

**Minutes of the 6th Meeting of INTOSAI
Working Group on Fight Against Corruption and Money
Laundering (WGFACTML).
SOPOT, POLAND (1-4 October 2012)**

The 6th Meeting of the INTOSAI Working Group of WGFACTML has been held in Sopot, Poland from 1-4 October 2012.

The meeting was presided over by Counselor \ Hesham Genena the President of the Egyptian SAI (CAO) and the Chairman of the Working Group.

The following is a list of the participants of the meeting:

	Name	Position	Organization
1.	Counselor \HeshamGenena	President of the CAO of Egypt and Chairman of WG-FACML	Central Auditing Organization -Egypt
2.	Mrs.Monera Abdel Hady	Deputy President	Central Auditing Organization - Egypt
3.	Mr. Islam El-Affi	Comptroler	Central Auditing Organization - Egypt
4.	Mr. René Wenk	Auditor	Court of Audit - Austria
5.	Mr.Dashi Chen	DeputyDirector General	National Audit Office - China
6.	Mr.Yongku Li	DeputyAuditor General	National Audit Office - China
7.	Ms.Lizhen Hu	DeputyDirector General	National Audit Office - China
8.	Mr.Guopeng Sun	Secretary to DAG	National Audit Office - China
9.	Mr.Qiang Yin	Project Officer	National Audit Office - China
10.	Mr.Xiaosheng Wang	Director	National Audit Office - China
11.	Mrs. Blanka Bolerazká	Head of Unit	Supreme Audit Office - Czech Republic
12.	Mr.JiříKrůta	Lawyer	Supreme Audit Office - Czech Republic
13.	Mr. Wilson Vallejo Bazante	General Subcomptroler of the Republic	Contraloria General del Estado - Ecuador
14.	Mr.Taufiequrahman Ruki	Board Member	Audit Board of the Republic - Indonesia
15.	Mr.Novy GA Pelenkahu	Head of Regional Office	Audit Board of the Republic - Indonesia
16.	Mr.EndarPrabowo	Auditor	Audit Board of the Republic - Indonesia
17.	Mr.Riyadh Issa	Director General	Board of Supreme Audit - Iraq
18.	Mr.Fattah Al-Jailawi	Legal Consultant	Board of Supreme Audit - Iraq
19.	Mrs.AbeerAbdulmajeed	Lawyer	Board of Supreme Audit - Iraq

20.	Mr. Issa Wahal	Interpreter	Board of Supreme Audit - Iraq
21.	Mr. Ali Al-Ani	Interpreter	Board of Supreme Audit - Iraq
22.	Ms. Monica Besetsa	Deputy Auditor General	Office of the Auditor General - Lesotho
23.	Mrs. Saadatul Nafisah Bashir Ahmad	Deputy Director	National Audit Department - Malaysia
24.	Mrs. Muna Dora Buchahin	General Director of Forensic Audit	Superior Audit Office - Mexico
25.	Ms. Monica Hummel	Deputy Director of Performance Audit	Office of the Auditor General - Namibia
26.	Mr. Junias Etuna Kandjeke	Auditor General	Office of the Auditor General - Namibia
27.	Mr. Harald Klein	Auditor	Bundesrechnungshof - Germany
28.	Ms. Stephanie Hild	Senior INTOSAI Officer	Bundesrechnungshof - Germany
29.	Mr. Oleg Kulazhin	Principal Inspector	Accounts Chamber - Russia
30.	Mr. Andrey Bazin	Deputy Head of Unit	Accounts Chamber - Russia
31.	Mr. Jacek Jezierski	<i>President of NIK</i>	Najwyższa Izba Kontroli (NIK)
32.	Mr. Wojciech Kutyla	<i>Vice-president of NIK</i>	Najwyższa Izba Kontroli (NIK)
33.	Mr. Jacek Kościelniak	<i>Advisor to the President of the NIK</i>	Najwyższa Izba Kontroli (NIK)
34.	Mr. Zbysław Dobrowolski	<i>Economic Advisor</i>	Najwyższa Izba Kontroli (NIK)

Observers:

	Name	Position	Organization
2.	Mr. Magnus Borge	Director General	INTOSAI Development Initiative (IDI) Norway
3.	Mr. Abdullah Safaeenasab	Deputy Senior President	Supreme Audit Court - Iran
4.	Mr. Morteza Asadi	Head of International Relations Department	Supreme Audit Court - Iran
5.	Mr. Rostam Adabinia	First Secretary	Embassy of the Islamic Republic of Iran
7.	Mr. Kjell Kristian Dørum	Senior Audit Advisor	INTOSAI WGEA

The following delegates didn't attend the meeting :

Colombia , Chile , Fiji , Papua New Guinea , Peru, Trinidad & Tobago ,USA, Venezuela , Yemen (who couldn't attend due to some problems in the visa) in addition to the new member UAE.

First Day : October 2, 2012.**1- Item 1 : Welcome Address.**

At the outset of the Meeting , Mr. Wojciech Kutyla the Vice –President of the Polish Supreme Audit Office on behalf of Mr. Jacek Jezierski the president of the Supreme Audit Office of Poland (NIK) , welcomed the chairman of the WG and the participants , then he transferred the regrets of Mr. Jacek Jezierski the President of the Supreme Audit Office of Poland (NIK) who couldn't attend the meeting as he was in the hospital due to ankle injury .

After that Mr. Wojciech Kutyla stated that the WGFACML is one of the most important INTOSAI WGs as it deals with the key issues like fighting corruption and fraud , thus Poland is very proud to host that meeting .

After that he previewed Sopot the hosting city which is the one of the most beautiful cities in the Polish seacoast , the city of Gdansk the place where the solidarity movement started and where Mr. Lech Walesa former President of the Republic of Poland started the process of changing Poland into truly democratic state.

