

APPLICATION ON PAPERS

CONSENT ORDERS CHAIR OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

REASONS FOR DECISION

In the matter of:	Mr Ken Scott - Clegg
Considered on:	Friday, 26 August 2022
Location:	ACCA, The Adelphi, 1-11 John Adam Street, London, WC2N 6AU. Remotely via MS Teams.
Chair:	Mr Andrew Popat CBE
Legal Adviser:	Ms Tope Adeyemi
Summary	Consent order approved. Member severely reprimanded
Costs:	Costs to ACCA of £750
Fine:	Fine to ACCA of £3000

INTRODUCTION

1. The Chair considered a draft Consent Order in respect of Mr Scott - Clegg remotely. The matter was listed to be considered on the basis of documents only. Neither Mr Scott - Clegg or ACCA were present or represented.
2. The Chair had before them the draft Consent Order, signed by Mr Scott -Clegg on 05 August 2022 and signed by a signatory on behalf of ACCA on 14 August

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2022. The Chair had also been provided with supporting documents in a bundle numbered 1- 116, together with a service bundle consisting of a single page.

SERVICE

3. The Chair was satisfied that Mr Scott - Clegg had been properly notified of the meeting by an email dated 24 August 2022.

BACKGROUND AND ALLEGATION

4. Mr Scott-Clegg is the sole director and principal of Chase Accountancy Limited (“the Firm”). He has been a member of ACCA since 1985. He had been a member of ACCA since 1985, but resigned from the membership on 19 August 2022.
5. On 26 June 2017, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“the MLRs 2017”) came into force. Mr Scott - Clegg was a member of ACCA at the point the MLRs 2017 came into force, held a practicing certificate and was the Money Laundering Officer (MLRO) at the Firm during the relevant period.
6. Firms are supervised by ACCA for Anti-Money Laundering (“AML”) purposes when there is one or more ACCA practicing certificate holding members with a combined majority control. Therefore, there is a mandatory requirement for such firms to be monitored by ACCA to assess their compliance with the MLRs 2017.
7. On 01 July 2021, ACCA informed Mr Scott-Clegg that the Firm had been selected for a desk-based AML review. The Review found that the Firm’s AML controls were not compliant in the areas referred to in the Allegations and required that the Firm undertake various remedial actions and provide supporting evidence of the steps taken. Mr Scott - Clegg responded to ACCA providing various additional documents.
8. In November 2021, a complaint was referred to ACCA’s Professional Conduct Department for only those AML controls that were considered non-compliant with the MLRs 2017.

9. Mr Scott-Clegg went on to admit the following:

Allegation 1

On dates between 26 June 2017 and 13 October 2021, Mr Ken Scott -Clegg failed, on behalf of the Firm, to comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 in that he:

- a) did not conduct and document a firm – wide risk assessment (FWRA) to identify and assess the risks of money laundering and terrorist financing to which his firm was subject, contrary to Regulation 18;*
- b) did not establish and maintain policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing in the Firm; and did not have a formal process to enable staff to make an internal suspicious activity report, contrary to Regulation 19; and*
- c) did not undertake a comprehensive training program to effectively operate in his role as MLRO, particularly with respect to creating FWRA and Anti – Money Laundering (AML) policies and procedures; and did not produce an annual MLRO report that provided an assessment of the operations and the effectiveness of the Firm’s AML systems and controls, contrary to Regulation 21.*

Allegation 2

By reason of the conduct set out in Allegation 1, Mr Ken Scott – Clegg failed to comply with Section B2 of ACCA’s Code of Ethics and Conduct (Anti-Money Laundering) and the Fundamental Principle of Professional Behaviour (as applicable from 2017 to 2021).

Allegation 3

By reason of the conduct set out at allegations 1 and 2 above, Mr Ken Scott – Clegg is guilty of misconduct pursuant to bye – law 8 (a)(i).

That Mr Scott – Clegg shall:

- (a) be severely reprimanded;*
- (b) pay a fine to ACCA of £3000; and*
- (c) pay costs to ACCA of £750.*

DECISION AND REASONS

10. The Chair considered the bundle of evidence and, on the basis of Mr Scott - Clegg's admissions, found the facts proved. The Chair was satisfied that the admitted facts and Mr Scott - Clegg's actions meant he was guilty of misconduct.
11. The Chair noted that ACCA had considered all of the available sanctions and had concluded that a severe reprimand together with a fine of £3000.00 was the appropriate sanction in this case. In all the circumstances, and following ACCA's Guidance on Sanctions, the Chair agreed that the sanction of severe reprimand, together with a fine was appropriate and proportionate in this case.
12. The Chair considered whether it was more likely than not that if the matter went to a hearing, the admitted breaches would result in exclusion from membership. The Chair took account of the mitigating and aggravating factors set out in the draft Consent Order bundle, noting in particular that Mr Scott – Clegg had retired from practice and did not hold a practising certificate with the ACCA anymore. Furthermore, no evidence existed of the actual enabling of money laundering. The Chair was satisfied that the matters alleged, while serious, were not sufficiently serious so as to likely result in a sanction of exclusion.

COSTS AND REASON

13. The Chair considered that ACCA was entitled to its costs and that the amount claimed, which was agreed, was reasonable.
14. Accordingly, the Chair approved the attached Consent Order in full. In summary Mr Scott - Clegg shall be severely reprimanded, pay a fine to ACCA of £3000 and costs to ACCA in the sum of £750.

Mr Andrew Popat CBE
Chair
26 August 2022