Client onboarding checklist

It is important that all licensed members have systems and controls in place capable of assessing and documenting the risk associated with a new client before accepting an engagement. This document is designed to help you meet this requirement but is for general guidance only and should be adapted to suit the needs of your practice and prospective client. It is not intended to supply legal, regulatory, or professional advice. Compliance with the MLR in force is the legal duty of the licensed member and supervision by AAT does not transfer any part of those responsibilities to AAT. Please refer to the [Anti-Money Laundering and Counter-Terrorist Financing Guidance for the Accountancy Sector (AMLGAS)](https://www.ccab.org.uk/anti-money-laundering-and-counter-terrorist-financing-guidance-for-the-accountancy-sector-2022/) for further guidance on AML requirements.

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| 1. **Client details** | |
| **Company details** | |
| Client name |  |
| Client reference number |  |
| Date of client on-boarding |  |
| Trading name |  |
| Registered name |  |
| Trading address |  |
| Registered address |  |
| Company registration number |  |
| Charity Commission registration number *(if applicable)* |  |
| **Personal details** | |
| Name/previous names |  |
| Date of birth |  |
| Contact details |  |
| Marital status |  |
| NI number |  |
| Forms of identification (which have been checked in person and copies held on file) |  |
| Additional notes | |
| **Partners or codirectors (if applicable)** | |
| Name/previous names |  |
| Date of birth |  |
| Contact details |  |
| Marital status |  |
| NI number |  |
| Forms of identification (which have been checked in person and copies held on file) |  |
| Additional notes | |
| **Partners or codirectors (if applicable)** | |
| Name/previous names |  |
| Date of birth |  |
| Contact details |  |
| Marital status |  |
| NI number |  |
| Forms of identification (which have been checked in person and copies held on file) |  |
| Additional notes | |
| **Partners or codirectors (if applicable)** | |
| Name/previous names |  |
| Date of birth |  |
| Contact details |  |
| Marital status |  |
| NI number |  |
| Forms of identification (which have been checked in person and copies held on file) |  |
| Additional notes | |

If there are more partners or codirectors, please continue on a separate sheet.

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| 1. **Services**   Identify all services that you provide to the client and confirm that you have covered each service in a [letter of engagement](https://www.aat.org.uk/licensed-members/support/letters-engagement-templates). | | | | |
|  | **Service provided (Y/N)** | **Date commenced** | **Terms of engagement supplied (Y/N)** | **Date letter was supplied** |
| Bookkeeping |  |  |  |  |
| Financial accounts and accounts preparation for sole traders and partnerships |  |  |  |  |
| VAT |  |  |  |  |
| Computerised accountancy systems |  |  |  |  |
| Financial accounts and accounts preparation for statutory purposes |  |  |  |  |
| Budgeting and forecasting |  |  |  |  |
| Management accounting |  |  |  |  |
| Payroll |  |  |  |  |
| Personal income tax |  |  |  |  |
| Business income tax |  |  |  |  |
| Inheritance tax |  |  |  |  |
| Capital gains tax |  |  |  |  |
| Corporation tax |  |  |  |  |
| Limited assurance engagement |  |  |  |  |
| Independent examination |  |  |  |  |
| Company secretarial services (trust or company services) |  |  |  |  |
| Internal audit |  |  |  |  |
| Forensic accounting |  |  |  |  |
| Additional notes | | | | |

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| 1. **Documentation**   Confirm that you have a copy of each of the documents listed below and add the date each document was requested and received. | | |
|  | **Date requested** | **Date received** |
| Professional clearance authority |  |  |
| Company House authority (if applicable) |  |  |
| Last annual return |  |  |
| Books and records |  |  |
| Organisation chart |  |  |
| Last set of accounts |  |  |
| Fixed asset register |  |  |
| HMRC returns and computations |  |  |
| Trial balances |  |  |
| Details of elections in force and other notifications to HMRC |  |  |
| Details of ongoing matters |  |  |
| Additional forms of authority that you need to check (list below) |  |  |
| Additional notes | | |

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| 1. **Additional documentation (if acting as an agent for a client)**   Completion of Form 64-8 provides HMRC with authorisation to exchange and disclose information with you (as agent) to enable you to deal with matters on their behalf. Confirm you have collected HMRC authority form 64-8 and hold all relevant Unique Tax References (UTR). Include details of VAT number, PAYE references, Government Gateway and the Pensions Regulator details as appropriate. | |
| Do you have authority form 64-8 so you can act as agent on their behalf? |  |
| Client’s personal 10-digit Unique Tax Reference (UTR) |  |
| Client’s company 10-digit Unique Tax Reference (UTR) |  |
| Client’s partnership 10-digit Unique Tax Reference (UTR |  |
| VAT Number |  |
| PAYE reference |  |
| Government Gateway details |  |
| The Pensions Regulator |  |
| 1. **Accounts preparation** | |
| What are the relevant accounting standards to be used for the client? |  |
| Date accounts are to be prepared by |  |
| Last annual return |  |
| Last set of accounts |  |
| Additional notes | |

