

The ACCA logo is a red square with the letters 'ACCA' in white, bold, sans-serif font.

ACCA

A photograph of two men in dark suits standing on a stone staircase. The man on the right is holding a folder and looking at a document. The man on the left is pointing at the document. A metal handrail is in the foreground, partially obscuring the view.

ANNUAL REPORT: 6 APRIL 2023 – 5 APRIL 2024

UK AND IRELAND ANTI-MONEY LAUNDERING (AML) SUPERVISION

Think Ahead

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ABOUT ACCA

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **252,500** members and **526,000** future members in **180** countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Find out more at www.accaglobal.com



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INTRODUCTION

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

ACCA has a designated AML Supervisory Team with responsibility for ensuring compliance of its AML supervised population.

With many professional accountants working in positions of strategic or functional leadership for businesses and governments worldwide, accountants and their professional bodies have a central role in protecting the public interest and delivering public value.

ACCA supports its members in delivering public value not only by satisfying the needs of individual clients or employers, but also by considering the wider impact of their professional activities on society as a whole. The public at large, through access to high quality accountants, are the ultimate beneficiaries of everything ACCA does to promote ethics and professionalism.

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

The Regulatory Board provides robust and independent oversight of ACCA's regulatory and disciplinary framework. 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

SECTION 1 – FOREWORD

LUCY WINSKELL CHAIR, REGULATORY BOARD

The Regulatory Board is tasked with providing general oversight over ACCA's regulatory arrangements and the Board is supported by the Appointments, Qualifications and Standards Boards in its work. The Board is conscious that it plays a critical role in safeguarding the public interest and in delivering public value.

The Board, therefore, takes very seriously its role in overseeing ACCA's AML regulatory activities and to do so in the public interest. The public interest oversight arrangements in place include a substantial level of lay involvement and remain a key differentiator and real strength in demonstrating that impartiality and public interest are at the fore.

The ongoing geopolitical factors in various parts of the world continue to provide uncertainty with a consequential impact on the regulatory landscape. In such uncertain times, the Board is mindful of its vital part to play in ensuring ACCA's AML supervisory framework is robust, transparent and proportionate and in the public interest. The Board keeps abreast of key developments in the AML space both in the UK and the wider global environment and the impact on the ever-evolving AML regulatory landscape. I and the Board remain committed to ensuring that we play our part in ensuring ACCA's regulatory arrangements are robust, transparent and proportionate to meet the challenges that lie ahead.

MAGGIE MCGHEE EXECUTIVE DIRECTOR, STRATEGY AND GOVERNANCE

Our purpose sets out the value we seek to create for society. And it starts with that bold statement: we're a force for public good. Good governance is the absolute bedrock or cornerstone of this statement: never losing sight of our public value remit as we lead the profession forward. ACCA is committed to shaping the future of our profession as well as the AML regulatory environment that ensures confidence in the integrity of the global financial system.

We continue to recognise the acute challenges that money laundering poses to the UK's and the wider world's financial system. With the methods used by criminals to launder the proceeds of crime becoming more complex and technologically sophisticated, it is vital that we remain committed to ensuring the profession has robust measures in place to protect the public interest. We achieve this via our AML supervisory framework that is guided by an effective risk-based approach that works to uphold the necessary standards of professionalism, trust, transparency and ethics in the profession.

We set and enforce high ethical standards for our members and future members – to which all must adhere. These are outlined in the ACCA Code of Ethics and Conduct, and we ensure that appropriate disciplinary action will be taken when breaches are identified. This report deals with the broader set of outcomes for ACCA's supervisory activities during the period, including those where enforcement action was necessary at a later point in detail.

We adopt a continuous improvement mindset when discharging our regulatory activities to ensure that we meet our statutory responsibilities and protect the public. A key focus of our activity in 2024 has been on remediating performance against key performance indicators and this will continue to be a focus going forwards.

We work proactively with our lead regulator in this area, the Office for Professional Body Anti Money Laundering Supervision (OPBAS), to support improvements, implement recommendations and engage with regulatory development to help shape our approach to AML supervision and regulatory policy in the public interest.

