



Consultation on Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime

Recognizing the Role and Impact Bookkeeping Professionals hold for improving
Anti-Money Laundering Efforts in Canada

Submission to Director General – Financial Crimes and Security Division

July 30th, 2023

Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime

Introduction:

The Government of Canada is interested in avenues to improve Canada's Anti-Money Laundering and Anti-Terrorist Finance Regime. These efforts are laudable and necessary as Canada has lagged its global peers. Some of this can be attributed to gaps within the current regime.

Notably, money laundering activity may require more training, awareness, and responsibility across Canada's broader accounting industry. Currently, the triggering responsibility assigned is defined solely for "accountants." However, this definition is far too narrow as it only includes "chartered accountant, a certified general accountant, a certified management accountant or, if applicable, a chartered professional accountant."

By using this definition, the most sizeable portion of Canada's accounting industry – classified as "unregulated accountants" (or bookkeeping professionals) is simply overlooked.

The recent Cullen Commission in British Columbia noted that only 31,000 of the province's 89,000 accountants were regulated CPAs.

The current definition skips responsibility for triggering activities on bookkeepers – Canada's most significant group of "unregulated accountants." This raises the issue of whether Canada's unregulated accountants are more actively sought for money-laundering activity or advice.

Expanding this definition is necessary to reflect the current accounting landscape in Canada more accurately. Ignoring the largest group of accountants (i.e., bookkeepers) is to forego needed efforts to train, educate, and increase the ability to support Canada's anti-money-laundering regime.



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Certified Professional Bookkeepers of Canada (CPB Canada)

Estimates based on StatsCan data indicate that the bookkeeping industry in Canada is roughly 300,000 individuals working across Canada within industry, and those directly as small accounting firms and business owners.

In 2007, the Certified Professional Bookkeepers of Canada (formerly the Institute of Professional Bookkeepers of Canada) established its community. Core to its mandate was to develop associated standards via a professional designation. In just over 15 years, CPB Canada now has 2100 members nationwide working towards or holding the Certified Professional Bookkeeper (CPB) designation.

This CPB credential adds rigour and standards to the unregulated accounting industry. Through competency and knowledge expectations, CPBs are tested through a series of accounting exams. In addition, they must adhere to robust ethical standards and annual professional development requirements.

CPB Canada stands alone with its voluntary credential and standard for the unregulated accounting industry. Bookkeeping professionals are unique in their proximity to Canadian SMEs while being the most granular and frequently engaged of Canada's accounting professionals.

CPB Canada is well positioned to assist in legislative or public policy matters through its growing membership to assist. We believe the government can leverage Certified Professional Bookkeepers to close the gap for Canada's accounting industry relative to anti-money-laundering efforts.

Section 7.1

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The consultation asks, "Should the definition of "accountant" be expanded to include uncertified accountants who perform the triggering activities under the PCMLTFA?"

Recommendation:

Yes. CPB Canada believes this is necessary as money laundering activities easily subvert the narrow definition of "accountant" currently in use. Those seeking out money-laundering efforts are likely to target and seek those in bookkeeping due to their lack of triggering obligations under the PCMLTFA or those who operate outside the ethical and professional standards of CPB Canada.

As the Cullen Commission in British Columbia outlined, unregulated accountants account for 2/3 of the province's accountants relative to CPAs. This ratio exists in each Province with unregulated accountants (i.e., bookkeepers) focusing directly on servicing Canada's SMEs.

Unregulated accountants, as defined in this consultation have limited or no liability should they provide misguided advice or direction or unknowingly participating in the scheme without details.

Additionally, we believe much of the unregulated accounting industry is not adequately trained to identify money laundering schemes and may lack the higher competency and professional/ethical standards of CPB Canada.

Therefore, coupling poor advice and limited liability can minimize incentives for unregulated accountants to provide ethical, informed financial advice to small and medium-sized businesses.



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For AML/ATF, it is problematic to create such exposure in which unregulated accountants remain untrained, unprepared and without requirements for triggering activities. Continuing this approach makes unregulated accountants a viable target for nefarious or criminal activity.

We believe national efforts to utilize CPB Canada for anti-money laundering could be a valuable mechanism for the government. As a start, CPB Canada recommends "unregulated accountants" to be bound by defined ethics and professional standards.

Equally, new requirements for high-risk industries to have their finances handled by either a CPA or CPB can better protect against money laundering activity while assisting SMEs to manage their finances correctly.