



INSTITUTE OF
**FINANCIAL
ACCOUNTANTS®**

A MEMBER OF THE IPA GROUP

Anti-Money Laundering Supervision and Monitoring 2024/25

6 April 2024 to 5 April 2025

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Foreword from the IFA Board

This report sets out the IFA's anti-money laundering (AML) supervision and monitoring results for the 2024/25 reporting period. The report aims to provide an insight into the AML supervision and monitoring work of the Institute. As of 5 April 2025, the IFA supervised 1,792 (2023/24: 1,815) firms and sole practitioners for compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (known as the 'Money Laundering Regulations' throughout this report).

We supervise firms and individuals to ensure that their policies and procedures effectively identify and manage money laundering risks, ultimately reducing the potential that they will be exploited by criminals, while safeguarding the UK financial system. During 2024/25, we conducted 170 monitoring reviews (2023/24: 123). Our approach to supervision is risk-based, proportionate, collaborative, educational and robust. We help members and firms to meet standards and we hold them to account if those standards are not met.

Our data-driven approach allows us to continually develop our processes and review programme, which have been enhanced following feedback from OPBAS during our supervisory assessment against their [full sourcebook](#) in December 2024.

Highlights from our supervisory work include:

- A 38% increase in the number of reviews conducted, as a result of utilising IT enhancements and restructuring roles within the professional standards team.
- The successful roll-out of the new focused review format, incorporating dip-sampling to test assumptions in low-risk ratings of our supervised firms.
- The staging of the inaugural IFA AML Conference attended by more than 130 delegates (representing nearly 10% of our supervised firms).
- The introduction of an external quality review process to ensure consistency in review outcomes and identification of efficiencies within our policies and processes.
- Continued investment in formal training for review team members.
- Development of an AML Hub on the IFA website to improve accessibility of core AML requirements, sector guidance and templates.



It is important to ensure we provide guidance and support as well as dissuasive enforcement action

Julie Williams,
Chair of the IFA Board

"It is great to see that the IPA Group investment in IT infrastructure has started to reap the benefits in increased AML reviews taking place this year.

The OPBAS review was a positive experience and provides a platform for the team to build on going forward to ensure our processes demonstrate best practice to support the AML regime.

With the rollout of the Economic Crime and Corporate Transparency Act and other regulatory changes, it is important to ensure we provide guidance and support as well as dissuasive enforcement action, and I am encouraged to see that these remain the cornerstone of our supervisory approach.

The inaugural online AML Conference was a great success with positive feedback received from delegates. I am delighted to see that this will become an annual fixture in our calendar and will allow us to develop themes to support supervision.

I want to convey my appreciation to the teams and individuals who have ensured that the IFA's AML supervision standards remain high. The board relies on this level of support to provide objective and robust regulatory and supervisory practices, which is crucial for our members."

Introduction

Money laundering harms society, the integrity of markets, and the reputation of the accountancy profession by enabling criminal activity to flourish.

The National Assessment Centre (NAC) estimates it's possible that £100bn could be laundered through and within the UK, or UK corporate structures, with around £12bn laundered each year using cash.

The threat posed by economic crime in the UK is growing in both scale and sophistication. Criminals are increasingly exploiting digital technologies and probing for systemic weaknesses, heightening the risks for both business and the public.

The Economic Crime and Corporate Transparency Act provisions have been implemented in stages since October 2023, including a raft of Companies House reforms such as the new requirements for the registration of Authorised Corporate Service Providers (ACSPs) during the reporting period. The Act and its reforms are aimed at strengthening the UK's ability to combat financial crime and the misuse of corporate structures.

The accountancy sector remains at high risk of exploitation by criminals, according to the [National Risk Assessment of Money Laundering and Terrorist Financing 2025](#). Services most vulnerable to abuse include payroll, bookkeeping and tax advice. Many firms will also offer company formation, alongside other trust and company formation services, which can be exploited to obscure the beneficial ownership of corporate vehicles.

Accountants can be used to provide the appearance of legitimacy to criminal funds through the use of accountants' certificates of confirmation to support the falsification of documents such as accounts and invoices. Criminals will seek to take advantage of poor controls, inadequate risk assessments, policies, and procedures and may even attempt to infiltrate or corrupt the employees of legitimate firms.

A key theme of the [Economic Crime Plan 2023-2026](#) is the professional enablers strategy that partners both public and private sectors, law enforcement, and professional body supervisors. A professional enabler is defined in the plan as "an individual or organisation that is providing professional services that enable criminality. Their behaviour is deliberate, reckless, improper, dishonest and/or negligent through a failure to meet their professional and regulatory obligations".

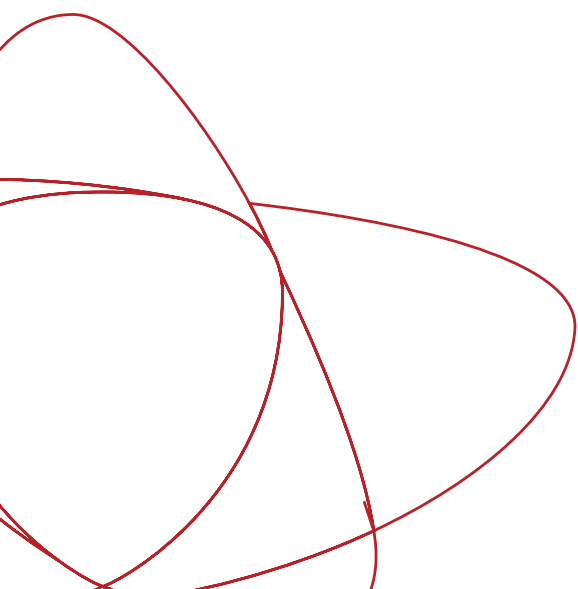
The IFA is committed to its role in the ongoing fight against financial crime, by supervising firms to ensure robust systems, controls, and policies are in place, and help prevent, disrupt, and deter money laundering, protecting the integrity of the UK financial system. This report covers the period from 6 April 2024 to 5 April 2025.

