

CORRUPTION, LAUNDERING OF ASSETS AND AUDITING IN COLOMBIA

**The words of Mr. JULIO CÉSAR TURBAY QUINTERO,
Comptroller General of the Republic of Colombia,
before the INTOSAI Working Group on the Fight against
Corruption and International Money Laundering.**

- *His Excellency Mr. ANWAR NASUTION, Chairman of the Audit Board of the Republic of Indonesia;*
- *His Excellency Mr. FUAD KHOURY ZARZAR, Comptroller General of the Republic of Peru and Chair of the INTOSAI Working Group on the Fight against Corruption and International Money Laundering;*
- *His Excellency Mr. MOHAMMED GAWDAT AHMED ELMALT, Counselor of the Central Audit Organization of Egypt;*
- *Your Excellencies the Ladies and Gentlemen SAI Directors who are members of the INTOSAI Working Group on the Fight against Corruption and International Money Laundering;*
- *Your Excellencies Ladies and Gentlemen SAI Directors who are Observers in the INTOSAI Working Group on the Fight against Corruption and International Money Laundering; and*
- *Ladies and Gentlemen,*

Dear Friends All:

For the SAI of Colombia it is an honor and a pleasure to participate in this important meeting of Supreme Audit Institutions, convened in order to exchange experiences, knowledge and ideas on pressing issues affecting the contemporary world: corruption and the laundering of capital.

Our presence is due to Colombia's interest in participating in the Working Group on the Fight against Corruption and International Money Laundering of INTOSAI, the International Organization of Supreme Audit Institutions, where we hope to contribute with our experience regarding your important work.

It is a well known fact that corruption and the laundering of assets are very serious problems affecting contemporary societies, due to the enormous damage they inflict on democratic governance, the legitimacy of public institutions, equity and social cohesion.

These two phenomena have acquired global dimensions, in many cases featuring the characteristics of transnational, multi-dimensional, complex crimes, the eradication of which requires coordinated actions at all these very same levels.

This has been recognized in recent decades, as stated by INTERPOL:

“... Seven major international or regional conventions related to anti-corruption fields have been adopted between 1997 and 2007... All these texts recognize... corruption as an international and cross-border phenomenon and express a shared high-level political commitment to addressing the problem individually and collectively. Each text establishes an international or regional framework of rules and standards that facilitate international cooperation; provide a checklist for reforming governments; establish a basis for governments to monitor one another, and represent a tool for civil society groups to hold their governments accountable.”¹

This same organization mentions the following important agreements, among others: the Inter-American Convention, the OECD Convention, the UN Convention, the Council of Europe Civil Law Convention on Corruption, the UN Convention and the Convention of the African Union.

All these instruments recognize the fact that corruption has become “...an organized activity involving various sectors, both public and private, with international connections, capable of promoting, protecting and interrelating their own actions with other crimes such as drug trafficking, money laundering, terrorism and fraudulent financial maneuvers.”²

Colombia is not alien to this problematic; it has suffered all the above phenomena, and this has paradoxically allowed it to develop legal instruments, strategies and means which, in all states, and particularly in control agencies such as the Office of the Comptroller General of the Republic, are geared at preventing, detecting and sanctioning both corruption and the laundering of assets.

In what follows we wish to briefly share some of the experiences our organization has had in its struggle against corruption, which attest to the path we have followed on these issues and which support our aspirations.

¹ <http://www.interpol.com/Public/Corruption/Conventions/defaultES.asp>

² International Seminar “Transparency against Corruption, Technical Document,” Office of the Comptroller General of the Republic of Colombia, Commission on Public Ethics, Probity and Transparency – OLACEFS, Cartagena de Indias, July, 2006.

We then submit proposals for consideration by this important Task Force and likewise briefly refer to the mechanisms adopted in Colombia for control and surveillance of assets obtained by fraudulent means.

We hold the conviction that, as good practices are shared and implemented in the specific context of each nation, the struggle against these scourges will become more effective and produce collective benefits on a global scale.

Our comprehensive strategy in the struggle against corruption is articulated around four main axes: **prevention, detection, sanctions and cooperation.**

I will succinctly mention actions undertaken in each area except for preventive measures, regarding which I intend to provide more details.

Prevention is pursued, first of all, via an outreach strategy focused on informing citizens on the efficacy and coverage of our detection and sanctioning activities. The goal is to raise awareness and promote the notion that corrupt activities imply high risks, as a way of creating disincentives in this regard.

Secondly, measures have been adopted to promote ethical reflection, seeking to achieve, for the medium and long term, a cultural transformation in regard to the public sphere. These measures seek to engage citizens in Audifings, in a scheme we have called "Participatory Auditing."

