POCA and TACT](#) and in the [CCAB Anti-Money Laundering Guidance for the Accountancy Sector](#).

9. My client wants me to submit a grant claim for which I know they haven't met the conditions (in this case a Coronavirus Job Retention Scheme grant for recorded hours of furlough where I know that furloughed employees were performing revenue generating activities for the entity). I have refused and they are going to another accountant. Do I need to make a SAR?

Probably not yet. First of all it may be that they have misunderstood the criteria which may need to be explained to them. Making an error is not the same as committing fraud. Secondly there is not yet a crime with proceeds since no claim has been submitted (your refusal has prevented this). If you were to come into receipt of information at a later date suggesting that an incorrect claim has knowingly been submitted, then you would need to make a SAR. For now your response to any professional enquiry letter you receive from the new accountant may make reference to a disagreement over eligibility for a the grant.

IF IN DOUBT SEEK ADVICE

ICAEW members, affiliates, ICAEW students and staff in eligible firms with **member firm access** can discuss their specific situation with the Ethics Advisory Service on +44 (0)1908 248 250 or e-mail ethics@icaew.com.

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