

Audit Program presentation

Outline:

- Introduction and overview - FW
 - LSBC audit and investigations programs – Jeanette McPhee and Gurprit Bains
 - LSO Practice review program – Jim Varro
 - Additional information – Brenda Grimes and Sylvie Champagne
- Much info to cover; we may not get to everything; if that is the case we would be happy to continue presentation at a future meeting

Overview:

- Law societies in Canada use a variety of tools to monitor compliance with and enforce anti-money laundering regulations – these include annual reports, trust and practice audits, investigations and disciplinary proceedings
- All law societies in Canada have the authority under their enabling statutes and their rules or bylaws to audit law firms
- Most also have the power to conduct a practice review or practice audit – a review that looks beyond financial records
- Even those jurisdictions without specific practice review rules, have for years interpreted and applied their audit powers as extending to non-financial records
- Audits and practice reviews are an essential element in the programs that monitor compliance with law society anti-money laundering rules
- Jeanette will give you a detailed overview of the audit program in British Columbia – this is intended as an example of how these programs work – each provincial and territorial law society has its own program, but they are generally consistent in combining random and targeted (risk-based) audits that look at both financial and non-financial records in law societies
- The cycle of random audits varies somewhat – the Law Society of Newfoundland and Labrador for example audits every law firm in the province at least once every two years
- The cycle of random audits in the larger jurisdictions is longer – between every three and six years - but those law societies generally have very sophisticated programs, some including data analytics, that allow them to target audit resources based on risk
- The Federation's AMLTF Working Group prepared and distributed a best practices guide for monitoring compliance with and enforcing the law society AML rules – started by surveying all law societies so have a very good sense of methods used – also consulted FATF guidance, FINTRAC guidance and organizations such as SRA
- Work plan of AMLTF Working Group includes work on monitoring law society enforcement of rules, data collection etc.