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The International Arab Society of Certified Accountants (IASCA)

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AML/CFT Legal Obligations for Accountants: Suspicious Activity Reporting (SAR)

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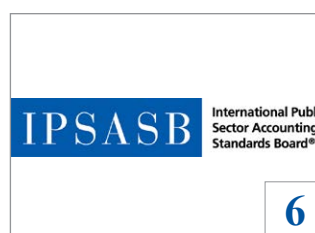
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AML/CFT Legal Obligations for Accountants: Suspicious Activity Reporting (SAR)

This section provides important information for accountants about the reporting regime that should be available in a country, what must be reported, what the reporting procedures are, and what happens after reporting.

The Financial Action Task Force (FATF) Recommendation 20 stipulates, “If a financial institution suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to terrorism financing, it should be required, by law, to report promptly its suspicions to the Financial Intelligence Unit (FIU).”

FATF Recommendation 23 requires accountants to report suspicious transactions set out in R.20. R23 stipulates that “Lawyers, notaries, other independent legal professionals, and accountants should be required to report suspicious transactions when, on behalf of or for a client, they engage in a financial transaction in relation to the activities described in paragraph (d) of Recommendation 22. Countries are strongly encouraged to extend the reporting requirement to the rest of the professional activities of accountants, including auditing.”

Accountants are required to report suspicious activities, as well as specific suspicious transactions, and so may make reports on a number of scenarios including suspicious business structures or management profiles which have no legitimate economic rationale and suspicious transactions, such as the misappropriation of funds, false invoicing or company purchase of goods unrelated to the company’s business. As specified under Interpretive Note to R 23 (INR.23), where



accountants seek to dissuade a client from engaging in illegal activity, this does not amount to tipping-off.

However, it should be noted that a RBA is appropriate for the purpose of identifying a suspicious activity or transaction, by directing additional resources at those areas that have been identified as higher risk. The designated competent authorities or Self-Regulatory Bodies (SRBs) may provide information to accountants, which can inform their approach to identifying suspicious activity or transactions, as part of an RBA. Accountants should also periodically assess the adequacy of their system for identifying and reporting suspicious activity or transactions.



Accountants should review CDD if they have a suspicion of ML/TF.

1. The Reporting Regime

Arab governments should make sure that their AML/CFT Regulations include accountants as reporting entities and as such, are expected to file external reports with the FIU. Also should make sure that an internal reporting procedure that enables employees to report their knowledge or suspicions of ML/TF is in place. A Money Laundering Reporting Officer (MLRO) must be appointed to receive these reports.

It is an offense for someone who knows or suspects that ML/TF has occurred (or has reasonable grounds to do so) not to report their concerns to their MLRO (or, in exceptional circumstances, directly to the related FIU).

The MLRO has a duty to consider all such internal Suspicious Transaction Reports (STRs) and, if the MLRO also suspects ML/TF, then an external report must be filed to the related FIU.

While there is no definitive guidance on what constitutes 'suspicion' with regard to ML, what one is looking for is an indication that funds or assets that are the subject of a transaction came into the customer's hands as a result of illegal activity. In the case of TF, one is looking for an indication that the transaction is connected in some way with a terrorist, a terrorist group, or an act (planned or past) of terrorism.

A suspicious transaction is one that raises questions or gives rise to discomfort, apprehension, or mistrust – even without sufficient evidence. Note that the term 'transaction' includes completed, proposed,

or attempted transactions.

Suspicion is not mere idle wondering, a vague feeling of unease, or a lack of understanding whether due to insufficient knowledge, ignorance, naivety, or ineffective due diligence on the part of the employee or reporting institution.

Accountants are in a position to discover ML/TF because of their expertise and involvement in the execution and facilitation of a wide range of accountancy services.

2. What Must be Reported and When?

A reporting institution shall file suspicious transaction reports and cash transaction reports, as required, to the related FIU. Suspicious Transaction Reports (STR) apply where suspicious activity is identified whilst cash transaction reports (CTR) apply to all cash transactions that exceed USD\$10,000, or any equivalent amount in local currencies, whether suspicious or not. All reporting institutions must also submit an Annual Compliance Report (ACR).

