Firm-wide risk assessment 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 assess the services they provide and the type of clients they have. This is required in order to help them understand how criminals could use them to help facilitate money laundering or conceal proceeds of crime.

As an AAT licensed member, you must undertake a firm-wide risk assessment on an annual basis. It will help you identify money laundering risks that are relevant to your business and enable you to put controls and safeguards in place to mitigate those risks. The idea of the firm-wide risk assessment is to carry out a detailed risk assessment of your firm as a whole; it should not focus on individual clients.

This document is designed to help you meet this requirement but is for general guidance only and should be adapted to suit the needs of your practice and prospective client. It 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.

Before completing your firm-wide risk assessment, please review the [Accountancy AML Supervisors Group Risk Outlook](https://www.aat.org.uk/prod/s3fs-public/assets/Accountancy-AML-Supervisors-Group-risk-outlook-high-risk-money-laundering-terrorist-financing.pdf) which identifies the circumstances where there might be a high risk of money laundering or terrorist financing in the accountancy sector and sets out the key risks and red-flag indicators to look out for based on emerging threats and trends.

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| 1. **Firm details**
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| Name of the firm  |  |
| Firm address |  |
| Risk assessment completed by  |  |
| Role in the firm |  |
| Date  |  |

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| 1. **Client risk indicators**
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| **Risk indicator**  | **Response** | **What is the level of risk for each risk indicator? High, medium, or low.** | **What safeguards/ mitigation do you have in place?** |
| Do you have uncooperative or overly secretive clients, or the business relationship is conducted in unusual circumstances? |  |  |  |
| Do you act for clients who have been convicted of criminal activity or have known links to organisations or individuals with criminal or terrorist activities?  |  |  |  |
| Do you have clients where the firm has been unable to determine the ultimate beneficial owner or where there are nominee shareholders or shares in bearer form? |  |  |  |
| Do you have clients where the structure, or nature of business/transactions, is unusual or complex?  |  |  |  |
| Do you act for clients who operate cash intensive businesses?  |  |  |  |
| **Risk indicator**  | **Response** | **What is the level of risk for each risk indicator? High, medium, or low.** | **What safeguards/ mitigation do you have in place?** |
| Do you act for high net worth individuals? ([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). |  |  |  |
| Are any of your clients or the beneficial owners of your clients Politically Exposed Person (PEP), or a family member or a known close associate of a PEP? PEPs are individuals whose prominent position in public life may make them vulnerable to corruption. |  |  |  |
| Do you have any clients who act as legal person or legal arrangement that is a vehicle for holding personal assets? |  |  |  |
| Do you act for demanding clients with onerous and pressurised requirements? |  |  |  |

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| 1. **Service and transaction risk indicators**
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| **Risk indicator**  | **Response** | **What is the level of risk for each risk indicator? High, medium, or low.** | **What safeguards/ mitigation do you have in place?** |
| Do you provide payroll services for clients? The NRA 2020 concluded that payroll services are one of the highest risk services offered by accountancy service providers for money laundering. |  |  |  |
| Do you provide trust or company services to clients with ancillary accounting services? 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. |  |  |  |
| Do you provide trust and company service provision for clients with no other connection with the firm?  |  |  |  |
| Do you provide trust and company service provision for clients incidental to other work performed for clients?  |  |  |  |
| Do you provide trust and company service provision for clients with no other connection with the firm? |  |  |  |
| Do you provide advice or referrals for advice in the areas of tax avoidance schemes?  |  |  |  |

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| **Risk indicator**  | **Response** | **What is the level of risk for each risk indicator? High, medium, or low.** | **What safeguards/ mitigation do you have in place?** |
| Do you provide accounting or taxation services where there are concerns about the underlying books and records (falsification or substandard bookkeeping)?  |  |  |  |
| Do you provide services to clients where the customer is the beneficiary of a life insurance policy (note: that the business has provided)?  |  |  |  |
| Do you provide any services/transactions favouring anonymity of client/beneficial owners? |  |  |  |
| Do you hold clients’ money clients?  |  |  |  |

