

# ANTI-MONEY LAUNDERING (AML) MONEY LAUNDERING REPORTING OFFICER (MLRO) FACTSHEET

## Background and overview

The Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2018 requires the appointment of an officer to ensure that information leading to knowledge or suspicion of money laundering is disclosed appropriately to the authorities. So, all firms of practicing accountants must appoint an officer – most often referred to (and referred to in this Factsheet) as the MLRO.

The role of MLRO carries significant responsibilities and can be challenging. There are legal and regulatory obligations:

- **The law.** The MLRO's position is onerous because it carries personal liability. Failure to discharge duties under the legislation could result in the MLRO being liable to a fine and up to five years' imprisonment.
- **The regulations.** The 2018 Act requires each firm to appoint a partner or senior manager with overall responsibility for its compliance with Ireland's AML regime. In practice, this is often the same individual as the MLRO. Failure to meet AML obligations may result in civil penalties or criminal sanctions being imposed on the firm and on any individuals deemed responsible.

## Essential references

- [CCABI Guidance](#)
- [Financial Intelligence Unit](#) -

The requirements are reasonably similar in the UK, so for ease of reference, firms with an NI presence should also refer to:

- [POCA](#)
- [MLR 2017](#)
- [CCAB Guidance](#)
- [National Crime Agency \(NCA\) website](#)

## Who should be appointed as MLRO?

The position of MLRO is most often, though not always, held by a partner, director or senior manager of the firm.

Demonstrating AML compliance is critical. The person appointed must have:

- Sufficient seniority to enforce their decisions;

- The authority to make external reports to the Garda and Revenue without reference to another person;
- The time, capacity and resources to review internal Suspicious Activity Reports (SAR) and make external SARs in a timely manner.

A deputy MLRO may be appointed as a designated alternate to cover for times when the MLRO is away (however, this does not relieve the MLRO of overall responsibility).

The identity of the MLRO, and deputy MLRO if appointed, should be documented. Employees should be advised and periodically reminded of their identities and of their responsibilities.

The MLRO and deputy must undertake the necessary training to carry out their roles. It is expected that they keep up to date with money laundering risks and trends through subscriptions to relevant resources and the reading of financial crime related news from reputable news sources.

## **Role of the MLRO**

### *Money laundering Risks*

The MLRO is responsible for implementing and enforcing an appropriate risk-based approach for its firm. The MLRO must ensure that the systems and controls in place manages the risks faced by the firm – and complies with the legislation and CCABI Guidance.

The MLRO must have knowledge and understanding of the firm’s money laundering risks. The MLRO must complete, and periodically update, a firm-wide risk assessment which outlines and provides an assessment of these risks.

### *Suspicious Activity Reporting (SAR)*

Under the legislation, the MLRO is responsible for:

- Receiving internal SARs from employees in the firm
- Making final decisions on behalf of the firm on whether these suspicions need to be reported externally to the Garda And Revenue
- Reporting to Garda And Revenue whenever appropriate by completing and submitting an external SAR on the GoAML system and subsequently with Revenue.
- Acting as the liaison point between the firm and the Garda regarding applications for “consent” for the firm to act in respect of matters which it has reported and considers might constitute a ML offence.

It is recommended that a full record is kept of all SARs, including full reasons in writing behind the decisions of whether the SAR is submitted or not. It is also recommended that all verbal discussions regarding suspicions are recorded.

It is advised that the MLRO also consider reviewing the UK NCA website as this is a good resource to improve their knowledge in relation to real life cases, and tips on how to write a good SAR.

### *Internal Controls*

CCABI guidance places considerable responsibility on the MLRO implementing and maintaining internal controls and risk management around Money Laundering and Terrorist Financing. The CCABI guidance outlines the responsibilities of the MLRO.

As part of AML compliance, firms must carry out independent reviews to assess the adequacy of their AML systems and controls. You don't necessarily need an external review here. For most firms, a partner or senior manager not involved with AML policies, controls and procedures could carry out the review, with sample checks each year.

The MLRO should report formally to other partners and directors in writing every year on the effectiveness of the firm's AML systems and controls.

The MLRO's report should include the following:

- Executive summary for the year highlighting any serious compliance deficiencies, together with remedial action
- Review the number and quality of internal SARs and consider insufficient training if none have been received
- Number of external SARs submitted
- Number of new clients declined because of unsatisfactory information
- Details of staff training during the year - number of courses, confirming of new and existing staff trained, issues identified, check evidence of AML training e.g. certificates and assessment results
- Recommendations concerning extra resource requirements needed for effective compliance.
- Sample check of CDD files to ensure all information is relevant and up-to-date (e.g. identification is still valid, records match that of companies house records, all UBOs and directors have been identified etc.).
- Check client risk assessment is relevant and up-to-date.
- Sample check of clients to ensure risk ratings are appropriate.
- Check AML Policies and Procedures are relevant and up-to date.
- Check firm-wide risk assessment is relevant and up-to-date.
- Check employees understanding of ML roles and responsibilities.