Suspicious Transaction Reports - STRs must be filed immediately and within seven days of the date of the transaction or occurrence of the activity that is considered suspicious. Sufficient information such as the nature of and reason for the suspicion must be disclosed. Where additional supporting documentation is available, these should be provided. The STRs shall be in the form prescribed by the related FIU and the FRC will acknowledge receipt of the report.

Cash Transaction Reports - CTRs must be filed on all cash transactions equivalent to or exceeding US\$10,000 or its equivalent in any other currency, whether or not the



transaction appears to be suspicious. CTRs must be made electronically, in the week in which the transaction occurred. The FIU will acknowledge receipt of the report.

Annual Compliance Report, the AML/CFT Acts and Regulations should require reporting institutions to submit to the FIU a report indicating the institutions' level of compliance with MLA/CFT Acts, Regulations, and the institution's internal anti-money laundering rules. The report should be submitted by January 31 of the following year unless the date is changed in writing by the FIU.

3. Internal Reporting

Accountants in employment when reporting suspicious transactions should follow procedures developed by their respective employers; and if no such procedures exist, they should advise their employers to put in place reporting procedures and appoint an MLRO for reporting suspicious transactions and any other money laundering activities.

Firms should put in place internal reporting procedures. Such internal procedures should clearly set out what is expected of individuals who discover suspicions or obtain knowledge of possible money laundering. The MLRO is responsible for making decisions on whether the information contained in the suspicious transactions needs to be relayed to the FIU.

It is recommended under this guideline that all details of internal reports of suspicious activity be held by the MLRO and excluded from client files. Exclusion of information from client files assists in avoiding inappropriate disclosure of information and protects against the risk of tipping off. Client files should retain only information relevant to and required for the professional work being undertaken.

4. When Accountants Should Do SAR/

STR Directly to the Regulator?

When accountants cannot complete CDD because the client refuses to provide the information or when they discover that the customers' data is fictitious or incomplete, they:-

- A. Should not establish or continue the business relationship with the customer or carry out the transaction for the customer.
- B. Should strongly consider filing an STR with the relevant FIU or AML unit in relation to the customer, especially if the customer refuses to provide information, backs out of the process halfway through, or provides fictitious information.

5. Onward Reports by the MLRO to the NCA

It is the MLRO's responsibility to decide whether the information reported internally needs to be reported to the NCA. MLROs should approach external reporting with caution. When deciding what to do they should consider the following questions:

- Do I know or suspect (or have reasonable grounds for either) that someone is engaged in MLTF?
- Do I think that someone involved in the activity or in possession of the proceeds of that activity, knew or suspected that it was criminal?
- From the contents of the internal SAR, can I identify the suspect or the whereabouts of any laundered property?
- Is an application for consent required?
- Do I believe, or is it reasonable for me to believe, that the contents of the internal SAR will, or may, help identify the suspect or the whereabouts of any laundered property?
- Can I provide the information essential to an external SAR without disclosing information acquired in privileged



circumstances? The privilege reporting exemption is limited to relevant professional advisers and is available only to members of professional bodies.

Further guidance on the privilege reporting exemption should be found in each country's related legislation.

The MLRO may want to make reasonable inquiries of other relevant employees and systems within the business. These may confirm the suspicion, but they may also eliminate it, enabling the matter to be closed without the need for a SAR.

There is no prescribed format for an external SAR to the NCA. Various submission methods are available. The NCA SAR Online System is the NCA's preferred submission mechanism. It is available through the NCA website and allows businesses to make SARs in a secure online environment. The NCA accepts hard copies of SARs, but will not provide a reference number in response to these.

