



The Institute of Certified Bookkeepers

# AML Supervision Annual Report 2023/24

*This report sets out how we meet our obligations as a supervisory authority under The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs).*



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# A year of successes

**The 2023/24 reporting period has brought significant achievements and we remain confident that ICB members are a formidable force in combating financial crime.**

ICB has been a beacon of firm yet fair supervision, marking a pivotal chapter in the history of bookkeepers, especially ICB Bookkeepers. Our mission is to be the best in the profession, and we feel privileged to undertake this journey alongside the more established Chartered bodies.

Experience has shown us that no one is immune to money laundering risks, and we understand it can feel overwhelming when you just want to be a diligent bookkeeper. This is why we are dedicated to transforming these risks into practical guidance tailored to you and your practice, providing the essential tools to identify and manage these threats.

**We are committed to being your primary source of information.**

The National Risk Assessment (NRA) shapes our focus for the year, allowing us to target our efforts at those within our supervised population most vulnerable to being exploited by criminals seeking unwitting bookkeepers to become Professional Enablers, and thereby using them to disguise financial crime.

By leveraging the data you provide on AMLOnline, we monitor practices and direct our guidance where it is most needed. This collective data creates a unique repository of knowledge and experience that informs our advice, ensuring it is directly relevant to you, your practice, and your clients.

Through our monitoring process, we identified the need for greater attention at the inception of a practice, where the excitement of acquiring new clients might overshadow essential due diligence. Therefore, we have increased the time dedicated to new practices and BOOMs during their Onboarding Interviews. The results have been overwhelmingly positive, with a marked improvement in early compliance.

**It is crucial that our supervision remains appropriate, proportionate, and dissuasive.**

Sanctions remain our last resort, contingent on adherence to our guidance and a deeper understanding of sector-specific risks.

Bookkeepers hold a unique position within the business community, and it is our collective duty to uphold that esteemed status. Positioned at the core of businesses, bookkeepers possess an acute awareness of every transaction that takes place within that business. This position comes with great trust and an intrinsic ability to sense when things just don't feel right. This is your USP.

I congratulate you on a year of outstanding achievements and your commitment to collaborating with your professional body to identify and eradicate financial crime.



**Garry Carter**  
**Director of AML Compliance**

# Our role

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The Institute of Certified Bookkeepers (ICB) is the only UK professional body that is dedicated to supporting bookkeepers. We ensure, through examination, continuing professional development, and by engendering the highest professional, ethical, technical and ethical standards, that bookkeepers are properly recognised for the experts they are and for the crucial work they do.

We were designated as a Supervisor in accordance with Schedule 1 of the Anti-Money Laundering Legislation 2007. This role entrusts us with the responsibility to oversee our members, ensuring they are well-informed and guided to effectively mitigate money laundering risks.

Additionally, we are tasked with monitoring regulatory compliance, and applying sanctions when necessary to uphold the required standards of compliance.

We embrace our dual role of supervisor and educator as an opportunity to promote professionalism and enhance the public's trust in bookkeepers.

We recognise the substantial threat posed by money laundering and are here to provide guidance to our members. This includes educating them on what money laundering might look like within their work, and their role in preventing it from infiltrating the accounting sector.

In the UK, we supervise just in excess of 5,000 members working in a little over 3,000 practices, made up of sole traders, partnerships, limited companies and limited liability partnerships. The majority, 69%, are sole traders and a noteworthy 78% of ICB practices are female-run.



78%

*of our practices are  
female-led*

# Our approach

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As required by Regulation 46(2)(a) of the Money Laundering Regulations 2017 (MLRs), we have adopted a risk-based approach to exercise our supervisory functions, informed by the risk assessments carried out under Regulation 17.

An effective risk-based approach underpins all aspects of ICB's anti-money laundering supervision and enables us to identify, assess and understand the money laundering risks within our sector (bookkeepers and payroll agents) and mitigate them on an ongoing basis.