The core of ACCA's supervisory work consists of designated AML compliance reviews of its supervised firms that assess whether their AML controls are effective at mitigating the risks of money laundering. The reviews also identify deficiencies and knowledge gaps, where they exist, to ensure continuous learning and improvement. This protects firms from being exploited by criminals and ultimately helps protect the public from the grave impacts of money laundering.

During the period covered by the report, the total number of such AML compliance reviews completed was 371 reviews.

SECTION 2 – OUR ROLE AS AN AML SUPERVISOR

WHY IS ACCA AN AML SUPERVISOR?

ACCA and our members act as a force for public good. We have a vital role to play in helping society combat the harmful impacts of money laundering through our AML supervisory activities, ensuring our members have effective AML policies, procedures and controls in place.

Through having robust AML procedures, policies and controls and understanding and risk assessing their clients our members play a critical role that will protect their services being exploited by criminals.

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.

More can be read about ACCA's Regulation and Standards work at <https://www.accaglobal.com/gb/en/about-us/regulation.html>

ACCA'S APPROACH TO AML SUPERVISION

ACCA has a designated AML Supervisory Team with responsibility of ensuring compliance of the AML supervised population with the requirements set out in money laundering legislation, and to ensure ACCA can effectively meet its AML supervision responsibilities in the UK and Ireland.

The team follow a risk-based approach to AML supervision using information collected on our firms through the AML risk assessment questionnaire and through other sources. The assessment of this information informs our monitoring plan and allows us to allocate our resources proportionately.

ACCA conducts its AML risk assessment of its supervised firms periodically. The data collected enables us to fully assess each supervised firm for its risk of being exposed to money laundering or terrorist financing. More detail on the factors included in the risk assessment is covered under the section 'Money Laundering Risk in the Accountancy Sector' in this report.

ACCA's AML compliance reviews are conducted by experienced AML professionals, and we adopt different methods to conduct them. Whichever type of review a firm receives, it will comprehensively assess the firm to ensure that it has appropriate money laundering policies, procedures, controls and framework in place to ensure it is compliant with the AML requirements in the jurisdiction it operates and address the money laundering risks it faces.

At the conclusion of the review the firm will be issued with an AML report.

Where non-compliance is identified, the AML report will detail the findings and the actions the firm is required to implement to become compliant. 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 they have taken. ACCA may also take enforcement action in respect of the non-compliant controls.

OVERSIGHT OF AML SUPERVISORY ACTIVITIES UK

In the UK, ACCA's AML supervisory activities are subject to oversight by 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 have a published sourcebook that provides information for PBSs on how to comply effectively with their obligations under the MLRs 2017. The sourcebook covers the key elements of the AML supervisory approach and explain the standards OPBAS uses to assess professional body supervisors in relation to their AML supervisory obligations, outlining how they can demonstrate continuous improvement and effectiveness.

OPBAS publishes annual reports that detail its findings and themes from their activities and supervisory assessments of PBSs during the period.

Further detail, including the sourcebook and annual reports, of OPBAS can be accessed at:

<https://www.fca.org.uk/about/how-we-operate/who-work-with/opbas>

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. An updated NRA is expected to be published in 2024.

In Ireland, the Department of Finance (DoF) and the Department of Justice and Equality (DoJE) published Ireland's updated money laundering and terrorist financing NRA in 2019. In addition, four sector specific money laundering and terrorist financing risk assessments have been published between 2018 and 2022.

The 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 highlighted by both the UK and Ireland NRAs of why accountants are at high risk of exploitation by criminals include:

- Accountancy services remain attractive to criminals due to the ability to use them to help their funds gain legitimacy and respectability, as implied by accountant's professionally qualified status.
- Accountants providing company formation services. The risk is greatest when company formation services are offered alongside other accountancy services 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.

ACCA use the NRAs, as well as other sources, to form the AML risk assessment of our firms. We annually conduct a bulk money laundering risk assessment of our firms focussing on the following factors and areas of risk:

- Size of the firm (employees and revenue).
- Total number of clients.
- Types of clients (eg those typically considered as high-risk, such as cash-intensive, cryptocurrency, high-net-worth individuals, Politically Exposed Persons etc).
- Location of the clients and any associations with high-risk countries as listed in the MLRs.
- Number of internal Suspicious Activity Reports (SARs) received by the MLRO and subsequent number of external SARs filed by the MLRO to the NCA.
- Services offered (such as handling of client money, payroll, TCSP services etc) and percentage of turnover generated from these.

