



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND

ANTI-MONEY LAUNDERING COMPLIANCE

Example Case Studies: Whole Firm Money Laundering Risk Assessment

AML WHOLE FIRM RISK ASSESSMENTS

CASE STUDIES

Introduction

With the introduction of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 on 26 June 2017 (referred to hereafter as the 2017 AML Regs) firms regulated under the AML Regs are required to carry out a whole firm risk assessment.

The whole firm risk assessment should be undertaken at least annually and once undertaken it should be kept under regular review. The risk assessment should not be confused with the firm's annual compliance review that firms are also expected to undertake.

ICAS Firm-wide Money Laundering Risk Assessment Template

ICAS has developed a template to help practitioners record their risk assessments. This can be found at [icas.com](https://www.icas.com).

Other money laundering manuals and systems will provide a similar product to assist with compliance or firms may indeed develop something of their own.

Regardless of what system is adopted, every firm should be able to demonstrate to their regulator that they have complied with this requirement – and that means the risk assessment needs to be properly recorded.

Case Studies

Two case studies have been prepared to help demonstrate completion of the ICAS template.

Case study 1

The first is the most common scenario as it is based on a fictional, but typical, sole practitioner who employs no staff. Client work is fairly traditional accountancy and tax compliance work most commonly for small locally based businesses or individuals.

Case study 2

The second case study represents a more complex firm where there are a number of partners. Client work is more complex in this case where clients are a mix of traditional general practice cases – typically locally based.

Additionally, the firm also provides a variety of services to clients who are not resident in the United Kingdom. Typically, these clients will have business and/or property interests in the UK and the firm provides a full outsourced finance function service to these clients. In a number of such cases the firm will also provide Trust or Company Service Provider (TCSP) services such as acting as a nominee director and registered office address.

Case Study 1

Sole practitioner

FIRM-WIDE MONEY LAUNDERING RISK ASSESSMENT TEMPLATE

Name of firm:	<i>Sole Practitioner</i>	Compliance for period:	<i>31/12/17</i>
Completed by:	<i>SP</i>	Date:	<i>20/1/18</i>

1	Clients	Likelihood score	Impact score	Notes and/or applicable mitigation
1.1	Clients who are not locally based nor do they have an historic local connection?	1	1	Low impact assessed, no specific mitigation considered necessary
1.2	Clients who are not met face to face?	0	0	No instances
1.3	Acts for demanding clients with onerous and pressurised requirements?	3	2	There are few such instances, but I undertake an annual review of my client base, and consider whether it is appropriate to continue to act.
1.4	Acts for un-cooperative or overly secretive clients?	1	2	Instances rare, but annual review noted above will cover.
1.5	Acts for clients with connections to higher risk countries such as those countries with weaker money laundering regimes?	0	0	Small local practice with no such clients
1.6	Acts for clients who have been convicted of criminal activity?	0	0	No instances that am aware of
1.7	Acts for clients with known links to organisations or individuals with criminal or terrorist activities? Or on the financial sanctions list?	0	0	No such instances
1.8	Acts for domestic (i.e. UK based) politically exposed persons (PEPs)? <i>Not necessarily higher risk per FCA Guidance but should consider.</i>	0	0	No such cases
1.9	Acts for overseas politically exposed persons (PEPs)?	0	0	No such cases
1.10	Clients sourced from marketing agencies or adverts rather than referral?	2	1	Some new clients obtained this way. All are still met face to face before engagement commences and hence reduces risk accordingly.
1.11	Firm acts for clients with specific industry specialisms?	1	1	IT contractors. No specific additional risks noted.

1.12	Acts for clients where the structure, or nature of business/transactions, is unusual or complex?	0	0	No such clients
1.13	Acts for clients with cash intensive business activities?	2	2	Small number of takeaway restaurants. Additional considerations applied during client work.

