



**INTOSAI WORKING GROUP**  
**"Fight Against Corruption & Money Laundering"**  
**2007-2010**



## Table of Contents

	<b>Subject</b>	<b>Page No.</b>
<b>I.</b>	<b>Introduction</b>	<b>3</b>
<b>II.</b>	<b>Background</b>	<b>6</b>
<b>III.</b>	<b>Working Group Plan 2008-2011</b>	<b>9</b>
<b>IV.</b>	<b>The WG First Meeting Lima – Peru (March 2008)</b>	<b>12</b>
	Members 's List	13
	Participant's List	14
	Meeting Agenda	15
<b>V.</b>	<b>The WG Second Meeting Cairo –Egypt (July 2008)</b>	<b>17</b>
	Members 's List	18
	Participant's List	19
	Meeting Agenda	21
<b>VI.</b>	<b>WG Third Meeting Jakarta – Indonesia (July -2009)</b>	<b>23</b>
	Members 's List	24
	Participant's List	26
	Meeting Agenda	29
	Minutes of the Meeting	32
<b>VII.</b>	<b>The WG Fourth Meeting - Quito – Ecuador (August 2010)</b>	<b>42</b>
	Members 's list	43
	Participant's List	45
	Meeting Agenda	49
	Minutes of the Meeting	52
	<b>Guidelines and Principles for INTOSAI SAIs on the Fight against</b>	<b>69</b>
<b>VIII.</b>	<b>Corruption and International Money Laundering</b>	



<b>IX.</b>	<b>Report on Second Objective of the WG Current Plan</b>	<b>73</b>
<b>X.</b>	<b>WG First Questionnaire on Fight Against Corruption and Money Laundering</b>	<b>79</b>
<b>XI.</b>	<b>Report on the first Questionnaire on Fight against Corruption and Money Laundering .</b>	<b>86</b>
<b>XII.</b>	<b>The WG Progress Report submitted to INTOSAI 59<sup>th</sup> Governing Board Cape Town – South Africa November 2009</b>	<b>106</b>
		<b>111</b>
<b>XIII.</b>	<b>Suggested Working Group Plan 2011-2013</b>	
<b>XIV.</b>	<b>Appendix A : Documents of the WG Third Meeting</b>	<b>118</b>
	Colombia	119
	Ecuador	128
	Germany	132
	Indonesia	134
	Iraq	139
	Malaysia	141
	Poland	146
<b>XV.</b>	<b>Appendix B : Glossary of Terms</b>	<b>151</b>
		<b>155</b>
<b>XVI.</b>	<b>Appendix C: Common Abbreviations</b>	



***Introduction***



## **INTOSAI:**

Since 1953, INTOSAI has been providing an institutional framework for Supreme Audit Institutions to meet the growing demands which government audit is called to fulfill. In the light of globalization and the increasingly cross-border use of funds, it is instrumental that INTOSAI members share information and experiences. The findings obtained from this exchange will guarantee the continuous development of government audit institutions.

The International Organization of Supreme Audit Institutions (INTOSAI) is an autonomous, independent and non-political organization established as a permanent institution in order to foster the exchange of ideas and experiences among the Supreme Audit Institutions on government auditing. Its headquarters are in Vienna, Austria.

INTOSAI focuses on the key issues facing SAIs and helps its members to develop innovative solutions to shared challenges. In keeping with these objectives, INTOSAI's motto is "Mutual Experience Benefits All."

Since its foundation, INTOSAI has grown from 34 countries to a membership of over 189 SAIs. For many decades, the General Secretariat has been hosted by the Austrian Court of Audit. In 1977, INTOSAI adopted the Lima Declaration of Guidelines on Auditing Precepts, which articulates INTOSAI's basic philosophical and conceptual approach, emphasizing independence and democratic values. As the internationally recognized leader in public sector auditing, INTOSAI issues international guidelines for financial management and other areas, develops related methodologies, provides training, and promotes the exchange of information among members. INTOSAI has five official languages: Arabic, English, French, German and Spanish.

INTOSAI is the recognized international organization representing SAIs, but it is also a voluntary group whose success depends on consistent professional and financial support from its members. As such, INTOSAI recognizes that its strength lies in the cultural, linguistic, and political diversity of its global membership and seeks a balanced representation of regions and auditing systems. INTOSAI's governing board, committees, and task forces are organized to help ensure regional balance and to reflect different SAI models and approaches (for more information on the organization of INTOSAI, see appendixes I and II).

INTOSAI is, at heart, a democratic institution that operates through consultation and consensus. INTOSAI stresses respect for national sovereignty and the equality of its members,



regardless of geographic size or economic strength. INTOSAI promotes active discussion and debate that can lead to broad-based agreements. In between congresses, INTOSAI's committees and seven regional working groups play a central role in addressing key issues, fostering communication, and sharing knowledge and experience with the entire INTOSAI community. The organization also partners with other groups, consistent with INTOSAI's own independence standards, to address issues of common interest.

Final authority rests with the SAIs that comprise INTOSAI's membership. Each INTOSAI member country has one vote, and no member has a veto. Reflecting modern governance principles, the Governing Board is accountable to the membership, and the Secretariat supports both the membership and the Governing Board.



***Background***



### ***Task force history:***

The Task Force was established by the INTOSAI Governing Board at its 50<sup>th</sup> Meeting (Vienna, October 2002) at the request of what is set out by XVII INCOSAI (Seoul, October 2001) and the results of the survey circulated by the General Secretariat, emphasizing that SAIs could play an important role in cooperation with INTOSAI to support efforts in combating international money laundering .

The group consists of SAIs representing each regional organization: Peru (OLACEFS), as Chair, Fiji (SPASAI), Lesotho (AFROSAI), Egypt (ARABOSAI), Papua New Guinea (ASOSAI), United Kingdom (EUROSAI), and Trinidad and Tobago (CAROSAI); as well as SAIs from the United States, Russian Federation, as sponsor of the initiative.

This special group aimed at promoting a proactive role and international cooperation to combat money laundering, in a manner consistent with the responsibilities and competences and authorities of Supreme Audit Institutions, and the independence posed by the INTOSAI.

### ***The task force held 5 meetings :***

- 1- Moscow 25<sup>th</sup> September 2003***
- 2- Washington D.C. 6<sup>th</sup> April 2004***
- 3- Budapest 10<sup>th</sup> October 2004***
- 4- Lima 3<sup>rd</sup> March 2005.***
- 5- Maseru 24-25 April 2007.***

### ***Change in Status:***

During November 2007, in Mexico, The INCOSAI 19<sup>th</sup> took an agreement on modification about the status and extension of the Task Force changed for the Working Group "Fight against International Money Laundering & Anti Corruption".

***After that the new working group held its first meeting in Lima – Peru March 05, 2008.***

However, during the Second meeting held in Cairo last July 30-31, 2008 , the members agreed to modify the title of the working group to be:" Fight against Corruption and Money Laundering" as money laundering becomes the final stage in the corruption process, by transforming the unlawfully





obtained proceeds to lawful, and at the same time, becoming itself into a sophisticated act of corruption .

During the second meeting held in Cairo July 2008 , it was decided that the SAI of Egypt shall chair the group after the SAI of Peru and from that date the Central Auditing Organization took the chairmanship of the working group .

***The Working Group held 4 meetings:***

- 1- Lima March 05, 2008.***
- 2- Cairo July 30-31, 2008 .***
- 3- Jakarta July 14-16 , 2009.***
- 4- Quito August 4-6 , 2010.***



***Working Plan of Working Group FAIMLAC  
2008-2011***



---

## **Working Plan of Working Group FAIMLAC**

### **2008-2011**

#### **MISSION**

Promote a proactive role and international cooperation between INTOSAI and their members, in reference to fight against money laundering and corruption in a manner consistent with the competencies and authorities of Supreme Audit Institutions -SAIs- and independence requirements of INTOSAI.

#### **OBJECTIVES AND ACTIVITIES**

##### **1. OBJECTIVE**

To promote cooperation and support between INTOSAI and Supreme Audit Institutions in preventing and detecting corruption and money laundering; to facilitate information exchange, to develop typologies and guidelines for use by SAIs.

##### **Activities:**

- 1.1 Review the current website to updated with relevant documents and information in fighting corruption and money laundering.*
- 1.2 To create a virtual forum to exchange points of view and ideas and post questions and answers.*
- 1.3 Develop draft guidelines to Sais in fighting against corruption and money laundering.*
- 1.4 Prepare a report with typologies of corruption to included in the guidelines.*

##### **2. OBJETIVE**

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

##### **Activities:**

- 2.1 Complete the list of international organizations on fighting against money laundering and identify those related to fighting corruption.
- 2.2 Identify key international partners for the Working Group from the list.
- 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.



### **3. OBJECTIVE**

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

#### **Activities:**

3.1 Contact Sais and request information through a questionnaire about their own activities, programs, strategies and policies concerning fight against money laundering and corruption.

3.2 Collect the regulations and legal back ground about fighting corruption and money laundering in the public sector.

### **4. OBJECTIVE**

To identify relevant training programs on anti money laundering and fight against corruption and work with IDI when specialized training is required.

#### **Activities:**

4.1 Complete and update the list of training programs and certifications in detecting and fighting money laundering and corruption.

4.2 Post in the website of the working group the links to the training programs and organizations that offer certifications in the topic.

4.3 Contact IDI to find out their plans on training in anti corruption and money laundering issues and work with them in the design of on line courses.



***The Working Group First Meeting***

***Lima – Peru***

***March 5, 2008***



Member's List  
1<sup>st</sup> Meeting of the Working Group  
Lima – Peru  
March 5 , 2008

1.  **Central Audit Organization of Egypt**
2.  **Auditor General's Office of Fiji**
3.  **Office of the Auditor General of Lesotho**
4.  **Comptrollership General of Peru**
5.  **Accounts Chamber of the Russian Federation**
6.  **National Audit Office of United Kingdom**
7.  **Government Accountability Office of the United States**
8.  ***Auditor General's Office of Papua New Guinea***
9.  ***Auditor General's Department of Trinidad & Tobago***



**Participant List**  
**1<sup>st</sup> Meeting of the Working Group**  
**Lima – Peru**  
**March 5 , 2008**

1.



**Central Audit Organization of Egypt**

Mrs. Mona TAHA BORAIE  
General Director for International Relations

2.



**Auditor General's Office of Fiji**

Mr. Mikaele WARA  
Director of Audit

3.



**Office of the Auditor General of Lesotho**

Mrs. Lucy L. Liphafa  
Auditor General  
Ms. Monica BESETSA  
Official

4.



**Comptrollership General of Peru**

Mr. Genaro MATUTE MEJIA  
Comptroller General of Peru  
Ms.Noemi GALLEGOS PEIRANO  
Official

5.



**Accounts Chamber of the Russian Federation**

Petr PRIMAK  
Official

6.



**National Audit Office of United Kingdom**

Mr. Graham C. MILLER  
Director

7.



**Government Accountability Office of the United States**

Mrs. Barbara KELLER  
Official



**MEETING AGENDA**  
**FIRST INTOSAI WORKING GROUP MEETING**  
**“FIGHT AGAINST INTERNATIONAL MONEY LAUNDERING AND CORRUPTION”**  
**Lima**  
**March 5<sup>th</sup>, 2008**

**March 5<sup>th</sup>, 2008**

**8:30-9:00**

Welcome Remarks:

**Dr. Genaro Matute Mejia**, Comptroller General of Peru,  
Chairman

Venue: Oceanus Salon, Los Delfines Hotel

**9:00-10:45**

Plenary meeting

Coffee break

**10:45-11:15**

Plenary meeting (continue)

**11:15-13:10**

**13:10-13:30**

Photo

Lunch

**13:30-14:30**

Afternoon session of the plenary meeting.

**14:30-16:00**

Continued Discussion of FAIMLAC Working Group

**16:00-16:15**

Coffee break

**16:15-17:00**

Afternoon session of the plenary meeting. Continued Discussion of  
FAIMLAC Working Group Next steps

**20:00-22:30**

Official dinner hosted by the chairman of Working Group “Fight  
Against International Money Laundering and Corruption”,

**Dr.Genaro Matute Mejia.**

Venue: Casa Moreyra





**9:00-11:00**

**March 6<sup>th</sup>, 2008**

Follow up and Closing Remarks.

Venue: Oceanus Salon, Los Delfines Hotel



***The Working Group Second Meeting***  
***Cairo - Egypt***  
***July 30-31 , 2008***



Member's List  
2<sup>nd</sup> Meeting of the Working Group  
Cairo – Egypt  
July 30-31, 2008

1.  **Central Audit Organization of Egypt**
2.  **Auditor General's Office of Fiji**
3.  **Office of the Auditor General of Lesotho**
4.  **Comptrollership General of Peru**
5.  **Accounts Chamber of the Russian Federation**
6.  **National Audit Office of United Kingdom**
7.  **Government Accountability Office of the United States**
8.  ***Auditor General's Office of Papua New Guinea***
9.  ***Auditor General's Department of Trinidad & Tobago***



Participant List  
2<sup>nd</sup> Meeting of the Working Group  
Cairo – Egypt  
July 30-31, 2008



**Central Audit Organization of Egypt**

**Dr. Gawdat El Malt**

Central Audit Organization President

**Mrs. Hanaa HUSEIN**

CAO Deputy President

1.

**Mr. Mahmoud Assad M. A. LATIF**

Head of Sector

**Mrs. Mona BORAIE**

Head of Sector

**Mrs. Fatma KANDILL**

Head of Sector



**Office of the Auditor General of Lesotho**

**Mrs. Lucy L. Liphafa**

Auditor General

**Ms. Monica BESETSA**

Official

2.



**Comptrollership General of Peru**

**Mr. Genaro MATUTE MEJIA**

Comptroller General of Peru

**Ms. Noemi GALLEGOS PEIRANO**

Official

3.



**Accounts Chamber of the Russian Federation**

**Petr PRIMAK**

Head of the Departemnt

4.



**National Audit Office of United Kingdom**

**Mr. Graham C. MILLER**

Director

5.



**Government Accountability Office of the United States**

**Miss Jacquelyn WILLIAMS**

Director

**Mrs. Barbara KELLER**

Official

6.

## OBSERVERS



**Audit Board of Republic of Indonesia**

***Dr. Anwar Nasution***

Comptroller

8.



**Superior Audit Office of Mexico**

**Mr. Julian Olivas**

Comptroller

Legal Affairs Director

9.



---

**MEETING AGENDA**

***Second INTOSAI WORKING GROUP MEETING***

***“FIGHT AGAINST INTERNATIONAL MONEY LAUNDERING AND CORRUPTION”***

**Cairo - Egypt**

**July 30-31, 2008**

**July 29<sup>th</sup>, 2008**

**20:00**

Official Welcome dinner hosted by Counsellor Dr. Gawdat El Mal  
The CAO President  
Venue: Nile Cruise

**July 30<sup>th</sup>, 2008**

**8:30-9:30**

**Welcome Remarks:**

Counsellor Dr. Gawdat El Malt, the CAO President  
Dr. Genaro Matute Mejia, Comptroller General of Peru,  
Chairman Venue: CAO's headquarters

**9:30-10:00**

Group Photo

**10:00-12:00**

Plenary meeting

**12:00-12:30**

Coffee break

**12:30-14:00**

Plenary meeting (continue)

**14:00-16:00**

Lunch  
Venue: Alazhar Park



**July 31<sup>th</sup>, 2008**

**9:00-10:15**

Plenary meeting

Continued Discussion of FAIMLAC Working Group

**10:15- 10:45**

Coffee Break

**10:45- 12:45**

Follow up and Closing Remarks.

Venue: CAO's headquarters



***The Working Group Third Meeting***  
***Jakarta – Indonesia***  
***JULY 14 - 16, 2009***





Member's List  
3<sup>rd</sup> Meeting of the Working Group  
Jakarta – Indonesia  
JULY 14 - 16, 2009

1.  *Central Audit Organization of Egypt*
2.  *Comptrollership General of Peru*
3.  *Accounts Chamber of the Russian Federation*
4.  *Government Accountability Office of the United States*
5.  *National Audit Office of United Kingdom*
6.  *Auditor General's Office of Papua New Guinea*
7.  *Auditor General's Department of Trinidad & Tobago*
8.  *Auditor General's Office of Fiji*
9.  *Office of the Auditor General of Lesotho*



10.



*Audit Board of Republic of Indonesia*

11.



**Superior Audit Office of Mexico**

12.



**Federal Court of Audit of Germany**

13.



**Contralor General de La Republica- Colombia**

14.



**Contralor General del Estado- Ecuador**



Participant List  
3<sup>rd</sup> Meeting of the Working Group  
Jakarta – Indonesia  
JULY 14 - 16, 2009

1. 

*Central Audit Organization of Egypt*  
**Counselor Dr. Mohammed Gawdat Ahmed El-Malt**  
President  
**Mr. Mohamed Wanis Khalil**  
First Under Secretary of State  
**Mr. Mahmoud Abdel- Latief**  
First Under Secretary of State  
**Mr. Islam El-Afifi**  
Comptroller  
*Comptrollership General of Peru*  
**MR. Fuad Elias Khoury Zarzar**  
Comptroller General
2. 

*Accounts Chamber of the Russian Federation*  
**Mr. Petr Primak**  
Director of Department
3. 

*Government Accountability Office of the United States*  
**Mrs. Jacquelyn Williams-Bridgers**  
Managing Director, International Affairs and Trade  
*National Audit Office of United Kingdom*  
**Mr. Graham Miller**  
Director  
*Auditor General's Office of Papua New Guinea*  
**Mr. Thomas Holland**  
Deputy Auditor General
4. 

*Auditor General's Department of Trinidad & Tobago*  
**Mrs. Sharman Ottley**
5. 
6. 
7. 



8.



*Auditor General's Office of Fiji*

**Mr. Eroni Vatuloka**

*Office of the Auditor General of Lesotho*

**Mrs. Lucy L. Liphafa**

*Auditor General*

9.



**Ms. Monica Motšeo Besetsa**

*Deputy Auditor General*

*Audit Board of Republic of Indonesia*

**Dr. Anwar Nasution**

*Chairman*

**Mr. I Gusti Agung Rai**

*Board Member*

**Mr. Udju Djuhaeri**

*Board Member*

10.



**Mr. Hendar Ristriawan**

*Head of Prime Directorate*

**Mr. Gatot Supiartono**

*Expert Staff of Investigative Audit*

**Mr. I Nyoman Wara**

*Head of Auditorate*

**Mr. Hery subowo**

*Head of Sub Auditorate*

**Mr. Randy Rizki**

*Auditor*

11.



**Superior Audit Office of Mexico**

**Mr. Victor Manuel Andrade Martinez**

*Directorate, General Advisory and Legal Assistance*

12.



**Federal Court of Audit of Germany**

**Mr. Rainer Aprill**

*Senior Audit Director, member*

13.



**Contralor General de La Republica- Colombia**

**Dr. Julio Cesar Turbay Quintero**

*General Comptroller*



**Dra. Lina Maria Sinisterra Mazariegos**

*FAC Adviser of the General Comptroller*

**Dra. Gladys Ceballos López**

*Technical International Cooperation Office Director*

**Contralor General del Estado- Ecuador**

**Dr. Carlos Polit Faggioni**

*General Comptroller*

**Dr. Nelson Dueñas Lopez**

*General Coordinator*

14.



## OBSERVERS

1.



**Office of the Auditor –General of Malaysia**

**Mrs. Saadatul Nafisah Bashir Ahmad**

*Deputy Director*

2.



**Board of Supreme Audit- Iraq**

**Mr. Alaa S. Kadhim Al-Zubaidi**

*Senior Chief of Audit Team*

**Mrs. Ikram A. Abdulhafedh Al-Shammari**

*Senior Auditor*

3.



**Supreme Chamber of Control -POLAND**

**Mr. Jacek Kościelniak**

*Vice President*

**Mr. Zbysław Dobrowolski**

*Economic Advisor*

4.



**Central Organization for Control and Auditing -Yemen**

**Dr. Abdullah Abdullah Al-Sanafi**

5.



**INTOSAI General Secretariat**

***Dr. Josef Moser***



## MEETING AGENDA

### *Third INTOSAI WORKING GROUP MEETING*

### ***“FIGHT AGAINST INTERNATIONAL MONEY LAUNDERING AND CORRUPTION”***

**Jakarta – Indonesia , JULY 14 - 16, 2009**

<b>Monday</b>	<b>13 July 2009</b>
	<b>Arrival of delegation</b> <ul style="list-style-type: none"><li>- Meet at the VIP Lounge with BPK's representatives</li><li>- Check in at hotels</li></ul>
<b>Tuesday</b>	<b>14 July 2009</b>
09:00-16:00	<b>Excursion program</b>
19:00-21:00	<b>Dinner for all delegations hosted by SAI Indonesia</b>
<b>Wednesday</b>	<b>15 July 2009</b>
09:00-09:30	<b>Welcome and introduction</b> Opening Speech Dr. Anwar Nasution, Chairman of Indonesian SAI
	Opening Session Counselor Dr.Gawdat El-Malt, the President of the CAO of Egypt and the Chairman of INTOSAI Working Group " Fight Against Corruption and Money Laundering ".
09:30-09.45	<i>Group photo</i>
09.45-10.00	<i>Break</i>
10.00-10.45	<b>Presentation by Indonesian Attorney General</b> Representative of Indonesian Attorney General
10.45-10.55	<b>Presentation by the SAI of Colombia</b> Representative of the SAI of Colombia
10:55- 11:05	<b>Presentation by the SAI of Ecuador</b> Representative of the SAI of Ecuador
	<b>Presentation by the SAI of Germany</b>



11:05 – 11:15	Representative of the SAI of Germany
	<b>Plenary Meeting (Overview of the WG achievements and the members entrusted missions)</b>
11:15 – 12:00	Representative of the SAI of Egypt
12:00- 13.30	<i>Lunch</i>
	<b>Presentation of Management Balance in Charge of Working Group .</b>
13:30- 13:50	Comptroller General of the SAI of Peru
13:50-14:10	<b>Overview of the Guidelines on Fighting Corruption and Money Laundering Controls (First objective)</b>
	Accounts Chamber of the Russian federation
14.10-14.30	<b>Overview of Second Objective achievements</b>
	Governmental Accountability Office of America
14.30-14.50	<b>Discussing results of the First questionnaire concerning fighting corruption and money laundering.(Third Objective).</b>
	Central Auditing Organization of Egypt
14.50-15.15	<i>Break</i>
15.15	<i>Adjournment</i>

Thursday	16 July 2009
09:00-09:15	<b>Opening Remarks</b> Counselor Dr.Gawdat El-Malt, the President of the CAO of Egypt and the Chairman of the WG.
09:15- 10:00	<b>Wrap up Session</b> <b>Poster Display presentation (to be determined)</b>
10:00- 10:15	<i>Break</i>
10:15- 10:25	<b>Presentation by the SAI of Iraq (Observer)</b> Representative of Iraqi SAI
10:25 – 10:35	<b>Presentation by the SAI of Malaysia (Observer)</b> Representative of Malaysian SAI
10:35 – 10:45	<b>Presentation by the SAI of Poland (Observer)</b>



10:45 – 10:55	Representative of Polish SAI <b>Presentation by the SAI of Yemen (Observer)</b> Representative of Yemeni SAI
10:55- 12:00	<b>Closing Session</b> Counselor Dr.Gawdat El-Malt, the President of the CAO of Egypt and the Chairman of the WG.
12:00- 13:30	<b>Lunch</b>
13:30- 17:00	<b>Visit to Indonesian Souvenir Centre</b>

<b>Friday</b>	<b>17 July 2009</b> <b>Delegations Departure</b>
---------------	---





***Minutes of the 3<sup>rd</sup> Meeting of INTOSAI  
Working Group on Fight Against Corruption and Money Laundering  
(FACML).  
Jakarta, Indonesia (14-16 July 2009)***

The 3<sup>rd</sup> Meeting of the INTOSAI Working Group of FACML was held in Jakarta, Indonesia from 14 to 16 July, 2009.

The meeting was presided over Dr. Gawdat El-Malt the President of the Egyptian SAI (CAO) and the Chairman of the Working Group .

The delegates of 12 countries attended the meeting , the following is a list of the SAIs Chairs and Delegates:

**First: Chairs of SAIs:**

No.	Country	Title & Name	Position
1.	Egypt	Counselor Dr. Mohamed Gawdat El-Malt	<i>President</i>
2.	Indonesia	Dr. Anwar Nasution	<i>Chairman</i>
3.	Lesotho	Mrs. Lucy L. Liphafa	<i>Auditor General</i>
4.	Columbia	Dr. Julio Cesar Turbay Quintero	<i>General Comptroller</i>
5.	Peru	Mr. Fuad Khoury Zarzar	<i>Comptroller General</i>

**Second: The Delegates :**

No.	Country	Title & Name	Position
1.	Egypt	Mr. Mohamed Khalil	<i>First Under Secretary of State</i>
2.	Egypt	Mr. Mahmoud Abdel- Latief	<i>First Under Secretary of State</i>
3.	Egypt	Mr. Islam El-Afifi	<i>Comptroller</i>
4.	Indonesia	Mr. I Gusti Agung Rai	<i>Board Member</i>
5.	Indonesia	Mr. Hendar Ristriawan	<i>Head of Prime Directorate</i>
6.	Indonesia	Mr. Gatot Supriatono	<i>Expert Staff of Investigative Audit</i>



7.	Indonesia	Mr. I Nyoman Wara	<i>Head of Auditorate</i>
8.	Indonesia	Mr. Hery subowo	<i>Head of Sub Auditorate</i>
9.	Indonesia	Mr. Randy Rizki	<i>Auditor</i>
10.	Germany	Mr. Rainer Aprill	<i>Senior Audit Director, member</i>
11.	Lesotho	Ms. Monica Motšeo Besetsa	<i>Deputy Auditor General</i>
12.	Ecuador	Dr. Eduardo Muñoz Vega	<i>General Subcomptroller</i>
13.	Ecuador	Dr. Nelson Dueñas Lopez	<i>General Coordinator</i>
14.	UK	Mr. Graham Miller	<i>Director</i>
15.	Papua New Guinea	Mr. Thomas Holland	<i>Deputy Auditor General</i>
16.	Rusia	Mr. Petr Primak	<i>Director of Department</i>
17.	USA	Mrs. Jacquelyn Williams-Bridgers	<i>Managing Director, International Affairs and Trade</i>
18.	Columbia	Dra. Lina Maria Sinisterra Mazariegos	<i>FAC Adviser of the General Comptroller</i>
19.	Columbia	Dra. Gladys Ceballos López	<i>Technical International Cooperation Office Director</i>
20.	Mexico	Mr. Victor Manuel Andrade Martinez	<i>Directorate, General Advisory and Legal Assistance</i>

The delegates of both Trinidad & Tobago and Fiji did not attend the meeting.

### **Third : The Observers:**

The following delegates attended the meeting as Observers:

<b>No.</b>	<b>Country</b>	<b>Title &amp; Name</b>	<b>Position</b>
1.	Malaysia	Mrs. Saadatul Nafisah Bashir Ahmad	<i>Deputy Director</i>
2.	Iraq	Mr. Alaa S. Kadhim Al-Zubaidi	<i>Senior Chief of Audit Team</i>
3.	Iraq	Mrs. Ikram A. Abdulhafedh Al-Shammari	<i>Senior Auditor</i>
4.	Poland	Mr. Jacek Kościelniak	<i>Vice President</i>
5.	Poland	Mr. Zbysław Dobrowolski	<i>Economic Advisor</i>

While the SAI of Yemen and INTOSAI General Secretariat did not attend due to pre-set commitments.



### **1- Agenda Item 1 : Welcome Address.**

At the outset of the Meeting the Chairman of the Audit Board of Indonesia , Dr. Anwar Nasution welcomed Dr. Gawdat El-Malt the Chair of the INTOSAI Working Group on FACML and all other delegates wishing them success in the work done by the group. He highlighted the steps taken by Indonesia to fight corruption and money laundering and the need of international cooperation to detect and deter money laundering.

He also indicates that his term as the chairman of the Audit Board of Indonesia shall end in October 2009.

### **2- Agenda Item 2 : Opening Remarks.**

Counselor Dr. Gawdat El-Malt , the Chair of the Working Group and the President of the Egyptian CAO thanked Dr. Anwar Nasution for hosting the meeting and the arrangements made for its success. He stressed his appreciation to the SAI of Peru for their effective role during their chairmanship.

Then he gave a brief introduction to the Egyptian CAO, highlighting the aspects of CAO chair and employees independence and immunity .

He also indicated the following headlines :

- 1- Corruption and Global Financial Crisis and the Working Group effective role.
- 2- Challenges facing SAIs upon fighting money laundering.
- 3- Egyptian legislative role in fighting money laundering.
- 4- The Working Group achievements since Egypt chairmanship.

The Chair also mentioned that the above mentioned points shall be reviewed by the Egyptian delegation during the meeting.

### **3- Agenda Item 3 : Public Prosecution Service of Indonesia Presentation.**

Mr. Hendarman Supandji a Head of Prime Directorate in the Public Prosecution Service of Indonesia reviewed the laws concerned with corruption eradication and the concerned entities like ; Public Prosecution Service , Police and Corruption Eradication Commission . He gave some data concerning the investigated and prosecuted cases in year 2007 and 2008 that showed clearly the increasing number of cases .



He said that , Public Prosecution Service saved about 18 million US dollars during the period of 2008 until May 2009 , he then reviewed the policies used by them against corruption .

The last part of his speech was concerned with Indonesian laws against money laundering like law no. 15 year 2002 and law no.25 year 2003 and the efforts and policies implemented to optimize money laundering eradication.

Mr. Supandji highlighted that Public Prosecution Service is one of law enforcement institutions .

#### **4- Agenda Item 4 : Colombia Presentation.**

MR. Julio Cesar Turbay the Comptroller General of The Republic of Colombia reviewed the strategy used against corruption that depend on 4 main axes ; Prevention, Detection ,Sanctions and Cooperation each in detail.

Mr. Julio proposed creating and strengthening databases shared by INTOSAI members and strengthening follow up strategies , also he proposed to exert more pressure and efforts to eliminate Tax Havens and Bank secrecy beside capacity development and exchange of knowledge and experiences.

#### **5- Agenda Item 5 : Ecuador Presentation.**

Dr. Eduardo Vega a General Sub Comptroller in the Ecuadorian SAI reviewed how they joined the Working Group after sending a petition on March 2<sup>nd</sup> 2008. He mentioned that there were many reasons for joining the WG , the first was that the General Comptroller's Office of Ecuador is the Chair of the Special Technical Committee on Public Ethics, Management Integrity and Transparency affiliated to OLACEFS. He also reviewed the committee history, general and specific goals and finally its activities , and how those objectives harmonize with those of FACML – WG.

He also mentioned that the new structure of the Ecuadorian State created Transparency and Social Control Function ( The Fifth Power of the State) , that the General Comptroller's office is a part of.

At the end, he reviewed how they strengthened their capacity through extending training and sharing experiences.



## **6- Agenda Item 6 : Germany Presentation.**

Mr. Rainer Aprill a Senior Audit Director in the German SAI reviewed anti corruption steps in the course of audit planning and how they conduct cross – boundary audits, audits at individual authorities .

He also highlighted that their task also include providing advice to government and parliament .

## **7- Agenda Item 7 : Progress and Activity Report (Egypt).**

Mr. Mohammed Khalil (First Under Secretary of State) from the Egyptian SAI reviewed the missions assigned to the Egyptian CAO namely:

### **❖ Website Updating (as the Chair)**

The new website made by Egypt has been published from June 2009 , Mr. Islam El-Afifi (a Comptroller in the Egyptian SAI) at the same time browsed the old site [http://www.contraloria.gob.pe/task\\_force/](http://www.contraloria.gob.pe/task_force/) made by Peru and the new site [www.wgfacml.cao.gov.eg](http://www.wgfacml.cao.gov.eg) made by the Egyptian CAO. That site shall be updated every month and he asked the participants to send materials or any new ideas to enrich the website.

### **❖ First Questionnaire (as a member)**

The discussions about the first questionnaire was referred to Mr. Mahmmoud Assad (Agenda Item 11 ).

### **❖ Cooperation with IDI(as a member)**

The WG secretariat according to the 4<sup>th</sup> of the Working Group objective contacted the IDI to organize and arrange training programs and the WG secretariat is still waiting for their response.

### **❖ Suggestions of New Missions (as the chair)**

He also proposed adding new missions to the working plan 2008-2011 in the field of fighting corruption and money laundering through forming teams of three members under the leadership of one of them to carry out guidelines projects in one of the suggested subjects which are ; The prevention of and fight against corruption including stolen assets recovery , Promoting integrity, transparency, accountability and proper



management of governmental property ,challenges facing SAIs on fighting money laundering.

Those proposals were circulated on the delegates to comment on them.

He also gave a hint on the international contributions the WG secretariat participated in .

#### **8- Agenda Item 8 : Peru Presentation.**

Mr. Fuad khoury Zarzar The General Comptroller of Peru presented the task force outcomes concerning the 3 objectives from 2003-2007 and how the task force was changed to a working group and its outcomes and performed activities during 2008.

#### **9- Agenda Item 9 : First Objective (Russia) .**

Mr. Petr Primak a Director of Department in the Russian SAI presented the guidelines that INTOSAI member states should base on like;

- a- Legality.
- b- Independence .
- c- Un biased ness and Impartiality .
- d- Consistency .
- e- Preventability .
- f- Transparency .
- g- Responsibility .
- h- Professionalism.
- i- Abidance by professional ethics.

He also highlighted the areas that SAIs should concentrate their efforts on upon fighting corruption and money laundering like ; developing state policy, ensuring concurrence and consistence of state agencies actions, increasing audit methodologies, organization of expert training , enlargement of international cooperation .

#### **10-Agenda Item 10 : Second Objective (USA) .**

Mrs. Jacquelyn Williams a Managing Director in the American SAI that was assigned to complete the list of the concerned international organizations . After giving a brief for the efforts been done, she identified the key international partners to be:

- 1- World Bank Financial and Private Sector Development , financial market Integrity Unit**



Who supports client countries in strengthening the integrity of their financial sectors through technical assistance to build capacity of countries. .

**2- Egmont Committee:**

That group consists today of about 116 financial intelligence units globally, who are responsible for analyzing and sharing to competent authorities financial information concerning suspected proceeds of crime , financing terrorism and money laundering.

**3- Stolen Asset Recovery Initiative (STAR):**

That initiative focuses on capacity building and providing advice .

Mrs. Jacquelyn highlighted that SAIs did not play any active role in the meetings of World Bank and Egmont Group , thus we should contact and coordinate with them.

**11-Agenda Item 11 : Third Objective (Egypt) .**

Mr. Mahmoud Assad a First Under Secretary of State in the Egyptian SAI presented what have been achieved concerning the First Questionnaire of the WG and how it was amended in contribution with the SAI of USA, then it was circulated to all WG members to comment.

After that it was sent to all Chairs of INTOSAI committees Working Groups and task forces. At the end of his speech, Mr. Assad discussed with the outcomes of the first 3 objectives of the working group , the results of the debates are mentioned in item 19 " the Meeting conclusions "

**12-Agenda Item 12 : Wrap Up Session.**

A Wrap Up Session was made with the delegates .

**13-Agenda Item 13 : Iraq Presentation.**

Mr. Alaa Al-Zubaidi a Senior Chief of Audit Team in the Iraqi SAI mentioned that IRAQ faced many challenges in the field of fighting corruption and money laundering , thus they are on the way of issuance of new laws and ratification of bilateral and international conventions . Also the central bank of Iraq shall issue " The anti-Money Laundering and The Terrorism Funding ".

**14-Agenda Item 14 : Malaysia presentation.**

Mrs. Saadatul Nafisah Bashir Ahmad a deputy director in the Malaysian SAI reviewed how The Malaysian Anti –Money Laundering Act (AMLA) was passed in



2001 and renamed in march 2007 to be Anti-Money Laundering and anti –terrorism financing Act ,then it was revised on 6 march 2007 .

After that she reviewed how the Act define money laundering , the sanctions stipulated by law and she submitted two real cases that have charged . in fact the attorney general chambers of Malaysia has prosecuted 21 money laundering cases that worth 87 million USD.

KPMG international in a survey held in 2004 mentioned that Malaysia has some way to go in achieving its aims of eliminating money laundering .

After that she reviewed the steps that should be implemented by SAIs to fight corruption like; introducing communication channels with the public, need to engage all stakeholders in the audit process , develop competences and capacities....etc. Also, she reviewed the role of international institutions and our expectations from them.

#### **15-Agenda Item 15 : Poland presentation.**

Mr. Jacek Koscielniak the Vice President of the Polish SAI mentioned that their SAI has existed for over 90 years . He also highlighted the mechanisms that encourage corruption and their strategy of combating corruption and other types of wrongdoing. He also mentioned the SAI activities in the international training area.

#### **16-Agenda Item 16 : Posters Presentation.**

Four delegates presented their posters concerning our issue fighting corruption and money laundering , they were the delegates of Colombia, Ecuador, Egypt and Indonesia . A representative from each delegate spoke about his SAI poster indicating its meaning and what it represents.

#### **17-Agenda Item 17 : Discussion on the Venue of the 4<sup>th</sup> Meeting of WG-FACML.**

The Chair of the Working Group discussed the issue of holding the 4<sup>th</sup> meeting , it was decided to hold the 4<sup>th</sup> Meeting of the Working Group in July 2010. As to the meeting host the matter was to be settled during the following 3 months. The Chair stressed that the meeting should take place in a country other than the 3 previous hosting countries (Peru, Egypt and Indonesia).

#### **18-Agenda Item 18 : Closing Remarks.**

At the end , Mr. Agung Rai a Board Member in the Indonesian SAI ( who took the place of Dr. Anwar who traveled to Japan in an urgent matter) thanked the delegates





for sharing their ideas and valuable experiences , he also mentioned that the meeting has helped to overcome the disparities in dealing with this extraordinary crime.

Then , Dr. Gawdat El-Malt the chairman expressed his appreciation and thanks to the Indonesian SAI efforts indicating that the minutes of the meeting shall be sent to all members to be approved so that it can be submitted In the INTOSAI Governing Board meeting to be held in Nov 2009.

## **19-The Meeting Conclusions .**

After discussions , all delegates agreed upon :

### **19-1 Concerning the New Members:**

The membership of the following SAIs were accepted :

The SAI of IRAQ, the SAI of Malaysia, the SAI of Poland and the SAI of Yemen.

### **19-2 Concerning the First Questionnaire:**

- a- Adding a glossary of terms and abbreviations at the end of the questionnaire.
  - b- Adding other titles to the term Financial Intelligence Unit as the title differ from one country to another.
  - c- Limiting the languages of the used documents to the INTOSAI 5 languages.
  - d- Dividing question 10 section 1 into 2 separate questions ; one for conflicts of interests and the other for ethics code.
  - e- Adding a question on SAIs mandate to impose sanctions by itself.
  - f- Studying the EUROSAT survey to get the utmost benefit.
  - g- Adding the option "OTHER " wherever several options are listed .
  - h- Studying the division of section 1 into 3 subsections ; a section for both corruption and money laundering , a section for corruption and the third for money laundering.
  - i- Adding a question in section 2 question 1 concerning the SAIs contribution in case it does not have the authority to conduct audits related to corruption and money laundering.
  - j- Clarifying question no. 6 section 1 because it is overlapped with question no. 7.
- After making those amendments the first questionnaire shall be circulated on all INTOSAI members.



### **19-3 Concerning the Guidelines:**

The WG secretariat asked Mr. Peter from Russia to shorten the guidelines and make it more concentrating .

### **19-4 Concerning the Suggestions Paper:**

The WG secretariat suggested adding some new topics for developing Projects in the field of fighting corruption and money laundering through forming teams of three members under the leadership of one of them to carry out guidelines projects and the delegates agreed on that . Concerning the time table of implementation , it was postponed to be negotiated after that between the delegates to give their suggestions.

### **19-5 Concerning the List of International Organizations:**

The Representative of the American SAI shall complete updating the list and inform the WG secretariat with all new developments beside making contacts with Egmont group.

### **19-6 Concerning the Venue of the 4<sup>th</sup> Meeting :**

It was decided to hold the 4<sup>th</sup> Meeting of the Working Group in July 2010. As to the meeting host the matter was to be settled during the following 3 months. The Chair stressed that the meeting should take place in a country other than the 3 previous hosting countries (Peru, Egypt and Indonesia).

***The Chairman of the Working Group declared the Meeting Closed.***



***The Working Group Fourth Meeting***

***Quito – Ecuador***

***August 4 - 6, 2010***



**Member's List**  
**4<sup>th</sup> Meeting of the Working Group**  
**Quito – Ecuador**  
**August 5 - 6, 2010**

1.  **Central Audit Organization of Egypt**
2.  **Comptrollership General of Peru**
3.  **Accounts Chamber of the Russian Federation**
4.  **Government Accountability Office of the United States**
5.  **National Audit Office of United Kingdom**
6.  **Auditor General's Office of Papua New Guinea**
7.  **Auditor General's Department of Trinidad & Tobago**
8.  **Auditor General's Office of Fiji**
9.  **Office of the Auditor General of Lesotho**



10.



**Audit Board of Republic of Indonesia**

11.



**Superior Audit Office of Mexico**

12.



**Federal Court of Audit of Germany**

13.



**Contralor General de La Republica- Colombia**

14.



**Contralor General del Estado- Ecuador**

15.



**Office of the Auditor –General of Malaysia**

16.



**Board of Supreme Audit- Iraq**

17.



**Supreme Chamber of Control -POLAND**

18.



**Central Organization for Control and Auditing -Yemen**



Participant List  
4<sup>th</sup> Meeting of the Working Group  
Quito – Ecuador  
August 5 - 6, 2010

1.

**Central Audit Organization of Egypt**

*Counselor Dr. Mohammed Gawdat Ahmed El-Malt*

President

**Mr. Mohamed Wanis Khalil**

First Under Secretary of State

**Mr. Mahmoud Abdel- Latief**

First Under Secretary of State

**Mr. Islam El-Afifi**

Comptroller



2.

**Comptrollership General of Peru**

Mr. Juan Carlos Requejo



3.

**Accounts Chamber of the Russian Federation**

**Mr. Petr Primak**

*Director of Department*



4.

**Government Accountability Office of the United States**

**Mrs. Jacquelyn Williams-Bridgers**

*Managing Director, International Affairs and Trade*

*Office of the Auditor General of Lesotho*



5.

**Mrs. Lucy L. Liphafa**

*Auditor General*



6.

**Audit Board of Republic of Indonesia**

Mr. Taufiequrachman Ruki

Mr. Novy Gregory Antonius Pelenkahu





7.



Mr. Marcelo Lopez Mestanza  
**Federal Court of Audit of Germany**

Mr. Harald Klein  
Mr. Uwe Schreiner

8.



**Contralor General de La Republica- Colombia**

Mr. Luis Fernando Ayala  
Mrs. Nidia Giraldo

9.



**Contraloria General del Estado- Ecuador**

Dr. Carlos Polit  
Mr. Pablo Celi  
Mr. Nelson Duenas

10.



