



**ANNUAL REPORT 6 APRIL 2020 – 5 APRIL 2021**

**UK AND IRELAND  
ANTI-MONEY LAUNDERING (AML) SUPERVISION**



Think Ahead

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## INTRODUCTION

ACCA's strategy to 2025 sets out how it will secure a vibrant future for ACCA by fulfilling its purpose, remaining true to its values and realising its vision in the next five years.

 We're a force for public good.  
We lead the global accountancy  
profession by creating opportunity.

ACCA's purpose sets out the value it seeks to create for society. The idea of opening up the profession, doing things differently and better, and never losing sight of our public interest remit are concepts that lie at the very heart of ACCA's DNA.

Regulation is integral to ACCA's brand promise of quality. ACCA's reputation, in turn, enhances the value of membership. Public value is, therefore, embedded in ACCA's regulatory system.

This Annual Report demonstrates how ACCA sets out to achieve its purpose through a robust regulatory framework for AML supervision.

ACCA's regulatory and disciplinary framework is subject to oversight by a robust and independent Regulatory Board ('the Board'). The Board also has responsibility for overseeing ACCA examinations and other matters in relation to the integrity of the qualifications process. The majority of the Board's members are non-accountants. Full details of the Board's regulatory policies and activities, including minutes of Board meetings, are available at [www.accaglobal.com](http://www.accaglobal.com), including its public Report on Regulation.

## SECTION 1 – FOREWORD

### REGULATORY BOARD CHAIR'S STATEMENT

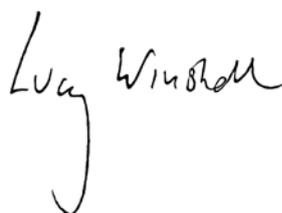
The Regulatory Board is tasked with providing general oversight over ACCA's regulatory arrangements and plays a critical role in safeguarding the public interest and in delivering public value. This in turn contributes to ACCA's purpose to be a force for public good.

The Board takes very seriously its role in overseeing ACCA's regulatory activities, including its responsibility as an AML supervisor in the UK and Ireland, and to do so in the public interest.

This is the first report published in relation to ACCA's AML supervision and it sets out the background to ACCA's role as an AML supervisor as well as the key outcomes from the AML compliance reviews conducted during the period.

Money laundering has a devastating impact on human lives. It enables serious organised criminals to benefit from their crimes such as drug trafficking, human trafficking, modern slavery and fraud.

The Board and ACCA take our role and responsibility as an AML supervisor seriously and fully understand the critical role we play in combatting money laundering and ensuring the firms ACCA supervise adhere to the highest standards.

A handwritten signature in black ink that reads "Lucy Winksell". The signature is written in a cursive style with a large, looped initial 'L'.

**Lucy Winksell**  
Chair, Regulatory Board

**EXECUTIVE DIRECTOR'S STATEMENT**

This report sets out the key outcomes and activities that are undertaken by ACCA to effectively fulfil our responsibilities as an AML supervisory body in the UK and Ireland during the period 6 April 2020 to 5 April 2021.

Money laundering diverts resources away from economically and socially productive uses. It can negatively affect a country's financial system by undermining its stability, as well as fuelling corruption and organised crime. Ultimately money laundering has a devastating impact and negatively impacts lives. Predicate crimes such as human trafficking, drug trafficking and sales of weapons are all connected with money laundering.

National Risk Assessments of money laundering published by both the UK and Ireland highlight the key vulnerabilities that criminals will look to exploit in the accountancy sector. All ACCA accountants, from those trading as a sole practice up to large firms, play a vital role in helping the global fight to prevent money laundering.

ACCA takes its responsibilities seriously and is constantly reviewing its approach to ensure it is effective.

ACCA conducts designated AML compliance reviews in order to ensure that those we supervise are operating to standards compliant with the regulations. This protects the firm itself from being exploited by criminals and ultimately helps protect society from the impacts of money laundering.

This report encompasses the activities undertaken and the key themes identified during our AML compliance reviews and highlights resources available for members to help implement appropriate controls.

**Maggie McGhee**

Executive Director, Strategy and Governance

## SECTION 2 – OUR ROLE AS AN AML SUPERVISOR

### WHY IS ACCA AN AML SUPERVISOR?

In the UK ACCA is a Professional Body Supervisor (PBS) for money laundering as detailed in schedule 1 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017).

In Ireland ACCA is a Prescribed Accountancy Body (PAB) under the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2010 to 2021.

