



EP 200 Common Review Findings from Quality Assurance Review (QAR)

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19 June 2020

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Agenda

- **Overview of EP 200 requirements**
- **EP 200 Common Review Findings from Quality Assurance Review (QAR) Programme**



Overview

Why EP 200 is Important

At Risk to 3 Offences

- Unknowingly assisting a criminal
- Failure to report suspicious transactions
- Tipping-off

Risk-Based Approach

What types of services do I provide?

Do I handle clients' monies?

What is the profile of my clients?

Do I have overseas clients? PEPs?

Clients in high risk countries?

Clients whose BOs or directors residing in high risk countries?

Regardless, Internal Policies, Procedures and Controls (IPPC) must cover all aspects

CDD, records keeping, reporting procedures, training, compliance management, hiring, audit

nature and extent of measures depends on ML/TF risk & size and nature of business

Compliance with Ethics Pronouncements on AML/CFT

Establish IPPC



- Comply with EP 200

Implement IPPC

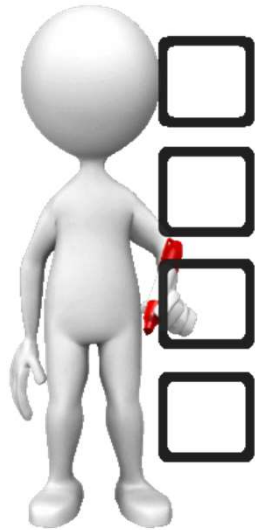


- In line with the firm's IPPC
- Timely implementation
- Proper execution



CDD

Customer Due Diligence (CDD)



1. **Identify** (& collect specified information)
 - Client [Company]
 - Beneficial Owners [Natural Person]
 - Persons acting on behalf [e.g. a director / CFO]
 - Connected parties [Directors, PHEA]
2. **Verify**
 - Information against independent & reliable sources
3. **Screen**
 - Sanction lists
 - PEPs
 - Adverse news
4. **Risk assessment** and additional checks

Identify & Verify - Client (Entity)

IDENTIFY - Information to Collect	VERIFY to
Full name	Business profile obtained from ACRA
Incorporation number	
Address of principal place of business or registered office	
Date of incorporation	
Place of incorporation	
Telephone number	--

Identify & Verify – BOs, Persons Acting on Behalf, Connected Parties (Natural Person)

IDENTIFY - Information to Collect

VERIFY to

Full name

Aliases (if any)

IC or Passport number

Nationality

Date of birth

Residential address

IC / passport

If not indicated on IC/passport, verify to other independent and reliable document (e.g. bank statement or recent utility bill)

Screening

ACRA wishes to clarify that apart from screening against the **sanction lists**, the professional intermediary should also screen its clients for adverse information.

In this regards, ACRA indicated in the APB No. 2 of 2017 that audit firms are **strongly encouraged to use screening tools** such as Worldcheck and Factiva. **These tools enable the users to identify individuals and entities that are linked to risk categories** such as Money Laundering, drug trafficking, terrorist financing, corruption and PEPs.

Firms may also use free public search tools such as Google to screen for adverse information.

Extracted from ACRA's APB No. 2 2018

Screening

Regardless of the screening tools used, it remains the responsibility of the firm to **retain the search results as evidence that screening had been performed and document how “alerts” from the searches are cleared** to support the firm’s decision to establish business relationship with a client.

