Client monitoring review checklist

The [Money Laundering Regulations (MLR)](https://www.legislation.gov.uk/uksi/2017/692/contents) require all businesses providing accountancy and/or trust or company services to have systems and controls in place capable of assessing the risk associated with a client and recording the ongoing monitoring of existing clients. This document is designed to help you meet this requirement but is for general guidance only and is not intended to supply legal, regulatory, or professional advice. Compliance with the MLR in force is the legal duty of the licensed member and supervision by AAT does not transfer any part of those responsibilities to AAT. Please refer to the [Anti-Money Laundering and Counter-Terrorist Financing Guidance for the Accountancy Sector (AMLGAS)](https://www.ccab.org.uk/anti-money-laundering-and-counter-terrorist-financing-guidance-for-the-accountancy-sector-2022/) for further guidance on AML requirements.

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| 1. **Client details**
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| **Company details** |
| Client name  |  |
| Client reference number  |  |
| Date of client on-boarding  |  |
| Date of last review  |  |
| Trading name  |  |
| Registered name  |  |
| Trading address  |  |
| Registered address  |  |
| Company registration number  |  |
| Charity Commission registration number *(if applicable)* |  |
| Do you have authority form 64-8 so you can act as agent on their behalf? |  |
| Client’s personal 10-digit Unique Tax Reference (UTR)  |  |
| Client’s company 10-digit Unique Tax Reference (UTR) |  |
| Client’s partnership 10-digit Unique Tax Reference (UTR  |  |
| VAT Number  |  |
| PAYE reference  |  |
| Government Gateway details  |  |
| The Pensions Regulator  |  |
| **Personal details**  |  |
| Name/previous names  |  |
| Date of birth  |  |
| Contact details  |  |
| Marital status |  |
| NI number  |  |
| Forms of identification (which have been checked in person and copies held on file)  |  |
| Additional notes |
| **Partners or codirectors (if applicable)** |
| Name/previous names  |  |
| Date of birth  |  |
| Contact details  |  |
| Marital status |  |
| NI number  |  |
| Forms of identification (which have been checked in person and copies held on file)  |  |
| Additional notes  |
| **Partners or codirectors (if applicable)** |
| Name/previous names  |  |
| Date of birth  |  |
| Contact details  |  |
| Marital status |  |
| NI number  |  |
| Forms of identification (which have been checked in person and copies held on file)  |  |
| Additional notes |

If there are more partners or codirectors, please continue on a separate sheet.

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| 1. **Services**

Identify all services that you provide to the client and confirm that you have covered each service in a [letter of engagement](https://www.aat.org.uk/licensed-members/support/letters-engagement-templates). |
|  | **Service provided (Y/N)** | **Date commenced**  | **Terms of engagement supplied (Y/N)** | **Date letter was supplied**  |
| Bookkeeping  |  |  |  |  |
| Financial accounts and accounts preparation for sole traders and partnerships  |  |  |  |  |
| VAT  |  |  |  |  |
| Computerised accountancy systems  |  |  |  |  |
| Financial accounts and accounts preparation for statutory purposes  |  |  |  |  |
| Budgeting and forecasting  |  |  |  |  |
| Management accounting  |  |  |  |  |
| Payroll  |  |  |  |  |
| Personal income tax  |  |  |  |  |
| Business income tax  |  |  |  |  |
| Inheritance tax  |  |  |  |  |
| Capital gains tax  |  |  |  |  |
| Corporation tax  |  |  |  |  |
| Limited assurance engagement  |  |  |  |  |
| Independent examination  |  |  |  |  |
| Company secretarial services (trust or company services) |  |  |  |  |
| Internal audit  |  |  |  |  |
| Forensic accounting  |  |  |  |  |
| Additional notes  |

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| 1. **Accounts preparation**
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| What are the relevant accounting standards to be used for the client?  |  |
| Date accounts are to be prepared by:  |  |
| Last annual return  |  |
| Last set of accounts |  |

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| 1. **Code of Professional Ethics**

In order to maintain public confidence in the accountancy profession you are expected to apply the fundamental ethical principles under AAT’s[*Code of Professional Ethics*](https://www.aat.org.uk/membership/standards-requirements) during your engagement with a client. You will need to identify and evaluate any threats to your compliance and respond appropriately to ensure the public interest is not compromised. |
| Have you assessed the integrity of the owners, directors (or equivalent), and management of the organisation?  |  |
| Are you satisfied that you are independent and are likely to have adequate resources and knowledge to complete the assignment?  |  |
| Are you satisfied that your ongoing engagement with the client will not have an adverse effect on the reputation of the practice?  |  |
| Are you satisfied that your ongoing engagement with the client will not create any conflict of interest with existing clients?  |  |
| If you have answered “no” to any of the above questions, please outline what safeguards you have or will implement. |

