



# HELPSHEET

## MONEY LAUNDERING REGULATIONS 2017 COMPLIANCE REVIEW

Issued: xx.xx.2020

### 1.0 THE FIRM

		Y N N/a	Comments
1.1	<p>Is the firm a member firm in accordance with the disciplinary byelaws?</p> <p>If not, has it registered with an anti-money laundering (AML) supervisor?</p> <p>(ICAEW is the automatic supervisory authority for ICAEW member firms. If your firm does not meet the <b>definition of an ICAEW member firm</b> you can apply for supervision by ICAEW through an agreement for Practice Assurance services, see <a href="http://icaew.com/AMLR">icaew.com/AMLR</a>)</p>		
1.2	<p>Has the firm appointed a money laundering compliance principal (MLCP) and, if this is not the same as the money laundering reporting officer (MLRO), advised its supervisor within 14 days of the appointment?</p> <p>Is the MLCP a member of its senior management team? (Note that unless advised otherwise the ICAEW assumes the MLRO is also the MLCP and there is no need for the firm to inform us of this. There is no requirement for a sole practitioner to have an MLCP)</p>		s.21(3) and s.21(4)
1.3	<p>Has the firm introduced internal procedures, which are documented, designed to prevent money laundering?</p> <p>Do these procedures include:</p> <p>a) appropriate risk-based client due diligence (CDD) procedures for new clients?</p> <p>b) collation and retention of evidence to support the CDD procedures (eg proof of ID)?</p> <p>c) a process to trigger a review of CDD evidence held, updating it as necessary (ongoing CDD)?</p>		s.19(1) CCAB 3.6.1 (Jan 2020 guidance)

d)	internal reporting procedures for any suspicious activity?		
e)	procedures to review and report suspicious activities to the National Crime Agency (NCA)?		
f)	provision of appropriate and adequate training of personnel (including principals) for of MLR 2017?		
g)	procedures to monitor its compliance with the regulations?		
1.4	Has the firm reviewed the procedures in the last 12 months to ensure they remain appropriately designed to prevent money laundering?		
1.5	Are the procedures: a) available to all staff? b) applied across all service lines? (For example where the firm provides payroll only services and the ongoing CDD procedures are usually carried out by accounts or taxation staff, then these may not be applied to the payroll service).		
1.6	Does the firm retain all its records for at least five years after the end of a client business relationship?		s.21(8)(a) and s40(3) CCAB 7.1.1
1.7	Does the firm store the records securely with no risk that they could be inadvertently destroyed?		
1.8	If the firm is providing trust and company secretarial services, including filing confirmation statements and acting as a registered office, has it applied to be on HMRC's TCSP register? (Applications may be made by email to AMLR@icaew.com or by answering 'yes' to AML07a-e on the annual return).		

## 2.0 FIRM-WIDE RISK ASSESSMENT

2.1	Has the firm documented its <b>firm-wide risk assessment</b> ?		S.18(1) and (4)
2.2	Does this risk assessment include consideration of the risk attributable to: a) its client base? b) the services provided? c) the countries or geographical areas that its clients operate in? d) types of transactions/engagements? i.e. that you are involved in for your client. e) delivery channels?		CCAB 4.6.1 - 8 CCAB 4.6.9-13 CCAB 4.14-18 CCAB 4.6.19 -22
2.3	Has the firm considered the <b>high-risk factors</b> disclosed by its supervisory authority?		CCAB 4.6.8

	(refer to <a href="https://www.icaew.com/technical/legal-and-regulatory/anti-money-laundering">https://www.icaew.com/technical/legal-and-regulatory/anti-money-laundering</a> )		
2.4	Has the firm developed and documented its' procedures that are designed to mitigate the identified money laundering risks?		
2.5	Has the firm reviewed its firm-wide risk assessment in the last 12 months to make sure it is up to date?		
2.6	Has the risk assessment been approved by the Senior Management team?		s.19(2)(b)
2.7	When new products, business practices or technology are adopted does the firm assesses and mitigate the money laundering and terrorist financing risks of these?		

### 3.0 CUSTOMER DUE DILIGENCE (CDD)

		Y, N N/a	Comments
3.1	Does the firm have client due diligence procedures which will help it to know and understand a client's identity and business activities so that any money laundering or terrorist financing risks can be properly managed?		s27 CCAB 5 and Appendix E
3.2	Are there controls to prevent any work being started for the client before these procedures are complete?		s30(2)
3.3	Does the firm use a recognised AML system to document its CDD? If so which one? ..... Date of last update .....		
	Does the system or the firm's own bespoke system include the following:		
a)	Identification of the client including establishing the identity of anyone who ultimately owns or controls the <i>client</i> . These people are the Beneficial Owners (BOs)?		CCAB 5.1.9
b)	Documentation of the firm's risk assessment for the client including the reasons for that assessment?		CCAB 5.1.10
c)	Requirement to obtain evidence that verifies the identity information gathered during the identification stage. (For corporates and others, in addition to the <i>client</i> itself, reasonable verification measures for any individual beneficial owners (BOs) must also be considered on a risk sensitive basis.)		CCAB 5.1.13

