



Regulation 21 Audit - Firm Wide Risk Assessment (FWRA) Content Checklist

Background

This checklist can be used to ensure the Firm's FRWA has considered the risk areas required under the relevant legislation and professional guidance. It is not a template and does not cover all compliance areas of the Money Laundering Regulations 2017.

Before completing the FRWA it is useful to stand back and consider the profile of the Firm, including:

- Who the clients are, where they are based, and how they find us
- The countries relevant in terms of clients, third parties, and origin of funds
- Technology we use to deliver our services
- The likelihood of our legal services being to financial criminals, and any particularly high risk practice areas
- How well we have complied with AML legislation in the past, and our firm's general culture of compliance
- The overall effectiveness of our management and governance structure
- Lessons learned from previous suspicious activity reports, declined instructions or 'near misses'

Every firm is different. No two FWRAs should look the same.



Checklist

Risk Factors	Authority	Findings
<i>Clients:</i> <ul style="list-style-type: none">• PEPs• Cash intensive / risky sectors or businesses• Familiar clients• Anonymity / cannot prove ID• Intermediaries or agents• Commercial clients - Companies House reporting	<ul style="list-style-type: none">• Reg 18• LSAG Guidance• SRA Sectoral Risks	
<i>Geographic risks:</i> <ul style="list-style-type: none">• Countries that do not have equivalent AML standards to the UK• Information your firm has access to• Local characteristics• Countries with significant levels of corruption• Sanctions• Stringent local capital offshoring controls	<ul style="list-style-type: none">• Reg 18• LSAG Guidance• SRA Sectoral Risks• High risk 3rd countries (Schedule 3ZA Money Laundering Regulations 2017)• Know Your Country	
<i>Products and Services offered:</i> <ul style="list-style-type: none">• Conveyancing• Client Account• Creating and Managing Trusts and Companies• Tax Advice• Family Offices	<ul style="list-style-type: none">• Reg 18• LSAG Guidance• SRA Sectoral Risks	
<i>Transactions:</i>	<ul style="list-style-type: none">• Reg 18	



<ul style="list-style-type: none"> • Size and value of transaction • Cryptocurrency and crypto assets (crypto), including digital assets such as non-fungible tokens • Physical cash • Transactions that don't fit the norms of the firm or the client's activities • Transactions or products that facilitate anonymity • New products, delivery mechanisms or technologies • Complex transactions 	<ul style="list-style-type: none"> • LSAG Guidance • SRA Sectoral Risks 	
<p><i>Delivery channel:</i></p> <ul style="list-style-type: none"> • Remote clients • Combining services • Payments to or from third parties 	<ul style="list-style-type: none"> • Reg 18 • LSAG Guidance • SRA Sectoral Risks 	
<p><i>Proliferation financing</i></p>	<ul style="list-style-type: none"> • Money Laundering and Terrorist Financing (Amendment)(No 2) Regulations 2022 • SRA Sectoral Risks • LSAG Guidance 	
<p><i>Discrepancy reporting</i></p>	<ul style="list-style-type: none"> • LSAG Guidance • Money Laundering and Terrorist Financing (Amendment)(No 2) Regulations 2022 	
<p><i>Sanctions (separate legal basis for compliance, but overlapping risk considerations)</i></p>	<ul style="list-style-type: none"> • SRA Sanctions Guidance • SRA Sectoral Risks 	
<p><i>Technology</i></p>	<ul style="list-style-type: none"> • SRA Sectoral Risks 	



<i>Wider economic pressures</i>	<ul style="list-style-type: none">• SRA Sectoral Risks	
<i>Sham litigation</i>	<ul style="list-style-type: none">• SRA Sectoral Risks	
<i>Use of crypto assets for payments</i>	<ul style="list-style-type: none">• SRA Sectoral Risks	
<i>Use of crowdfunding</i>	<ul style="list-style-type: none">• SRA Sectoral Risks	

Conclusions of our risk assessment

- What are our key risks?
- Where are our strengths and vulnerabilities?
- Do our current systems and controls address risks effectively?
- What risks are emerging?
- What should we prioritise with our limited resources?
- Do we need external support?

Action list

- What actions flow from our risk assessment? E.g. Policies, processes, workflows, training, technology
- Who is responsible?
- What is the budget?
- What is the project timescale?
- How do we measure effectiveness?
- When should we review progress?

Resources

- [Sectoral Risk Assessment - Anti-money laundering and terrorist financing \(24 July 2023\)](#)
- [Legal Sector Affinity Group \(LSAG\) – Anti-money laundering guidance for the legal sector](#)
- [The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#)



- [SRA guidance: Complying with the UK sanctions regime \(28 November 2022\)](#)
- [KnowYourCountry.com](#)