

AML CFT Supervision FAQs

| | |
|--|---|
| Is there any difference between an accounting firm and an audit firm? | Yes, accounting firms provide accounting services and audit firms provide public accounting services. CIIPA refers to accounting firms as Registered Firm and audit firms (which may also conduct non audit assurance work) as Registered Public Practice Firm. Whilst the services provided by each are expected to differ, the AML Regulations apply equally in principle. Registered Public Practice Firms are also subject to the requirements of the Accountants Law. |
| What's the definition of an "Accountancy Firm"? | As many refer to Public Practice Firms as Accounting Firms the term is naturally generic to mean both Registered Public Practice Firms and Registered Firms (i.e. those providing accounting services other than public practice). |
| Are fund administrators and trust managers required to register with CIIPA as they provide accounting services? | If you provide accounting services as a separate service line and to different clients to other services that are licensed by CIMA then you must register with CIIPA. Any overlap between scope for CIIPA supervision and CIMA is to be addressed via agreement by CIIPA and CIMA. |
| Is there a standing arrangement that if an entity is CIMA licensed, CIMA is "the lead supervisor"? | At this time no agreement is in place to this effect and CIMA may not have information on your standalone accounting services. Rest assured that duplication of supervision will be avoided. |
| What is 'Relevant financial business'? | This is set out in schedule 6 of the Proceeds of Crime Law, and if carrying on this type of business activity the supervision will be applied. The CIIPA guidance is designed to cover relevant financial business activity of accounting firms. |
| What are the main requirements of the AML Regulations? | To appoint compliance and reporting officers at management level, conduct risk assessments and take a risk based approach to implementing controls especially to identify, verify and monitor clients, keep records in a prescribed way, train staff and continually audit or review the above. |
| Are the requirements new? | No all firms carrying on relevant financial business have been required to comply with the AML Regulations since 2000 although the following are new- <ul style="list-style-type: none"> • risk assessment and appointing an AMLCO, • the requirement for accounting services providers to register even if they are not carrying on relevant financial business • procedures to address proliferation financing risks and ensure compliance with targeted financial sanctions and • for CIIPA to supervise those that are carrying on relevant financial business. |
| Why do I have to register my firm if it is not carrying on relevant financial business? | The registration is a simple process and is necessary even where the firm is not carrying on relevant financial business in order to meet international standards that require that accountants are registered, to ensure that firms are aware of the law and their obligations and are able to ascertain the risks they face and whether they are conducting relevant financial business. CIIPA will provide information and support to all registered firms in this regard. |
| Will we be supervised if our firm did some relevant financial business in 2017 but not in 2018? | The Supervision may cease and recommence depending on the activity of the firm in the previous 12 months. This information is collected by CIIPA annually when the registration is renewed. |
| When did the laws designating CIIPA as AML Supervisor and requiring accounting firms to register become effective? | The amendment to the AML Regulations became effective immediately (December 2017). Registration of firms began in May 2019. |
| Where is CIIPA authorised to act as AML Supervisor? | The POCL gave the power to designate other AML Supervisors, and the AML Regulations specify the powers and responsibilities. |
| What is CDD? | Client Due Diligence which is a key AML CFT control and means to identify and verify clients, beneficial owners and some other counterparties. |
| What is CFT? | Countering the financing of terrorism. |
| What is a Risk Based Approach? | The firm must assess its risk or exposure to money laundering and terrorist and proliferation financing and then adopt controls that are appropriate and proportionate to address those risks. |