The IFA is a supervisory authority for accountancy service providers (and trust or company service providers) under Schedule 1 to the Money Laundering Regulations. We regulate 1,792 firms (2023/24: 1,815) subject to these regulations (as of 5 April 2025). We are overseen by the [Office for Professional Body Anti-Money Laundering Supervision](#) (OPBAS), situated at the Financial Conduct Authority (FCA), which is responsible for ensuring high and consistent standards of supervision of the legal and accountancy sectors. The office also facilitates collaboration and information and intelligence sharing between professional bodies, statutory supervisors and law enforcement agencies.

As part of our AML supervisory duties, the IFA reports annually to HM Treasury in order to improve the transparency and accountability of supervision and encourage good practice. The IFA's reporting is incorporated into HM Treasury's [Anti-Money Laundering and Counter-Terrorist Financing Supervision Report](#), the latest version of which was published in respect of 2023/24.

Combating money laundering requires a comprehensive plan supported by the private sector alongside the government and its agencies. The IFA, alongside other accountancy and legal professional bodies, continue to engage with the Economic Crime Plan 2 2023-2026 working groups and participate in the staged implementation of the Economic Crime and Corporate Transparency Act 2023.

In addition, the IFA contributed to the drafting of the National Risk Assessment of Money Laundering and Terrorist Financing 2025 and the consultation on improving the effectiveness of the MLRs.



AML supervision by the IFA

What we do

The IFA's supervisory and monitoring activity is designed to uphold standards and compliance with the Money Laundering Regulations, support IFA firms and members, and work collaboratively across the private and public sectors to minimise risk and strengthen the AML regime.

We conduct our regulatory and supervisory duties through the work undertaken by our compliance, monitoring and disciplinary teams. Our monitoring team shares information with our compliance and disciplinary teams, as appropriate, to ensure a robust and co-ordinated approach to education, supervision, and enforcement. We use our understanding of threats and vulnerabilities, and intelligence received from a broad range of sources, to inform our risk-based approach, so that our resources are focused on the firms that exhibit the most risk factors and where non-compliance with the Money Laundering Regulations are likely to cause most harm.

Our supervisory approach requires our member firms to adopt risk-based, proportionate, and effective policies, procedures, and controls to mitigate the risks of firms being used by criminals as vehicles for money laundering/terrorist financing. Firms are required to comply with the requirements of the Money Laundering Regulations and the UK sanctions regime.

We also engage and share information with other regulators, professional bodies, government, NCA, National Economic Crime Centre (NECC), HMRC, law enforcement and other key stakeholders to increase our collective understanding of money laundering and terrorist financing - and we may adjust our approach, guidance, policies, and procedures accordingly.

We provide information to our supervised firms on emerging money laundering and terrorist financing threats applicable to the accountancy sector and explain circumstances in which we perceive there to be a high risk of money laundering and terrorist financing. We run a series of AML workshops throughout the year. Each series comprises three separate sessions, taking an in-depth look at drafting effective AML policies and procedures; firm risk assessments and client due diligence; and an annual compliance review/checklist.

In this reporting period we launched an annual AML conference, now a fixture in our programme of AML events, with a full day of AML content. We also provide information and guidance freely to all our supervised members through various communication channels including: the IFA magazine *Financial Accountant*; emails; our [website](#); and [Financial Accountant Digital](#). More targeted information is shared electronically through dedicated emails to relevant members.

AML compliance was at the forefront of our regional networking meetings through interactive sessions showing the "All too familiar" video produced by ICAEW/HMRC.



Our approach to AML supervision ensures we can effectively monitor our firms and take measures, when necessary, to enforce compliance with the Money Laundering Regulations 2017

To help our firms with their anti-money laundering obligations, we provide appropriate templates designed for small firms as well as access to discounted AML compliance software. Lastly, we also encourage our supervised firms to report suspected breaches of the Money Laundering Regulations to us via the [whistleblowing page](#) on our website, which includes a dedicated phone number and email address. We take **disciplinary action** against firms that do not meet the requirements of the Money Laundering Regulations, including those that do not co-operate with the AML monitoring process.

Those we supervise

As at 5 April 2025, we were responsible for supervising and monitoring 1,792 firms (2023/24: 1,815) providing accountancy services to the public. Our firms provide bookkeeping, accounts preparation, payroll, tax compliance, tax advice, trust and company formation services and assurance services. While our firms vary in size, approximately 74% are sole practitioners with the remainder mainly having two or three principals in a firm. Some 94% of our firms only have one office, 5% have two offices, 1% have between three and six offices. None of our firms operate offices outside of the UK.

The number of approved beneficial owners, officers or managers (BOOMs), associated with IFA supervised firms during this period was 2,364 (2023/24: 2,408).

We risk-assess all supervised firms on an annual basis and, as at 5 April 2025, we supervise 251 (14%) high-risk firms, which includes 180 sole practitioners; 437 (24%) medium-risk firms, which includes 315 sole practitioners; and 1,104 (62%) low-risk firms, which includes 827 sole practitioners. Risk is calculated using an algorithmic tool that applies scores to information provided in annual returns and compliance history.

How we supervise

Our approach to AML supervision ensures we can effectively monitor our firms and take measures, when necessary, to enforce compliance with the Money Laundering Regulations 2017.

We adopt a risk-based approach to supervision, informed by the firm risk assessments we conduct. This approach helps to ensure that our resources are targeted to the firms that present the highest money laundering/terrorist financing risks. Our approach to supervision has evolved over time and includes the following elements:

- proactive supervision based on our assessment of the firms presenting the highest risk of money laundering; and
- reactive supervision driven by circumstances, events, and other intelligence.

