



**Reduce AML
risks and save
time with
the use of
technology**

Anti-money laundering (AML) is a subject that can cause many accountants and bookkeepers to inwardly groan. It's often seen as a burden, extra work that is often unbilled and little more than a box-ticking exercise.

However, if you get things wrong the impact can be time-consuming, expensive and in the worst cases, disastrous for your business.

So how can you ensure that you keep on top of things effectively, meeting your regulatory requirements and protecting yourself and your practice from the risks of getting things wrong?

The good news is that with the right tools and processes in your practice, AML can be streamlined and simplified, so you can be confident that if you were to have a compliance visit from your institute or HMRC, you'd pass with flying colours.





How to manage your AML risks

There has been increased focus on AML over the past few years, particularly due to events like the conflict in Ukraine that has led to additional controls and checks and sanctions against Russian businesses and individuals.

This has inevitably led to increased scrutiny of accountants and bookkeepers and greater AML risks for accountants and bookkeepers as the tougher sanctions and new economic crime legislation introduced has led to UK regulators imposing a [‘record number of fines for money laundering failures.’](#)

Accountants and bookkeepers will usually either be regulated by a professional body or alternatively, directly regulated by HMRC when it comes to AML. Although there may be differences in the exact requirements, expectations and standards between the various bodies, the ultimate goal of the regulators is to ensure that there are sufficiently robust and proportionate processes in place at the practice.

This usually starts with a firm-wide risk assessment, a policies and procedures document, (also referred to by HMRC as policies, controls and procedures) and your training policies and records. Make sure that everything that is documented in these policies actually matches the controls you have in place. It's not enough to say you're doing something, you need to be able to prove it to be compliant.



Keeping track of all the documentation you need

This is where good practice management software such as BrightManager by Bright comes in handy.

Although it is possible to keep records and reminders digitally using Google Drive, or Office 365 or other storage tools, having them all automatically linked to the client and easily accessible in the case of a compliance visit will save you huge amounts of time.

You'll also be able to automate many of the steps in collecting and checking the documents, for new and existing clients and set reminders for when you need to get updated ID verification, whether that's yearly, or when a business changes the things it does, appoints a new director, takes on overseas orders, partners or clients it works with, or anything else that could affect the risk level of that business.





Processes for new clients

When you take on a new client, as well as agreeing on the services that you're going to carry out for a client, you'll need to carry out an ID check on the client and possibly other people related to the business such as directors.

Although carrying out an electronic/online ID check may seem unnecessary if you have copies of ID documents or know the client personally, it's usually a good idea. With the increased scrutiny of AML due to new sanctions for Russian businesses brought in as a result of the Ukraine war, you need to check on whether someone is a politically exposed person or on a sanctions list and ensure that you take appropriate steps to categorise the risk level of your clients. This should also be set out in your risks and procedures, and the evidence of the checks you carry out need to be recorded.

It's fair to say that the government has stepped up its focus on AML. This has also come as a result of OPBAS - the supervisor of supervisors - which is applying pressure on the Professional Bodies to be systematic and improve their enforcement action against firms they regulate.

You may decide that you wish to charge an onboarding fee for carrying out all the relevant administrative tasks that you need to do such as ID checks, company formation, registering as their agent with HMRC etc. This is an increasingly common practice with practices, and means that you aren't having to start a client relationship by carrying out unpaid work relating to AML.

BrightPropose can help ensure that you agree the correct pricing and set out all the services that you'll be carrying out for the client.

BrightPropose also works with BrightManager to ensure that all the documents and information you need as part of the onboarding, copies of passports, incorporation documents, bank details etc. are all received, with reminders for anything that is outstanding. This can save time and money, and simplify the processes within your practice.

If at any time you agree on a new service for a client, such as annual accounts, regular bookkeeping, payroll, or tax advice then you can easily generate a new proposal and have it sent to your client. The days of manually chasing multiple documents can be put behind you.

Making sure you ask all the questions that are needed to give you a complete understanding of your clients' businesses and assigning the correct risk level in terms of AML is vital, and being able to have a record of all this information in a secure system will make it so much easier to make sure you don't miss a small detail that could be vital when assessing risk and pricing your services accurately.



AML is not only for new clients

As you build the working relationship with your client you may discover additional information, such as whether they have rental properties or trade in crypto, or that a new contract will see them importing or exporting products or services with suppliers in higher risk countries. Using BrightManager and BrightPropose will help you record the information, remind you when to get updated copies of ID verifications, or whether you need to amend a clients level of risk or carry out another electronic ID check.

Depending on how often you have contact with your clients, whether you see them in person or only over video conference or phone and the services you provide, you may need to have different procedures in place to ensure you carry out the regular Know Your Customer (KYC) and AML checks to remain compliant with all the regulations.

Again, while you can manage this in a variety of ways, even old-fashioned paper files (although, really, what happens if there's a fire or a pandemic?), you'll find things

are much easier to manage with the right software. You need to have a structure in place to ensure that you ask all the right questions and record the right evidence if you are meeting a client for an annual catch up around their accounts.

Your AML policies and procedures should specify what information you need to collect and update and when, and you must ensure that you record when this has happened along with any updated documents so that keep your regulator happy.

Conclusion

While many advisers may find the level of regulation and paperwork frustrating and onerous, there's no getting away from the fact that AML is an important process. So any processes you have need to be regularly updated and checked for compliance. With tools like BrightManager by Bright, you can make your processes easier and less time-consuming, leaving you more time to focus on more valuable work for the practice and your clients.



Who are Bright?

Bright provides a suite of industry-leading software solutions for accountants and bookkeepers across the UK and Ireland. Our multi-award-winning, user-friendly and innovative products let users support clients while profitably running their practices, with the backing of exceptional support.



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What next?

Bright is home to multi award-winning accounting, tax, payroll, and practice management software.

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