



**Association of Accounting Technicians  
response to HM Treasury's Call for  
Further Information relating to the Anti  
Money Laundering supervisory regime**

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## 1. Introduction

- 1.1. The Association of Accounting Technicians (AAT) is pleased to have the opportunity to respond to the Call for Further Information relating to the Anti Money Laundering supervisory regime.
- 1.2. AAT is an existing supervisor under the Money Laundering Regulations 2007 (MLR).
- 1.3. AAT is submitting this response on behalf of our membership and for the wider public benefit of achieving sound and effective administration of taxes.
- 1.4. AAT has added comment in order to add value or highlight aspects that need to be considered further.
- 1.5. AAT has focussed on the operational elements of the proposals and has provided opinion on the practicalities of implementing the measures outlined.

## 2. Executive summary

- 2.1. The Association of Accounting Technicians (AAT) strongly supports the UK's drive to combat money laundering and terrorist financing and recognises that establishing a consistent, risk based supervisory regime in the UK is paramount. AAT agrees with the creation of an oversight function in pursuit of that aim, however AAT is of the opinion that the government's current proposal to do so is unsustainable.
- 2.2. AAT is concerned with the lack of transparency around the detail and therefore the limited consultation scope, given the significance of the proposed development for setting up the Office for Professional Body AML Supervision (OPBAS). In particular, there is little evidence to suggest that the government has conducted any impact assessment.
- 2.3. AAT's key apprehension with the current proposal, which has previously been reported to the government, is that those not regulated by a professional body and supervised by HMRC will not fall within the scope of the oversight body. This will result in further inconsistency within the sector, thus failing to address the rationale for establishing such a function in the first place.
- 2.4. Furthermore, in light of the date set for the general election, AAT does not believe that the proposed implementation timetable of OPBAS is workable.

## 3. AAT's response to the Call for Further Information:

- 3.1. **Are these powers to monitor supervisors' activities and penalise poor practice sufficient? If more powers should be added, which powers might be?**

AAT agrees that, as laid out, the powers appear sufficient to ensure good practice.

- 3.2. **Should the Office's powers to request information or attendance at interviews be extended to supervisors' members as well as supervisors themselves?**

AAT holds the view that access to members should be through the relevant professional body and that the professional bodies should be the first port of call if any concerns exist.

- 3.3. **Should the Office report annually on other issues, in addition to its performance against its objectives in that year, priorities for the coming year and expectations around emerging risks? If so, which issues should the Office report on?**

AAT supports the Office reporting on other issues on an annual basis – in particular; trends, overviews of the regulatory landscape and recommendations for improvement in procedures where identified.

- 3.4. **The government envisages the Office having representation at the Money Laundering Advisory Committee, the Anti-Money Laundering Supervisors Forum and engaging with the Accountancy and Legal Affinity Groups. What role could the Office best fulfil in each forum, and are there other fora the Office should attend – if so, which?**

The AAT supports the Office attending these on an advisory / information sharing basis. As with the response given to the previous question above, this should include guidance on trends, overviews of the regulatory landscape and recommendations for improvement in procedures where identified.

- 3.5. **How might the AML supervisory regime evolve over the next five to ten years, especially in the legal and accountancy services sectors? What are the advantages and disadvantages to the potential options – how might government help minimise the disadvantages?**

There are a number of issues that AAT has identified which may affect the supervisory regime over the coming years. These include;

- Making Tax Digital
- the impact of technology on the relevant professions (with the likelihood of fewer face to face transactions)
- use of biometric data
- potential for reduction in professional body membership due to increased regulation and therefore an associated lowering of overall professional standards within the regulated professions, and increased burden on HMRC (or whichever default supervisory body is in place).

- 3.6. **Are there other issues you would like government to take into account as it considers increasing the oversight of AML supervision in the accountancy and legal sectors?**

A majority of the supervisory bodies have invested significant time and resources working with HMT to ensure high standards of supervision within the accountancy profession. It is essential that the fees for funding any new oversight body are not so punitive as to drive professional bodies out of the supervisory regime. One option to help prevent this would be to charge fees proportionate to the size of the cohort supervised by any particular body.

It is worth remembering that those who are supervised by professional bodies are also subject to wider oversight and controls through codes of conduct/ethics and associated disciplinary powers, on top of the AML supervisory commitments. This is clearly beneficial for the whole financial sector. Losing professional bodies from the supervisory regime, or seeing members of the professional bodies opting out of their respective memberships if the costs are perceived as being too prohibitive which may in turn lead to obliged entities going for the 'cheapest option' in relation to their AML supervision with HMRC and no longer being subject to the other professional obligations that they are currently required to demonstrate ongoing compliance with.

#### 4. About AAT

4.1. AAT is a professional accountancy body with approximately 50,000 full and fellow members and over 90,000 student and affiliate members worldwide. Of the full and fellow members, there are over 4,250 licensed accountants who provide accountancy and taxation services to individuals, not-for-profit organisations and the full range of business types.

4.2. AAT is a registered charity whose objectives are to advance public education and promote the study of the practice, theory and techniques of accountancy and the prevention of crime and promotion of the sound administration of the law.

#### 5. Further information

If you have any questions or would like to discuss any of the points in more detail then please contact Adam Williamson, Head of Professional Standards, at:

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