Our risk-based approach means we focus efforts where the risks are highest and consider the likelihood of unwanted outcomes. This helps to identify situations where additional measures and controls may be appropriate. We ensure that the measures we take to reduce money laundering are proportionate to the risks identified. We have a clear methodology which evidences the appropriateness of the risk-based approach.

Using a variety of communication channels, such as publishing guidance and speaking regularly to members, helps our supervised population better understand, identify and manage money laundering risks.

We are continually improving our supervisory approach to ensure that it

supports our supervised practices' adoption of their own risk-based approach.

We have seen our risk-based approach is more effective when it encourages our supervised population to aim for achieving positive outcomes related to reducing money laundering and understanding their clients' businesses, rather than exclusively concentrating on compliance with prescriptive and detailed rules.

As the fourth largest accountancy body supervisor and the only one which supervises bookkeeping and payroll professionals exclusively (rather than accountants) we have a sound understanding of the nature of the risks to our sector, but we are not complacent and support this with regular risk assessments and 'risk refreshes'. This up-to-date analysis of sector risk enables us to select the most effective supervisory tools.

ICB's effective supervision depends on our timely identification and prioritisation of areas requiring greater supervisory attention. We tailor our strategies to address the risks identified across the accountancy sector as well as those specific to our sector. The intensity of the strategies employed for different members or clusters of members within our supervised population are commensurate to the risks identified.



# Assessing risk

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Our proprietary technology solution, **AML Online**, is our primary tool for starting to identify which members, or clusters, of our supervised population are at the greatest risk of being used by criminals to launder proceeds from crime.

Supervised practices are required to input all new clients onto AML Online before contracts are exchanged. The tool takes the practice through an online risk assessment and draws in Companies House and other risk data where applicable.

Using AML Online, practices record the services they perform for each client, and identify the individuals on whom to carry out due diligence, and then carry out regular monitoring and reassessment

AML Online also facilitates ICB's risk rating of our practices, showing us in real-time which members are compliant and keeping up-to-date with their client risk assessments and due diligence, and providing transparent information that enables us to risk rate our supervised population based on:

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1. Probability: the likelihood of money laundering taking place because of the activity undertaken by a member or cluster of the supervised population or the environment they operate in. This risk can increase or decrease depending on other indicators:

- a) product and service risk (the likelihood that products or services on offer can be used for laundering money)
- b) client risk (the likelihood that customers' funds may have criminal origins)
- c) the nature of transactions (e.g. frequency, volume, counterparties)
- d) delivery channel risk (the way in which services are delivered can increase risk)
- e) geographical risk (does the member, its clients or agents trade in riskier locations)
- f) other indicators of risk including the member's compliance history, attendance at AML events, complaints about a member or about the quality of a member's internal controls – intelligence from other supervisory authorities and law enforcement agencies, and from other sources (e.g. consumers, whistle-blowers)

2. Impact: the potential harm caused if money laundering is facilitated by the member, cluster or sector. This can, among others, depend on:

- a) a member's size (turnover, number and type of customers, number of premises, value of transactions etc.)
- b) links with other businesses (susceptibility to being involved in 'layering' activity)

# Supervised population

**3171**

**PRACTICES SUPERVISED FOR  
ANTI-MONEY LAUNDERING  
COMPLIANCE**

**21**

**AVERAGE  
NUMBER  
OF CLIENTS  
PER  
PRACTICE**

**65,098**

**ACTIVE CLIENTS ON AML  
ONLINE**

**85,609**

**NEW CLIENT, AND ON-GOING, CHECKS  
CARRIED OUT  
BY PRACTICES  
USING AML ONLINE**

**66%**

**SOLE  
TRADERS**

**7%**

**HAVE OVER  
100  
CLIENTS**

# TCSPs

Practices under ICB's supervision that offer Trust or Company Service Provider (TCSP) services alongside their accounting services must formally notify us.

Trust and company services have been deemed as high-risk services in the National Risk Assessment 2020 (NRA), and as such, we closely monitor practices that act as TCSPs.

