



Professional Body Supervisor:
Insolvency Practitioners Association

Anti-Money Laundering Strategy

May 2019

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Introduction from Michelle Thorp - CEO

The IPA's role is to help our members ensure that they achieve the highest professional standards. I believe that this requires regulatory processes and procedures that are robust, fit for purpose, fair to all parties and transparent. With the inception of enhanced responsibilities under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, we are more than ever focused on ensuring that our Insolvency Practitioners are equipped with the tools, knowledge and processes that will enable them to be compliant and uphold professional standards in their work across all areas of regulated activity.



The role as a Professional Body Supervisor (PBS) is a relatively new role for the IPA, but this is a role that is key to putting AML at the heart of our regulatory responsibilities and to highlight to our members, other PBSs and the wider public that AML regulatory work is of equal importance to our 'traditional' regulatory work around insolvency matters.

As CEO I am committed to ensuring that the IPA leads the way in relation to AML insolvency regulation as it fits and works with insolvency regulation and I welcome the advice and support of OPBAS in assisting the IPA in this endeavour. This Strategy sets out how we intend to fulfil our AML PBS commitments under the 2017 Regulations.

Executive Summary

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 – known as MLR17 – introduced the concept of the Professional Body Supervisor ('PBS') and the IPA were listed as one of 22 PBSs with responsibility for regulation of MLR17.

This heralded an increased role for the IPA in our regulatory functions regarding AML.

The AML activity is in addition to other regulatory work undertaken by the IPA. The IPA has successfully held a regulatory role under a Memorandum of Understanding with the Insolvency Service to monitor Insolvency Practitioners ('IPs') and review their practices, processes, procedures and cases. The IPA deals with complaints against IPs and issues sanctions where there has been breaches of regulation and statute.

The IPA is active in regulation to ensure that the highest standards are achieved for our members and that they meet such standards. The IPA has had a role – albeit more minor – previously in AML supervision and welcomes the increased standards and role in MLR17 and working with our fellow PBSs and OPBAS to increase regulation and AML standards across the insolvency profession.

Governance

The IPA consider that AML assessments, reviews and training are an integral part of work that our pool of licensed IPs and members carry out on a day-to-day basis.

The IPA have recently carried out a Governance review and this has resulted in changes to the IPA Committee structure and includes ensuring that appointments have been made by the Board for a Single Point Of Contact (SPOC) and Deputy SPOC to work on AML activity with the IPA's Money Laundering Regulation Officer (MLRO) and Head of Regulation.

The review has also led to the membership of Committees and Council being reviewed and changes made to increase lay representation with specific experience of and responsibility for AML. Changes have been agreed and approved to Terms of Reference and processes to ensure AML has prominence equal to Insolvency Regulation, and that separation of responsibilities would be sufficiently clear. Separate meetings will be convened to consider AML reports and matters.

Work has also been taken to draft and publicise formal policy on conflicts of interest which applies to all Committees and member of Committees, the Board and all IPA staff. There has also been work in adding to the requirement of IPs to provide information prior to inspection visits and during such visits, where the IPA is the Supervisory Authority, the inspectors are required to meet with the Nominated Officer for AML work and review fully the firm's AML risk assessments, procedures and training.

Reporting to the Authorities

The IPA Board have agreed the appointment of a SPOC and Deputy SPOC and they will work alongside the MLRO for the IPA, the Head of Regulation and CEO on AML issues. Training has been sourced and undertaken for the SPOC, Deputy SPOC and MLRO and all IPA staff will be asked to undertake AML training each year.

Work has also been undertaken on drafting and finalising a new internal procedure for the handling of sensitive information which has been circulated and publicised and a dedicated e-mail set-up for AML disclosures which will be part of the intelligence considered in respect of SARs issued to the NCA.

Whistleblowing

The IPA understand how important it is to protect the identity of whistleblowers. The IPA have produced and publicised a policy on whistleblowing and there is a dedicated e-mail for disclosures which is only available to the CEO, SPOC, Deputy SPOC and MLRO.

The IPA also recognise that some individuals may be happier to report concerns to HMRC and the IPA have added the HMRC AML phonenumber to our web-site and publicised the details.

