

## Technical factsheet:

### Firm-wide risk assessment

Under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017), it is a legal requirement for every accountancy firm to conduct, document and keep up to date a firm-wide risk assessment. Before beginning this exercise, you should review the [MLR 2017](#), [MLR \(Amendment\) 2019](#) and [CCAB's Anti-Money Laundering Guidance For The Accountancy Sector](#) (AMLGAS). We'd also recommend reviewing the [HM Treasury national risk assessment](#), Financial Action Task Force (FATF) [Guidance on the Risk-Based Approach for Accountants](#) and the [National Crime Agency's website](#). Trends and risks within money laundering are constantly changing.

As the money laundering reporting officer (MLRO), it's imperative to keep up to date by reading relevant materials such as those listed to help assess the risks associated with your firm. The MLRO must carry out a firm-wide risk assessment on a periodic basis. Within the firm-wide risk assessment, the firm must consider the money laundering risks presented by:

- its clients
- the countries or geographic areas in which it operates
- its products or services
- its transactions
- its delivery channels
- its exposure to enable proliferation financing.

Below, we have created a template with some hints and tips to aid our firms in completing an AML firm-wide risk assessment. Please remember to tailor the template appropriately to your firm, as simply mimicking it is not sufficient.

**FIRM NAME – Firm-wide risk assessment**

<b>Identification and assessment of risk</b> Every accountancy firm will have risks. Therefore, it's important to identify it. In this column, detail the risk your firm may have.	<b>Mitigating actions</b> In this column you should state how you will alleviate the risk posed.
<b>Client risk</b> This section is the most significant. The range of clients and the associated risks are diverse and vast. As part of the firm-wide risk assessment you must identify the type of clients that you serve and consider the risks presented by your clients. This list is not exhaustive, but here are some examples of red-flag indicators that may suggest a higher risk of money laundering: <ul style="list-style-type: none"> <li>• typically considered as cash-intensive businesses, eg takeaways, retail shops, scrap-metal dealers, car wash, nail bars and massage parlours</li> <li>• high-value goods, eg jewellers, car dealerships, art, antiques and luxury items</li> <li>• type of industry/business eg properties (selling and renting), import and export (including haulage, freights and shipping), money service bureaus, cryptocurrency, visa and immigration services, investment services, precious metals (eg gold and diamond trading) and charities</li> <li>• unusual or excessively complex ownership structures and undue secrecy</li> <li>• association with high-risk jurisdictions</li> <li>• clients with a history of criminal activity</li> <li>• new clients outside of your normal client base</li> <li>• high-net-worth individuals</li> <li>• politically exposed person (PEP), including by association</li> <li>• clients with a changing business, or involved in emerging sectors, eg rapid rate of turnover, clients that are involved in transactions that don't make commercial sense etc.</li> </ul>	
<i>In this section you should identify and assess whether your clients and their stakeholders have characteristics associated with money laundering, financial crime and terrorist financing (such as the examples provided above). You must provide an in-depth assessment of the risk factors presented by your clients.</i>	<i>In this section you should articulate in detail the actions taken to mitigate the risks presented by your clients, eg: When are risk assessments completed? What due diligence is completed and when, what training is provided to staff and when? etc.</i>

### Geography risk

MLR 2017 requires you to apply enhanced due diligence to clients with links to high-risk countries. You should consider whether your clients are established in or have links to jurisdictions that are regarded as high risk. You must consider the following sources:

- [HM Treasury's Money Laundering Advisory Notice: High-Risk Third Countries](#)
- [FATF's list of high-risk jurisdictions](#)
- [The UK Sanctions List](#)
- [Transparency International's Corruption Perceptions Index](#)

*In this section you need to consider the jurisdictions your clients have links with and whether your clients with overseas links (especially those listed on HM Treasury's High-Risk Third Countries List) display any characteristics associated with money laundering, financial crime and terrorist financing. You must provide an in-depth assessment of where your clients have links to, the nature and intended purpose of their overseas business activities etc.*

*In this section you should articulate in detail the actions taken to mitigate the risks presented by the countries in which your clients are established and operate, eg: What checks are completed to confirm where your clients are established or operate in? What additional checks are completed if any client has links to high-risk jurisdictions? etc.*

### Products and services risk

Accountancy services are attractive to criminals due to the ability to use them to help their funds gain legitimacy and respectability. The following are some examples of high-risk accountancy products or services:

- trust and company formation services – providing a registered office address to clients, trust formation services, company formation services, arranging or acting as a director/secretary for clients, or acting as a trustee for clients
- legitimising books and records
- payroll services
- insolvency services
- tax advice that leads to a reduction in tax liability or tax investigations where there might be a criminal element
- investment business
- register of overseas entity verification.

