

Working in Practice Client Data Verification

The relationship between the accountant/book keeper and client should be based on trust and a strong understanding of the client's business and lifestyle.

Due to the new Money Laundering laws under the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003, from May 2004, any accountant who suspects that a client may have been mishandling funds, or handling cash amounts >£10,000 has an obligation to report the client.

In addition from 15th December 2007 the new Money Laundering Regulation 2007 also came into force, with the main aim to make money-laundering checks more effective. The new regulation introduces customer due diligence (CDD) procedures, which oblige the relevant person to identify their customer and where appropriate the beneficial owner when it is not the direct customer. In addition there is also an obligation to carry out ongoing checks to monitor the business relationship. All these extra checks will need to be documented and records kept.

From 15th December 2007 the Money Laundering Regulations 2007 require certain businesses to have systems in place to prevent money laundering and to report suspicious transactions.

The CDD procedure also means that the professional will need to obtain information on the purpose and intended nature of a business relationship.

To quote the Inland Revenue, the duty of accountants is.....

“In particular they are required to report their knowledge or suspicion of money laundering to the Serious Organised Crime Agency (SOCA). This covers the proceeds of all crime including all acts of tax evasion and fraud.”

A SARs (suspicious activity reports) can be done online.

A more detailed understanding of the implications of this requirement can be found at:

<http://www.hmrc.gov.uk/specialist/moneylaundering.htm>

and

<http://www.hmrc.gov.uk/mlr/regs.htm>

The Revenue does not provide advice on whether to make a Report. Guidance maybe available from professional supervisory bodies or legal advice may need to be sort.

For an existing practice, the vast majority of clients are already well known. Verification of their ID and personal information would have already been done as part of the day to day practice operation.

For a new client a [New Client Questionnaire](#) is required, which will cover the requirements for ID verification (passports/Driver's licence/CIS cards).

In addition, another important area to cover is the data supplied by the client. As a matter of good practice, a client should sign a slip, stating that they have supplied ALL of the records and documents that are available to enable a complete set of accounts/self assessment to be completed. This puts the onus back on the client to have supplied the information, and not on the accountant to have asked for information that has not been disclosed. [Client Indemnity Slips](#)