Intelligence and Information Sharing

The IPA is committed to taking an active part in the intelligence sharing community. The IPA Board agreed to the IPA using the SIS intelligence sharing mechanism. Implementation is expected to be in place in the summer of 2019 and subject to annual review. It is envisaged that the information included will mostly stem from insights garnered from inspection visits where there is an increased review of IPs and their firms AML policies which can be shared with the wider PBS community.

The IPA have also recently signed a memorandum of understanding with the ACCA regarding expanding the regulatory work carried out by the IPA on behalf of the ACCA to include MLR17 regulatory work.

Information and Guidance to Insolvency Practitioners

The IPA believes that guidance and training will be an important component in ensuring IPs have the correct information to meet their AML reporting responsibilities. We have set-up a dedicated web-page for AML policies and guidance and these have been publicised in our monthly newsletter to members.

The Insolvency Practitioners Association Regulation handbook is also undergoing revision and a hard-copy – which will include AML content is expected to be published at the end of June 2019.

The upcoming IPA Conference will have a talk from the Deputy SPOC on monitoring which will include details of the greater consideration towards MLR17 compliance by our licensed IPs and firms. The IPA also run a series of roadshows around the country and AML will be a specific subject for presentation.

The IPA has also actively worked with the other Insolvency PBSs and the Insolvency Service on drafting an Insolvency Appendix to the already published CCAB guidance. This guidance should shortly be forwarded to HM Treasury to approve and the IPA will publish and publicise the guidance.

The IPA will roll-out training to members.

Risk-Based Approach

As part of the IPA Governance Review, a risk profiling system is being introduced and takes into account matters such as AML compliance/risk, complaints and sanctions upheld against the members as well as number and type of insolvency appointments.

Our inspectors will review policies and interview the Nominated Officers of firms where IPA is the supervisory authority for AML purposes. This review of AML will feed into the risk profiling system and allow the IPA to assess the overall risk and the AML risk of our licensed members.

Enforcement

A dedicated email for AML complaints has been set-up and publicised for specific AML complaints which will be processed by the SPOC/Deputy SPOC whilst protecting anonymity of the complainant and ensuring that such complaints are investigated and processed speedily.

The Committee which considers complaint matters is to receive specific AML training and the IPA will publicise any sanctions against members for AML breaches.

The IPA will continue to use the Common Sanctions Guidance for breaches and looks forward to working with the other insolvency PBSs and OPBAS on an agreed sanctions regime for specific AML complaints which deal with the requirements under the MLR17 and the rules for the PBSs.

Conclusion

The IPA has undertaken a thorough review of our Governance and Regulatory role and acknowledge our increased role in AML Supervision and Regulation as a PBS. The IPA will continue to review our AML processes and guidance and looks forward to working with the other insolvency PBSs and OPBAS to make the regulation of AML in insolvency work as robust, fair and effective as possible.

Governance

Clear allocation responsibility for managing AML activity

The IPA will have clearly articulated roles and responsibilities in its team for those with AML Supervisory responsibilities. A Single Point of Contact (SPOC) has been appointed as our AML lead, with clearly articulated management responsibility and direct reporting to the CEO on AML supervisory body accountabilities and obligations. The CEO has undertaken personal responsibility for reporting on AML to the Board, closely supported by the organisation's Money-Laundering Reporting Officer (MLRO), Chief Inspector David Holland.

Specialist Anti-Money Laundering representation to be included in IPA Board and Committees

The IPA is a membership body and has traditionally been authorised to undertake Regulatory activities for those involved solely in insolvency. Knowledge of the industry was an important principle and driver of the insolvency legislation and regulatory framework that was constituted, recognising the extremely complex mix of skills, experience and practice needed of insolvency practitioners, and therefore, an in-depth and practical understanding of the role was key for the way in which the IPA's regulatory committees were constructed. In order to ensure independence in decision-making, all regulatory committees operate under a lay majority. This principle will continue for AML Supervisor considerations. Many of our members have deep involvement in AML issues in their professional work, including a number of active MRLOs. In order to enhance this experience, the IPA will appoint a number of AML specialists to join its Board and Committees. To do this, we will advertise the roles, reach out through networks, and write to bodies whom have a deep level of AML experience for new committee members.