This strategy is pursued in 5 main areas: 1. Information, 2. Formation / Training, 3. Organization; 4. Articulated Audits, and 5. Denunciation Services.

The 2 first instruments are fundamental to preventing corruption, and the 3rd, 4th and 5th are central to **detection.**

Let us see this briefly:

1. **Information:** Includes the production and distribution among all citizens of reliable, ample and sufficient, quality and timely information on the work done by the Office of the Comptroller General, as well as stimulating all other public entities do the same.

This includes activities such as opening Citizen Service Centers and Units throughout the country; publishing materials in print and electronic

formats; establishing a toll-free telephone line; providing specialized library services freely accessible to all citizens, and pursuing a media strategy leading to an active presence in TV, radio, the press and the Internet, with our own programs and our own institutional journal "Citizens' Agenda" ["Agenda Ciudadana"], and broadcasting of bulletins and news for the press in general.

2. **Formation:** Seeks to develop capacity among citizens to exercise participatory Auditing, under the assumption that effectiveness in this area requires proper qualifications and training. The goal is to develop competencies among citizens and social organizations to interpret and produce publicly useful information; and to effectively develop the capacity to organize, act in networks and pursue specific exercises in social control and coordinate with fiscal authorities in an ethical, appropriate and responsible manner.

Also, in the belief that the long-term transformation of society requires a profound cultural transformation, these formative processes target the young, boys and girls, and seek to instill in them awareness of the significance of public resources, the sacred nature of same, as well as of compliance with regulations, all of which make social coexistence possible and permit equitable and sustainable development.

In this area several successful pilot experiences have been undertaken, such as the program "Young Overseers," ["Jóvenes Veedores"] "See You at School" ["En la Escuela nos vemos"] y and "Control Heroes" ["Héroes del Control"].

Aside from training citizens, the CGR has also established a "Public Ethics Course" for public servants, seeking to promote reflection, discussion and interiorization of philosophical and practical notions concerning the behavior and responsibilities of public officials.

Another action focused on prevention consists of generating knowledge in these areas. We are facing complex, multidisciplinary and multidimensional phenomena that are constantly in flux and which continuously recreate their modalities and ways of hiding and eluding controls. For this reason the scientific investigation of these phenomena is a necessity. The Office of the Comptroller General has a robust staff of more than 140 academic investigators who systematically study these phenomena and the emergence of new practices and modalities.

The Colombian national science, technology and innovation system has recognized and classified one of our research groups at the CGR, titled "Government, Corruption and Control in a Global Context," in this way recognizing its capacity to produce scientific knowledge on these matters.

In terms of detecting corruption, the second axis of our strategy, we should note that, aside from ongoing efforts to increase the capacity, efficiency and effectiveness of audit teams, measures have been taken to link citizens to these processes via the three main components of our Participatory Auditing program:

1. **Organization.** The Comptroller's Office promotes and stimulates community organizations and supports civil society organizations interested in exercising social control of public administration. In this area the following organizations stand out: Citizens' Overseer Units [Veedurías Ciudadanas] and Citizen Follow-Up Committees [Comités Ciudadanos de Seguimiento].
2. **Articulated Audits.** In certain specific situations, civil society organizations (Neighborhood Boards, User Associations, Consumer Leagues, etc.) participate in certain stages of the audit process and support audit teams by providing information, technical or specialized knowledge, indications regarding risks, etc., all this without affecting the quality, confidentiality and reserve required by technical auditing procedures.
3. **Citizen Denunciation Services.** This entails receiving and processing denunciations made by citizens and citizens organizations via several instruments, safeguarding the identity of the individual(s) reporting and creating a registration code for each denunciation received, so that citizens may trace and monitor the status of their denunciations.

With these actions, the Office of the Comptroller General coordinates Auditings and controls by citizens, as two autonomous and independent powers endowed with the mechanisms and instruments granted to them by the Political Constitution and the Law. This makes possible obtaining and processing information and denunciations and producing results, and contributes to create a new ethics towards the public sphere.

As is natural, these instruments do not substitute but rather supplement and enrich the auditing role of our SAs, as the principal tool used to **detect** corruption.

The legal and constitutional attributes of the SAs establish the obligation of supervising fiscal activities via auditing mechanisms characterized by being **subsequent to the facts** as well as **selective**, and for this reason preventive actions are much more significant in this context.

In order to perform audits and apply International Standards on the matter, a Comprehensive-Approach Government Auditing Guide has been developed. This is an interactive tool that standardizes and unifies criteria, tools and formats for financial, legal and management audits.

