



**Insolvency
Practitioners
Association**

ANTI-MONEY LAUNDERING ANNUAL REPORT

2022/23

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Introduction

Sean Croston, IPA AML Committee Chair



I am pleased to introduce the Insolvency Practitioners Association (IPA)'s annual statutory Anti-Money Laundering (AML) report, for the period from 6 April 2022 to 5 April 2023. This report demonstrates the IPA's commitment to fulfilling its role as an AML Supervisor while actively mitigating associated risks. Please take the time to read this vitally important update.

In my capacity as Chair of the IPA's AML Committee, I have overseen the strides the IPA has taken in the past three years to enhance its efficacy as an AML Supervisor. Central to this progress has been the implementation and development of sound governance principles and rigorous quality assurance reviews. These measures have been instrumental in ensuring that the IPA's regulatory and supervisory processes remain effective, transparent, equitable and robust.

Considering the ever-evolving AML landscape, the IPA has been proactive in providing its members with guidance, training and educational resources on AML-related matters, including navigating the complexities of international issues such as Russian and Belarusian sanctions.

In the face of continued criminal innovation, the IPA's focus as an AML Supervisor on fostering an understanding of AML regulation and the establishment of clear and effective policies and procedures within firms remains important. I am pleased to work with the AML Committee to oversee, challenge and assist the IPA in its dedicated approach to assisting Insolvency Practitioners (IPs) and our members to develop the tools and knowledge necessary to carry out this important work.

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Message from David Holland

IPA Chief Inspector and Nominated Officer



This is the third annual AML report by the IPA as a Professional Body Supervisor (PBS), shedding light on the evolving landscape of AML and proliferation financing risks. Over the past year, IPs have confronted a dynamic array of AML challenges, navigating the fallout from the COVID-19 pandemic, including issues related to Bounce Back Loans, Coronavirus Business Interruption Loans and furlough-related fraud. Additionally, geopolitical events such as the conflict in Ukraine have added complexity, drawing increased attention to financial sanctions targeting Russian and Belarusian individuals and entities.

Throughout this period of heightened risk, the IPA has remained steadfast in its commitment to supporting and guiding its members in addressing these multifaceted AML threats within the realm of insolvency work. The IPA's role as an AML Supervisor has been reinforced by its tireless efforts to provide essential guidance and training to its members.

In September 2022, we ran the second of our online IPA Learning AML training sessions in association with Insolvency Support Services, one of our training partners. The session attracted an impressive turnout of over 100 attendees. The seminar not only met but exceeded its allocated time, primarily due to the active engagement and probing questions from participants. This heightened engagement serves as a testament to our members' dedication to fulfilling their AML compliance responsibilities and their sincere desire to enhance and elevate industry standards.

In the coming months and beyond, the IPA remains resolute in its pledge to empower its members with the knowledge and tools necessary to embed robust and effective AML compliance measures. The IPA's support ensures that our members can navigate the ever-evolving AML, terrorist and proliferation financing landscape with confidence and competence, safeguarding the integrity of their professional practice and the wider public.

As well as the online training session, the IPA has in this year:

- Reviewed and updated the checklist and guidance documents for members – available on the [IPA's AML Hub](#).

- Published articles in the IPA newsletter covering matters such as Russian sanctions, the regulatory requirements for customer due diligence, staff training, reliance, policies and procedures, and Regulation 18 firm-wide risk assessments.
- Issued the first two editions of our tri-annual AML newsletter.
- Issued alerts and updates from the National Crime Agency (NCA) on areas of concern, new and emerging threats and impacts on money laundering compliance.
- Provided AML content at the IPA Annual Conference, Personal Insolvency Conference and all IPA Roadshows.
- In September 2023 the first IPA AML & Fraud Conference was held in Birmingham and the IPA is delighted to have offered the first AML conference devised specifically for IPs, their staff and anyone working in the field of insolvency.
- Strengthened the AML Committee - a full Committee of the IPA - with the appointment of further lay members.

The IPA has also ensured that we have bolstered resources in the Secretariat to carry out AML supervision work. Our Nominated Officer (NO) and Deputy Single Point of Contact (Deputy SPOC) have now studied for and passed diplomas in AML and Governance Risk and Compliance.

The IPA is committed to ensuring that we have suitable and sufficiently trained staff members to deal with AML issues, and two further members of staff are undertaking AML qualifications in 2023.

The use of Advisory Notices issued to our supervised members has assisted those members to improve AML policies and procedures and improve their team's effectiveness when considering, mitigating and managing AML issues and risks on appointments. The IPA will continue this work via ongoing AML on-site inspection visits and AML compliance reviews. Anonymised case studies are shared with the AML Committee and posted on the IPA's AML Hub.

The IPA works closely with other AML Supervisors as a member of the Accountancy AML Supervisors Group (AASG) and the AML Supervisors Forum (AMLSF) as well as working closely with the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), the IPA's oversight AML regulator.

The use of intelligence from other AML Supervisors, in particular the Institute of Chartered Accountants in England & Wales (ICAEW), Institute of Chartered Accountants in Scotland (ICAS), Association of Chartered Certified Accountants

(ACCA) and HM Revenue and Customs (HMRC), assists the IPA to ensure that resource is properly allocated where it is needed and in turn allows us to participate in discussions about the future and effectiveness of the UK's AML supervisory regime. The IPA responded to HM Treasury (HMT)'s call for evidence and consultation on AML Supervision in the UK.

The IPA continues to advocate for AML regulation to be considered in the wider context of the ongoing review of IP regulation by the Insolvency Service. The IPA is clear that AML regulation in any new insolvency regulatory landscape cannot be an 'add-on' and must be given equivalent treatment and importance.

