



ANNUAL COMPLIANCE OFFICER'S REPORT

**Guidance for the
completion and
submission of the
Annual Compliance
Officers Report to
ICPAC**

November 2017

Introduction

ICPAC has issued the **General Circular 24/2015** (GE_25/2015) on the 3rd of December 2015 with which it has established the obligation for submission of the Annual Compliance Officers Report by all licensed firms to the Institute.

This document relates to all compliance officers of firms that hold any type of practising certificates from ICPAC for their provided services (i.e. General Practising, Audit, Administration Services and Insolvency Consulting). The term 'firm' includes the following:

- Licensed Limited Liability Companies,
- Licensed Partnerships,
- Licensed sole practitioners (self-employed)

The requirement to submit the compliance report relates to all licensed firms, irrespective of whether they were practising in their professional capacity or they were dormant in the effective year and irrespective of whether they belong in a group of companies, which are also required to submit the report.

Purpose

This document aims at facilitating the compliance officers to complete and submit the Annual Compliance Officers Report, by providing the basic guidelines for this purpose. It should be noted that, during the completion of the report, the individual issues analysed should be read in conjunction with ICPAC's Directive for the Prevention and Suppression of Money Laundering Actives ("Directive").

Annual Report

In accordance to the General Circular 24/2015 all firms are obliged to submit to ICPAC the Compliance Officer's Report on an annual basis and **no later than three months following the end of each calendar year**, i.e. by the 31st of March of each year.

Through the Report, each Firm informs ICPAC, as the competent supervisory authority, of the procedures, systems and infrastructure used by the firm, as well as the reports submitted to MOKAS. An important element to refer to is the training and education of the compliance officer and the other staff of the firm for all compliance matters.

Finally, within each section, the firm must report on any actions it will undertake or has undertaken to improve possible weaknesses and deficiencies identified during the year.

It is further noted that, referring to the Anti Money Laundering (AML) manual prepared by each firm is **not** sufficient information for purposes of completing the annual report.

A suggested sample of the Annual Compliance Officers Report is presented as Appendix I of this document.

The Compliance Officers Report is submitted to the Monitoring and Compliance Officer of the Institute by email at compliance@icpac.org.cy.

Contents of the Annual Report

1. Management Summary

Summary of the most important tasks and events in relation to the prevention of ML during the year, significant risks identified and the corrective measures taken.

More specifically reference should be made to the following:

- Measures and procedures applied by the Firm on AML matters,
- Changes in policies and procedures on AML matters,
- Summary of internal inspections performed by the Compliance Officer in order to assess the level of compliance of the Firm and the results of these inspections,
- Record of significant risks and weaknesses identified and the corrective actions taken.

2. Organisational Structure and Staffing

Information on the organisational structure and staffing of the Compliance Unit:

- Name of compliance officer and date of appointment (a note should be made as to whether a change in appointment of the Compliance Officer has been made)
- Information of the organisational structure and the staffing of the compliance department
- Plans for enhancing the compliance department

3. Position of Compliance Officer in the firm

Confirmation of the position of the Compliance Officer in the firm.

As per the Directive of ICPAC, paragraph 3.02, firms must appoint an “*appropriate senior executive with skills, knowledge and expertise in financial or other activities*”. As a result, the Compliance Officer has to be an employee of the firm and hold a senior executive position in the firm.

4. Notification of appointment of Compliance Officer to MOKAS

Reference to the notification made to the Unit for Combating Money Laundering for new appointment or resignation and reappointment of the Compliance Officer.

5. AML Manual

Reference to original composition or updating of the Manual during the year.

6. Compliance with ICPAC's Directive and the Law

Report on the compliance of the Directive of ICPAC and the relevant Law, noting any instances of departure along with relevant details.

7. Due Diligence System

Brief description of the systems used to implement due diligence measures.

Reference should be made to the following:

- The system used (computerised or manual),
- The procedures applied,
- The documents required to be obtained by the Firm,
- How the background checks are performed for each client (legal entities or individuals), and
- How these documents are maintained.

Information should also be given on the on-going monitoring of the clients.

8. Risk Assessment

Brief description of the risk assessment system applied by the firm, and the handling of high-risk customers.

Report on the risk level classification of the clients as well as the criteria used by each Firm. In assessing the risk level, information could also be given on the measures adopted to mitigate risk and the on-going monitoring of risk assessment.

With regards to the treatment of high risk clients, reference should be given to the Firms policies as well as the enhance due diligence procedures applied to such clients.

9. Suspicion Report

Statistics for ML suspicion reports submitted:

Internal: To the Compliance Officer from members of the firm's staff.

Provide information on the number of suspicion reports submitted by the firm's staff towards the Compliance officer as well as the number of reports not submitted to MOKAS with a brief explanation for not forwarding the reports.

External: To MOKAS

Number of external reports to MOKAS.

10. Education/Training

Compliance Officer

Detailed list of educational activities attended by the Compliance Officer, through the continuing professional development process.

Other Staff

Record of the educational activities the remaining staff of the firm attended on the topic of prevention of ML and Compliance or briefing which was done internally by the Compliance Officer.

List details of the following:

- Presentations/seminars attended by the Compliance Officer and/or other staff (number and position of staff)
- Subject/modules covered
- Duration of training program
- Date of presentations/seminars

In addition, information must be provided with regards to the planned educational activities for the following year (subject, area of concentration).

11. Additional Action

Actions undertaken during the year to further improve the compliance framework of the firm.

12. ICPAC's Questionnaires

Report whether questionnaires sent by ICPAC on matters of Compliance and AML have been completed and submitted.

13. Other Matters

Reference to any other matter relevant to the issue.

14. Compliance Officer's Signature

The report must be signed by the appointed Compliance Officer

Appendix I

SAMPLE ANNUAL COMPLIANCE OFFICER'S REPORT

Recipient	Institute of Certified Public Accountants of Cyprus
Firm name	
Firm license number	E,AXXX/G,A,F,I/20XX
Name/Surname of Compliance Officer	
ICPAC registration number of Compliance Officer (if applicable)	
Appointment Date of Compliance Officer	
Email address of Compliance Officer	
Year	2017
Submission deadline	Within 3 months of the year end – until 31/3/2018
Date	

Contents of the Report

1.	Management Summary	
2.	Organisational structure and staffing of compliance unit	
3.	Position of Compliance Officer in the firm	
4.	Notification of appointment of	

	Compliance Officer to MOKAS	
5.	AML Manual	
6.	Compliance with ICPAC's Directive and the Law	
7.	Due Diligence System	
8.	Risk Assessment	
9.	Suspicion reports	<u>Internal:</u> <u>External:</u>
10.	Education / Training	<u>Compliance Officer:</u> <u>Other Staff:</u> <u>Planned educational activity:</u>
11.	Additional actions	
12.	ICPAC's Questionnaires	
13.	Other matter:	
14.	Compliance Officer's signature	