

# Anti-Money Laundering Supervision

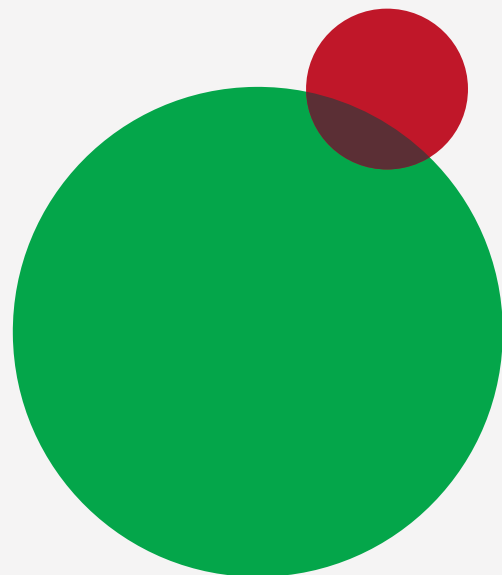
## Annual Report

For the period ended 31 March 2021



# Contents

Foreword from the ICAS Regulation Board	<b>3</b>
Introduction	<b>4</b>
Our AML supervision at a glance	<b>6</b>
What we do	<b>8</b>
2020/21 monitoring outcomes	<b>10</b>
Key themes	<b>13</b>
Regulatory actions and discipline	<b>18</b>
Whistleblowing	<b>20</b>
ICAS strategy	<b>21</b>
ICAS support	<b>22</b>
Appendix – Regulatory Framework	<b>24</b>



# Foreword from the ICAS Regulation Board

The Board are pleased to present this annual review of Anti-Money Laundering (AML) Supervision for the 15-month period to 31 March 2021. For a number of years ICAS has, in the public interest of transparency, issued a Money Laundering monitoring report. This report represents the first edition of the report where we are obligated to publish such a report under the Money Laundering Regulations.

The Regulation Board acknowledges how difficult the past year has been as our firms deal with the impact of a global pandemic, whilst still running their own practices and ensuring compliance with the prevailing regulatory environment. Whilst it continues to be a challenging time for firms in terms of regulatory matters, including ensuring compliance with the Money Laundering Regulations, there are positive signs of improvement when compared to prior years. Firms are to be commended where we have identified an increased focus and level of compliance.

That being said, there continues to be areas for improvement, and the focus on AML compliance remains fundamental to minimising the impact of illicit funds and organised crime on the Scottish, UK and world economies and ICAS are committed to playing our part.

We remain focused on improving levels of AML compliance among the ICAS supervised firm population, and with oversight and regulatory expectations increasing, raising standards of compliance will require a refreshed AML strategy. With that in mind, the Regulation Board has approved the process of implementing a new AML strategy, including changes to the monitoring approach to be launched in 2022. Further information in this respect is included later in this report, and as we are at the early stages of development, further communication will be made in due course.

This report sets out the areas we have identified as requiring improvement based on our regulatory monitoring activity. It also signposts practising CAs to guidance, advice and assistance to help ensure high standards of compliance going forward.

**Philip John Rycroft CB**  
**Chair**

# Introduction

For a number of years ICAS has published an annual report detailing the outcomes of our Anti-Money Laundering (AML) monitoring activities. We are now required under Regulation 46A of the Money Laundering Regulations to publish an annual report covering our supervisory activity.

Our Regulator, the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) require that reporting aligns with the fiscal year, so this report sets out the extent of ICAS AML Supervisory activity undertaken in the 15-month period ended 31 March 2021. Comparatives are for preceding calendar years ending 31 December.

References made in this report to the *Money Laundering Regulations* or **MLRs** refer to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019.

## Summary of activities

It is recognised how challenging 2020/21 has been for practitioners, and indeed continues to be in 2021, dealing with the impact of the pandemic and its restrictions, both personally and professionally. CAs in practice have been at the forefront of supporting small business navigate the plethora of government pandemic support schemes for the employed and self-employed.

We acknowledge with gratitude the willingness of our practice community to engage with ICAS in relation to Practice Monitoring, readily adapting to a new approach to remote reviews and meetings held via video conference and telephone.

Whilst the environment in 2020/21 naturally impacted on the way in which our work was conducted, and the number of reviews were reduced against initial expectation, we are proud of the way in which monitoring and regulatory activities continued during the period.

In 2020/21 the overall trend was positive with 78% of firms being considered compliant, being the highest level in recent years. Whilst the majority of other firms were considered 'generally compliant' we are determined to ensure that all firms focus on achieving full compliance.

The report highlights a number of areas where improvements could be applied and we encourage you to share this report with your colleagues, to consider the key messages when conducting your own compliance review process.

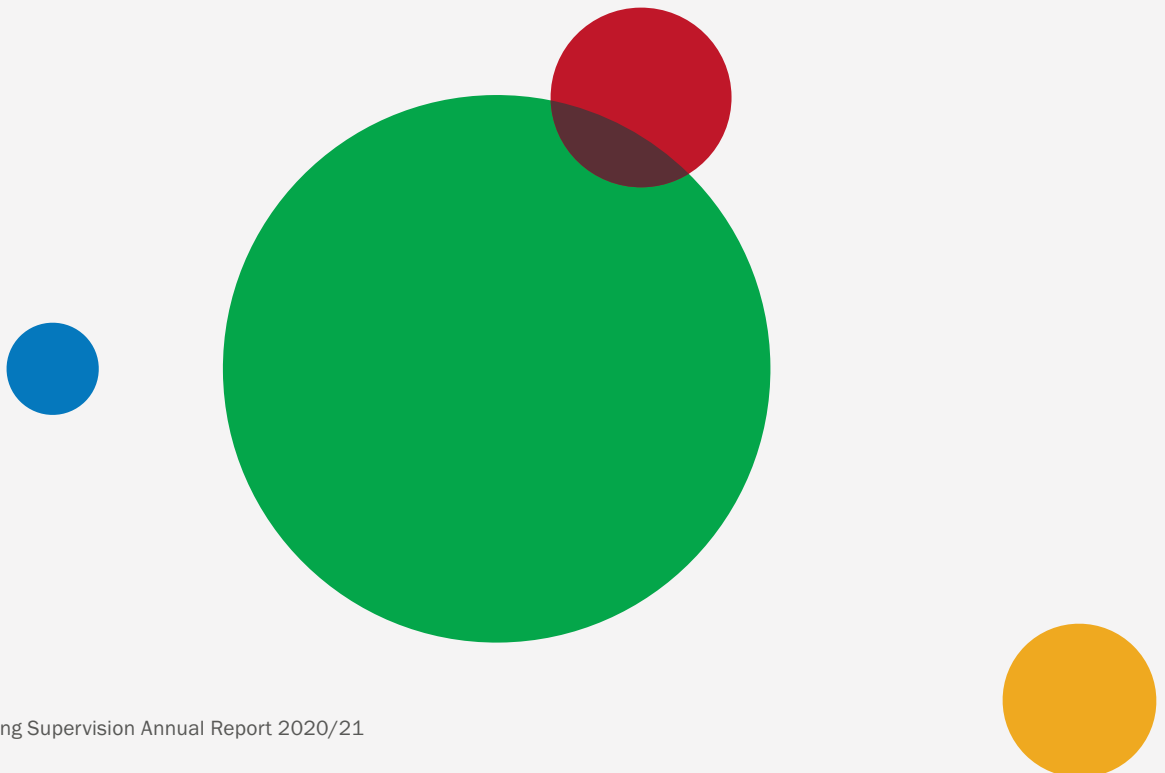
Our AML monitoring activity is conducted as part of our Practice Monitoring visits, for which we have issued a separate Annual Report for the 2020 calendar year.