ACCA proactively engages with other accountancy bodies and HMRC through the AML Supervisors Group (AASG) and Intelligence Sharing Expert Working Group (ISEWG) in the UK and with other accountancy bodies and the Garda in Ireland through the Joint Practices Group. This ensures that we are able to share best practice and emerging trends that ensures consistency across the sector in supervisors' approaches in both jurisdictions.

The AML Supervisory Team's operating model allows for flexibility in approach as we recognise that financial crime has constantly emerging threats that often require an immediate response.

SECTION 3 – OUR AML SUPERVISED POPULATION

WHO DOES ACCA SUPERVISE?

ACCA supervises firms for AML if one, or more, ACCA member holds an ACCA Practising Certificate and have combined majority control over the firm. ACCA supervises Sole Practitioners (SPs) who hold an ACCA Practising Certificate.

If a member does not hold an ACCA Practising Certificate then ACCA cannot act as their AML supervisor, in most cases where ACCA members do not have a majority control of the firm, then ACCA cannot act as its AML supervisor either in most cases. In these situations, the member/firm would need to seek supervision from the body they hold professional membership with, or 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, including SPs, supervised by ACCA during the relevant period covered by this report:

| Supervised population | | |
|-----------------------|---------|-------|
| UK | Ireland | Total |
| 6,995 | 584 | 7,579 |

In the firms supervised for AML in the UK 4,864 are SPs and 2,131 are firms and in Ireland 448 are SPs and 136 are firms. Within the supervised population there are 8,780 individuals who meet the criteria of Business Owners, Operators and Managers (BOOMs) as defined in Regulation 26 of the MLRs.

Accountancy firms and SPs may also act as Trust or Company Service Providers (TCSP). ACCA supervised firms/SPs 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.

In the UK, where an entity is solely providing TCSP services unrelated to an accountancy business, even though it may include an ACCA member, it is expected that the entity will be supervised by HMRC.

In Ireland, the Department of Justice - AML Compliance Unit (AMLCU) are responsible for supervision of TCSP services unrelated to an accountancy business. There is a Memorandum of Understanding that sets out the role of the AMLCU and professional bodies in supervising TCSPs. This can be accessed at: <https://www.amlcompliance.ie/wp-content/uploads/2022/01/AMLCU-MOU-with-Accountancy-Bodies-2022-6.pdf>

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 | Ireland | Total |
| 4,144 | 66 | 4,210 |

Out of the firms supervised for AML that provide TCSP services in the UK, 2,591 are SPs and 1,553 are firms and in Ireland 43 are SPs and 23 are firms.

SECTION 4 – MONITORING ACTIVITIES DURING THE PERIOD

ACCA'S AML COMPLIANCE REVIEWS

ACCA conducts specific AML compliance reviews which purely focus on the money laundering controls and framework that are in place in the firm. The reviews 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 a sample of employees as well.

ACCA use a range of methods to conduct the AML reviews. However, whatever method of review a firm receives it will be required 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:

- The firm-wide money laundering risk assessment.
- AML policies and procedures.
- Client risk assessment processes, eg for consistency and documentation of rationale for client risk ratings.
- 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.
- The firm's process for identifying and reporting suspicious activity/transactions, including a sample of records of internal and external SAR/suspicious transaction reports for accuracy and completeness.
- AML training provided to the firm's employees (including evidence of their understanding of money laundering regulations and how to recognise red flag indicators and deal with suspicious activities/transactions). This includes reviewing AML training records to ensure materials are up to date and cover appropriate topics.
- Record-keeping systems, procedures and controls.

The table below reflects the number of AML compliance reviews conducted in the relevant period with a comparison against the previous periods:

| Number of AML compliance reviews | | | | | | |
|----------------------------------|------------|---------|------------|---------|------------|---------|
| Review type | 2021/2022 | | 2022/2023 | | 2023/2024 | |
| | UK | Ireland | UK | Ireland | UK | Ireland |
| Desk based | 299 | 48 | 338 | 57 | 319 | 52 |
| Total | 347 | | 395 | | 371 | |

ACCA records the outcome of AML compliance reviews as compliant, non-compliant or generally compliant.