1	Clients	Likelihood score	Impact score	Notes and/or applicable mitigation
1.14	Acting for clients where senior management approval is required before take-on because of high-risk nature. Or any clients where concerns over the nature of the ID documentation?	0	0	No such clients. In any case this is a sole practice so no senior management referral necessary.
1.15	Any clients of the type listed in any guidance from ICAS as your AML supervisor? Example: <ul style="list-style-type: none"> - cash based businesses? - money service bureaus? - arms dealers? 	2	2	Some cash businesses as outlined at 1.13 above
1.16	Client where the service is being provided in unusual circumstances?	0	0	No such instances
1.17	Any client which is a legal entity/ arrangement that is a vehicle for holding personal assets?	1	1	One family trust client. Standard arrangements no concerns highlighted.
1.18	Any client which is a company that has nominee shareholders, bearer shares or nominee directors?	0	0	No such clients
1.19	High net worth individuals?	1	1	One such client but straightforward and easily verified income sources etc
1.20	Clients where firm has been unable to determine ultimate beneficial owner? <i>Warning: verification of beneficial owner is required under ML Regs 2017</i>	0	0	No such clients

2	Geographic Areas of Operation	Likelihood score	Impact score	Notes and/or applicable mitigation
2.1	Provides services to clients largely based outside the United Kingdom?	0	0	Locally based clients
2.2	Provide services to clients based in countries which (identified by credible sources) have significant levels of corruption or other criminal activity?	0	0	Not done
2.3	Provide services to clients based in the Crown Dependencies (Isle of Man, Channel Islands, Guernsey) or other offshore tax jurisdictions and covered by local jurisdiction legislation?	0	0	No such clients
2.4	Provides services to clients based in countries on FATF list of countries not having effective ML regimes?	0	0	No such clients
2.5	Refers clients to other accountancy/taxation/insolvency practitioners elsewhere in the United Kingdom for specialist advice?	1	1	Very occasional referrals made but typically to other CAs to provide insolvency advice or specialist tax advice (such as IHT).
2.6	Refers clients to other accountancy/taxation/ insolvency practitioners outside the United Kingdom?	0	0	No instances
2.7	Provides services to clients or countries identified on the financial sanctions list , or subject to embargo or similar measures?	0	0	No instances
2.8	Provides services to countries providing funding or support to terrorism?	0	0	No instances
2.9	Clients receiving funding from any countries of concern (as highlighted above)?	1	2	One client received modest financial investment from family members based in Iraq. Level of funding acceptable, and no other concerns noted from experience with client.
2.10	Clients transacting with countries of concern (selling/purchasing/associations or connections with)?	0	0	No instances.

3	Nature of products and services	Likelihood score	Impact score	Notes and/or applicable mitigation
3.1	Payroll administration?	3	1	Payroll bureau operated bit small scale as typically husband and wife companies etc.
3.2	Corporate finance:			
3.2.1	Acquisitions?	0	0	Locally based compliance practice – no CF
3.2.2	Fundraising?	0	0	As above
3.2.3	Due Diligence?	0	0	As above
3.2.4	Business sales?	0	0	As above
3.3	Insolvency:			
3.3.1	Corporate insolvency?	0	0	No insolvency work undertaken
3.3.2	Personal insolvency?	0	0	
	Restructuring services/ Independent Business Reviews?	0	0	
3.4	Regulated investment business?	1	1	Occasional referrals to IFAs. Typically for pension advice.
3.5	Trust and company service provision for clients incidentally to other work performed for clients?	2	1	Registered office address for a small number of company clients. All CDD applied. No “non-clients” with TCSP
3.6	Trust and company service provision for clients with no other connection with the firm?	0	0	No instances
3.7	Trust and company service provision for clients includes the provision of nominee directors, nominee shareholders or shadow directors, or the formation of companies outside the UK?	0	0	No such instances
3.8	Provision of advice or referrals for advice in the areas of tax avoidance schemes?	0	0	Not done
3.9	Acting in capacity of executor, estate manager or provision of probate services?	0	0	Not done

3	Nature of products and services	Likelihood score	Impact score	Notes and/or applicable mitigation
3.10	Has access to client money or other assets belonging to the client?	2	1	<p>Typically only tax refunds where we have been responsible for the tax computation in any case. Clients will have been identified.</p> <p>No other client money routinely held or handled</p>
3.11	Has power of control over client's own bank accounts?	1	1	One case for payroll access only
3.12	Provides accounting or taxation services where there are concerns about the underlying books and records (falsification or substandard bookkeeping)?	2	3	Small number of clients whose records are exceptionally poor. May also form part of those subject to annual review.