For members and third parties, we continue to provide our AML Helpline (aml@ipa.uk.com). For the period of this report, there were 35 queries received, a significant increase in the use of the helpline on previous years. This underpins the significance of AML compliance within the insolvency profession. Please continue to pass any enquiries or queries on AML matters through our helpline. The IPA remains committed, wherever possible, to improvements in AML compliance.

I am pleased to present this AML annual report to our members.

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About the IPA

The IPA has been leading the way on professional insolvency standards since 1961.

The IPA is a Recognised Professional Body (RPB) under the Insolvency Act 1986 (IA 1986) and is recognised as a regulator of IPs under the Regulated Professions Register and has Regulatory Objectives that are defined in statute. The Insolvency Service acts as oversight regulator of IPs and RPBs on behalf of the Secretary of State for the Department for Business and Trade.

The IPA is UK's largest insolvency regulator by insolvencies covered and the sole body dedicated to the regulation of IPs in the UK.

The IPA offers a suite of professional training and development for professionals at all levels of their career, highly respected qualifications, sought-after publications, best practice sharing, networking and other engagement opportunities.

IPA members play an integral role in shaping the future of the insolvency profession by actively participating in our Committees or contributing to the Board. Through these channels, they have a direct hand in influencing industry standards, fostering innovation and upholding the highest levels of professional standards, and help demonstrate that the IPA is upholding the Regulatory Objectives.

Our fundamental commitment revolves around the preservation of excellence in both professional insolvency practices and Anti-Money Laundering standards. By providing our members with invaluable resources, fostering collaboration and advocating for rigorous regulatory oversight, the IPA continues to be at the forefront of ensuring the integrity and credibility of the insolvency profession in the UK.

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AML Governance

There are two main parts of internal governance of AML matters: the AML Committee and the IPA Board. External oversight of the IPA's AML supervisory role is undertaken by the Office for Professional Body Anti-Money Laundering Supervision (OPBAS).

AML Committee

The AML Committee is a full Committee of the IPA and meets approximately five times a year to provide assistance to – and where necessary challenge – the IPA’s work as an AML PBS.

Minutes of the Committee’s meetings are provided to the IPA’s Board to provide clear oversight of the Committee’s work and the progress of the IPA in meeting our AML regulatory role.

All AML Committee meetings are attended by the IPA’s NO and Deputy SPOC. The IPA’s SPOC and Head of Regulation attends as required. The Deputy SPOC acts as Committee Secretary.

There are seven main functions of the Committee:

1. assisting the IPA in achieving compliance with AML legislation
2. reviewing and approving AML guidance to IPA members
3. reviewing and advising the IPA on its strategy for AML supervision to ensure that the strategy is effective and meets the ongoing requirements of OPBAS while allowing the IPA to fulfil its role as a regulator of IPs
4. reviewing the IPA’s AML policies and procedures and making recommendations as appropriate
5. reviewing the planning and provision of AML resources made available to IPA members
6. reviewing supervisory data and information, and assessing progress against key performance indicators, and
7. providing effective and constructive challenge to the IPA in respect of the effective AML supervision of its members.

The Committee is chaired by a member of the IPA Board so that there is a representative on the Board to advise and update on AML matters, and the Board’s views on AML can be shared with the Committee.

We are pleased that we have increased the lay membership of the Committee from two to five lay members. Our lay members bring invaluable expertise from areas outside of insolvency to enhance the knowledge of the Committee and provide challenges from outside the industry, and to ensure that guidance and information is clear and useful for members. The Committee now has a split of six IPA members and five lay members.

The increased lay membership also ensures that each meeting has lay representation which ensures the Committee is quorate.

The Board

The Board is responsible for the management of the IPA, including determining AML policy and strategy, as well as the IPA's general business and financial plans, and usually meets six times a year. Board members are Directors of the IPA and recorded as such at Companies House. The Board consists of 12 elected members (individual, ordinary or fellows of good standing), including a President, Vice-President and Deputy Vice President, and five IPA Committee Chairs, including the Chair of the AML Committee. The Board may also co-opt up to four more members – there are currently no co-opted members.

Board members are elected at an Annual General Meeting. Each year, a quarter of elected members retire by rotation, but may be re-elected for one further term. Co-opted members serve for a term determined by the Board of up to four years. The President, Vice-President and Deputy Vice-President are chosen by the Board from its elected Board members. The President serves for one year. With the addition of the Immediate Past President, this group comprises the Office Holders.

The Board appoints Committees, one of which is the AML Committee, through which the detailed work of developing and putting forward proposals and implementing Board decisions is undertaken. The Board has no involvement relating to individual IP regulation; this is undertaken by the IPA Secretariat who undertake day to day operations. The Board receive information at each Board meeting highlighting the AML Supervision.

Board Members

Office Holders

Paul Davis	President	Opus LLP
Yin Lee	Vice-President	Evelyn Partners
Adrian Hyde	Deputy Vice-President	Begbies Traynor
Samantha Keen	Immediate Past President	EY

Other Board Members

Lloyd Hinton	Sean Croston (AML Committee Chair)
Hayley Maddison	Louise Brittain
Amanda Wade	Russell Payne
Derek Hyslop	Antoinette Thorpe
Simon Underwood	John Newgas
Eileen Maclean	Ken Marland
Barry Mochan	

The IPA's AML Officers

The AML officers (detailed below):

- Are the point of contact for AML queries and questions from IPA colleagues and from IPA members
- Draft, review and circulate internal AML policies and procedures
- Draft and publish AML guidance and information for members
- Implement AML training – both internally for IPA colleagues and for IPA members
- Attend intelligence and information sharing AML forums and liaise with other AML Supervisors and Government agencies
- Act as Secretary to, and attend all, AML Committee meetings
- Issue AML update papers for each Board meeting

IPA AML Officers



David Holland

IPA Chief Inspector and Nominated Officer (NO)



Lyn Green

Head of Regulation and IPA Single Point of Contact (SPOC)



Stuart Jary

Inspector and Deputy SPOC

The IPA's AML Roles

The IPA has three roles as an AML Supervisor:

Our **Operational role** – this is reviewing new IPA members and licence holders, providing AML training and AML guidance material to members via conferences, separate AML training, the newsletter and AML Digest.

