Anti-Money Laundering Guidance: Meeting AML requirements on practice documentation and client money

General Features

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The Professional Standards team have been working on guidance requested by members in small practices so they can meet the requirement to have written practice wide risk assessments and policies and procedures and guidance. In addition some members hold client money or assist clients with payments from their bank accounts so the AML FAQ have been updated.

As we approach the deadline for renewal of the AML supervision scheme members are reminded that there is a considerable amount of guidance available on how to comply with the requirements of the Money Laundering Regulations on the CIOT website and the ATT website.

In response to requests from members we have drawn up guidance and pro forma documents in relation to:

- Written practice wide risk assessments
- Written policies and procedures

These are designed for small firms (such as sole practitioners) and can be accessed on the CIOT website and the ATT website.

The CIOT and ATT have been working on an FAQ for members in relation to handling client money. This FAQ is set out on the following page and will be included in the AML FAQ on the CIOT website and the ATT website.

If you have any queries relating to AML compliance or client money do contact the Professional Standards Team at standards@ciot.org.uk or standards@att.org.uk.

What additional safeguards should I put in place if I handle client money?

Client accounts

Guidance on the requirements when handling client money in general are set out in section 7.6 of Professional Rules and Practice Guidelines which are available on Professional Standards pages of both the CIOT and ATT websites. You must be alert to the potential money laundering risks associated with handling client money and should make sure you know the source of the funds, the reason why the client's money is being processed through your client account and consider carefully whether there might be money laundering implications if the client wants money paid to a third party.

Client's own bank account

If you have access to a client's own bank account it is essential to have a very clear written agreement with your client on the management of their money. Your authority to access the account should be given in writing to the bank by the client and acknowledged by the bank. Where for example, you are asked to make payments for the client or are a counter signatory on the cheque book you should take care to make sure all payments made are legitimate and that your services are not facilitating money laundering by the client. Where applicable, make sure there is an authorisation process for payments of your own fees to ensure that there is no accusation from the client of unauthorised payments or inappropriate use of client money.

Many online accounts now include fraud protection warnings when payments are being made and set up. Members must always be vigilant to ensure that payments are only made to genuine bank accounts and in relation to valid amounts due by their clients.