This report aims to provide transparency over our work and includes:

- an overview of our AML supervisory activities during the 15- month period to 31 March 2021; and
- key messages arising from monitoring visits.

It is hoped that the report is helpful and informs you of areas that you may find helpful to improve your firm's AML compliance.

If you have any comments or questions, please contact us at [auditandpracticemonitoring@icas.com](mailto:auditandpracticemonitoring@icas.com)



# Our AML supervision – at a glance

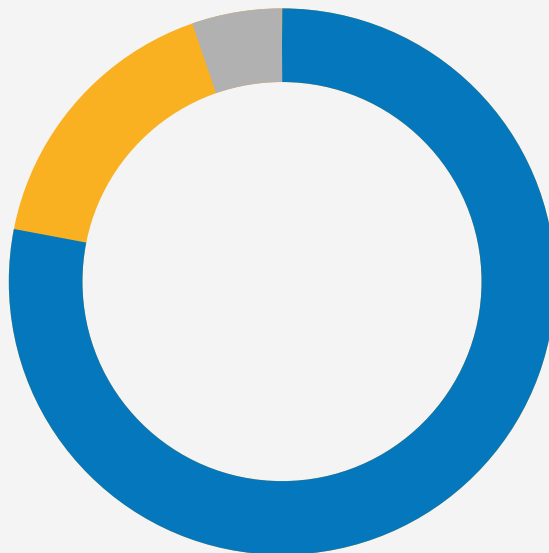
**c.922**

Firms are AML supervised by ICAS

**90**

Practice Monitoring/AML reviews conducted in the 15-month period to 31 March 2021

## 2020/21 Monitoring review outcomes



Compliant



Generally Compliant



Non Compliant

## Top 5 AML Findings

1

Whole firm risk assessments – Every firm should have undertaken a whole firm risk assessment

2

Approval – All Beneficial Owners, Officers and Managers must be AML approved by ICAS

3

Customer Due Diligence – Ongoing monitoring procedures should be formally recorded

4

Customer Due Diligence – ID verification should be evident in all cases, money laundering risks assessed and Know Your Client fully recorded

5

Training – all principals and staff should undertake regular relevant AML training

# What we do

## The Regulation Board and ICAS Committees

The Regulation Board (‘the Board’) is the executive board established by Council for setting policy and procedures relating to the regulatory functions of ICAS, including AML supervision.

The Authorisation Committee, which makes all regulatory decisions in relation to ICAS firms, reports regularly to this Board, as does the Investigation Committee.

## Background: Improvement Regulation

ICAS is an Anti-Money Laundering (AML) supervisor recognised under Schedule 1 of the 2017 Money Laundering Regulations.

We aim to deliver improvement regulation (sometimes referred to as developmental regulation), which means that our monitoring activities are designed to both:

- support the work of ICAS registered firms; and
- uphold standards and provide re-assurance to the public.

Our primary role is to effectively monitor our supervised population and to work with, and to support, firms to ensure compliance with requirements. The regulatory landscape is becoming increasingly challenging, meaning we require to act as a robust regulator.

The Appendix to this report explains “The Regulatory Framework”.

## What we review

We conduct AML monitoring reviews of all ICAS AML supervised firms as an integral part of a wider Practice Monitoring review. Whilst the primary AML compliance checks are conducted as part of this, we also conduct engagement file AML checks during Audit Monitoring and Insolvency Monitoring visits to ensure that these specialist engagements also cover the appropriate AML procedures.

Each firm is risk assessed, and that assessment contributes to the timing and frequency of reviews. Historically we have undertaken most visits on site, with desktop reviews performed on smaller practices considered to be low risk. If desktop reviews are commenced that we subsequently identify as a higher risk than expected, then we escalate the nature of the visit. First visits to new practices, in normal times, would almost always be an on-site visit, although in 2020 many of these reviews were held remotely.

The onset of the Covid-19 pandemic meant that no on-site reviews have been undertaken since mid-March 2020. The majority of our firms have been able to accommodate a remote review during this period.



Remote reviews have broadly mirrored the approach that would have been taken had the review been undertaken on-site, with the impact on the logistical aspects of the process and the timing of engagement with practitioners.

### How we review

Our AML review process is, as follows, for on-site visits:

1	2	3	4	5	6	7
Risk selection & notification	Planning & pre-visit information	Opening meeting	Review files and procedures	Draft report and meeting	Firm response	Final report, Committee & outcomes

For desktop reviews, firms submit their files and procedures for the monitoring team to review off-site and a telephone call is held with the firm to go over the findings, after which the draft report is sent to the firm.

### Who we review

As at 31 March 2021 there were c. 922 firms registered with ICAS (as at 31 December 2019: 947). Whilst firms vary in size, the majority are sole practitioners (c. 68%) and 2-3 partner (c. 22%) firms. Virtually all firms registered with ICAS are supervised by us in relation to AML.

# 2020/21 monitoring outcomes

## Overview

As has been highlighted throughout this report so far, 2020/21 has been an exceptionally demanding year for our firms. In normal conditions, changes in payroll taxes, legislation and government policy can take several months or years to be implemented, however in 2020/21 firms were responding in real time to the constant changes in government policy as the enormity of the economic impact of Covid-19 became apparent.

These pressures were added into an already challenging and changeable regulatory backdrop with recent changes in Money Laundering Regulations, GDPR, UK GAAP and Making Tax Digital all still requiring attention.

Despite these challenges, there are positive signs of improvement in AML compliance, when compared to prior years.

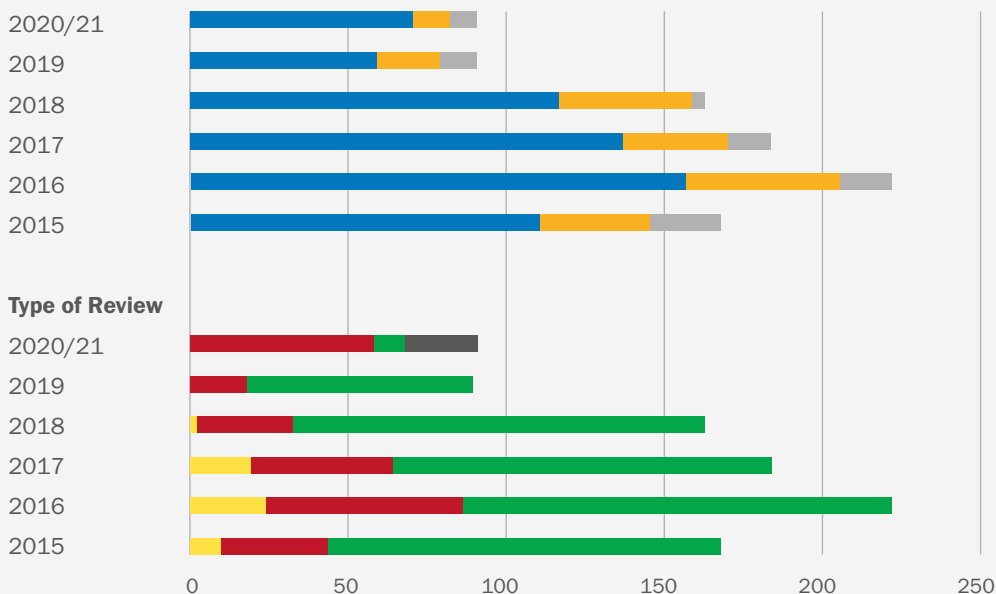
However, there continue to be areas for improvement, and the increased focus on AML compliance year on year will require firms to ensure sufficient and significant attention is maintained.

## Reviews

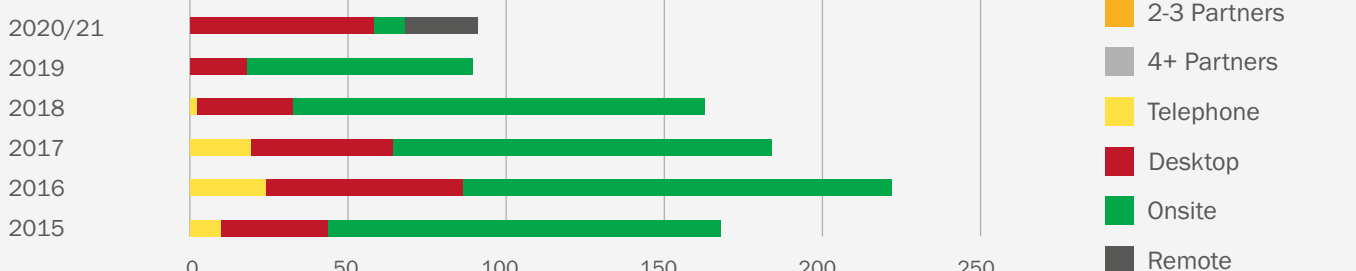
The chart below illustrates the mix of firms reviewed and the types of review undertaken in each period ('remote' denotes those in 2020/21 that would have been onsite had it not been for the pandemic restrictions).

During the 15-month period to 31 March 2021, 90 firms (year to 31 December 2019: 90) were subject to a review. We also undertook in the region of 25 follow-up reviews (2019: 55).

### Size of Practice



### Type of Review

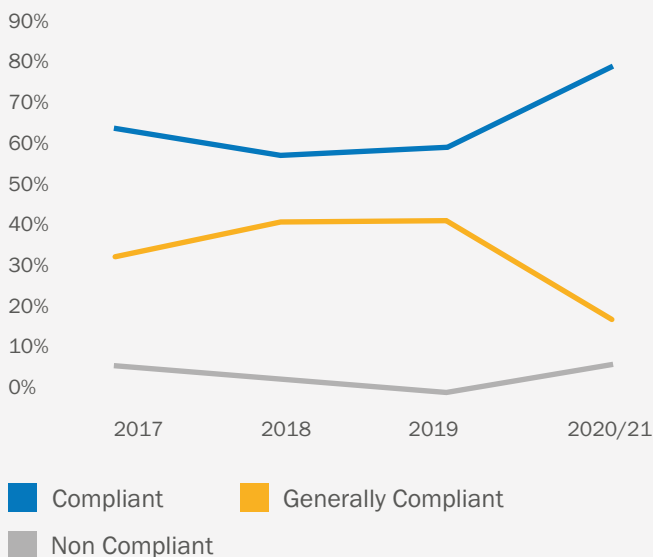


## AML monitoring outcomes

ICAS is required to report to HM Treasury and OPBAS on an annual basis, on whether firms subject to a monitoring review are:

- Compliant;
- Generally Compliant; or
- Non-Compliant.

## Trends in AML monitoring outcomes



It is recognised that year on year comparisons are difficult as the reviews performed each year are of different firms so it is important to bear in mind that the trends reported above are not comparing progress of the whole population of firms supervised by ICAS year on year.

It is pleasing, however, that the level of firms categorised as compliant has been trending positively. Whilst the levels of compliance seem to be improving, potentially because the 2017 Money Laundering Regulations have become embedded in firms' systems and procedures, there is required to be a focus on the part of all firms to ensure full compliance across the population.

Five firms were categorised as being non-compliant in 2020/21. These were where firms had demonstrated repeat issues from a previous visit, where a follow-up check as part of that previous process had shown improvement, but the firms have since failed to maintain this improvement. These instances are of significant concern and are reviewed by the Authorisation Committee for consideration of what action to take. In most instances the firms are impacted financially as they are required to pay for a follow-up check, however going forward, as part of the new ICAS strategy, it is likely that these types of instances will come with even greater regulatory action.

In 2020/21, 22% (2019: 40%) of firms that were subject to an AML review will be subject to follow-up checks. In order to encourage full compliance, ICAS has taken a decision to pro-actively perform follow-up checks on firms categorised as generally compliant, as well as those considered to be non-compliant firms.

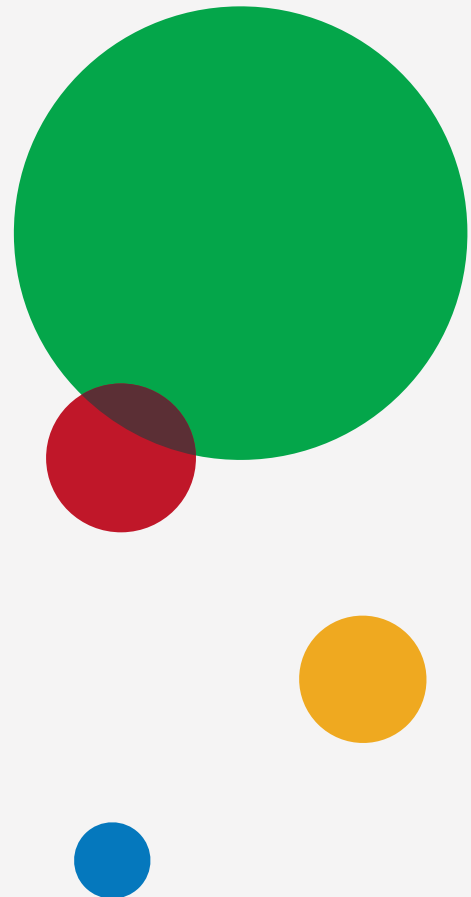
# 2020/21 monitoring outcomes

A robust follow-up approach is applied in order to encourage firms to become fully compliant.

## Follow-Up Checks and Sanctions

ICAS applies a system of improvement regulation whereby generally-compliant and non-compliant firms receive follow-up checks to ensure that the required improvements are implemented, as follows:

- Three-month follow-up checks
  - Firms are scheduled for a follow-up check around three months following the issue of the letter from the Committee confirming the follow up checks to be carried out.
- Practice Support:
  - Firms on follow-up may access support from our Practice team before they receive their follow-up check. This support is free of charge unless significant assistance is required to implement changes required.
- Regulatory actions
  - Firms failing to improve quickly may be faced with regulatory penalties or referrals to the Investigation Committee. Regulatory Actions Guidance in relation to AML compliance was implemented from 1 April 2019.



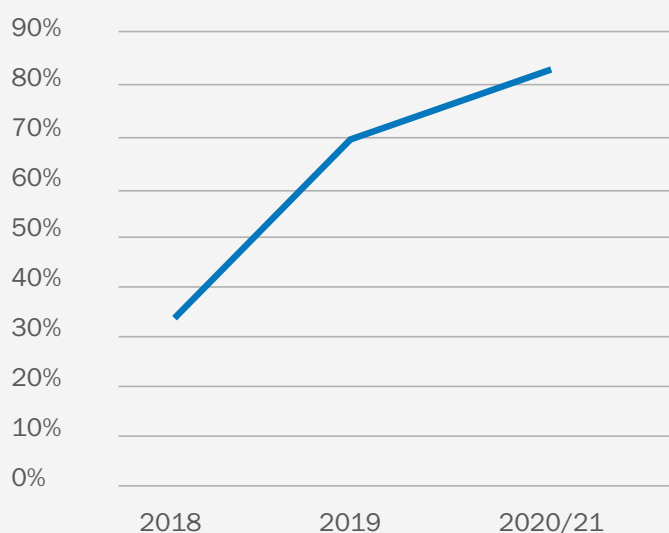
# Key themes

## Firm-wide (whole firm) Risk Assessment

The Money Laundering Regulations require that firms take appropriate steps to identify and assess the risks of money laundering and terrorist financing. The regulations require that this risk assessment is kept up to date and in writing.

The results of our monitoring activity in 2020/21 demonstrated that 81% of firms reviewed had carried out a whole firm risk assessment compared to 67% in 2019.

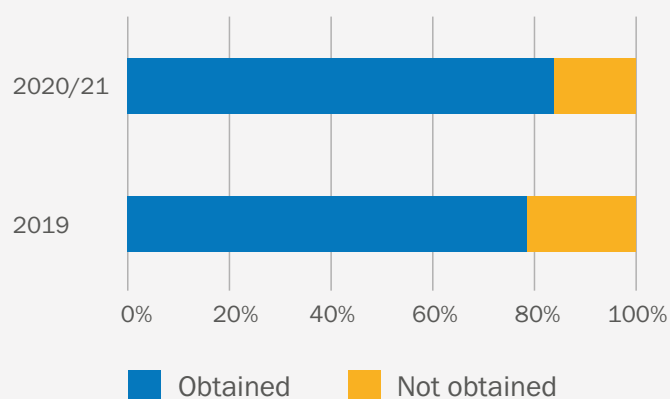
### Whole firm risk assessment trend.



## AML Approvals & Disclosure Checks

The 2017 Regulations require that Business Owners Officers & Managers (BOOMs) are approved by ICAS. This includes the requirement to obtain a basic criminal disclosure check for each BOOM.

### BOOM - Basic Disclosure checks



Whilst firms appear to understand the approval requirements, in 2020/21, 16% of firms visited (2019: 22%) had not obtained the relevant basic disclosure for every BOOM.

In order to address this issue, ICAS undertook a significant exercise in early 2021 to re-confirm details of every BOOM in each firm we supervise. It is likely that an annual declaration will be required in future to help ensure BOOM details and associated basic disclosure and fit and proper checks are performed in every case.

# Key themes

In addition, firms are reminded that:

- ICAS must be informed of the correct legal entity name (and any trading names used) along with any other entities associated with the firm conducting accountancy or Trust & Company Service Provider (TCSP) services;
- All BOOMs in each entity must be approved by ICAS using the AML approval process;
- A basic disclosure check must be obtained for each BOOM (i.e. Disclosure Scotland in Scotland, DBS in England) in order to confirm that the BOOM has no relevant offences. No-one convicted of a relevant offence is permitted to be a BOOM in an accountancy services provider or TCSP; and
- Disclosure checks are reviewed as part of the Practice Monitoring review and are now being requested for new BOOMs being advised to ICAS.

Further information can be [found here](#).

## Customer Due Diligence

Historically, Customer Due Diligence (CDD) was an area that prompted frequent recommendations for improvement as part of the Practice Monitoring review. CDD covers the approach firms take to identifying and verifying the existence of the client, maintaining records of their knowledge of the client and assessing the specific money laundering risk factors they associate with the client.

