[FIRM NAME] – Firm-wide risk assessment

Under the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018), it is a requirement for every accountancy firm to have a documented firm-wide risk assessment. Before beginning this exercise, you should review the; CCABI's Anti-Money Laundering Guidance For The Accountancy Sector CCABI's Anti-Money Laundering Guidance For The Accountancy Sector (AMLGAS). We'd also recommend reading the National Risk Assessment For Ireland and FATF Guidance for a Risk-Based Approach for the Accounting Profession . Trends and risks within money laundering is constantly changing. As the MLRO, it's imperative to keep up to date by reading relevant materials such as those listed to help assess the risk associated with your firm. The firm wide risk assessment should be reviewed and updated on an annual basis. Below we have created a template with some hints and tips to aid our firms in completing an AML Firm-wide risk assessment.

<table>
<tr><th>Assessment of risk
[Every accountancy firm will have risks. Therefore, it's important to identify them. In this column detail the risks your firm may have]</th><th>Mitigating actions
[In this column, you should state how you will alleviate the risk posed]</th></tr>
<tr><td colspan="2"><u>Client risk</u>
This section is the most significant. The range of clients and the associated risks are diverse and vast. You must consider whether your clients and its stakeholders have characteristics associated with money laundering, financial crime and terrorist financing. This list is not exhaustive, but here are just some examples;
• ***Unusual or excessively complex ownership structures & undue secrecy***
• ***Cash-intensive businesses***
• ***High-Net Worth Individuals or Politically Exposed Persons (PEP)***
• ***Association with high-risk jurisdictions***
• ***Criminal convictions or adverse media***
• ***High-value businesses (e.g. jewellers, car dealerships)***
• ***Type of Industry/Business of the firm (e.g. MSBs and import/export services would typically be considered as high-risk)***

Highlight your client risk in this section. It should look something like this…</td></tr>
<tr><td>• *We have two clients operating in high risk jurisdictions.*
• *Many of our clients operate cash intensive businesses such as restaurants, hairdressers and bars.*
• *We do not have any high-net worth individuals or PEPs.*</td><td>• *A client risk assessment is completed on each client during the on-boarding stage and annually during our ongoing monitoring process. Every client is given a risk rating of either; low, medium or high.*</td></tr>
</table>

• *We have several high-value businesses; high-end property rental/sales, wholesalers…* • *We have one charity.*	• *CDD is performed on all clients deemed to be low or medium risk to verify client identity and business activities. EDD, including sanctions screening, is performed on all clients deemed to be high-risk; such as the ones stated in the assessment of risk column. We review the CDD files every year. The firm's policies and procedures list the additional checks required such as independently verifying documentation provided by the client.* • *Staff are provided with training to identify risks. This is conducted by the MLRO annually and external bi-annually. Training covers; red flags, case studies, relevant AML regulations, tipping-off, CDD, SARs, how to deal with suspicious transactions. An assessment is conducted to ensure staff understanding.* • *All new clients are approved by the MLRO and one partner.*
<u>Geography risk</u> ***You should consider whether your clients are established or linked to jurisdictions that are regarded as high risk of money laundering or terrorist financing. You should either compile your own list of high-risk jurisdictions in your AML Policy or make use of high-risk lists provided by reputable sources including:*** ***• FATF's high-risk and other monitored jurisdictions*** ***• European Commission list of countries with weak anti-money laundering and terrorist financing regimes*** ***• Sanctions List: Central Bank of Ireland, HM Treasury, OFSI, EU and UN.*** ***• Transparency International - Corruption Perception Index*** ***Below is a typical example…***	
We have clients who are based locally, nationally and overseas. *We have reviewed the FATF, European Commission and Sanction list and although we have overseas clients, none operate in high risk countries.*	*Although we have no clients operating in high-risk countries, we have systems and controls in place to address this risk. This includes…*

<table>
<tr><td></td><td>Any client based nationally or overseas would be subject to additional checks – as its rare for our firm to offer services to clients outside of the immediate area. These checks would include…</td></tr>
<tr><td colspan="2"><u>Products and services risk</u>
In this section, you should consider whether any of your products or services have attributes known to be used by money launderers or terrorist financiers.</td></tr>
<tr><td>A national risk assessment identified the following areas of business as posing the highest AML risk within the accountancy sector:
• Trust and company formation services; to mask the ownership of assets or transfer assets between persons.
• False Accounting; to provide a veneer of legitimacy to falsified accounts or documents used to conceal the source of funds.
• Misuse of client accounts; performing high value financial transactions for clients with no clear business rationale.
• Exploitation of Tax services; facilitation of Tax Evasion and VAT Fraud.
• Misuse of Insolvency Services.</td><td>Although the list is not exhaustive, you should consider whether you offer the services outlined and address how you will manage each risk. For example, staff training to identify red flags, EDD etc.

You should consider putting into context the scale of risk. For example, if less than 1% of your revenue is generated through Trust and company formation services then it would be reasonable to consider this to be low risk for your firm.</td></tr>
<tr><td colspan="2"><u>Transactions risk</u>

As mentioned, misuse of client accounts is currently considered to be a risk within the accountancy sector. If you hold a client account, put into context the risk. You should also consider the risk associated with your office account. Below is a typical example…</td></tr>
<tr><td>Firm holds one client account. It is only used to receive tax refunds from Revenue. Usually less than five transactions per year. The amounts are always less than €10k and in line with what we'd expect for the clients involved.</td><td>We only provide these services to two long standing clients. Funds are always from a known and reputable source. Client account is operated by the MLRO and one partner only.</td></tr>
</table>

<table>
<tr><td colspan="2"><u>Delivery channels risk</u>

Do you meet your clients face to face? If not, you may face greater money laundering or terrorist financing risks because it can be more difficult to determine the identity and credibility of a client, both at the start of a relationship and throughout its course. You should also consider how and why the client has come to you. Below is an example…</td></tr>
<tr><td>All our local and national clients are met face to face at onboarding.

We do offer remote services to one overseas client.</td><td>We do offer online services – but all clients are met face to face at onboarding and typically at least once a year.

Although we did not meet the client when onboarding, he was referred to me via a long-standing customer. I conducted a video call with him and conducted EDD. I have since met the client as well.</td></tr>
<tr><td colspan="2"><u>Overall assessment of risk</u>

You should summarise all the above; highlighting the key areas of risk. You should consider listing any other risks you identified that have not already been mentioned. It’s also beneficial to provide an overall profile of the firm. Below is an example…</td></tr>
<tr><td colspan="2">Overall 10% of our client base are considered higher than normal risk, 80% medium/normal risk and 10% low risk. Those considered low risk, in accordance with the CCABI guidance, are public owner enterprise or operate in an already regulated market.

The majority of our clients work in the xxxx sector – so we are familiar with the type of activity and services they would typically offer.

Our clients tend to be local and long-standing.

We believe the biggest risk to the firm is XXXX. However, we believe we are mitigating this risk by enforcing the following controls. They are XXXX</td></tr>
</table>

Actions
Finally, list what actions you will take to address the risk identified. Below is an example…

Action	Delivery date	Owner
Perform annual compliance review (MLRO report)	01/01/2020	[STAFF NAME]
Conduct AML Training	01/03/2020	[STAFF NAME]
Review AML P&Ps	01/06/2020	[STAFF NAME]

Firm Wide Risk Assessment conducted by: [MLRO NAME]

Shared with: X [Partner of firm] and Y [Director of firm]

Completed on:

Next review date: