

# TAG-Audit Newsletter

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## Talal Abu-Ghazaleh Writes China's AI Prowess

The World Artificial Intelligence Conference (WAIC) in Shanghai is a significant platform that highlights China's progress in artificial intelligence despite facing international trade restrictions. The event highlights the resilience and creativity of Chinese tech giants to adapt to US restrictions and drive innovations that redefine industry norms, as is evident from the AI offerings displayed at the 2024 conference.

An example of this progress is SenseTime's latest unveiling of the SenseNova 5.5 model. This advanced language model shows a 30% performance boost compared to its predecessor, marking a notable milestone in AI advancement. The SenseNova 5.5 signifies China's dedication to leading the global AI landscape.

Similarly, Alibaba has witnessed remarkable growth in its cloud computing sector. The Tongyi Qianwen LLMs have gained popularity with increased downloads and heightened customer engagement on their AI platform, reflecting strong domestic demand for cutting edge Chinese AI technology.

SenseTime and AliBaba's advancements in AI technology are giving OpenAI's ChatGPT a run for its money in terms of performance, indicating a fierce competition for global AI supremacy.



These are just examples of two Chinese companies at the event.

The conference showcased a wide range of AI companies and technologies, from basic models to complex multimodal and terminal based models, demonstrating the vast possibilities of AI applications across various industries. The event also highlighted the rapid progress in AI solutions tailored to meet the specific needs of Chinese users, showcasing the country's quick and innovative approach to technology.

China's AI market is vibrant with both startups and established tech companies contributing to the nation's journey towards becoming a leader in AI. The country's ability to quickly adapt to changes in the AI landscape and its ability to develop innovative solutions is key to its international dominance. Events like WAIC and achievements by Chinese companies indicates China's determination and capability to influence the future trajectory of global AI.

Throughout the WAIC, there was strong emphasis on 'Governing AI for Good and for All,' with discussions and exhibitions focusing on ethical development and governance of AI technologies. The conference was not just a platform to showcase the latest in technology, but also a hub for discussing global AI governance, highlighting the need for responsible innovation.

The conference was not only a display of China's AI prowess, but it also underscored the nation's strategic role as a frontrunner in AI innovation worldwide. It brought together a diverse range of companies and institutions, from tech giants to startups, from academic researchers to industry professionals, all sharing a common aim of advancing AI technology for societal progress.

With ongoing advancements and a dedication to pioneering technologies, China is poised to maintain its lead in the AI sector and increase its technological dominance on the global stage.

# AML/CFT Legal Obligations for Accountants: Suspicious Activity Reporting (SAR)

This section provides important information for accountants about the reporting regime that should be available in a country, what must be reported, what the reporting procedures are, and what happens after reporting.



## The Financial Action Task

Force (FATF) Recommendation 20 stipulates, “If a financial institution suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to terrorism financing, it should be required, by law, to report promptly its suspicions to the Financial Intelligence Unit (FIU).” FATF Recommendation 23 requires accountants to report suspicious transactions set out in R.20. R23 stipulates that “Lawyers, notaries, other independent legal professionals, and accountants should be required to report suspicious transactions when, on behalf of or for a client, they engage in a financial transaction in relation to the activities described in paragraph (d) of Recommendation 22. Countries are strongly encouraged to extend the reporting requirement to the rest of the professional activities of accountants, including auditing.”

Accountants are required to report suspicious activities, as well as specific suspicious transactions, and so may make reports on a number of scenarios including suspicious business structures or management profiles which have no legitimate economic rationale and suspicious transactions, such as the misappropriation of funds, false invoicing or company purchase of goods unrelated to the company’s business. As specified under Interpretive Note to R 23 (INR.23), where accountants seek to dissuade a client from engaging in illegal activity, this does not amount to tipping-off.

