



1 July 2010

Our ref: ICAEW Rep 61/10

Your ref:

**Mrs Hazel O'Sullivan  
Auditing Practices Board  
Aldwych House  
71-91 Aldwych  
London WC2B 4HN**

Dear Hazel

**ICAEW response to APB's consultation draft on Practice Note 12 (Revised): *Money laundering – Guidance for auditors on UK legislation***

The ICAEW is pleased to respond to your request for comments on your consultation draft of Practice Note 12 (Revised): *Money laundering – Guidance for auditors on UK legislation*.

Please contact me should you wish to discuss any of the points raised in the attached response.

Yours sincerely

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## ICAEW REPRESENTATION

ICAEW's response to APB's consultation draft of Practice Note 12 (Revised), *Money laundering – Guidance for auditors on UK legislation*

**Memorandum of comment submitted in July 2010 by The Institute of Chartered Accountants in England and Wales, in response to the APB's consultation draft of Practice Note 12 (Revised) published in March 2010**

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## INTRODUCTION

1. The ICAEW welcomes the opportunity to comment on the consultation draft of Practice Note 12 (Revised), *Money laundering – Guidance for auditors on UK legislation*.

## WHO WE ARE

2. The ICAEW operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, we provide leadership and practical support to over 134,000 members in more than 160 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. We are a founding member of the Global Accounting Alliance with over 775,000 members worldwide.
3. Our members provide financial knowledge and guidance based on the highest technical and ethical standards. They are trained to challenge people and organisations to think and act differently, to provide clarity and rigour, and so help create and sustain prosperity. We ensure these skills are constantly developed, recognised and valued.

## MAJOR POINTS

4. We note that the revision of Practice Note 12 is part of the APB's programme to update the Practice Notes to take account of the clarified ISAs (UK and Ireland) and various legal and regulatory changes. This is a programme that is strongly supported by ICAEW as the Practice Notes provide important guidance to auditors in specialist areas.
5. We also note that the APB does not intend to ask HM Treasury to reapprove the document on the basis that the changes are not substantial. We agree with the APB's view that there are not any substantial changes as a result of this update and therefore with the position being taken by the APB regarding HM Treasury approval.
6. The consultation draft refers in a number of places to the CCAB Guidance *Anti-Money Laundering Guidance for the Accountancy Sector*. Every auditor within the scope of Practice Note 12 is also within the scope of the CCAB Guidance. The CCAB Guidance is approved by HM Treasury.
7. The CCAB Guidance is currently being reviewed, with a view to issuing an exposure draft of proposed changes by the end of 2010. This work is being carried out by a CCAB Money Laundering Working Party and we welcome the active participation of the APB in this working party.
8. We suggest that as part of the revision process for the CCAB guidance taking place this year, consideration is given to whether Practice Note 12 is still necessary once the revised CCAB guidance is available. We consider that it would be undesirable to have a separate Practice Note that simply duplicates guidance already available in the CCAB Guidance. In our view, it would be preferable to withdraw the Practice Note in those circumstances so that there is no obligation for auditors to consult a separate document.
9. There is currently a small amount of material in Practice Note 12 which is not duplicated in the CCAB Guidance, consisting of:
  - guidance to the effect that no additional work is required by the anti-money laundering legislation, in addition to an auditor's normal professional work; and
  - some non-mandatory illustrative examples.

10. Our initial view is that the illustrative examples, as per the second bullet above, are not essential and consideration might therefore be given to dropping them from the guidance for auditors. However, this is an issue worthy of discussion within the CCAB working party. The guidance as per the first bullet above could appear as a section within the CCAB Guidance, specifically addressed to auditors. Any examples that are regarded as helpful could also be included in this section.
11. In conclusion, we support the APB's current plan to issue the updated Practice Note 12 but suggest that later this year the APB considers whether the Practice Note will still be necessary once the revised CCAB Guidance is issued.

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