Our risk-based approach is centred on information and intelligence provided by our supervised firms, members and other professional bodies, government agencies and law enforcement.

The focused reviews use a similar work programme to our other review formats without the need for the formal interview component

It takes into account the probability and impact of money laundering taking place as a consequence of the activities of our firms and members, and the environment in which they operate. The money laundering risk can increase or decrease based on the firm's business, legal form, services it offers, client base, location, countries of operation, regulatory, compliance, disciplinary and reputational history, as well as evolving threats, vulnerabilities, risks and other intelligence from professional bodies, government agencies and law enforcement. Our assessment of risk is dynamic; we are able to update our risk assessments to reflect any evolving risks and intelligence received.

The frequency and format of AML monitoring reviews is based on our assessment of a firm's exposure to money laundering risks. We operate a hybrid mixture of onsite and desk-based AML reviews. Onsite reviews are conducted with firms with specific risk indicators such as multiple offices, large client money accounts, high-risk clients or services. Our desk-based AML reviews are conducted in two different formats: standard and focused. The standard desk-based review has the same scope and breadth of assessment as an onsite visit. Focused desk-based reviews are conducted on low-risk firms where we have not identified any high-risk factors from their annual returns or firm-wide risk assessments. The focused reviews use a similar work programme to our other review formats but without the formal interview component. The review is conducted entirely using key AML documents provided by the firm (including examples of client due diligence), as well as information contained in the firm's annual return.

As part of the planning process ahead of the monitoring review, the AML reviewer will consider the information provided by firms and members from annual renewal returns, as well as other information held by the IFA and publicly available information. Firms allocated for a review will provide extensive documentation to the reviewer to evidence their compliance with the Money Laundering Regulations. The onsite and standard desk-based reviews include comprehensive discussions with key contacts and staff of the firm.

During these discussions, the AML reviewer will gain an understanding of the individual's awareness of money laundering risks and their responsibilities, as well as an insight into the firm's AML policies, procedures and controls. The AML reviewer will also request a selection of documentation to demonstrate the firm's compliance with the regulations, including client files and client due diligence documentation. The quantity and range of evidence requested will vary dependent on the AML risks faced by the firm as a result of its services and client base.

Examples of documentation that reviewers will check include, but are not limited to:

- data provided by Companies House on IFA firms conducting Register of Overseas Entity verification work;
- criminal record check certificates for all the firm's beneficial owners, officers and managers (BOOMs);
- written policies, controls and procedures used by the firm to mitigate money laundering risks;
- firm-wide risk assessments (which are expected to be consistent with information provided in the firm and member returns and other publicly available sources, such as websites);
- risk-based client due diligence for new and existing clients;
- internal procedures for making a Suspicious Activity Report to the Money Laundering Reporting Officer (MLRO);
- training records that demonstrate all relevant employees, including the MLRO, have received appropriate training relating to money laundering;
- monitoring of the firm's compliance with the requirements in the regulations;
- firm and any client money bank statements;
- copies of SARs submitted by the firm; and
- full list of clients and fee notes.

At the end of the AML review, the reviewer will set out the findings in a letter, together with any action points. In an onsite or standard desk-based review, these findings will be discussed with the firm. We expect the firm to address these findings in a timely manner and to continue to co-operate with the process in order to be fully compliant with the requirements of the Money Laundering Regulations.

The year in numbers

MAINTAINING PROFESSIONAL STANDARDS



170 (2023/24: 123)

Number of monitoring reviews conducted with IFA-supervised firms

117 (2023/24: 87)

Number of firms identified as fully or generally compliant with the regulations



TAKING ACTION AGAINST FIRMS



98 (2023/24: 100)

Number of firms that agreed to an action plan to improve compliance

6 (2023/24: 9)

Number of firms subject to disciplinary measures for contravention of the regulations



£64,427 (2023/24: £24,579)

Amount in financial penalties issued to firms that breached the regulations

The year in numbers

PROTECTING THE PUBLIC



4 (2023/24: 9)

Number of Accountancy AML Supervisors' Group (AASG) money laundering threats and red flag indicator alerts

244 (2023/24: 211)

Number of Suspicious Activity Reports (SARs) submitted to the NCA by 115 (2023/24: 82) IFA-supervised firms



HELP AND SUPPORT



13,198

Number of unique visits to our AML resources pages on the IFA website

4,349

Average number of *Financial Accountant* magazine recipients



8,317

Average number of Financial Accountant digital newsletter recipients

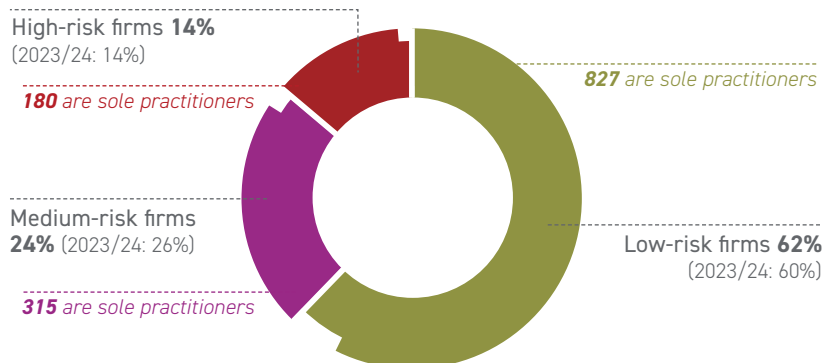
Results from the monitoring visits

As referred to in the [AML supervision by the IFA](#) section, we adopt a risk-based approach to supervision informed by the firm risk assessments we conduct. This helps to ensure that the IFA is appropriately resourced, and that resources are targeted to the firms that present the highest money laundering/terrorist financing risks. Nevertheless, all IFA firms are subject to AML supervision, including those that are perceived as low risk.

