

# Evolving Risks for Money Laundering, Terrorist Financing and Cybercrime during COVID-19

Presenter: **Lettie Janse van Vuuren CA(SA)**



**23 FEBRUARY 2021**

*This webinar highlights the heightened risks of money laundering, terrorist financing and cybercrime in the COVID-19 environment, and describes the implications for both professional accountants in business and public practice, including auditors and accountants in government*

# Presenter

## Lettie Janse van Vuuren CA(SA), RA, CBA(SA)

- Lettie joined SA Accounting Academy in November 2017 as Head of Technical. She is a Chartered Accountant, Registered Auditor and Certified Business Accountant.
- She is a **professional trainer and webinar host**, and with her relaxed and humorous presentation style, she is able to hold the attention of an audience. She has a unique ability to communicate with delegates at their respective levels of knowledge and experience. Over the last 20 years, she has trained thousands of partners, managers, trainee accountants and other professionals.
- She is responsible for our MCLU (Monthly Compliance and Legislation Updates).
- She was the Professional Development Manager at SAICA for 4 years and in charge of accrediting new training offices and monitoring existing ones (including the moderation of training offices and trainee assessments).
- Lettie is passionate about improving the efficiency and standardisation at practices. She has extensive experience on a variety of technical and practical topics which she consults on, including: SAICA re-accreditation assistance and preparation, IRBA inspection assistance and preparation, audit file reviews (post-issuance monitoring and EQCR), Quality control implementation, other office-specific manuals, and FASSET skills development facilitation.





# About SAAA

**Creating opportunities to connect our partners to succeed**

SAAA offers CPD training for accountants, auditors, bookkeepers and tax practitioners. We give you access to professional and technical content that ensures both your knowledge and skills are maintained so you remain professionally competent.

**The CPD policy is compliant with IFAC IES7**

All training offered by SAAA is recognised for CPD hours by the relevant professional bodies.

# SAAA Rewards

## **CPD Subscribers gain access to various rewards**

These can be accessed from your profile by logging in and navigating to your “[My Rewards](#)” > “[Find out more](#)” to see the reward partner benefits and claim it.

These rewards include discounts, reduced premiums and free stuff.

# Reward Partners



Acts Online provides legislation, including amendments and regulations, in an intuitive, online format.



Draftworx provides automated drafting and working paper financial software.



EdNVest offers an exciting and unique product that leverages Section 10(1)(q) of the Income Tax Act



InfoDocs Company Secretarial Software.

# Reward Partners *(continued)*



Practice Ignition simplifies onboarding - from engagement letter creation to securing client signatures.



QuickBooks Cloud Accounting Platform: The one place to grow and manage your entire practice.



Join the largest accounting and tax franchise in Southern Africa.

# Webinar Housekeeping

The **Source Documents** will be uploaded to your SAAA profile after the webinar – *it's usually a good idea to check the next day.*

The **webinar recording** and **presentation** will also be available at the end of the webinar within your SAAA profile.

These can be accessed from your profile by logging in and navigating to your “[My Dashboard](#)” > “[View Events](#)” and then clicking on “[Links & Resources](#)” next to the webinar title.

The webinar is available under the “[Recording\(s\)](#)” tab and the **Source Documents and Presentation** under the “[Files](#)” tab.

# Claiming CPD Hours

You can claim your CPD hours for this webinar at the end of the webinar within your SAAA profile.

This can be accessed from your profile by logging in and navigating to your “[My Dashboard](#)” > “[View Events](#)” and then clicking on “[Links & Resources](#)” next to the webinar title.

The “[Claim My CPD](#)” option is available under the “[CPD](#)” tab.

*Once claimed you will be able to view and download your certificate.*

**Complete the [Self-Assessment Questions](#) to qualify for an additional 1 [bonus](#) hour of CPD**



# Disclaimer

## Disclaimer

Whilst every effort has been made to ensure the accuracy of this presentation and handouts, the presenters / authors, the organisers do not accept any responsibility for any opinions expressed by the presenters / author, contributors or correspondents, nor for the accuracy of any information contained in the handouts.

## Copyright

Copyright of this material rests with SA Accounting Academy (SAAA) and the documentation or any part thereof, may not be reproduced either electronically or in any other means whatsoever without the prior written permission of SAAA.

# Ask Questions

To ask questions and interact during the webinar please use the chat sidebar to the right of the video / presentation on the screen.

→ ***NB = Please include the topic that your question is about for easy identification purposes***

Feel free to ask your questions during the webinar in the chat, these will be addressed live in the formal Q & A at the end of the presentation.

**Where appropriate, a Q & A Summary will be uploaded to your profile as soon as all answers have been documented.**

# WHAT'S ON THE AGENDA?



# Contents

- ❑ Overview & introduction
  - ❑ What Professional Accountants should know
  - ❑ How Professional Accountants should respond
  - ❑ Which resources are available
- (including relevant resources that Professional Accountants may find useful)





# Quotes

The clampdown on money laundering and corruption is the common responsibility of all the countries in the world

– Wang Zhaowen



# OVERVIEW & INTRODUCTION

# What is Money Laundering?

- Money laundering is the **illegal process of concealing the origins of money obtained illegally** by passing it through a complex sequence of banking transfers or commercial transactions.
- The overall scheme of this process returns the "clean" money to the launderer in an obscure and indirect way.