After that he extended special thanks to Mr. Jacek Koscielniak (Advisor to President of the NIK) and Mr. Zbyslaw Dobrowolski (Economic Advisor in the NIK Regional Branch Zieolna Gora) for their efforts and their professional involvement.

After that he previewed the social activity that will accompany the meeting to acknowledge the rich history of the region which dated back to the 12th century.

At the end , he welcomed all the guests and gave the floor to Counselor Hesham Genana the President of the CAO and the Chair of the WG wishing a fruitful meeting under the INTOSAI motto EXPRIENTIA MUTUA OMNIBUS PRODEST (Mutual Experience Benefits All).

2- Item 2 : Opening Speech.

Counselor \ Hesham Genana , the Chair of the Working Group and the President of the Egyptian CAO thanked the Vice President of the NIK and wished a rapid recovery and good health for the president of NIK . At the outset, he extended his thanks for the polish SAI for hosting this meeting and all the efforts exerted for

organizing the meeting . After that he expressed his great pleasure to attend his first meeting as the new president of the Egyptian CAO after January 25th revolution which called for great values such as social justice and fighting corruption , then he highlighted the importance of the issue of fighting corruption in the political , economic and social arena all over the world. In fact , it is an issue that faces all the world countries whether developed or underdeveloped countries , he also pointed out the negative aspects of money laundering and its impacts on market disturbances , banking and financial systems.

Then he previewed the meeting agenda and what to be done during the two days of the meeting and at the end of his speech he thanked the polish SAI and wished the support of God in fighting all acts that may corrupt our economies.

3- Item 3 : Progress Report .

Mrs. Monera Abdel Hady (CAO Deputy President) reviewed the progress report of the WG during last year , the report included the following main points :

- 1- The no. of the members became 25 members after joining the SAIs of Iran and United Arab of Emirates .

2- The WG Working Plan Objectives:

- 2-1 Objective 1 : **“Cooperation among WG member SAIs in developing three guidelines that support their efforts in detecting and fighting corruption and money laundering" and its three guidelines.**
 - a) **1st Guideline “Enhancing Integrity, Transparency, Accountability, and Good Governance of public Assets”**, the chair of the team work assigned to develop this guideline is SAI of Poland with the membership of Colombia, Peru, Egypt ,Chile and Russian Federation , and the first draft has been previewed , discussed and approved during the last meeting held in Czech Republic after taking the suggestions and comments into consideration.
 - b) **2nd Guideline :“Corruption Prevention and Fighting Including Stolen Assets Recovery ”**, the Chair of the team work assigned to develop this guideline is SAI of Germany with the membership of Indonesia, Malaysia, Iraq ,Namibia, Poland and Czech Republic. During the last meeting held in

Czech Republic on September 2011, the first draft of the 2nd guideline was reviewed and discussed and included a review to the general framework and a proposed layout to the guideline draft's technical content.

Concerning the stolen asset topic it was suggested to be presented in a separate annex of the guideline.

- c) 3rd Guideline: " Challenges that Faces SAIs on Fighting Corruption and Money Laundering"** the Chair of the team work assigned to develop this guideline is the SAI of Russian Federation with the membership of Poland. The teamwork prepared the 1st draft of the guideline.

2-2 Objective 2: Developing, Designing and Providing training programs and workshops on Fighting corruption and fighting money laundering:

The SAI of USA chair of the second objective most significant accomplishments were:

- Finalising the identification of a list of International organisations and post it on the WG's website .
- Determining key international partners as the World Bank's Financial Market Integrity Group and EGMONT group.
- Exploring further collaboration with key international partners including, (OLAF, and the European Commission).
- Highlighting the necessity to invite key international partners as observers in the WG's meetings , it was agreed upon to invite EGMONT Group to attend the 6th meeting of WG .An invitation was sent to the Chairman of Egmont Group to attend WGFCML's 2012 meeting as an observer .

- 2-3 **Objective 3:**“Cooperation between INTOSAI WGFCML and INTOSAI Working Group on Environmental Auditing (WGEA) in developing a guideline on **"Issues of Corruption and Fraud in field of Environmental Auditing"**. The representative of Norway SAI is the assigned official to develop the guideline.

Also an invitation were sent to Mrs. Lucy Liphafa president of Lesotho SAI to give a presentation on the Issue of Corruption and Fraud in field of Environmental

Auditing during the WG's 6th meeting to benefit from their SAI experience as a member in INTOSAI WGFACML ,INTOSAI WGEA , AFROSAI WGEA , teamwork leader of the research paper project on "**The Impacts of Tourism on Wild Life Environment** "and a member in the teamwork assigned to implement the 3rd objective that will lead at the end to develop a joint guideline between INTOSAI WGFACML & WGEA but unfortunately she wouldn't be able to attend our meeting.

2-4 Objective 4:“Develop a database for SAIs that compiles case studies and SAIs experiences in field of fighting corruption and money laundering”:

The SAI of Russian Federation is the leader of the project to establish and develop a data base and now is collecting data on SAIs expertise and experiences in field of fighting corruption and money laundering through designing a questionnaire and sending it to WGFACML Secretariat to comment , then it will be ready to circulated among member SAIs to fill in and then return it back to SAI of Russian Federation to gather data and use it as a basis of database of practical cases for SAIs benefit .

3- Translating the WGFACML Book into INTOSAI languages:

The documentary book of WGFACML activities was developed in 2007-2010 in three languages (English, French, Arabic) by the Egyptian SAI ,the SAI of Germany will translate it into German language and the SAI of Ecuador will translate it into Spanish language.