During 2024/25, IFA firms were monitored according to the following review cycle:

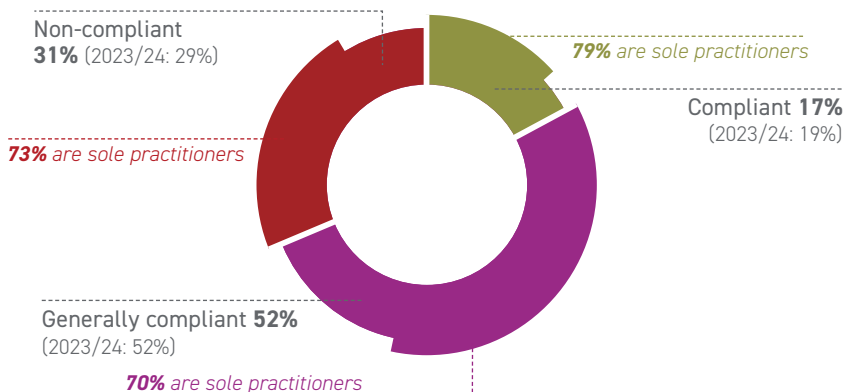
Level of risk	Review cycle
High-risk firms	At least every three years
Medium-risk firms	At least every five years
Low-risk firms	At least every ten years

Risk assessment outcomes



During 2024/25, we conducted 170 AML reviews and assessed firms' compliance with the Money Laundering Regulations based on the following categorisations approved by HM Treasury summarised below.

Monitoring review outcomes



Categorisation	Explanation
Compliant	Effective systems and controls (including training) in place to both prevent the likelihood of the firm's involvement in financial crime, and report suspicious activity, with evidence that this infrastructure is used and reviewed for effectiveness on a regular basis.
Generally compliant	Systems and controls (including training) in place to both prevent the likelihood of the firm's involvement in financial crime, and report suspicious activity, but improvements can be made and/or there is a lack of evidence to demonstrate that the infrastructure is embedded into the firm or reviewed for effectiveness on a regular basis.
Non-compliant	Systems and controls (including training) within the firm are lacking to the extent that the firm would be vulnerable to exploitation by criminals in pursuit of disguising the proceeds of crime.

Some 69% (2023/24: 71%) of the firms reviewed were compliant and generally compliant with the Money Laundering Regulations. The remaining 31% (2023/24: 29%) non-compliant firms were issued an action plan highlighting the areas to be addressed to make them fully compliant. Failure to co-operate with this process or to fully address the findings and the actions included in the action plan would lead to referral to the IFA's Regulatory Committee and perhaps to its Disciplinary Committee. All of the IFA's **Conduct Committees** are independent of the IFA and are constituted in accordance with the [IFA Disciplinary Regulations](#).

Our most common findings

From our AML monitoring reviews conducted to date, we have identified some key findings from firms that were non-compliant with the Money Laundering Regulations. Firms must monitor compliance with the regulations on an ongoing basis and we hope the findings and clarifications below will help firms to meet their anti-money laundering obligations.

Non-MLR compliant firms 2024/25: findings



83%

Failed to have written client risk assessments or inadequate risk assessments (2023/24: 83%)



64%

Failed to maintain an adequate firm-wide risk assessment (2023/24: 78%)



58%

Inadequate written policies, controls and procedures (2023/24: 59%)



53%

Unable to provide documentation that all relevant employees have received sufficient AML training (2023/24: 67%)



40%

Failed to undertake annual AML compliance review and/or incomplete appropriate training (2023/24: 52%)



40%

Failed to make clients aware of the necessary data protection disclosures (2023/24: 28%)

Firm-wide risk assessments (regulation 18)

We found that 64% of non-compliant firms (down from 78% in 2023/24) failed to have an up-to-date written firm-wide risk assessment, or the existing firm risk assessment failed to meet the required standard. Examples of inadequate firm risk assessments included template documents obtained from third parties that had not been tailored to the particular circumstances of the firm, such as the services provided by the firm and its client base.



Firms must have adequate written policies, controls and procedures to effectively manage and mitigate the money laundering and terrorist financing risks identified by the firm

The regulations require a risk assessment of the firm to be conducted and documented, which identifies money laundering and terrorist financing risks that the firm may face and how they would mitigate against those risks. The format of the risk assessment must be proportionate to the size and nature of the firm, but it must consider the types of products and services provided, its client base and countries or geographic areas where the firm operates. The firm-wide risk assessment must also consider information made available by the IFA, including the Accountancy AML Supervisors' Group (AASG) [Risk Outlook](#), which is available on the IFA website and provided as guidance during a review.

Adequate written policies, controls and procedures (regulation 19)

We found that 58% of non-compliant firms (down from 59% in 2023/24) did not have adequate written policies, controls and procedures in place. Firms often had either no written policies and procedures, or had copied documents from other sources which had not been tailored or implemented by the firm. In some instances firms had not reviewed their policies, controls and procedures on a regular basis.

Firms must have adequate written policies, controls and procedures to effectively manage and mitigate the money laundering and terrorist financing risks identified by the firm, as well as meet data protection requirements set out in the regulations. These policies, controls and procedures must be proportionate to the size and nature of the business, approved by senior management, implemented, regularly reviewed, and communicated internally within the firm.

Review of policies, controls and procedures (regulation 21)

We found that non-compliant firms had sometimes not designated an officer or employee in senior management to be responsible for reviewing or ongoing monitoring of compliance with the regulations. Usually, this is the responsibility of the Money Laundering Reporting Officer (MLRO), or the Money Laundering Compliance Principal (MLCP) for larger firms.