The IPA Council is the driving force for IPA's strategic activities reflecting the core purpose of the organisation, which is to be a provider of services to the Insolvency Community. It is the only organisation to offer services solely to Insolvency Practitioners, and this institutional integrity, is core to the central tenet of what the IPA is for. Many members of the IPA Council have deep AML experience, and at least three operate as their organisation's MRLOs. A further three members operate in a senior position of risk in major professional services firms. To reflect the IPA's role as an AML Supervisory Body, an AML expert will be recruited to the Board to act as the 'voice of AML'. This role will not absolve the other members from AML activity as it joins its status as an equally important part of our regulatory landscape.

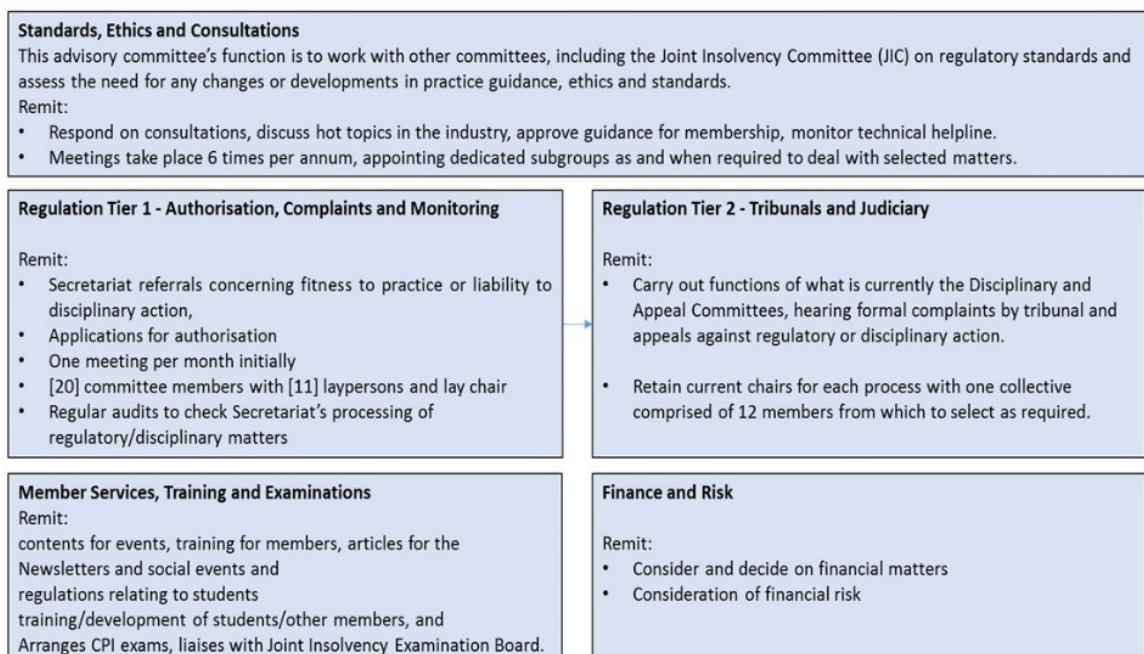
The IPA's regulatory committees are comprised of two tiers: The Regulation and Conduct Committee ('R&CC'), and the Disciplinary and Appeals Committee. The first tier considers whether an IP is a fit and proper person to be given a licence to practice, and considers performance against regulatory compliance, and potential matters of

wrongdoing. This committee can sanction and fine an IP and determine whether an IP can still be licensed to practise. The tier is comprised of both lay and practising IPs (from a diversity of type of insolvency work and geographically). The Committee has up to 20 members, but to sit need at least three members of the Committee at each meeting and the number of lay members exceeds or is equal to the number of individual members in attendance. The Committee meets monthly but can be comprised to sit at any time depending on the level of work.

Tier two of the regulatory committees, can establish a disciplinary tribunal and the final appeals tribunal to consider matters if a member thinks the R&CC has found inaccurately. The membership is comprised of senior lawyers and barristers with financial conduct, insolvency and AML specialisms.

The Articles of Association which govern the organisation were amended and adopted by Council on 3 June 2019 after being ratified at the Annual General Meeting held on 25th April and reflect the organisations’ role as an AML Supervisor.