4- UN- INTOSAI Joint project(Platform) :

Mrs . Moneera highlighted the importance of this joint project and pointed out that it shall be discussed in detail on the second day of the meeting.

5- Updating the WGFACML Website:

The WGFACML Secretariat is responsible for updating the WG Website , flourishing it with recent data continuously and adding any new information or publications.

4- Item 4: Meeting Agenda Approval.

Counselor \ Hesham Genena asked the delegations to review the meeting agenda and suggest any amendments . The meeting agenda was approved without any change.

5- Item 5: First Objective (First Guideline - Poland).

Jacek Kościelniak (Adviser to The President of The NIK) and Dr . Zbysław Dobrowolski (The Economic Adviser) previewed the second draft of the 1st guideline "**Enhancing Integrity, Transparency, Accountability and Good Governance for Public Assets "** .

At first they previewed the sources they used upon developing this guideline like ; UN convention Against Corruption, INTOSAI Principles and Guidelines, Good Governance Standards, International Public Accounting Standards, FATF Forty Recommendations, OLACEFS – Declaration of Principles of Accountability and the best practices.

After that , they stated the structure of the guideline which is as follows:

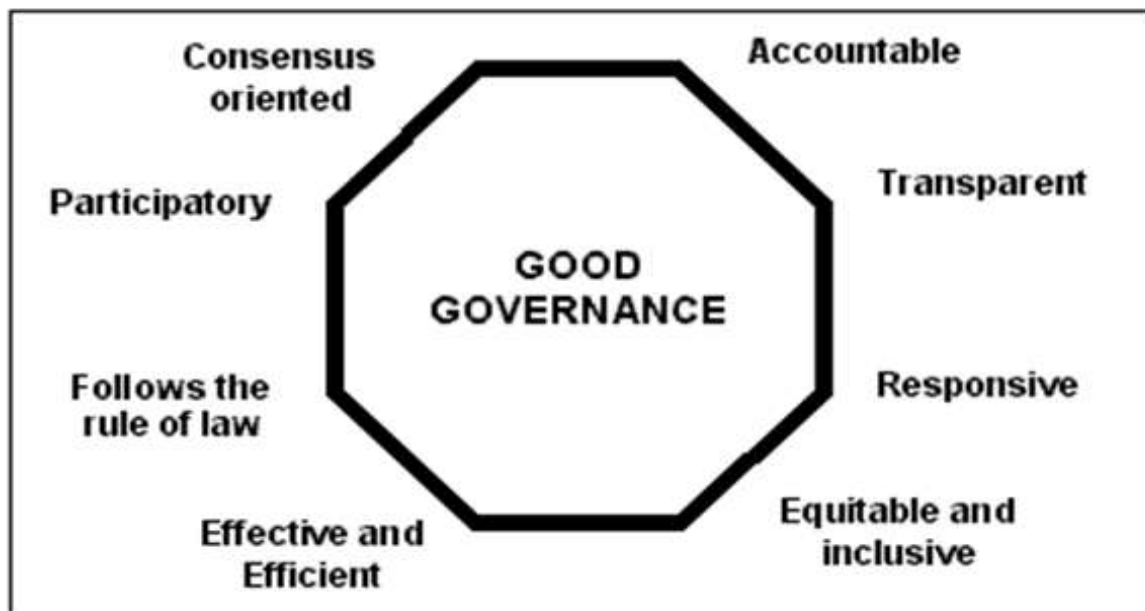
1. Introduction with objective and purpose of the guidelines.
2. Basic terms.
3. Roles and responsibilities in enhancing integrity, transparency, accountability and good governance for public assets.
4. Roles of the SAIs in enhancing good governance for public assets.
5. Roles of the SAIs in promoting good governance in public procurment.
6. Roles of the SAIs in enhancing good governance through out individual officers.
7. Assessment of the standards of good governance.
8. Laws and regulations.
9. Glossary, Examples of SAI evaluation's experiences.

Then they previewed in some details the basic terms on which the guideline depend as:

- **Integrity** can be defined as behaviors and actions consistent with a set of moral or ethical principles and standards, embraced by individuals as well as institutions, that create a barrier to corruption.
- **Transparency** can be defined as characteristic of governments, companies, organizations and individuals of being open in the clear disclosure of information, rules, plans, processes and actions.

- **Accountability** can be considered as the concept that individuals, agencies and organizations (public, private and civil society) are held responsible for executing their powers properly.
- **Good governance** is characterized as being participatory, accountable, transparent, efficient, responsive and inclusive, respecting the rule of law and minimizing opportunities for corruption.

That also previwed the principles of good governance which are :



After that Dr . Zbysław Dobrowolski stated that some amnedemnts shall be done to the guideline like developing and enhancing ;

- Chapter 3 "Roles and responsibilities in enhancing integrity, transparency, accountability and good governance for public assets"
- Chapter 5 " The role of SAIs in promoting good governance in public procurement" .
- Chapter 6 "The Role of SAI in Enhancing Good Governance through Individual Officers".
- Chapter 7 " Assessment of the standards of good governance "

As to chapter no.8 concerning "laws and regulations" Dr . Zbysław Dobrowolski stated that there are no certain list as the the INTOSAI family is too big to make reference to all their national regulations , thus every country should adhere and depend on its national laws and regulations .

At the end of his speech he mentioned the next steps to be done concerning the guideline like submitting the draft of the guideline to all subgroup partners and participants of WG to comment on and approve , he also mentioned that the subgroup shall hold a second meeting in 2013 to take the final decisions concerning the draft.

6- Item 6 : First Objective (Second Guideline - Germany).