The MLRO/MLCP is required to attend appropriate AML training, and complete an annual AML compliance review of the firm's policies and procedures to ensure they are appropriate to the firm and its client base. They must also ensure the firm has appropriate resources and that relevant employees (including principals) have received adequate training. Of non-compliant firms, 40% (down from 52% in 2023/24) had not undertaken an annual AML compliance review and/or had not completed appropriate training.

Firms must perform client due diligence for new clients and existing clients on an ongoing basis. The measures undertaken must reflect the client risk assessment, which must also be documented and periodically reviewed

Training (regulation 24)

We found that 53% of non-compliant firms (down from 67% in 2023/24) could not provide documentation to support that sufficient AML training had been provided to all relevant employees (which included sole practitioners and the MLRO/MLCP).

Training of relevant employees must ensure that they are aware of their money laundering obligations, the firm's policies, procedures and controls and how to apply them. This must include awareness of how to make a SAR to the MLRO. Firms are required to maintain a training log.

Client risk assessments and client due diligence (regulations 27 and 28)

We found that 83% of non-compliant firms (also 83% in the 2023/24 reporting period) failed to have written client risk assessments, or had inadequate client risk assessments that failed to reflect the services being provided to the client.

Firms must perform client due diligence for new clients and existing clients on an ongoing basis. Client due diligence involves verifying the identity of the client and beneficial owners if the client is a legal entity. The client due diligence measures undertaken must reflect the client risk assessment, which must also be documented and periodically reviewed. Through its client due diligence measures, the firm must understand not only who the client is but also what they do, where they are based, and who is the ultimate controlling party. If a client is identified as higher risk, then the firm must undertake and document enhanced due diligence.

Client risk assessments needs to assess the risk posed by the client, the services provided, the geographical region where the client is based and the delivery channels through which the engagement is conducted. This should not simply be a tick-box exercise, the methodology needs to include an overall risk rating and some mechanism where controls or mitigation can be applied.

Data protection disclosures to clients (regulation 41)

Before establishing a business relationship with a client, firms must provide a statement that any personal data obtained for the purpose of meeting the firm's obligations under the MLRs will only be used for that purpose. This statement is usually found in the firm's engagement letter or terms of business but could alternatively be disseminated through a website or other communication channel. In the current reporting period 40% (up from 28% in 2023/24) of non-compliant firms failed to provide such a disclosure to clients or the disclosure fell short of the requirements in the regulation.

Case study: the review

Firm D was contacted in July 2024 and asked for their availability for a full-scope desktop review within the following six weeks. The firm was happy to agree a date at the end of July for the meeting, which took place over a video call.

With the date fixed, the firm was sent a formal information request asking for copies of key AML documentation including:

- AML policies & procedures;
- firm-wide risk assessment;
- three examples of customer due diligence (comprising 'know your client' information, client verification documents and the client risk assessment) for various types of client;
- evidence of training conducted by the principal and staff;
- the firm's engagement letter & terms of business; and
- copies of any SARs submitted over the last two years.

The firm provided these documents ahead of the review, including a copy of a SAR which was uploaded to a secure folder.

The review took place on the 30 July 2024. The reviewer commenced proceedings by prompting the firm to explain their approach to AML compliance in key areas, such as client onboarding, risk management, record keeping and internal controls.

In the second part of the meeting, the reviewer went through the regulations in turn, discussing any areas that needed improvement in light of the documentation the firm was able to provide before and during the review.

There were a number of areas that needed to be addressed:

- the policy document needed to be tailored to better reflect the firm's operations;
- additional 'know your client' information could be gathered to improve client risk assessments;
- the firm's engagement letter did have a section covering data protection but the wording was not sufficient to meet the disclosure requirements in the MLRs; and
- the meeting lasted over three hours; much of the duration due to discussing with the firm how to make improvements, as well as gauging their understanding of the regulations.

An outcome letter was sent to the firm a few days after the review. The firm was deemed 'generally compliant' as they had appropriate procedures in the required areas, however there were some improvements to be made.

The outcome letter included a findings schedule with a number of actions to bring the firm into compliance.

The firm was given ten working days to respond to the letter, stating their intended course of action against the findings schedule. The reviewer also provided feedback on the quality of the SAR, which did include the required level of detail on the basis for suspicion, relationship to the subject and the appropriate glossary code.

The reviewer was happy with the firm's response to the outcome letter and the review was closed with a conclusion letter, which stated that the firm must continue to comply with the MLRs and the firm could be allocated for another review in the future.

Impact of our supervisory work

Of the 170 reviews undertaken during 2024/25, 31% (up from 29% in 2023/24) were required to provide evidence to the IFA that they had remedied all non-compliant issues identified in the review outcome report, to demonstrate compliance with the regulations.

At the end of the AML review, the reviewer informs the firm of their findings and documents required actions in an outcome letter. The firm is required to review the findings and address the issues by completing an action plan in a timely manner. Failure to co-operate with this process may lead to disciplinary action.

The AML reviewer will evaluate the firm's completed action plan. Once the action plan has been agreed between the AML reviewer and the firm, progress will be monitored against the plan over an agreed period and evidence of actions taken to address the findings will be requested by the AML reviewer. The AML review will only be closed once all findings have been adequately addressed as documented in the action plan. Failure to address the findings will lead to disciplinary action by the IFA.

The findings of the IFA's Conduct Committees are published on the [IFA website](#) and in *Financial Accountant* magazine. Therefore, the IFA's supervisory activities have an impact not only of the firms monitored, but on the IFA's supervisory population as a whole, due to the robust enforcement action that is seen to be taken when the required standards are not met.

Once the review has been closed, the firm's risk assessment is updated on the IFA's online portal. The firm's risk rating can be factored up or down depending on measures the firm has implemented as part of an action plan or due to information received during the review. The firm could be allocated for a follow-up review to ensure that remedial action is properly embedded in their policies and procedures.

Enforcement actions

As a regulator and supervisor, we will take the necessary measures to secure firms' compliance with the Money Laundering Regulations, and to maintain high professional and ethical standards among IFA members.

