

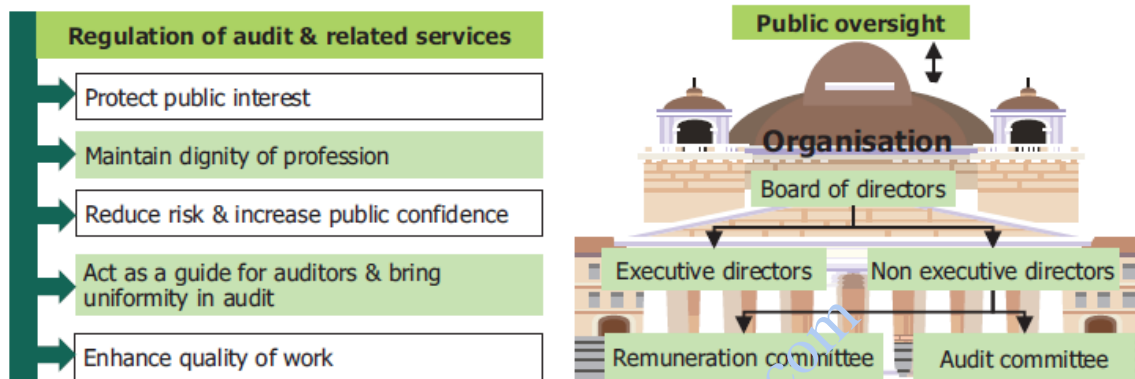
Intro: this Study Guide will provide you with an understanding of the need for an international regulatory framework for audits, assurance & related services, & the effectiveness of such frameworks.

The need for laws, regulations, standards and other guidance

Audit: provides a high level of assurance that financial statements are free from material misstatement.

Assurance: an assertion that the statements presented are correct.

Related services include compilation & agreed-upon procedure engagements.



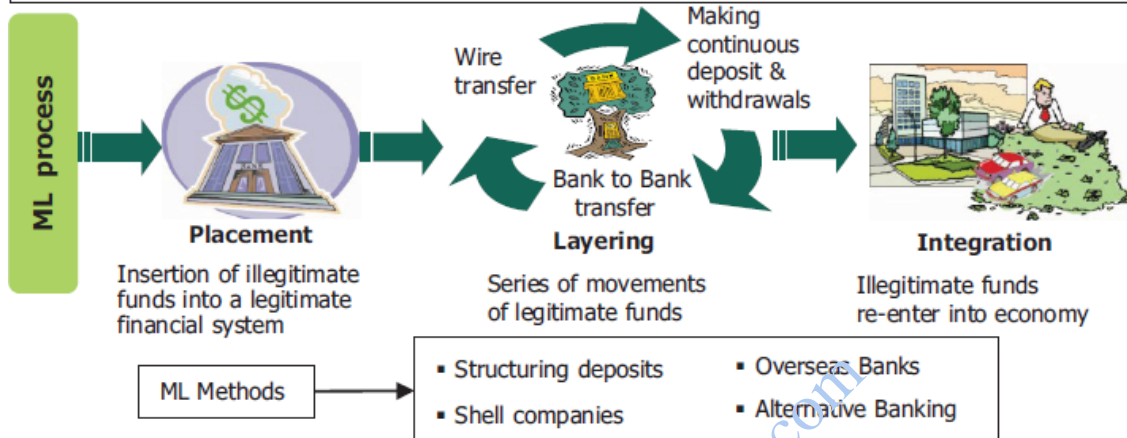
Regulatory Environment

Public oversight committee	
An independent body	
Created to oversee governance & financial reporting of public organisation	
Protect interests of investors & the public	
Ensure that registered public accounting firms maintain high professional standards	
Role of audit committee	Audit Committee
Oversee financial reporting & accounting	Audit Committee comprises a number of independent directors. It oversees the work of the organisation's internal & external auditors. Committee members are typically non-executive directors
Oversee external audit	
Monitor internal control system	
Oversee risk management	
Oversee regulatory compliance	
Advantages	Disadvantages
<ul style="list-style-type: none"> Increases public confidence Ensures compliance of financial statements with the reporting standards applicable to company Reviews internal control & suggests improvements Answerable to queries posed by external auditors Can advise board on mitigating risks 	<ul style="list-style-type: none"> Limited power: does not have the authority to dismiss / appoint company's auditors Generally lacks technical expertise & knowledge Insecurity of board: board may feel that audit committee is formed to curtail its powers Increases cost of organisation

Intro: this Study Guide is important as it deals with the accountant's duties with reference to money laundering (ML).

Define 'money laundering' (ML)

ML is the process by which criminals attempt to conceal the true origin and ownership of the proceeds from their criminal activity, allowing them to maintain control over the proceeds and, ultimately, providing a legitimate cover for their source of income.



Money Laundering

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Regulatory Environment

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International efforts seek to combat money laundering (ML)

ML legislation in UK	Financial Action Task Force (FATF) Recommendations (4 parts)
The Proceeds of Crime Act 2002	Scope of criminal offences of money laundering
The Terrorism Act 2000	Preventative measures
The Money Laundering Regulations 2003 & 2007	Institutional and other measures necessary in systems
ML legislation in America	International co-operation
The Bank Secrecy Act, 1970	
The USA PATRIOT Act 2001	

Need for ethical guidance on ML