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| 1. **Clients’ money (if applicable)**
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| Have you completed an Anti-Money Laundering checklist (see sections 6 and 7) for this firm / client?  |  |
| Are you holding client monies for this client?  |  |
| Can you justify the need to hold the client’s monies? Is it necessary? Only monies relative to the accountancy and/or bookkeeping services which the firm is performing, has performed or has been engaged to perform, for the client should be held. |  |
| Do you have client instruction for payment, fee offset if applicable?  |  |
| Do you hold current Client Due Diligence/ Identification of client details? |  |
| Has a client bank account been set up in line with the conditions of AAT’s [*Clients’ Money Policy*](https://www.aat.org.uk/membership/standards-requirements)?  |  |
| Additional notes |

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| 1. **Anti-Money Laundering – Know Your Client**

You must have in place certain controls and monitoring systems to prevent your business from being used for money laundering, terrorist financing, or proliferation financing. It is your responsibility to ensure the following customer due diligence measures and controls are applied to ensure you are compliant with the current [Money Laundering Regulations](https://www.legislation.gov.uk/uksi/2017/692/contents) in force. Please use the second column to add any comments. |
|  | **Response** | **Comments** |
| Has the client’s registered name or trading name changed since the client was on-boarded or last reviewed?  |  |  |
| Has the nature of the client’s business changed since the client was onboarded or last reviewed?  |  |  |
| Does the work requested still fit your normal client base? If not, have you considered what safeguards are in place? |  |  |
| Has the client’s registered address changed since the client was onboarded or last reviewed?  |  |  |
| Has there been any change in the client’s company or VAT registration numbers since the client was onboarded or last reviewed?  |  |  |
| Has the country the client is registered in and operating in changed since the client was onboarded or last reviewed?  |  |  |
| Has there been any change of owners / partners /directors/ Trustees/Settlors since the client was onboarded or last reviewed?  |  |  |
| Has the client’s structure (if commercial entity i.e. a limited company or partnership) changed since the client was onboarded or last reviewed?  |  |  |

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|  | **Response** | **Comments** |
| Have there been any changes in share ownership since the client was on-boarded or last reviewed?  |  |  |
| Has the photo ID and proof of address of all newly appointed beneficial owners, partners, directors, Trustees and/or Settlors been obtained with copies retained on file?  |  |  |
| Has it been determined whether the beneficial owners have changed since the client was onboarded or last reviewed?  |  |  |
| If there has been any change in the client’s structure, has the corresponding documentation such a partnership agreement, articles of association or certificate of incorporation been obtained, and a copy retained on file?  |  |  |
| Are there any discrepancies with the information you hold, and the information held on person of significant control register (PSC) on Companies House? If **Yes,** the Money Laundering Regulations set out a requirement to report any discrepancies found during ongoing client monitoring to Companies House. Please see [Companies House guidelines](https://www.gov.uk/guidance/report-a-discrepancy-about-a-beneficial-owner-on-the-psc-register-by-an-obliged-entity) for further information. |  |  |
| Do you hold sufficient evidence on file establishing the client’s/representative’s identity to comply with the Money Laundering Regulations?  |  |  |
|  | **Response** | **Comments** |
| Has it been recently verified if the client has any significant overseas interests or operations?  |  |  |
| If the client is in a regulated industry, have you enquired about their relationship with the regulatory authorities?  |  |  |
| Are you aware of the client’s general financial circumstances?  |  |  |
| Are all of the client’s tax affairs up to date?  |  |  |
| Has the client been under enquiry from HMRC?  |  |  |
| Previous financial year turnover  |  |  |
| Projected turnover for next financial year  |  |  |
| *Trusts and pension schemes only* Identify all major parties including principal employer and name these in the column to the right. |  |
| *Trusts and pension schemes only* Have the pension scheme documents been reviewed, and copies retained? |  |  |
| *Charities only* Charity registered no. |  |
| Have you verified trust deed/registration details? |  |  |
| Additional notes |

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| 1. **Risk assessment**

You will need to adopt a risk-based approach to assess the risks of money laundering, terrorist financing, and proliferation financing and identify any clients that might pose a risk. The [AMLGAS](https://www.ccab.org.uk/anti-money-laundering-and-counter-terrorist-financing-guidance-for-the-accountancy-sector-2022/) provides some examples of high risk and low risk indicators but the list is not exhaustive.After carrying out a risk assessment, the policies and controls you have in place will help you monitor and reduce any risks identified. Remember you are legally obliged to report any suspicious transactions or activities. Please use the second column to add any comments that will assist your risk assessment.  |
| **Client risk** |
| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Has there been a change in business activity?  |  |  |
| Has there been dramatic increases in turnover?  |  |  |
| Is there a lack of evidence of trade?  |  |  |
| Does the client have high turnovers/volume from small business locations?  |  |  |
| Has the client been evasive or uncooperative?  |  |  |
| Has the client been convicted of criminal activity or have known links to organisations or individuals with criminal or terrorist activities? |  |  |
| Do you have full knowledge and visibility of the business structure, including all current beneficial owners/partners/directors with copies of up-to-date photo ID’s and proof of addresses retained on file?  |  |  |
| Does the client or its beneficial owners have attributes known to be frequently used by money launderers or terrorist financiers? (e.g., is the structure of the customer unusual or excessively complex?) |  |  |