In view of the high level use of technology found in corrupt practices, the need to employ avant-garde technology to detect and prosecute corruption has become evident.

For this reason the Office of the Comptroller has foreseen an intensive use of information systems in exerting the controls it is empowered to exercise. Among them stands out the Government Contracting Supervision Information System (SICE, for its Spanish acronym), a real-time online *e-control* application that reports state agency procurement plans, the reference prices of the goods and services offered by suppliers, and progress in contracting procedures, among other relevant aspects; and it is also capable of generating alarms based on a data-mining and risk-identification system. This makes timely detection possible in situations where corrupt practices are being implemented or funds are being diverted, so that the CGR and other control agencies may be able to act immediately.

Another useful tool in detecting and sanctioning corrupt practices are inter-institutional cooperation agreements, among which stands out one entered into by the Office of the Prosecutor General and the Office of the Attorney General in Colombia, which created an "Immediate Action Anti-Corruption Group." This alliance helps improve the efficacy and control and optimize the reaction and coordination capacities of control and investigative agencies, since fiscal, disciplinary and criminal actions can be processed immediately and simultaneously when required.

The CGR has also established alliances with other state and civil society organizations which, owing to their competencies and decisions, are willing

to participate actively in the struggle against corruption and the laundering of assets, either in prevention and detection or in sanctions and repression.

In terms of international cooperation, the CGR participates in associations such as INTOSAI, OLACEFS –an organization that it currently presides– and in some of its working groups such as the Special Technical Commission on Ethics, Administrative Integrity, and Transparency –CEPAT–, among others; and it also conducts regional and bilateral cooperation actions focused at strengthening the control exercised by SAs in different nations.

In terms of the laundering of assets, permit me a few brief comments.

Illicit or “dirty” assets that need to be laundered or “washed” originate in five main sources: drug trafficking, trade in plant and animal species, “white slave trade” and illegal arms sales, aside from traditional forms of corruption. Clear and evident interrelations exist between them.

Hence the fact that many nations, including ours, have adopted numerous measures to address this illicit trade that destabilizes our economies.

In Colombia new crimes have been defined and new legal instruments created to extinguish domain over illicit assets, and state agencies have become specialized in investigating and repressing this criminal phenomenon.

Among the principal crimes defined are illicit enrichment, using front men or front companies, aggravated reception [of illicit funds] and the laundering of assets proper.

The extinction of domain, a powerful tool used to suppress this behavior, is found in Law 333 of 1996 and Law 793 of 2002.

We now have specialized teams that investigate asset-laundering and the extinction of domain in the most important control agencies of the state, such as the Administrative Security Department (DAS), the Technical Investigations Unit of the Attorney General's Office (CTI), the Judicial Police Division of the National Police (DIJIN), the Special Investigations groups of the Office of the Bank Superintendent, and the National Tax and Customs Authority.

Gentlemen of the Working Group:

One of the reasons behind the request of the Office of the Comptroller General of Colombia for membership in this Working Group is that of contributing to international efforts seeking to search for and recover state resources that have been diverted by corrupt players, as well as developing capacity among our work teams, via the exchange of experiences and knowledge with the ASI member colleagues.

We wish to promote the creation of an International Network for Identification of Organizations that have squandered the resources of states. This working strategy would allow us to shut the doors on corrupt individuals and organizations that travel from country to country, assailing public equity and public funds.

We believe it fundamental that SAIs play a more significant role implementing and following up on the work of international instruments such as the UN Convention and the Inter-American Convention on the Fight Against Corruption, especially regarding surveillance strategies applied on international flow of funds that launder capital, enforcement actions that seek to redress the pillaging of equity and capital, and guaranteeing SAI independence with respect to governments.

We also propose creating and strengthening databases shared by INTOSAI members on corruption and the laundering of assets, and strengthening follow-up strategies and global publicity on the enrichment of public officials and their closest networks (families and social, commercial and professional ties).

We are convinced that much more can be done to extend the international consensus on the elimination of tax havens and the suppression of bank secrecy regulations in the event of suspicion of corruption or laundering of assets. This would in turn make it possible to unravel the intricate networks linking corruption with other social crimes.

Lastly, we would like to see our initiatives and capacities helping to strengthen academic research and generating new knowledge on these matters, working in coordination with other INTOSAI groups and committees, its regional groups, think tanks and universities around the world. This work has already been initiated by our SAI by way of its already mentioned scientific research unit.

We thank you for your generous attention and reiterate our willingness to contribute to the joint tasks ahead, to the best of our capacity.