Our **Supervisory role**, which deals with AML compliance by our supervised members and entails dealing with AML complaints, carrying out AML Inspections and Compliance Reviews, and dealing with AML queries from members as well as reviewing and considering the risk profile of our supervised members.

Our **Enforcement role** – this involves assisting our supervised members through the use of Advisory Notices to raise compliance standards where appropriate and where there is a breach in compliance, through the issuing of dissuasive sanctions.

Oversight



Office for Professional Body AML Supervision

The Office for Professional Body AML Supervision (OPBAS) is part of the Financial Conduct Authority (FCA) and is responsible for supervising the IPA in respect of our work as an AML Supervisor.

OPBAS have regular calls with the IPA to discuss our AML work, to review and consider themes from review work, and identify emerging trends and new risks. OPBAS also carry out regulatory visits to all AML Supervisors. OPBAS visited the IPA in 2022 and further details on the outcome are provided as part of this report.

The IPA welcomes the input from OPBAS and working with them to improve standards across the regulated sectors in the UK.



The Insolvency Service

The IPA also has the Insolvency Service as an oversight regulator. The Insolvency Service considers and reviews the activities and actions of the IPA as an insolvency regulatory body and carries out oversight visits to the IPA to test our effectiveness as a regulator and compliance with AML requirements. Working collaboratively on risks areas is a crucial function for the IPA to ensure that information is shared effectively between all parties.

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AML Supervision

Risk Based Approach

All supervised IPs are assessed on a range of measures to establish their risk in relation to AML work.

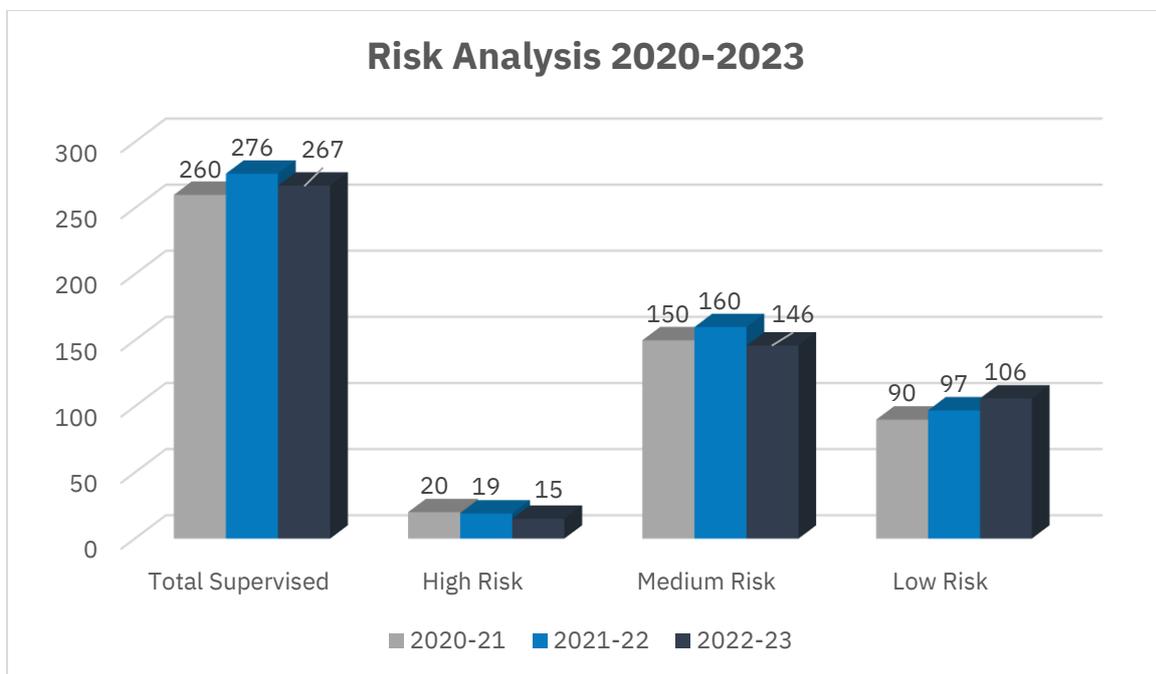
The measures include:

- Number and type of cases
- Previous regulatory history and findings
- Cases where there are overseas entities or assets involved

- Cases with Politically Exposed Persons (PEPs)
- Geographic reach of an office
- Intelligence from other AML Supervisors/third parties

Any risk assessment is not ‘set’ and can change over time because of compliance reviews, information gleaned from monitoring visits and/licence renewal submissions.