Ms. Stephanie Hild from the SAI of Germany (Bundesrechnungshof) previewed the draft of the second guideline on "**Corruption prevention and fighting including Stolen Asset Recovery Initiative**" and the members of this subgroup are Czech Republic ,Indonesia, Iraq ,Malaysia , Poland and Germany as a Chair.

At first , she previewed what have been done during subgroup 2 first meeting held in Malaysia, February 2012 , they took decisions about the following points:

- **Detailed structure of the guideline.**
- **Contents of each chapter.**
- **Allocation of the chapters to the member SAIs.**

In fact during that meeting they agreed about the subgroup member roles and they are as follows :

Chapter	Title	SAI
1.1	Objective and purpose of the guideline	Germany
1.2	Role of the SAIs in the fight against corruption	Poland
1.3	Limitations of SAI-activities	Poland
1.4	Definition of corruption	Poland
1.5	Reasons for Corruption	Poland
1.6	Reference to glossary	Germany

1.7	Applicability of the guideline	Germany
1.8	Laws and regulations	Czech Republic
2.1	Organization	Germany
2.2	Risk assessment and risk analysis	Germany
2.3.1	Segregation of duty including the principle of 4 eyes	Malaysia
2.3.2	Personnel rotation and job rotation	Malaysia
2.3.3	Supervision	Malaysia
2.3.4	Decision making	Indonesia
2.3.5	Role of internal review regarding corruption prevention	Iraq
2.3.6	Cooperation with other institutions involved in fighting against corruption	Iraq
2.3.7	Human capital including sensibilization and training of employees	Indonesia
2.3.8	Code of Conduct	Indonesia
2.3.9	Precautions in public procurement	Iraq and Czech Republic
2.4	Monitoring	Germany

Then she previewed what have been done during the subgroup 2nd meeting held in **Germany, June 2012** , in that meeting they discussed the following points :

- The structure of the guideline.
- Input for each chapter given by the member SAIs.
- Consolidation of the input into a draft guideline.

During that meeting all the subgroup members agreed upon the following decisions:

- **Segregation of the topic “Stolen Asset Recovery”.**
- **Presentation of the Draft-Guideline during the 6th meeting of the INTOSAI WGFACTML.**

Then she asked for review and comments until the end of 2012.

After that she stated the proposed next steps of the guideline which are as follows:

- **January/February 2013**

Evaluation of input/comments from other working-group- members.

- **February 2013**

3rd meeting of subgroup 2 in Indonesia for final processing and completion of the second guideline.

- **March/August 2013**

Process for the development of an ISSAI.

In the second part of her presentation, she previewed in some detail the due process to be followed after finishing the draft of the guideline and the roles and responsibilities of INTOSAI bodies which are as follows:

- ❖ **PSC:**

- Is responsible for INTOSAI's Professional Standards
- Dedicates ISSAI numbers

- ❖ **Steering committee (Goal 1/2/3):**

- Approves draft documents and refers them to the GB
- Assures that due process has been followed
- Approves minor editorial changes and proposals to withdraws ISSAIs

- ❖ **Governing Board (GB):**

- Oversees that the due process is followed for all professional standards

- ❖ **INCOSAI:**

- Endorses new ISSAIs , endorses the withdrawal of existing ISSAIs.

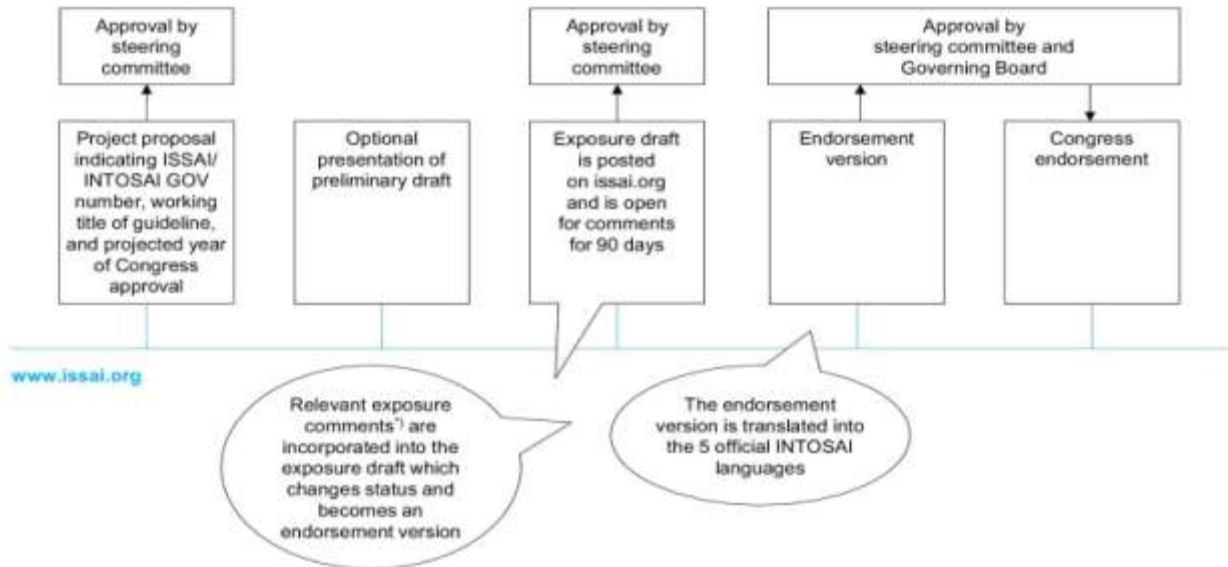
- ❖ **Subcommittee**

- Is responsible for maintaining an existing ISSAI , reviews the ISSAI regularly
- Decides on the frequency of the review
- Decides whether to initiate the process for developing, revising or withdrawing an ISSAI

In fact the process for development of ISSAIs and for revisions of substance include 4 stages and they are :

- **Stage 1** : Project Proposal.
- **Stage 1** : Preliminary Draft (Optional).
- **Stage 2** : Exposure Draft.
- **Stage 3** : Endorsement version .
- **Stage 4** : Final ISSAI.