### *Verification of client identity/existence*

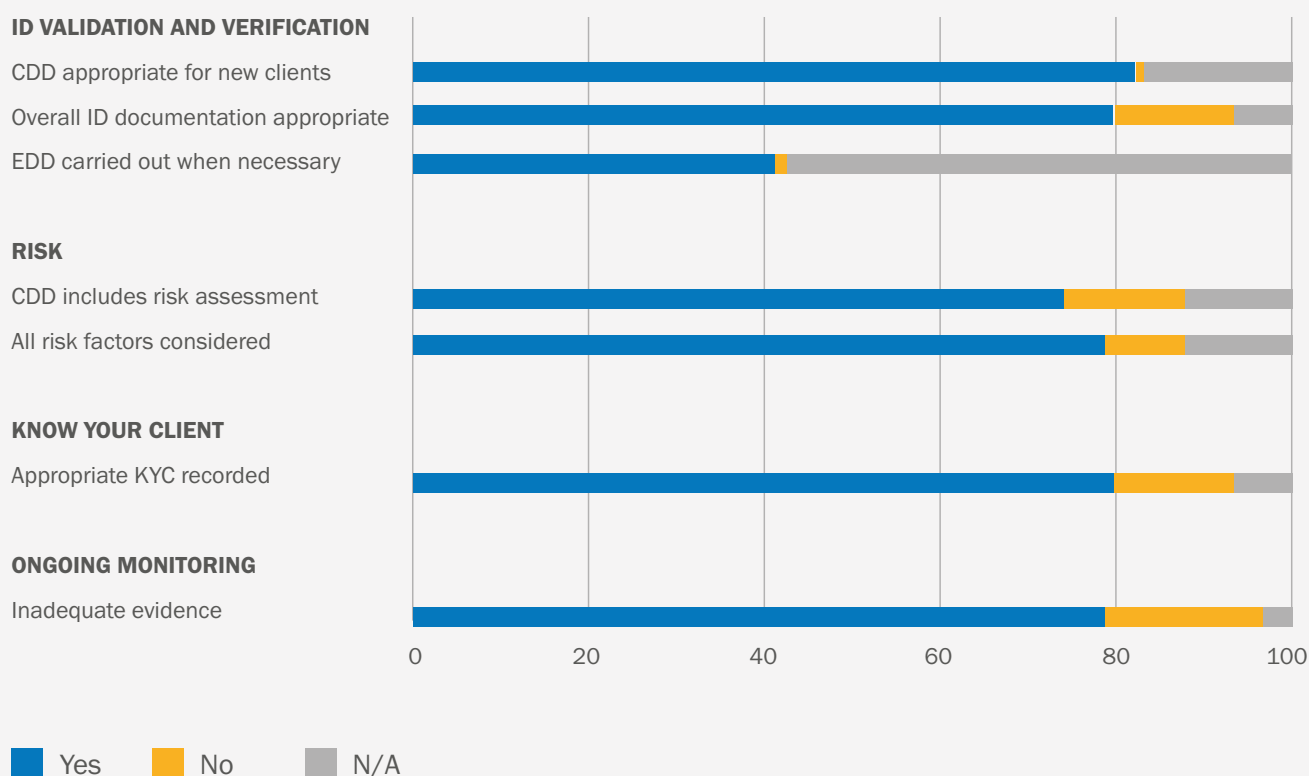
In 95% of the firms reviewed during 2020/21 procedures were in place to validate the identity of clients.

In 13% of cases reviewed during 2020/21 it was identified that there were inadequacies in relation to the documentation that was being retained by the firms to validate the identity of their clients.

### *Risk assessment*

13% of firms were not recording client specific money laundering risk assessments sufficiently. This is recognised as an integral element of the CDD process. During a monitoring visit, it can sometimes be clear from discussions with the principal that money laundering risks are being considered but such considerations need to be recorded to readily demonstrate compliance with the requirement.

## 2020/21 Customer Due Diligence Review Outcomes



### *Knowledge of client*

Typically, those firms that do not record their money laundering risk assessments are also not recording sufficient knowledge of client information. Around 13% of firms were noted as having insufficient knowledge of client information retained on file in the 2020/21 firms reviewed.

Whilst it is pleasing that the vast majority of firms visited were recording KYC well, we continue to strive for all firms to be compliant. Such documentation should be kept updated once in place.

Templates to assist in recording the relevant information can be found in the AML section of the General Practice Manual on [icas.com](https://www.icas.com).

# Key themes

## AML Policies, controls and procedures

The Regulations require all firms to have appropriate policies, controls and procedures in place.

### *Policies*

Over 91% of firms reviewed in the 2020/21 had documented AML policies in place. This was a slight improvement on 2019 (89%).

### *Compliance review*

Under the 2017 Regulations, firms are to establish an independent audit function to ensure that the requirements of the regulations being complied with. For the majority of firms this can be achieved by conducting a compliance review using a template such as is available in the General Practice Manual.

In 20% of cases reviewed in 2020/21 no such review had been undertaken. In 7% of cases reviewed, it was recommended that someone other than the MLRO should undertake the review. Clearly for sole practitioners this is not possible, but in firms with more than one principal someone other than the MLRO should carry out the review to meet the “independent” requirement in the regulations.

## AML Training

The regulations require that AML specific training is undertaken by all relevant employees. 10% of firms reviewed in 2020/21 were not meeting this requirement.

All firms are required to ensure that all principals and staff are regularly trained and updated on their responsibilities and obligations under the Regulations. Records should be maintained of all AML training activity undertaken recording detail of the content delivered, the date the training took place, details of attendees, and evidence that staff have understood the messages being relayed to them.

## Reporting

The Monitoring team conduct a brief review of a firm’s Suspicious Activity Reports (SARs) and SAR reporting procedures as part of the Practice Monitoring review. Reassuringly, our reviews undertaken in 2020/21 confirmed that all firms were aware of the obligation to report suspicions of money laundering to the National Crime Agency (NCA) should the eventuality arise.

It is worth reminding firms that the NCA expects that a glossary code be embedded within the text of any suspicious activity report submitted to them. Details of the glossary codes can be found on the [NCA website](#).



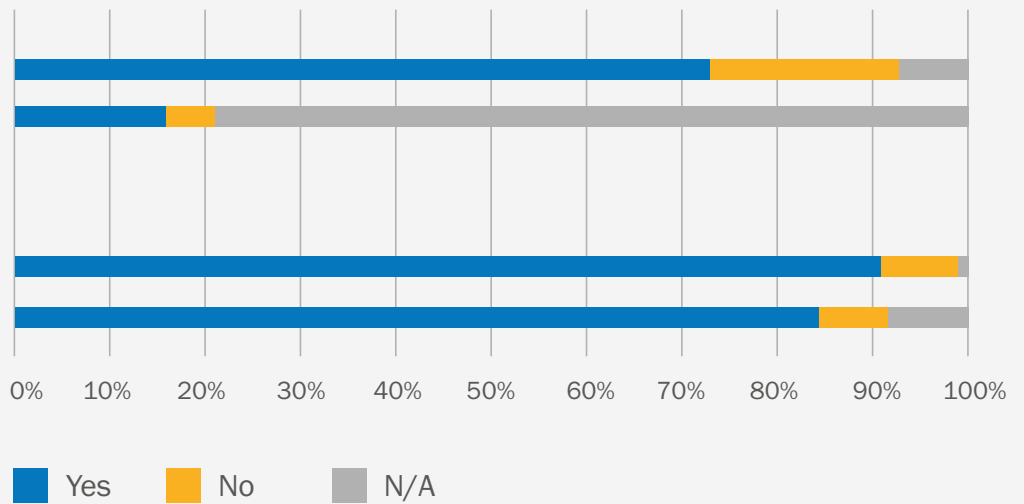
### 2020/21 Procedures and controls – review outcomes

