

# Risk Assessments: A guide

## When do I need to complete a risk assessment:

### New and Returning Clients:

A Microsoft forms link will be sent to you once the client paperwork has been sent out to the prospect, this link will need to be completed prior to your client going on the billing platform. You will need to do this for any new or returning clients that come to the business. Without the risk assessment a new client will not be set up on the billing platform.

### Existing Clients:

Once the initial risk assessment is complete the risk assessment will need to be renewed as you continue working with the client. The risk level of the client will determine when the next assessment is due. This is explained in the next section below.

## Risk Levels

**Normal Risk:** A risk level of 'normal' will mean the risk assessment will need to be renewed every 2 years whilst your working with the client, the compliance team will remind you when this is coming up for renewal. Should anything significant change at the client, for example a change of control or ownership, a significant investor, the launching of a new venture in a higher risk country, or a move into higher risk activities, this should be notified to the Compliance Officer so the risk profile of the client can be reassessed.

**Mitigated Risk:** A Mitigated Risk client is one that has a potential high risk factor in the engagement but we are able to mitigate that risk based on our understanding of the client. Given that this understanding may change and the risk may increase over time it will be required to be reviewed every year. The compliance team will check in to see if anything has changed since the last time you completed the risk assessment.

**High Risk:** High risk clients are clients with high risk factors that we are unable to fully mitigate. These clients require MLRO approval to continue the engagement. We'll need to review this after 6 months of the first risk assessment and every 6 months after if the score stays at high risk.

## Who completes the risk assessment:

The CFO who is engaging with the client activities needs to complete the risk assessment. The compliance team and the Regional Director/Partner will be able to assist where required however they are not to complete the risk assessment on behalf of the CFO.

Each CFO that contracts with us must be part of a membership body, typically within this membership for those working in accountancy services they must ensure that they are keeping up to date with AML requirements and undertaking client due diligence. The risk assessment and central due diligence checks completed by the compliance team covers this requirement set out by the membership body.

Where multiple CFO's are involved with one client, the 'lead' CFO should conduct the risk assessment.

The Compliance Team will then fill out the AMLcc online risk assessment based on the information provided by the CFO on the risk assessment form and additional information obtained from the teams research. This will then determine the risk level in the clients business. The team may be in touch if any information is missing or further clarification is required.

## High risk factors and Mitigation

There are many reasons a risk assessment could flag as high risk, the most common factors with the clients we engage with currently are:

- Clients whose Beneficial Owners are High Net Worth Individuals
- Business operates or has connections with high risk countries – listed on the Financial Action Task Force (FATF) black and grey list
- Significant amounts of cash trading in the business
- Whether they are regulated
- The services they provide/who they provide them to:
  - Legal services
  - Gambling
  - Crypto
  - Military
  - Shipping
  - Dual use goods
- Export license required
- Any connection to virtual assets

When one of these options apply to a client, a mitigation request will be sent to the MLRO/DMLRO via AMLcc, the member conducting the risk assessment will also send an email to detail why the client has flagged as high risk.

The MLRO/DMLRO will review the risk assessment by looking at the notes provided on the risk assessment, they will then conduct their own research on the client – dependent on the reason for the high risk will depend on what the (D)MLRO will look out for but this is likely to include looking at company accounts published, recent media against the company, business activities and some research into those involved with the business. If the (D)MLRO is satisfied with the findings and understands the risk within the clients business whilst in proportion with the businesses risk appetite, then the risk will be mitigated and the client engagement will continue as normal.

## Questions asked on the risk assessment

1. About the business:
  - a. Business Activities
  - b. Number of employees
  - c. Services provided
2. Finances:
  - a. Source of wealth
  - b. Source of funds
  - c. Complex transactions
  - d. Cash Trading
  - e. Virtual Assets
3. The business in detail:
  - a. Geographical location
  - b. Sectors
  - c. Regulation
  - d. Export licenses
4. People:
  - a. Key stakeholders
  - b. High net worth individuals