INSTITUTE OF ACCOUNTANTS AND BOOKKEEPERS

## Glossary

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| **A** | |
| **AASG** | Accountancy AML Supervisors' Group: Forum for all Accountancy sector 'professional body supervisors' (PBS) focus on AML issues |
| **Accountest** | Online knowledge test provider used by IAB for membership applications in lieu of certified bookkeeping qualification |
| **Action Plan** | A documented description issued by IAB of necessary improvements identified during an AML inspection. (May be 'advisory' or 'mandatory') |
| **Advisory (action plan)** | Recommended improvements contained in an action plan but not accompanied by an implementation date. |
| **AFI** | 'Area for Improvement' (identified during an AML Inspection) |
| **Agent** | A supplier, not an employee, contracted for carrying out work relating to 'defined services' for AML purposes. |
| **Anti-Money Laundering (AML)** | A term used globally to describe laws, regulations and practice applied to prevent and discourage financial crimes |
| **Associate (IAB)** | IAB membership grade alongside 'member' and 'fellow' |
| **B** | |
| **BCP** | Business Continuity Plan. 'documented procedures that guide organisations to respond, recover, resume, and restore to a pre-defined level of operation following disruption' (ISO22301) |
| **Beneficial Owner (BO)** | A beneficial owner is someone who benefits from having a controlling interest in a business. i.e., Over 25% ownership or other control such as being able to select or reject senior manages or directors. |
| **BOOM** | An anti-money laundering abbreviation which refers to a person who is 'Beneficial Owner Officer or Manager' of a business |
| **Business Continuity** | (See BCP) |
| **C** | |

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| **CaPS (ltd)** | Compliance and Privacy Solutions ltd. Provide AML inspections and consultancy services for IAB |
| **CCAB** | Consultative Council for Accountancy Bodies. Provides comprehensive, industry standard guidance on AML for bookkeepers and accountants. |
| **Certified (copy document)** | Copies of documents obtained for CDD purposes are endorsed (date and signature) and certified as a correct copy by the person who inspected the original document. |
| **CDD** | Customer (or Client) Due Diligence. Refers to the necessary collection and verification of identifying documents in accordance with anti-money laundering regulations. |
| **CFA 2017** | Criminal Finances Act 2017 |
| **Continuity of Practice** | Refers to Business Continuity arrangements where an appropriate and authorised third party agrees to manage and ensure client access to records where the business owner is incapacitated. |
| **CPD** | Continuing Professional Development |
| **Criminal Acts/Activity** | Refers to acts amounting to a criminal offence, however large or small |
| **D** | |
| **DAML** | Defence Against Money Laundering. Refers to an 'appropriate consent' by the NCA for accounting services to continue following a report of suspicious activity. |
| **DBS (check)** | Disclosure and Barring Service A paid for service through UK regional Governments allowing individuals to confirm and prove their own record of any (relevant) past convictions held. |
| **Defined Services** | Certain financial services which are set out and controlled under the Money Laundering Regulations 2017. Including bookkeepers (external accountants) Tax advisers, Trust and Company Service providers. Businesses offering 'defined services' must be registered for supervision by a PBS (such as IAB) |
| **Delivery Channels** | Term used for AML risk assessment which refers to the type of contact between a |

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| | service/product provider and their customer. Indirect arrangements lacking face-to-face contact are deemed higher risk. |
| **E** | |
| **EDD** | 'Enhanced Due Diligence' refers to the additional steps required to confirm identity where there may be higher level of AML risk |
| **Embargo** | A Government official ban on trade or commerce with a particular third country. |
| **F** | |
| **FATF** | Financial Action Task Force. An intergovernmental policy group set up to counter money laundering |
| **FCA** | Financial Conduct Authority. UK Regulator for the financial services industry. |
| **Fellow (IAB)** | IAB membership grade alongside 'associate' and 'member' |
| **Firm-In-Practice** | A business providing 'defined services' which is supervised by IAB under the money laundering regulations. (see also 'Practice') |
| **Firm Risk Assessment (FRA)** | The 'firm-wide risk assessment' is a necessary and documented process undertaken by all practising bookkeepers or accountants to assess and respond to the range of different risks relevant for anti-money laundering compliance. |
| **FIU** | Financial Intelligence Unit. Part of the National Crime Agency (NCA) responsible for collating suspicious activity reports and sharing anti money laundering information |
| **Front Company** | A company that presents as a legitimate business but does not actually trade. Proceeds of crime are channelled through the company as part of the money laundering process. |
| **G** | |
| **GDPR** | General Data Protection Regulation. Refers to the effects and requirements of data protection legislation. Regulated by the Information Commissioner (see ICO) |
| **H** | |