Sole practitioners, with no relevant employees, are not required to complete independent reviews or MLRO reports (unless instructed by ACCA). However, it is good practice to do so as it will reinforce your AML systems and controls.

On the next page we have provided a basic template that can be used as a starting point for your MLRO report.

## MLRO Annual AML Report for [Name of firm]

MLRO:

Compliance period:

Date:

Date of next report:

### 1. MLRO

	<i>Yes/No Provide further details below</i>
Has there been a change in the identity of the MLRO within this period?	
Have all staff been reminded of the identity of the MLRO?	
Have all staff been reminded of the responsibilities of the MLRO?	
Has the MLRO completed any specific AML training within this period?	
Has the MLRO kept up to date with Money Laundering risks/trends?	
Does the MLRO have the time, capacity and resources to fulfill their obligations?	

*Summary:*

### 2. Firm-wide Risk Assessment (FWRA)

	<i>Yes/No Provide further details below</i>
Is the FWRA still relevant and up to date?	
Have any new risks been identified?	
Have actions been taken to mitigate these risks?	
Has the FWRA been shared with relevant stakeholders? E.g. directors/partners	

*Summary:*

### 3. AML Policies and Procedures (P&Ps)

	<i>Yes/No Provide further details below</i>
Are the P&Ps relevant and up to date?	
Have any changes been made to the P&Ps?	
Have employees, including new members of staff, confirmed they have read and understood the P&Ps?	
Do employees know where the P&Ps are kept?	
Do the P&Ps cover the following areas: Due Diligence, Firm Wide Risk Assessment, Client Risk Assessment, Training, Record Keeping, SAR, On-going Monitoring, and Sanctions Screening.	
Have any new systems or processes been incorporated into the firms P&Ps?	
Has any new or updated legislation or guidance been incorporated into the firm's P&Ps?	
Is it documented that the P&Ps have been reviewed and approved by the MLRO?	
Is it documented when the P&Ps will next be reviewed?	

*Summary:*

### 4. Customer Due Diligence (CDD)

	<i>Yes/No Provide further details below</i>
Is the CDD process still relevant?	
Has there been any changes to the CDD process?	
Have any new clients been declined because of unsatisfactory information?	

*Summary:*

### 5. Sample check of CDD files

	<i>Yes/No Provide further details below</i>
Do the CDD files contain all relevant information/documentation as per the CDD process?	

Is all information relevant and up to date? (e.g. identification is still valid, records match that of Companies House records, all UBOs and directors have been identified etc.).	
Is the risk rating of each client appropriate?	
Has any process improvements been identified?	
Has any training needs been identified?	

*Summary:*

## 6. Client Risk Assessment

	<i>Yes/No Provide further details below</i>
Is the client risk assessment process still relevant and up to date?	
Has there been any changes to the client risk assessment?	
Have any new clients been categorised as high risk?	
Has the risk rating of any existing clients changed?	
Has any new trends or risks be considered and applied to the client risk assessment process?	

*Summary:*

## 7. Suspicious Activity Report (SAR)

	<i>Yes/No Provide further details below</i>
Is the current internal SAR process relevant and up to date?	
Have all staff, included new joiners, been reminded of the SAR process?	
Have any internal SARs been received?	
If none have been received, is the MLRO satisfied with the training provided to staff regarding suspicious activity?	
Has the MLRO submitted any SARs to GoAML and Revenue?	

*Summary:*

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### 8. AML training

	<i>Yes/No Provide further details below</i>
Is the current AML training program up to date and relevant?	
Have all new staff received AML training?	
Have all relevant staff received AML training within the last 12 months?	
Has evidence of AML training completion and understanding been obtained for all relevant staff?	
Has there been any issues identified within the AML training program?	
Does the training program cover red flags, relevant AML regulations, tipping-off, CDD, SARs, how to deal with suspicious transactions and new trends and risks?	

<i>Summary:</i>
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### 9. Sanction Screening

	<i>Yes/No Provide further details below</i>
Is the current sanction screening process relevant and up to date?	
Has there been any positive matches from the completed sanction screening?	

<i>Summary:</i>
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## 10. Control Assurance

	<i>Yes/No Provide further details below</i>
Has an independent audit of the firm's AML controls been completed?	
Were there any adverse findings from the report?	
Is an independent audit going to be completed periodically?	

*Summary:*

## 11. Record Keeping

	<i>Yes/No Provide further details below</i>
Is the firm record keeping process still relevant and up to date?	
Are records easily accessible?	
Have records been kept for the appropriate period of time?	

*Summary:*

## 12. MLRO Summary

*Detail in the box the Executive summary for the compliance period highlighting any serious compliance deficiencies, together with remedial actions and any additional action points.*

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Signed:		Date:	
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Report read and understood by Directors/Partners:

Name:		Date:	
Name:		Date:	
Name:		Date:	
Name:		Date:	
Name:		Date:	