However, it should be noted that a RBA is appropriate for the purpose of identifying a suspicious activity or transaction, by directing additional resources at those areas that have been identified as higher risk. The designated competent authorities or Self-Regulatory Bodies (SRBs) may provide information to accountants, which can inform their approach to identifying suspicious activity or transactions, as part of an RBA. Accountants should also periodically assess the adequacy of their system for identifying and reporting suspicious activity or transactions.

Accountants should review CDD if they have a suspicion of ML/TF.

## 1. The Reporting Regime

Arab governments should make sure that their AML/CFT Regulations include accountants as reporting entities and as such, are expected to file external reports with the FIU. Also should make sure that an internal reporting procedure that enables employees to report their knowledge or suspicions of ML/TF is in place. A Money Laundering Reporting Officer (MLRO) must be appointed to receive these reports.

It is an offense for someone who knows or suspects that ML/TF has occurred (or has reasonable grounds to do so) not to report their concerns to their MLRO (or, in exceptional circumstances, directly to the related FIU).

The MLRO has a duty to consider all such internal Suspicious Transaction Reports (STRs) and, if the MLRO also suspects ML/TF, then an external report must be filed to the related FIU.

While there is no definitive guidance on what constitutes ‘suspicion’ with regard to ML, what one is looking for is an indication that funds or assets that are the subject of a transaction came into the customer’s hands as a result of illegal activity. In the case of TF, one is looking for an indication that the transaction is connected in some way with a terrorist, a terrorist group, or an act (planned or past) of terrorism.

A suspicious transaction is one that raises questions or gives rise to discomfort, apprehension, or mistrust – even without sufficient evidence. Note that the term ‘transaction’ includes completed, proposed, or attempted transactions.

Suspicion is not mere idle wondering, a vague feeling of unease, or a lack of understanding whether due to insufficient knowledge, ignorance, naivety, or ineffective due diligence on the part of the employee or reporting institution.

Accountants are in a position to discover ML/TF because of their expertise and involvement in the execution and facilitation of a wide range of accountancy services.

## 2. What Must be Reported and When?

A reporting institution shall file suspicious transaction reports and cash transaction reports, as required, to the related FIU. Suspicious Transaction Reports (STR) apply where suspicious activity is identified whilst cash transaction reports (CTR) apply to all cash transactions that exceed USD\$10,000, or any equivalent amount in local currencies, whether suspicious or not. All reporting institutions must also submit an Annual Compliance Report (ACR). Suspicious Transaction Reports - STRs must be filed immediately and within seven days of the date of the transaction or occurrence of the activity that is considered suspicious. Sufficient information such as the nature of and reason for the suspicion must be disclosed. Where additional supporting documentation is available, these should be provided. The STRs shall be in the form prescribed by the related FIU and the FRC will acknowledge receipt of the report.

Cash Transaction Reports - CTRs must be filed on all cash transactions equivalent to or exceeding US\$10,000 or its equivalent in any other currency, whether or not the transaction appears to be suspicious. CTRs must be made electronically, in the week in which the transaction occurred. The FIU will acknowledge receipt of the report.

Annual Compliance Report, the AML/CFT Acts and Regulations should require reporting institutions to submit to the FIU a report indicating the institutions’ level of compliance with MLA/CFT Acts, Regulations, and the institution’s internal anti-money laundering rules. The report should be submitted by January 31 of the following year unless the date is changed in writing by the FIU.

## 3. Internal Reporting

Accountants in employment when reporting suspicious transactions should follow procedures developed by their respective employers; and if no such procedures exist, they should advise their employers to put in place reporting procedures and appoint an MLRO for reporting suspicious transactions and any other money laundering activities.

Firms should put in place internal reporting procedures. Such internal procedures should clearly set out what is expected of individuals who discover suspicions or obtain knowledge of possible money laundering. The MLRO is responsible for making decisions on whether the information contained in the suspicious transactions needs to be relayed to the FIU.