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| 1. **Code of Professional Ethics**   In order to maintain public confidence in the accountancy profession you are expected to apply the fundamental ethical principles under AAT’s[*Code of Professional Ethics*](https://www.aat.org.uk/membership/standards-requirements) during your engagement with a client. You will need to identify and evaluate any threats to your compliance and respond appropriately to ensure the public interest is not compromised. | | | |
| Have you assessed the integrity of the owners, directors (or equivalent), and management of the organisation? | | |  |
| Are you satisfied that you are independent and are likely to have adequate resources and knowledge to complete the assignment? | | |  |
| Are you satisfied that the acceptance of the appointment would not have an adverse effect on the reputation of the practice? | | |  |
| Are you satisfied that acceptance of the engagement would not create any conflict of interest with existing clients? | | |  |
| If you have answered “no” to any of the above questions, please outline what safeguards you have or will implement. | | | |
| 1. **Clients’ money (if applicable)** | | | |
| Have you completed an Anti-Money Laundering checklist (see sections 8 and 9) for this firm / client? | | |  |
| Will you hold client monies for this client? | | |  |
| Can you justify the need to hold the client’s monies? Is it necessary?  Only monies relative to the accountancy and/or bookkeeping services which the firm is performing, has performed or has been engaged to perform, for the client should be held. | | |  |
| Do you have client instruction for payment, fee offset if applicable? | | |  |
| Do you hold current Client Due Diligence/ Identification of client details? | | |  |
| Has a client bank account been set up in line with the conditions of AAT’s [*Clients’ Money Policy*](https://www.aat.org.uk/membership/standards-requirements)? | | |  |
| Additional notes | | | |
| 1. **Anti-Money Laundering – Know Your Client**   You must have in place certain controls and monitoring systems to prevent your business from being used for money laundering, terrorist financing, or proliferation financing. It is your responsibility to ensure the following customer due diligence measures and controls are applied to ensure you are compliant with the current [Money Laundering Regulations](https://www.legislation.gov.uk/uksi/2017/692/contents) in force. | | | |
| Source of client introduction |  | | |
| Why has the client chosen the firm? |  | | |
| Reason for leaving previous accountant/bookkeeper |  | | |
|  | **Response** | **Comments** | |
| Does the work requested fit your normal client base? If not, have you considered what safeguards are in place? |  |  | |
| Have you met the client face to face and discussed the nature of their business? |  |  | |
| Do you hold sufficient evidence on file establishing the client’s/representative’s identity to comply with Money Laundering Regulations? |  |  | |
| Have you certified the client’s forms of ID? |  |  | |
| Are you dealing with the ultimate client and not an intermediary who is hiding their identity? |  |  | |
| Do you fully understand the control and ownership structure of the client? |  |  | |
| Has the certificate of incorporation/partnership agreement been supplied by the client and a copy retained? |  |  | |
| Has the copy of memorandum and articles of association been supplied by the client and a copy retained? |  |  | |

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|  | **Response** | **Comments** |
| Have the beneficial owner(s) and related persons of the organisation been determined/verified, and their details recorded? |  |  |
| Have you completed a company search on [Companies House](https://www.gov.uk/get-information-about-a-company)? |  |  |
| Are there any discrepancies with the information you hold, and the information held on person of significant control register (PSC) on Companies House?  If **Yes,** the Money Laundering Regulations set out a requirement to report any discrepancies found to Companies House. Please see [Companies House guidelines](https://www.gov.uk/guidance/report-a-discrepancy-about-a-beneficial-owner-on-the-psc-register-by-an-obliged-entity) for further information. |  |  |
| If the client is in a regulated industry, have you enquired about their relationship with the regulatory authorities? |  |  |
| Have you assessed the integrity of the owners, directors (or equivalent), and management of the organisation? |  |  |
| Are you aware of the client’s general financial circumstances? |  |  |
| Are all of the client’s tax affairs up to date? |  |  |
| Has the client been under enquiry from HMRC? |  |  |
| *Trusts and pension schemes only*  Identify all major parties including principal employer and name these in the column to the right. |  | |