A compliant rating is applied to a firm where it can demonstrate, and provide evidence, that it has effective and appropriate systems and controls in place that meet the requirements of the relevant money laundering legislation. The controls minimise the likelihood that the firm will be exploited by those engaged in financial crime. A compliant firm will be able to provide evidence that these policies, procedures and controls are used consistently and are reviewed by the MLRO for effectiveness on a regular basis.

A generally compliant rating is applied to a firm that demonstrates it has systems and controls in place but there is insufficient evidence that they are fully effective; or they are not applied consistently in line with how they are written; or there is no evidence they are embedded into the firm’s practices. An example is where firms rely on a third-party template for their AML policies and procedures that have not been tailored to reflect how the firm conducts its activities. A generally compliant firm will be given actions to address the weaknesses we have identified, typically, these will be checked as part of our next AML compliance review to ensure they have been effectively implemented.

A non-compliant rating is applied when a firm’s systems and controls are non-existent, or lacking to the extent that the firm is vulnerable to exploitation by criminals. A non-compliant firm will be given 30 days to rectify the issues identified and provide evidence of the action taken. The firm may be referred to ACCA’s Professional Conduct Department for further investigation that may lead to financial sanctions and/or exclusion of membership.

The outcomes of reviews, with a comparison against the previous two periods, can be found below:

| Outcome of AML compliance reviews | | | | | | | | | |
|-----------------------------------|-----------|-----|------------|-----------|-----|------------|-----------|-----|------------|
| Rating | 2021/2022 | | | 2022/2023 | | | 2023/2024 | | |
| | UK | IRE | Total | UK | IRE | Total | UK | IRE | Total |
| Compliant | 0 | 6 | 6 | 15 | 1 | 16 | 3 | 2 | 5 |
| Generally compliant | 271 | 40 | 311 | 299 | 56 | 355 | 293 | 50 | 343 |
| Non-compliant | 28 | 2 | 30 | 24 | 0 | 24 | 23 | 0 | 23 |

CASE STUDY 1 – Non-Compliant AML Compliance Review

During a routine review, it was identified that the firm had not conducted and documented a firm wide risk assessment (FWRA) and put in place AML policy & procedures (AML P&Ps) until August 2023 when the review was carried out. Despite it being a legal requirement since June 2017 to conduct, document, and keep up to date a FWRA and to document and regularly review their AML P&Ps. Therefore, the firm was found to be in breach of the 2017 money laundering regulations until August 2023.

A conflict regarding information provided to ACCA in a risk assessment questionnaire completed in 2021, and information provided to ACCA during the review was also noted. The firm stated within the 2021 RAQ that it had conducted and documented a FWRA once, and that it had AML P&Ps in place. However, as set out above it was established during the AML review that each control was not put in place until August 2023.

This apparent contradiction suggests that the firm may have provided false and misleading information when completing ACCA's RAQ, ACCA ensured that this observation was included as part of the subsequent referral to ACCA's Profession Conduct Department for investigation – so as to ensure that reckless or potentially dishonest behaviours that result in the provision of inaccurate data concerning regulated activities is robustly challenged.

CASE STUDY 2 – AML Compliance Review

As part of ACCA's review of firm X, the firm's customer due diligence process was reviewed by an ACCA Supervision Officer. Upon reviewing the files provided, it was noted that the client used an external third party's resources (checklists and assessment forms). The Supervision Officer identified several flaws in the risk assessment's logic and the weighting given to each risk factor included. The current approach meant that clients that had a cluster of risk factors associated with them would be assessed as either low or normal risk, instead of high risk.

This was promptly brought to the firm's attention by ACCA via a finding and action within the AML report. The firm in turn immediately revised the client risk assessment process, to ensure this gap in the firm's KYC processes were made effective, it also retrospectively reviewed its client base to ensure that all clients that exhibit high risk factors were reassessed as high-risk and subject to EDD as necessary.

CASE STUDY 3 – AML Compliance Review

During a routine AML compliance review Firm Y's FWRA was checked to ensure that it was fit for purpose and adequately assessed the risks the firm was exposed to by its clients, geography, products and services, transactions and deliver channels. It was identified that the firm had mostly relied on the specimen wording of a third-party template for the content of its findings and mitigations. The ACCA Supervision Officer conducting the review noted that as it had not been tailored, it has failed to assess and identify the risks relevant to the firm. To emphasise the point, the Supervision Officer listed the numerous high-risk client types that the firm's client base includes and the high-risk services provided by the firm that were not included within the FWRA – the firm provided this information to ACCA in its annual AML declaration.