d)	Do procedures including Gathering information on the intended purpose and nature of the <b>business relationship</b> ?		CCAB 5.1.11
e)	Circumstances in which the firm may apply simplified due diligence (SDD)?		CCAB 5.3.3-6 S37
f)	Circumstances in which the firm needs to apply enhanced due diligence (EDD)? Also refer to 3.7.		CCAB 5.3.7-10 S33
g)	Identification of politically exposed persons (PEPs), including domestic PEPS, their family members or known close associates?		CCAB 5.3.11-19 S35
h)	Consideration of financial sanctions?		CCAB 5.3.23-24
3.4	Does the firm have a subscription to a service or online database which gives access to identity related information?  If so, which service is used? .....		CCAB 5.4.17
a)	Has the firm checked that the information is reliable, comprehensive and accurate?		CCAB 5.4.18
b)	Does the system draw on multiple sources?		
c)	Does the firm understand the sources used and does it regularly check and review them?		
d)	Are there control mechanisms to ensure data quality and reliability?		
e)	Is the firm able to download an electronic copy or print off a hard copy for its own records?		
3.5	Does the firm keep records relating to CDD and the business relationship for five years from the end of the client relationship?  Are copies certified or endorsed, either by the employee that saw them or by other professional advisers?		CCAB 7.1.1
3.6	Does the firm require a principal to approve CDD? If not do you consider the approval mechanism sufficient?		
3.7	Does the firm complete EDD in the following circumstances:		CCAB 5.3.7 S33
a)	Where the client involves a PEP.		
b)	Where there is an <i>occasional transaction or business relationship</i> with a person <i>established in</i> a high-risk third country.		
c)	Where there is an <i>occasional transaction or business relationship</i> where either the <i>client</i> or another of the parties to the transaction are <i>established in</i> a high-risk third country.		

d)	Where a transaction is complex or unusually large, or there is an unusual pattern of transactions which have no apparent economic or legal purpose.		
e)	Where a <i>client</i> has provided false or stolen identification documentation or information on establishing a <i>business relationship</i> .		
3.8	Has senior management approved all new clients where there is a PEP involved or where EDD is required?		s35(5)(a)
3.9	Where the firm hasn't been able to complete the CDD procedures satisfactorily, has the firm terminated the business relationship? Did the engagement team make a suspicious activity report to the MLRO?		s31(1) CCAB 5.4
3.10	Do procedures ensure that before establishing a <i>business relationship</i> , with a UK company, unregistered company, LLP or Scottish limited partnership, the firm obtains proof of their client's registration on the <i>People with Significant Control</i> ("PSC") register, or an excerpt of the register?		CCAB 5.6.1
3.11	If the firm identifies a discrepancy between the information that they gather while carrying out their duties under the <i>2017 Regulations</i> (during client take on processes), and the information that is on the PSC register or TRS, do procedures ensure the <i>firm</i> reports that discrepancy to Companies House or HMRC as applicable?		CCAB 5.6.3

#### 4.0 ONGOING CDD

		Y, N N/a	Comments
4.1	Does the firm have procedures to record ongoing monitoring and reviews of CDD information held?		s28(11)
4.2	Has the firm tailored the review period, based on the risk rating of the client?		CCAB 5.2.7
4.3	In addition to the periodic routine updates required as above, does the firm have procedures which trigger updates in the event of specific incidents arising which must include:  a) a change in the client's identity? b) a change in beneficial ownership of the client? c) a change in the service provided to the client? d) information that is inconsistent with the business' knowledge of the client? e) where there is knowledge, suspicion or cause for concern (for example where you doubt the veracity of information provided). If a SAR has been made, care must also be taken to avoid making any disclosures which could constitute tipping off?		CCAB 5.2.6

f)	a change in source of funds?		s28(11)(a) CCAB 5.2.5
4.4	Has the firm designed any additional procedures for clients defined as higher risk?		CCAB 5.4.12

## 5.0 SUSPICIOUS ACTIVITY REPORTING

		Y, N N/a	Comments
5.1	Does the firm have internal reporting procedures for when a member of staff has knowledge or suspicion (or has reasonable grounds for knowing or suspecting) that a person is engaged in money laundering or terrorist financing?		s.19(4)(d)
5.2	Has the firm communicated these procedures to all staff?		
5.3	Do these procedures include a reminder: a) of the offences for failure to disclose? b) to make the report on timely basis? c) that there is no de minimus value in this respect? d) about "tipping off"? e) do the procedures include guidance in what constitutes suspicion?		CCAB 6 and Appendix D  POCA s330, s331 and s332  CCAB 6.1.5
5.4	Does the firm have guidance on when a DAML SAR may be appropriate?		CCAB 6.6
5.5	If the MLRO has delegated to other office representatives (deputy MLROs) are the reporting responsibilities clear, communicated and understood?		

