



Suspicious Activity Reports: Guidance for firms

Issued: November 2020

We asked a sample of firms about their procedures for reporting suspicious activities, staff training and the number and nature of internal and external SARs made annually. This guidance is based on the results.

We selected firms we assessed as being at a higher risk of facilitating money laundering using the risk profile of the client base of the firm and services provided by the firm.

ICAEW firms are providing useful information to law enforcement. 3 out of 5 Suspicious Activity Reports (SARs) reported to the NCA are from ICAEW firms.

However, 21% of the firms surveyed reported they had not submitted any SARs to the NCA in 2019.

HAS YOUR FIRM SUBMITTED ANY SARs IN THE LAST 12 MONTHS?

If the answer is no, you need to review your procedures.

- Does your firm have adequate procedures and guidance in place for internal reporting to the MLRO?
- Do your staff know what the procedures are?
- Is there an environment that encourages awareness and reporting?
- Do your staff know what constitutes suspicious activity and do they know the red flags?

If the answer is yes, are your firm's procedures as good as they need to be?

- **Ensure audit staff are aware of their obligations to report.**
 - Many SARs generated from audit and assurance work are a result of conversations auditors must have with their client about incidences of fraud. Encourage staff to contact the MLRO.
- **Remind** staff that clients who do not adjust for underpaid tax or seek to evade paying tax should be subject to a SAR.
- **Be vigilant to cybercrime.** If your firm is a victim or a client reports such crime to you then ensure you consider whether a report is required
- **In the current climate monitor clients claiming funds** from JRS, bounce back loans and grants where they are not entitled. Ensure SARs are made where relevant.
- **Vary training by service line.** Provide guidance on red flags or types of issues each service line might confront.

GUIDANCE FOR STAFF

Ensure the following information is included in your SARs reporting guidance.

- The name and role of the nominating officer.
- What constitutes suspicion.
- How to make a report.
- Offences for failure to disclose.
- State there is no deminimis.
- Guidance on the requirements to make a report.
- Guidance on how to proceed with a client.
- Timeframes for reporting.
- Guidance on tipping off.

TRAINING

AML training is mandatory at all firms. Here are a few tips and reminders on how it can be improved.

- Your in-house SARs training should reflect and be tailored to the risks attributable to the different services your firm offers.
- Nominated officers should refer to NCA guidance on how to submit a good quality SAR. All MLROs/MLCPs and nominated officers should read the NCA guidance on suspicious activity reporting.

SUBMITTING SARs

The quickest route for submitting SARs is online to the NCA. This ensures the data can be extracted quickly and directed to the right people.

- MLROs should consider the questions in [Appendix C of the CCAB guidance](#) before submitting a SAR.
- Refer to the NCA's [Guidance on submitting better quality SARs](#)
- Submit all SARs to [NCA online](#)
- Be aware of the [glossary codes and updates such as the more recent glossary codes for COVID-19 related fraud](#). By using the correct glossary code, the SAR will be directed to the correct law enforcement agency.
- Document the decision whether to report or not report an internal SAR in line with CCAB guidance.
- Make your firm's management board aware of the number of SARs reported and the nature of each SAR.

DEFENCE AGAINST MONEY LAUNDERING (DAML)

- All firms are required to have guidance on DAMLs.
- Make sure staff understand what a DAML is and when it should be made.
- Be familiar with the [NCA guidance](#) on what a DAML is.

Guidance source

This guidance has been put together using the results of a SARs thematic review we carried out with firms during 2020.

ICAEW firms are required by law to report suspicious activities to the National Crime Agency (NCA). We want to make sure that our firms have the ability, competence and resources to identify and report suspicious activity promptly. The aim of our thematic review was to:

- collect data and look for trends and correlations that allow a greater understanding of vulnerabilities and threats;
- to identify ways in which firms can train staff to better spot potentially suspicious activities;
- to identify best practice; and
- to see how we can help firm's improve the quality of the SARs they submit.

We asked a number of firms about their procedures for reporting suspicious activities, staff training and the number and nature of internal and external SARs made annually.

The firms selected were those assessed as potentially being at a higher risk of facilitating money laundering based on factors such as the risk profile of the client base and services provided. The factors are linked to the [National Risk Assessment](#), which defined higher risk services and client typologies.

The number of SARs made to the NCA by the firms surveyed is analysed below (by firm size).

Firm turnover	Average SARs per firm in 2019	Percentage of firms with no SARs
2000 mil +	128	0%
100 to 1,999 mil	85	0%
20 to 99.99 mil	16	0%
10 to 19.99 mil	10	7%
5 to 9 mil	7	31%
1 to 4.9 mil	3	25%
0 to .99 mil	1	83%

Further information

More resources are available from [icaew.com/SARsReview](https://www.icaew.com/SARsReview)