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| 1. **Geographical risk indicators**
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| **Risk indicator**  | **Response** | **What is the level of risk for each risk indicator? High, medium, or low.** | **What safeguards/ mitigation do you have in place?** |
| Do you provide services to clients largely based in the United Kingdom?  |  |  |  |
| Do you have clients who are not locally based or have a historic local connection? |  |  |  |
| Are your clients established in countries that are known to be used by money launderers or terrorist financiers?”  |  |  |  |
| Do you provide services to clients based in countries which have significant levels of corruption or other criminal activity?  |  |  |  |
| Do you provide services to clients based in a country on the [Financial Action Task Force (FATF) list of countries](https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html) not having effective ML regimes? |  |  |  |
| Are any individuals or organisations connected to your clients based in a country on the [Financial Action Task Force (FATF) list of countries](https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html) not having effective ML regimes? |  |  |  |
| Do you provides services to clients on the [UK’s sanctions list](https://www.gov.uk/government/publications/the-uk-sanctions-list) or [OFSI’s consolidated list of financial sanctions targets](https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets) or subject to embargo or similar measures? |  |  |  |

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| **Risk indicator**  | **Response** | **What is the level of risk for each risk indicator? High, medium, or low.** | **What safeguards/ mitigation do you have in place?** |
| Are any individuals or organisations connected to your clients on the [UK’s sanctions list](https://www.gov.uk/government/publications/the-uk-sanctions-list) or [OFSI’s consolidated list of financial sanctions targets](https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets) or subject to embargo or similar measures? |  |  |  |
| Do you have procedures in place for reporting any knowledge or suspicion of financial sanctions breaches to the Office of Financial Sanctions Implementation (OFSI)? |  |  |  |
| Do you have clients who are receiving funding from any countries of concern?  |  |  |  |
| Do you have clients from a third country applying for residence/citizenship of an EEA state in exchange for transfers of capital, purchase of a property, government bonds or investment in corporate entities in the state? |  |  |  |

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| 1. **Delivery channel risk indicators**
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| **Risk indicator**  | **Response** | **What is the level of risk for each risk indicator? High, medium, or low.** | **What safeguards/ mitigation do you have in place?** |
| Do you have clients you have not met face to face?  |  |  |  |
| Does your firm operate largely based via online channels, where clients are met face to face infrequently?  |  |  |  |
| Does the firm trade from premises outside the UK, or outsources services to service providers outside the UK?  |  |  |  |
| Do you provide any services managed through intermediaries rather than to clients directly?  |  |  |  |

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| 1. **Proliferation financing risks**
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| **Risk indicator**  | **Response** | **What is the level of risk for each risk indicator? High, medium, or low.** | **What safeguards/ mitigation do you have in place?** |
| Could the services you provide be used in the manufacture, acquisition, development, export, trans-shipment, brokering, transport, transfer, stockpiling of, or otherwise in connection with the possession or use of, chemical, biological, radiological or nuclear weapons? |  |  |  |
| Do you have clients who are operating in, or linked to, jurisdictions that are subject to targeted financial sanctions adopted by resolution of the United Nations Security Council (i.e. Democratic People’s Republic of Korea (DPRK) and Iran)? |  |  |  |
| Do you have clients who are dealing with dual-use goods or goods subject to export control goods or complex equipment? |  |  |  |
| Do you have clients who engage in complex trade deals involving numerous third-party intermediaries in lines of business that do not accord with their stated business profile? |  |  |  |
| Do you have commercial business clients that conduct transactions that suggest that they are acting as a money-remittance business or a pay-through account? |  |  |  |
| **Risk indicator**  | **Response** | **What is the level of risk for each risk indicator? High, medium, or low.** | **What safeguards/ mitigation do you have in place?** |
| Do you have clients who make transactions to pay for goods and services that originate from a different jurisdiction to the one in which the goods and services are bound? |  |  |  |

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| 1. **Overall risk assessment – money laundering and terrorist financing**

Based on your considerations above please conclude on an overall money laundering and terrorist financing risk assessment for your firm and outline the reasons in support of your conclusion. There are three possible risk assessments – high, medium or low. |

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| 1. **Overall risk assessment – proliferation financing**

Based on your considerations above please conclude on an overall proliferation financing risk assessment for your firm and outline the reasons in support of your conclusion. There are three possible risk assessments – high, medium or low. |

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| 1. **Actions and safeguards**
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| **Action to be taken**  | **Target date to complete**  | **Date completed**  |
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| 1. **Ongoing monitoring**
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| Date of next review |  |  |
| 1. **Additional notes**
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