

**SRA BOARD**

9 March 2021

**CLASSIFICATION – PUBLIC***This paper will be published***Money Laundering Reporting Officer Annual Report 2019/20****Purpose**

- 1 To present the Board with the Money Laundering Reporting Officer (MLRO) Annual Report for 2019/20.

**Recommendations**

- 2 The Board is asked:
  - a) to receive and consider the annual report of the MLRO for 2019/20
  - b) to agree the proposal of moving the MLRO annual reporting period from the Year end 31 October to year end 5 April. This aligns with other annual reporting requirements placed on us and will ensure consistency of published figures and data
  - c) to agree that an interim MLRO report covering the period 1 November 2020 to 6 April 2021 be presented to align with this new annual reporting period.

**If you have any questions about this paper please contact: Sara Gwilliam - Money Laundering Reporting Officer, [sara.gwilliam@sra.org.uk](mailto:sara.gwilliam@sra.org.uk)**

**Equality, Diversity, and Inclusion considerations**

<b>Consideration</b>	<b>Paragraph nos in annual report</b>
Money laundering linked to crimes such as fraud and human trafficking modern slavery can impact on the most vulnerable persons in society.	1, 2, 19 & 20
The work carried out by the MLRO is done on an independent, legal, and necessary basis, and is audited. After careful consideration no other EDI factors are identified.	3, 29 & 30

## SRA BOARD

9 March 2021

CLASSIFICATION – PUBLIC



### Money Laundering Reporting Officer Annual Report 2019/20

#### Background

- 3 Money laundering is how criminals use the profits from some of the worst crimes in society, for example drug trafficking, people trafficking modern slavery and fraud. This can often affect the most vulnerable people in society so we take our anti-money laundering (AML) supervisory responsibilities of the legal profession very seriously.
- 4 One of our statutory responsibilities is to report knowledge or suspicion of money laundering or terrorist financing. To fulfil these obligations, we have a dedicated Money Laundering Reporting Officer (MLRO), and a Deputy Money Laundering Reporting Officer (DMLRO), who operate as an independent team which line reports to our Executive Director of Resources.
- 5 The MLRO and DMLRO carry out separate functions to that of our AML Team, which is responsible for leading our work on preventing money laundering through AML policy, investigating money laundering-related cases, and proactive AML supervision including visits and desk-based reviews.
- 6 Our MLRO is appointed to receive internal reports of suspicious activity and where appropriate submit Suspicious Activity Reports (SARs) to the National Crime Agency (NCA).
- 7 Money Laundering Reporting Officers (MLROs) carry out their duties in compliance with the Money Laundering, Terrorist Financing and Transfer of Fund (Information on the Payer) Regulations 2017 as amended (“the money laundering regulations”), Proceeds of Crime Act 2002 and Terrorism Act 2000.
- 8 While it is not a legal requirement for MLROs within AML supervisors to deliver annual reports, it is recognised as good governance to do so. This is in addition to our detailed annual return to H.M. Treasury, and the inspection/reporting requirements placed on us by our anti-money laundering oversight body the Office for Professional Anti-Money Laundering Supervision (OPBAS).
- 9 The report at annex 1, my third produced as MLRO, covers key achievements such a training, levels of reporting, stakeholder engagement and quality assurance work during the period 1 October 2019 to 31 October 2020.
- 10 This report also gives an overview of the types of money laundering identified and reported by us to the NCA by way of Suspicious Activity Reports (SARs). Also, the ongoing work we are doing to further strengthen our capabilities to prevent and detect money laundering.

#### Recommendation: the Board is asked:

- a) to receive and consider the annual report of the MLRO for 2019/20.

## SRA BOARD

9 March 2021

CLASSIFICATION – PUBLIC



### Timing of future reports

- 11 We have a new obligation to produce an AML Annual Report for OPBAS, which will be published around November this year. This report will cover the period April to April and include quite a detailed account of the work done by the AML Team, along with the MLRO and the Deputy MLRO. It would therefore be helpful if future MLRO annual reports to the Board could run from April to April so that the content is aligned with what will be published in our collective annual report. If the Board is content with this recommendation then an interim 6 month MLRO report to April 2021 will be presented to align with this new reporting period.

### Recommendations: the Board is asked:

- b) to agree the proposal of moving the MLRO annual reporting period from the year end 31 October to year end 5 April. This aligns with other annual reporting requirements placed on us and will ensure consistency of published figures and data**
- c) to agree that an interim MLRO report covering the period 1 November 2020 to 6 April 2021 be presented to align with this new annual reporting period.**

## **SRA BOARD**

9 March 2021

**CLASSIFICATION – PUBLIC**



### **Supporting information**

#### **Links to the Corporate Strategy and/or Business Plan**

- 12 The Strategic Plan notes that the Government is challenging the outcomes and impact of regulatory activity in identifying and tackling financial crime and money laundering across all relevant professional services sectors.

#### **How the issues support the regulatory objectives and best regulatory practice**

- 13 Submitting SARs is a statutory responsibility. They play a vital role for law enforcement to reduce harm and tackle financial and serious and organised crime, in the UK and internationally. Working alongside this effective AML supervision reduces the risk of terrorist financing and money laundering happening.

#### **Public/Consumer impact**

- 14 Failure to detect and report suspicious activity linked to money laundering could have a detrimental impact on members of the public being exploited and the victims of crimes such as modern slavery or fraud.
- 15 Failing to report suspicions linked to potential terrorist financing activities could seriously impact on matters of national or international security and pose a threat to the public.

#### **What engagement approach has been used to inform the work and what further communication and engagement is needed**

- 16 There are several internal and external stakeholder groups associated with the work outlined in this paper. Internally a suite of training and a pro-active engagement strategy is in place to support this area of work. Externally we work closely with the National Crime Agency, the Home Office, HM Treasury, HMRC, Police forces, other regulators, and legal supervisors. Tackling money laundering is a key priority for us so remains important that we continue to engage with these stakeholders, sharing information and best practice to establish any new or emerging threats.

#### **What equality and diversity considerations relate to this issue**

- 17 Money laundering linked to crimes such as fraud and modern slavery can impact on and involve the exploitation of the most vulnerable persons in society, such as the elderly, asylum seekers or those illegally trafficked into the country.

#### **How the work will be evaluated**

- 18 The MLRO continues to report into the AML Steering Group, individual project workstreams, the Senior Management Team and the Board. The work of the

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9 March 2021

**CLASSIFICATION – PUBLIC**



MLRO is also reviewed by independent internal auditors and OPBAS. The NCA also monitors the quality of all SARs submitted.

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<b>Date</b>	<b>26 January 2021</b>
<b>Annexes</b>	
<b>Annex 1</b>	<b>Annual report by the Money Laundering Reporting Officer (MLRO) for the year ending October 2020</b>