

**Minutes of the 5th Meeting
of INTOSAI Working Group on the Fight Against Corruption
and Money Laundering (WGFACML)
Prague, Czech Republic (13-14 September, 2011)**

The meeting was attended by SAIs' delegates of Chile, Austria, China, Czech Republic, Ecuador, Egypt, Germany, Indonesia, Iraq, Lesotho, Malaysia, Namibia, Poland, Russian Federation and United States of America.

Absent from the meeting were SAIs' delegates of Fiji, Peru, Papua New Guinea, Trinidad and Tobago, Columbia, Mexico and Yemen.

First Day Sessions: September 13th, 2011:

1- The meeting's proceedings started on Tuesday September 13th, 2011 at 9:00 am.

The meeting formalities began with welcome remarks delivered by the president of the SAI of the Czech Republic, Mr. Frantisek Dohnal who warmly welcomed Mr. Mohamed Wanis Mohamed Khalil, counselor of Egypt's CAO president and the representative of the Chair of the working group, all delegates and observers in Prague, Czech Republic.

2- Opening speech delivered by the counselor of the Egypt's CAO president and the representative of the Chair of the working group, Mr. Mohamed Khalil who welcomed Mr. Dohnal, the WGFACML members, observers and Czech Republic SAI members. Mr. Khalil also referred to the following points:

- The president of the Egyptian Central Auditing Organization and the Chair of the WGFACML, Counsellor Dr. Gawdat El-Malt, couldn't join the meeting since his term in office is about to come to an end as a president of Egypt's Central Auditing Organization and also due to urgent obligations that should be fulfilled before leaving his office.
- Giving welcome to the new members of the WGFACML:
 - SAI of the Czech Republic.
 - SAI of Chile.
 - SAI of China.
 - SAI of Namibia.
- United Kingdom SAI's request to withdraw from WGFACML.

3- Mr. Khalil, the representative of the Chair of the working group, presented the main objectives for the WGFACML working plan 2011-2013 as follows:

Objective 1:

Cooperation between SAIs in developing three guidelines that support their efforts in detecting and fighting corruption and money laundering.

- 1- Enhancing integrity, transparency, accountability and good governance for public assets.
- 2- Corruption prevention and fighting including Stolen Assets Recovery.
- 3- Challenges that face SAIs on fighting corruption and money laundering.

Mr. Khalil also emphasized how important is to determine the roles and responsibilities of the working teams that implement these objectives. Two work teams had already been formed for the 1st and second guidelines during the 4th meeting of WGFACML held in Quito, Ecuador in August, 2010.

Objective 2:

Building capacities of SAIs members through designing and developing training programs and workshops on:

- **Fighting Corruption:** Mr. Khalil listed the steps taken by the WGFACML secretariat toward cooperation with INTOSAI Development Initiative (IDI) depending on the guidelines issued by the working group.
- **Fighting Money Laundering:** Mr. Khalil stated that there's a training program will be held in one of the INTOSAI regional working groups after being revised and supervised by the IDI, and being amended in case of necessity. The course shall be applied after the evaluation of its results in other regional working groups using the available materials in other organizations and entities working in the field of fighting money laundering in addition to international agreements and editions.

Objective 3:

Cooperation with INTOSAI Working Group on Environmental Auditing (WGEA) to integrate the concepts of environmental auditing with fraud and corruption auditing to activate SAIs role in environment protection in cope with the efforts of fighting corruption.

Mr. Khalil asked to discuss Objective 3 with the Norwegian SAI's representative as the progress in this objective has already started and there'll be a dedicated session to present this progress.

Objective 4:

Develop a database for SAIs best practices and expertise in the field of fighting corruption and money laundering.

Mr. Khalil explained the need for cooperation of many sides to be developed:

- INTOSAI member SAIs: to provide WGFACML with the required data.
- WGFACML member SAIs: to collect the case studies and experiences and analyze them to develop a report on them.

