**Practice Wide Risk Assessment Template**

**Notes:**

* [r.18(1)](https://www.legislation.gov.uk/uksi/2017/692/regulation/18) of the Money Laundering Regulations 2017 requires that all regulated persons (i.e., independent legal professionals) must carry out and maintain a Practice Wide Risk Assessment (PWRA) to identify and assess the risk of money laundering and terrorist financing to which it is subject. This template aims to serve as a useful guide to aid practices in complying with this requirement, though you do not have to use this template.
* Your PWRA must be made available to the Law Society of Scotland (as your AML Supervisor) upon request.
* The factors outlined within this template should be considered when assessing the inherent AML risk of your practice.
* Inherent AML Risk is not the same as actual AML risk. Inherent risk is the risk inherent in your business before any mitigating factors or controls (policies, training, CDD etc.) are deployed. This document should be completed on that basis – i.e., do not note any controls your practice deploys to mitigate its AML risk. Robust AML controls should be evidenced through documented AML policies, procedures, record keeping etc.
* You may wish to detail inherent risk factors in numbers/percentages within each section, however, please be aware that a smaller quantity or percentage of any inherent risk factor does not necessarily mean that it is lower risk. Consideration of such inherent risk factors should still be applied in the context of your business.

***The factors outlined below are non-exhaustive – there may be other important risk factors which should be considered, dependent upon the size and nature of your practice.***

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| **Practice General Overview**  |
| Practice name |  |
| MLRO name |  |
| MLRO position within the practice |  |
| Date of Last Review *(Your PWRA must be comprehensive, tailored to the practice, accurate and kept up to date. It is recommended that your PWRA is reviewed/updated where necessary or at least on an annual basis)* |  |

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| **General Overview of Practice** |
| * No. of partners/staff
* Rate of staff turnover at the practice? *(High/Low?)*
* Practice turnover
* Type of practice *(e.g., niche corporate practice, specialist services, full service, high volume conveyancer)*
* Types of Work undertaken? *(Regulated/non-regulated? Mostly Property? Litigation? Wills/Executry? Trust & Company Service Provision etc.)*
* Type of clients *(Length/depth of client relationships/stability of client base)*
* Geographical location of the practice *(Rural, urban, high levels of crime?)*
* Is there an international element to your business?

**Note a general paragraph regarding the overall size and nature of your practice here** |
| **Review of the UK National Risk Assessment, LSS Scottish Legal Sectoral Risk Assessment & UK Legal Sectoral Guidance** |
| * [r.18(2)](https://www.legislation.gov.uk/uksi/2017/692/regulation/18) stipulates that all practices must read, and review information made available to them by the supervisory authority under [r.17(9)](https://www.legislation.gov.uk/uksi/2017/692/regulation/17) and [r.47](https://www.legislation.gov.uk/uksi/2017/692/regulation/47) and **assess the risks outlined within in the context of their own business.**
* Does the practice undertake areas of work which are highlighted in these reports as of higher AML Risk? How much of this work does the practice undertake?

**Law Society of Scotland Sectoral Risk Assessment 2018:**[**scottish-legal-sectoral-ml\_tf-risk-february-2022.pdf (lawscot.org.uk)**](https://www.lawscot.org.uk/media/372669/scottish-legal-sectoral-ml_tf-risk-february-2022.pdf)**Legal Sector Affinity Group Anti-Money Laundering Guidance for the Legal Sector 2021:**[**lsag-aml-guidance-20-january-2021-2.pdf (lawscot.org.uk)**](https://www.lawscot.org.uk/media/370253/lsag-aml-guidance-20-january-2021-2.pdf)**National risk assessment of money laundering and terrorist financing 2020:** [**NRA\_2020\_v1.2\_FOR\_PUBLICATION.pdf (publishing.service.gov.uk)**](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945411/NRA_2020_v1.2_FOR_PUBLICATION.pdf)*(This guidance may give you some further context re. risk factors etc.)***Assess your practice in the context of the risk factors set out in the above documents - its clients, activities etc. Note your assessment here** |
| **Specific Inherent AML Risk Factors** |
| **Customer Risk***Please refer to Section 5.6.1 of the LSAG Guidance.*  | *A list of questions to ask yourself in completing this section (non-exhaustive):** High turnover of clients *(higher risk)* or a stable existing client base? *(lower risk)*
* High proportion of one-off clients/deals? *(higher risk)*
* Mostly F2F or non-F2F contact with clients? *(non-F2F = higher risk)*
* Act for clients across both criminal and civil matters *(higher risk)*
* Does the practice have clients who are subject to simplified due diligence, such as public authorities or FCA registered financial institutions *(lower risk)*
* Does the practice have a significant number of non-UK/EU clients (where AML regulation may not be as tight) or any high risk jurisdictions? *(higher risk)*
* Does the practice have Politically Exposed Persons (PEPs) on its client list *(higher risk)*
* Does the practice have clients who run high cash turnover businesses, high value goods businesses or operate in higher risk sectors? *(higher risk)*
* Does the practice undertake work for corporate clients who have complex or multiple layers of ownership, or have links to international/offshore jurisdictions? *(higher risk)*