The firm was required to review its methodology for conducting a FWRA and cease relying on templates for the material content of its findings, to demonstrate that it recognised and understood the risks it was exposed to and had taken reasonable steps to mitigate them. In addition, it was also referred to ACCA's FWRA factsheet for additional guidance.

COMMON 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 firm's next review, we will test to ensure the control has been maintained to the required standard.

ACCA has created several supporting factsheets for members that help firms understand their responsibilities. The factsheets will help them put the appropriate controls in place. They are available for all members and the link to access them can be found in the 'AML Resources' section of this report. ACCA has recently updated and reissued its entire suite of factsheets in January 2024 to ensure they were reflective of the most up to date best practice, guidance and advice, that has been adapted from our monitoring activities and findings.

ACCA provide a number of AML CPD offerings that members can sign up to. There is a range of webinars, articles and online learning. They can be accessed at: [CPD online | ACCA Global](#)

The following is a summary of the common findings from our reviews during the period covered by this report:

1 Firm Wide Risk Assessment

Firm wide risk assessment is not specific to the firm and the risks it faces. During AML compliance reviews we have seen some firm wide risk assessments that are templates and generic. They have not assessed the specific risks of the firm and often consider factors that are not applicable as they use the examples or potential risk factors contained in the template obtained from a third party. Therefore, the firm has not accurately assessed the risk of it being exposed to money laundering.

Additionally, we have found a significant number of firm wide risk assessments that do not have sufficient detail to explain the rationale of the findings documented.

2 AML Policies and Procedures (AML P&Ps)

Policy and procedures need to be relevant for the firm and informed by the firm-wide risk assessment. We have seen several documents that are templates from external sources. This itself is not an issue, but firms have not tailored the documents sufficiently to align with their process and its inherent risk. ACCA expects that the procedures a firm produce should ideally provide the firm's employees with a step-by-step process and therefore should not be generic.

3 AML Training

AML training programme is not conducted regularly or is missing key components. In addition to this, insufficient training records are kept to demonstrate what AML training has been provided to relevant employees and when. As well as no evidence of employee understanding of the training (e.g., assessment results).

4 Client Due Diligence (CDD)

We have found a number of firms know and understand their clients. However, on several occasions the supporting documentation or records have not been recorded in the client file. ACCA expects that they are recorded as the evidence supports the work that has been done. We have found that records, such as identification and proof of address, are sometimes absent. We have also found on occasions that not all directors or person of significant control have been identified.

5 Client risk assessment

When a client is risk assessed the appropriate risk rating is not applied consistently and therefore clients have not been appropriately risk rated. This means that an insufficient level of CDD and EDD has been applied to the client. Consequently, the money laundering risks associated with the client are not mitigated. For example, the appropriate risk factors haven't always been considered or they have not been documented so it's not clear how it has been defined. Some firms consider clients low risk when there are high-risk factors present and no documentation or rationale recorded to advise how the low-risk rating has been reached.

6 Inconsistent escalation of suspicious activity

Firms do tend to have some form of process. However, we have found it's either not documented or not consistent. For example, some firms have stated that their employee would verbally discuss the suspicious activity with the MLRO. During the AML compliance review we will also review a sample of suspicious activity reports filed with the NCA to ensure they are of the required standard.

In response to the common issues outlined above ACCA developed specific AML factsheets that provide guidance for members to ensure that they are compliant.

Links to access the resources can be found in the 'AML Resources' Section of this report.

ACCA'S THEMATIC REVIEWS

We have been proactive in identifying emerging trends and risks and acting to effectively mitigate them. To do so, it is necessary to be pragmatic and effectively manage the team's regulatory priorities. In operational terms, this means on occasion reallocating some resource from our standard review cycle to focus on different work streams. One such work stream came online as a result of studying the data and intelligence collected from firms during the 2021 risk assessment of ACCA's supervised population. It enabled us to identify and isolate 663 firms that did not have one or more of the following key AML controls in place at the time of completing ACCA's 2021 risk assessment questionnaire:

- Firm wide risk assessment (FWRA)
- AML policy and procedures (AML P&Ps)
- AML training

The thematic exercise entailed writing to all 663 firms warning them that they were currently in breach of the UK's Money Laundering regulations and had to take remedial action immediately to be compliant. We then instructed MLROs to complete a declaration to confirm this was so.