4- Activity Report for the 1st guideline work team (Enhancing integrity, transparency, accountability and good governance for public assets):

The team members are Poland (Leader), Columbia, Peru and Egypt. The leader of the work team (Poland SAI representative) submitted the guideline's draft project which included:

- Defining the main terminology: Integrity, Transparency, Accountability, and Governance.
- Presenting the basic principles for governance in order to clarify and unify the concepts for SAIs.
- Determining the main fields that are most vulnerable to corruption. The work team leader suggested that SAIs should direct their anti corruption efforts to these fields.

The WGFACML members submitted the following comments:

- SAI Germany representative: Gave thanks to the work team leader for giving clear definitions of the basic terminology and main principles so that it's easy for the working group to understand and know the scope of the first guideline and the required efforts.
- INTOSAI Development Initiative (IDI) representative:
 - Suggested a sort of cooperation and coordination between the working teams of the first and second guidelines because there are some common items between the two guidelines:
 - Enhancing integrity, transparency, accountability and good governance for public assets.
 - Corruption prevention and fighting including Stolen Assets Recovery.
 - Emphasized to focus on the "Public Property" and asked: What does "Public Property" mean?

- Recommended that all the work teams to use and follow the INTOSAI ISSAIs in developing the guidelines. He suggested that the work teams should be in contact with the Chair of the INTOSAI Professional Standards Committee (SAI of Denmark) to guarantee that the guidelines conform to the INTOSAI requirements.
- The Indonesian SAI representative recommended to define the term "Public Assets".
- The WGFACML Secretariat asked the members to approve the guideline's draft as presented by the work team taking the suggestions into consideration on formalizing the final draft.
- The WGFACML members agreed on the guideline's draft.

5- Progress Report for the 2nd guideline work team (Corruption prevention and fighting including Stolen Assets Recovery):

The work team consists of Germany (Leader), Indonesia, Malaysia and Iraq.

- The work team declared that they'll work in cooperation with the 1st guideline's work team to assure coordination of efforts and eliminate overlapping at the issuance of the final draft of the 2nd guideline.
- The leader of the work team, SAI of Germany, presented the general framework and layout of the guideline draft's technical content. He indicated that the stolen assets topic will be presented in a separate annex of the guideline.

He also presented the framework and the contents of the guideline which will contain the following elements:

- a. Organization: Functions, roles and tasks of the anti-corruption units.
- b. Risks Evaluation and analysis.
- c. Procedures:
 - The Four-Eye Principle: rotation of employees, cooperation with internal auditors, sharing information with the General Prosecutor and the managers' continuous supervision.
 - Employees' awareness.
 - Employees training.

- Forming a guideline for the employees' code-of-ethics (internal regulations) for each governmental institution.
- Fighting corruption in procurement activities.
- The team leader also referred to the next steps of the 2nd guideline project team:
 - The research and follow-up team will communicate with the Chair of INTOSAI Professional Standards Committee, SAI of Denmark.
 - According to the schedule, a sub-group from the work team will have a meeting in Malaysia to distribute the tasks and responsibilities. The sub-team will have another meeting in Germany for the rest of the work team to enhance and coordinate the work team's efforts.

The efforts are currently made to make the final form of the guideline draft in order to present it in the WGFACML meeting in 2012.

The WGFACML members submitted the following comments:

- Namibia SAI's representative recommended the 2nd guideline's work team to consider carefully the way of forming the guideline to allow SAIs to evaluate their internal control procedures.
- IDI representative:
 - Recommended the work team to explain the terms "Fraud" and "Corruption" and distinguish between them.
 - Indicated that Poland's SAI presented two distinguished definitions for "Fraud" and "Corruption" to be considered by the 2nd guideline's work team.
 - Asked about possible overlapping between the 1st and 2nd guidelines. He asked the 2nd guideline's work team to take this into consideration. The leader of the 2nd guideline's work team stated that they have already done.
- Russian SAI's representative suggested that the money laundering subject should be dealt with as needed, according to the guidelines whenever possible.
- The USA and Austria SAIs' representatives indicated that SAIs don't usually focus on the anti-corruption agencies. Instead, they focus of the anti-corruption units inside the ministries that are in the center of attention of SAIs in anti-corruption efforts. They asked to focus on these agencies.

- The WGFACML Secretariat asked the members to approve the guideline's draft as presented by the work team taking the suggestions into consideration on formalizing the final draft.
- The WGFACML approved the draft of the guideline's technical content.