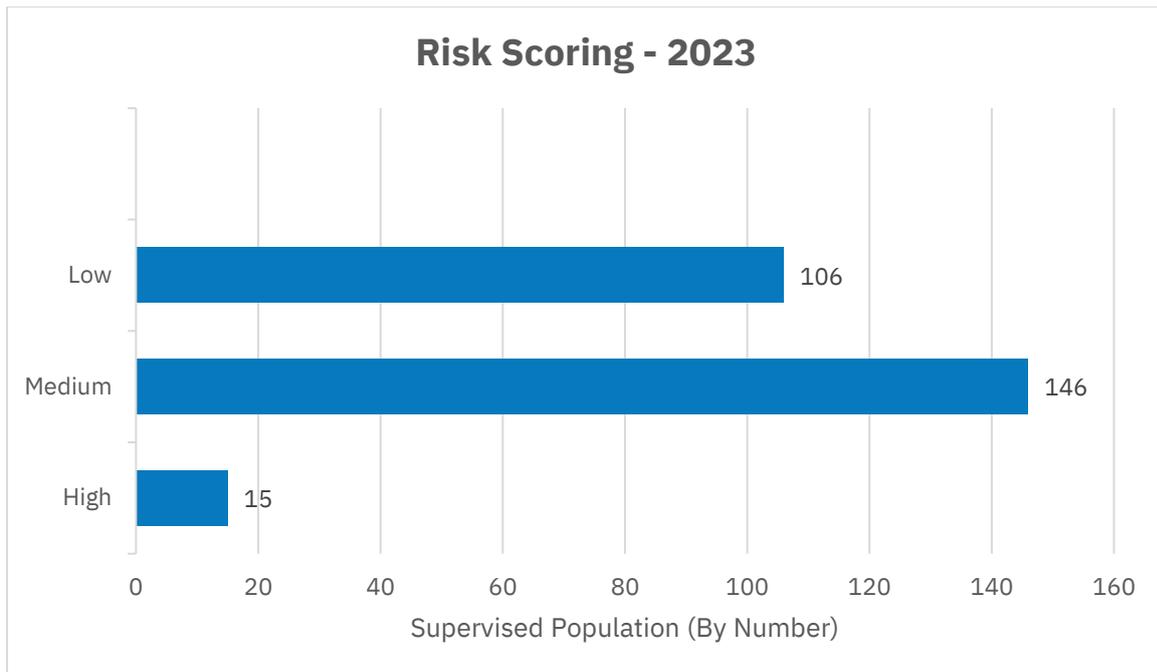
The analysis of supervised IPs from 2020-2023 by high, medium and low risk is shown below:



The graph indicates that relative risk levels remain stable and the higher risk firms are profiled as such because they tend to have a larger number of high risk appointments, such as Members’ Voluntary Liquidations (MVLs) and low/no asset Creditors’ Voluntary Liquidation (CVL) cases.

It is however gratifying to see fewer firms in the high risk category and a corresponding increase of firms in the low risk category.

The graph overleaf provides the specific risk data for 2023.



Visits & Reviews 2022/23

The IPA carries out four types of AML compliance checks:

1. Regulation 18 Firm-Wide Risk Assessment Reviews (Reg 18)

The IPA carries out a dip sample of approx. 10% of our supervised firms and we review the Reg 18 risk assessment which must be provided as part of the insolvency licence renewal process.

The IPA ensures that these reviews cover members across all AML risk categories, thus enabling us to consider, test and ensure that our risk assessments are accurate.

Following reviews during this period, the main findings in relation to Reg 18 reviews were:

- Failure to update the risk assessment to cover the issues with Bounce Back Loans (BBLs)/Coronavirus Business Interruption Loans (CBILS)
- Geographic considerations are too broad
- Assessment purely considered the client identity and did not consider types of appointment or risks associated with the value or worth of any entity
- No consideration of proliferation financing – whilst low risk for insolvency work, an assessment is still required under Reg 18A of the 2017 Money Laundering Regulations

Case Study

As part of an AML inspection visit a member's Reg 18 Firm-Wide Risk Assessment was subject to review.

The Risk Assessment was clearly laid out with each individual area of risk that is required to be considered having its separate section of the assessment document.

The firm rated each area of risk on a score of 1-5 (1 being low risk and 5 the highest risk). The Risk Assessment then proceeded to consider and provide specific examples of how that particular risk area may arise in the firms' cases and provided clear guidance for staff on how they should deal with cases where there was an increased risk.

The Risk Assessment included issues that had arisen in SARs submissions which indicate a potential higher risk and newer risk areas such as COVID loan frauds and sanctions.

As part of the AML visit the Inspector discussed the Reg 18 Risk Assessment with staff in the firm. The staff were able to articulate the risks and how they would deal with matters due to the clarity of the detail in the risk assessment and supporting policies.

The Risk Assessment was not generic; it evidenced a clear understanding of what the risks were to the specific firm from the work which the firm undertook. There was good understanding of risks across the firm and evidence of a good culture in the firm of AML compliance.

2. AML Inspection Visits

The IPA carries out these visits to AML supervised firms. The Inspectors review AML policies and procedures, AML compliance on a selection of open cases and discusses AML matters with the IP, NO and members of the IP's staff.

In 2022, the IPA decided to align AML supervisory work with the insolvency supervisory year, putting both on a calendar year basis. This means that for the period of this report there have been fewer AML specific visits undertaken. For the 2023 period, 15 visits are currently planned.

From the visits in 2022/23 the main findings were:

- Customer Due Diligence (CDD) not completed prior to the establishment of a business relationship or continually reviewed during the life of an appointment
- Use of checklists in place of documented policies and procedures

- SARs policies did not include Defence Against Money Laundering (DAML) request details.
- Late reporting of, or failure to report, suspicions to the NCA via a SAR

Case Study

During a visit to an AML supervised firm, the Inspector noted that there were issues with a BBL that had been obtained, in addition to other accounting and trading issues. The IP and his team had carried out a good Statement of Insolvency Practice (SIP) 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations and the Submission of Conduct Reports by Office Holders) investigation and made a report to the Insolvency Service in respect of the Director's conduct. However, a SAR had not been lodged with the NCA.