And she submitted the following chart in her powerpoint :



7- Item 7 : First Objective (Third Guideline - Russia).

Mr. Oleg Kulazhin from the Accounts Chamber of Russian federation previewed the draft of the third guideline on **“Corruption and Money Laundering: Challenges for Supreme Audit Institutions”** .

He previewed the content of the draft guideline and its main points that include the following points:

1. Corruption and money laundering is the most serious threat for SAIs themselves.
2. A Supreme Audit Institution is by no means something separate and isolated from the external world. A SAI, just as any other structural element of state system, is affected by the entire range (from external to internal factors) of negative influence caused by corruption and money laundering.
3. Any flaw in the overall system of SAI operation , may be a disastrous factor for the implementation of the entire national anti-corruption strategy .

4. We should take into account the complexity of the problem, as well as the specific nature of national legislations and the systems of combating corruption and money laundering.
5. The compiled list of main challenges cannot include absolutely all challenges but it contains the most common threats specific for most Supreme Audit Institutions.

Then he stated several recommendations concerning the list that include the following points:

- The list may and should be supplemented and improved. This process is caused by the fact that forms, methods and points of application of corruption and money laundering are not static.
- The compiled list of challenges may be considered as a basic material and be adapted to national conditions etc.

After that he moved to the body of the guideline and the structure of the list, he stated that it is divided into two groups: challenges of external nature and internal threats and he mentioned the main threats:

2. External Challenges

- 2.1. Lack of national strategy (programme) for combating corruption and money laundering.
- 2.2. Poor degree of involvement of Supreme Audit Institutions into the implementation of the national strategy (programme) to counteract corruption and money laundering.
- 2.3. Supreme Audit Institutions are authorized for functions to combat corruption and money laundering that are unnatural for SAIs.
- 2.4. Lack of system of regulatory legal acts dividing the powers of state authorities to combat corruption and money laundering.
- 2.5. Low effectiveness and lack of coordination in the activities of state authorities and SAI.
- 2.6. Lack of the system of examination of regulatory legal acts at the state level .

- 2.7. The civil society is unprepared to positively perceive the national strategy (programme) for combating corruption and money laundering.
- 2.8. The results of the SAI's activities are too invisible for the society.
- 2.9. Poor involvement of the Supreme Audit Institution in creating public intolerance towards any manifestations of corruption and money laundering.
- 2.10. Lack of system for the assessment of effectiveness of the SAI's activities in combating corruption and money laundering.

3. Internal Threats

- 3.1. Non-availability of regulatory legal acts aimed at preventing corruption practices.
- 3.2. Imperfect system of personnel selection and training concerning combating corruption and money laundering.
- 3.3. Insufficiently developed system of internal information support of the activities of the SAIs .
- 3.4. Insufficient effectiveness of the system of preventing corrupt practices from the part of the SAI's employees.
- 3.5. Lack of system of assessment of internal regulatory legal acts adopted by SAIs.

At the end of his presentation he set down the timetable of finishing this guideline and it is as follows :

- **February 2013 is the final date to receive comments** so as to be able to finish by April 2013.
- **By the end of April 2013** , the final draft of the guideline **shall be sent to all members** to be approved by them or to make comments.

8- Item 8 : Second Objective (USA) .

Unfortunately the representative of the GAO (American SAI) the chair of objective 2 didn't attend the meeting , but Mr. Jacek Kościelniak from the polish SAI asked for the floor and the Chairman gave them the word.

Mr. Jacek Kościelniak stated that they have developed a training program for combating corruption , fraud and money laundering, and they started those programs in March 2012 and the next sessions will be in November 2012.

Then he started to highlight the objectives of this workshop :

- The primary goal was to explain for the participants the methodology of detecting corruption and fraud .
- Strengthening knowledge among staff dealing with the issue everyday.

Then he previewed quickly the main points which the workshop include and they are as follows :

- 1- Characteristics of the phenomena of corruption and fraud.
- 2- Tackling and criminalization of corruption, fraud and other unlawful phenomena.
- 3- Detection of the phenomena of corruption and fraud.
- 4- Examples of irregular accounting practices. Methods of detection.
- 5- Issue of the reliability of documents.

He also mentioned that they will include new points in the next sessions of the training programs like the activities of international institutions in combating the phenomena of corruption and fraud.

At the end of his speech , he invited all the members of the WG to attend those training programs as a kind of exchange of experience and expertise and as an additional value to all members.

IDI representative commented that the IDI shall start developing the training programs after the guidelines approval in China Congress to be held in 2013.

9- Item 9 : Speech of the SAI of IRAN .

The new WG member the SAI of Iran asked to deliver a speech and the Chairman gave them the word .

Mr. Morteza Asadi from the Supreme Audit Court of Iran thanked the chairman for accepting their membership and the hosting country for their hospitality .

First, he started his speech by defining money laundering which is a process in which the illicit origin of funds obtained from illegal transactions such as drug trafficking, organized crime, and terrorism is turned into a legitimate form , then he gave a brief history of money laundering since 1931 up till now.

Second , he highlighted the general characteristics of “money laundering” which are as follows:

- 1- Money laundering is a second degree crime.
- 2- Money laundering is an organized crime.
- 3- Money laundering is a transnational crime.
- 4- Money laundering is a white-collar crime.

