

## NOTICE #3/26

### REGULATED PROFESSIONAL FIRMS WITH THE BARRISTERS & ACCOUNTANTS AML/ATF BOARD

To: MLRO's/ CO's

24<sup>th</sup> March 2026

**Re: Independent Audit – section 17A Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008 (“POCA Regs”)**

As part of the Barristers & Accountants AML/ATF Board’s (“the Board”) ongoing efforts to ensure an effective supervisory regime, the Board’s Guidance Notes for the Legal & Accounting Sectors are in the process of being updated and shall be circulated in the coming weeks. Notwithstanding this, given that upon registration Firms conducting specified activities are required to submit an Independent Audit that is completed within six months of a Firm’s registration date, the Board is releasing an updated Guidance Note Legal and Accountancy Sectors (Chapters 13 & 12 respectively) in regard to the Independent Audit that forms part of the registration process and is a requirement per 17A of the POCA Regs.

The Guidance Note has been updated in part due to the variances in quality of Independent Audits received by the Board. The Board takes the view that a quality Independent Audit will assist each Firm in properly identifying gaps in their respective governance practices, assist the Board in identifying non-compliance trends across the legal and accountancy sectors, and enhance the Board’s ability to engage in its risk-based supervisory regime.

As part of the Board’s outreach, a training and question and answers session will be provided by the Supervisor and the Technical Officer on 27<sup>th</sup> April 2026 at the Bar Association’s Board room from 12:30 pm to 1:30pm. Light refreshments will be provided. Topics will include: Registration expectations, Independent Audits & Board Supervisory Activities. Please send an email to [technicalofficer@amlatfboard.bm](mailto:technicalofficer@amlatfboard.bm) by 6<sup>th</sup> April 2006 if you would like to attend.

We have taken the liberty of circulating the updated Guidance Note to all regulated Firms and those companies that have to date provided independents audits for registrants, so they are aware of the Board’s expectations. A copy is also posted on the Board’s website. Questions on this updated Guidance Note should be directed to [supervisor@amlatfboard.bm](mailto:supervisor@amlatfboard.bm)

Regards,

Yours faithfully



Michael M. Fahy  
Supervisor

## UPDATED GUIDANCE NOTE – INDEPENDENT AUDITS

### CHAPTER 13 LEGAL SECTOR

### CHAPTER 12 ACCOUNTANCY SECTOR

## 17A OF THE PROCEEDS OF CRIME (ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING) REGULATIONS 2008

### Independent audit function

11.1 A law firm or accountancy firm (“Firm”) engaging in specified activities pursuant to section 49(5) of the Proceeds of Crime Act 1997 must provide an independent audit on registration pursuant to section 17A of the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008 (“POCA Regs”). Per 17A(1) of the POCA Regs the audit must “*be conducted by a qualified independent third party or internally by persons independent of any other function, the lines of business over which the function has audit responsibilities, and financial operations.*”

11.2 The Board may consider an auditor qualified if they have the requisite subject matter expertise and proficiency to competently review the Firm’s AML/ATF policies, procedures, and controls. Such expertise and proficiency may be evidenced by continuing training and professional education focused on AML/ATF, including internationally recognised certifications. Proof of the relevant qualifications and independence of the auditor shall be submitted with the independent audit on registration.

11.3 Any person who is involved in establishing or performing any of the Firm’s ongoing AML/ATF compliance processes should not conduct an audit, determine the scope of an audit, or have the authority to alter the contents of an audit report before its delivery to senior management and the Firm’s governing body. A Firm that seeks to use in-house employees to conduct an AML/ATF independent audit should evaluate the reporting lines of the audit employees and verify their independence when reporting audit results.

11.4 Per 17A(2) of the POCA Regs, “*the independent audit function must provide and document an independent and objective evaluation of the robustness of the Firm’s AML/ATF framework, and the reliability, integrity, and completeness of the design and effectiveness of the AML/ATF risk management function and AML/ATF internal controls framework, and the AML/ATF compliance.*”

As such the Board requires the audit function to provide for a documented audit of the Firm's AML/ATF policies, procedures and controls, including those policies, procedures and controls relating to compliance with international sanctions. The audit must sample test the implementation, integrity and effectiveness of their AML/ATF policies, procedures, and controls. The audit should be conducted more frequently when senior management becomes aware of any gap or weakness in the AML/ATF policies, procedures or controls or when senior management deems it necessary due to the Firm's assessment of the risks it faces.

11.5 For clarity, the audit function must, at a minimum<sup>1</sup>:

a) Assess the reliability, integrity, and completeness of the Firm's AML/ATF policies, procedures and controls, including with respect to:

- i. Risk assessment adequacy;
- ii. Risk mitigation and other measures to manage higher risks;
- iii. CDD;
- iv. Ongoing monitoring;
- v. Detecting and reporting knowledge, suspicion and reasonable grounds for suspicion of ML/TF;
- vi. International sanctions;
- vii. Record-keeping and retention;
- viii. Reliance and outsourcing relationships;
- ix. Testing of the risk-based approach
- x. The National Risk Assessment considerations

b) Evaluate the Firm's risk assessment processes and the risk ratings the Firm has assigned with respect to its size, customers, business relationships (including outsourcing and reliance relationships), countries or geographic areas, services, delivery channels, products and transactions (risk-based approach);

c) Test compliance with the relevant laws and regulations;

d) Test the AML/ATF controls for the Firm's transactions and activities, with an emphasis on higher risk areas;

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<sup>1</sup> The Independent Audit report must report on all areas noted herein

e) Test CDD, that should include a clear representation of the Firm's clients that include High, Medium and Low-rated clients; noting that the sampling should be risk-based, with appropriate emphasis on higher-risk clients as per the Firm's risk assessment.<sup>2</sup>

f) Assess employees' knowledge of the relevant Bermuda acts, regulations and guidance, the Firm's policies, procedures and controls and the role of each relevant employee within the Firm;

g) Assess the adequacy, accuracy and completeness of employee training and awareness programmes; and

h) Review the Firm's past audit reports to assess the efficacy with which the Firm has implemented previously recommended changes and the timeliness of completion.

11.6 Firms should note that the results of the independent audit may be considered as part of the supervisory engagement for the desktop and onsite reviews; as such it is important that the results are truly independent from senior management.<sup>3</sup>

11.7 Firms should note the Board **will not** accept an independent audit that:

- (i) is not sufficiently detailed
- (ii) is conducted by a person without relevant expertise
- (iii) is conducted by a person who is not sufficiently independent
- (iv) is not completed within six months of the registration date by the Firm.

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<sup>2</sup> The AML/ATF Board expects the independent audit to contain evidence of file testing (which may be anonymized) that can be verified by the Board if deemed necessary.

<sup>3</sup> NOTE: Please ensure that all submitted documents are in **machine-readable PDF** or editable document formats (i.e.: Word, Excel or searchable PDF's). Scanned or image-based PDFs must be accompanied by OCR (Optical Character Recognition) processed versions.