The IP, who was also the firm's NO, advised that they were carrying out further enquiries to put together a full report for the NCA before submitting the SAR.

It was clear that a SAR was to be made, but the IP believed that they needed to exhaust all avenues of enquiry before making a report to the NCA.

Reports to the NCA should be made as soon as there is a suspicion sufficient to warrant a SAR report. The NO will receive a unique case code when the SAR is lodged and if further information is identified, and the decision is that this should also be reported, a follow-up SAR can be lodged. NOs should include the initial SAR reference on any subsequent, connected SAR to link the submissions and allow the NCA to assess the complete picture.

3. AML Compliance Reviews

Compliance Reviews concentrate on reviewing firms' AML policies and procedures.

Reviews take place 'off-site' and may also involve a review of open cases to check customer due diligence work is being properly undertaken. There will be a meeting with the IP/NO, but it is rare that staff are interviewed as part of a Compliance Review.

The main findings from AML Compliance Reviews undertaken are:

- CDD not completed prior to the establishment of a business relationship
- Training not completed regularly and failing to keep a clear training record to log training undertaken
- Generic policies and procedures that do not reflect the practice and approach of the firm, or which are not suitable

Case Study

A recurring issue in a number of Compliance Reviews and AML visits is the timing of CDD.

During a Compliance Review a check was made of the 'take-on' documents for an appointment. The papers typically include initial meeting notes, the letter of engagement, and ID documents obtained and/or electronic verification as well as the AML case risk assessment.

The case reviews evidenced that engagements were being agreed to and appointments commenced prior to the completion of the CDD work. Reg 28 MLR17 and the Consultative Committee of Accountancy Bodies (CCAB) AML guidance is clear that CDD must be completed prior to the establishment of the business relationship (except in emergency cases, and which was not the position here). The risks to any IP in taking an engagement prior to completing CDD work is that you complete work without a clear understanding of the risks associated with the case and potentially deal with tainted assets or accept tainted funds.

An Advisory Notice was issued to the IPs in the firm to amend their CDD and procedures to make it clear that no appointment could commence, and no assets or funds dealt with, until CDD had been completed. An Advisory Notice is not a disciplinary notice but is a method whereby the IPA advise members that a change to a policy or procedure must be made to ensure that the policy or procedure is compliant and effective.

As part of the IPA's follow-up to an Advisory Notice, the firm was subject to a further compliance review to check that the policy had indeed been amended and was being effectively implemented by staff.

Further case reviews indicated that CDD work was being completed prior to accepting any appointment. In particular the firm's letter of engagement had been amended to confirm that the letter would not be counter-signed to confirm acceptance of the case, nor would any assets or funds be dealt with, until the due diligence work was completed and signed-off.

These changes requested, evidenced by way of notes on the case risk assessment to outline the conclusions reached on the case risk, indicated that the Advisory Notice had been dealt with effectively.

4. General Insolvency Visits

As part of any insolvency visit, an Inspector will consider AML matters. The AML review will largely concentrate on how AML is dealt with and considered as part of the CDD exercise and take-on procedure of cases. However, the review could also

consider policies and procedures where the firm is regulated by the IPA for AML purposes.

Even where the IPA is not the AML Supervisor for the firm, the Inspector will review CDD on cases selected as part of the visit.

If the IPA find there are potential breaches of AML compliance, these will be reported to the relevant AML Supervisor and, where appropriate and we are able, we will consider and or instigate any necessary regulatory action against our member.

AML and SIP 2 compliance are a specific focus for the IPA in reviewing how IPs are investigating COVID support measures such as BBL and misapplication of furlough payments, and making appropriate reports when there are suspicions of fraud or wrongdoing.

Case Study

An IP has seen one HMRC prosecution and two Director disqualifications during 2023, in three unrelated appointments.

The work by the IP via their SIP 2 enquiries and clear reporting of issues to the Insolvency Service and HMRC, and ongoing liaison with these bodies, was a key factor in obtaining an HMRC prosecution.

All were assisted either by the records obtained by the IP, or confirmation of the lack of them.

IPs must ensure that SIP 2 enquiries and investigations are proportionate to the case, notwithstanding the shortage of funds, to ensure that relevant matters are reviewed and considered. As well as the requirement to report to the Insolvency Service, paragraph 24 of SIP 2 requires an IP to report possible offences to the relevant authorities, as demonstrated in this case. This would also include the reporting of SARs to the NCA under S330, Proceeds of Crime Act (POCA) 2002.

What can IPs and NOs do to improve and evidence effective compliance?

The IPA recommends the following top-five effective ways of improving and evidencing effective AML compliance:

Issue	Recommendation
Regulation 18 – firm risk assessment	<ul style="list-style-type: none"> • Ensure that your Regulation 18 firm risk assessment is not generic, that it considers the risks that arise in YOUR firm and the work YOUR firm undertakes. • Ensure the assessment is regularly reviewed and updated and is regularly circulated around your team.