Then he pointed to the jobs which are highly susceptible to money laundering which include:

- 1) Banking system, especially correspondent banks, money orders, and banking transfers.
- 2) Money changing.
- 3) Notary public offices, especially involved in real estate transactions.
- 4) Travel agencies and transport companies.
- 5) Suppliers of expensive goods.
- 6) Building construction and housing investment companies.
- 7) Foundations.
- 8) Insurance companies.
- 9) Trusts and hedge funds.

After that he previewed the most known International laws and measures related to combating money laundering such as :

- The formation of Financial Action Task Force (FATF) in 1989.
- 1990 Summit of the Industrialized Nations (G7).
- Measures of the European Council.
- 1988 UN Vienna Convention.
- UN International Drug Control Program.
- UN Convention against Transnational Organized Crime (Italy, Palermo, 2000).
- UN Global Program against Money Laundering (holding training programs for different jobs and legal experts).
- Second EU Directive on Anti-Money Laundering.
- Third EU Directive on Anti-Money Laundering.

- International Convention for the Suppression of the Financing of Terrorism (1999).
- UN Security Council Resolution 1373.
- UN Security Council Resolution 1267 and other resolutions.
- Egmont Group.

Money laundering and legal system:

After that , he moved to acknowledge the legal system of Iran that include two types of actions by the Iranian government as to money laundering. The first type deals with the prevention of dirty money production, and the second with the prevention of dirty money penetration into the economic system. The Anti-Money Laundering Act was issued in 2008, and the Anti-Money Laundering Supreme Council, headed by the Minister of Economic Affairs and Finance, and the membership of the Ministry of Commerce, Ministry of Information, Ministry of Interior, and the Senior President of the Central Bank of Iran, was established according to that law. One of the most important tasks of this Council is to develop the anti-money laundering executive regulation which is now in progress. According to Special Law of the Legal System of Iran, money laundering is considered as a “crime”, and punishment has been assigned for all involved parties.

Then he stated the acts of some Iranian agencies concerning money laundering , the most important of those agencies :

- **Central Insurance Company.**
- **Stock Exchange Agency.**
- **Tax Affairs Organization.**
- **Ministry of Commerce.**

After that, he mentioned the role , working procedures and measures of the Supreme Audit Court of Iran in combating money laundering . Also, he mentioned that the SAC gives consulting services, holds anti-money laundering training courses and monitors privatization transactions to prevent entrance of suspicious money into economy.

At the end of his speech, he mentioned that Iran is one of the least countries in money laundering according to the statistics of 2010 in spite of being the neighbour of one of the biggest producers of world's narcotics and he stated some reasons behind this phenomenon.

10- Item 10: Adjournment:

Counselor \ Hesham Genena the Chair of the WG declared the first day of the meeting closed.

Second Day : October 3, 2012.**1- Item 11 : Third objective (Representative of Norway).**

Mr. KjellKristian Dørum (Senior Audit Advisor) from the SAI of Norway previewed 3rd the objective "Cooperation between INTOSAI WGFACML and INTOSAI Working Group on Environmental Auditing (WGEA) in developing a guideline on **"Issues of Corruption and Fraud in field of Environmental Auditing"** .

He started his speech by addressing the main points behind this guideline and that since the middle of the 1990s INTOSAI has focused more and more on the challenges posed by fraud and corruption. The fight against corruption is also one of INTOSAI's five strategic priorities in the Strategic Plan for the period 2011-2016.

Then he previewed F&C-guidance Project proposal that was adopted and included in the WGEA Work Plan 2011-2013 while the final guidance material will be adopted in June, 2013.

Then he mentioned some of the reasons for integrating fraud & corruption with environmental and natural resources sectors , as fraud and corruption within the environmental and natural resource sectors may have several different negative consequences, in addition to the possible negative impacts on economic, social and political costs.

Then he pointed out that the main challenge faced him , that was to find a proper balance between the generic and the specific definitions of fraud and corruption used today. This great variety of definitions reflects the various ways in which people perceive and conceptualize fraud and corruption. Taking this into consideration, this Guide applies both concepts, and uses the ISSAI 1240-definition of "fraud" and the World Bank's definition of "corruption".

Chapter 3 of the guidance highlights that fraud and corruption risk factors are always associated with weak internal controls , the main points of the chapter are :

1. Code of conduct?
2. 'Tone at the top'?
3. Organizational structure?
4. Human resource management?
5. Records management?
6. 'Whistleblower' arrangements?
7. F&C Risk assessment?
8. Authorization and approval procedures?
9. Segregation of duties/ rotation of personnel?
10. Access to resources and records?
11. Verification and reconciliation procedures?
12. Regular reviews of operative performance?
13. Regular compliance reviews?
14. Supervision of internal controls?

Chapter 4 presents some of the most important elements in fraud and corruption risk assessment with a particular focus on the environmental and natural resource sectors.

The chapter is organized into three main parts.

4.1 The composition of the risk assessment team

4.2 Some of the most important elements in the risk identification process.

4.3 A scheme to structure the various elements in the risk assessment .

In this chapter, the types of fraud and corruption that could be envisaged are mentioned like:

- Bribery .
- Trading in influence .
- Offering or receiving improper gifts, gratuities, favours or commissions .
- Embezzlement.
- Theft .
- Extortion.
- Intentional misrepresentation and deception.

- Favouritism, nepotism and clientilism .
- Abuse of discretion .
- Abuse of information .
- Conduct creating or exploiting conflicting interests .
- Improper political contributions.

Chapter 5 of the guidance aims to present five fraud and corruption scenarios from the environmental and natural resource sectors with possible red flags and suggested audit procedures. The scenarios, which are supposed to represent various stages or processes in the value chain, concern the following topics:

1. The legislative process pertaining to 'land swaps'.
2. Procurement in coal extraction.
3. Allocation of public grants to tree planting.
4. Initiation, approval and validation of CDM-project.
5. Management of oil revenues.