The IPA has a separate policy committee, who consider issues and changes necessary for the operating committees. This committee is called the Standards, Ethics and Regulatory Liaison Committee (‘SERL’). It has had its terms of reference changed to reflect anti-money laundering responsibilities, and membership will be augmented with AML specialists. A working group will be established to consider the implementation of the IPA’s strategy in its first few years, and to assure the Board that the AML operations and policies have been sufficiently absorbed by the organisation to the required standards of the AML legislation. The Committee meets every 2 or 3 months, depending on the volume of business for consideration.



Management information to be provided to council on AML supervisor activities

Regular management information (MI) will be provided to the IPA Board on AML supervisory activities. A regular quarterly report has been produced, which will show the number of IPs who have had their AML work supervised and instances of reported or suspected non-compliance. The purpose of the report will be to ensure that the organisation is fulfilling its AML responsibilities, to ensure that arrangements in place are sufficient to respond to AML non-compliance, and that the systems in place are helping IPs to fulfil their AML responsibilities.

Separation of duties

The IPA is a relatively small organisation and our regulatory arrangements are therefore necessarily efficient. However, in order to give sufficient importance and space for consideration, where issues will be considered in meetings comprised to consider all of the IPA's responsibilities, there will be instances where AML issues may be sufficiently great to warrant their own meetings. In which case, the IPA will constitute separate meetings for these purposes. Wherever possible AML and Insolvency regulated behaviour will be considered separately. Risk monitoring (see below), inspections and reporting, will all be AML specific.

When Inspectors undertake monitoring visits, they will review matters for compliance by members with MLR17. Prior to an inspection visit the Insolvency Practitioner completes a pre-visit questionnaire that asks fourteen questions regarding the IP's and firms AML strategy and copies of the firm risk assessment is requested along with copies of any templates used for case assessment.

The inspector will be visiting members in firms for which the IPA are the Supervisory Authority and also where another PBS is the Supervisory Authority for the business.

For firms where the IPA is the Supervisory Authority, the Inspector will look to obtain details on a member and their firms' AML compliance and where necessary (where documentation and information from the member is insufficient or believed to be incomplete) this will require meeting with the firm's Nominated Officer to obtain and gather the appropriate information so that an assessment of the AML risk for the member and their firm can be reviewed and considered and where appropriate findings from the inspection are reported to the Tier 1 Committee for disciplinary action.

Details to be obtained as part of an inspection will include the firm's risk assessment, case risk assessment, policies on AML compliance, training provided to all staff, and SAR submission etc.

Compliance behaviour that is reviewed during a visit and subject to reports includes how a member deals with, considers, records and ensures adequate training is in place for AML activity.

In considering the Inspector's findings in the reports, the regulatory committee will have the ability to consider the IP for a sanction if the evidence appears to indicate the member has committed wrongdoing.

The member will be advised that there is to be consideration of a disciplinary sanction and – as is the right to all members where a potential sanction is to be levied against them – the member will have the ability to respond to the allegation of wrongdoing. The Committee will review the alleged wrongdoing and the members response and, if the Committee remain of the view that the member has committed wrongdoing in breaching any Act, and Rules of Regulation, a disciplinary sanction will be offered to the member to agree. This sanction will currently be as per the Common Sanctions Guidance which deals with regulatory breaches by IPs across the Recognised Professional Bodies ('RPBs') for insolvency and has been agreed with the Insolvency Service. As outlined below the IPA will be working on updating and amending the Common Sanctions Guidance with the other RPBs to ensure commonality across the profession and the IPA would welcome the active input from OPBAS to ensure that sanctions are commensurate with breaches of AML Regulation.

Where the IPA is not the Supervisory Authority for AML purposes, the inspector will still request details of the firms risk assessment and request details of case risk assessments and details of AML training etc. As part of the sharing of intelligence, if there are any breaches of AML compliance these will be reported to the AML Supervisory Authority for the relevant firm. As regulatory sanctions are applied to an individual member, the R&CC can continue to review any alleged breaches and, where a finding is made against a member, offer a sanction to the member to be agreed. Any finding would be notified to the AML Supervisory Authority for the firm.

