

Money Laundering Regulations 2017 & 2019 compliance checklist

The IFA is the automatic supervisory authority for IFA member firms as defined in the [IFA Bye-laws](#). Member firms includes sole practitioners. If your firm does not meet the definition of member firm, you can apply for supervision by the IFA through a legal contract agreement.

The references in this document refer to the Money Laundering Regulations, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and, where appropriate, The Money Laundering and Terrorist Financing (Amendment) Regulations 2019.

1 Policies, controls and procedures	Y/N/NA
1.1 Does the firm have written policies, controls and procedures to mitigate the risk of money laundering? (MLR reg 19) (Note: the CCAB guidance is not written policy, controls and procedures – it is a guide to what is best practice.)	
1.2 Have the policies, controls and procedures been tailored to the specific circumstances of the firm (structure, services provided, client types, etc)? (MLR reg 19)	
1.3 Do the policies, controls and procedures cover: <ul style="list-style-type: none">• Risk management practices?• Internal controls?• Customer due diligence?• Reliance and record keeping?• Monitoring and management of compliance? (MLR reg 19)	
1.4 Are the policies, controls and procedures reviewed and updated regularly and is this approved by someone senior in the firm? (MLR reg 19)	
1.5 Have the policies, controls and procedures been communicated to staff, are they readily available for reference by all staff and is there evidence of this? (MLR reg 19)	
1.6 Has the firm designated a member of its management team to be responsible for compliance with the Regulations (this may be the same as the Money Laundering Reporting Officer (MLRO))? (MLR reg 21)	
1.7 If the firm is part of a group or has separate departments, are policies, controls and procedures consistently applied across all parts of the group/departments? (MLR reg 20)	
2 Awareness and training	Y/N/NA
2.1 Have you provided adequate up-to-date training for all principals, staff, agents, including consultants, sub-contractors and temporary personnel, on the firm's policies and procedures and how to report suspicions? This training should include training in data protection relevant to the Regulations. (MLR reg 24)	
2.2 Do you have a record of the training provided? (MLR reg 24)	

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2 Awareness and training cont. Y/N/NA

2.3 Have you made all staff aware of who the MLRO/deputy MLRO/compliance officer is? (MLR reg 19)

2.4 Does the firm assess staff conduct and integrity and skills, knowledge and expertise prior to appointment and regularly thereafter? (MLR reg 21)

3 Record keeping Y/N/NA

3.1 Does the firm keep AML records for at least 5 years after a business relationship with a client ceases? (MLR reg 40)

3.2 Has the firm registered with the Information Commissioner's Office under the Data Protection legislation? (MLR reg 41)

3.3 Has the firm notified new clients of its Data Protection obligations? (MLR reg 41)

4 Firm's risk assessment of money laundering or terrorist financing risks Y/N/NA

4.1 Has the firm carried out a risk assessment on itself? (MLR reg 18)

4.2 Does the firm's risk assessment cover risks associated with:

- The clients?
- The countries and geographic areas in which it operates?
- The services provided to clients?
- The types of transactions undertaken?
- How it delivers its services?

(MLR reg 18)