Our disciplinary process is robust, fair, consistent, proportionate, dissuasive and transparent. It is underpinned by our Bye-laws, Disciplinary Regulations and Sanctions Guidance, which provide a framework for our Conduct Committees to make independent decisions relating to findings of fact, regulatory orders and appropriate sanctions. The IFA's Conduct Committees are the Regulatory Committee, Investigations Committee, Disciplinary Committee and Appeal Committee. Between them, they have available a broad range of sanctions and orders to help deter non-compliance, remove any benefits of non-compliance and, above all, protect the public.

Records of enforcement actions are publicised on our website and included in *Financial Accountant* magazine. During the year 2024/25, the following enforcement actions were taken relating to non-compliance with the Money Laundering Regulations:

	2024/25	2023/24
Membership removed	6	1
Total fines issued	£64,427	£24,579

Disciplinary case study

A monitoring review of Mr Q's firms was scheduled, but Mr Q cancelled the review several days before, citing unavoidable circumstances. Mr Q was referred to the IFA's Regulatory Committee for disciplinary action for failing to cooperate with the IFA's compliance and monitoring functions. A second review date was agreed but Mr Q failed to attend.

The Regulatory Committee considered the case and noted that Mr Q appeared to be deliberately delaying the review. Mr Q had a prior disciplinary finding for AML failures, having previously failed to register two of his three firms for AML supervision. The Regulatory Committee determined that Mr Q's conduct may warrant an order not available to them and referred the case to the Disciplinary Committee.

The Disciplinary Committee considered this case on 5 June 2024. In light of the previous disciplinary finding, the Committee had little confidence that the respondent would comply with his MLR obligations in the future if he was allowed to practise unrestricted. The Committee was satisfied that no lesser order than exclusion was justified in the circumstances of this case.

Order: removal from the register and a fine of £6,000 with costs of £4,250.

Information & guidance

We provide a wide range of support and resources to our supervised population to help them meet their obligations and gain a better understanding of money laundering risks.

Our [website](#) includes information on the Money Laundering Regulations, the risk-based approach, and suspicious activity reporting. More targeted information is shared electronically through dedicated emails to firms such as our Accountancy AML Supervisors' Group (AASG) alerts, which highlight various money laundering threats and red flag indicators. There were four AASG AML alerts issued to IFA-supervised firms during this reporting period.



We regularly collaborated through the AASG and Anti-Money Laundering Supervisors Forum (AMLSF) on matters of policy and guidance, including contributing to the development of the professional enablers strategy as part of the Economic Crime Plan 2.0. The IFA Director of Professional Standards chairs the alerts sub-group of the accountancy information sharing expert working group which summarises and distributes intelligence received from the National Crime Agency on emerging threats.

We continue to review our firms' exposure to sanctions risk by monitoring their declared engagement with overseas jurisdictions. During reviews we discuss exposure to sanctions risk, including criteria where firms should conduct PEP checks, consider supply chain risk associated with higher risk overseas jurisdictions and check the consolidated list maintained by the Office of Financial Sanctions Implementation.

Our bi-monthly member magazine, weekly e-newsletter and MyCommunity site (an online member engagement platform) include updates on legal and regulatory changes, alongside other sectorial developments to keep our members up to date. Our regular free regional networking events, quarterly updates and setting up in practice workshops provide practical help. Frequently discussed topics include client due diligence, firm-wide risk assessments and suspicious activity reports.



It is encouraging to note the number of firms successfully utilising the templates that feature in AML Matters workshops during reviews

We continue to run the AML Matters series of three workshops at multiple times throughout the year. These are well attended by new and returning delegates (more than 40 attending each workshop on average) and feature positive interaction between members and the AML review team. The workshops focus on rectifying common areas of non-compliance that we find in reviews such as inadequate policies and procedures, firm-wide risk assessment and client due diligence.

It is encouraging to note the number of firms successfully utilising the templates that feature in AML Matters workshops during reviews.



As a practice we have made the decision to completely revamp our anti-money laundering processes and procedures to incorporate an improved new updated system following recommendations arising from the IFA's webinar series and to utilise the latest software available."



I love the detail provided in your sessions, and hope to purchase the previous two videos. Watching 'All too familiar' for the second time, I saw more than the first viewing. It is a very good learning tool."

We encourage firms to raise concerns and **report breaches** of the regulations by IFA-supervised firms via the whistleblowing page on the IFA website, which includes a dedicated email and phone number. This may be done anonymously if preferred.

Looking ahead

Accountants in public practice make up the majority of IFA members. The IFA is committed to serving the SME sector and recognises the importance of supervision that combines guidance and training with appropriate enforcement action. AML supervision remains a key priority for the IFA.

There is still no decision on the future of the supervisory regime, however we continue to press HM Treasury for developments. Uncertainty impacts on our strategic planning, but for now it is business as usual and we remain committed to continual enhancements and the development of our supervisory programme.

We will continue to encourage government and other stakeholders to align strategies such as HMRC's drive to improve the standard of tax advice and the Financial Reporting Council's (FRC) transformation to the Auditing, Reporting and Governance Authority (ARGA), as detailed in the King's Speech (although now subject to delays).

Despite the uncertainty, the IFA will continue to collaborate with other private and public stakeholders to work to further improve the UK's AML regime and looks forward to seeing enhancements in information sharing gateways to facilitate the flow of information and threats.

Resources

We are starting to see the results of our investment in IT infrastructure and staff restructuring upon the increase in review figures over the latest reporting period. The redeploying of the compliance team to undertake AML reviews in the 'Focused' review format adds dip-sampling to our regulatory tool kit, testing assumptions in our firm risk assessments. We see this as a key development in our review programme, due to the prevalence of our supervised firms that are deemed low risk because of the information they have provided in their annual firm returns.

