

# Interview

BY Lindsay PROSPER

Vivek Gujadhur, chairman of the Mauritius Institute of Professional Accountants (MIPA)

## “Accountants can be used knowingly or unknowingly to further criminal activities”

Accountants are amongst the very professionals who are expected to play an important role in a context where Mauritius is fighting against all odds to have its name removed from the damned list of the Financial Action Task Force (FATF), the European Union watchdog against money laundering and the financing of terrorism activities. Vivek Gujadhur gives an insight of how the Mauritius Institute of Professional Accountants is preparing its members to live up to the challenge.

What was the purpose of the Mauritius Institute of Professional Accountants in participating in a workshop dealing with money laundering and the financing of terrorism activities on the 26th of August and which was organized jointly by the ministry of Financial Services and the European Union Anti Money Laundering/Combating the Financing of Terrorism Global Facility?

The focus of this workshop was to educate professionals on their responsibilities and obligations with regards to the filing of suspicious transactions. We all have an essential role to play in ensuring that our financial system is not being used to further money laundering and terrorism financing activities. As frontliners, accountants should ensure that they are well versed in their legal obligations under the Anti-Money Laundering/Combating the Financing of Terrorism framework particularly when it comes to identifying suspicious transactions and filing suspicious transaction reports to the FIU. Mauritius Institute of Professional Accountants is constantly reaching out to its licensees by keeping them informed of their responsibilities. The workshop was a good platform to show our continued effort at making sure that accountants are aware of the developments in the Anti-Money Laundering/Combating the Financing of Terrorism framework.

The European Union is doing its best to assist Mauritius in having its name removed from the Financial Action Task Force black list of non-compliant jurisdictions. How should we as a firm react to this helping hand?

It is reassuring to see that the government has left no stone unturned in ensuring that supervisors have all the necessary means at their disposal to see to it that Mauritius addresses the deficiencies identified by the Financial Action Task Force. Local as well as foreign resources were used in the process and added great value in the overall action plan. Still, our supervisory agencies have also been taking the right steps to redress the situation. The fight against money laundering and terrorism financing is not one-off and while the help of the European Union was important in assisting supervisors develop the right framework, we now have the tools in place to ensure that the fight against Money Laundering and Terrorism Financing is on-going.

Do you think that Mauritius has done enough or hasn't done what is expected to have its name cleared of non-compliance behaviour in the eyes of the Financial Action Task Force leaders?

It is important to remember that Mauritius was already largely compliant with the Financial Action Task Force recommendations. Where deficiencies were identified by the FATF, we have managed to address them in advance to the date set by the FATF. The work carried out by all supervisors is second to none and their actions should be commended.

From the point of view of David Hottel, Team Leader of the European Union Global AMLCFT Facility Project who took a very active part in the workshop programme, the real issue for Mauritius doesn't consist in removing its name from the Financial Action Task Force blacklist but in avoiding to fall once more into a non-compliant situation that is tantamount enough to be targeted by the Financial Action Task Force leaders. Is Mauritius sufficiently prepared to avoid this danger?

Mauritius has always had a strong regulatory framework. We have recently seen the enactment of new laws to further enhance our legal framework. Supervisors have, in a



relatively short space of time, become Anti-Money Laundering and Combating the Financing of Terrorism watchdogs for their sectors. With the right tools in place, we are confident that our financial sector is in a strong position to counter risks of Money Laundering and Terrorism Financing. Effective implementation and ongoing supervision are key for us.

How far the financial sector of Mauritius is sufficiently prepared so as to avoid the resurgence of the deficiencies that have contributed to have its name on the Financial Action Task Force blacklist?

In light of all the work carried out by supervisors, we are positive that the deficiencies identified by the Financial Action Task Force have been largely addressed. We are constantly working on educating our licensees on their Anti-Money Laundering/Combating the Financing of Terrorism obligations and keeping them informed of the latest developments. Constant and effective implementation of the legal requirements for both supervisors and licensees is essential to ensure that no harm is brought to our economy.

In the present state of affairs in the context of the fight against money laundering and the financing of terrorism activities, the accountants are poised to be the frontliners. What does this sound to you as a professional organization whose members should demonstrate that they mean business?