#### CONTROLS

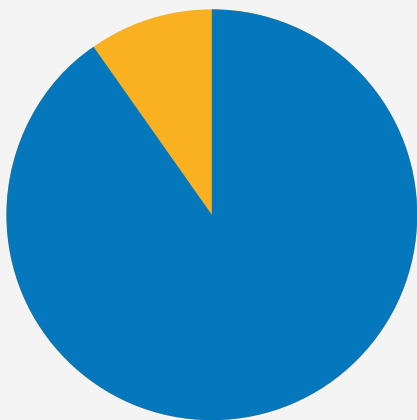
ACR carried out  
 ACR carried out by non MLRO

#### PROCEDURES

Procedures established  
 Procedures up to date



### Staff and principal training



Yes No

# Regulatory actions and discipline

## 2020/21 Outcomes

There were no new sanctions or disciplinary findings issued in 2020/21 in relation to AML.

As previously noted, there are a small number of visits that identified repeat issues that were considered to warrant a financial impact on the firm, being the requirement for them to pay for a follow-up check, which can range from £500 to £1,500.

## Regulatory actions guidance

As noted elsewhere in this report, ICAS implemented AML Regulatory Actions guidance in April 2019 which sets out the approach ICAS will take in such cases.

The guidance can be accessed [here](#).

The application of the Regulatory Actions guidance is intended to be applied to those firms who have not applied sufficient rigour to implement recommended improvements. ICAS continues to encourage compliance via the provision of advice, guidance and documentation to assist firms with compliance.

However, set against the supportive backdrop, if firms are unable or unwilling to comply with the Regulations, ICAS will readily and robustly apply the appropriate sanctions to help ensure that firms are compliant and continue to be so.

## 'Repeat Issues' Case Study

As noted above in our discussion on the 2020/21 outcomes those firms considered to be non-compliant have tended to be those that have failed to maintain standards observed at a previous visit.

The following case study is presented to illustrate the circumstances where this may be the case:

A firm, a sole practitioner, was subject to AML compliance follow-up checks after a Practice Monitoring visit held in 2017. The follow up check undertaken around three months after the conclusion of the 2017 visit was conducted in early 2018 and sufficient progress was noted to conclude that the principal had addressed the issues raised at that time.

As is consistent with our risk-based monitoring programme, a shortened visit cycle of three years from the last full visit was applied in this case, so another full review was undertaken in 2020. This visit demonstrated that principal had not built on, or even maintained, the improvements made following the last visit and follow up check.

As a result, this case was considered by the full Authorisation Committee who concluded that a paid for follow-up check be conducted.

### Other information

It is also within the remit of the Authorisation Committee to additionally apply a penalty based on the Regulatory Actions Guidance. In the case study above the Committee recognised some extenuating personal circumstances that led them to conclude no additional penalty was required, however this would be considered to be the exception rather than the norm.

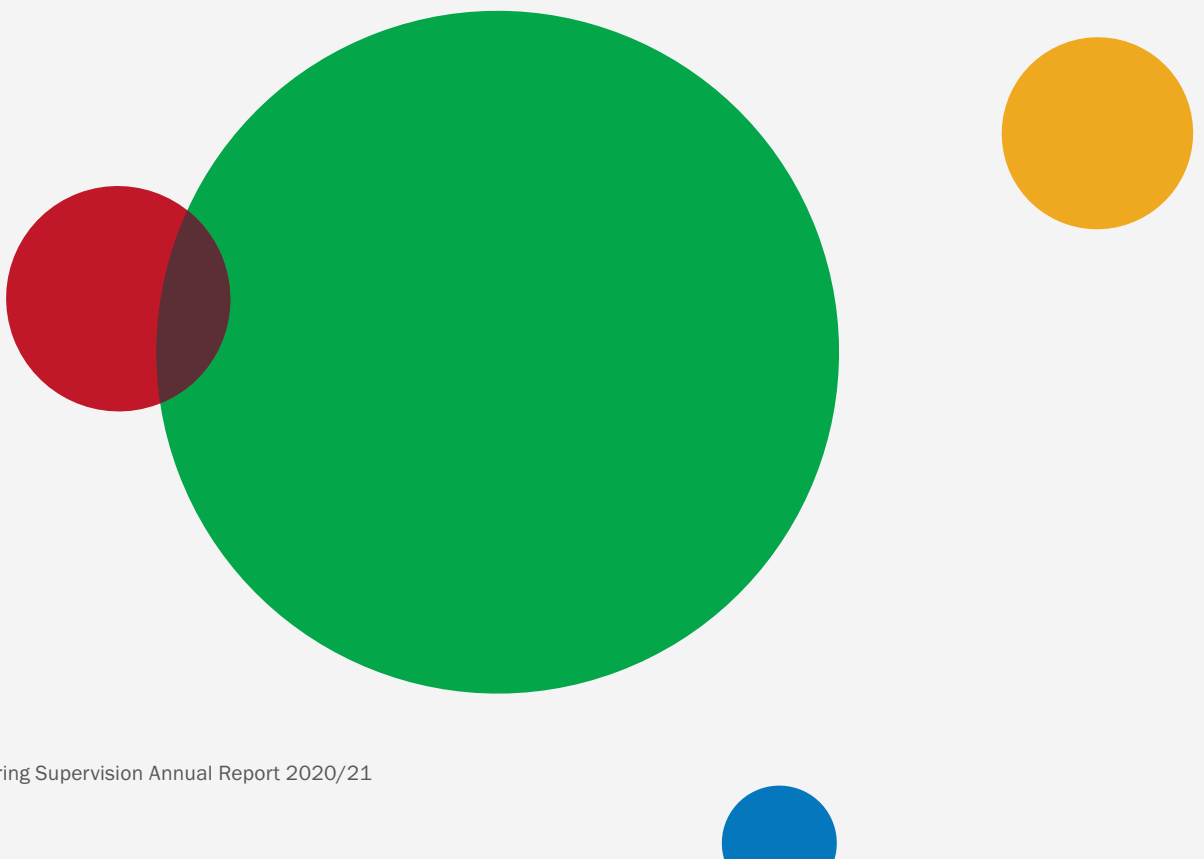
Where a penalty has been applied, then this will be subject to full publicity in the CA Magazine and on [icas.com](https://www.icas.com).

# Whistleblowing

ICAS recognises the importance of establishing appropriate channels for members, students and members of the public to bring concerns regarding our members in practice in relation to money laundering.

ICAS has established a whistleblowing helpline with Protect. The details of this are available in the Guidance section towards the end of this document.

