

19 January 2017

AML/CFT Consultation Team  
Ministry of Justice  
SX10088  
Wellington

Email: [aml@justice.govt.nz](mailto:aml@justice.govt.nz)

Dear Sir/Madam

**Exposure Draft *Anti-money Laundering and Countering Financing of Terrorism Amendment Bill***

*Introduction*

The External Reporting Board (XRB) is pleased to have the opportunity to comment on the Ministry's Exposure Draft *Anti-money Laundering and Countering Financing of Terrorism Amendment Bill* (draft Bill).

The XRB is an independent Crown Entity responsible for financial reporting strategy and the development and issue of accounting and auditing & assurance standards in New Zealand.

The functions of the XRB are set out in section 12 of the Financial Reporting Act 2013. In relation to the preparation and issue of auditing and assurance standards, the XRB has a mandate under the Act to prepare and issue auditing and assurance standards.

The auditing and assurance standards issued by the XRB include professional and ethical standards for assurance practitioners.

*Specific comment*

We make two specific comments on the draft Bill:

- the absence of the meaning for the term “accountant” in the draft Bill; and
- the use of the word “audit” in clauses 6 and 20 of the draft Bill.

Absence of the meaning for the term “accountant” in the draft Bill

We note that the term “accountant” is used in the Bill without being assigned a meaning. This is in contrast to meanings being assigned to the terms “lawyer” and “real estate agent”. We consider, in the absence of a meaning for the term “accountant”, it will be difficult for a person to determine when, or if, they are acting in the capacity of an “accountant”.

We recommend the Ministry considers whether the term “accountant” should be assigned a meaning. For example, the term “accountant” could have the same meaning as that of a “qualified statutory accountant” in section 5(1) of the Financial Reporting Act 2013.

Use of the word “audit” in clauses 6 and 20 of the draft Bill

We note that the draft Bill uses the term “audit” in clauses 6 and 20 in relation to having an entity’s risk assessment and AML/CFT programme reviewed and “audited” every two years, or at any other time at the request of the relevant AML/CFT supervisor, and on keeping records of the “audits”.

The term “audit” as used in the draft Bill is not clear. We recommend the Ministry replaces the term “audit” with a more accurate term.

The term “audit” is normally used in the context of a reasonable assurance engagement of an entity’s historical financial information. We assume that the intent of the draft Bill is for some form of assurance over the entity’s risk assessment and AML/CFT programme. If that is the case, we recommend the Ministry replaces the term “audit” with the term “assure” or “assurance” (as appropriate).

We make no comment about other aspects of the draft Bill.

If you have any queries or require clarification of any matters in this submission, please contact Lay Wee Ng ([laywee.ng@xrb.govt.nz](mailto:laywee.ng@xrb.govt.nz)) or me.

Yours sincerely



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External Reporting Board