4	Nature of transactions	Likelihood score	Impact score	Notes and/or applicable mitigation
4.1	Active use of the firm's client money account by clients?	1	1	Tax refunds only
4.2	Fees are routinely remitted in cash?	1	2	Rarely and typically for small low level fees such as personal tax returns.
4.3	Firm engaged actively in establishing regulated investment business products on behalf of clients?	0	0	
4.4	Active management of payroll on behalf of clients (especially making payments on client behalf)?	1	1	One such case identified but well controlled.
4.5	Active management/ control over any client's own account?	1	1	For one payroll account
4.6	Payments received from third parties/associates of clients?	0	0	No instances
4.7	Firm providing a one-off transaction or service?	0	0	No instances
4.8	Transaction or services which don't make commercial sense?	0	0	No instances
4.9	Transactions where you can't easily check where the funds have come from?	1	2	Occasionally. Will discuss with client

5	Firm's delivery channels	Likelihood score	Impact score	Notes and/or applicable mitigation
5.1	The firm operates largely based on the internet, clients met face to face infrequently?	0	0	Local firm – operated from one office on Main Street
5.2	Any clients where service is not face-to-face/online only?	1	1	One case only – brother of a locally based client and additional checks performed to verify identity. Otherwise no AML risk noted.
5.3	The firm trades from premises outside the UK, or outsources services to service providers outside the UK?	0	0	Not done
5.4	Any services/transactions favouring anonymity of client/beneficial owners?	0	0	None – normal level of confidentiality applied
5.5	Any services/transactions being transacted through intermediaries rather than clients directly?	0	0	None

6	Regulatory compliance and mitigation of risks	Yes	No	N/A	Notes
6.1	The firm has documented AML policies and procedures, which are regularly updated and communicated to all personnel?	X			
6.2	The firm has robust client acceptance procedures (accelerated to MLRO/MLCP where appropriate for high risk clients)?	X			
6.3	Robust client re-acceptance procedures (or ongoing checks on higher risk clients), involving MLRO and MLCP?	X			
6.4	Procedures and policies are applied equally by all aspects of the firm (including insolvency and other specialist areas)?	X			
6.5	The firm has implemented an appropriate approach to Customer Due Diligence records that is evident on all client files?	X			
6.6	Enhanced due diligence procedures are applied where appropriate?			X	
6.7	The firm has an appropriate SARs reporting procedure?	X			
6.8	The firm has a robust firm-wide risk assessment, with key risks communicated to staff and mitigations in place?	X			
6.9	The firm carries out an effective annual compliance review, which covers the full business, and also higher risk areas. This includes an action plan and follow up of remedial action, where appropriate?		X		Note, need to carry out a compliance review. Will utilise the template in the General Practice Procedures Manual.
6.10	Staff and principals have undertaken appropriate up to date training in AML, including key requirements and how to identify money laundering. Records maintained of training and staff declarations signed?	X			
6.11	More frequent training for staff in higher risk areas?			X	No staff

6	Regulatory compliance and mitigation of risks	Yes	No	N/A	Notes
6.12	Screening of staff, including regular screening in higher risk areas?			X	
6.13	Robust Clients Money procedures, in compliance with the Clients Money Regulations.	X			
6.14	MLRO/MLCP keeping up to date on key requirements and emerging risks.	X			
6.15	Where reports are made to the National Crime Agency these are made in a complete & timely manner.			X	No reports have been made in recent years
6.16	There are no inordinate delays in reporting to the NCA following initial report from staff members.			X	
6.17	Additional safeguards, including additional engagement review procedures (eg second partner review/external review), for higher risk clients.			X	Sole practitioner, no staff

7	Conclusion		
<p>Summary profile of firm</p> <p>{include background such as structure of firm, services offered, summary of types of clients acted for, geography of clients acted for, details of any special work undertaken, trust and company services provided and use of client money accounts etc.]</p> <p>I operate the firm as an unincorporated sole practice with no staff. I operate from one office on Main Street. Clients typically are locally based individuals or businesses and charities. Most are referred by word of mouth, although more recently I have used a marketing agency to generate new business leads. In each of these cases I always meet the client in person before taking them on. I have one or two clients that I have not met face to face but typically they have a local connection such as a family member who is an existing client of my firm.</p> <p>My client work is fairly typical general practice work delivering accountancy and tax compliance services for most. I carry out a few small payrolls and acts as registered office for a handful of company clients.</p> <p>My client money account is typically only used for tax refund purposes.</p>			
Risk area	Summary of firm	Overall assessment of risk	Mitigating actions
1 Clients	<p>Typically locally based clients.</p> <p>Most clients are referred by word of mouth and met face to face.</p> <p>Occasionally clients are more demanding.</p> <p>There are a small number of clients referred by marketing agencies. These are met face to face.</p> <p>Occasionally cash intensive businesses</p> <p>Occasional trust.</p>	Low risk	<p>Clients mostly met face to face.</p> <p>Clients referred from marketing agencies met face to face.</p> <p>Annual review of client base to identify that clients remain those of the nature that I wish to work for.</p>
2 Geographic	<p>Clients typically locally based</p> <p>Occasionally clients may have family connections with higher risk countries.</p> <p>Refers to other accountancy specialists</p>	Low risk	<p>No significant mitigating actions needed.</p> <p>Although work done to try and establish sources of overseas funds.</p>
3 Nature of products and services	<p>Typical general practice – accounts and tax compliance.</p> <p>Occasional referrals to IFAs for pension advice.</p>	Low risk	<p>Fairly traditional low risk services.</p> <p>Normal Customer Due Diligence approach sufficient.</p>