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|  | **Response** | | **Comments** |
| *Trusts and pension schemes only*  Have the pension scheme documents been reviewed, and copies retained? |  | |  |
| *Charities only*  Charity registered no. |  | | |
| Have you verified trust deed/registration details? |  | |  |
| Additional notes | | | |
| 1. **Risk assessment**   You will need to adopt a risk-based approach to assess the risks of money laundering, terrorist financing, and proliferation financing and identify any clients that might pose a risk. The [AMLGAS](https://www.ccab.org.uk/anti-money-laundering-and-counter-terrorist-financing-guidance-for-the-accountancy-sector-2022/) provides some examples of high risk and low risk indicators but the list is not exhaustive.  After carrying out a risk assessment, the policies and controls you have in place will help you monitor and reduce any risks identified. Remember you are legally obliged to report any suspicious transactions or activities. | | | |
| **Client risk** | | | |
| **Risk indicator** | | **Response** | **Safeguards/mitigation in place** |
| Has the client provided proof of identification and proof of address? | |  |  |
| Has the client been evasive or uncooperative? (e.g. appeared reluctant to provide ID). | |  |  |
| Has the client been convicted of criminal activity or have known links to organisations or individuals with criminal or terrorist activities? | |  |  |
| Have you been able to determine the ultimate beneficial owner or where there are nominee shareholders or shares in bearer form? | |  |  |

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| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Does the client or its beneficial owners have attributes known to be frequently used by money launderers or terrorist financiers? (e.g. is the structure unusual or excessively complex?) |  |  |
| Would the client be typically considered a cash intensive business? (e.g. restaurants, retail outlets etc.) |  |  |
| Has evidence/documents proving source of wealth and funds been provided? |  |  |
| Is the client a high net worth individual? ([HMRC guidance](https://www.nao.org.uk/wp-content/uploads/2016/11/HMRCs-approach-to-collecting-tax-from-high-net-worth-individuals.pdf) defines high net worth individuals as individuals who have a net worth of £10m or more). |  |  |
| Is the client or a beneficial owner of the client a Politically Exposed Person (PEP), or a family member or known close associate of a PEP?  PEPs are individuals whose prominent position in public life may make them vulnerable to corruption. Please be aware that this is automatically a high risk relationship and enhanced due diligence must be applied in accordance with the MLR. |  |  |

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| **Delivery channel risk** | | |
| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Have you met the client face to face? |  |  |
| Is the client secretive and reluctant to meet in person? |  |  |
| Has the client asked to engage with you in an unusual manner? E.g. in a way that could obscure the true business activity or the true beneficiaries or controllers of the activity, such as using an intermediary. |  |  |
| **Geographical risk** | | |
| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Is the client/firm based locally? (e.g. within 10 miles). |  |  |
| Is the client based outside of the UK? |  |  |
| Is the client, or any individual or organisation connected to the client’s business, based in a country on the [Financial Action Task Force (FATF) list of countries](https://www.fatf-gafi.org/en/countries.html) not having effective ML regimes? |  |  |
| Is the client, or any individual or organisation connected to the client’s business, on [OFSI’s Consolidated List of Financial Sanctions Targets in the UK](https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets) or subject to embargo or similar measures? |  |  |

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| **Service and transaction risk** | | |
| **Risk indicator** | **Response** | **Safeguards/mitigation in place** |
| Will you be providing trust or company services for the client?  The National risk assessment of money laundering and terrorist financing 2020 (NRA 2020) concluded that Trust and Company Service Provider (TCSP) services are of the highest risk services offered by accountancy service providers for money laundering. |  |  |
| Will you be providing payroll services for the client?  The NRA 2020 concluded that payroll services are one of the highest risk services offered by accountancy service providers for money laundering. |  |  |
| Are you clear why the client has selected you to carry out the service? (e.g. Has the client asked you to assist in a service which is outside your normal area of specialism?) |  |  |
| Does the client want to use the firm’s client account as a bank account? |  |  |
| Does the client require a client account denominated in a foreign currency? |  |  |
| Does the client use many different auditors and advisors for connected companies and businesses? |  |  |
| Are payments received from unknown or unassociated third parties? |  |  |

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| **Industry risk** | | | |
| **Risk indicator** | | **Response** | **Safeguards/mitigation in place** |
| Does the client deal with high value goods? (e.g. jewellery, car dealerships, properties, precious metals, art, antiques, and luxury items etc.) | |  |  |
| Does the client operate in an industry typically considered high-risk of money laundering or terrorist financing? (e.g. money services business, import/export, oil, arms/weapons, tobacco products, cryptocurrencies etc.). | |  |  |
| 1. **Overall risk assessment**   Based on your considerations above please conclude on an overall risk assessment and outline the reasons in support of your conclusion. There are three possible risk assessments – high, medium, or low | | | |
| **Risk Score** |  | | |
| **Risks identified and safeguards required** | | | |
| **Enhanced due diligence (for high-risk clients)**  If the level of risk has been assessed as High, you must apply enhanced due diligence measures in accordance with the [Money Laundering Regulations](https://www.legislation.gov.uk/uksi/2017/692/contents) and [AMLGAS](https://www.ccab.org.uk/anti-money-laundering-and-counter-terrorist-financing-guidance-for-the-accountancy-sector-2022/). If so, please specify the additional information and/or evidence obtained, and comment on the risks identified and safeguards required. | | | |
| **Date of review** |  | | |
| **Reviewer name** |  | | |
| 1. **Ongoing monitoring** | | | |
| Date of next review |  | | |