Conflicts of interest

Managing conflicts of interest is extremely important for the IPA and is an ingrained part of our operating practices. In recognition of our new status as an AML supervisor, we have updated our conflicts of interest policy. Committee chairs remind all members of the policy at the beginning of any committee meeting. A copy of the policy is circulated with every pack of papers, and all members are asked to sign the policy. If a committee member is found to have acted in contravention of the policy, this would be a case for their removal from the IPA committees.

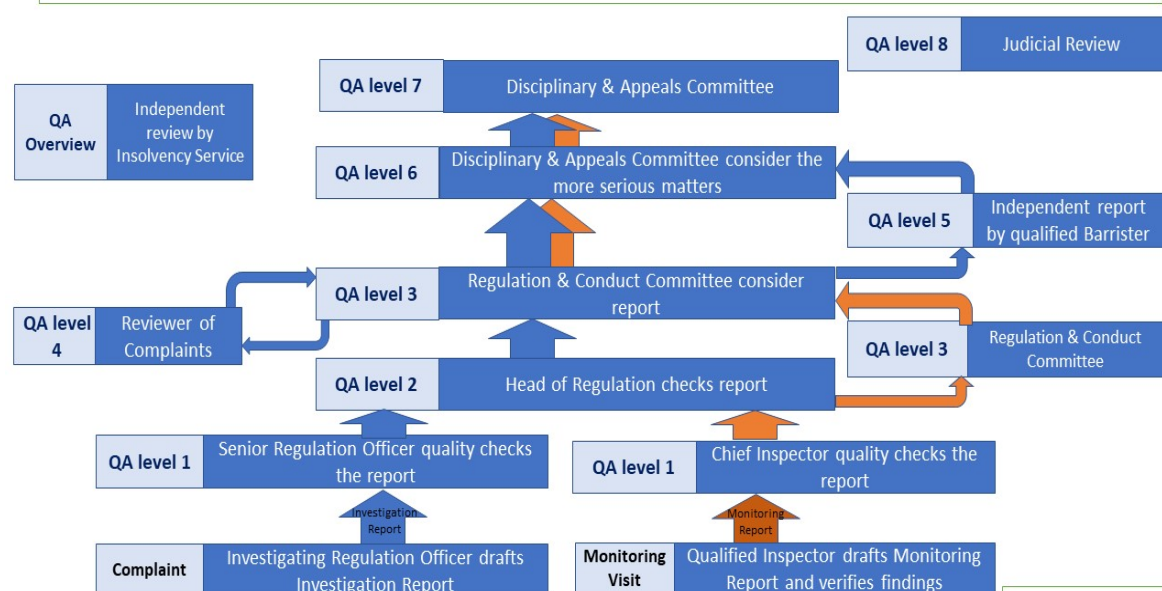
The conflict applies equally to the Board and IPA staff for the management of conflicts of interests. For IPA staff, conflicts are mainly in relation to inspections and complaint work and the inspectors and regulation staff disclose any firms/members where they consider an actual or perceived conflict exists and do not deal or are involved in issues on such cases. A record of IPA staff conflicts is kept and held by Andrew Kerr (Head of Regulation) for regulation officers and office staff and by David Holland (Chief Inspector) for inspection team members.

The committee secretariat are responsible for recording conflicts in the minutes and conflicts log. This information is provided to the Board periodically (annually).

Independent oversight and quality assurance

Quality assurance and independent oversight is at the heart of the IPA's activities and operating environment. In undertaking the role of AML supervisor, in conjunction with the requirements of the MLRs and the OPBAS sourcebook, the IPA undertook a thorough assessment of the suitability of those arrangements. There are an additional four layers of quality assurance built into any report or product that is sent to a regulatory committee. The regulatory tiers have three layers plus judicial review built into the system. At any time, an IP can ask for independent legal review of any decision or arrangement. There are also independent audits carried out of our activity every year. The IPA is also subject to supervisory visits from the Insolvency Service and from OPBAS to ensure its regulatory activities are being sufficiently well carried out.

Quality Assurance Map for IPA Monitoring and Complaints



The schematic is intended to illustrate the quality assurance inherent in our processes rather than the processes themselves.