6. What Information should be Included in an External SAR?

The following should be regarded as essential information: -

- Name of reporter;
- Date of report;
- The name of the suspect or information that may help identify them. This may simply be details of the victim if their identity is known. As many details as possible should be provided to assist with the identification of the suspect;
- Details of who else is involved, associated, and how;
- The facts regarding what is suspected and why. The 'why' should be explained clearly so that it can be understood without

professional or specialist knowledge;

- The whereabouts of any criminal property or information that may help locate it, such as details of the victim;
- The actions that the business is taking which require consent
- It is also recommended that reporters:
- do not include confidential information not required by the related laws and regulations;
- show the name of the business, individual, or MLRO submitting the report only once, in the source ID field and nowhere else;
- do not include the names of the relevant employees who made the internal SARs to the MLRO;
- include other parties as 'subjects' only when the information is necessary for an understanding of the external SAR or to meet required disclosure standards; and
- highlight clearly any particular concerns the reporter might have about safety (whether physical, reputational, or other). This information should be included in the 'reasons for suspicion/disclosure' field.

7. Confidentiality

A correctly made external SAR provides full immunity from action for any form of breach of confidentiality, whether it arises out of professional ethical requirements or a legal duty created by contract (e.g., a non-disclosure agreement).

There will be no such immunity if the external SAR is not based on knowledge or suspicion, or if it is intended to be 'defensive' i.e., for the purposes of regulatory compliance rather than because of a genuine suspicion.

8. Documenting Reporting Decisions

In order to control legal risks, it is important that adequate records of internal SARs are

kept. This is usually done by the MLRO and would normally include details of: -

- all internal SARs made;
- how the MLRO handled matters, including any requests for further information;
- assessments of the information provided, along with any subsequent decisions about whether or not to await developments or seek extra information;
- the rationale for deciding whether or not to make an external SAR;
- Any advice given to engagement teams about continued working and any consent requests made. These records can be simple or sophisticated, depending on the size of the business and the volume of reporting, but they always need to contain broadly the same information and be supported by the relevant working papers. They are important because they may be needed later if the MLRO or some other person is required to justify and defend their actions.

For the MLRO's efficiency and ease of

reference, a reporting index may be kept and each internal SAR given a unique reference number.

Reporting and the Privileged Circumstances Exemption

AML/CFT should also contain a privileged circumstances reporting exemption. Members of relevant professional bodies (which are referred to as 'relevant professional advisers') who know about or suspect MLTF (or have reasonable grounds for either) are not required to submit a SAR if the information came to them in privileged circumstances (i.e. during the provision of legal advice and acting in respect of litigation). In these circumstances, and as long as the information was not provided with the intention of advancing a crime, then the information must not be reported. The privileged reporting exemption only covers SARs and should not be confused with legal professional privilege, which also extends to other documentation and advice.

IASCA Holds IFRS Expert Examination

AMMAN - The International Arab Society of Certified Accountants (IASCA) held the International Financial Reporting Standards (IFRS) Expert Examination for the August 2024 session. The Exam consisted of two sessions.

IFRS Expert Examination aims to build and develop the necessary knowledge capabilities related to the understanding of the theoretical and conceptual aspects of the IFRS; develop the ability to professionally apply them in the practical accounting, assist in the ongoing professional development in the field of IFRS and follow up on their amendments and updates.



It targets accountants and financial managers who are responsible for the preparation of financial reports, auditors, investment and banking sector staff, in addition to lecturers specialized in the IFRS.

IASCA Offers Comprehensive Certified Auditor Training for Libyan Audit Bureau



AMMAN - The International Arab Society of Certified Accountants (IASCA) organized a comprehensive training program on “Certified Financial Auditing” for a group of employees from the Libyan Audit Bureau.

This training course serves as a continuation of the project completed with the Bureau to design, develop, and draft syllabi for professional certifications. It is aligned with international standards and the guidelines issued by the International Organization of Supreme Audit Institutions (INTOSAI).

This project aims to establish an efficient and effective control entity by cultivating academically and professionally qualified human resources. It focuses on developing the necessary cognitive capabilities for understanding the theoretical and conceptual aspects of IFRS, as well as building the ability to professionally apply international standards in practical accounting. Additionally, the project supports continuous professional development (CPD) related to the standards and ensures ongoing follow-up on their amendments and updates.