Extracted from ACRA’s APB No. 2 2018



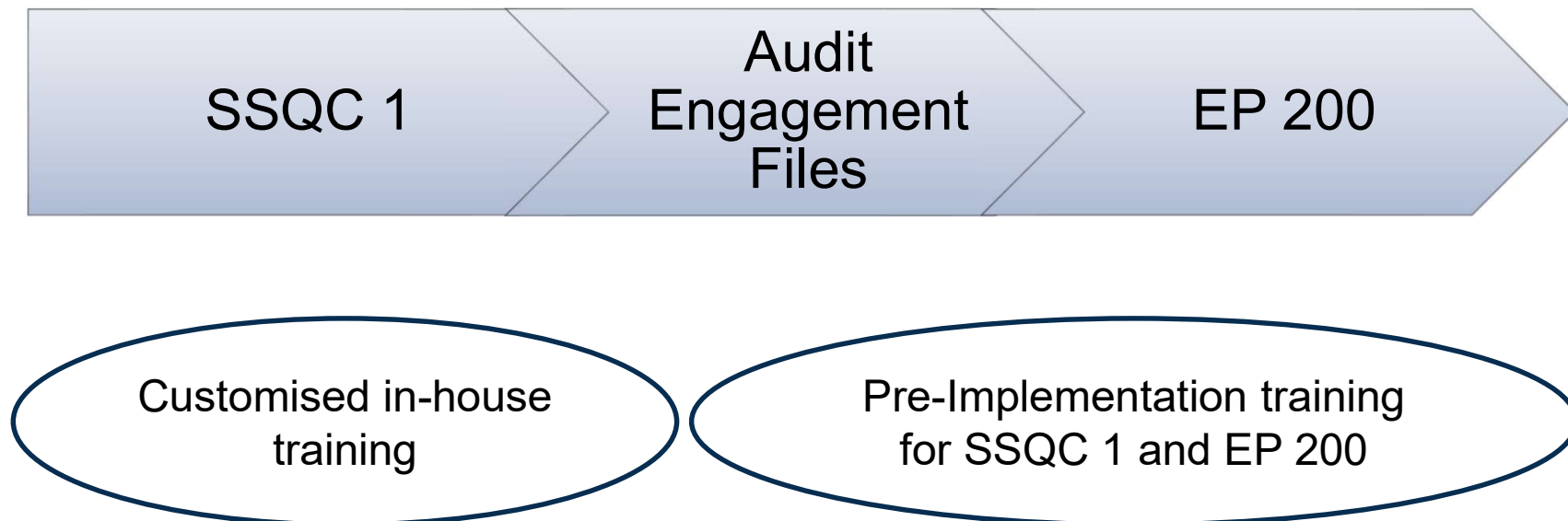
EP 200

Common Review Findings

Common Review Findings

- From ISCA Quality Assurance Review (QAR) Programme
- Not from ACRA inspection

QAR covers



12 Common Review Findings

→ grouped in the following categories:

- IPPC
- Identification
- Verification
- Screening
- Ongoing monitoring
- Trainings

Common Review Findings 1

IPPC

Policies and procedures are not carried out according to the Firm's IPPC

Common Review Findings 2

IPPC

Client Due Diligence (CDD) procedures are not completed prior to acceptance of new clients

Common Review Findings 3

Identification

Incorrect identification of corporate shareholder as BO instead of natural person(s) who ultimately owns/controls the client

Common Review Findings 4

Identification

No identification of BO for client who is a company limited by guarantee (CLG)

Common Review Findings 5

Identification

No identification of person acting on behalf of the client

Common Review Findings 6

Verification

No documentation made on copies of IC / Passports which have been filed as verification documents

Common Review Findings 7

Screening

No supporting documents retained when searches showed no negative results

Common Review Findings 8

Screening

No further action taken / insufficient work performed to verify the “hits” arising from searches performed

Common Review Findings 9

Screening

No documentation to justify why enhanced CDD is not performed for cases where PEP has been identified or high risk clients

Common Review Findings 10

On-going monitoring

Inadequate ongoing review carried out prior to the commencement of the engagement

Common Review Findings 11

Training

No trainings conducted on EP 200

Common Review Findings 12

Training

- No training records and training materials maintained
- No training attendances taken

Quality Assurance Review (QAR) Programme

Firm-Level Review – SSQC 1 / EP 200

- Review scope covers:
 - ✓ Review of the **firm's QCM / IPPC**, ensure compliance with SSQC 1 / EP 200;
 - ✓ Review the **implementation** (including review of documentation, forms, templates and checklists); and
 - ✓ Conduct **interviews** (with partners, managers and staff) to assess their familiarity with the firm's QCM / IPPC.
- Identify **areas for improvement** and propose **recommendations** and action plans.

Quality Assurance Review (QAR) Programme

Engagement-Level Review

- Review the Public Accountants' **signed-off audit engagement file(s)** for compliance with SSAs.
- Identify **areas for improvement** and propose **recommendations** and action plans.

Funding Available

Enterprise Singapore – Enterprise Development Grant

- To help Firms in their SSQC 1 implementation
- Funds up to 70% of implementation cost of SSQC 1

Qualifying costs components

Manpower: 2 x Project Member for 2 weeks

Pre-Implementation **Training**

QAR: Firm-Level Review

QAR: Engagement-level Review

Post-Implementation **Training**

Contact Us

If you wish to find out more or have any questions, please contact us at qualityassurance@isca.org.sg

Thank You



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