

Technical factsheet

ACCA Anti-Money Laundering (AML) monitoring review process

In applying for or renewing any ACCA certificate or licence, practitioners undertake to supply all information necessary to enable ACCA to carry out its statutory and regulatory obligations and to cooperate with its monitoring process. The details may be found in the Chartered Certified Accountants' Global Practising Regulations 2003 (GPRs). Please note that references in this factsheet to 'firms' include sole practitioners, partnerships, limited liability partnerships and limited companies.

The purposes of monitoring reviews are to ensure that ACCA members are complying with laws and regulations.

The ACCA monitoring review arrangements are designed to protect the public interest by ensuring ACCA supervised firms are putting the right systems and controls in place to comply with money laundering regulations.

The aim of this factsheet is to help ACCA supervised firms to understand the ACCA AML monitoring review process. ACCA supervised firms play a critical role in detecting and preventing money laundering and terrorist financing (MLTF).

This factsheet is applicable to ACCA-supervised firms in the UK and Republic of Ireland. It is issued for guidance purposes only, and in the event of any conflict between the content of this factsheet and the content of the *ACCA Rulebook*, the latter shall at all times take precedence. Therefore, this factsheet should not be regarded by a member as a substitute for familiarising himself or herself with the appropriate regulations and guidance or, where necessary, obtaining specific advice concerning a specific situation.

Introduction: statutory recognition

UK

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017) require ACCA-supervised firms to take appropriate steps to identify and assess the risk that they could be used for money laundering, including terrorist financing. There are other regulations covering money laundering such as the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Counter Terrorism Act 2008, which members are expected to familiarise themselves with.

Under Regulation 7(b) and detailed in Schedule 1 of the MLRs 2017, ACCA is a professional body supervisor and is required under Regulation 46 of the MLRs 2017 to effectively monitor its supervised firms' compliance with the money laundering regulations.

ACCA's AML supervision activities are overseen by the [Office for Professional Body Anti-Money Laundering Supervision \(OPBAS\)](#). OPBAS is a regulator set up by the UK government to strengthen the UK's AML supervisory regime and ensure all AML professional body supervisors provide consistently high standards of AML supervision as set out in the OPBAS [sourcebook](#).

Republic of Ireland

The Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2010 to 2021 (the AML Act) requires ACCA member or member firms ('designated person') to take appropriate steps to identify and assess the risk that they could be used for money laundering, including terrorist financing, taking into account the risk factors set out in Section 30A of the AML Act.

Under section 61 of the AML Act, ACCA is a designated accountancy body and is required under section 63 of the AML Act to effectively monitor its member or member firms' compliance with the money laundering regulations.

Requirements of an ACCA AML-supervised firm

To comply with money laundering regulations, ACCA-supervised firms must:

- Conduct and document a firm-wide risk assessment of the money laundering and terrorist financing risks faced by the firm.
- Establish and regularly maintain and update AML policies and procedures specific to the firm that have been informed by the firm-wide risk assessment.
- Conduct the appropriate level of due diligence on every client including: risk rating the client appropriately, identifying and verifying the client, understanding their source of funds and conducting appropriate levels of ongoing monitoring.
- Train all relevant employees so they can identify: money laundering and terrorist financing risks, red flag indicators and suspicious activities. The employees should be trained on how to escalate suspicions to the firm's MLRO.
- In the UK, supervised firms must apply to ACCA for approval of the firm's beneficial owners, officer and managers (BOOMs), and they must notify ACCA if they are trust or company service providers (TCSP) so that we can update the HMRC TCSP register.

Further information on what is required and guidance on AML regulation is available on the technical resources section of ACCA website at:

- UK
 - <https://www.accaglobal.com/gb/en/technical-activities/data-and-information-security.html>
 - For the approval of BOOMs and TCSP services <https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2018/april/Anti-money-laundering-guidance.html>
- Republic of Ireland
 - <https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2019/may/aml-guidance.html>

Firms should also refer to, and be familiar with, the [CCAB AML Guidance for the Accountancy Sector](#).

AML monitoring review process

AML monitoring reviews in the UK and Republic of Ireland are carried out by a dedicated AML supervisory team under the Governance Department.

AML reviews are either conducted **on-site** or via **desktop**.