**Supreme Chamber of Control –POLAND**

Mr. Jacek Koscielniak  
Mr. Zbyslaw Dobrowski



## OBSERVERS :

1.



**INTOSAI General Secretariat**

*Dr. Josef Moser*

2.



**INTOSAI Development Initiative (IDI)**

Mr. Magnus Borge

Mr. Abdelhakim ben Lazreg

3.



**Contraloria General de la República de Chile**

Mrs. Dorothy Perez Gutierrez

4.



**Contraloria General de Cuentas de Guatemala**

Mr. Edgar Alberto Samayoa Lara

5.



**National Audit Office of the People's Republic of China**

Mr. Chen Dashi

Mrs. Yanqi Qi

6.



**Office of the Auditor-General Namibia**

Mrs. Hiliya ndapanda Amupolo

Mr. Junias Etuna Kandjeke

7.



**Contraloría General de la República de Paraguay**

Mrs. Shirley Acuna

8.



**Supreme Audit Office of the Czech Republic**

Mr. Petr Neuvirt

Mrs. Sylvia Mullerova





9.



**Office of the Auditor General – Zambia**

Mr. Forbby Phiri  
Mr. Albert Shikupilwa



**Meeting AGENDA**  
**4<sup>th</sup> Meeting of WG FACML**  
**Quito – Ecuador**  
**4 – 6 August 2010**

<b>Wednesday</b>		<b>4 August 2010</b>
		<p>Arrival of delegations</p> <p>- Check in hotel(s)</p>
<b>Thursday</b>		<b>5 August 2010</b>
09.00-09.30		<p>- <i>Welcome Remarks</i></p> <p>Auditor General of SAI of Ecuador</p>
09.30-10.00		<p><i>Opening Session</i></p> <p>☒ Counselor Dr. Gawdat El-Malt</p> <p>President of the (CAO) and the Chairman of WG - FACML</p>
10.00-10.30		<i>Group photo</i>
10.30-11.00		<i>Break</i>
11.00- 11.30		<p>Overview of the WG achievements and progress report.</p> <p>☒ Representative of the CAO of Egypt</p>
11.30-12.00		Comments on WG progress report.
12.00-12.30		<p>Overview of the Guidelines on Fighting Corruption and Money Laundering Controls (First objective)</p> <p>☒ Accounts Chamber of the Russian Federation</p>
12.30-13.00		Open Session for the Guidelines.



13.00-15.00	Lunch break
15.00- 15.30	Overview of Second Objective achievements ☒ Governmental Accountability Office of America
15.30-16.00	Open Session for the Second Objective Achievements.
16.00- 16.30	Presentation of the report of the First Questionnaire concerning fighting corruption and money laundering.(Third Objective). ☒ Central Auditing Organization of Egypt
16.30-17.00	Open Session for the report of the First Questionnaire.
17.00	Adjournment

Friday	6 August 2010
9.00- 9.30	Wrap up Session ☒ Counselor Dr. Gawdat El-Malt the President of the CAO of Egypt and the Chairman of the WGFACML.
9.30-10.00	Open session to review the decisions that have been taken in the first day of the meeting
10.00-10.30	Break
10.30-11.30	Open session for suggested Team Works for the topics to be implemented as a guidelines. ☒ Mr. Mahmoud Assaad, the Chair of the Secretariat of the WG.
11.30-12.00	Presentation by the INTOSAI International Development Initiative IDI ☒ IDI represents framework of cooperation between IDI



and the WG FACML.

12.00-12.30	Open session for IDI presentation.
12.30-14.30	Lunch break
14.30-15.15	<p>Proposal of the Working Group Working Plan of 2011-2013</p> <p>☒ Mr. Mahmoud Assaad, the Chair of the Secretariat of the WG</p>
15.15-15.45	<p>Reviewing the booklet of the WG to be submitted to the 20<sup>th</sup> INCOSAI</p> <p>☒ Mr. Mahmoud Assaad, the Chair of the Secretariat of the WG</p>
15.45-16.00	<p>Discussing next meeting venue July 2011</p> <p>☒ Counselor Dr. Gawdat El-Malt, the President of the CAO of Egypt and the Chairman of the WG.</p>
16.00-16.30	<p>Closing Session</p> <p>☒ Counselor Dr. Gawdat El-Malt, the President of the CAO of Egypt and the Chairman of the WG.</p>
16.30	<i>Adjournment</i>

Saturday 7 August 2010

Delegations Departure



***Minutes of the 4<sup>th</sup> Meeting of INTOSAI  
Working Group on Fight Against Corruption and Money Laundering  
(WGFACML).  
Quito, Ecuador (4-6 August 2010)***

The 4<sup>th</sup> Meeting of the INTOSAI Working Group of WGFACML was held in Quito, Ecuador from 4-6 August 2010.

The meeting was presided over by Counselor Dr. Gawdat El-Malt the President of the Egyptian SAI (CAO) and the Chairman of the Working Group .

The following is a list of the SAIs Chairs , Delegates and Observers:

**First: Chairs of SAIs:**

No.	Country	Title & Name	Position
6.	Egypt	Counselor Dr. Mohamed Gawdat El-Malt	<i>President</i>
7.	Ecuador	Dr. Carlos Polit	<i>Chairman</i>
8.	Lesotho	Mrs. Lucy L. Liphafa	<i>Auditor General</i>
9.	Guatemala	Mr. Carlos Enrique Mencos Morales	<i>Auditor General</i>

**Second: The Delegates :**

No.	Country	Title & Name
21.	Egypt	Mr. Mohamed Khalil
22.	Egypt	Mr. Mahmoud Abdel- Latief
23.	Egypt	Mr. Islam El-Afifi
24.	Ecuador	Mr. Pablo Celi
25.	Ecuador	Mr. Nelson Duenas
26.	Colombia	Mr. Luis Fernando Ayala
27.	Colombia	Mrs. Nidia Giraldo



28.	Germany	Mr. Harald Klein
29.	Germany	Mr. Uwe Schreiner
30.	Indonesia	Mr. Taufiequrachman Ruki
31.	Indonesia	Mr. Novy Gregory Antonius Pelenkahu
32.	Indonesia	Mr. Marcelo Lopez Mestanza
33.	Peru	Mr. Juan Carlos Requejo
34.	Poland	Mr. Jacek Koscielniak
35.	Poland	Mr. Zbyslaw Dobrowlski
36.	Russian Federation	Mr. Petr Primak
37.	USA	Mrs. Jacquelyn Williams-Bridgers

The following delegates didn't attend the meeting :

Fiji , Iraq , Malaysia , Mexico , Papua new guinea , Trinidad & Tobago , United kingdom , Yemen .

### **Third : The Observers:**

The following delegates attended the meeting as Observers:

No.	Country	Title & Name
6.	Chile	Mrs. Dorothy Perez Gutierrez
7.	China	Mr. Chen Dashi
8.	China	Mrs. Yanqi Qi
9.	Czech Republic	Mr. Petr Neuvirt
10.	Czech Republic	Mrs. Sylvia Mullerova
11.	Guatemala	Mr. Edgar Alberto Samayoa Lara
12.	Namibia	Mr. Junias Etuna Kandjeke
13.	Namibia	Mrs. Hilija ndapanda Amupolo
14.	IDI	Mr. Abdelhakim ben Lazreg
15.	IDI	Mr. Magnus Borge
16.	Paraguay	Mrs. Shirley Acuna
17.	Zambia	Mr. Albert Shikupilwa
18.	Zambia	Mr. Forbby Phiri



## **First Day : August 5, 2010**

### **1- Item 1 : Welcome Address.**

At the outset of the Meeting , Dr. Carlos Polit the Chairman of the SAI of Ecuador , welcomed Dr. Gawdat El-Malt the Chair of the Working Group and the president of the Egyptian Central Auditing Organization , Dr. Diego Garcia the General Attorney of Ecuador , Chairmen of SAIs , all delegates , observers and the guests.