The Mauritius Institute of Professional Accountants has taken significant steps in safeguarding the interest of the Accounting Sector. A Guideline on Anti-Money Laundering/Combating the Financing of Terrorism was published and shared with all our members. Even though there was a lot of uncertainties during the lockdown period, the Mauritius Institute of Professional Accountants was actively working to develop the right framework in the fight against Money Laundering and Terrorism Financing. A key area of focus was developing the appropriate awareness strategy to keep educating our licensees on their obligations and what is expected of them. To that end, we developed awareness videos as well as conducted webinars. When social gathering was permitted, a workshop on 'Accountants as frontliners in the fight against Money Laundering and Terrorism Financing'

was organized in the presence of more than 150 accountants and stakeholders. We will shortly publish our calendar of events on Money Laundering/Combating the Financing of Terrorism to allow all licensees to familiarize themselves with our outreach programme. We have also recently signed a Memorandum of Cooperation among Anti-Money Laundering/Combating the Financing of Terrorism supervisors that allows the Mauritius Institute of Professional Accountants to work in joint collaboration with other supervisors in combating money laundering and terrorism financing.

What has been done up to now to translate into action the recommendations of the memorandum?

We have already started conducting on-site examinations of our licensees to verify that they have the right controls in place to mitigate Money Laundering and Terrorism Financing risks and also whether they are complying with the legal requirements. We have adopted a collaborative approach and where deficiencies are found, we are providing our recommendations and working together with the licensees for timely remedial of the situation. Where we have found that there has been a lack of collaboration from our licensees, we have issued warning letters to them and sanctions will be taken for non-compliance. The fight against Money Laundering and Terrorism Financing is of utmost importance to our economy, and we expect full collaboration from our licensees.

The fight against money laundering and the financing of terrorism activities has imposed new responsibilities on the shoulders of accountants. How will the Mauritius Institute of Professional Accountants deal with the detection capacity issue of its members?

It is essential that accountants are well versed in the legislative framework on Anti-Money Laundering/Combating the Financing of Terrorism. Accountants can be used knowingly or unknowingly to further criminal activities, hence it is important that they act diligently. Our Guideline on Anti-Money Laundering/Combating the Financing of Terrorism provides Money Laundering and Terrorism Financing typologies where accountants might have cause for concern or situations that may trigger their attention on potential vulnerabilities to Money Laundering and Terrorism Financing. They are then expected to exercise due care and caution before dealing with a client or completing a transaction. Our workshops and trainings provide licensees with case studies and real-life situations where accountants have been involved in money laundering knowingly or unknowingly. Attending these trainings will better allow them to effectively deal with such situations in the future.

What an accountant is expected to do the moment he or she comes across a suspicious financial transaction?

Where an accountant has any suspicion or reason to believe that conducting a transaction or dealing with a client might give rise to a money laundering or terrorism financing activity, they should not carry out the transaction but immediately file a suspicious transaction report to the Financial Intelligence Unit, the FIU.

Should existing legislation be reinforced in order to make it mandatory for accountants and auditors as well to see to it that the fight against money laundering and the financing of terrorism activities be part and parcel of the professional obligations falling which they are to face penalties of the highest level?

The Mauritius Institute of Professional Accountants is mandated under the Financial Intelligence and Anti-Money Laundering Act, the FIAMLA, to take sanctions against non-compliance. As of now, Mauritius Institute of Professional Accountants has a Sanctions Policy in place for licensees not complying with the legal framework. Where we find that a licensee is contravening the law and where there have been no efforts made to remedy the situation, we will be taking sanctions. Sanctions can be monetary. Where gross negligence and failure to comply is observed, Mauritius Institute of Professional Accountants has the power to revoke licenses.

Mauritius is set to have its name removed from the Financial Action Task Force and seems to be able to do so. What would happen if it fails to reach that objective?

Supervisors have adopted a rigorous approach to ensure that licensees have the right tools to fight money laundering and terrorism financing. Adopting a risk-based supervisory framework will allow all supervisors to continuously monitor the activities of their licensees. As I mentioned, the fight against Money Laundering and terrorism Financing is ongoing and will carry on even after this review exercise.

If you were asked to assess the chance of Mauritius to get out of the blacklist of the Financial Action Task Force within a scoreline set between one and one hundred units, what would be the mark you would bestow on Mauritius?

It is difficult to give a score as there are many factors to take into consideration but we are positive that the progress of Mauritius will be favourably reviewed by the Financial Action Task Force.

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