# Abbreviations used

- **ML** = Money Laundering
- **TF** = Terrorist Financing

*Often used together, it is referred to as MLTF*

- **AMLTF** = Anti-Money Laundering and Terrorist Financing



# Effect on motive of individuals

- Professional accountants have experienced the disruptive force of the COVID-19 pandemic first-hand in carrying out activities in serving clients, performing business functions and employment duties. Indeed, the pandemic has changed the routines and behaviours of individuals, businesses, non-profits, and governments the world over.
- The same can also be said for **those with illicit objectives** as they navigate the global changes to create new opportunities for illegal activities.
  - They are likely to be on the lookout for new opportunities to illicitly obtain funds and new ways to launder those funds.
  - *For example, severe economic challenges for organizations may create new pressures for the sourcing of financing from illicitly obtained funds*

# Staff Alert publication

- **IESBA** (International Ethics Standards Board for Accountants) have published a **6-page staff alert** on this topic as a guidance and support tool.
- This publication was developed by the Staff of Chartered Professional Accountants of Canada (**CPA Canada**) under the auspices of a Working Group formed by the International Ethics Standards Board for Accountants (**IESBA**) and **national ethics standard setters (NSS) from Australia, Canada, China, South Africa, the UK and the US**. The publication has also benefited from the input of the Staff of the IESBA

# 7 Leading Canadian COVID-19 Frauds

1. individuals selling fake COVID-19 cures
2. websites selling fake vaccine kits
3. private companies requesting fees for government relief applications
4. companies selling unproven drugs to treat symptoms
5. fraudsters impersonating the Public Health Agency of Canada and requesting personal information and credit card numbers
6. fraudsters impersonating cleaning companies, claiming their duct-cleaning can protect people from COVID-19
7. fraudsters impersonating the Red Cross and other known charities, offering free medical products (e.g. masks) for a donation

# From Interpol...

With an increasing amount of COVID-related frauds, INTERPOL is also advising members of the public to take special care when going online to search for medical equipment or medicines.

In addition to the dangers of ordering potentially life-threatening products, an analysis by the INTERPOL's Cybercrime Unit revealed that of 3,000 websites associated with online pharmacies suspected of selling illicit medicines and medical devices, around 1,700 contained cyber threats, especially phishing and spamming malware

## **There are lots of articles available on Interpol's website:**

- INTERPOL warns of organized crime threat to COVID-19 vaccines
- Terrorist groups using COVID-19 to reinforce power and influence
- Investment fraud via dating apps

<https://www.interpol.int/en/How-we-work/COVID-19/COVID-19-Stay-Safe>





# COVID-19 CRIMES:

**FRAUD:**  
ONLINE OR  
TELEPHONE



**PHISHING:**  
REQUESTS  
FOR LOGIN  
DETAILS OR TO  
CLICK ON LINKS



**HACKING  
ATTEMPTS**  
TO GAIN  
PERSONAL  
INFORMATION



**COUNTERFEIT**  
MEDICAL  
SUPPLIES AND  
MEDICINES



**DELIBERATE  
DISSEMINATION**  
ATTEMPTS

BE VIGILANT . BE SKEPTICAL . **BE SAFE**



# CYBER SAFETY CHECKLIST



Back up online and offline files regularly and securely



Strengthen your home network



Use strong passwords



Keep your software updated



Manage social media profiles



Check privacy and security settings



Avoid opening and delete suspicious emails or attachments



INTERPOL

BE VIGILANT . BE SKEPTICAL . **BE SAFE**



# **WHAT PROFESSIONAL ACCOUNTANTS SHOULD KNOW**

# Effect on accountants

- Accountants warned as fraudsters seize COVID-19 crisis
- Vulnerabilities, weaknesses and lapses in controls due to COVID-19 disruptions provide the opportunities that are sought by bad actors with varying degrees of sophistication.
- Globally, society is harmed by MLTF and cybercrime, with those who are most vulnerable often being hurt most.
- This emphasizes the importance of professional accountants' responsibility to act in the public interest and to comply with relevant laws and regulations, including those regarding money laundering and terrorist financing

**In the current COVID-19 environment, PAs should remain aware of, and alert to, the many potential types of evolving risks being identified for MLTF and cybercrime for their clients, employing organizations and themselves**



# PAs must consider MLTF

Whether a **professional accountant** is:

- evaluating cybersecurity risk during an audit
- analyzing the effectiveness of a client's internal controls to prevent or detect MLTF which may have been altered in response to the pandemic
- reviewing an employing organization's risk-based approach to comply with an anti-MLTF jurisdictional regime, or
- considering the adequacy of an employing organization's cybersecurity measures in a "work from home" environment,

**it is clear that the possible pandemic effects should be top of mind in carrying out professional activities**

# **How PROFESSIONAL ACCOUNTANTS SHOULD RESPOND**

# PAs' responsibilities

- The pressures and challenges of the COVID-19 pandemic do not lessen professional accountants' **obligation to comply with applicable professional standards, including the Code** or the relevant ethics and independence standards that apply within their jurisdictions.
- In those jurisdictions where the Code has been adopted, accountants need to be mindful and take into consideration that their jurisdiction might also have provisions that differ from, or go beyond, those set out in the Code.
- In these jurisdictions, accountants need to be aware of those differences and comply with the more stringent provisions unless prohibited by law or regulation.