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| **HMRC** | Her Majesty's Revenue and Customs. Also a statutory supervisor and able to provide AML supervision for practices not affiliated with a PBS |
| **HMT** | Her Majesty's Treasury |
| | **I** |
| **IAAP** | International Association of Accounting Professionals |
| **IAB** | International Association of Bookkeepers |
| **IAB Blue** | An online learning platform provided by IAB |
| **ICO** | Information Commissioner's Office. The UK regulator in respect of data protection and privacy. |
| **Inspector (AML)** | Inspectors from CaPS ltd. meet with members on behalf of IAB to explore and report how their practice is managed for AML. IAB independently assess inspection reports to identify necessary improvement actions and allocate grading |
| **Integration** | The final stage of money laundering where criminal proceeds have been successfully merged with legitimate funds and extracted from the system |
| **Intermingling** | Where money launderers attempt to conceal the origin of the proceeds of crime (usually cash) by mixing it with legitimately generated revenue using a lawful business. |
| | **J** |
| **JMLIT** | Joint Money Laundering Intelligence Task Force linked with the National Crime Agency JMLIT is a partnership between law enforcement and the financial sector to exchange and analyse information relating to money laundering and wider economic threats. |
| **JMLSG** | Joint Money Laundering Steering Group. Financial services industry body providing advice on anti-money laundering |
| | **K** |
| **KYC** | 'Know Your Client/Customer' an underlying theme for due diligence in Anti Money Laundering |
| **KYE** | 'Know Your Employees' (see KYC) |
| | **L** |

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| **Layering** | A technique in money laundering where many transactions are used to disguise the source of funds. |
| **Letter of Engagement/Disengagement** | A formal letter issued to a client by a bookkeeper or accountant confirming that a 'business relationship' has commenced or has been terminated. |
| **M** | |
| **Mandatory Action Plan** | A statement by IAB (as an AML supervisor) setting out changes which it requires for AML compliance in the operation or organisation of a supervised practice. |
| **Member (IAB)** | IAB membership grade alongside 'associate' and 'fellow' |
| **Mitigation** | Methods, actions, and specific oversight deployed by a bookkeeper or accountant to reduce the likelihood and/or impact of a money laundering risk they have identified arising either from their assessment of a client or as a general precautionary measure |
| **ML** | (See Money Laundering) |
| **MLCO** | Money Laundering Compliance Officer. A board level senior manager with responsibility for ensuring the bookkeeping/accountancy business is compliant with AML regulations |
| **MLTF** | Money Laundering and Terrorist Financing. Abbreviated to MLTF and the subject of UK and international legislation |
| **MLR** | Money Laundering Regulations. UK Legislation. Refers to 'The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017' and 2019 |
| **MLRO** | Money Laundering Reporting Officer. Legally responsible for implementing AML policies and procedures within an AML supervised business, including sole practitioners. |
| **Money Laundering** | Legitimising the financial proceeds of crime by the use of banking and other transactions to conceal its origin |
| **N** | |
| **NCA** | National Crime Agency |

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| **NRA (2020)** | National risk assessment of money laundering and terrorist financing 2020 The UK's national risk assessment of MLTF produced by HMT and the Home Office. |
| **O** | |
| **OFSI** | Office of Financial Sanctions Implementation. Part of HM Treasury, OFSI helps to ensure that financial sanctions are properly understood, implemented, and enforced. |
| **Onboarding** | A process of enquiry, discovery and assessment undertaken by bookkeepers and accountants with prospective clients, before any work is carried out, and as part of a due diligence regime in compliance with money laundering regulations |
| **OPBAS** | Office for Professional Body Anti-Money Laundering Supervision (OPBAS) Established by the UK Financial Conduct Authority to oversee the role of AML supervisors (such as IAB) |
| **P** | |
| **PBS** | Professional Body Supervisor (PBS) a body authorised under the Money Laundering Regulations 2017 to exercise oversight of AML compliance by financial services professionals. IAB is one of 22 such organisations |
| **PCA 2002** | Proceeds of Crime Act 2002 – UK legislation relevant in antimoney laundering |
| **PEP** | Politically Exposed Person. A PEP is someone 'entrusted with a prominent public function' and therefore requiring additional AML due diligence measures when presenting as a potential client for bookkeeping or accountancy services. |
| **Placement** | Where criminal proceeds are introduced within the legitimate financial system. |
| **POCA** | See PCA 2002 |
| **Policy** | IAB define a policy as - 'A course or principle of action adopted by an organisation' usually formalised in a document |
| **Practice** | A term used by IAB to describe an independent bookkeeping or accountancy |