After that he pointed to the next steps to be taken concerning the guidance , he mentioned that it shall be published after final approval on the WGEA internet site in the section of WGEA publications so as to be available to all INTOSAI community .

At the end of his speech , he declared that our WG (WGFACML) is much related and connected to all INTOSAI WGs as the theme of corruption is related to every WG in one way or another , then he suggested to make further cooperation with other organizations and entities like :

<http://www.environmental-auditing.org/>

<http://www.psc-intosai.org/>

<http://www.unodc.org/unodc/en/corruption/index.html?ref=menu%20side>

http://www.coe.int/t/dghl/monitoring/greco/default_en.asp

<http://www.transparency.org/>

<http://www.u4.no/>

2- Item 12 : Fourth Objective (Russian federation):

“Develop a database for SAIs that compiles case studies and SAIs experiences in field of fighting corruption and money laundering”:

The SAI of Russian Federation is the leader of the project .

Mr. Oleg Kulazhin from the Accounts Chamber of Russia previewed the first draft of the questionnaire designed to collect data on SAIs expertise and experiences in field of fighting corruption and money laundering .

At the outset , he mentioned that this database could accumulate the best practices of the Supreme Audit Institutions in fighting against corruption. After that , he previewed the content of this questionnaire and its structure ; it is divided into 5 sections;

Section 1. General information and Contact information

Section 2. General information about anti–corruption system

Section 3. SAIs anti- corruption activity - the external aspects.

Section 4. SAIs anti – corruption activity - the internal aspects.

Section 5. Participation in the international anti–corruption activity.

The Chair of this objective declared that he shall receive the comments of the WG members till end of November 2012 , then it will be ready to be circulated among INTOSAI member SAIs to fill in and then return it back to SAI of Russian Federation by the 1st of March to gather data and analyze them for SAIs benefit .

3- Item 13 : UN-INTOSAI Joint Project:

Mr. Islam El-Afifi from the WG Secretariat previewed the joint project between UN and INTOSAI . He started his speech by giving a brief summary on this project and it is as follows:

At the 19th INCOSAI held in November 2007, the —UN-INTOSAI Platform on Public Accountability was established for the promotion of substantial cooperation between INTOSAI and UN with the SAI of Korea as Chair.

The 62nd INTOSAI Governing Board Meeting, held in October 2011, approved the proposal to reorganize the Platform. Under the new Platform, the Chair (SAI of Korea) will select cooperation projects in consultation with the General Secretariat of INTOSAI and international organizations such as the UN.

The official title of the Platform has been changed to the *INTOSAI Platform for Cooperation with the United Nations* (hereinafter, the —Platform).

The Platform, in consultation with the General Secretariat of INTOSAI, has selected the fight against corruption as a priority theme for cooperation with the UN. The joint project aims to compile a collection of important literature on SAIs' Roles in the Fight against Corruption. The compiled literature will be presented to the 21st INCOSAI to be held in China in 2013.

The Chair will work together with the Chair (SAI of Egypt) of the INTOSAI Working Group on Fight against Corruption and International Money Laundering and other relevant INTOSAI organizational units.

B. Goal, Objectives and Expected Benefits of the Project

1. Goal

The goal of the joint project is to look back on the SAIs' past achievements in the fight against corruption and to set the direction for future contributions of SAIs.

2. Objectives and Expected Benefits

- Enhance transparency and accountability in the public sector.
- Raise the awareness of, and attention to, not only the varied corrupt practices but also harmful consequences of corruption in the international community.
- Serve as a useful foundational resource for fighting against corruption across the international community
- Set up a space for the joint project on their websites so that important future materials on fighting against corruption can be accumulated for easy access by stakeholders.

Title

The tentative title of the Platform's 1st joint project is — "A UN-INTOSAI Joint Project: Compiling a Collection of Important Literature on SAIs' Roles in the Fight against Corruption." The papers are to be in the English language.

Co-Implementers and Partners

The Chair (SAI of Korea) of the Platform and the UNDESA are the co-implementers of the joint project. The General Secretariat of INTOSAI will provide the co-implementers with consultation. The SAI of Egypt, as the Chair of WGFACML will assist in document collection.

Duration

The joint project will begin in 2012 and be implemented through October 2013.

Division of Responsibilities

- The Platform Chair, in cooperation with the UNDESA, will devise a plan for the compilation of literature and the organization of the international seminar.
- The General Secretariat of INTOSAI will play a supporting role mainly by, but not limited to, raising the awareness of importance of the joint project among the INTOSAI members.
- The UNDESA will carry out responsibilities for the collection, evaluation and publication of literature jointly with the Chair of the Platform.
- The Platform Chair and the UNDESA will work together for the selection of experts/specialists and others, from INTOSAI, the UN and other international organizations, whose participation in the international seminar is desirable.
- The Platform Chair will provide a minimum number of printed copies to the UNDESA. The Platform Chair will make the PDF files of the printed version ready for further printing by the UNDESA to meet its own needs.
- The UNDESA, INTOSAI Working Group on Fight against Corruption and International Money Laundering will collect and evaluate literature which is thought

to be contributing greatly to the theme of the joint project. The finally-selected papers will be submitted to the Platform Chair in electronic format (MSWord or PDF).

- The Platform Chair and the UNDESA will invite the interested stakeholders to attend the international seminar scheduled to be held in Seoul, Korea in May 2013.