	<ul style="list-style-type: none"> • Think! If you were a new joiner, would you be able to understand where the increased risks from AML activity may occur in your firm?
SARs	<ul style="list-style-type: none"> • Ensure you have a robust SARs policy which sets out clearly the responsibilities of staff, and defines the role of the NO. Ensure that information on tipping-off and on DAML requests is included. • Consider the use of a template SARs form to aid reporting to the NO and for the NO to capture their conclusions on any reports made, or not made. • Where there is a suspicion, REPORT. Do not wait. You can always follow-up with a further submission where relevant.
AML training	<ul style="list-style-type: none"> • Make sure you have a clear training policy and training log which confirms when training was undertaken, the content and any test scores. • Consider how new/returning staff are trained in AML issues. • Consider how you test the effectiveness of training undertaken. Are there any gaps in knowledge where further training is required? • Capture training for your NO and any deputy NO and/or Money Laundering Compliance Officer (MLCO)
Customer Due Diligence	<ul style="list-style-type: none"> • Ensure CDD work is carried out prior to the establishment of a business relationship (except for emergency and hostile appointments). • Do NOT take control of funds or assets until you have completed your CDD. • Have a clear CDD policy so that staff know how they are supposed to review the risks. • Ensure it is clear when Enhanced CDD is required and what this looks like. • Make sure CDD moves beyond 'Know Your Client' and considers the entity in full, including assets and funds and associated risks • Keep the CDD and case risk assessment under active review
File Notes	<ul style="list-style-type: none"> • MAKE FILE NOTES! File notes are important to record details of any decisions or conclusions reached on AML matters. They demonstrate that a matter or risk has been considered and why it was progressed, or not.

This is not an exhaustive list and members should be aware that reviewing policies and procedures and the training needs of all staff is an ongoing responsibility. It is important that members demonstrate that the policies and procedures are reflected on their case files, effective in operation and that risks considered on each case are accurately recorded.

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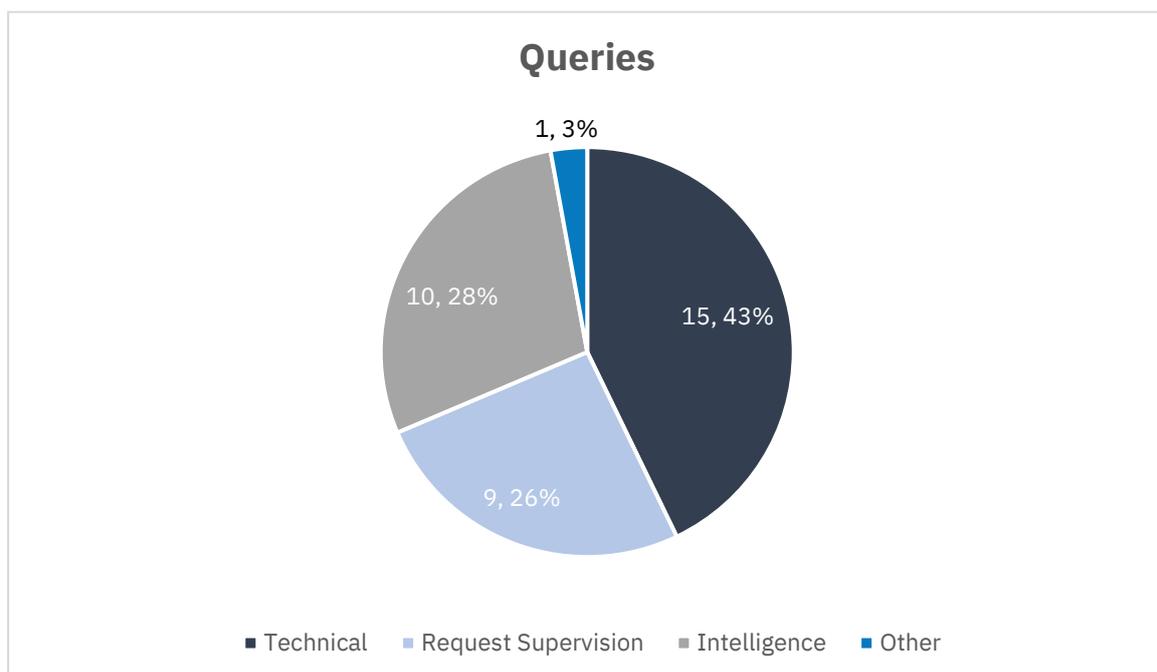
AML Information & Guidance to Members

Resources for Members

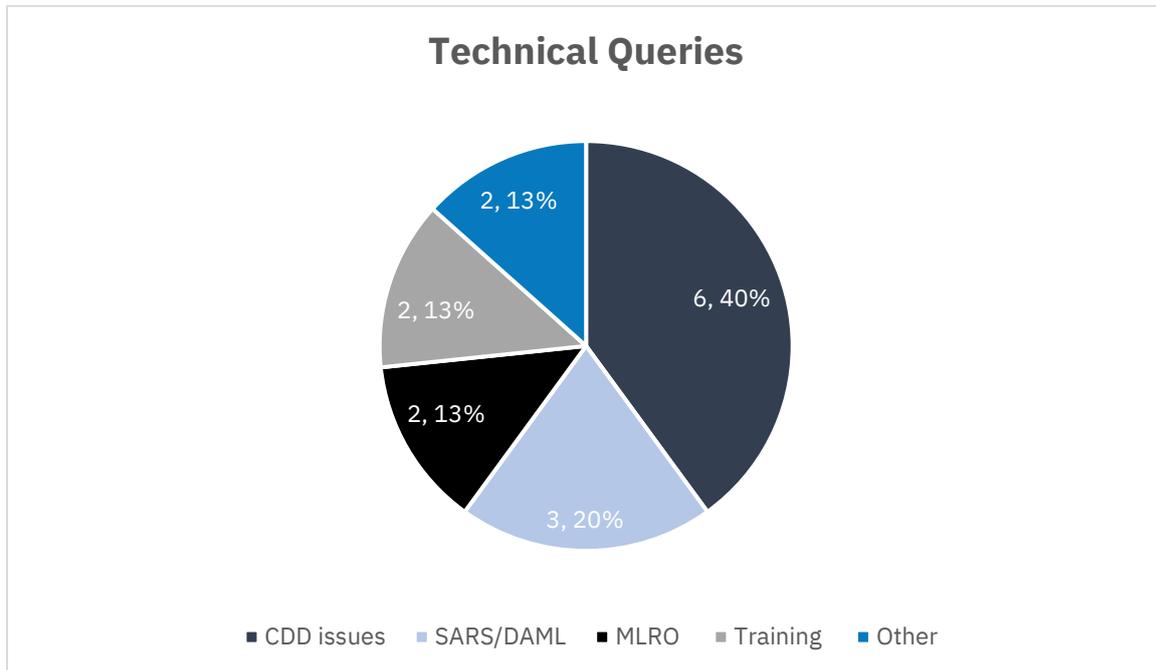
The IPA is committed to providing AML information and guidance to our members to assist with their AML compliance work and to highlight what the IPA expects from supervised population in terms of AML work generally, and specific areas of focus for the IPA.