### WHAT MONITORING POWERS DOES ACCA HAVE?

When members apply for an ACCA Practising Certificate, they agree to be bound by the provisions of the ACCA Rulebook. The ACCA Rulebook sets out the requirement in relation to AML compliance and ACCA's powers concerning the monitoring and compliance of ACCA Practising Certificate holders

In addition, if a case is referred to ACCA's Admissions and Licensing or Disciplinary Committees, those Committees have powers to require members to produce necessary documents and any other information and explanations relevant to the matter in question.

### ACCA'S APPROACH TO AML SUPERVISION

ACCA has built a designated AML Supervisory Team with responsibility of ensuring compliance of the supervised firms. ACCA took a strategic decision to build a designated team to conduct specific AML compliance reviews in order to effectively meet its AML supervision responsibilities in the UK and in Ireland.

The team take a risk-based approach to AML supervision and will use information collected on our firms through the AML risk assessment questionnaire and other sources to inform our monitoring plan.

ACCA's program of specific AML compliance reviews commenced in Q1 2019 and are conducted by experienced AML professionals. We will use different methods to conduct the AML compliance reviews, some firms will receive an onsite visit while others will be subject to a form of remote review. Whichever type of review a firm receives it will comprehensively assess the money laundering controls and framework that are in place to ensure the firm's compliance with AML requirements in the jurisdiction it operates. At the conclusion of the review the firm will be issued with the AML report.

Where non-compliance with the requirements is identified a firm will be issued with the AML report that details the findings from the review and the actions the firm is required to implement to address the areas on non-compliance. The firm will have a deadline of 30 days to implement the action where a control is assessed as non-compliant and provide evidence to ACCA of the action taken. ACCA may also take enforcement action in respect of the non-compliance.

In the UK, ACCA's AML supervisory activities are subject to oversight by the Office for Professional Body Anti-Money Laundering Supervision (OPBAS). OPBAS has oversight of the twenty-two accountancy and legal sector PBSs detailed in schedule 1 of the MLRs 2017.

OPBAS is housed within the FCA and its key objectives are to reduce the harm of money laundering and terrorist financing by:

- 1 Ensuring a robust and consistently high standard of supervision by the professional body AML supervisors (PBSs) overseeing the legal and accountancy sectors.
- 2 Facilitating collaboration and information and intelligence sharing between PBSs, statutory supervisors and law enforcement agencies.

OPBAS issues annual reports detailing its findings and themes from the activities that year.

### **MONEY LAUNDERING RISK IN THE ACCOUNTANCY SECTOR**

In the UK, HM Treasury and the Home Office publish the national risk assessment (NRA) of money laundering and terrorist financing. The third, and latest, NRA was published in 2020. In Ireland, the Department of Finance (DoF) and the Department of Justice and Equality (DoJE) published Ireland's first money laundering and terrorist financing NRA in 2019.

Both publications assess the threats and vulnerabilities of sectors being exploited based on factors such as the products and services they offer, their client base or the jurisdictions in which they operate.

The UK NRA highlights the risk of being exposed as highest when accountancy service providers (ASPs) do not fully understand the money laundering risks that their clients pose and therefore do not implement appropriate risk-based controls. The Irish NRA also reflects this theme and states that accountants may unknowingly facilitate money laundering when client due diligence procedures are too rudimentary to establish sources of funds, or the ultimate beneficial owner of funds involved in what may be complex transactions, which may involve multiple jurisdictions and legal arrangements.

Some of the other key areas are highlighted by both the UK and Ireland NRAs of why accountants are at high risk of exploitation by criminals:

- Accountancy services remain attractive to criminals due to the ability to use them to help their funds gain legitimacy and respectability, as implied by accountants professionally qualified status.
- Accountants providing company formation services. The risk is greatest when company formation services are offered alongside other accountancy services in order to create complex corporate structures that conceal the true source of wealth and/or funds and to obscure beneficial ownership.
- False accounting enables criminals to mask the true source of their funds. This falls under three categories: false bookkeeping, production of false documents and audit.
- Facilitation of tax evasion through the provision of tax advice and acting as an agent with HMRC.
- Criminals may target accountants who have client accounts to try and move large amounts of funds on their behalf.

## SECTION 3 – OUR AML SUPERVISED POPULATION

### WHO DOES ACCA SUPERVISE?

ACCA automatically supervises firms for AML as long as there is one or more ACCA member holding an ACCA practising certificate with a combined majority control over the firm. ACCA supervises sole practitioners who hold an ACCA practising certificate.