6- The Secretariat of the WGFACML reviewed the of 3rd guideline of First Objective as adopted by the WG member SAIs held in Quito- Ecuador August, 2010. on the theme "Challenges that SAIs face in fighting corruption and money laundering".

The Secretariat invited comments on how to best address the 3rd guideline.

WGFACML members offered the following comments:

SAI of Namibia: Asked for clarity to determine if member SAIs should pursue the money laundering issues taking into consideration the limited capacity of SAIs to undertake money laundering audits

IDI Representative: Suggested that WGFACML consider dropping the 3rd Guideline given the magnitude of tasks before the WG to develop, finalize and present guidelines for Work Teams 1 and 2 before the upcoming INCOSAI in 2013.

SAI of USA: Suggested that WGFACML does not need to do further work on the 3rd Guideline. She noted the WGFACML's survey of INTOSAI, completed in 2010, indicated that SAIs identified the lack of specialized training and expertise among their staff as a primary challenge facing SAIs. WGFACML is addressing the priority challenge that is the need for training as stipulated in Objective 2 of the WGFACML Work Plan.

7- Progress Report on Objective 2 of the Work Plan:

- Chair of the Work Team the SAI of USA
- The representative of SAI of USA presented the progress made on the four tasks agreed upon under Objective 2, of the WGFACML Work Plan 2011-2013.

- 1) Identify and post on WGFACML website a list of international organizations. Where, SAI of Egypt has maintained and updated the website since it was created .This effort is complete, however, we need to affirm a SAI who will continue to update the website.
- 2) Key international partners have been identified: The World Bank Financial Market Integrity Group and the Egmont Group.
 - The World Bank Financial Market Integrity Group has accepted an invitation to present an opportunity for collaboration with the WGFACML at our 5th meeting.
 - WGFACML will need further communication to explore best available opportunity with the Egmont Group, through relationships of individual members of WGFACML already have with Financial Intelligence Units in their respective countries.
- 3) Develop the communication and cooperation channels with the key international partners.
 - SAI of USA urged the WGFACML to identify other potential partners to explore further collaboration with other entities including, (OLAF, and the European Commission).
- 4) Invite the key international partners as observers to WGFACML meetings.
 - SAI of USA asked the WGFACML to extend an invitation to the Chairman of Egmont Group to attend WGFACML's 2012 meeting as an observer.
 - WGFACML member SAIs agreed upon the proposal to extend an invitation to the Chairman of Egmont Group to attend WGFACML's 2012 meeting as an observer.

2nd Day Sessions: September 14th, 2011:

The WG Secretariat's member presented a summary of the WGFACML four Objectives, corresponding guidelines and SAI membership on each work team. Also reviewed the survey's result that was distributed on WGFACML members on the 1st day of said meeting, he asked that SAIs need to confirm their willingness to participate as members of the work team to implement the work plan 2011-2013.

The survey's results were as follows:

Objective 1:

"Cooperation among WGFACML members SAIs to develop 3 guidelines that enhance its efforts towards fighting corruption and money laundering".

- **1st Guideline :** Work Team membership, SAI of Poland(Leader), Columbia, Peru, Egypt.
- SAI of Russia: Confirmed its desire to be a member of this Work Team.

SAI of China: Confirmed its desire to be a member of this Work Team (after negotiating).

SAI of Chile: Confirmed its desire to be a member of this Work Team.

- **2nd Guideline:** Work Team membership, SAI of Germany (Leader), Indonesia, Malaysia, Iraq.

SAI of Namibia: Confirmed its desire to be a member of this Work Team.

SAI of Poland: Confirmed its desire to be a member of this Work Team.

SAI of Czech Republic: Confirmed its desire to be a member of this Work Team.

3rd Guideline:

- SAI of Russia: Confirmed its desire to be a member of this Work Team.
- SAI of Poland: Confirmed its desire to be a member of this Work Team.

There was considerable discussion as to whether this Guideline should remain separate. There was a consensus that the Work Team should examine the issue and propose within the coming year whether this Guideline should remain separate or be incorporated into one of the other Guidelines in Objective 1 or integrated into Objective 2 of work plan 2011 - 2013.

