



## Money laundering

*The terms of reference for this inquiry include “the role and effectiveness of audit in detecting and reporting fraud and misconduct”:*

### Question 1

*Are Deloitte auditors instructed to detect and report instances of suspected money laundering for undertaking audits?*

Australia’s anti-money laundering and counter-terrorism financing laws do not have a direct effect on the determination of material disclosures in the financial report. As a result, the auditor’s obligation (as set out in Australian Auditing Standard 250), is to perform specified audit procedures to help identify instances of non-compliance with other laws that may have a material effect on the financial report, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified.

Our audit methodology supports our audit practitioners in performing audits in compliance with Australian Auditing Standards. We do not instruct our audit practitioners to detect instances of suspected money laundering. If during the course of the performance of their audit procedures they became aware of instances of non-compliance or suspected non-compliance with Australia’s anti-money laundering and counter-terrorism financing law, the engagement team would respond to that issue as required by ASA 250. Professional standards do not require audit practitioners to undertake actions to detect instances of suspected money laundering.

### Question 2

*Does Deloitte support changes to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 to include accountants, including a “Partnership or company that carries on a business of using qualified accountants to supply professional accountancy services”, as a designated service?*

Deloitte supports the objectives of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and the implementation of an effective and efficient anti-money laundering and counter-terrorism regime in Australia.

We support the development and extension of proportionate, risk-based requirements to designated professions where designated services are clearly defined to include only those activities identified by the Financial Action Task Force as posing a high money laundering / counter-terrorism risk.

For further comments, please refer to Deloitte’s submission in response to the November 2016 industry consultation papers issued by the Attorney-General’s Department, on options for regulating certain professions including accountants: <https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/amf-ctf-regime/deloitte-submission.pdf>.