If a member does not hold an ACCA practising certificate or the majority control of the firm then ACCA cannot act as the AML supervisor of that firm. In these situations the member would need to seek supervision with HMRC in the UK and the Minister for Justice and Equality in Ireland.

### ACCA'S AML SUPERVISED POPULATION

The table below reflects the number of firms supervised by ACCA during the relevant period:

Supervised population	
UK	6,637
Ireland	589
<b>Total</b>	<b>7,226</b>

Accountancy firms may also act as Trust or Company Service Providers (TCSP). Any ACCA supervised firms that provide services that fall into the scope of the TCSP definition in addition to their accounting services are required to declare this to ACCA. Of the firms we supervised during the period covered by this report the table below reflects the number of firms who also provided TCSP services:

Supervised firms providing TCSP Services	
UK	3,787
Ireland	54
<b>Total</b>	<b>3,841</b>



## SECTION 4 – MONITORING ACTIVITIES DURING THE PERIOD

### ACCA'S AML COMPLIANCE REVIEWS

ACCA's AML compliance reviews are either conducted onsite or as a desk-based review.

The reviews purely focus on the money laundering controls and framework that are in place in the firm and will comprehensively assess them to ensure the firm's compliance with AML requirements in the jurisdiction it operates. The review will be primarily conducted via the Money Laundering Reporting Officer (MLRO) of the firm but there may also be a need to interview one or two employees of the firm. Both methods of AML reviews require firms to submit records and documentation to the AML supervisory team during the process. The controls that are typically reviewed and tested during the process are:

- 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.

During the relevant period covered by this report the COVID-19 pandemic meant a pause was placed on physical visits to firms due to the restrictions that were in place in the UK and Ireland. ACCA also took a strategic decision and placed a pause on monitoring our supervised firms for one month at the start of the national UK and Ireland lockdowns to help them adapt and overcome initial difficulties and pressures before re-commencing with our reviews.

ACCA adapted its approach and delivered all AML compliance reviews remotely instead of physically at the firm's premises for the relevant period of this report.

The table below reflects the number of AML compliance reviews conducted in the relevant period:

Number of AML compliance reviews			
Review type	UK	Ireland	Total
Desk-based	156	26	182

ACCA also has to report to regulators, HM Treasury in the UK and the DoJE in Ireland, on the outcome of reviews as compliant, non-compliant or generally compliant and this information is in the table below:

Outcome of AML compliance reviews			
Rating	UK	Ireland	Total
Compliant	0	0	0
Generally compliant	133	24	157
Non-compliant	23	2	25

**KEY FINDINGS FROM THE AML COMPLIANCE REVIEWS**

Where non-compliance with the requirements is identified a firm will be issued with the AML report that details the findings from the review and the actions the firm is required to implement.

For controls assessed as non-compliant the AML report will provide actions that the firm is required to implement within 30 days of the report date. The firm will be required to provide evidence to ACCA of what has been done. ACCA will examine the response and assess if the firm is ‘compliant’. Once fully satisfied ACCA will close the AML review and at the firms next review we will test to ensure the control has been maintained to the required standard.

The following is a summary of the key findings of non-compliance from our reviews during the period covered by this report:

- 23% of firms reviewed were classified as being non-compliant as they did not have a documented firm-wide risk assessment.
- 13% of firms reviewed did not have a documented AML Policy and Procedures and were therefore non-compliant.
- 10% of firms reviewed did not provide specific AML training to their employees.
- 5% of firms reviewed were classified as non-compliant as they did not have a documented process in place for employees to report suspicious activity to the MLRO.
- Only 1% of firms were deemed to be ‘non-compliant’ with CDD requirements and this was because that they were unable to evidence that they had a process in place and produce the relevant documents.

ACCA has created a number of supporting factsheets for members that help firms understand their responsibilities in the above areas of common findings. The factsheets will help them put the appropriate controls in place.

## ENFORCEMENT

ACCA has developed specific AML sanctions guidance – this is a Regulatory Board approved policy document – and this has been published on the ACCA website.

Twenty-seven cases were referred for potential disciplinary action for AML issues within the relevant period covered by this report. Of these cases, 21 related to cases of breaches of the ML Regulations that were identified during AML compliance reviews, three related to issues uncovered of members practising without AML Supervision, and the remaining three related to other AML issues. Of the 27 cases referred in the period, 22 remain open and are going through the formal disciplinary process as at the date of this report.

