

Anti-Money Laundering: Your Obligations as a CPA

2020 Member Engagement Tour

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Agenda

- I. Ethical obligations for CPAs
- II. PCMLTFA requirements: A primer
- III. Beneficial Ownership Registries
- IV. Resources



Context for the session

- The enclosed material is prepared and presented at a high level.
- Legal requirements are changing.
- You are responsible for doing your own research as to your specific obligations, based on your roles.

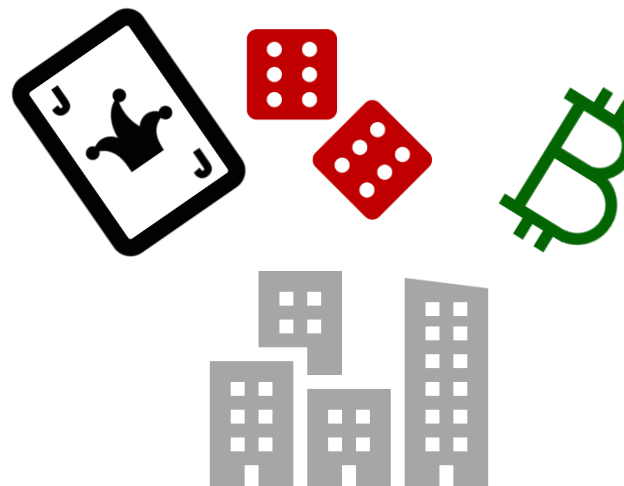


Context for the session

Poll 1

Do you work in an industry (or have clients in an industry) that would be considered at high risk for money-laundering?

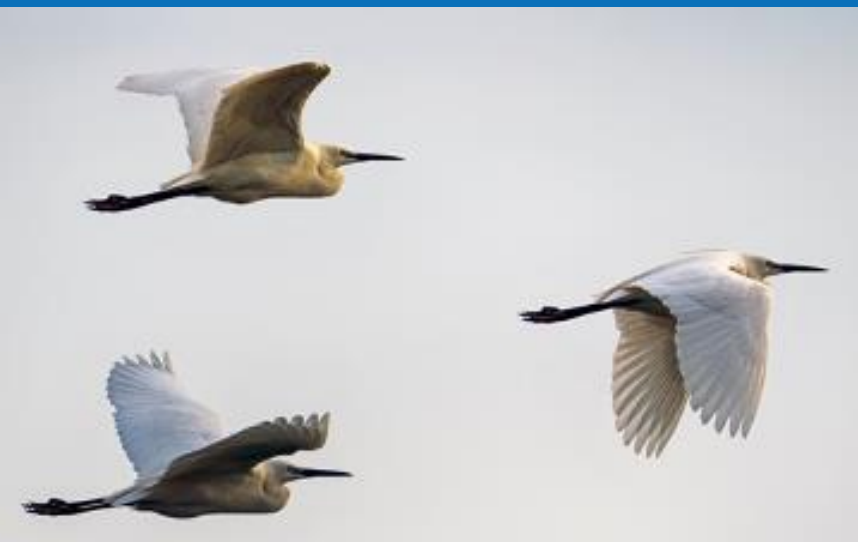
1. Yes
2. No
3. I don't know



The big picture

- \$Trillions are laundered each year (\$50 billion in Canada? Much more?)
- Estimated that (potentially much) less than 1% of laundered funds are seized globally.
- Western countries are attractive, especially if regulations and enforcement are lax.
- COVID-19 has raised risks.





I. Ethical Obligations for CPAs

Obligations under the CPA Code of Professional Conduct

Poll 2

When was the last time you used the CPABC Code of Professional Conduct as a reference source?

1. Within the last 6 months
2. Within the last year
3. Within the last 5 years
4. I don't remember

<https://www.bccpa.ca/member-practice-regulation/act-bylaws-rules/>



Act, Bylaws and Rules

- CPABC Act
- CPABC Bylaws ^{PDF} (Updated October 2020)
- CPABC Bylaw Regulations ^{PDF} (Updated October 2020)
- CPABC Code of Professional Conduct ^{PDF} (Updated October 2020)

See 2019-2020 Amendments →

Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct



Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct



Professional Behaviour

Chartered Professional Accountants conduct themselves at all times in a manner which will maintain the good reputation of the profession and serve the public interest.

Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct

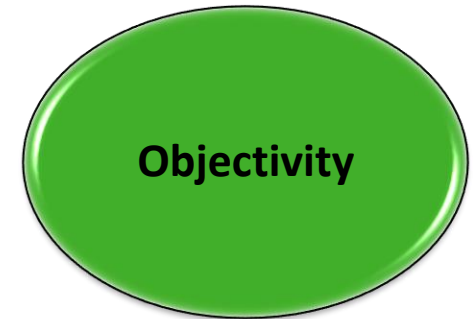


Integrity and Due Care

Chartered Professional Accountants perform professional services with integrity and due care.

Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct



Objectivity

Chartered Professional Accountants do not allow their professional or business judgment to be compromised by bias, conflict of interest or the undue influence of others.

Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct

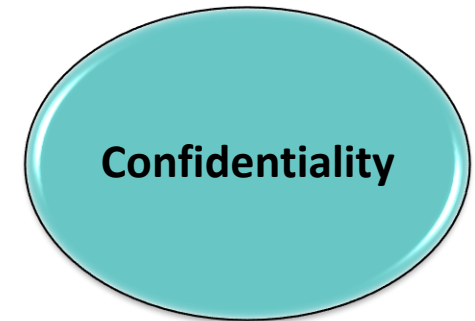


Professional Competence

Chartered Professional Accountants maintain their professional skills and competence by keeping informed of, and complying with, developments in their area of professional service.

Obligations under the CPA Code of Professional Conduct

Fundamental Principles governing conduct



Confidentiality

Chartered Professional Accountants protect confidential information ... and do not disclose it without proper and specific authority, nor do they exploit such information for their personal advantage or the advantage of a third party.

Rule 208.1

A registrant shall not disclose any confidential information ...except when:

(a) properly acting in the course of carrying out professional duties; ...

Obligations under the CPA Code of Professional Conduct

Within the Rules

201 Maintenance of the good reputation of the profession

202 Integrity and due care and Objectivity

203 Professional competence

206 Compliance with professional standards

208 Confidentiality of information

213 Unlawful activity

If in doubt...

To discuss confidential ethics matters:

- Talk to a CPABC Professional Advisor
 - i. Email professionaladvisory@bccpa.ca
 - ii. Indicate that you'd like to speak with someone about a confidential ethics matter
 - iii. A Professional Standards Advisor will contact you
- Get legal counsel