	Reg office		
4 Nature of transactions	Tax refunds via client money. Occasional fees received in cash One payroll account	Low risk	No major risk activity noted in this respect.
5 Delivery channels	Most clients met face to face. Occasionally clients not met face to face	Low risk	Where not met face to face enhanced CDD applied – additional online verification
6 Others	No other specific issues noted	N/A	N/A

Based on the various considerations above which are intended to prompt considerations of areas that may be considered to be of a higher risk from a money laundering perspective, each firm is required to conclude on an overall money laundering risk assessment for the firm. The conclusion should include a short narrative in support of the conclusion. There are three possible risk assessments – high, medium or low.

Risk	Circle as appropriate	High	Med	Low
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Justification of risk assessment and summary of any actions to be taken.

Overall risk categorisation: Low.

The nature of the firm’s work is straightforward and routine in nature. There are no major issues noted in respect of the client base, where they are based on in terms of the services provided. It is considered sufficient for the firm to follow the procedures set out in the General Practice Procedures Manual (as adapted for this firm). The overall risk assessment can be categorised as low. No additional actions are considered necessary to mitigate risks further, other than to complete an annual AML compliance review.

Risk assessment prepared by: *Sole Practitioner*

Date risk assessment prepared: *19 January 2018*



Subsequent Reviews

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Case Study 2

Partnership with overseas clients with UK interests

FIRM-WIDE MONEY LAUNDERING RISK ASSESSMENT TEMPLATE

Name of firm:	A Partnership	Compliance for period:	31/12/17
Completed by:	Partner 1	Date:	20/1/18

1	Clients	Likelihood score	Impact score	Notes and/or applicable mitigation
1.1	Clients who are not locally based nor do they have an historic local connection?	4	4	The firm acts for several clients who are not UK resident but own businesses or assets such as property within the UK.
1.2	Clients who are not met face to face?	2	4	Although most clients are met face to face there are a small number of clients who have not been. Enhanced CDD is applied in these cases.
1.3	Acts for demanding clients with onerous and pressurised requirements?	3	3	Clients are often of this nature.
1.4	Acts for un-cooperative or overly secretive clients?	3	3	Clients tend to want as little information about their business affairs to be publicly available. As a firm we adhere to the legislative requirements of the UK. Care is taken to ensure that the secrecy is not considered to be masking more concerning activity.
1.5	Acts for clients with connections to higher risk countries such as those countries with weaker money laundering regimes?	4	4	A number of clients are based in or have origins in such countries. Care is taken to establish the source of funds as part of routine CDD.
1.6	Acts for clients who have been convicted of criminal activity?	1	4	No instances that we as a firm are aware of but alert to the potential and aware of the high potential impact to our business in such cases.
1.7	Acts for clients with known links to organisations or individuals with criminal or terrorist activities? Or on the financial sanctions list?	0	0	No such instances

1.8	Acts for domestic (i.e. UK based) politically exposed persons (PEPs)?	1	2	<p><i>Not necessarily higher risk per FCA Guidance but should consider.</i></p> <p>We act for one UK based member of the House of Lords.</p>
1.9	Acts for overseas politically exposed persons (PEPs)?	0	0	No such cases
1.10	Clients sourced from marketing agencies or adverts rather than referral?	0	0	<p>The nature of business is that we rely on word of mouth recommendation and we do not advertise regularly or utilise the services of marketing agencies.</p> <p>Occasional use of social media to encourage new referrals.</p>
1.11	Firm acts for clients with specific industry specialisms?	3	3	Property investment. Aware of the potential issues in this area so we have established enhanced CDD procedures to verify the source of funds when properties are purchased.
1.12	Acts for clients where the structure, or nature of business/transactions, is unusual or complex?	3	3	We act for a number of clients who have extensive business interests. Our approach is to ensure that we record sufficient knowledge of client information to understand the structures of the businesses, beneficial ownership and the interactions between entities.
1.13	Acts for clients with cash intensive business activities?	2	2	Small number of restaurants. Additional considerations applied during client work, although increasingly cash is used less and less as the customers tend to make payment by way of credit or debit cards.