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| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Is the client a cash intensive business? (e.g. restaurants, retail outlets etc.) |  |  |
| Has evidence of source of wealth and funds continued to be provided? |  |  |
| Is the client a high net worth individual? ([HMRC guidance](https://www.nao.org.uk/wp-content/uploads/2016/11/HMRCs-approach-to-collecting-tax-from-high-net-worth-individuals.pdf) defines high net worth individuals as individuals who have a net worth of £10m or more). |  |  |
| Is the client or a beneficial owner of the client a Politically Exposed Person (PEP), or a family member or known close associate of a PEP? PEPs are individuals whose prominent position in public life may make them vulnerable to corruption. Please be aware that this is automatically a high risk relationship and enhanced due diligence must be applied in accordance with the MLR. |  |  |
| **Delivery channels** |
| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Have you ever met the client face to face?  |  |  |
| Is the client secretive and reluctant to meet in person? |  |  |
| Does the client engage with you in an unusual manner? E.g. in a way that could obscure the true business activity or the true beneficiaries or controllers of the activity, such as using an intermediary. |  |  |

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| **Geographical risk** |
| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Is the client/firm based locally? (e.g., within 10 miles).  |  |  |
| Is the client based outside of the UK?  |  |  |
| Is the client, or any individual or organisation connected to the client’s business, based in a country on the [Financial Action Task Force (FATF) list of countries](https://www.fatf-gafi.org/en/countries.html) not having effective ML regimes? |  |  |
| Is the client, or any individual or organisation connected to the client’s business, on [OFSI’s Consolidated List of Financial Sanctions Targets in the UK](https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets) or subject to embargo or similar measures? |  |  |
| **Service and transaction risk** |
| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Are you providing trust or company services for the client? The National risk assessment of money laundering and terrorist financing 2020 (NRA 2020) concluded that Trust and Company Service Provider (TCSP) services are of the highest risk services offered by accountancy service providers for money laundering. |  |  |
| Are you providing payroll services for the client? The NRA 2020 concluded that payroll services are one of the highest risk services offered by accountancy service providers for money laundering. |  |  |

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| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Were there any transactions in the year that did not align to the client’s normal business activities or without an immediate or obvious purpose?  |  |  |
| Was there a lack of documentation in support of the transaction?  |  |  |
| Does the transaction make commercial sense to all parties? Is there a clear economic or legal purpose for the transaction?  |  |  |
| Is the identity of the other parties to the transaction clear?  |  |  |
| Have you been deliberately asked to work on both sides of a client transaction, giving rise to an ethical wall which could act as a barrier for information sharing?  |  |  |
| Has the client asked you to assist in a service which is outside your normal area of specialism?  |  |  |
| Does the client use the firm’s client account as a bank account? |  |  |
| Does the client require a client account denominated in a foreign currency? |  |  |
| Does the client use many different auditors and advisors for connected companies and businesses? |  |  |
| Are payments received from unknown or unassociated third parties? |  |  |
| Does the client have a history of persistent and unlikely ‘errors’ in tax returns? |  |  |

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| **Industry risk** |
| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Does the client deal with high value goods? (e.g. jewellery, car dealerships, properties, precious metals, art, antiques, and luxury items etc.) |  |  |
| Does the client operate in an industry typically considered high-risk of money laundering or terrorist financing? (e.g. money services business, import/export, oil, arms/weapons, tobacco products, cryptocurrencies etc.). |  |  |

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| 1. **Overall risk assessment**

Based on your considerations above please conclude on an overall risk assessment and outline the reasons in support of your conclusion. There are three possible risk assessments – high, medium, or low |
| **Risk Score**  |  |
| **Previous risk score** |  |
| **Explanation if any change in risk score** |
| **Risks identified and safeguards required** |

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| **Enhanced due diligence (for high-risk clients)**If the level of risk has been assessed as High, you must apply enhanced due diligence measures in accordance with the [Money Laundering Regulations](https://www.legislation.gov.uk/uksi/2017/692/contents) and [AMLGAS](https://www.ccab.org.uk/anti-money-laundering-and-counter-terrorist-financing-guidance-for-the-accountancy-sector-2022/). If so, please specify the additional information and/or evidence obtained, and comment on the risks identified and safeguards required. |
| Date of review |  |
| Reviewer name |  |

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| 1. **Ongoing monitoring**
 |
| Date of next review |  |