In 2019, IASCA, in collaboration with the

Bureau, launched a program for professional certifications specifically tailored to align with INTOSAI standards. Three certificates were introduced as follows:

- Certified Auditor in Financial Auditing (CAFA).
- Certified Auditor in Performance Auditing (CAPA).
- Certified Auditor in Compliance Auditing (CACA).
- In addition to:
- Preparation and development of training materials for professional certifications tailored for the Bureau in Arabic, covering the three types of auditing: Financial, compliance, and performance auditing.
- Developing a comprehensive examination system with multiple-choice and essay questions aligned to the Bureau’s certification syllabi and references.
- Hosting and administering the examinations through IASCA’s digital platform, which was specifically designed

to conduct separate exams for each certificate.

- Implementing a comprehensive qualification and training process for participants nominated by the Bureau to pass the exams for the three certificates. Approximately 200 participants from the Bureau have undergone training courses for these certifications.
- Training of Trainers (ToT) - this stage focuses on developing certified trainers from IASCA and the Bureau. Participants will undergo rigorous training, culminating in an exam requiring a specialized paper on the trainer's role in modern organizations and skill acquisition and application.
- Preparation of the Trainee's Guide, an

academic resource developed with a systematic and instructional approach by specialized trainers. This Guide is designed to meet the Bureau's objectives, whether for awareness or educational purposes, and to provide specific experiences that enhance the trainee's learning experience.

Libya Audit Bureau is the highest supervisory authority in financial and accounting control in Libya. It is an unbiased independent professional body, with an independent legal personality and financial status. The Bureau aims primarily to achieve effective control over public funds and to verify their proper use and how to allocate them, by examining and reviewing accounts and evaluating the performance of all entities subject to its control.

IFRS Foundation Publishes Guide to Support Regulators Implementing the IFRS Digital Taxonomies

LONDON - the International Financial Reporting Standards (IFRS) Foundation published [Using the IFRS digital taxonomies-A guide for regulators implementing the IFRS digital taxonomies in a digital filing system.](#)

The guide aims to assist regulators and others in implementing the IFRS digital taxonomies in a manner that supports cross-border digital comparability and analysis of information prepared using IFRS Standards.

The IFRS digital taxonomies comprise the [IFRS Accounting Taxonomy](#) and the [IFRS Sustainability Disclosure Taxonomy](#). The taxonomies facilitate reporting information prepared using IFRS Accounting Standards and IFRS Sustainability Disclosure Standards



in a computer-readable, structured data format.

Information in a computer-readable, structured data format using the IFRS digital taxonomies helps investors efficiently search, extract, and compare companies' accounting and sustainability-related financial disclosures.

Find more information about digital financial reporting and the IFRS digital taxonomies on the Foundation's [digital financial reporting](#) page, including our [explanatory article](#) on the benefits of digital financial reporting and what is needed to realize these benefits.

[Source: www.ifrs.org](http://www.ifrs.org)



IASB Proposes Illustrative Examples to Improve the Reporting of Climate-related and other Uncertainties in Financial Statements

LONDON - The International Accounting Standards Board (IASB) published a consultation document, proposing eight examples to illustrate how companies apply IFRS Accounting Standards when reporting the effects of climate-related and other uncertainties in their financial statements.

The IASB developed these illustrative examples in response to strong demand from stakeholders, particularly from investors. They expressed concerns that information about climate-related uncertainties in financial statements was sometimes insufficient or appeared to be inconsistent with information provided outside the financial statements. To respond to these concerns, the IASB's proposed examples aim to:

- Improve transparency of information in financial statements; and
- Strengthen the connection between financial statements and other parts of a company's reporting, such as sustainability disclosures.

The eight illustrative examples focus on areas such as materiality judgments, disclosures about assumptions and estimation uncertainties, and disaggregation of information. The principles and requirements illustrated in these examples apply equally to other types of uncertainties² beyond climate-related uncertainties.

These illustrative examples are one of several actions that the IASB is undertaking to help improve the reporting of climate-related and other uncertainties in financial statements.

In developing these examples, the IASB collaborated with members of the International Sustainability Standards Board (ISSB) and its technical staff. This collaboration helped ensure that the illustrative examples work with the ISSB's sustainability-related disclosure requirements.