1	Clients	Likelihood score	Impact score	Notes and/or applicable mitigation
1.14	Acting for clients where senior management approval is required before take-on because of high-risk nature. Or any clients where concerns over the nature of the ID documentation?	3	1	All new clients are subject to approval of one of the three partners in the firm at the outset. Where there are concerns about the potential client the circumstances will be discussed by all three partners with associated decision being documented.
1.15	Any clients of the type listed in any guidance from ICAS as your AML supervisor? Example: - cash based businesses? - money service bureaus? - arms dealers?	2	2	Some cash businesses as outlined at 1.13 above
1.16	Client where the service is being provided in unusual circumstances?	0	0	No such instances
1.17	Any client which is a legal entity/ arrangement that is a vehicle for holding personal assets?	4	4	Several trusts in place. The firm also acts for a number of companies that hold residential properties in their property portfolios. Enhanced due diligence and awareness applied in these circumstances.
1.18	Any client which is a company that has nominee shareholders, bearer shares or nominee directors?	4	4	For a number of clients we act as nominee directors as the beneficial owners are not based in the UK. We are acutely aware of the risks associated with this work and hence ensure that CDD is enhanced in these circumstances.
1.19	High net worth individuals?	4	4	The majority of our overseas based clients would be considered to be HNW individuals. We do not provide financial or investment advice to these clients but may act as a nominee director or trustee on their behalf. We operate a separate fiduciary company for the

				<p>provision of these services.</p> <p>This company also complies with the AML Regulations.</p>
1.20	Clients where firm has been unable to determine ultimate beneficial owner?	3	3	<p><i>Warning: verification of beneficial owner is required under ML Regs 2017</i></p> <p>We have no such cases, although we have found it occasionally difficult in some cases to identify the ultimate BO.</p> <p>We try to ensure that we have established a meaningful structure chart including shareholdings in our knowledge of client information. This helps us determine who ultimate beneficial owners are.</p>

2	Geographic Areas of Operation	Likelihood score	Impact score	Notes and/or applicable mitigation
2.1	Provides services to clients largely based outside the United Kingdom?	4	4	<p>Many of our clients are not resident in the UK.</p> <p>We have a partner who is a CA but who has familial connections in the country from which many of our clients come from. He tends to meet clients locally although we act for their business interests in the UK.</p> <p>We work closely with legal professionals in the countries where our clients are resident (majority are EU-based).</p>
2.2	Provide services to clients based in countries which (identified by credible sources) have significant levels of corruption or other criminal activity?	2	4	<p>We do not have a lot of clients who are based in such countries. However, we recognise that there could be a high impact although the likelihood is lower.</p> <p>To mitigate this risk we ensure CDD is closely monitored and transactions reviewed thoroughly as part of work.</p>
2.3	Provide services to clients based in the Crown Dependencies (Isle of Man, Channel Islands, Guernsey) or other offshore tax jurisdictions and covered by local jurisdiction legislation?	2	2	<p>We have a small number of such clients. We have links to accountants in these jurisdictions</p>
2.4	Provides services to clients based in countries on FATF list of countries not having effective ML regimes?	1	3	<p>We have one such client, although we are satisfied that the business operated in the UK is legitimate and operated in accordance with UK legislation.</p>
2.5	Refers clients to other accountancy/taxation/insolvency practitioners elsewhere in the United Kingdom for specialist advice?	1	4	<p>Very occasional referrals made to other firms. The instances of clients seeking aggressive tax mitigation schemes has been much reduced in recent years.</p> <p>We have one or two legacy cases where the client had a scheme in place. We make clear to clients at the outset our ethos on such schemes. Typically the ongoing schemes are being defended by the scheme promoters and advisers, but we are aware of the risks.</p>

				<p>We do not advise on such schemes and would not routinely refer clients to scheme providers. Clients may approach providers direct however.</p> <p>We may utilise Big 4 firms for specific international tax advice on behalf of some clients as considered necessary.</p>
2.6	Refers clients to other accountancy/taxation/ insolvency practitioners outside the United Kingdom?	2	2	Potentially where the case merits such advice. In these cases we would only refer to international firms we are comfortable that they would be able to provide the advice appropriately to our client.
2.7	Provides services to clients or countries identified on the financial sanctions list , or subject to embargo or similar measures?	0	0	No instances
2.8	Provides services to countries providing funding or support to terrorism?	0	0	No instances
2.9	Clients receiving funding from any countries of concern (as highlighted above)?	2	4	Small number of clients from such countries. As noted elsewhere on the checklist these clients are subject to more robust CDD and ongoing monitoring thereof.
2.10	Clients transacting with countries of concern (selling/purchasing/associations or connections with)?	2	4	As outlined at 2.9 above.