AML Helpline

The IPA has an AML email Helpline – aml@ipa.uk.com – which IPs or their staff can use to raise technical questions. This is also the contact email address provided to HMRC, the FCA and other AML Supervisors to allow them to raise and provide intelligence questions on IPA supervised IPs. For the period of this report, 2022/23, the IPA received 35 queries, split as follows:



The technical queries received from members and compliance consultants are split as follows:



The IPA demonstrates a proactive commitment to continuous improvement in all its processes and policies. This is achieved by utilising content from technical queries received from members to shape our training offerings and enhance our approach to AML supervision. Here's how this process typically works:

- 1. Collection of Technical Queries:** The IPA actively encourages its members to submit technical queries related to AML and other relevant topics. These queries can cover a wide range of issues, from interpreting AML regulations and guidelines, to specific challenges encountered in practice.
- 2. Thematic Analysis:** The IPA collects and categorises these technical queries, identifying recurring themes or common challenges faced by its members. This analysis helps the IPA identify areas of AML and insolvency practice that may require additional attention and support.
- 3. Identification of Knowledge Gaps:** By reviewing the technical queries, the IPA can pinpoint knowledge gaps or areas where members may require further guidance or training. These gaps may be related to new AML regulations, emerging risks or complex scenarios.
- 4. Tailored Training Programmes:** Armed with insights from member queries, the IPA can develop targeted training programmes that address specific challenges or knowledge gaps. These programmes may include seminars,

webinars, workshops or articles designed to provide practical solutions and enhance members' AML expertise.

5. **Publication of Guidance:** The IPA may also publish guidance documents or practice notes based on the technical queries it receives. These documents serve as valuable resources for members, offering clear explanations and best practices for addressing common AML-related issues.
6. **Adaptive AML Supervision:** The insights gained from member queries can inform the IPA's approach to AML supervision. It allows the IPA to focus the supervisory efforts on areas of greater concern or heightened risk, ensuring that we are effectively addressing the real-world challenges faced by our members.
7. **Continuous Feedback Loop:** The process is cyclical and ongoing. As new technical queries arise, the IPA continues to collect, analyse and respond to them. This iterative approach ensures that the IPA's training and AML supervision efforts remain dynamic and responsive to evolving needs.

By actively soliciting and acting on technical queries from its members, the IPA demonstrates its commitment to providing practical, member-driven solutions and maintaining high standards in AML supervision. This collaborative approach not only benefits individual practitioners but also contributes to the overall integrity and effectiveness of the insolvency profession.

Whistleblowing

Whistleblowing (also known as 'disclosure') is where members and third parties can make anonymous disclosures to the IPA where it is believed an IPA member is facilitating or aiding financial crime or money laundering.

The IPA has a dedicated whistleblowing email to enable disclosures to be made – amlwhistleblowing@ipa.uk.com.

The IPA welcomes such disclosures and will support the person making a disclosure as far as possible. Updated whistleblowing guidance is being drafted and will be issued in 2024 to aid and assist members.

AML Hub

The IPA website has a dedicated page to AML guidance which can be found by clicking [here](#).

Members should continue to use the guidance and links in the Hub which will assist in AML compliance. Documents are regularly updated and shortly updated guidance on whistleblowing will be issued.

Newsletters

The IPA was pleased to launch our AML Digest in November 2022. There will be three editions published each year, collating articles in the IPA's general newsletter, the NCA updates we publish to members as well as highlighting areas of compliance to assist members and general articles on AML matters.

Edition two was published in March 2023 and edition three was published in September 2023.

AML & Fraud Conference

AML will always be featured in our Conferences and regional Roadshows. In September 2023, we launched the first AML & Fraud conference tailored specifically for IPs and anyone working in insolvency.

7

Information Sharing

The IPA continues to be an active member of the Accountancy AML Supervisors Group (AASG), AML Supervisors Forum (AMLSF) and the Intelligence Sharing Expert Working Group (ISEWG) for the accountancy sector. Our NO or Deputy SPOC attends all meetings of these groups.

Our NO is also a member of the Money Advice Liaison Group (MALG) and attends weekly forums of the group to widen AML and fraud intelligence and issues that may impact on insolvency.

The IPA also shares intelligence with other AML Supervisors, either via the FCA's Shared Intelligence System (SIS) or directly when the intelligence arises from an inspection visit or compliance review.

The IPA recognises that making reports of suspicions to the NCA is an important element of our AML work as well as the AML work by our members. For the period of this report, the IPA made 10 SAR reports to the NCA.

8

The IPA's Internal Actions on AML

OPBAS Regulatory Oversight Visit

The main internal focus for 2022/23 was the OPBAS regulatory oversight visit which concluded on 15 November 2022. A letter and report of OPBAS findings was received on 1 February 2023.

