

Alert

Updates on financial reporting, auditing and ethics



Issue 26 (October 2018)

Dear practising members,

Monitoring of AML compliance

The amended Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (AMLO) became effective on 1 March 2018. It extends the scope of the legislation to cover designated non-financial businesses and professions, including accountants. The Institute has issued two documents to help members comply with the AMLO and other anti-money laundering (AML) related legislation, (i) the [Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Professional Accountants](#) and (ii) the [Anti-Money Laundering Procedures Manual for Accountants](#).

Based on the Institute's understanding of the AML regulatory requirements and our recent discussions with the Hong Kong SAR Government, the Institute, being the regulator of the accounting profession as detailed under the AMLO, will need to introduce a programme of monitoring of AML compliance. The Institute is empowered to carry out monitoring of compliance with professional standards through practice review, so the AML monitoring programme will be introduced within the Institute's practice review programme.

As part of the AML monitoring programme, the Institute's Quality Assurance Department (QAD) will issue a questionnaire to gather relevant information from every practice unit about its businesses and activities, its customer base, its AML policies and procedures, etc. In keeping with the current practice review programme, the AML monitoring programme will be risk based. Accordingly, a practice unit will be prioritized for a practice review if certain risk factors are identified. In order to make best use of our resources and to cause less interruption to practice units, the QAD will explore whether it would be possible to combine the AML monitoring review with practice review visits. A notification will be sent to a practice unit if it is selected for an AML monitoring review.

Under section 32B of the Professional Accountants Ordinance (Cap. 50) (PAO), the Institute's practice review programme applies to practice units. In order to enable AML monitoring to cover individual members and entities set up by individual members that do not fall within the scope of the AML monitoring programme of the Companies Registry (that is for entities offering trust or company services as a business) changes to the PAO will be required. Until the changes can be made, individual members and relevant entities that do not fall under the scope of the current practice review will not be part of the Institute's AML monitoring programme but will remain subject to the Institute's compliance procedures if a complaint is received.



The Institute will keep you informed of future development of its AML monitoring programme. If you have any questions, please contact the Quality Assurance hotline on 2287-7850 or email qualityassurance@hki CPA.org.hk.

Sincere regards,

Chris Joy
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