Michelle Thorp, Feb 2019

Introducing a holistic approach to training

In making sure its responsibilities are carried out with the correct level of training and oversight, the IPA will be conducting annual AML training for its Committee and Board members. The first training session for all Committee members which included specific slides took place on 11 June and there is a further training day for Committee members who could not make that day on 3 July. The training will be carried out by an appropriately trained individual, utilising the most up to date intelligence about AML, as well as focusing on responsibilities in the source book and legislation, and their correct application in our operating environment.

Our committees will also receive training on anonymous disclosures and how they may feature in our complaints process.

Reporting to the Authorities

Single Point of Contact and Nominated Officer

The IPA will have clearly articulated roles and responsibilities in its team for those with AML Supervisory responsibilities. A Single Point of Contact (SPOC) has been appointed as our AML lead, with clearly articulated management responsibility and direct reporting to the CEO on AML supervisory body accountabilities and obligations. The CEO has undertaken personal responsibility for reporting on AML to the Board, closely supported by the organisation's Money-Laundering Reporting Officer (MLRO) who is our Chief Inspector. We have appointed an inspector - Stuart Jary - as the deputy SPOC.

Regulation 49(2)(b) of the MLRs requires a professional body supervisor to appoint a person to monitor and manage its compliance with duties under the MLRs. The Head of Regulation is the appointed SPOC for monitoring and compliance under the MLR17.

Training for the SPOC/MLRO

In order to ensure our representatives are appropriately trained, the IPA has carried out research to identify value for money training for our SPOC and MLRO, and staff. Separate training will be provided for the different roles for the various positions in the team. MLRO and SPOC training has been identified and undertaken. The training was considered to be extremely useful and will be rolled-out initially to the team of visiting inspectors to provide greater detail on what is expected of our licensed members and firms we are the Supervisory Authority for in relation to AML compliance.

In recognition of the need to ensure training is relevant and up to date, we will be initiating a continuous improvement approach to training, that will ensure that our nominated offer, SPOC and other members of staff receive regular updated training.

All staff have, and will continue to receive, training on our overarching responsibilities for AML as a PBS and receive a copy and training on every single new or updated policy.

Handling and storage of intelligence/sensitive information

The IPA have updated our information security policy to reflect the requirements of the MLRs, and that we are utilising a secure cloud software with enhanced security features. The policy requires all sensitive information to be shared on a needs access only policy. Any information or documents that are especially sensitive will be classified as such, and password protected. Email encryption is already adopted. Paperwork that is sensitive is locked away at night, and where saved at home, there are clear and well-established practices for storing the information and for appropriate destruction. Where file information should be saved, they are kept for a minimum of three years (then reviewed) and stored in a secure storage facility.

Suspicious Activity Reporting (SAR)

The IPA has initiated a new dedicated e-mail address for AML disclosures – amlcomplaints@ipa.uk.com Access to this e-mail address is limited to the MLRO, SPOC, Deputy SPOC and CEO.

There will also be a separate section in inspection reports to highlight areas of AML concern that were noted during inspection visits.

When an inspector, regulation officer or other member of the IPA Secretariat becomes aware of any potential AML breach by a member, they are required to report their concerns to the Chief Inspector who is the MLRO for the IPA.

This includes any findings from an inspector as to MLR17 breaches or AML concerns during a visit that appear to require a SAR being lodged.

The MLRO for the submission of SARs to the NCA. Referrals will be made on-line and encrypted to reduce the risk of tipping-off or information on any referral to the NCA being seen by any third party. Action regarding an inspection report, complaint or other matter will be held whilst a defence against money laundering request is made by the MLRO to allow the work of the Secretariat to continue.

This will be requested as the ability of the IPA to continue to process matters will reduce and limit the opportunity or possibility of questions being raised by members, complainants, third parties or the Insolvency Service as to any perceived delays in breach of our responsibilities as an insolvency regulatory body.

The member of the Secretariat who makes the notification to the MLRO will be reminded about tipping-off and if a defence against money laundering is refused and queries will be referred to the MLRO during the consideration of the SAR by the NCA.

SARs will be held on a secure database with access limited to the MLRO.

Whistleblowing

Encouraging AML whistleblowing disclosures and publication

Whistleblowing is an important feature of any AML regime. The IPA has a whistleblowing policy in place and members are required to make disclosures to the IPA as part of their membership requirements and as set-out in paragraph 4 of the Statement of Insolvency Practice 1 ('SIP1'). We have reviewed our whistleblowing policy and have updated the contents to be explicitly inclusive of AML disclosures including encouraging disclosures from members of the public.