<p><i>In this section you need to consider whether any of the products or services you offer have attributes known to be used by money launderers. You must provide an in-depth assessment of the products and services that you offer and provide additional detail if any of them are higher risk, eg if you provide trust or company service provider (TCSP) services, what services these are, how many clients you provide these to etc.</i></p>	<p><i>In this section you should articulate in detail the actions taken to mitigate the risks presented by the products and services that you offer, eg: Is company formation service offered as a standalone service, or is it provided with ongoing services? Are staff provided with training that covers the risks presented by payroll services? etc.</i></p>
<p style="text-align: center;"><b>Transactions risk</b></p> <p>Client accounts are currently considered to be a risk within the accountancy sector. Ideally, you should not allow clients to use your client account as a banking facility. However, if you do allow this, you should understand the rationale for why the client is using the account before the transaction is initiated.</p>	
<p><i>In this section you need to consider if you hold a client account. If you do, you need to consider the risks associated with your client account and provide an assessment of this, eg: What is your client account used for? How often is it used? etc.</i></p>	<p><i>In this section you should articulate in detail the actions taken to mitigate the risks presented by facilitating client transactions, eg who operates the client account, what checks are completed to confirm where funds have originated from etc.</i></p>
<p style="text-align: center;"><b>Delivery channels risk</b></p> <p>Do you meet your clients face to face? If not, you may face greater money laundering risks because it can be more difficult to determine the identity and credibility of a client, both at the start of a relationship and throughout its course. You should also consider how and why the client has come to you.</p>	

<p><i>In this section you need to consider if you deal with clients whom you have not met face to face, and, if you have not met some clients face to face, does this pose a greater risk? You need to detail how many clients you have not met face to face and provide an assessment of the risks presented by this.</i></p>	<p><i>In this section you should articulate in detail the actions taken to ensure that all clients are met face to face, or, if remote services are provided, what actions are taken to mitigate the risks presented, eg virtual meetings, additional due diligence completed etc.</i></p>
<p style="text-align: center;"><b>Proliferation financing</b></p> <p>All firms must assess the risk that they may be used to enable proliferation financing. FATF defines proliferation financing as the provision of funds or financial services used for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons, and their means of delivery and related materials, in contravention of national laws or, where applicable, international obligations.</p>	
<p><i>In this section you need to assess the risk that your firm may be used to enable proliferation financing. For the majority of firms this will be low risk, but you must still assess this risk and document why this is low risk for your firm.</i></p>	<p><i>In this section you should articulate in detail the actions taken to ensure that your firm is not used to enable proliferation financing, eg the due diligence conducted, your policies and procedures adopted to address the risk etc.</i></p>
<p style="text-align: center;"><b>Overall assessment of risk</b></p> <p>You should summarise all the above, highlighting the key areas of risk. You should consider listing any other risks you identified that have not already been mentioned. It's also beneficial to provide an overall profile of the firm and highlight any changes since the last firm-wide risk assessment was conducted. Below is an example:</p>	
<p><i>Overall, X% of our client base are considered high risk, X% medium/normal risk and X% low risk.</i></p> <p><i>The new risks highlighted since the last firm-wide risk assessment conducted on [DATE] are XXXX.</i></p> <p><i>The majority of our clients work in the XXXX sector – so we are familiar with the type of activity and services they would typically offer.</i></p> <p><i>We believe the biggest risks to the firm are XXXX. However, we believe we are mitigating this risk by enforcing the following controls. They are XXXX.</i></p>	

<b>Actions</b>		
Finally, list what actions you will take to address the risk identified. Below is an example:		
<b>Action</b>	<b>Delivery date</b>	<b>Owner</b>
Perform annual compliance review (MLRO report)	01/01/2026	[MLRO NAME]
Conduct AML training	01/03/2026	[MLRO NAME]
Review AML policies and procedures	01/06/2026	[MLRO NAME]
Retain copy of the previous FWRA on file	[DATE]	[MLRO NAME]
[ACTION]	[DATE]	[MLRO NAME]

**Firm-wide risk assessment conducted by:** [MLRO NAME]

**Shared with:** X [Partner of firm] and Y [Director of firm]

**Completed on:**

**Next review date:**