5.6	Reporting to the NCA:		
a)	Has the MLRO documented his/her conclusion in respect of all internal SARs received, in particular where the firm hasn't made a report to the NCA?		CCAB 6.2.20
b)	Has the MLRO made the reports to NCA on a timely basis or as soon as practicable? (The MLRO may commit a POCA s331 offence if they fail to do so).		
c)	Has the MLRO considered whether: <ul style="list-style-type: none"> <li>a Defence Against Money Laundering (DAML) needs to be requested from the NCA for the engagement or any aspect of it to continue? and</li> <li>how client business should be conducted while a DAML decision is awaited?</li> </ul>		CCAB 6.3
d)	Has the MLRO considered whether the privileged circumstances exemption applies?		s41
e)	Has the firm filed all internal reports separately, confidentially and securely?		
f)	Note information contained in internal AML reports and SARs is exempt from subject access requests under the Data Protection Act 2018.		
5.7	Has the nominated officer referred to NCA guidance on how to make a good quality SAR; glossary codes and other <b>SAR guidance</b> ?		
5.8	Has the firm reviewed the number of reports made in the past 12 months and considered whether the number, or type of, SARs should be reflected in the firms risk assessment?  If there have been very few or none this may also reflect a lack of training or a training need for staff. (see section 5)  If there are any trends in SARs, the firm should consider whether these trends pose a high risk and what mitigating actions are required.		

## 6.0 STAFF AND TRAINING

		Y, N N/a	Comments
6.1	Does the firm have procedures that test the AML skills, knowledge, expertise, conduct and integrity of relevant employees before and during their employment? For example		s.21(b) CCAB 3.6.22
a)	Has the firm kept a written record of AML training provided to staff? (It is recommended that training includes a test)		CCAB 8.3.4/5

b)	Have staff signed an annual awareness declaration to confirm that they are aware who the MLRO is and of the firms AML procedures and to confirm they have received sufficient training?		
c)	Are there appropriate induction procedures to ensure relevant new staff are aware of the firm's AML procedures		
6.2	Has the firm assessed the information it holds on its beneficial owners, officers and managers (BOOMs) to ensure that no such individual has committed a relevant criminal offence?  Has the firm obtained the DBS certificates as required and retained the originals in file pending request for submission to ICAEW?		s.26
6.3	Where the firm identifies that a beneficial owner, officer or manager has committed a criminal offence, has it informed the supervisory authority within 30 days of being aware of the conviction.		s.26
6.4	Has the firm communicated its AML policies and procedures to staff?		s.19(c)(iii)
6.5	Do staff and agents know who the MLRO is?		
6.6	Have all personnel (principals and all staff and agents, both professional and support, and including any subcontractors, self-employed consultants and temporary personnel) been provided with adequate, regular training in respect of the MLR 2017 and the firms procedures including how to report suspicions? <i>Agents include any person who, whilst not an employee of the business, is engaged to carry out work or provide services on its behalf (CCAB 8.2.1)</i>		s.24 CCAB 8

## 7.0 MONITORING

		Y, N N/a	Comments
7.1	Has the firm reviewed and updated its anti-money laundering policies and procedures in the last 12 months?		s.19(b) CCAB 3.6.25
7.2	Has the firm reviewed a sample of CDD (for both new and existing clients) to check for compliance with its AML procedures?		CCAB 3.6.25
a)	Details of cold file reviews: 1. 2.		



	3. 4. 5. Or cross reference to separate working paper/ file.....		
b)	Has the firm selected files that cover a sample of the firm's principals and service lines?		
c)	Has the firm collated the results and included them in the report to the firm's senior management, as well as providing feedback to the staff?		
d)	Has the firm considered the impact of these findings on the firm's firm-wide risk assessment?		
7.3	On the last 12 months, has the MLRO produced a written report to the board (or equivalent) that provides an assessment of the operation and effectiveness of the firm's anti-money laundering procedures?		CCAB 3.3.10
7.4	Has the firm considered whether any further training is required either generally or for specific staff following the results of its monitoring activities?		

**8.0 ACTION POINTS**


Completed by ..... Date.....  
Reviewed by .....(MLRO) Date.....

Useful links

You can read further information at [icaew.com/moneylaundering](https://www.icaew.com/moneylaundering).  
You may also wish to refer to the [CCAB anti money laundering January 2020 guidance](#) or the [MLR 2017 and amendments](#).  
[NCA guidance](#) on the submission of SARs