The **on-site** review is conducted at the firm's registered office and usually takes one day to complete. It will be conducted with the firm's MLRO and/or money-laundering compliance principal (MLCP) and therefore it is important that this person is always available during the duration of the visit. There will also be the need to conduct a short interview a sample of employees of the firm.

The **desktop** review is conducted remotely and via telephone. It will require a telephone interview with the MLRO and/or MLCP, and may also require a telephone interview with an employee of the firm.

Both methods of AML review require firms to submit records and documentation to the AML supervisory team ahead of the review.

The AML reviews are designed to test the design, implementation and operating effectiveness of the supervised firm's AML policies, procedures and controls. Unless it's a thematic review designed to look at a specific AML control(s), the ACCA AML supervisory team will typically review and test AML controls such as:

- checking the supervised firm's firm-wide risk assessment
- reviewing documented MLTF policies and procedures
- checking client risk assessment processes, eg for consistency and documentation of rationale for client risk ratings
- checking client due diligence (CDD), enhanced due diligence (EDD) and ongoing monitoring procedures, including a review of a sample of client files, eg for evidence of relevant and up-to-date know your client (KYC) information and evidence of the client risk assessment
- checking the firm's process for identifying and reporting suspicious activity/transactions, including a sample of records of internal and external SAR/suspicious transaction report for accuracy and completeness
- checking staff awareness (including evidence of their understanding of money laundering regulations and how to recognise red flag indicators and deal with suspicious activities/transactions) and AML training records and materials to ensure they are up to date and cover appropriate topics
- checking record-keeping systems, procedures and controls
- checking MLRO independent reviews of MLTF systems, procedures and controls

Prior to a firm's AML review, a member of the AML supervisory team will contact the firm either by email or phone to arrange the review.

Thereafter, the ACCA supervisory team will write to the firm to confirm the date and time of the review, to explain what the review is likely to entail and to confirm the list of records and documents that the firm should provide ahead of the review.

The firm will be provided with a deadline to submit the information requested for the review to the AML supervisory team. The submitted documentation will be reviewed and assessed ahead of conducting the onsite visit or telephone interviews.

For **desktop** reviews, a sample of CDD files will also be requested prior to the telephone interviews and the firm will be provided with a deadline.

Firms that fail to cooperate or supply the requested information at any of these stages will be assessed as non-compliant and will be referred to the ACCA Professional Conduct Department for consideration of enforcement action, because this will be considered a breach of the ACCA practising regulations.

Reporting and remedial actions

Following the review, the AML supervisory team will issue a final report to the firm. The report will highlight the AML control deficiency found during the review and the remedial actions that the firm must take in order to improve their AML controls and to comply with the money laundering regulations.

A deadline for implementation of the remedial actions will be imposed on a case-by-case basis, taking into account the nature and seriousness of the AML control deficiency. Once the AML supervisory team is satisfied that the firm has designed and implemented appropriate AML controls and provided sufficient and appropriate evidence of such, the AML review will be completed and closed.

Firms that fail to cooperate or provide sufficient and appropriate evidence to demonstrate they have designed and implemented appropriate AML controls will be referred to the ACCA Professional Conduct Department for consideration of further enforcement action.

In cases of serious breaches of the money laundering regulations, a firm will be referred to the ACCA Professional Conduct Department for consideration of further enforcement action. If a case progresses to an ACCA disciplinary committee and the member is sanctioned for breaches of the money laundering regulations, then (as long as there are no legal restrictions or exceptional circumstances to prevent this) the decision will be published, naming the relevant member, as soon as practicable and in such manner as ACCA thinks fit.

Further information and guidance about the ACCA disciplinary process, including publicity and sanctions, is available on the 'regulation and standards' section of ACCA website at: <https://www.accaglobal.com/gb/en/about-us/regulation/disciplinary-and-regulatory-hearings.html>

Frequency of monitoring

The AML supervisory team conducts reviews on a risk-based cycle. Therefore the frequency of when firms are reviewed will vary in line with a number of factors that the AML supervisory team will consider. This can include, but is not limited to, the following, for example: the firm's previous monitoring history and assessed money laundering risk profile; emerging money laundering risks and threats affecting the nature and type of services provided in the accountancy sector; and intelligence from law enforcement or data from other sources.

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