The second element of the exercise involved assessing a sample of firm's that had been contacted and completed the declaration to determine whether remedial action had in fact been taken. To do so we subjected firms to a review process that required us to test each of the three controls set out above. The results were encouraging, with the majority of firm's having taken the necessary remedial action when prompted. Those that were found to have taken no action at all or had only acted once approached as part of the second element were referred to ACCA's Professional Conduct Department for disciplinary action.

ENFORCEMENT

ACCA has developed specific AML financial sanctions guidance. This is a Regulatory Board approved policy document and has been published on the ACCA website. It can be accessed at <https://www.accaglobal.com/gb/en/about-us/regulation/disciplinary-and-regulatory-hearings/guidelines-disciplinary.html>

Six firms were subject to disciplinary action following AML compliance reviews during the period covered by this report.

in 2023/24 firm's were referred to the Professional Conduct Department to face potential disciplinary action for the following reasons: breach of money laundering regulations; conduct issues; and non-cooperation.

One member was excluded following the disciplinary process.

The table below details the financial sanctions imposed by ACCA during the period covered by the report for its supervisory activities in the UK and in the Republic of Ireland with a comparison against the previous periods:

| AML PENALTIES | 2021/2022 | 2022/2023 | 2023/2024 |
|-------------------------|-----------|-----------|-----------|
| Number of members fined | 12 | 20 | 5 |
| Total of fines | £44,000 | £58,500 | £15,000 |
| Total costs | £12,914 | £31,865 | £16,742 |
| Members excluded | 0 | 3 | 1 |

In 2023/24 a total of 26 firms were referred to the Professional Conduct Department for one or more of the reasons previously listed. As can be seen in the above table, 6 investigations were resolved with a sanction during this period.

CASE STUDY 4 – Enforcement Activity Consent Order¹

The chair of the Complaints and Disciplinary Committee approved a Consent order for a severe reprimand, a fine of £5000 and costs to ACCA in the sum of £1425 in relation to Firm C. Following a routine AML compliance review Firm C was found to be non-compliant in its requirement to have a documented Firm Wide Risk Assessment and for not providing AML training to relevant employees. Firm C admitted these allegations and the case was resolved by a consent order.

ACCA publishes decisions of regulatory and disciplinary hearings and they can be accessed at: <https://www.accaglobal.com/hk/en/about-us/regulation/disciplinary-and-regulatory-hearings.html>

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.

Further information on complaints and discipline is provided in ACCA's Report on Regulation 2023 which can be accessed at: [Report on regulation | ACCA Global](#)

¹ A consent order is a formal disciplinary order that records when a relevant person accepts responsibility for a disciplinary allegation and agrees a provisional sanction by way of consent with ACCA to dispose of a complaint without the need for a full investigation and disciplinary process.

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. This is a free resource available to members.

In addition, members can attend relevant ACCA courses and events on AML that are organised throughout the year.

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 instantly 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: <https://www.accaglobal.com/gb/en/footer-toolbar/contact-us/whistleblowing-procedure-acca-members/acca-whistleblowing-policy.html>



SECTION 7 – LOOKING FORWARD

We are continuously working to enhance our AML supervision regulatory framework to ensure that we continue to allocate resources proportionately to where they are needed most, which is towards firms that sit within the higher risk bracket of our population. However, we have a duty and a commitment to ensure we effectively monitor our entire population, so we have a clear and up to date picture of behaviours, trends and the levels of effective compliance with MLR 2017 amongst our low and medium risk firms.

ACCA takes this commitment seriously; to achieve this, we hope to implement a new approach in 2024 that will allow us to increase the level of engagement with our lower risk firms, without impacting our oversight activities in other areas. We will achieve this by making use of data and intelligence collected from our annual AML return and our AML reviews to devise a thematic review type that provides a sense check and the necessary assurance we require to achieve the above stated goals.