The IFA continues to develop its Annual Returns and Risk Management Portal to monitor our firms in the ever-changing risk landscape. We will be increasing the number of onsite AML reviews to pre-pandemic levels. We shall continue to work closely with law enforcement agencies, the government and other professional bodies to share information in the fight against money laundering. Our engagement with OPBAS will include working with our oversight body to implement the requirements in its sourcebook and meet their supervisory standards.



All the AML content on the IFA website has been reviewed to ensure our guidance is up to date and readily understandable

Website

Following a review in the last reporting period, our AML guidance on our website has been re-organised into a dedicated AML hub to improve the accessibility of key information. Sector guidance from HM Treasury and AASG has been updated following amendments and flagged to firms. AML alerts have been summarised and made available to MLROs behind our members area to highlight emerging risks.

The IFA Head of AML & Compliance and Director of Professional Standards took part in [a short video to explain the IFA's approach to supervision in five key questions](#). This is available on the IFA website and promoted at regional networking meetings and in webinars, with the aim of demystifying the AML regime for small firms and to challenge them to review their policies and procedures.

All the AML content on the IFA website has been reviewed to ensure our guidance is up to date and readily understandable by all our firms whatever their size or structure.

The IFA is investing in further IT systems such as a new database and a new website. The new website will be developed in line with the implementation of the new membership database which is due to go live in 2026. The IFA has developed an online member engagement platform, MyCommunity, which includes an AML section which is accessible by the compliance team to provide real time advice.

Economic crime

We have participated in various working groups further to the publication of the [Economic Crime Plan 2 2023-2026](#) in March 2023 and continue to work with government and other professional bodies to implement its recommendations. After signing up to the MOU on data sharing with Companies House, we now share data on our supervised population with them every two weeks. Companies House also shares information with the IFA on our firms that are registered as authorised corporate service providers (ACSPs) or who conduct Register of Overseas Entities verification work. We will continue to work with Companies House as it rolls out the phased implementation of the Economic Crime & Corporate Transparency Act 2023.

We strive to maintain strong partnerships with public bodies such as HMRC, the Home Office, HM Treasury, Companies House, the National Economic Crime Centre (NECC) and the National Crime Agency (NCA) to share best practice and lessons learned, with the common aim to combat economic crime.



The IFA's risk-based approach to supervision is central to mitigating money laundering risks and the greater disruption of economic crime

We remain committed to working with law enforcement and other professional body supervisors to utilise the extended Regulation 52 Gateway to share information with law enforcement. We encourage law enforcement to share information with us and other professional body supervisors. The extended gateway now includes provision for Companies House to share intelligence.

Risk-based approach

The IFA's risk-based approach to supervision is central to mitigating money laundering risks and the greater disruption of economic crime. It enables us to focus our efforts and resources where the risks are highest, creating a robust regime at a proportionate cost.

We contributed to the review and updating of the [AASG Risk Outlook](#) which features in our guidance and webinars to support member understanding.

The IFA Director of Professional Standards is vice-chair of the accountancy Information Sharing Expert Working Group (ISEWG) and chairs the ISEWG alerts sub-group, which reviews AML alerts issued by the NCA/NECC to summarise alerts appropriate to the sector. Forty-nine alerts have been issued to date (four in the last reporting period). These alerts are discussed as part of AML reviews and are available in the member-only area of the IFA website.

Our collaboration with the NCA, NECC, Companies House, legal and accountancy professional bodies and other partners will continue to enhance our combined understanding of threats, vulnerabilities and money laundering risks in areas such as trust or company service providers and professional enablers. This will further inform our risk-based supervisory approach.

Trust or company services

The National Risk Assessment 2025 highlighted trust or company service providers (TCSPs) as being at a higher risk of being exploited by criminals to facilitate money laundering.

Some 67% (2023/24: 63%) of our firms provide, or intend to provide, trust or company formation services to their clients.

Our firm return collects data on the volume and proportion of overall fees that TCSP work constitutes in our supervisory population. We can therefore see that TCSP work is overwhelmingly ancillary to the accountancy work that IFA firms provide. All firms that provide TCSP work are scored in our risk assessments. The IFA does not supervise any firms where TCSP is the primary business activity; in such circumstances they would be required to register separately with HMRC. Our TCSP register is uploaded regularly to a secure HMRC platform. The register is derived directly from our firm return data to ensure that all our firms who provide such services are placed on the TCSP register as required by the MLRs.

The IFA is an active participant in a number of forums where best practice is shared in the fight against money laundering and terrorist financing

The IFA's risk-based approach to supervision is central to mitigating money laundering risks and the greater disruption of economic crime. We now gather information on firms that have registered with Companies House to undertake Registration of Overseas Entities (ROE) work and Authorised Corporate Service Provision (ACSP). This is cross-referenced against information provided by Companies House to ensure that risks are applied appropriately, and AML supervision is confirmed.

Information and intelligence sharing

We share information and intelligence with other professional body supervisors, HMRC and Companies House, ensuring effective policing of the perimeter. Where we believe there are gaps or overlaps in the supervision of our members and firms, we will liaise with the relevant supervisory authorities to ensure that members remain supervised, as required by legislation.

The IFA is a member of the Shared Intelligence Service (SIS), which is housed within the FCA. Membership enables us to participate in intelligence sharing between professional body supervisors and law enforcement. As a member of SIS, the IFA must respond in a timely manner to intelligence sharing enquiries from other SIS members and proactively input its own intelligence on the SIS platform. All disciplinary decisions are uploaded to SIS. Any regulatory case that involves AML is uploaded to SIS prior to a disciplinary outcome.