The Secretariat called upon holding a meeting among SAI of Poland as chair of 1st Guideline teamwork, SAI of Germany as a leader of 2nd Guideline, SAI of Russian Federation as chair of 3rd Guideline (proposed). The meeting's outcomings were presented to the WGFACML representative at the same day where the leaders of Work teams decided that in February 2012 they will make a principle decision as to whether the 3rd Guideline will stand alone or whether the guidelines should be integrated into the work of the other Guidelines. If the three work team leaders decide that the WGFACML should produce independent 3rd Guidelines, the SAI of Russia (leader) then will have to produce a draft guideline by May, 2012 which will then be shared with WGFACML membership for comment within the WGFACML Chair who will decide the final decision concerning the 3rd Guideline.

The WGFACML members agreed upon the meeting's outcomings held by the WGFACML secretariat.

Objective 2:

Enhancing cooperation between the WGFACML and international organizations

- The SAI of USA confirmed its desire to lead this work team.
- SAI of Ecuador: Confirmed its desire to be a member of this Work Team.

-SAI of Lesotho: Confirmed its desire to be a member of this Work Team.

-SAI of Poland: Confirmed its desire to be a member of this Work Team.

Objective 3:

"Collaboration between the WGFACML and INTOSAI Working Group on Environmental Auditing (WGEA) to integrate concepts of environmental auditing and fraud and corruption auditing to activate the role of SAIs in preserving environment with efforts exerted to fight corruption.

Presentation by Mr. Kjell Kristian Dorum, the representative of the INTOSAI WG on Environmental Auditing.

-He reviewed insights of WGEA on development of their guidelines and suggestions for WGFACML priorities and proposed a linguistic revision to Objective 3.

-He noted that 7 member nations of the WGFACML are also members of the WGEA.

-He also noted that there are four fields in which WGFACML can help WGEA. These fields are:

- Data collection.
 - Commenting on the guidelines drafts
 - Attending future WGEA meetings.
 - Encouraging the working group members to coordinate with their colleagues inside SAIs and also members of WGEA to guarantee knowledge sharing.
- Mr Dorum shared with his opinions about WGFACML priorities explaining what expertise WGEA has like:
- Developing guidelines before starting to design and hold new training courses.
 - Training programs: WGEA has designed and held a good training about Environmental Auditing. This training has resulted in developing guidelines that fulfill WGEA objectives.
 - Cooperation with international organizations: WGFACML should collaborate and cooperate with other international and non-governmental organizations including:
International Integrity Organization, corruption combating

countries, and OECD, etc.

-Mr Dorum suggested reviewing WGFACML third objective in order to include extending the cooperation between WGFACML and international organizations in addition to other INTOSAI working groups.

Objective 4:

"Develop a data base for SAIs best practices and expertise in the field of fighting corruption and money laundering"

- The SAI of Russian Federation agreed upon leading the establishment of the data base, and then he will collect the SAIs experiences and expertise in the field of fighting corruption and money laundering to be published on the WG website.
- The SAI of Ecuador agreed to submit help in establishing the required data base.
- The representative of the SAI of Austria pointed out that he will consult his Auditor General to discuss how can they participate in developing the data base.
- Mr. Duram previewed the WGEA expertise in managing the WG website and he suggested that the WG General Secretariat shall manage the website and it updating. Thus , the CAO of Egypt shall be responsible for developing and updating the information on WG website.
- The representative of the GAO (Governmental Accountability Office) pointed out that the WG should determine the data base inputs and whether it shall include full auditing reports , the methodology and classifying them so that the WG members can participate with their auditing reports and methodologies that reflect governmental tasks including (purchasing , infrastructure and customs) determined by the first guideline teamwork .

- **Translating the WG Book:**

The WG Secretariat has issued the WG Book in English and translated it into Arabic, and asked for volunteers to translate the book into the INTOSAI other official languages.

The following SAIs to translate the WG Book :

- The SAI of Germany - the German language.
- The SAI of Ecuador – the Spanish language.
- The Egyptian Central auditing organization - French language.

- **INTOSAI collaboration tool:**

The WG Secretariat presented a presentation on INTOSAI collaboration tool.

