



Cayman Islands  
Institute of  
Professional  
Accountants

# Report on Supervision Activities of CIIPA pursuant to the AML Regulations, 2022



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# Introduction

As the Anti-Money Laundering (“AML”) Supervisory Authority for accounting firms, CIIPA continued its supervision in 2022. This entailed continuing off-site monitoring. This document outlines key activities and themes and findings arising from supervision.

This Report is presented to the Anti Money Laundering Steering Group in accordance with Regulation 53D of the Anti-Money Laundering Regulations (2023 Revision).



# Registrations

As at December 31 2022, there were 140 registered firms comprising:

- 43 audit firms that are not engaged in relevant financial business (“RFB”),
- 68 accounting firms that are not engaged in relevant financial business and
- 29 audit and accounting firms that are engaged in relevant financial business.

Nine accounting firms that are not engaged in RFB became registered in the period February to December 2022.

One new liquidation firm (that conducts relevant financial business) came into being as a result of an acquisition, registered with CIIPA in January 2022 which did not affect the total numbers given that the previous firm deregistered.

Four other accounting firms that are not conducting relevant financial business deregistered in 2020-2021 as a result of the company’s trade and business licence being revoked. The firms were deregistered six to eight months after the revocation of their licences.

CIIPA anticipates that a number of firms that should be registered, remain unregistered and is working with the Department of Commerce and Investment (“DCI”) to ascertain the best process to capture the activities requiring registration with CIIPA at the time of licensing with Department of Commerce and Investment. Categories available for licensing with Department of Commerce and Investment such as ‘Consultant’ may be misused, advertently or inadvertently, to pass under the radar of Department of Commerce and Investment and thus CIIPA.

# Supervision

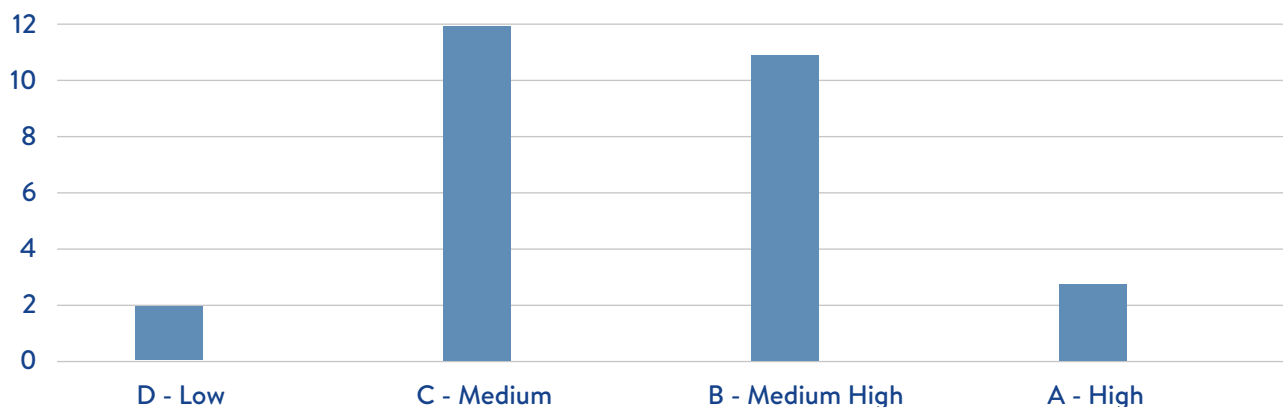
Two firms engaged in relevant financial business that first registered in 2021 were subjected to offsite monitoring which entailed, inter alia, a review of the firms' written controls and risks assessments in early 2022 with calls to discuss with the firms.

One firm engaged in relevant financial business sold its supervised business to another firm and supervision entailed onboarding the new firm by assessment of its controls (which were adopted wholesale from the previous firm) and the governance arrangements. Confirmation was obtained from the vendor firm that no relevant financial business was conducted post sale.

A change in the AML function occurred in three firms engaged in relevant financial business. One appointed a new (outsourced) AMLCO in January 2022, another firm changed outsourced AMLCO providers in 2021 and this was detected and processed in 2022, a third firm changed outsourced AMLCO appointee in January 2022.

CIIPA undertakes to support the Cayman Islands Monetary Authority in its collection of Proceeds of Crime Act declarations from public practice firms as required by section 31 of the Accountants Act.

## Risk Profile of Supervised Entities



Results of CIIPA's Thematic Review of Country Risk by firms was reported internally and used to update the risk profiles noted above. The changes effected during 2022 resulted in a reduction in low-risk firms from four to two, an increase in high-risk firms from two to three, and increase in medium high risk from ten to eleven firms.

# Policy

In April 2022 CIIPA issued new guidance for accounting firms regarding the National Risk Assessment. This replaced the previous accounting sector risk assessment issued by CIIPA.



# Consultations

During the year CIIPA responded to consultation conducted by the Anti Money Laundering Unit on amendments to the Anti Money Laundering Regulations.

CIIPA also responded to both the pre consultation in early 2022 and formal consultation in November 2022 regarding Beneficial Ownership conducted by the Ministry of Financial Services and Commerce.



# Outreach Activities

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During the year CIIPA continued its outreach activities, of note:

- AML Compliance Officer Forum 21 February and 24 November 2022
- NRA Outreach April 2022
- Annual AML Training April 2022
- Issued Sanctions FAQs June 2022
- ICAEW and CIIPA Training: Scepticism and AML November 2022



# Cooperation

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CIIPA continued to liaise with the other domestic AML supervisors both directly and through the AML Supervisors Forum pursuant to the Cayman Islands Multilateral Memorandum of Understanding. CIIPA met with the Financial Reporting Authority to discuss matters of mutual interest.

- Financial Reporting Authority, meetings in January, April and December 2022
- AML Supervisors Forum, meetings in January, May, August and October 2022
- Cayman Attorneys Regulation Authority, communications regarding requests from CIBFI and comparisons for development of AML Return for firms.
- Department of Commerce and Investment, cooperation on registration of firms.

# Future Objectives & Outlook

CIIPA continues its supervision through the planned implementation of an Anti-Money Laundering Return. The intention is that supervised firms will be required to complete and submit the form in 2023 as will Registered Firms once necessary amendments to the Anti Money Laundering Regulations are effective.





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