



Anti-money laundering: Policies, controls and procedures

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The legal requirements

Regulation 19, MLR 2017

- Maintain documented, risk-based AML controls proportionate to the firm
- Cover mandatory requirements and guide fee earners clearly
- Review, record and communicate updates
- Monitor compliance

Not just a policy

- **Policies** are high level statements that set out an organisations approach to AML
- **Controls** are specific measures put in place to mitigate risks. Controls are designed to make sure risks are being managed in practice
- **Procedures** are specific step by step instructions on how to apply policy

The gaps

- Mandatory areas missing
- Disconnect between the policy and what's happening on the ground
- Firms had procedures but no controls to assess if they are being followed – leaving room for risk
- Firms only became aware of gaps following inspection or desk-based review



Do you have all three?

What we have done

- Reviewed AML PCPs for 2,241 firms over a three-year period
- Assessed how firms are monitoring compliance with AML PCPs
- Guidance, AML PCP checklist and internal file review template

Good practice

- Weak or non-compliant AML controls often indicated wider file-level issues
- Effective policies were clear, concise and action-focused
- Key policy guidance was included in starter AML training
- Policies were regularly reviewed, updated and version-controlled

Poor practice

- Generic AML policies not tailored to the firm
- Outdated legal references, links or organisations
- AML controls created only after they were requested
- LSAG guidance used without firm-specific policies

Monitoring compliance

- Regulation 19(3)(e), MLR 2017
- Monitor compliance through file reviews, checklists and case-management controls
- Two levels of oversight: front-line staff, then risk and compliance

Top tips

Tailor and simplify – Make the policy yours. Tailor it to your firm's work, systems and risk

Cover the essentials – Use a checklist, but don't treat it as exhaustive

Embed it in practice – Use firm-specific procedures in induction and refresher training

Test what happens in practice – Use recorded AML file reviews – not informal oversight

Keep it live – Update policies when risks, laws, guidance or systems change

Resources

All resources available on our website: www.sra.org.uk/aml