3	Nature of products and services	Likelihood score	Impact score	Notes and/or applicable mitigation
3.1	Payroll administration?	3	1	Payroll bureau operated but small scale as typically husband and wife companies etc.
3.2	Corporate finance:			
3.2.1	Acquisitions?	0	0	Locally based compliance practice – no CF
3.2.2	Fundraising?	0	0	As above
3.2.3	Due Diligence?	0	0	As above
3.2.4	Business sales?	0	0	As above
3.3	Insolvency:			
3.3.1	Corporate insolvency?	0	0	No insolvency work undertaken
3.3.2	Personal insolvency?	0	0	
	Restructuring services/ Independent Business Reviews?	0	0	
3.4	Regulated investment business?	1	1	Occasional referrals to IFAs. Typically for pension advice. Most clients already have investment advisory arrangements in place.
3.5	Trust and company service provision for clients incidentally to other work performed for clients?	3	5	Registered office address for a several of companies. Acts as nominee director for several companies via our fiduciary subsidiary. Acts as trustee for several clients. All CDD applied. No “non-clients” with TCSP
3.6	Trust and company service provision for clients with no other connection with the firm?	0	0	No instances
3.7	Trust and company service provision for clients includes the provision of nominee directors, nominee shareholders or shadow directors, or the formation of companies outside	3	5	As outlined at 3.5

	the UK?			
3.8	Provision of advice or referrals for advice in the areas of tax avoidance schemes?	1	3	May encounter some legacy schemes, typically being defended by the promoters of the schemes.
3.9	Acting in capacity of executor, estate manager or provision of probate services?	0	0	Not done

3	Nature of products and services	Likelihood score	Impact score	Notes and/or applicable mitigation
3.10	Has access to client money or other assets belonging to the client?	4	4	<p>Where we act as nominee director we may well be responsible for the whole back office function of the UK based company – typically property management.</p> <p>Whilst aware of the risk associated with this activity, it also gives us excellent visibility on the activities of the company on a very granular basis.</p> <p>Payment transactions are agreed with client prior to being made and will only be made when supported by legitimate business documentation such as invoices etc.</p> <p>System of review and control over staff work in this area.</p> <p>No other client money routinely held or handled</p>
3.11	Has power of control over client's own bank accounts?	4	4	As 3.10 above
3.12	Provides accounting or taxation services where there are concerns about the underlying books and records (falsification or substandard bookkeeping)?	1	3	<p>There are a very small number of clients whose records are exceptionally poor.</p> <p>We would likely move to disengage from working with such clients.</p>

4	Nature of transactions	Likelihood score	Impact score	Notes and/or applicable mitigation
4.1	Active use of the firm's client money account by clients?	1	1	Tax refunds only
4.2	Fees are routinely remitted in cash?	1	1	Rarely and typically for small low level fees such as personal tax returns.
4.3	Firm engaged actively in establishing regulated investment business products on behalf of clients?	0	0	
4.4	Active management of payroll on behalf of clients (especially making payments on client behalf)?	1	3	Small number of such cases. Well controlled.
4.5	Active management/ control over any client's own account?	4	4	<p>Several cases where the firm provides the full back office function to the client.</p> <p>The firm and staff are aware of the risk associated with this work and ensure that every transaction is matched to legitimate business documentation.</p> <p>Records are maintained to a high standard to help ensure that only legitimate expenditure is incurred, and sources of income are validated.</p> <p>There is a system in place to review and supervise staff work.</p>
4.6	Payments received from third parties/associates of clients?	0	0	No instances
4.7	Firm providing a one-off transaction or service?	0	0	No instances
4.8	Transaction or services which don't make commercial sense?	0	0	No instances
4.9	Transactions where you can't easily check where the funds have come from?	3	4	<p>This is not uncommon as income comes from overseas. However, we endeavour to have a detailed knowledge of client to help verify the legitimacy of such funds.</p> <p>We also enquire extensively with clients to ascertain and provide evidence the sources of such funds.</p>