**Note your assessment against the above factors here****Ensure you reach an overall conclusion - Does your client base pose a high, medium, or lower inherent AML risk based on the factors above, or any others you are aware of?** |
| **Geographical Risk***Please refer to Section 5.6.2 of the LSAG Guidance.* | *A list of questions to ask yourself in completing this section (non-exhaustive:** Does the practice operate out-with the UK/EU (where AML regulation may not be so tight) and/or in areas with potentially higher levels of corruption? *(higher risk)*
* Does the practice receive funds in from jurisdictions out-with the UK/EU (where AML regulation may not be so tight) *(higher risk)*
* Does the practice have a specific client-base, niche or undertake work for clients from out with the UK/EU (where AML regulation may not be so tight) *(higher risk)*

**Note your assessment against the above factors here****Ensure you reach an overall conclusion – Do geographical risk factors pose a high, medium, or lower inherent AML risk based on the factors above, or any others you are aware of?** |
| **Products or Services Offered Risk** *Please refer to Section 5.6.3 of the LSAG Guidance.* | *A list of questions to ask yourself in completing this section (non-exhaustive:** Does the practice offer any services which may attract a higher level of risk such as large volume/high value conveyancing, tax mitigation strategies, work involving offshore jurisdictions or the creation and/or management of specialist entities? *(higher risk)*
* Does the practice receive requests to do work out-with its usual area of coverage *(higher risk)*
* Does the practice undertake work which may be of lower AML risk (executry/wills)
* Does the practice conduct work not subject to AML supervision, litigation for example *(lower risk)*

**Note your assessment against the above factors here****Ensure you reach an overall conclusion – Do the products or services your practice offer pose a high, medium, or lower inherent AML risk based on the factors above, or any others you are aware of?** |
| **Delivery Channel Risk***Please refer to Section 5.6.4 of the LSAG Guidance.* | *A list of questions to ask yourself in completing this section (non-exhaustive:** Does the practice always meet all clients F2F? *(lower risk)*
* Does the practice conduct a large % of its business on a non-F2F basis? *(higher risk)*
* Does the practice always meet/hold a relationship with the underlying client? *(lower risk)*
* Does the practice undertake work which is conducted through intermediaries or other 3rd parties? *(higher risk)*
* What are the methods used within the practice to undertake identification and verification and general due diligence requirements?

**Note your assessment against the above factors here****Ensure you reach an overall conclusion – Do the delivery channels deployed by your practice pose a high, medium, or lower inherent AML risk based on the factors above, or any others you are aware of?** |
| **Transaction Type Risk***Please refer to Section 5.6.5 of the LSAG Guidance.* | *A list of questions to ask yourself in completing this section (non-exhaustive:** Are there any features in transactions delivered by the practice which may represent higher risk?

**For example:** * Is the practice regularly involved in transactions which are undertaken at short notice, within short timescales, quick turnaround, or high volumes? *(higher risk)*
* Is the practice involved in more complex work involving trust or other legal entity company formation, management, or service provision? *(higher risk)*
* Is the practice involved in more complex, high value property transactions? *(higher risk)*
* Does the practice undertake work for clients where the source of funds or the parties to the transaction frequently change? *(higher risk)*
* Does the practice undertake transactions involving new sources of finance? - (Non-FCA regulated) crowd funding platforms or bitcoin/cryptocurrencies?
* Does the practice undertake transactions which are longer term in nature, or where funds are locked in for substantial periods of time? *(lower risk)*
* Does the practice undertake transactions which are publically funded? *(lower risk)*

**Note your assessment against the above factors here****Ensure you reach an overall conclusion – Do features of the transactions undertaken by your practice pose a high, medium, or lower inherent AML risk based on the factors above, or any others you are aware of?** |

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| **Overall Conclusion***Please refer to Section 5.7 of the LSAG Guidance.* | * Given your responses to each of the above risk factors, what is your overall conclusion/summary regarding the inherent AML risk applicable to your practice?
* Does the size and nature of your practice put it at a higher, medium, or lower risk of being used for the purposes of money laundering? Why?

**Note your overall conclusion here** |