It is recommended under this guideline that all details of internal reports of suspicious activity be held by the MLRO and excluded from client files. Exclusion of information from client files assists in avoiding inappropriate disclosure of information and protects against the risk of tipping off. Client files should retain only information relevant to and required for the professional work being undertaken.

#### 4. When Accountants Should Do SAR/STR Directly to the Regulator?

When accountants cannot complete CDD because the client refuses to provide the information or when they discover that the customers' data is fictitious or incomplete, they:-

- A. Should not establish or continue the business relationship with the customer or carry out the transaction for the customer.
- B. Should strongly consider filing an STR with the relevant FIU or AML unit in relation to the customer, especially if the customer refuses to provide information, backs out of the process halfway through, or provides fictitious information.

#### 5. Onward Reports by the MLRO to the NCA

It is the MLRO's responsibility to decide whether the information reported internally needs to be reported to the NCA. MLROs should approach external reporting with caution. When deciding what to do they should consider the following questions:

- Do I know or suspect (or have reasonable grounds for either) that someone is engaged in MLTF?
- Do I think that someone involved in the activity or in possession of the proceeds of that activity, knew or suspected that it was criminal?
- From the contents of the internal SAR, can I identify the suspect or the whereabouts of any laundered property?
- Is an application for consent required?
- Do I believe, or is it reasonable for me to believe, that the contents of the internal SAR will, or may, help identify the suspect or the whereabouts of any laundered property?
- Can I provide the information essential to an external SAR without disclosing information acquired in privileged circumstances? The privilege reporting exemption is limited to relevant professional advisers and is available only to members of professional bodies.

Further guidance on the privilege reporting exemption should be found in each country's related legislation.

The MLRO may want to make reasonable inquiries of other relevant employees and systems within the business. These may confirm the suspicion, but they may also eliminate it, enabling the matter to be closed without the need for a SAR.

There is no prescribed format for an external SAR to the NCA. Various submission methods are available. The NCA SAR Online System is the NCA's preferred submission mechanism. It is available through the NCA website and allows businesses to make SARs in a secure online environment. The NCA accepts hard copies of SARs, but will not provide a reference number in response to these.

#### 6. What Information should be Included in an External SAR?

The following should be regarded as essential information: -

- Name of reporter;
- Date of report;
- The name of the suspect or information that may help identify them. This may simply be details of the victim if their identity is known. As many details as possible should be provided to assist with the identification of the suspect;
- Details of who else is involved, associated, and how;
- The facts regarding what is suspected and why. The 'why' should be explained clearly so that it can be understood without professional or specialist knowledge;
- The whereabouts of any criminal property or information that may help locate it, such as details of the victim;
- The actions that the business is taking which require consent

It is also recommended that reporters:

- do not include confidential information not required by the related laws and regulations;
- show the name of the business, individual, or MLRO submitting the report only once, in the source ID field and nowhere else;
- do not include the names of the relevant employees who made the internal SARs to the MLRO;
- include other parties as ‘subjects’ only when the information is necessary for an understanding of the external SAR or to meet required disclosure standards; and
- highlight clearly any particular concerns the reporter might have about safety (whether physical, reputational, or other). This information should be included in the ‘reasons for suspicion/disclosure’ field.

## 7. Confidentiality

A correctly made external SAR provides full immunity from action for any form of breach of confidentiality, whether it arises out of professional ethical requirements or a legal duty created by contract (e.g., a non-disclosure agreement).

There will be no such immunity if the external SAR is not based on knowledge or suspicion, or if it is intended to be ‘defensive’ i.e., for the purposes of regulatory compliance rather than because of a genuine suspicion.

## 8. Documenting Reporting Decisions

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.

For the MLRO’s efficiency and ease of reference, a reporting index may be kept and each internal SAR given a unique reference number.