The IPA has set up an AML section of its website where we have highlighted the whistleblowing policy.

Internal procedure

Having set up a dedicated email to receive whistleblowing disclosures, access to the inbox will be restricted to the SPOC, deputy SPOC and the CEO. Whistleblowing disclosures will be handled internally through direct access and with confidence to the CEO. Where it would be appropriate for further investigations to be undertaken, the most appropriate inspector, usually the Chief Inspector as MLRO, may be asked to carry out further enquiries or to submit a SAR. It may be appropriate in this instance to inform a committee or to update the intelligence sharing mechanisms. Where this is the case, this will be carried out in consultation with the SPOC, CEO and MLRO.

Protection of anonymity

The IPA accept anonymous communications from whistleblowers and will protect whistleblowers anonymity.

The internal procedure is that such disclosures are limited to the MLRO, SPOC, Deputy SPOC and CEO. The member will be contacted to arrange a visit to discuss concerns on the case and AML issues and advised that the matter will proceed to committee to consider sanction.

No details of the whistleblower will be released to the member and the report for the Committee will be completed by the MRLO/SPOC/Deputy SPOC only (and as appropriate) with review by the CEO. No details of the party who provided the details will be included in the report.

In some circumstances, the IPA believes that HMRC may be the best function to receive calls from our members and/or the public in circumstances related to tax and so we have flagged their helpline number on our AML website section.

Intelligence and information sharing

Sharing AML intelligence with other Professional Body Supervisors

Intelligence and information sharing are an important feature in the fight against AML. The IPA is an active and will continue to be an active member of the AML PBS community. We take part in existing information sharing forums such as the Accountant Affinity Group ('AAG') and Anti-Money Laundering Supervisors Forum ('AMLSF') and our continued commitment to participation is guaranteed. Attendance at these meetings is minuted and feedback provided through internal mechanisms, such as feedback in our all staff and senior management team meetings. We will use these forums to interact and share intelligence/information with other PBSs or law enforcement in relation to our AML supervisory duties.

In February 2019, the IPA Board made the decision that IPA will sign up to Shared Intelligence Service ('SIS') at their meeting on 30 January 2019. This was a significant investment for the IPA. and we intend to review its usage and efficacy after a year. The type of information we expect to upload onto the system will include information from inspection visits – especially where there has been a finding regarding AML concerns or findings and copies of agreed disciplinary sanctions against members.

When SIS is implemented and the IPA is able to review details provided by other parties, further consideration and agreement can be made on relevant and useful intelligence to be posted to SIS. The system is expected to be up and running in the IPA by the summer of 2019, dependent upon implementation timeframes.

The IPA have also recently signed an updated memorandum of understanding with the ACCA which expands the remit of the regulatory work the IPA carried out for the ACCA in relation to their licensed IP members. The updated memorandum of understanding deals with MLR17 regulatory work.

Information and Guidance to Members

Guidance for members

The IPA utilises a number of mechanisms for communicating with our members, through the website mentioned above, through newsletters, emails and through official guides.

In recognition of the important role our members have in undertaking their AML activities, we have set up a dedicated section on our website with links and information for our members on their AML obligations. We expect that the website will grow with information as more becomes available. AML training for our members through webinars will be rolled out of the course of 2019. Special newsletters and other email communications focusing on AML will be provided to members through the course of any given year.

The IPA also run a series of roadshows, and conferences throughout the year, helping IPA members to network, discuss current issues and understand best practice in relation to regulatory responsibilities. AML will feature heavily in all future programmes. Members of the community will be invited to attend and speak, as well as the development of case studies, and other principles to help IPs carry out their responsibilities well.

The IPA has also actively worked with the other Insolvency Supervisory Authorities and the Insolvency Service in drafting an insolvency appendix to the CCAB AML Guidance. The guidance is believed to be in its final draft and subject to a specialist review on the use of agents, will be forwarded to HM Treasury for approval. When the guidance has HM Treasury approval, the guidance will be published on our web-site and will be publicised in our newsletter.

