

## Suspicious Activity Reporting (SARs) – Maintaining internal records

Businesses must have systems and controls capable of and enabling staff to make an internal SAR to their MLRO. 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.

Records related to internal and external SARs of suspicious activity are not part of the working papers relating to *client assignments*. They should be stored separately and securely as a safeguard against *tipping off* and inadvertent disclosure to someone making routine use of *client* working papers.

**Below is an example template of an internal log and headings that could be used or adapted. The information provided in this document is strictly for general guidance only and is not intended to supply legal, regulatory or professional advice. Compliance with AML is the legal duty of the licensed member and supervision by AAT does not transfer any part of those responsibilities to AAT.**