## Reporting and the Privileged Circumstances Exemption

AML/CFT should also contain a privileged circumstances reporting exemption. Members of relevant professional bodies (which are referred to as ‘relevant professional advisers’) who know about or suspect MLTF (or have reasonable grounds for either) are not required to submit a SAR if the information came to them in privileged circumstances (i.e. during the provision of legal advice and acting in respect of litigation). In these circumstances, and as long as the information was not provided with the intention of advancing a crime, then the information must not be reported. The privileged reporting exemption only covers SARs and should not be confused with legal professional privilege, which also extends to other documentation and advice.

# IASB proposes IFRS Accounting Taxonomy update for Contracts for Renewable Electricity



The International Accounting Standards Board (IASB) has published a proposed update to the IFRS Accounting Taxonomy 2024 to reflect the proposed disclosure requirements for renewable electricity contracts.

Renewable electricity contracts aim to secure the stability of and access to renewable electricity sources. In May 2024, the IASB published an Exposure Draft with proposed amendments to ensure that financial statements faithfully reflect the effects that renewable electricity contracts have on a company. These proposed amendments relate to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The IASB aims to finalise any changes in these Standards by the end of 2024 and is considering making the new requirements available for companies to apply as soon as possible after they are finalised.

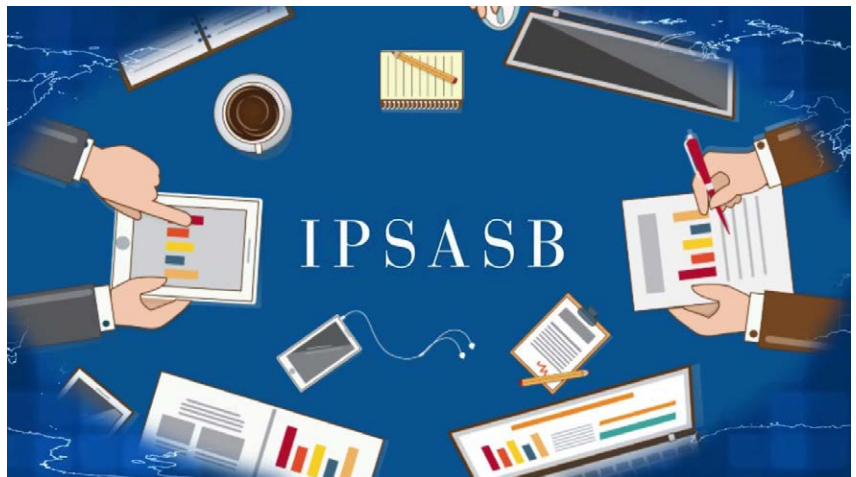
The IASB's Proposed IFRS Taxonomy Update is based on these proposed amendments. To ensure timely integration with the IFRS Accounting Taxonomy 2025, scheduled for publication in March 2025, the IASB obtained permission from the Due Process Oversight Committee to publish this Proposed IFRS Taxonomy Update based on the proposals in the Exposure Draft. This approach means that, in the first year of implementation, companies would not have to create custom elements to capture information disclosed under the new requirements.

The proposed amendments to IFRS 9 and IFRS 7 might change in response to stakeholder feedback and the proposals in this Proposed IFRS Taxonomy Update would change to reflect the amendments issued.

<https://www.ifrs.org/news-and-events/news/2024/08/iasb-proposes-taxonomy-updates-contracts-for-renewable-electricity/>

## New Exposure Draft to Clarify Requirements for First-Time Adoption of Accrual Basis IPSAS

The International Public Sector Accounting Standards Board (IPSASB) has released Exposure Draft (ED) 91, Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (Amendments to IPSAS 33) for public comment.



“The IPSASB encourages public-sector entities and jurisdictions around the world to apply the accrual basis of accounting through the adoption and implementation of accrual basis IPSAS. The successful application of IPSAS 33 is often a cornerstone of IPSAS adoption and implementation” said IPSASB Chair Ian Carruthers. “This ED aims to clarify the requirements of IPSAS 33 to assist entities and jurisdictions in successfully completing their IPSAS transition journey.”

IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS), was issued in 2015 and has been applied by a number of public sector entities during their transition to accrual basis IPSAS. The IPSASB heard from these stakeholders that:

- IPSAS 33 should be more user-friendly when applied as part of the entity’s broader transition journey.
- Reliefs should be more clearly set in the entire transition process to accrual basis IPSAS.
- Reliefs should be designed to encourage the recognition and measurement of items, contributing to compliance as early as possible.

The proposals in the Limited Scope Update Project do not propose to change the objective, scope, or available exemptions in IPSAS 33. Rather, the amendments to IPSAS 33 are aimed to make it easier to apply and to encourage first-time adopters to comply with IPSAS in a planned way as soon as possible. Feedback received to this ED will help shape the final amendments to IPSAS 33.

<https://www.ipsasb.org/news-events/2024-08/new-exposure-draft-clarify-requirements-first-time-adoption-accrual-basis-ipsas>

## IPSASB Proposes Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement



The International Public Sector Accounting Standards Board® (IPSASB®) has released Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement for public comment.

After publishing IPSAS 46, Measurement, and the Updated Conceptual Framework: Chapter 7, Measurement of Assets and Liabilities in Financial Statements in May 2023, the IPSASB evaluated the applicability of its new Current Operational Value public sector measurement basis across existing IPSAS.

“ED 90 builds upon the important work accomplished in IPSAS 46, Measurement released last year which provides an integrated approach to valuation to help entities measure public sector assets,” said Ian Carruthers, IPSASB Chair. “These amendments will provide users of public sector general purpose financial statements with more relevant and faithfully representative measurement information through the potential application of public sector specific guidance across a broader range of situations.”

The amendments to IPSAS proposed in ED 90 are the introduction of current operational value in IPSAS 12, Inventories, IPSAS 21, Impairment Non-Cash Generating Assets, and IPSAS 31, Intangible Assets, the addition of a definition of accounting estimates to IPSAS 3, Accounting Policies, Changes In Accounting Estimates and Errors, and the enhancement of the terminology in current value measurement disclosures.




The feedback received from ED 90 will help shape the final amendments related to the application of Current Operational Value across existing IPSAS.

<https://www.ipsasb.org/news-events/2024-08/ipsasb-proposes-amendments-ipsas-result-application-ipsas-46-measurement>






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# PRODUCTS

-  Intel Core i5  
8th Generation
-  8 GB RAM  
DDR4
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-  8 GB RAM  
DDR4
-  128 GB SSD  
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-  256GB SSD  
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DDR4
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DDR4
-  128 GB SSD  
+ 1 TB HDD






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Generation 10510U
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DDR4
-  128 GB SSD  
+ 512GB HDD



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1255U
-  8 GB RAM  
DDR4
-  256 GB SSD  
+ 1 TB HDD

-  Intel® Iris®  
Xe Graphics
-  4500 mAh
-  AX (wifi 6) BT 5.1

**PLUS III**  
**7022**

*New*





Intel® Core™ i5  
1235U



Intel® Iris®  
Xe Graphics



8 GB RAM  
DDR4



5000 mAh



256 GB SSD  
+ 1 TB HDD



AC WIFI  
BT 4.2

**PLUS III**

**5022**

*New*



Spreadtrum  
SC7731E Quad-core



2 GB



32 GB



**TAG-TAB Kids II**



MediaTek MTK  
8788 octa-core



8 GB



128 GB



**TAG-TAB III**



Front: 16 MP  
Rear: 20 MP



6 GB



128 GB



**TAG-PHONE  
Special**



Spreadtrum  
SC9863 Octa-core



4 GB



64 GB



**TAG-DC**



Front: 8 MP  
Rear: 16 MP



4 GB



128 GB



**TAG-PHONE  
Plus**



Front: 16 MP  
Rear: 16 MP



6 GB



128 GB



**TAG-PHONE  
Advanced**

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