ICAS is not a law enforcement agency so any whistleblowing reports made to ICAS would not meet the legal obligation on an MLRO to report suspicions of money laundering activity to the National Crime Agency should the need arise.



# ICAS strategy

ICAS is wholly supportive of the need to encourage honest, legal and ethical behaviours in business and has over many years kept pace with the regulation of AML primarily via the regular Practice Monitoring visits conducted to firms supervised by us. Recognising our aim to be an improvement regulator, our robust approach to monitoring is supported by our Practice Support team who provide guidance, templates and training in AML compliance matters for member firms.

AML is an area of compliance that is fundamental to being in practice. Over the coming months, HM Treasury and others are consulting on changes to the Money Laundering Regulations and the OPBAS Sourcebook amongst other things, so there remains a strong focus from central government on all things AML.

AML regulation will require increased focus in future, as the UK continues to prioritise policy reforms in relation to AML and fighting economic crime. OPBAS is now in its third year and is expected to increase its regulatory activities and oversight.

With that in mind, this is an appropriate time for ICAS to develop an updated AML supervision strategy. In April 2021 the Regulation Board agreed in principle to developing such an updated strategy.

From a regulatory perspective, the most significant strategic initiatives are:

- Enhanced regulatory accountability;
- A development in the approach and timing of AML monitoring activities;
- Consideration of the robustness of the Regulatory Actions available to the Authorisation and Investigation Committees of ICAS;
- Improving the support offered to members; and
- The introduction of an AML Annual Return.

The specifics will become clearer as the year progresses and ICAS will be publicising these widely as the strategy is developed.

# ICAS support

There is a great deal of guidance and assistance available free of charge to assist practitioners compliance with the requirements of the AML Regulations.

## **ICAS response to the COVID-19 pandemic**

ICAS has continued to carry out Practice Monitoring reviews throughout the various restrictions and lockdowns established in response to the global Covid-19 pandemic. Our AML regulators, HM Treasury and OPBAS have indicated that they expect AML supervision to continue despite the impact of the pandemic.

Firms should be alert to specific Covid-19 money laundering risks such as the abuse or exploitation of the various furlough and self-employed Covid-19 relief schemes provided by HM Government.

As part of the ICAS commitment to supporting the welfare of our members, students and staff, a hub was launched for information and resources relating to the impact of the [Coronavirus pandemic](#).

## **ICAS Anti-Money Laundering Support and Advice**

*Advice re AML procedures and approach*

If you have a question in relation to procedural matters in relation to Money Laundering compliance then contact our Practice team who will be happy to discuss your queries. They can be contacted at [practicesupport@icas.com](mailto:practicesupport@icas.com)

*On-site AML training*

The Practice Team can also deliver AML compliance training to your firm. Email the team at [practicesupport@icas.com](mailto:practicesupport@icas.com) to discuss your needs and the likely cost of such tailored training.

*Money laundering confidential helpline*

If you have queries in relation to possible money laundering reporting issues then you can contact our helpline in confidence on 0131 347 0271.

*Protect – Whistleblowing helpline*

ICAS has joined forces with Protect to provide members with access to an independent, confidential helpline. This service offers free advice regarding whistleblowing and speaking up.

You can call the ICAS Protect Helpline on 0800 055 7215

### *ICAS General Practice Manual*

In February 2020 ICAS launched the General Practice Manual available free of charge to all members on [icas.com](https://www.icas.com).

AML checklists have been updated to comply with the amended Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 following legislative changes to implement the 5th Money Laundering Directive which became effective on 10 January 2020.

### *MLRO Alert Hub*

ICAS, through its association with the Accountancy Anti-Money Laundering Supervisors Group (AASG) shares regular alerts to MLROs through this newly established hub. As an MLRO of a firm supervised by ICAS you should have been invited to join the hub which is updated separately from [ICAS.com](https://www.icas.com) due to the specific nature of information shared.

### **National Crime Agency (NCA)**

The NCA has developed several publications, podcasts and period webinars to provide advice and guidance to firms subject to AML supervision which can be accessed via their [website](#).

Of note is guidance on submitting better quality [Suspicious Activity Reports](#) (SARS)

The NCA publish SARS In Action magazine regularly which provides insight in relation to the benefits of SARS reporting and the impact they have on serious and organised crime.

The UK Financial Intelligence Unit (UKFIU) have also created a number of podcasts which are available on the main podcast providers such as Apple, Google play etc. Search for UKFIU.

### **CCAB Guidance for the Accountancy Sector**

Although not approved by HM Treasury at the time of publication of this report, the latest [AML Guidance for the Accountancy sector](#) was published by the CCAB in September 2020.

# Appendix – Regulatory framework

## Who is regulated?

The following roles conducted by our firms are regulated;

- auditor;
- external accountant;
- insolvency practitioner;
- tax adviser; or
- trust or company service provider (TCSP).

Accountancy services are defined by the HMRC as “the recording, review, analysis, calculation or reporting of financial information”.

We provide a more detailed definition of accountancy services in the ICAS guidance called [Guidance: When is Practising Certificate required?](#)

TCSP services are defined in the regulations and include:

- forming companies or other legal persons;
- acting, or arranging for another person to act –
  - as a director or secretary of a company;
  - as a partner of a partnership; or
  - in a similar capacity in relation to other legal persons;
- providing a registered office, business

address, correspondence or administrative address or other related services for a company, partnership or any other legal person or legal arrangement;

- acting, or arranging for another person to act, as –
  - a trustee of an express trust or similar legal arrangement; or
  - a nominee shareholder for a person other than a company whose securities are listed on a regulated market.

If you are in doubt whether any of your entities require to be supervised, please contact our regulatory authorisations team who can advise you ([regulatoryauthorisations@icas.com](mailto:regulatoryauthorisations@icas.com)).

## ICAS Anti-Money Laundering Regulations

ICAS published AML Regulations on 9 July 2019. These regulations set out the framework ICAS follows in order to supervise our firms. Importantly the regulations set out the supervision application process and obligations of supervised firms. The ICAS approach to supervision is largely governed by legislation.

## What is the legislative framework?

The law which comprises the UK AML regime is contained in the following legislation and relevant amending statutory instruments:



- The Proceeds of Crime Act 2002 (POCA) as amended. Particular attention is drawn to the Serious Organised Crime and Police Act 2005 (SOCPA);
- The Terrorism Act 2000 (TA 2000) as amended. Particular attention is drawn to the Anti-Terrorism Crime and Security Act 2001 (ATCSA) and the Terrorism Act 2006 (TA 2006);
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the 2017 Regulations) as amended. Particular attention is drawn to The Money Laundering and Terrorist Financing (Amendment) Regulations 2019;
- Anti-terrorism, Crime and Security Act 2001;
- Counter-terrorism Act 2008, Schedule 7;
- The Criminal Finances Act 2017.