# Our Code of Conduct

- Complying with the Code's fundamental principles assists professional accountants with navigating the evolving risks, including during the dynamic pandemic period.
- The conceptual framework provides accountants with an approach to identify, evaluate, and address threats to compliance with these principles.



# PAs' actions

- To successfully carry out their professional activities, it is important for accountants to adapt to the dynamic and disruptive nature of the COVID-19 pandemic, including how abruptly it has altered individuals' and organizations' plans, work routines, as well as other activities and practices.
- **An understanding of COVID-19-related risks and pressures**, including those relating to MLTF and cybercrime, can help accountants comply with their professional obligation to remain alert for new information or sudden changes in facts and circumstances that might affect compliance with the fundamental principles

# WHICH RESOURCES ARE AVAILABLE



# Available Resources

**IESBA** have published numerous documents, staff alerts, etc. including:

- ***COVID-19: Ethics and Independence Considerations***
  - ✓ *Webinar by Lettie: 30 September 2020*
- ***Using Specialists in the COVID-19 Environment: Including Considerations for Involving Specialists in Audits of Financial Statements***
  - ✓ *Webinar by Lettie: 28 January 2021*
- ***Navigating the Heightened Risks of Fraud and Other Illicit Activities During the COVID-19 Pandemic, Including Considerations for Auditing Financial Statements***
  - ✓ *Webinar by Lettie: 29 March 2021*

# Useful resources for PAs

## INTERPOL

- ❑ <https://www.interpol.int/en>
- ❑ Report: [\*Cybercrime COVID-19 Impact\*](#)
- ❑ Publication: [\*COVID-19 Stay Safe\*](#)

## FATF

- ❑ International Standards for [AMLTF](#)
- ❑ Publication: [\*COVID-19-related Money Laundering and Terrorist Financing Risks and Policy Responses\*](#)
- ❑ FATF Webinars: [Money Laundering and Terrorist Financing and COVID-19](#)

# Useful resources for PAs

## *(continued)*

### International Federation of Accountants (IFAC) and its Network Partners

- IFAC and ICAEW Release First Installment of Six-Part **Anti-Money Laundering Educational Series**
  - ✓ *Webinar series by Lettie: from April/May 2021 onwards*
- ❑ IFAC and CPA Canada Joint Publication, [As Financial Crimes Grow during the Pandemic, Accounting Groups Address Key Piece of AML Action Fighting Corruption Requires Accountants to Act: Here's How](#)
- ❑ CPA Canada: [COVID-19 fraud alert: Be on the lookout](#)



# Useful resources for PAs

## *(continued)*

### IESBA – Exploring the IESBA Code series

- **Installment 8:** Responding to Non-Compliance with Laws and Regulations [for PAIBs]
  - ✓ *Webinar by Lettie: 27 November 2020*
- **Installment 9:** Responding to Non-Compliance with Laws and Regulations [for PAPPs]
  - ✓ *Webinar by Lettie: 1 December 2020*

# Source Documents available to you

- ❑ IFAC\_Staff Alert COVID-19 and Evolving Risks-for Money Laundering

## Useful Documents:

- ❑ IESBA\_Staff QandA COVID 19 Ethics Independence Considerations\_May2020
- ❑ IFAC\_COVID19 and Ethics Using Specialists in the COVID19 Environment
- ❑ Exploring-the-IESBA-Code-Installment-8-of-12-NOCLAR-for-PAIBs
- ❑ Exploring-the-IESBA-Code-Installment-9-of-12-NOCLAR-for-PAPPs

# In closing...

- Criminals don't take breaks. Even as everything around us is being put on hold, they are looking for new ways to generate profits!

**We have to act in the public interest, which means that we must be aware of and responsive to these risks!**

## Note:

*This webinar is complemented by an IRBA-IESBA-IAASB Joint Staff Publication, **Navigating the Heightened Risks of Fraud and Other Illicit Activities During the COVID-19 Pandemic, Including Considerations for Auditing Financial Statements.***

*Lettie will be presented a webinar on this document on 29 March 2021*

# QUESTIONS



# Formal Q&A Session

We will now take a **quick comfort break** before we go live to discuss some questions received during the webinar.

- Please use the chat sidebar to the right of the video / presentation on the screen to ask your questions.

*Remember: A Q&A summary will also be uploaded to your profile, where applicable*

**If you would like to e-mail a question please use:**

**[technicalquestions@accountingacademy.co.za](mailto:technicalquestions@accountingacademy.co.za)**

**E-mail general comments to [info@accountingacademy.co.za](mailto:info@accountingacademy.co.za)**





**for your participation!**