- **World Bank Financial Market Integrity Group :**

- Mr. Jean Pesme, World Bank Manager of the Financial Market Integrity Group (FMIG) presented an overview of the World Bank initiatives for building the capacities of relevant national entities to use tools for monitoring the money. He also offered FMIG technical assistance to INTOSAI and his interest in participating in upcoming training courses and workshops.
- He suggested that it would be useful for the WGFACML members to read the FATF papers on public-private sector relating to money laundering.
- He reviewed the ways in which the World Bank FMIG and INTOSAI may be able to jointly work together:
 - i. On Global Level – following up the dollars expenditure pursuant to the SAI mandates through determining:
 1. The existing level of awareness and how much awareness rising is needed within the SAI.
 2. Identifying the SAIs that may want to participate into the “AML family” and in the training offered by the FMIG.

- ii. He suggested that SAIs with the prerequisite mandate to follow the money could participate in training on financial intelligence that FMIG is planning for all stakeholders in some selected countries. He noted that SAIs could be a member of that community. The financial intelligence training will cover the following subjects :
 - 1. What is financial intelligence?
 - 2. How does it work?
 - 3. How do stakeholders enhance the quality of auditors and others?
 - 4. Who are stakeholders who can add value to the capacity building efforts?
- iii. Mr. Pesme noted that the training process is currently under upgrading and he is interested in having discussions with the SAIs interested in participating in the upcoming training sessions.
- iv. Mr. Pesme followed up conversations with the SAI Namibia about their potential participation in the upcoming training session.

The procedures of the WGFACML member SAIs
To achieve the objectives of Working Plan 2011-2013
During the 5th meeting
Prague- Czech Republic
13, 14 September 2011

1. Objective 1:

Cooperation between SAIs in developing guidelines that support their efforts in detecting and fighting corruption and money laundering.

- 1- The First Guideline on "*Enhancing integrity, transparency, accountability and good governance for public assets*". The team work includes the SAIs of (Poland (Leader), Peru, Colombia and Egypt), the SAIs of Chile and Russian federation joined the teamwork.
- 2- The Second Guideline on "*Corruption prevention and fighting including Stolen Asset Recovery Initiative*". The team work includes the SAIs of (Germany (Leader), Indonesia, Malaysia and Iraq), the SAIs of Namibia and Poland joined the teamwork.
- 3- The Third Guideline on "*Challenges that face SAIs on fighting corruption and money laundering*". The SAIs of Russian federation and Poland suggested forming teamwork and after long discussions between the members SAIs, they decided to postpone the matter to February 2012. In case of issuing a separate guideline for this subject, the first draft shall be submitted in May 2012 to the WGFACML Secretariat.

2. Objective 2:

"Identifying, Designing and Developing training programs and workshops on Fighting Corruption and Money Laundering , aiming at building capacities qualified for detecting corruption and money laundering and how to deal with those cases. "

- 1- The teamwork includes the following SAIs (USA, Ecuador, Lesotho and Poland).
- 2- It was agreed upon to invite EGMONT Group Chair to attend the WGFACML next meeting to be held in 2012 as an observer.

3. Objective 3:

"Cooperation with INTOSAI Working Group for Environmental Auditing to integrate the concepts of environmental auditing , fraud and corruption auditing to activate SAIs role in environment protection in cope with the efforts of fighting corruption."

- 1- It was agreed upon reformulating the third guideline title to include the cooperation with international organizations and INTOSAI other working groups.
- 2- It was agreed upon forming a teamwork including the SAIs of Poland, Lesotho and Egypt.

4. Objective 4:

"Develop a data base for SAIs best practices and expertise in the field of fighting corruption and money laundering"

- 1- It was agreed upon forming a teamwork including the SAIs of Russian federation and Ecuador.

2- It was agreed upon translating the book into the INTOSAI other official languages:

- The SAI of Germany shall translate to the German language.
- The SAI of Ecuador shall translate to the Spanish language.
- The Egyptian Central Auditing Organization shall translate to the French language.

5. The Venue of the WG-FACML Next Meeting:

The Working Group agreed upon holding the Sixth Meeting in Poland in 2012.