We are a member of the Accountancy Intelligence Sharing Expert Working Group. The purpose of the Accountancy ISEWG is to advance and improve intelligence and intelligence-related information sharing between accountancy sector professional body supervisors, other supervisory authorities and law enforcement agencies. We look forward to working with OPBAS, law enforcement and other professional bodies to utilise the enhanced Regulation 52 gateways to improve the flow of information sharing.

The IFA is an active participant in a number of forums where best practice is shared in the fight against money laundering and terrorist financing. The Anti-Money Laundering Supervisors Forum (AMLSF), chaired by the IFA in 2023, aims to develop the consistent application of best practice across all AML/counter-terrorism financing (CTF) supervisory bodies. It liaises with the NCA, HM Treasury, the Home Office, HMRC, Companies House and other government agencies involved in the prevention and reduction of economic crime. The AASG (currently vice-chaired by the IFA) is a sub-committee of the AMLSF consisting of accountancy professional body supervisors listed under Schedule 1 to the Money Laundering Regulations. It is a forum in which professional bodies work collaboratively to develop accountancy sector supervisory policy that promotes consistency in standards and best practice.

The AASG works together with the Joint Money Laundering Intelligence Taskforce (JMLIT) to share information and intelligence on money laundering threats and red flag indicators to our supervised populations in the accountancy sector.

Suspicious Activity Reports (SARs)

We collect data through our annual firm returns on how many SARs have been submitted by them over the last twelve months. When firms are selected for an AML review, we ask them to share any SARs with us so that we can provide feedback on the quality of the information. If a firm has not submitted any SARs over the last two years, we discuss circumstances where it would be appropriate to report and stress the importance of good quality and timely reports.

During this period, 115 (2023/24: 82) firms reported they had submitted a combined total of 244 SARs (2023/24: 211). Only five SARs were made available to AML reviewers to assess as part of an AML review. Often this is as a result of either firms not having submitted any SARs or having failed to retain copies of any submitted.

We are concerned at the low level of reporting from IFA firms, however this should be premised by the size and nature of our firms' client base who predominantly engage with small local businesses. We plan to commission a thematic review to gauge our firms' understanding of the SARs regime and improve our own understanding of why our firms do not submit more SARs. We will also be looking to increase the number of SARs that we review to assess the quality through targeted approaches to firms with SARs declared in their annual returns. We will use the data gathered in the thematic review to plan further outreach work aimed at improving the volume and quality of SARs submitted by our firms.

During the reporting period, we invited the UKFIU to be a keynote speaker at our AML Conference. They ran a session on the importance of submitting better quality SARs which was attended by more than 130 delegates. SAR reporting also features in our AML workshops run throughout the year.

Feedback from our members

Firms may be understandably concerned when selected for an AML review. Although the need for an objective and robust review is clear, the process from start to finish is designed to ease concerns and to maximise engagement with the process. The positive impact of this approach is evident from the following comments received from firms reviewed during 2024/25.



I would like to thank you for your time in providing clarity around the regulations and clearly explaining where we require improvement. I found the process to be informative and helpful. I also felt confident that the IFA are there to help us members to build better AML processes. Thank you."



We are very pleased with the outcome of this review. It has been very educational and beneficial for us, and we are very pleased to have gone through the process. It has provided us a great opportunity to improve our knowledge regarding AML and on-boarding procedures and has boosted our confidence as an accountancy practice. We will continue to implement and improve these policies going forward."



I would like to say I had a great experience during my review with you. Initially, when I first received your call, I felt a bit daunted and worried. However, you were very clear about the expectations and the purpose of the review, which immediately reassured me.

On the day of the review, you conducted it in a very professional yet friendly manner, which helped put me at ease. The review itself was thorough and well-structured, and you took your time to check my understanding before moving on to further explanations."

Reflections

We are pleased to see that the restructuring of staff and development of a new review format has translated into a significant increase in review figures (38% up from figures in the last reporting period). The compliance team already had experience conducting risk assessments of our supervised population and carrying out external checks ahead of reviews; it was a natural progression to train them to conduct 'focused' desk-based reviews of low-risk firms. This has increased the capacity across the team, enabling us to better absorb staff turnaround, which continues to be challenging with the uncertainty in the sector.

The development of the 'Focused' review format has added additional tools to our supervisory toolkit and provides a control to test our firm risk-modelling. Due to the size and reach of our supervised population, who are overwhelmingly small firms with a local client base, the majority of our firms are low-risk in our algorithmic risk assessments (which use the scoring protocol developed by the AASG). It's vital that we test the veracity of our data-driven risk assessments to ensure our risk-based approach is reflective of the risks faced by our firms.

The IFA launched its inaugural AML Conference in May 2024 which was enthusiastically received by firms. Delegate numbers were similar to our annual conference, which was gratifying to see. Engagement was high throughout the day, with an ongoing dialogue between practitioners and speakers on all facets of compliance and best practice. The appetite from firms for the conference has resulted in this becoming an annual event.

The IFA continues to host its AML Matters workshops in addition to the conference, which focus on the practical aspects of implementing effective policies and procedures.

The IFA is conscious that sole practitioners make up a considerable proportion of its supervised population. Through our work with stakeholder groups across the sector on the professional enabler strategy, we are aware that sole practitioners are seen as at risk of exploitation from criminals if they have a poor understanding of the risks and weak AML controls. With these factors in mind, we have developed guidance for our conferences and workshops aimed at improving our firm's understanding of client due diligence measures with a particular focus on effective risk assessments.

During this reporting period, OPBAS undertook a **full sourcebook** review of our supervisory policies and procedures. The review covered all eight areas relating to AML supervision from onboarding new members, firms and BOOMs, as well as monitoring and enforcement. This required engagement across the IFA team which was greatly appreciated. It was a positive experience with OPBAS providing constructive feedback on all areas of our supervisory activity designed to enhance our processes. We welcomed the opportunity to engage with OPBAS throughout the review and the recommendations made will help the IFA demonstrate best practice in our supervisory approach.



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