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| | business. It includes enterprises of any size, with several staff or owned and operated by one person. |
| **Practitioner** | A bookkeeper, accountant, or relevant member of staff within a bookkeeping or accountancy practice. |
| **Procedure** | IAB define procedures as – ‘‘An established or official way of doing something’ usually documented to promote consistency |
| **Proceeds of Crime** | Money or assets that have been acquired directly or indirectly through crime, including as a result of tax evasion, or ignoring a legal requirement |
| **Professional Standards (IAB)** | Published by IAB and reflecting conduct expected from each IAB member |
| **PSC** | Person with significant control – See also ‘BO’ |
| **Q** | |
| **QA** | Quality Assurance – a business process to check accuracy in the completion of work or compliance with standards. |
| **Questioning Approach** | Recommended by IAB to guide bookkeepers and accountants conducting due diligence with clients for to AML compliance |
| **R** | |
| **Regulations** | See MLR |
| **Relevant Employee** | An employee whose work for the (bookkeeping or accountancy) business means they are capable of contributing to the identification, mitigation, prevention, or detection of MLTF risks. |
| **Risk Based Approach (RBA)** | A basic principle for anti-money laundering where the focus for oversight, monitoring, intervention, or mitigation is related to the assessed risks. More prevalent or higher impact risks receive greater focus. |
| **Risk Assessment** | A deliberate process to analyse and decide upon the likelihood and the impact of harmful events. |
| **S** | |
| **Sanctions** | Penalties imposed to ensure compliance. Trade sanctions are penalties imposed by Government to prevent certain |

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| | import/export trading of products, services, or technology with specified third countries |
| **SAR** | Suspicious Activity Report (SAR) A duty under the regulations for all practitioners, including relevant staff. Initially, to report to MLRO any circumstances affecting a bookkeeping or accounting client which raise suspicions about money laundering. Thereafter, the reporting of the details by the MLRO to the National Crime Agency. |
| **Screening** | Assurances undertaken or required by a bookkeeping or accountancy practice to ensure the integrity of its employees. |
| **SDD** | 'Simplified Due Diligence'. A reduced level of Client Due Diligence allowed in some circumstances for bookkeeping or accountancy clients assessed as 'low risk' for AML purposes |
| **Services** | Financial Services or work provided by Bookkeepers or Accountants (see also 'defined services') |
| **SFO** | Serious Fraud Office. A Government agency dealing with investigation and prosecutions for serious offences including fraud and corruption. |
| **Smurfing** | A money laundering technique which involves spreading large cash amounts over multiple accounts or transactions |
| **Sole (trader/practitioner)** | A person owing or operating a business not registered as a limited company or partnership |
| **Staff** | Persons employed by a bookkeeping or accountancy business (see also 'agent') |
| **Supervision** | The statutory oversight of its members providing 'defined services' exercised by IAB in its role as a 'PBSs to ensure compliance with the money laundering regulations |
| **Supervised Practice** | A bookkeeping or accountancy business that is registered, as required under money laundering regulations and therefore subject of oversight by IAB or another PBS |
| **Systems and Controls** | The organisational arrangements, polices, assessments and measures required in place for a bookkeeper or accountant in |

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| | compliance with the money laundering regulations. |
| **T** | |
| **TCSP** | Trust and Company Services Provider. A professional service enabling clients to establish and register limited companies and other legal entities for commerce. Seen as 'high risk' for AML purposes due to the potential for anonymity. Examples of TCSP services are: forming companies, arrangements to act as a director, company secretary, partner trustee or nominee. Providing addresses for registered office, correspondence, or administrative purposes. |
| **'Tipping Off'** | A criminal offence under the POCA, committed when a person in the regulated sector (including bookkeepers or accountants) discloses that a 'SAR' or 'DAML' has been made or an investigation into allegations of MLTF is underway/contemplated and the disclosure is likely to prejudice that investigation. |
| **U** | |
| **Ultimate Beneficial Owner (UBO)** | The person who, following a transaction, is the eventual or final beneficiary |
| **V** | |
| **Validate** | Checking accuracy or correctness – for example whether a passport photograph matches the person presenting the document. |
| **Verify** | Checking provenance or origin – for example checking that a certain numbered passport was issued by the UK passport office and to whom. |