

A practical guide to AML compliance and risk management for accountants in practice

Achieving AML success is well within your reach. Simply put, it's a mindset, an approach to how you operate your firm and a desire not to keep having to look over your shoulder. AML will protect your firm. So don't forget:

- AML compliance is easy (though it does need some resource).
- You do the vast majority of AML compliance already, though you may not realise it.
- Record, record, record!
- AML compliance and risk management steps are useful to you firm.

The real cost of AML is time and resource. If you want to stay in practice and out of jail, it's essential you get it right!

The essential questions are: Do you know right from wrong? Can you identify a risk? There's no presumption of amazing legal knowledge or that you're a police detective, just that you have a willingness not to turn a blind eye to the obvious.

When you're considering any AML situation, there's an imaginary person reviewing your actions and casting an independent eye over your decision making. If you're questioning your own decision making, ask yourself what the independent person would say?

There's also an assumption that you have an awareness of the state of the World. Would you choose to re-locate yourself and your family to any particular country? That's a pretty good indication of a country's state of law and general stability and hence it's ML risk. Ask yourself what factors would influence such a decision?

The steps to AML success

1. Write it down: AML is not the only part of our work where we find ourselves keeping notes of calls, meetings and decisions. For AML, if it's not written down, it didn't happen.
2. Educate and train: Training every member of your team is essential; why take the risk that something is missed, don't forget you'll be responsible for what they miss! Training should be technical, practical and cover your processes, policies and controls.
3. Look out for a visit: You must have an AML Supervisor who will monitor your AML compliance. Don't forget that the Police, Trading Standards and HMRC are among other bodies that could request evidence of your AML compliance.
4. Operational and organisational: AML is part of virtually everything that happens within a professional practice. The 'stick of rock' approach (the words run through the whole of the stick) is the simplest way to consider it. It forms part of both your firm's ethos and how it interacts with clients. Many aspects of your existing processes and procedures will require only slight amendments to be fully AML compliant.

5. **Verify and identify:** You need to know who your clients are and verify that fact. Why, it must be a good thing to know who they are and where they live; and, how can you make a report to the National Crime Agency without knowing who you are reporting.
6. **Evaluate risk:** A risk-based approach and risk assessments for this and that; what's it all about? What is the actual risk to you of being exposed to money laundering, that's it! Demonstrating how you reached that conclusion is where the work comes in. A risk-based approach is less applicable to accountants and bookkeepers. Your inherent awareness of the transactions of a client prevents you from not seeing what's in front of you. Yes, there will be clients that will require more research and more work to understand and evidence but that's quite normal for a more unusual or complex client.
7. **Allocate resources:** An understanding of AML is not optional, neither is the requirement to follow its steps. There's no denying that there is a time and effort requirement to achieve compliance. The biggest step will be to get everything in place in the first place; once it's done it will fall as part of your routine procedures and will place less of a burden.
8. **Monitor and update:** AML is not set and forget. As you client's change, your firm changes and recognised sector risks change, so must your AML approach. Your control checks will help you to refine your procedures.
9. **Law enforcement need to know:** Reporting to the National Crime Agency is the end result of effective AML procedures. If you are asking yourself, is there a crime and are there proceeds, then it's time to consider if a report should be made. Remember it includes suspicion and grounds for suspicion; what would someone looking over your shoulder think about what you're faced with?
10. **Counter terrorist financing:** Though a different goal to money launderers, many of the methods overlap. AML and CTF compliance generally overlap; please don't forget this important area.
11. **Choose your clients:** From discussions with accountants and bookkeepers in practice it seems that most firms have at least one client that makes them feel slightly worried about what the client is up to. Either get the client to fall in with what you want or move them on.