5	Firm's delivery channels	Likelihood score	Impact score	Notes and/or applicable mitigation
5.1	The firm operates largely based on the internet, clients met face to face infrequently?	1	2	<p>Our clients tend not to be referred from online sources but from other clients. A number of clients may not initially be met face to face but will be referred from sources that we are satisfied with (such as legal firms etc).</p> <p>We typically will meet clients face to face either before we start to act for them or soon after.</p>
5.2	Any clients where service is not face-to-face/online only?	1	2	Per 5.1 above
5.3	The firm trades from premises outside the UK, or outsources services to service providers outside the UK?	0	0	Not done
5.4	Any services/transactions favouring anonymity of client/beneficial owners?	3	4	<p>We provide nominee director services. This is typically for convenience sake of clients who are not ordinarily resident in the UK.</p> <p>We undertake additional enhanced customer due diligence in these cases.</p>
5.5	Any services/transactions being transacted through intermediaries rather than clients directly?	0	0	None

6	Regulatory compliance and mitigation of risks	Yes	No	N/A	Notes
6.1	The firm has documented AML policies and procedures, which are regularly updated and communicated to all personnel?	X			We utilise the procedures in the General Practice Procedures Manual which we have tailored to reflect how our business works.
6.2	The firm has robust client acceptance procedures (accelerated to MLRO/MLCP where appropriate for high risk clients)?	X			<p>We undertake these checks rigorously. Where the client is not met face to face we will obtain certified ID documentation at the outset of beneficial owners, supplemented by an online check.</p> <p>Where possible clients will be met face to face as soon as possible after being engaged.</p> <p>All potential new clients are reviewed by one of the partners prior to acceptance. Where there are any concerns highlighted by one partner then the potential client will be discussed by all partners before acceptance.</p>
6.3	Robust client re-acceptance procedures (or ongoing checks on higher risk clients), involving MLRO and MLCP?	X			The nature of our client bases means we are rigorous in carrying out our ongoing monitoring procedures, ensuring CDD and knowledge of client information is kept up to date.
6.4	Procedures and policies are applied equally by all aspects of the firm (including insolvency and other specialist areas)?	X			Agreed.
6.5	The firm has implemented an appropriate approach to Customer Due Diligence records that is evident on all client files?	X			Agreed
6.6	Enhanced due diligence procedures are applied where appropriate?	X			The nature of our client base means we are aware of the need to apply such procedures.
6.7	The firm has an appropriate SARs reporting procedure?	X			As necessary. These are stored away from client files in a secure area of our network.

6.8	The firm has a robust firm-wide risk assessment, with key risks communicated to staff and mitigations in place?	X			Agreed.
6.9	The firm carries out an effective annual compliance review, which covers the full business, and also higher risk areas. This includes an action plan and follow up of remedial action, where appropriate?	X			This is undertaken annually.
6.10	Staff and principals have undertaken appropriate up to date training in AML, including key requirements and how to identify money laundering. Records maintained of training and staff declarations signed?	X			
6.11	More frequent training for staff in higher risk areas?	X			We undertake an annual update with our staff. We tend to alternate year on year between a regulatory reminder one year – i.e. what procedures we should follow and the other year a reminder of what issues staff should be looking out for and reportable matters etc.
6.12	Screening of staff, including regular screening in higher risk areas?	X			We do fit and proper checks on all staff

6	Regulatory compliance and mitigation of risks	Yes	No	N/A	Notes
6.13	Robust Clients Money procedures, in compliance with the Clients Money Regulations.	X			
6.14	MLRO/MLCP keeping up to date on key requirements and emerging risks.	X			
6.15	Where reports are made to the National Crime Agency these are made in a complete & timely manner.	X			As part of our compliance review annually we check that any reports made by staff members are reviewed by the MLRO promptly and where reporting to the NCA is considered appropriate that this is undertaken without undue delay.
6.16	There are no inordinate delays in reporting to the NCA following initial report from staff members.	X			As noted at 6.15
6.17	Additional safeguards, including additional engagement review procedures (eg second partner review/external review), for higher risk clients.	X			This is especially true of our client take on procedures.