	Total Number	As a % of ICB supervised practices
Practices acting as a TCSP	343	11%

Nature of the trust and company services provided by our TCSP practices	% of TCSPs
Provide a registered office	54.7%
Form companies	54.1%
Provide a correspondence address	37.9%
Act or arrange for another person to act as a trustee of an express trust or similar legal arrangement	19.4%
Provide a business address	19.1%
Act or arrange for another person to act as a director of a company	17.6%
Provide an administrative address for a company, partnership, other legal person or arrangement	15%
Form legal persons	4.4%
Act or arrange for another person to act as a trustee of an express trust or similar legal arrangement	2.9%
Act or arrange for another person to act as a partner (or in a similar position) for other legal persons	2.6%
Act or arrange for another person to act as a nominee shareholder for another person (unless the other person is a company listed on a regulated market which is subject to acceptable disclosure requirements)	1.2%



# Monitoring compliance

We monitor compliance throughout the year using real-time risk analysis from AML Online and we also look at practice engagement metrics such as webinar attendance and accessing of AML guidance, together with compliance history. We are then able to direct our resources where they're most needed; towards the areas of greatest risk.

We proactively monitor practices and pre-emptively provide guidance. Each new practice and BOOM is criminal record checked required to attend an online on-boarding interview, which is used to verify ID and provide an overview of the requirements of the MLRs and how ICB monitors compliance. Our ongoing monitoring suggests these interviews are one of our most effective tools in ensuring a practice puts in place effective policies, procedures and controls.

Following the onboarding interview, all new practices are invited to a live monthly webinar hosted by the Director of Compliance and the Chair of the Advisory Council, wherein further practical guidance on AML is provided and new practices can ask questions. These webinars have been given a five-star rating by attendees.

	On-boarding interviews	Intelligence checks	Enhanced Intelligence Reviews
Total	225	8904	313

We proactively carry out intelligence checks on practices according to our risk assessment using our own data, open source research, and the Shared Intelligence Service (SIS). Additionally, we operate a 'scorched earth' policy of checking information at random across the whole database.

Intelligence checks may lead to:

- no further action
- informal communication to provide further guidance or request information
- a desk-based review or onsite review involving an extended live session with the practice

# Compliance reviews

We carry out in-person AML compliance reviews to assess practice compliance with the MLRs in terms of fulfilling the technical requirements as well as ensuring effectiveness.

Reviews may be desk-based (remote) or onsite and involve the key personnel from the practice. During the review the practice will be required to share documentation such as:

- Whole of practice risk assessment
- Policies and procedures statement
- Client due diligence files
- Staff training records
- SARs reporting policies and SARs submitted
- Record-keeping systems, procedures and controls
- Evidence of discrepancy reporting to the PSC Register

	Desk-based reviews	Onsite reviews	Total
Total	538	4	542
Compliant	502	1	503
Non compliant	36	3	39
Informal action	284		284
Formal action	25	3	28

Compliance reviews may lead to:

- no further action
- informal action, eg. practice is given 30 days to carry out follow-up action to improve
- formal action, eg. reprimand, financial sanction, exclusion.

Unlike other professional body supervisors, our reviews during this period could not have a 'Generally Compliant' outcome and practices were rated as either compliant or non compliant. We have identified that this binary approach could potentially understate the level of general compliance within our supervised population and we have therefore approved the introduction of generally compliant for the 2024/25 year. Outcomes will be carefully monitored.

# Enforcement action

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We will impose financial and non-financial sanctions on practices who fall short.

If we see evidence that a non-compliant practice can improve, and is committed to meeting the required standard, we will set 'follow-up activity' and give the practice 30 days in which to complete them. We always check that the practice has completed the necessary actions within the timeframe.

Follow up activity may include carrying out further client due diligence, improving documentation, or undertaking training.

Financial sanctions are intended to remove the benefits of non-compliance and deter future non-compliance. There are fixed fines for AML breaches as detailed in the ICB Sanctions Policy.

In certain cases, where we have evidence of risk to the public or the reputation of the profession, we may publish details of sanctions against members and/or expel a member.