Businesses should ensure that they take account of all subsequent relevant amendments.

POCA and TA 2000 contain the offences that can be committed by individuals or organisations. The 2017 Regulations set out in detail the systems and controls that businesses must possess, as well as the related offences that can be committed by businesses and individuals within them by failing to comply with the relevant requirements.

### **CCAB Guidance for the Accountancy Sector**

In September 2020 the CCAB published draft guidance for the Accountancy Sector covering Anti-Money Laundering and Counter-Terrorist Financing. The guidance is available in draft pending approval from HM Treasury. The Guidance can be [found here](#).

### **OPBAS**

OPBAS (“the Office for Professional Body Anti-Money Laundering Supervision”), is the oversight body charged with ensuring consistent supervision in the legal and accountancy sectors.

OPBAS is housed within the Financial Conduct Authority.

Its powers are wide and include the powers to:

- Publicly censure/remove AML supervisors;
- Request information/annual questionnaires/returns;
- Commission skilled third parties to report on the body’s AML effectiveness;
- Accompany professional bodies on monitoring visits;
- Conduct desk-top reviews;
- Conduct onsite supervisory visits;
- Request staff attendance at interview;

- Conduct thematic reviews;
- Issue directions; and
- Facilitate information sharing.

### **TCSP Register**

HMRC holds a register of firms with TCSP services. This register is not available for public inspection and will only be available to law enforcement agencies.

It is a criminal offence to conduct TCSP services without being disclosed on the register. It is also a criminal offence to conduct accountancy or TCSP services without being AML supervised.

If you have not notified ICAS of all legal entities connected to your practice which conduct accountancy or TCSP services please ensure you contact Regulatory Authorisations.

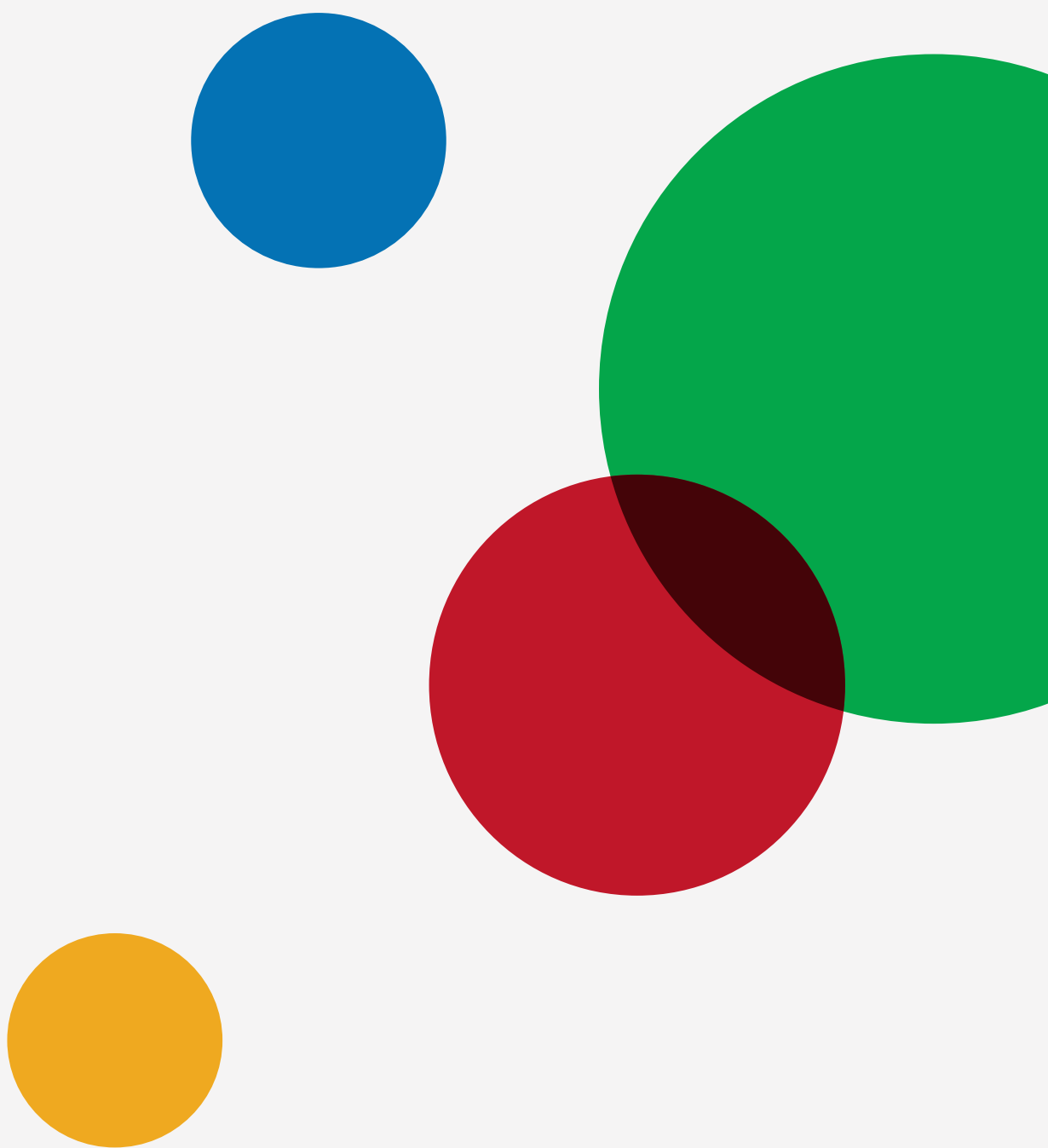
### **Approval of beneficial owners, officers and managers “BOOMs”**

The Money Laundering Regulations require all Beneficial Owners, Officers and Managers in each firm to be approved by their AML supervisory authority.

The regulation further requires that no BOOM should be guilty of a “relevant offence”. HM Treasury and OPBAS required all supervisors to ensure that firms conducted “disclosure checks” on their BOOMs (i.e. via Disclosure Scotland checks in Scotland and DBS checks in England and Wales).

Firms are reminded that BOOM approval is an ongoing requirement and that any impending changes to the Beneficial Owner, Officers or Managers in your firm must be notified in advance to Regulatory Authorisations.

It is a statutory breach to omit to apply for BOOM approval and the Authorisation Committee is required to take robust regulatory action.





**Contact us**

CA House, 21 Haymarket Yards, Edinburgh, UK, EH12 5BH

+44 (0) 131 347 0271

[connect@icas.com](mailto:connect@icas.com) | [icas.com](https://www.icas.com)

---

 @ICASaccounting  ICAS – Professional Body of CAs