The table below details the AML penalties imposed by ACCA during the period covered by the report:

AML penalties	
Number of members fined	6
Total of fines	£18,000
Total costs	£14,974
Members excluded	1

In addition to the AML cases ACCA also deals with complaints about its members, affiliates and students, including allegations of misconduct. ACCA's responsibilities encompass conciliation, investigation and discipline. In all of these areas, ACCA acts in the public interest and in accordance with the principles of better regulation. It strives to take effective and proportionate disciplinary action, where appropriate, while carrying out procedures that are consistent and transparent. ACCA is a global regulator and applies the same standards to all its members, affiliates and students worldwide.

For context against the AML data provided above, ACCA received a total of 556 complaints in 2020, compared to 711 in 2019. ACCA believes that the reduced number of complaints received in 2020 was impacted by the Covid-19 pandemic. We conducted 266 hearings and 227 cases were concluded. Further information on complaints and discipline is provided in ACCA's Report on Regulation 2021 and decisions of regulatory and disciplinary hearings are published on ACCA's website and links can be found in Appendix 1.

## SECTION 5 – AML RESOURCES

ACCA has produced a number of technical resources that are hosted in the AML section of our website that help members understand and comply with the requirements of the money laundering legislation.

For the UK this can be located [here](#).

For Ireland this can be located [here](#).

Members can also contact the ACCA Technical Advisory function for specific advice as well as attending relevant ACCA courses and events.

## SECTION 6 – WHISTLEBLOWING

ACCA has a dedicated whistleblowing hotline and email address for those who wish to make a report about an ACCA member or firm. These have been set up so that ACCA can be more easily alerted about instances of non-compliance with the AML laundering regime, or potential involvement in money laundering or terrorist financing by ACCA members or firms. ACCA is committed to supporting anyone who wishes to make a confidential report about an ACCA firm, member, affiliate or student, where it is known or suspected that they:

- a Should be regulated under the Money Laundering Regulations, but are not; or
- b Appear to be ignoring the MLRs; or
- c Appear to be engaged (whether inadvertently or knowingly) in money laundering or terrorist financing.

If you wish to report an individual or firm whose supervisor for AML is ACCA you can report the matter confidentially to ACCA at this [link](#).

## SECTION 7 – LOOK FORWARD TO 2021–22

ACCA'S AML compliance reviews will continue and firms should look out for notifications from the AML supervision team that will notify them when they are due a review.

ACCA continually reviews its approach to AML compliance reviews in line with its risk based approach and supervisory framework. ACCA will be looking at increasing the volume and types of reviews conducted over the coming year.

Firms should continue to keep up to date and review the ACCA resources to ensure that they are compliant with the regulations.

ACCA will also be exploring in depth some areas that are often highlighted as high risk in the accountancy sector. One such area is the provision of TCSP services and to more fully understand the risks faced by the accountancy sector, ACCA and ICAEW will be conducting a joint thematic review with a sample of firms. Following the review we will publish our results and findings on this.

Firms must complete the AML risk assessment questionnaire that was sent out to all MLRO's in ACCA supervised firms on the 26 October 2021. This must be completed by the deadline set in the communication. Completion is a requirement of AML supervision and it ensures that ACCA hold the most up-to date and correct risk information in relation to your firm.

## APPENDIX 1 – ACCA FACTSHEETS AND RESOURCES

[New AML Risk Assessment link](#)  
[ACCA Technical Factsheets – UK](#)  
[ACCA Technical Factsheets – Ireland](#)  
[ACCA disciplinary sanctions guidance](#)  
[ACCA regulatory board](#)  
[ACCA Disciplinary and regulatory hearings](#)  
[ACCA Report on regulation](#)  
[ACCA regulatory board AML policy statement](#)  
[ACCA Rulebook](#)

## APPENDIX 2 – EXTERNAL LINKS

[UK National risk assessment of money laundering and terrorist financing 2020](#)  
[Irish National risk assessment of money laundering and terrorist financing 2019](#)  
[Consultative Committee of Accountancy Bodies \(CCAB\) AML Guidance](#)  
[Consultative Committee of Accountancy Bodies Ireland \(CCAB-I\) AML Guidance \(accessed via the ACCA Ireland Technical Pages\)](#)  
[Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#)  
[Criminal Justice \(Money Laundering and Terrorist Financing\) \(Amendment\) Act 2010 to 2021](#)  
[Proceeds of Crime Act \(POCA\)](#)  
[Office for Professional Body Anti-Money Laundering Supervision \(OPBAS\)](#)

## ABOUT ACCA

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of **233,000** members and **536,000** future members based in **178** countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation.

Find out more at [accaglobal.com](https://accaglobal.com)



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