AML content in 'Welcome to Regulation' and 'Insolvency Practitioners Handbook'

The IPA provides IPs with official guides to regulation and a handbook. Both publications will be updated with AML content – specifically general guidance, the IPA IT Security policy and Whistleblowing policy and the AML dedicated e-mail details. Unfortunately, the CCAB AML Appendix was not approved in time to be added to the Handbook and as outlined above this will be published on our web-site and publicised via the IPA Newsletter. In addition, for 2020 the IPA intends to produce a separate guide to AML & develop training for IPs.

Risk-based Approach

AML risk profiles

IPs work is inherently risky for AML and therefore the industry is denoted as high risk. However, IPs can be categorised within this and the inspection regime tailored accordingly. The IPA is in the process of finalising a risk profiling system to assess our members' inherent AML risk as well as deemed risk in insolvency work. This will enable the IPA to categorise members as requiring a high, medium or low intervention regime, and feed into the monitoring and inspection regime accordingly. As part of the risk assessment, the IPA will require members to forward their own practice risk assessments as part of our ongoing risk profiling assessment.

Overarching risk assessment

OPBAS consider IPs work is inherently high risk for AML. The consideration of IPs' overarching risk assessment is required by Regulation 17 of the MLRs. The IPA will document codifying these considerations.

AML supervisory visits

The IPA's approach to risk-based AML monitoring will include AML risk categorisations alongside members' insolvency risks and IPA supervisory activity will be driven by both insolvency and AML risks (and separately if warranted). The monitoring programme will be informed by the risk-based approach, which will take into account, the relative risk of AML, and any prior findings from supervisory or other complaint handling activity.

Enforcement

AML enforcement process

The IPA intends to publish AML outcomes for non-compliance in a similar manner where we already publish under the insolvency disciplinary process. We are also developing a separate pre-visit questionnaire for members that will outline our AML powers and to request more specific AML information. The IPA's complaint process has been updated to make it clear to our members what powers we have for disciplinary action for AML non-compliance. The IPA will make it clear what the complaints process is for members who are not compliant with their AML obligations and our AML investigatory powers.

There is a dedicated separate complaints email address - amlcomplaints@ipa.uk.com

AML decision making and sanctions

The MLR17 allows for the IPA as a PBS to impose a penalty against a member, or employee of a firm which the IPA is the PBS, who has breached the MLR17 or to publish a statement censuring a member, or employee for a breach of MLR17.

The regulations do not specify what the sanctions are that a PBS should apply against any party found to be in breach.

However, all the Recognised Professional Bodies (RPB) under the Insolvency Act 1986 apply a common sanctions guidance in relation to disciplinary action of insolvency practitioners. The IPA believes a similar approach should be taken in terms of AML disciplinary action of the same practitioners to remain consistent in the sector. The IPA intends to raise this with RPBs to discuss, agree and implement such sanctions guidance as a group. This, of course, would not cause any delay to disciplinary action while common sanctions are considered and the IPA is committed to take action where necessary for AML non-compliance in the meantime as outlined under the MLR17 and in line with our recently adopted new Regulatory Rules.

The IPA will create sanctions guidance to be applied to its members involving cases of non-compliance. Sanctions will be applied for regulatory or disciplinary infractions and punishment commensurate with the infraction. This will be commensurate with the seriousness of the infraction, ranging from a warning, for a one-off isolated incident, through to fines for more serious issues, and then to an IP losing their license for very serious or persistent infractions.

Where criminal or civil proceedings are underway, the courts will usually take precedence. The IPA will then take any finding into account in consideration of the way forward following the completion of any Court proceedings.

Continuous Improvement

The IPA will continue to develop and refine its activity as an AML PBS and will review policies relating to AML at least annually to ensure compliance with AML Regulation and requirements of AML regulatory work as they develop. The policies are:

- Conflicts Policy
- Complaints Policy
- Whistleblowing Policy
- IT Security Policy

The IPA will continue to work on risk assessments for our licensed IP members to incorporate AML risk as well as a general insolvency risk which will be used to plan inspection visits appropriately. The IPA see risk assessment as a continuous process which can alter depending on intelligence received from third parties, inspection visits, complaints received and known practice developments.

The IPA Handbook is subject to annual review and the AML content will be part of that review to ensure that this is relevant to members in assisting with their AML responsibilities.