7	Conclusion		
<p>Summary profile of firm</p> <p>{include background such as structure of firm, services offered, summary of types of clients acted for, geography of clients acted for, details of any special work undertaken, trust and company services provided and use of client money accounts etc.]</p> <p>The firm acts for a mixture of locally based traditional general practice clients as well as several clients who are not resident in the UK but have business and/or property interests in the United Kingdom.</p> <p>For the local clients we are typically engaged to provide accountancy and tax compliance services.</p> <p>For those clients who are owned by overseas clients we will more often than not provide a full outsourced back office function. This will include the provision of nominee director or trustee services as well as bookkeeping, arranging payment of local expenses of the company as well as preparing management and year end accounts and associated tax compliance.</p> <p>We operate a subsidiary company that provides the nominee director services.</p>			
Risk area	Summary of firm	Overall assessment of risk	Mitigating actions
1 Clients	<p>Some locally based clients.</p> <p>Several clients based overseas whose business interests are in the UK</p> <p>Most clients are referred by word of mouth or from legitimate sources in country of origin (lawyers typically)</p> <p>Clients met face to face in most cases.</p> <p>Occasionally clients are more demanding.</p> <p>Occasionally cash intensive businesses</p> <p>Acts as nominee director and trustee for some clients</p> <p>Provides full back off functions for many clients.</p>	<p>Low risk</p> <p>High risk</p>	<p>None required</p> <p>Clients mostly met face to face. Enhanced customer due diligence procedures and documentation in place. Ongoing monitoring expanded for higher risk clients</p>
2 Geographic	<p>Some clients locally based</p> <p>Several clients are based</p>	<p>Low risk</p> <p>High risk</p>	<p>No significant mitigating actions needed.</p> <p>Enhanced customer due</p>

	<p>overseas and we act for their UK interests</p> <p>Some clients have connections with countries with weaker AML regimes or increased risk of corruption</p> <p>Refers to other accountancy specialists</p>		<p>diligence applicable.</p> <p>Ongoing monitoring procedures are applicable and include verification of source of funds and transactions that originate overseas</p>
3 Nature of products and services	<p>Typical general practice – accounts and tax compliance.</p> <p>Occasional referrals to IFAs for pension advice.</p> <p>Back office accounting for clients typically owned by overseas investors.</p> <p>Provision of nominee director and trustee services</p> <p>Provision of registered office address services</p>	<p>Low risk</p> <p>Low risk</p> <p>Medium risk</p> <p>High risk</p> <p>High risk</p>	<p>Fairly traditional low risk services. Normal Customer Due Diligence approach sufficient.</p> <p>The back office function work provides exposure to details of transactions and granularity which helps reduced the risk. There are procedures in place</p> <p>Mitigated by enhanced CDD, where possible clients met face to face and an extensive system of ongoing monitoring being put in place.</p>
4 Nature of transactions	<p>Tax refunds via client money.</p> <p>Back office management of clients own accounts includes payments being made to suppliers etc</p> <p>One payroll account</p>	<p>Low risk</p> <p>Medium risk</p>	<p>No major risk activity noted in this respect.</p> <p>The back office function work provides exposure to details of transactions and granularity which helps reduced the risk. There are procedures in place</p>
5 Delivery channels	<p>Most clients met face to face.</p>	<p>Low risk</p>	<p>Where not met face to face enhanced CDD applied – additional</p>

	<p>Occasionally clients not met face to face.</p> <p>Referrals from overseas based lawyers</p>	Medium risk	<p>online verification.</p> <p>The overseas lawyers are well known to us and we also try to meet clients face to face either here in UK or locally in their own country where we also have connections.</p>
6 Others	No other specific issues noted	N/A	N/A

Based on the various considerations above which are intended to prompt considerations of areas that may be considered to be of a higher risk from a money laundering perspective, each firm is required to conclude on an overall money laundering risk assessment for the firm. The conclusion should include a short narrative in support of the conclusion. There are three possible risk assessments – high, medium or low.				
Risk	Circle as appropriate	High	Med	Low
Justification of risk assessment and summary of any actions to be taken.				
<p>Aspects of the firm's activities – those where clients are based locally and basic compliance services are provided would be considered to be low risk.</p> <p>The firm acts for several overseas based clients. The services provided include nominee director and trustee services, outsourced back office functions as well as accountancy and tax compliance services. As clients are remote and occasionally have links to countries with weaker money laundering regimes this aspect of work has been categorised as high risk.</p> <p>To minimise the risk overall the firm applies enhanced due diligence procedures rigorously. Knowledge of Client information is documented extensively. These aspects are also reviewed at least annually to ensure that they continue to be kept up to date and relevant.</p>				
Risk assessment prepared by: <i>A Partner</i>				
Date risk assessment prepared: <i>19 January 2018</i>				
Subsequent Reviews				

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