II. PCMLTFA Requirements: A Primer

Anti-Money Laundering Basics

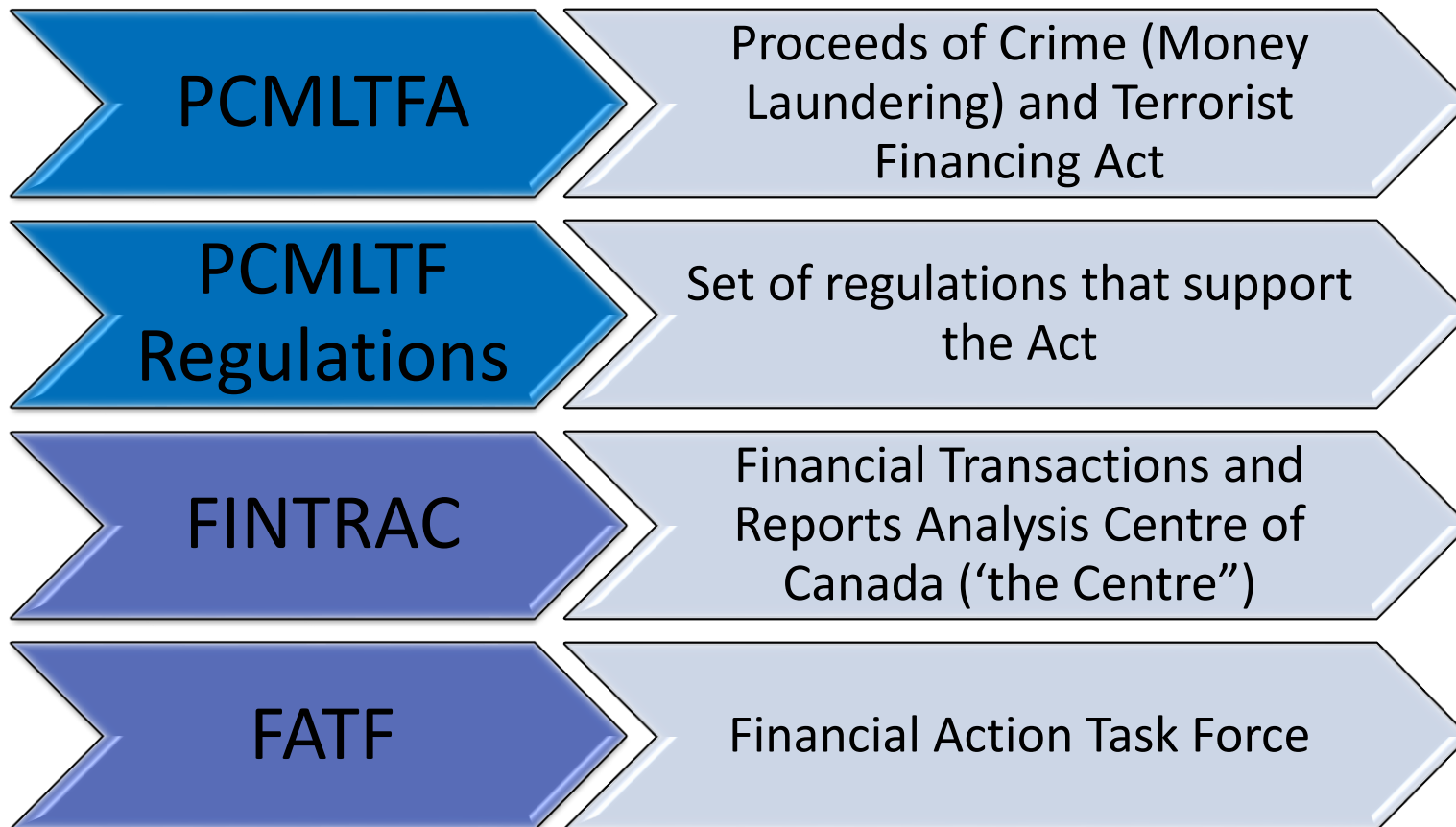
Poll 3

How familiar are you with the legal responsibilities of CPAs under the PCMLTFA and Regulations?

1. Very familiar
2. Somewhat familiar
3. Not at all familiar
4. What's the PCMLTFA?



Anti-Money Laundering Basics



When do obligations arise?

Accountants and accounting firms are subject to the PCMLTF Act and Regulations when they:

- (a)** receive or pay funds or virtual currency;
- (b)** purchase or sell securities, real property or immovables or business assets or entities;
- (c)** transfer funds, virtual currency or securities by any means; or
- (d)** give instructions in connection with an activity referred to in any of paragraphs (a) to (c).

When do obligations arise?

Providing advice is not “giving instructions”

Providing advice

For tax purposes, we recommend that you transfer your money into a certain investment vehicle.

Giving instructions

Based on my client's instructions, I request that you transfer \$15,000 from my client's account, account number XXX, to account number YYY at Bank X in Country Z.

When do obligations arise?

Exceptions to when reporting obligations arise:

- When activities are carried out in the course of an audit, a review or a compilation engagement
- When acting in the capacity of an employee
- When acting in the capacity of a person who either:
 - is authorized by law to carry on the business of - or to monitor the business or financial affairs of - an insolvent or bankrupt person or entity; or
 - is authorized to act under a security agreement.

Requirements under the PCMLTF Act/Regs

Four categories of requirements:



Requirements under the PCMLTF Act/Regs

Compliance program

- Appoint a compliance officer
- Develop and apply written compliance policies and procedures
- Apply and document a risk assessment, including mitigation measures and strategies
- Develop and maintain a written training program
- Review your compliance program every two years

<https://www.fintrac-canafe.gc.ca/re-ed/accts-eng>

Requirements under the PCMLTF Act/Regs

Know your client

- Must verify the identity of clients for certain activities and transactions
- Includes, for example, determining if client is a “politically exposed person” or a “head of an international organization”

<https://www.fintrac-canafe.gc.ca/re-ed/accts-eng>

Requirements under the PCMLTF Act/Regs

Reporting

- Suspicious transactions – if you have reasonable grounds to suspect that a transaction is related to a money laundering/terrorist activity financing offence
- Terrorist property – if property in your possession/control is owned/controlled by a terrorist organization
- Large cash transactions - when you receive \$10,000 CAD or more in cash (one or more transactions in 24 hours)

<https://www.fintrac-canafe.gc.ca/re-ed/accts-eng>

Requirements under the PCMLTF Act/Regs

Record keeping

- In relation to reporting requirements plus...
- Receipt of funds (\$3,000 or more in a single transaction)
- “Reasonable measures” taken but not successful

<https://www.fintrac-canafe.gc.ca/guidance-directives/recordkeeping-document/record/acc-eng>

Contacting FINTRAC

For policy/interpretation questions etc.

1-866-346-8722
or
email guidelines-lignesdirectrices@fintrac-canafe.gc.ca.

For technical support

email
tech@fintrac-canafe.gc.ca

III. Beneficial Ownership Registries



Beyond the PCMLTFA

Beneficial Ownership Registries:

- Corporations are required to maintain register of information on individuals with significant control (or “significant individuals”)
 - As of June 13, 2019:
Canada Business Corporations Act
 - As of October 1, 2020:
BC Business Corporations Act
 - Similar requirements for trusts:
2021 taxation year



CPA Obligations re BO Registries

Those Charged with Governance
(Directors, Officers, Audit
Committee Members)

... make sure your
corporation is in
compliance

Public Practitioners

Can:

- inform your client of obligations
- provide factual information
(e.g., % ownership etc.)

Cannot:

- advise on who has significant
control or is a significant individual
- complete the registry

Beneficial Ownership Registries

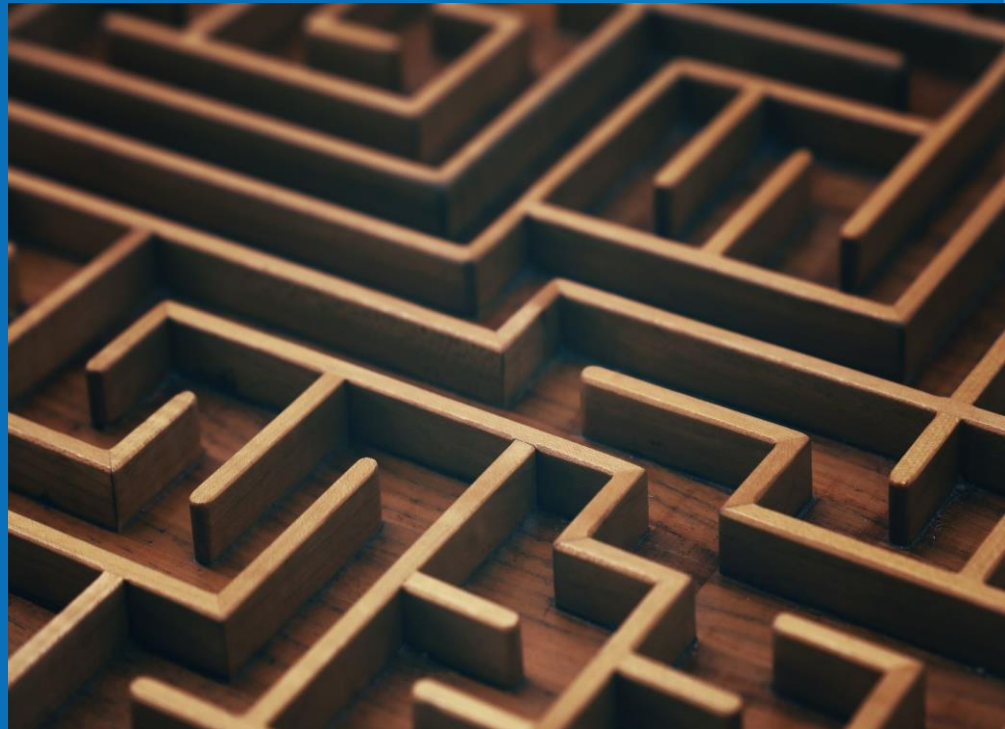
Poll 4

Which beneficial ownership registry requirements were you aware of before today's session?

1. Federal
2. Provincial
3. Both
4. Neither



IV. Resources



Resources

PCMLTF Act

<https://www.fintrac-canafe.gc.ca/act-loi/1-eng>

PCMLTF Regulations

<https://www.fintrac-canafe.gc.ca/reg/1-eng>

FINTRAC Accountants page

<https://www.fintrac-canafe.gc.ca/re-ed/accts-eng>

Resources

CPABC

<https://www.bccpa.ca/member-services/resources-tools/>

Coming soon: <https://www.bccpa.ca/aml>

CPABC Beneficial ownership

<https://www.bccpa.ca/member-services/resources-tools/bc-corporate-beneficial-ownership-registry-general-information>

Resources

CPA Canada AML policy page

<https://www.cpacanada.ca/en/the-cpa-profession/about-cpa-canada/key-activities/public-policy-government-relations/policy-advocacy/other-policy-topics>

CPA Canada April 2020 Pivot Magazine

<https://www.cpacanada.ca/en/news/pivot-magazine/2020-04-28-canada-financial-crime>

Resources

FATF Risk-based Approach for accountants

<http://www.fatf-gafi.org/publications/fatfrecommendations/documents/rba-accounting-profession.html>

IFAC/ICAEW 6-Part series

<https://www.ifac.org/system/files/publications/files/Anti-Money-Laundering-The-Basics-Installment-1.pdf>

<https://www.ifac.org/system/files/publications/files/IFAC-AML-Series-Risk-Based-Approach.pdf>

COVID-related Resources

FINTRAC

<https://www.fintrac-canafe.gc.ca/intel/operation/covid-trend-en.pdf>

FATF

<http://www.fatf-gafi.org/publications/fatfgeneral/documents/covid-19-webinars.html>

Key takeaways

- **Be aware and be diligent**
- **Use professional judgment and skepticism**
- **Get advice**
- **Report when appropriate**



Thank You!

Questions? Comments?