4.3 Has the firm considered the high-risk factors disclosed by its supervisory body? (MLR reg 18 (2) (a))

4.4 Has the firm reviewed and amended this risk assessment to make sure it is up to date? (MLR reg 18)

4.5 Has the firm documented this risk assessment? (MLR reg 18)

4.6 Has the firm's risk assessment been approved by senior management? (MLR reg 19)

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5 Client due diligence (CDD)	Y/N/NA
5.1 Does the firm have procedures to check a client's identity and business activities which mitigate the risk of money laundering activity? (MLR reg 27)	
5.2 Does the firm use a recognised AML system to record its CDD? (MLR reg 28)	
5.3 If the firm has developed its own CDD procedures do they document: <ul style="list-style-type: none">• Client identification?• Understanding of the client's activities?• Understanding the reasons behind the services provided to clients?• A conclusion on the level of risk?• A written account of all actions it has taken to identify the beneficial owner of the body corporate?• If electronic verification services are used, are they secure from fraud and capable of providing an appropriate level of assurance that the person is who they say they are? (MLR reg 28)	
5.4 Is the CDD process updated regularly (and immediately for any client on a change in their circumstances)? (MLR reg 28)	
5.5 Do you establish the beneficial owner of the client (usually a person who owns or controls 25% or more)? (MLR reg 28)	
5.6 Are there controls in place to ensure that CDD is undertaken prior to services being provided to the client? (MLR reg 30)	
5.7 Do you have any clients where you could apply simplified due diligence? (MLR reg 37)	
5.8 Do you have any clients who are politically exposed persons (PEPs), including their family members or known close associates? And, if so, have you carried out enhanced due diligence? (MLR reg 35).	
5.9 Has the establishment of a business relationship with a PEP been approved by senior management? (MLR reg 35)	
5.10 For any clients you have identified as high-risk have you carried out enhanced due diligence? (MLR reg 33)	
5.11 Has the firm obtained evidence of identification for all clients and has it certified these documents as true copies? (MLR reg 28)	
5.12 Where clients operate in overseas domains have you checked against the financial sanctions list, proscribed terrorist list and list of high-risk countries? (MLR reg 28 and reg 33)	

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5 Client due diligence (CDD) cont.		Y/N/NA
5.13	Where you haven't met a client face to face have you carried out suitable alternative procedures to verify their identity? (MLR reg 28)	
5.14	Do you place reliance on a third party for any of your CDD and, if so, do you have procedures to check that reliance is acceptable? (MLR reg 39)	
5.15	If the firm has not been able to complete its CDD procedures satisfactorily has it ceased its business relationship with that client? (MLR reg 31)	
5.16	Does the firm have processes and procedures for ongoing CDD monitoring and review of records held? (MLR reg 19)	
5.17	Does the firm have procedures to identify and report discrepancies in the register of people with significant control (PSC) at the point of client engagement? (MLR reg 30)	
6 Reporting		Y/N/NA
6.1	Do you have a documented internal escalation and reporting process for reporting knowledge or suspicious activities to the MLRO? (MLR reg 19)	
6.2	Have you kept records of any SARs you have made? (MLR reg 19)	
6.3	Have there been any matters where you have needed to get confirmation of Defence Against Money Laundering (DAML)? (MLR reg 31) Note: for further information refer to the National Crime Agency .	
7 Supervision		Y/N/NA
7.1	Have beneficial owners, officers and managers been approved by the IFA to conduct business in the regulated sector? (MLR reg 26)	
7.2	Do you have a procedure for informing the IFA within 30 days of a subsequent relevant offence conviction by a beneficial owner, officer or manager? (MLR reg 26)	
7.3	If the firm is providing trust and company secretarial services, has this been declared in the annual firm return? If this information has not been declared to the IFA, your firm will not be included in HMRC's TCSP Register. (MLR reg 56)	

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8 Monitoring	Y/N/NA
8.1 Has the firm reviewed and updated AML policies, procedures and controls in the last 12 months? (MLR reg 19)	
8.2 Has the firm reviewed a sample of client files (covering new and existing clients, different client types and services provided and different staff) to check that its policies, controls and procedures have been applied consistently? (MLR reg 19)	
8.3 Has the firm put in place an action plan to address any areas in this compliance review where it has identified compliance issues? (MLR reg 19)	

Action points:

Issue	Owner	Date to be completed by

Completed by: _____ Reviewed by (MLRO): _____ Date: _____

Name of firm: _____ Date for next review: _____

USEFUL LINKS

IFA anti-money laundering resources
<https://www.ifa.org.uk/technical-resources/aml>

Anti-Money Laundering and Counter-Terrorist Financing Guidance for the Accountancy Sector
<https://www.ccab.org.uk/anti-money-laundering-guidance-for-the-accountancy-sector/>

National Crime Agency Guidance, in particular, on submission of SARs
<https://www.nationalcrimeagency.gov.uk/>