III. PROJECT DETAILS

- Tentatively, the title of the compilation of literature will be called —UN-INTOSAI Joint Project – SAI’s Roles in the Fight against Corruption: *Retrospect and Prospect.*"
- After the draft compilation is prepared, the Platform Chair will distribute the copies to the UNDESA, the INTOSAI General Secretariat, and the INTOSAI Working Group on Fight against Corruption and International Money Laundering. The Platform Chair will reflect their comments and opinions on the draft in the process of advancing to the final version of the compilation in cooperation with the UNDESA.
- After reporting to the 21st INCOSAI, the Platform Chair will upload onto the INTOSAI webpage and other appropriate websites the activities of the Platform and the output of the 1st UN-INTOSAI Joint Project.

INTOSAI GENERAL SECRETARIAT AND WGFACML Responsibility :

- The INTOSAI General Secretariat will consult with the Platform Chair and the UNDESA on the signing of the Letter of Intent for the 1st UN-INTOSAI Joint Project by reviewing the draft.
- INTOSAI also plays a supporting role for the joint project by encouraging the INTOSAI Working Group on Fight against Corruption and International Money Laundering and regional working groups to submit candidate papers/reports and bibliographies of relevant monographs and other valuable research work to be included in the literature compilation.

- The WGFACML and regional working groups will search for valuable papers/reports of the INTOSAI, international organizations, and academia for inclusion in the literature compilation. They are also requested to make up a list of academic monographs and other valuable research works for inclusion in the literature compilation. They are requested to send their selected papers/reports and bibliographies to the Platform Chair.
- Representatives from the INTOSAI General Secretariat, the INTOSAI Working Groups and regional working groups will travel to attend the joint international seminar at their own expenses.
- The INTOSAI Secretariat, the Working Group, and regional working groups will make efforts to ensure that the literature compilation is continuously utilized and that future work relevant to the fight against corruption is accumulated onto the product of the 1st UN-INTOSAI Joint Project for easy and maximal utilization.

Note :

- But , unfortunately the Board of Audit and Inspection of Korea has not received any responses from UNDESA regarding the implementation plan for the project since June 2012, so the project seems to have reached an impasse.
- But the CAO shall work on his part as the chair of WGFACML in case the project gets back on track quickly.

4- Item 14 : Integration of new members to the Working Plan 2011 -

2013 activities.

The WG new member that is to say the SAI of IRAN joined the activities of the second guideline affiliated to first objective.

5- Item 15 : Discussion on the Venue of the 7th Meeting of WG-FACML.

- 1- The Working Group Secretariat discussed the issue of holding the 7th meeting, declaring the importance of that special meeting during which the final drafts of all the activities shall be previewed and finalized before submitting them to China

Congress. Unfortunately, there were no volunteers, so it was decided to settle the matter during the following 3 months.

6- Item 16 : Wrap Up Session .

Mr. Islam El-Afifi from the WG Secretariat previewed the decisions agreed upon in the meeting and they are as follows:

a- As to the 1st Guideline of Objective One:

- 1- Change the title of the 1st guideline to be " **Enhancing Good Governance for Public Assets**" as the concept of good governance include the principles of integrity , transparency, and accountability.
- 2- Adding some terms to the basic terms of the guideline like: **Assets and Stakeholders.**
- 3- Integrating UN resolutions and definitions in the guideline.
- 4- Integrating some case studies in the guideline.
- 5- Making some shifts in the chapters of the guideline according to their importance to the INTOSAI community.
- 6- Developing Chapter 5 "**The Role of the SAI in Enhancing Good Governance for Public Assets**".
- 7- Attending the meeting that shall be held in Indonesia in February 2013 to coordinate between the activities of the 1st and 2nd guidelines work teams.
- 8- Setting down a time table and the tasks for the subgroup members so as to able to able to finish the final draft before the end of January 2012 to discuss it in the meeting to be held in February 2013. After Indonesia meeting the final draft shall be circulated to all members.

b- As to the 2nd Guideline of Objective One:

- 1- Change the title of the 2nd guideline to be " **Audit of Corrupt Prevention in Public Agencies** " instead of **Corruption Prevention and Fighting Including Stolen Assets Recovery** ”
- 2- The representative of the SAI of Germany highlighted that this guideline shall be finalized in March 2012 to have enough time to take the necessary steps with the INTOSAI to turn them into ISSAI.

3- The WG new member, the SAI of Iran asked to join this subgroup and the chair welcomed him.

c- As to the 3rd Guideline of Objective One:

The Chair sets down the timetable of finishing this guideline and it is as follows :

- February 2013 is the final date to receive comments from our WG members so as to be able to finish by April 2013.
- By the end of April 2013 , the final draft of the guideline shall be sent to all INTOSAI members to be approved by them or to make comments.

d- As to Objective two:

The polish SAI invited all the WG members to participate in and improve his training program for combating corruption , fraud and money laundering, those programs started in March 2012 and the next sessions will be in November 2012.

e- As to Objective three:

After finalizing the guidance, it shall be published after final approval on the WGEA internet site in the section of WGEA publications so as to be available to all INTOSAI community.

f- As to Objective four:

The Chair of this objective declared that he shall receive the comments of the WG members till end of November 2012, then it will be ready to be circulated among INTOSAI member SAIs to fill in and then return it back to SAI of Russian Federation by the 1st of March to gather data and analyze them for SAIs benefit .

7- Item 16 : Closing Remarks.

At the end, Counselor \ Hesham Genena the Chairman expressed his appreciation and thanks to all attended delegations for their significant efforts, discussions and participations that enriched the work of our Working Group .

He also asserted that the minutes of the meeting will be sent soon .

At the end of his word , he extended his thanks to the SAI of Poland for their hospitality and excellent preparation of the meeting.

The Chairman of the Working Group declared the Meeting Closed.