

Memo

Date: December 21, 2020

To: Jessica McKeachie
Senior Advisor, Public Policy

From: Lisa Eng-Liu, CPA, CA, CPA (Illinois)
Vice-President, Public Practice Regulation

Re: Possible opportunities for education

Background

CPABC sent a brief informal survey to its 4,129 licensed public practice members (“practitioners”) on December 3, 2020 to gain some additional information on their practices. Below is summary of the results.

A number of topic areas were canvassed at a very high level in the survey. The survey was intentionally kept very brief and broad as its intention was to identify areas of interest for practitioners. In particular, four areas were covered: trust accounts, receipt of cash, use of retainers, and triggering activities. Practitioners were also permitted to ask questions.

The information obtained from practitioners was done through an unscientific survey and provides only anecdotal information.

The purpose of the survey was to inform possible future educational outreach with a focus of identifying areas where greater emphasis might be more appropriate.

Discussion

A total of 450 practitioners responded to the survey (“respondents”); however, information regarding respondents’ characteristics, such as the size of firm or areas of practice, was not obtained. Accordingly, the detailed survey results may not be representative, and should be interpreted with caution.

Overall, the responses to the survey indicate that practitioners are minimally engaged in activities that would be considered at risk for money laundering transactions. Respondents are open to receiving additional resources and information regarding their obligations and best practices to ensure that they continue to comply with FINTRAC requirements.

Trust accounts

Only approximately 5% of respondents indicated that they use trust accounts.

This is consistent with CPABC’s understanding that the use of trust accounts is not common among public practitioners. In this survey, no additional information was sought as to the use of trust accounts. It is our understanding that trust accounts are most often used in relation to bankruptcy and insolvency matters as well as professionals who act as trustees in estate matters.



Retainers

Approximately 35% of respondents indicated that they seek retainers from clients.

Practitioners are encouraged to seek retainers from clients to minimize issues with payment for services. It is believed that practitioners typically apply the retainers against their client's account, as opposed to placing the retainer in trust as lawyer's may do.

Cash

Approximately 40% of respondents indicated that they accept cash for payment of services or retainer on future services. It is likely that such cash is for nominal payment of services, such as preparation of simple tax returns.

- Several comments provided by respondents suggest that the amount of cash received is nominal
- Comments also indicated that respondents provide receipts for the transaction

Triggering activities

Overwhelmingly respondents indicated that they did not engage in activities that would trigger AML reporting obligations under *PCMLTFA*. Approximately 88% of respondents indicated that they engaged in none of the listed activities. Of those that responded yes, 12% indicated that they received or paid funds on behalf of their client, approximately 3% purchased or sold securities, real property, or business assets or entities, and approximately 3% transferred funds or securities.

- Comments provided by respondents indicate that money transfers may be associated with payments to CRA for tax installments.

Further, when asked whether respondents lent or borrowed money from clients less than 1% (or three) respondents indicated they did. It appears that this is a very rare occurrence.

Next Steps

While the information obtained from the survey is only anecdotal, it shows areas where CPABC can develop additional communications and resources to support practitioners. Practitioners are open to receiving additional education and information. The complexity of the legislation and regulations appear to be one of the areas of concern for those practitioners who responded to the survey.

Moving forward, areas for possible additional information and resources for practitioners include best practices for record keeping and handling cash and more general information about the AML regime. CPA Canada's updated guidance document regarding AML legislation will also be helpful for practitioners.