The IPA is measured against eight areas from the OPBAS Sourcebook which can be reviewed [here](#).

The IPA was pleased to be considered largely effective with our governance structures and in the information and guidance we provide to members, but was disappointed to only be judged as partially effective in the other areas under review.

A targeted plan to deal with the findings from the OPBAS report was devised and our progress in implementing any changes is actively monitored by OPBAS as well as the IPA's AML Committee. The IPA has a programme of continuous development and is concentrating on a collaborative approach with OPBAS and other PBSs to help improve supervision across the sector.

It is however difficult to benchmark our AML approach with other PBSs in the insolvency profession, since their reports concentrate on general practice, tax, and audit, rather than insolvency. It is also disappointing that OPBAS has no appeal process against any of its findings pre-publication.

Internal AML Training

A new bespoke training session on AML was provided to all IPA staff in January 2023. The training was followed up in March 2023 with a review of the effectiveness of the training by the means of a compulsory 15 question test to all staff.

The test indicated several areas where there was a weakness in knowledge, and this led to the circulation of the updated SARs policy and details, and the regular discussion of SARs reporting in a fortnightly staff meeting.

The IPA is pleased that our NO and Deputy SPOC both undertook and passed diplomas in AML compliance and Governance, Risk & Compliance which enhances our ability to provide relevant and current guidance and information to members.

Further diploma training is being undertaken in 2023 by IPA staff members.

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Focus for 2023/24

Areas of focus for the IPA in 2023/24 will include:

- Review of Reg 18 risk assessments
- The misapplication of funds and fraudulently obtained BBLs, CBILS, furlough payments and other COVID support measures
- SIP 2 investigations and reporting to relevant authorities
- SARs to include clarity of staff guidance and a review of SARS submitted. An assessment of whether they were completed in a timely manner with clear narrative and the use of glossary codes.
- Follow-up on Advisory Notices issued and AML findings from previous inspections and compliance reviews.

Insolvency Sectoral Risk Assessment

As we approach 2024, we anticipate that the primary risks we will face in the coming year and beyond in our updated [IPA Sectoral AML Risk Assessment](#) continue to centre around MVLs and the lingering risks stemming from COVID support measures, notably BBL fraud. It is imperative that the IPA Sectoral Risk Assessment, CCAB guidance, Insolvency Appendix and other pertinent publications addressing sector-specific risks are thoroughly reviewed when assessing risks associated with insolvency operations.

Foremost among these risks is the danger of complacency, where firms may fail to implement robust policies and procedures that underscore the significance of adhering to legal obligations for identifying and reporting suspicious activities. Ensuring that all staff are well-versed in recognising potential risks, indicators, and reporting protocols is paramount.

Regarding MVLs, the risks persist, with a specific focus on sanctions evasion and the utilisation of shell companies to conceal illicit activities. These threats necessitate vigilance and diligence in conducting CDD and monitoring transactions.

The repercussions of COVID support measure abuse are anticipated to endure as a prevalent issue in CVLs for the foreseeable future. Criminals have demonstrated a propensity to exploit weaknesses in Redundancy Payment Schemes, highlighting the importance of fortified AML risk management and CDD procedures for IPs.

It is crucial to recognise that different insolvency appointment types entail varying degrees of risk. However, there is a continual risk of complacency. Money laundering threats persistently loom over the industry due to its widespread reach across diverse business sectors and society as a whole. Therefore, IPs must protect themselves and their firms by possessing the capability to evidence that they swiftly and effectively assess risks prior to taking on appointments.

In summary, the AML risks in 2024 and beyond are underscored by continued vulnerabilities in MVLs, exacerbated by sanctions evasion and shell companies. The aftermath of COVID support measure misuse remains a significant concern, and the risk of criminal exploitation of insolvency procedures emphasises the need for robust AML measures and a vigilant, risk-aware workforce within the insolvency sector. The overarching risk is the peril of complacency, underscoring the importance of comprehensive risk assessments and proactive risk management strategies.

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Glossary of Terms

ACCA: Association of Chartered Certified Accountants

Advisory Notice: a non-disciplinary notice issued by the IPA to members to highlight an area of policy or procedure that needs amending to ensure proper compliance and effectiveness with regulation and/or statute.

AASG: AML Accountancy Supervisors Group

AMLSF: AML Supervisors Forum

BBL/CBILS: Bounce-Back Loans and Coronavirus Business Interruption Loans

DAML: Defence Against Money Laundering

FCA: Financial Conduct Authority

HMRC: His Majesty's Revenue & Customs

HMT: His Majesty's Treasury

ICAEW: Institute of Chartered Accountants in England & Wales

ICAS: Institute of Chartered Accountants in Scotland

IP: Insolvency Practitioner

IPA: Insolvency Practitioners Association

IS: Insolvency Service

ISEWG: Intelligence Sharing Expert Working Group

MLR17: The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 – also known as the 2017 Regs.

MLCO: Money Laundering Compliance Officer

NCA: National Crime Agency

NO: Nominated Officer (previously the Money Laundering Reporting Officer)

OPBAS: Office for Professional Body Anti-Money Laundering Supervision

PBS: Professional Body Supervisor for money laundering as detailed in schedule 1 of MLR17.

PEPs: Politically Exposed Persons

POCA: Proceeds Of Crime Act 2002

SARs: Suspicious Activity Reports

SIPs: Statements of Insolvency Practice – Statements of Insolvency Practice (SIPs) | Insolvency Practitioners Association (insolvency-practitioners.org.uk)

SIS: Shared Intelligence System

SPOC: Single Point of Contact



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