We are also continuing to engage with HM Treasury regarding the consultation concerning improving the effectiveness of the money laundering regulations. Whilst the consultation is now closed, we are still where we can, such as at government round tables, calling on HMT to keep an open dialogue with supervisors to ensure the process from end-to-end is transparent. By doing so we believe PBSs can still to be meaningfully involved with the decision-making process and can avoid being reactive.

We continue to call on the Government to implement effective reform of the money laundering regulations as a matter of priority. ACCA urges the government to do so and continues to make the case for Model 1 (OPBAS+) which we believe achieves the consultations cited aims without causing unnecessary disruption.

We also continue to support central government in other ways besides this. We are currently engaging with the Home Office and HM Treasury who are in the process of producing the UK's next NRA. We responded to a request for information from central government that required us to complete a detailed multi-faceted questionnaire. We provided our insights as necessary and collated supporting data, statistics and case studies to support the points and assertions that we made in our response. ACCA members have also directly participated in this exercise, providing insights concerning their first-hand practical experience of working in the sector and applying the regulations. This includes discussing the various risks they most commonly identify when providing services to clients and the level of risk they perceive to be present in the sector more generally. This has ensured that ACCA has played its part in assisting in the production of an accurate and fair risk assessment of the accountancy sector's inherent risk. ACCA's believes that this is a critical priority given that the publication's authority and high-profile nature will mean it continues to be a highly influential document that guides the risk-based approach taken by every entity bound by the money laundering regulations, from PBSs to SPs.

MLRO's should continually review the ACCA resources available to ensure that they are up to date and compliant with the regulations. It is vital in the role of an MLRO that you continue to keep up to date with money laundering news and any imminent changes. For example, MLROs in the UK should ensure that they register with the newly updated NCA SARs portal. Guidance on how to do this can be found at: [New SAR Portal FAQs \(nationalcrimeagency.gov.uk\)](https://www.nca.gov.uk/sar-portal/faqs)

MLRO's are required to complete ACCA's 'AML Annual Return' on behalf of their firm. This must be done during the practising certificate renewal process.

ACCA'S AML compliance reviews are constantly evolving to ensure they are effective and aligned with any emerging typologies and trends. Firms should look out for notifications from the AML supervisory team that will inform them when they are due for an AML compliance review. The notification will also provide further details on what must be provided to the AML supervisory team for the review.

Information and intelligence sharing will continue between the accountancy sector supervisory bodies. We have long-standing methods of sharing information with other supervisors, such as the AASG, ISEWG and Joint Practices Group, as well as utilising the SIS and FIN-NET platforms to which we subscribe via the FCA. We will continue to use our ability to assess intelligence or emerging threats to conduct specific targeted reviews.

We will continue to work with other professional body supervisors, supervisory authorities, government and law enforcement through the AML Steering Committee in Ireland and the Joint Practices Group.

We hope to see more sharing from law enforcement of trends and typologies that are specific to our sector so that we can factor these into our supervisory activities and hope for the opportunity to continue to work proactively with law enforcement and other supervisors in this area.

APPENDIX 1 – ACCA FACTSHEETS AND RESOURCES

[ACCA Technical Factsheets – UK](#)
[ACCA Technical Factsheets – Ireland](#)
[ACCA Disciplinary Sanctions Guidance](#)
[ACCA Regulatory Board](#)
[ACCA Disciplinary and Regulatory Hearings](#)
[ACCA Report on regulation 2024](#)
[ACCA Regulatory Board AML Policy Statement](#)
[ACCA Rulebook](#)
[ACCA Whistleblowing Policy](#)
[ACCA’s Risk Assessment of Trust and Company Service Provider Services \(TCSP\)](#)
[ACCA’s Proliferation Financing Guidance Article](#)

APPENDIX 2 – EXTERNAL LINKS

[UKFIU SARS Reporting portal](#)
[FIU Ireland Reporting portal](#)
[UK National risk assessment of money laundering and terrorist financing 2020](#)
[Irish National risk assessment of money laundering and terrorist financing 2019](#)
[UK National Risk Assessment of Proliferation Financing 2021](#)
[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 \(POCA\)](#)
[Criminal Finance Act 2017](#)
[Office for Professional Body Anti-Money Laundering Supervision \(OPBAS\)](#)
[Department of Justice Ireland](#)



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Think Ahead