

**Report on**  
**Second Objective of**  
**INTOSAI Working Group on**  
**Fight Against Corruption and Money Laundering**

INTOSAI's Working Group on Fight Against Corruption and Money Laundering (hereinafter referred to as WGFACML) was established with a mission to promote a proactive role and international cooperation between INTOSAI and their members in support of Goal 3 of the INTOSAI strategic plan - Knowledge Sharing. The mission of the WGFACML is to promote such cooperation to fight against corruption and money laundering consistent with the competencies and authorities of the Supreme Audit Institutions (SAIs) and independence requirements of INTOSAI.

During the 3rd meeting of the WGFACML held in Jakarta, Indonesia in July 2009, a General Framework for the WGFACML was approved as follows:

1. Preventing and fighting corruption including stolen assets recovery.
2. Enhancing integrity, transparency, accountability and rational administration of government property.
3. Challenges facing SAIs when fighting money laundering.

**WGFACML Objectives and Tasks: 2008-2011**

The WGFACML adopted four objectives in its 2008-2011 working plan. They include:

**First Objective:** To promote cooperation and support between INTOSAI and SAIs in preventing and detecting corruption and money laundering; to facilitate information exchange, and to develop typologies of corruption to include in WGFACML guidelines for projects.

**Second Objective:** To promote cooperation between INTOSAI and international organizations involved in the fight against corruption and money laundering.

**Third Objective:** To identify country regulations, policies, strategies and programs for use by SAIs detecting and preventing corruption and money laundering.

**Fourth Objective:** To identify relevant training programs anti-corruption and anti-money laundering and work with IDI when specialized training is required.

In accord with the second objective and consistent with the Working Plan of the WGFACML, the WGFACML agreed to undertake specific tasks to include:

- 2.1 Identify and post on the WGFACML website a list of international organizations engaged in fighting against corruption and money laundering.
- 2.2 Identify key international partners for the Working Group
- 2.3 Develop communication and cooperation channels with the key international partners
- 2.4 Invite key international partners as observers to the meetings of the working group

### **Summary of Progress**

Progress made on all of the above named tasks and was reported at the fourth meeting of the WGFACML held in August, 2010, in Quito, Ecuador.

#### **Task 2.1**

The WGFACML has identified and posted to its INTOSAI website various multi-lateral organizations, international financial institutions, and multi-national resource entities that are engaged in the fight against corruption and anti-money laundering. The organizations listed include standard-setting bodies that promote the professional development of government officials and their staff and to strengthen the capabilities of their organizations' efforts to prevent, detect and combat corruption and money laundering.

The website identifies selected investigatory entities including those that fight corruption in international business and government. Also listed are non-profit organizations devoted solely to protecting intellectual property and deterring counterfeiting by promoting laws, regulations and directives designed to make the theft of intellectual property undesirable and unprofitable.

The listing also identifies organizations whose mission is capacity building and facilitating the exchange of timely and useful information at the municipal, regional and national levels of governments in various regions of the world. Among the information sharing organizations listed are those that provide anti-fraud training.

The WGFACML is committed to updating the listing periodically to reflect the inputs of its members as well as international organizations and resources shared by other members of INTOSAI.

## **Task 2.2**

The WGFACML has identified a key international partner engaged in the fight against corruption and money laundering who has expressed their interest in collaborating with INTOSAI, namely the World Bank's Financial Market Integrity Group. The Financial Market Integrity Group's mission is to support client countries in strengthening the integrity of their financial sectors through technical assistance, assessments and policy development. The Financial Market Integrity Group provides technical assistance in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) to build capacity for client countries and welcomes INTOSAI as a partner and participant in future capacity building efforts.

Financial Market Integrity Group provides various types of technical assistance including:

- Creation of country-specific laws and/or regulations on AML/CFT; provide recommendations on a client country's existing laws and/or regulations; and conduct legislative and/or regulatory drafting workshops.
- Development of financial intelligence capacity within a client country's FIU and law enforcement agencies by providing recommendations on international best practices on the design of their collection and analysis strategies with the objective of identifying possible instances of money laundering; and conduct workshops with various stakeholders on analysis techniques and identification of case typologies.
- Enhancement of the ability of the judiciary, prosecution and law enforcement agencies to investigate and prosecute money laundering through investigative tools, including forfeiture, freezing and confiscation.

The Financial Market Integrity Group also works with client countries to evaluate the effectiveness of a country's efforts in anti-money laundering and combating terrorism. The Group conducts assessments with the objective of providing diagnostic tools, identifying flaws or gaps in financial and institutional frameworks, and making recommendations to improve a country's legal, financial and regulatory frameworks.

Given its shared objectives to fight corruption and money laundering, the Financial Market Integrity Group has agreed that there is mutual interest and benefit to collaborate with INTOSAI in its objectives defined by the WGFACML. The Financial Market Integrity Group noted that some SAIs' work in the past have created the basis for anti-money laundering cases in some countries. Such cases have been pursued collaboratively with the Financial Intelligence Units (FIUs) at the national level of governments. It was also acknowledged, however, that there must be a careful navigation of the

respective SAIs' and law enforcement entities' legal frameworks for sharing information and collaboration in pursuit of money laundering and corruption cases. However, the Financial Market Integrity Group acknowledged that the training that it provides may be valuable to SAIs' efforts to prevent, detect and combat corruption and financial wrongdoing and the World Bank's mission to build countries' capacities to do the same.

The World Bank and its Financial Market Integrity Group is now finalizing development of anti-money laundering and anti-corruption training. The training is designed to develop the capacity of governments to better execute anti-money laundering and anti-corruption cases. It is hands-on, country-specific training and designed to engage all key anti-corruption agencies within a country as participants. The Financial Market Integrity Group would like to work with INTOSAI to include SAIs, as appropriate and as desired, in future training sessions planned for delivery in 2011.

Financial Market Integrity Group also suggests that WGFACML on behalf of INTOSAI extend its outreach to the EGMONT Group of Financial Intelligence Units (FIUs). The most recent EGMONT Group Plenary held in July 2010 focused on international cooperation in the sharing of information and financial intelligence. FIUs were encouraged to cooperate with national authorities who follow the flow of government dollars. The Financial Market Integrity Group recommended that WGFACML explore with the EGMONT Group, including individual FIUs with respective country SAIs, interest in collaborating through joint participation in training sessions offered by the World Bank, as a start to more extensive collaboration on future anti-money laundering cases, as appropriate given respective legal frameworks and authorities. The Financial Market Integrity Group agreed to support such a collaboration between INTOSAI and FIUs, as appropriate.

### **Task 2.3**

The WGFACML has agreed to continued collaboration and communication with the World Bank's Financial Market Integrity Unit. Specifically, WGFACML will work with the Financial Market Integrity Group to identify select SAIs to participate in the 2011 schedule of training sessions. The WGFACML will also pursue collaboration with the EGMONT Group and individual FIUs in WGFACML member countries. The Financial Market Integrity Group has agreed to facilitate such introductions and opening of communication channels.

### **Task 2.4**

The Financial Market Integrity Group offered to attend the next WGFACML as an observer if invited. The WGFACML will also seek to invite a representative FIU of the EGMONT Group to its next meeting.