Enforcement action	Number of practices
Follow-up activity required	284
Fine	4
Sum of fines	£13,278 (a further £51,030 levied after the year end)
Exclusion	25

# Resources

## Help and support

In 2023/24 we received **1000+ AML enquiries** by email and telephone. Our dedicated AML team offers guidance on all aspects of complying with the Money Laundering Regulations, such as advice on submitting a SAR. We also have a dedicated **Whistleblowing Line** and secure channel for bookkeepers or members of the public to raise an AML concern about one of our members.

0203 405 7581

[confidential@bookkeepers.org.uk](mailto:confidential@bookkeepers.org.uk)

## AML website resources

There were **259,436 views** of our online AML resources during 2023/4

## AML webinars and workshops

- **83 Branch meetings** were used to deliver AML updates
- Our 8 AML- specific **Start Your Business** live and interactive webinars were attended by **991 members**
- One of our live and interactive **AML to-do list** webinars was attended by **654 members**
- **482 members** attended the **Annual ICB Summit**
- **305 members** attended our annual six-city **Inspire Tour**

## Onboarding calls

We carried out **Enhanced Due Diligence** followed by live **Onboarding Interviews** with **225 new BOOMs** before we authorised their licence. We use these calls to verify their ID and talk them through the MLRs and their AML obligations.

## AML to-do list

There were **2037 downloads** of our AML to-do list.

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*The last time I used ICB's technical support they were brilliant. My accountant didn't know how to help but ICB did.*

Marie Benstead MICB PM.Dip  
MBooks

“

*I am celebrating four years and a day of my little business and most of all feeling the love for ICB. I have achieved so much with their sublime support.*

Clare Kendall C.FICB  
CLK Books

## Articles and risk updates

We published **five articles on AML** and shared alerts, updates and newsletters from various agencies, including, HMRC, HMT, NECC, UKFIU (SARs), and ROCUs.

# Intelligence sharing

*Regulation 50(1) of the Money Laundering Regulations 2017 requires a professional body supervisor to take such steps as it considers appropriate to:*

- co-operate with other supervisory authorities, the Treasury and law enforcement authorities in relation to the development and implementation of policies to counter money laundering and terrorist financing*
- co-ordinate activities to counter money laundering and terrorist financing with other supervisory authorities and law enforcement authorities*

*Regulation 50(3) says such co-operation may include the sharing of information which the supervisory authority is not prevented from disclosing.*

We believe that timely and granular intelligence sharing is vital to the success of the supervisory regime.

We use the FCA Shared Intelligence Service (SIS) to ensure there are no adverse findings against a member who is applying for an ICB licence to practise.

Where we are aware that a new or existing member has another supervisor, we contact that supervisor to ensure the appropriate supervision is in place or to request or share information on any adverse findings. Where existing supervision is not declared, but where we have suspicions, we send a Reg 52 request to all supervisors to see if they are aware of the applicant.

We contribute to and share best practice in various groups including the Anti-Money Laundering Supervisory Forum (AMLSF) and Accountancy Anti-Money Laundering Supervisors Group (AASG).

## 300+

*Checks on the Shared Intelligence Service (SIS) performed by our AML team*

## 214

*Authorisation checks made between ICB and other Professional Body Supervisors*

We work closely with other supervisors from the wider supervisory landscape, including Banks, Companies House and the Insolvency Service, and contribute to a number of 'cells' that target specific areas of concern, such as company formation and professional enablers. We are also a member of the Accountancy Intelligence Sharing Expert Working Group (Accountancy ISEWG), which plays a vital role in helping to detect, disrupt and prevent money laundering and terrorist financing.

The Accountancy ISEWG promotes and facilitates a strong working relationship between Accountancy Professional Body Supervisors, statutory AML supervisors and law enforcement agencies through the Joint Money Laundering Task Force (JMLIT).

# Looking ahead

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## Risk and emerging threats

The National Risk Assessment of money laundering and terrorist financing (NRA) underscores everything that we do to inform members of the vulnerability of accountancy services, which remain appealing avenues for criminals seeking to legitimise the source of criminal funds, by leveraging the credibility of professionally qualified bookkeepers and accountants and using them as Professional Enablers.