Andreas Barckow, Chair of the IASB, said:

“Investors have clearly communicated that they factor climate-related risks into their decision-making process. Although our Accounting Standards already address such risks, we have identified a need for illustrative examples to improve the application of these requirements. Our proposed examples aim to provide this clarity, helping companies better communicate in their financial statements how climate-related and other uncertainties affect their financial position and performance.”

The illustrative examples do not add to or change the requirements of IFRS Accounting Standards. Instead, they provide guidance on how the requirements in the Standards should be applied to provide investors with better information about climate-related risks and other uncertainties.

The IASB invites all stakeholders to provide feedback on the proposed illustrative examples. The comment period is open until **November 28, 2024**.

The IASB will consider stakeholders' feedback and decide whether to proceed with the proposed illustrative examples to accompany IFRS Accounting Standards.

[Source: www.ifrs.org](http://www.ifrs.org)

New Exposure Draft to Clarify Requirements for First-time Adoption of Accrual Basis IPSAS

NEW YORK - The International Public Sector Accounting Standards Board (IPSASB) released [Exposure Draft \(ED\) 91, Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards \(IPSAS\) \(Amendments to IPSAS 33\)](#) for public comment.

“The IPSASB encourages public-sector entities and jurisdictions around the world to apply the accrual basis of accounting through the adoption and implementation of accrual basis IPSAS. The successful application of IPSAS 33 is often a cornerstone of IPSAS adoption and implementation” said IPSASB Chair Ian Carruthers. “This ED aims to clarify the requirements of IPSAS 33 to assist entities and jurisdictions in successfully completing their IPSAS transition journey.”

IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS), was issued in 2015 and has been applied by a number of public sector entities during their transition to accrual basis IPSAS. The IPSASB heard from these stakeholders that:

- IPSAS 33 should be more user-friendly when applied as part of the entity’s broader transition journey;
- Reliefs should be more clearly set in the entire transition process to accrual basis



International Public Sector Accounting Standards Board®

IPSAS; and

- Reliefs should be designed to encourage the recognition and measurement of items, contributing to compliance as early as possible.

The proposals in the Limited Scope Update Project do not propose to change the objective, scope, or available exemptions in IPSAS 33. Rather, the amendments to IPSAS 33 are aimed at making it easier to apply and to encourage first-time adopters to comply with IPSAS in a planned way as soon as possible. Feedback received from this ED will help shape the final amendments to IPSAS 33.

How to Comment

[Access the ED, supplementary material, and the summary At-a-Glance documents, or to submit a comment.](#) Comments on the ED are requested by December 4, 2024. The IPSASB encourages IFAC® members, associates, and regional accountancy organizations to promote the availability of these ED to their members and employees.

[Source: www.ifac.org](http://www.ifac.org)



FOR MORE INFORMATION

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DDR4
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Generation 10510U
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DDR4
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PLUS I

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Generation 10510U
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DDR4
- 128 GB SSD
+ 512GB HDD



PLUS II



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1255U
- 8 GB RAM
DDR4
- 256 GB SSD
+ 1 TB HDD

- Intel® Iris®
Xe Graphics

- 4500 mAh

- AX (wifi 6) BT 5.1

PLUS III

7022

New





Intel® Core™ i5
1235U



Intel® Iris®
Xe Graphics



8 GB RAM
DDR4



5000 mAh



256 GB SSD
+ 1 TB HDD



AC WIFI
BT 4.2

PLUS III

5022

New



Spreadtrum
SC7731E Quad-core



2 GB



32 GB



TAG-TAB Kids II



MediaTek MTK
8788 octa-core



8 GB



128 GB



TAG-TAB III



Front: 16 MP
Rear: 20 MP



6 GB



128 GB



**TAG-PHONE
Special**



Spreadtrum
SC9863 Octa-core



4 GB



64 GB



TAG-DC



Front: 8 MP
Rear: 16 MP



4 GB



128 GB



**TAG-PHONE
Plus**



Front: 16 MP
Rear: 16 MP



6 GB



128 GB



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