

SRA BOARD

7 June 2022

CLASSIFICATION – PUBLIC*This paper will be published*

**Money Laundering Reporting Officer (MLRO) – Report 1
November 2020 - 5 April 2022**

Reason for paper	This paper is provided to give the Board oversight on the work of our Money Laundering Reporting Officer (MLRO) in discharging our legal reporting obligations.
Decisions(s)	The Board is asked: a) to receive and consider the annual report of the MLRO for the year ending April 2022.
Previous Board and committee consideration	The Board reviewed and considered previous MLRO annual reports on 22 October 2019 and 9 March 2021.
Next steps	The paper and report will be published.

If you have any questions about this paper please contact: Sara Gwilliam – Money Laundering Reporting Officer, sara.gwilliam@sra.org.uk Telephone 07775 591184.

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Money Laundering Reporting Officer (MLRO) – Report 1 November 2020- 5 April 2022

Summary

- 1 This paper reports on the work of our Money Laundering Reporting Officer (MLRO) and Deputy MLRO during the year. It gives an overview of the types of money laundering and terrorist financing identified and reported by this team to the National Crime Agency (NCA) by way of Suspicious Activity Reports (SARs).
- 2 It also covers other aspect of the team's work, such as delivery of money laundering, terrorist financing and sanctions related training to staff, internal / external engagement, quality assurance work, and success outcomes.
- 3 To support the MLRO's annual reporting cycle change to April year end, this report covers the period 1 November 2020 to 5 April 2022. Future MLRO annual reports will cover the period 6 April to 5 April inclusive, bringing it into line with other reporting requirements placed on us by government, some of which are published.

Background

- 4 One of our statutory responsibilities is to report knowledge or suspicion of money laundering and 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.
- 5 MLROs carry out their duties in compliance with the Money Laundering Regulations 2017 (as amended), Proceeds of Crime Act 2002 and Terrorism Act 2000.
- 6 While it is not a requirement for MLROs within AML supervisors to deliver annual reports, this is something I have done since 2019, and recognise as good governance to do. This is in addition to the annual reporting obligations place upon us by HM Treasury, and our anti-money laundering oversight body the Office for Professional Anti-Money Laundering Supervision (OPBAS).
- 7 The report is delivered to ensure that the Board remains informed on our work in this important area and demonstrates our ongoing commitment to discharge our legal obligations.

Discussion

- 8 In response to the UK government imposing extensive financial sanctions following Russia's invasion of Ukraine, additional training is being delivered to support staff carrying out compliance work. I have also taken on the additional responsibility for reporting any sanctions breaches to the Office of Financial Sanctions Implementation (OFSI).

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Recommendation: the Board is asked to:

- (a) to receive and consider the annual report of the MLRO for the year ending April 2022.**

Next steps

- 9 In line with our approach to transparency this report will be published.

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Supporting information

Links to the Corporate Strategy and/or Business Plan and impact on strategic and mid-tier risks

- 10 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.
- 11 The work carried out by our MLRO and DMLRO contributes to the detection and reporting of money laundering and terrorist financing to highlight which areas of the legal profession are enabling such activities. This work links into our Corporate Strategy objectives one and three.

How the issues support the regulatory objectives and best regulatory practice

- 12 As an AML Supervisor the submission of SARs by us is a statutory responsibility. We have dedicated resource to carry out this work, who make independent and accountable decisions in accordance with best practice. SARs help 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

- 13 The National Crime Agency (NCA) and wider law enforcement use Suspicious Activity Reports (SARs) to detect and investigate money laundering and crimes in action. They can also help protect vulnerable people from offences such as human trafficking, romance scams and fraud. Failing to report suspicious activity linked to money laundering could have a detrimental impact on members of the public being exploited and the victims of such crimes.
- 14 Failure to report suspicions linked to potential terrorist financing activities could seriously impact on matters of national security and pose a threat to the public in the UK and overseas.

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

- 15 Internal engagement with SRA staff across the business is done through a range of methods including, facilitated training sessions, attendance at team meetings/events, delivering briefings, as well as proactively encouraging staff to seek advice.
- 16 Externally we maintain strong working relationship with a range of government agencies which include, the National Crime Agency (NCA), Home Office, HM Treasury, HMRC, Police forces, as well as other regulators and AML Supervisors. We engage through meetings, working groups and on an ad-hoc

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basis to meet business needs, sharing information, best practice, and to discuss 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 work of our MLRO and DMLRO is overseen by the AML Steering Group, as well as the Senior Management Team and the Board. Their work is monitored and inspected by our anti-money laundering oversight body the Office for Professional Body Anti-Money Laundering Supervision (OPBAS). The NCA also monitors the quality of all SARs submitted.

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Annexes

Annex 1 Annual Report by the Money Laundering Reporting Officer (MLRO) for the Y/E April 2022