

# Whole Practice Risk Assessment

*As part of the Money Laundering Regulations (MLRs), every business offering accountancy, or trust and company services, is required to risk assess how their services might be exploited by criminals to conceal or launder the proceeds of crime.*

*If you are providing these services, you must carry out a whole practice risk assessment (WPRA) at least annually and document it. You can use this document and template to guide you.*

Your risk assessment should help you identify potential money laundering risks specific to your practice and provide a holistic view of those risks together with the policies, controls and procedures you have in place to mitigate them.

The MLRs expect you to take into account the size and nature of your practice when undertaking your risk assessment. A sole practitioner with a limited range of services and a small low-risk client base may necessarily have a more simple risk assessment.

When completing your risk assessment you should *identify* the risks faced by your practice, assess the likelihood and potential impact of those risks and finally set out how you will *mitigate* those risks.

## Completing your Whole Practice Risk Assessment

ICB has prepared the whole practice risk assessment template to assist you in carrying out and recording your mandatory risk assessment.

### Step1: Identify risks

You must identify the money laundering risks facing your practice by considering the following six risk factors: client risk, geographic risk, service risk, transaction risk and delivery channel risk.

### Step 2: Assess risks

You must assess each identified risk by considering the likelihood of it occurring and the resulting impact if it does.

### Step 2: Mitigate risks

You must mitigate the risks by implementing the appropriate policies, controls and procedures. You should take into account your experience and knowledge of different environments, for example if your firm has considerable experience of dealing with cash-based businesses from a particular industry sector, you could conclude that the client risk is normal, but you may want to perform additional due diligence to address the perceived risks associated with that sector.

## Risk Factors

You should consider the following risk factors when risk assessing your practice:

**Client Risk** As an ICB supervised practice you are required to input all your clients onto the AML Online system. This will undertake a client risk assessment for you and provide you with a risk profile of individual clients, which you can use to assess the overall client risk to the firm.

**Geographic Risk** You should consider whether your clients are established in, or have business links to, countries that are known to be used by money launderers or terrorist financiers. You should consider if the country is on the sanctions list or is perceived to be corrupt.

**Service Risk** You should consider how any of your products or services could be used to launder money or to conceal or layer money laundering. Consider trust and company services (TCSP services), and payroll and tax services where you have not carried out the bookkeeping.

**Transaction Risk** You should consider the transactions that you might facilitate on behalf of clients and assess the risk that these transactions could relate to the proceeds of a crime or terrorist financing. Consider transactions that don't have normal safeguards such as 2-factor authentication, those that favour client anonymity, or are received from unknown third parties

**Delivery Channel Risk** You should consider how you deliver your services; how you interact with your clients and how close you are to them. Certain delivery channels can increase the risk by making it harder to determine the identity and credibility of a client, both at the start of a business relationship and during its course. For example, if you don't meet your clients face-to-face, or the relationship is conducted through an intermediary, you may be at high risk of being used for money laundering or terrorist financing.

### Proliferation Financing (PF)

The MLRs require you to consider the overall risk to your practice of proliferation financing (PF), in addition to money laundering and terrorist financing. ICB considers the PF risk to be low in general across its supervised population. You must, however, assess the risk and record it in your risk assessment. The ICB template has a space for your PF risk assessment on the last page.

PF is the act of providing funds or financial services to support activities related to nuclear, chemical, or biological weapons in contravention of international sanctions. Your practice may be at higher risk if you have clients working in trade finance and international shipping.