We contribute to work being carried out by the Professional Body Supervisors (PBS), OPBAS and enforcement bodies such as the National Economic Crime Centre (NECC), FCA and the Regional Organised Crime Units (ROCU), to identify Professional Enablers and create strategic plans to combat this increasingly sophisticated threat

Accountancy services identified as most susceptible include:

- company formation and termination
- mainstream accounting
- payroll

An important part of the work we do as a supervisor is to decide how our members are likely to be affected and to deliver clear and concise information that is relevant, understood and proportionate. We firmly believe that members will glaze over if we don't deliver the message in a voice that they will understand.

The NRA emphasises that a solid understanding of money laundering risks and the meticulous application of risk-based controls are essential to safeguarding accountancy services from exploitation by criminals. We will continue to adapt our supervisory approach to incorporate emerging threats and trends within our sector.

## Technology investment

As bookkeepers we all know the benefits of an integrated digital system. ICB has embarked on a substantial digital transformation of its CRM system and website. Because of the complexity of the information that we hold, this is a slow process but phase one is due for completion in the spring of 2025.

In particular the AML Online tool is being further enhanced. A ground-breaking market leader when launched free to members in 2010, and still remaining best in class today (we believe), we feel we can now take advantage of emerging technology to ensure we remain ahead of the game.

**In a recent seminar held by the Centre for Finance and Security (CFS) the author of their AML review said *"It is not all bad news. The Bookkeepers' [ICB] system is one of the most robust systems I have ever witnessed"*.**

# Case studies

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## CASE STUDY 1

Having identified practices within our supervised population that are operating in high risk sectors, we carried out an in-person review of a very large practice that was offering self-assessment tax services to a specific client type.

Three inspectors completed the review over a two-day period. At the end of the review the practice was judged to be compliant. The chief reviewer praised the practice on their record-keeping and their thorough understanding, not just of their client base, but also of the inherent risks associated with the services the practice was offering. Furthermore they had implemented robust systems that demonstrated their understanding of the money laundering regulations and how their services could potentially support illegal activity if not properly guarded against.

The practice complimented the inspection team on their approach and for making what could have been a very stressful two days a very pleasing affirmation of the hard work that they had put into achieving compliance.

## CASE STUDY 2

By using our AML Online tool we can constantly monitor our practices to ensure continuity of a high level approach to anti-money laundering. We can see how often they are checking and reassessing their clients, and we can also detect potential breaches.

In late 2022, we detected what we perceived as an unexpected reduction in client reviews for one of our larger firms. This was out of character for this firm, so we carried out an intelligence review and spoke to the firm. They admitted that their MLRO had left and that they were in the middle of major personnel and operational changes.

We carried out an on-site review and found that the firm had slipped into quite serious non-compliance. We set in place an action plan and worked closely with the firm and its new MLRO throughout 2023 and into the early part of 2024. We then carried out a further in-person review and found them to be generally compliant. They were fined and a further plan was set in place, which was satisfactorily completed.



The Institute of Certified Bookkeepers is the UK's only professional body dedicated to bookkeepers.

We certify, supervise, support, and connect bookkeepers around the world, and provide the trusted benchmark for the bookkeeping profession.

In our role as a membership body we provide ongoing support to members to ensure they are knowledgeable and up to date with the latest legislation, mindful of their ethical obligations, and best-placed to provide a trusted and exemplary service to business.

We believe that sound financial management can have a profound effect on society at a personal, professional and global level. We are passionate about empowering students of all ages and backgrounds to learn new skills, find fulfilling employment or set up their own businesses. By creating a pool of highly qualified bookkeeping talent we endeavour to help business owners take control of their finances and, in turn, support the economy as a whole.

## **Our Mission**

We are here to empower bookkeepers to empower businesses.

## **Our Vision**

Behind every good business there will be a good bookkeeper, and behind every good bookkeeper there will be ICB.

## **Our Values**

Purpose, Passion and Progress

### **ICB**

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