After that Dr. Polit stated in brief the history of the INTOSAI stressing the organization importance and its activities variation . He also stated that the Ecuadorian SAI as chair of the OLACEFS Special Technical Commission for Public Ethics , Probity and Transparency Management try to develop an interaction that channel the flow of information and experiences that could be useful to their regional organization. The objectives of the working group are closer to OLACEFS aspirations . In the General Assembly of the OLACEFS held in July 2010 in Antigua – Guatemala, the SAI of Ecuador was unanimously elected to preside for the period 2011-2012 that deepens the regional ties with INTOSAI . Corruption is transformed into a growing threat which is projected as a factor of democracies instability and declining welfare of nations.

Also , Dr. Polit previewed money laundering mechanisms to transfer money from illegal sources to legal ones that can be used in national economies . SAIs have an outstanding opportunity to fight this phenomena under the guidance of INTOSAI . After that he previewed the meeting agenda important items and the OLACEFS regional plan to combat corruption that was approved in July 2010 , Antigua – Guatemala, that regional group includes several activities like : education and training , cooperation with international organizations , establishment of databases and information network in the region different countries , establishment of research and development base. He also stressed their commitment to work with continuous efforts with the INTOSAI and the Working Group.

At the end of his speech , Dr. Polit welcomed all the guests wishing all success to the meeting.

### **2- Item 2 : General Attorney Speech.**

Dr. Diego Garcia the general attorney of the republic of Ecuador a welcome speech in which he greeted Dr. Carlos Polit the Chairman of the SAI of Ecuador , Dr. Gawdat El-Malt the Chair of the Working Group and the president of the Egyptian Central Auditing Organization and all delegations whether members or observers.



After that Dr. Garcia previewed the exerted efforts in the republic of Ecuador to fight corruption in general and money laundering specially , beside previewing the most important steps taken by his department to fight those matters.

### **3- Item 3 : Opening Remarks.**

Counselor Dr. Gawdat El-Malt , the Chair of the Working Group and the President of the Egyptian CAO thanked Dr. Polit for hosting the meeting and the arrangements made for its success. He also welcomed SAIs Chairs , Head of delegations , the observers and all the guests. He stressed the great responsibility assigned to the working group due to the international events concerning issues of corruption and money laundering , the formulation of a new working plan 2011-2013 that is characterized by objectivity and applicability.

Dr. Gawdat also pointed out the precedence that appears in the cooperation held between our WG and the INTOSAI Working Group on Environmental Auditing (WGEA) in preparing a joint guideline in the field of issues related to fraud and corruption with issues of environmental auditing .

At the end of his speech , he welcomed once more the observers , the Ecuadorian SAI Chairman , Mr. Rafael Delgado the President of the Republic of Ecuador and the Ecuadorian government and people.

### **4- Item 4: Meeting Agenda Approval.**

Counselor Dr. Gawdat El-malt asked the delegations to review the meeting agenda and suggest any amendments . The meeting agenda was approved without any change.

### **5- Item 5: Progress Report .**

Mr. Mohammed Khalil (Counselor of Dr. Gawdat El-Malt ) reviewed the progress report of the WG during last year , the report included the following:

- 1- Counselor Dr .Gawdat El-Malt the Chair of the Working Group submitting the Working Group Progress Report for the period 2008/2009 to the ARABOSAI 42 Governing Board proceedings hosted by the Egyptian CAO in December 2009.
- 2- A delegation of the Working Group Secretariat attended the INTOSAI 59<sup>th</sup> Governing Board held in Cape town – South Africa in November 2009 and submitted the Working Group Progress Report for the period 2008/2009.
- 3- Holding meetings with IDI representatives starting with Mr. Magnus Borge in South Africa and ending Mr. Einar Corrissen in Cairo in March 2010 to discuss cooperation aspects between the Working Group and the IDI to develop a specialized training course in the field of fighting corruption and money laundering.





- 4- Updating the Working Website by adding the following :
  - A- Laws and Regulations of 52 countries.
  - B- Data of the 3<sup>rd</sup> meeting held in Jakarta (July 2009).
  - C- Some news on the WG activities.
- 5- Developing a draft of a new working plan framework for the period 2011-2013 as our Working Group plan 2008-2011 is about to finish .
- 6- Developing a General Framework for the WGFACML Guidelines Projects that was approved during the 3<sup>rd</sup> meeting Jakarta – Indonesia, July 2009 , to support the WG working plan through developing 3 guidelines and they are as follows :-
  - A- Preventing and fighting corruption including stolen assets recovery.
  - B- Enhancing integrity, transparency, accountability and rational administration of government property.
  - C- Challenges facing SAIs when fighting money laundering.

He also mentioned the survey that was sent to the working group members to know their opinions and set down the team works and the timetable.

- 7- Developing a Report on the WG First Questionnaire.
- 8- Following up the activities of the WG Working Plan Objectives 2008/2009 :

**First Objective :** *"The Guidelines and Principles on the Fight against Corruption and Money Laundering "* that was developed by the SAI of Russian Federation .

**Second Objective:** Developing a Report on the organizations and entities concerned with fighting corruption and money laundering , beside determining the most important partners . That goal was assigned to the SAI of USA.

**Third Objective :** “ The Working Group first Questionnaire Report” that was developed by the SAI of Egypt .

- 9- The WG issued a Book that is considered the first product of the WG , it is issued in English language and it shall be translated into the other INTOSAI four official languages after being approved in the 20<sup>th</sup> INCOSAI in South AFRICA. The book includes several documents and 4 annexes.
- 10- Increasing the Working Group members from 14 to 18 members after joining Malaysia , Iraq , Poland and Yemen.



## **6- Item 6 : First Objective ( Guidelines – Russia) .**

Mr. Petr Primak from the SAI of Russian Federation previewed the Guidelines and Principles for SAIs on Fight against Corruption and Money Laundering that was developed by the Russian SAI but he was asked by Dr. Gawdat el- Malt the chairman of the WG to summarize it during the 3<sup>rd</sup> Meeting Jakarta – Indonesia July 2009 .

Mr. Primak finished this summarizing , thanks to him and it was agreed that the Central Auditing Organization of Egypt shall translate it to both Arabic and French languages , while the SAI of Ecuador shall translate it to Spanish . In the same time the SAI of Germany shall hold the responsibility of translation into German .

This guideline is approved in its final form and some members give comments on the paper (Annex 1).

## **7- Item 7: Second Objective Activity (List of International Entities and Organizations).**

Mrs. Jacquelyn Williams-Bridgers the representative of the GAO of USA made a presentation on the Second Objective activity ; to promote cooperation between INTOSAI and the International Organizations involved in the Fight against Corruption and Money Laundering. This objective was assigned to the SAI of USA through developing a list of main international organizations working in the field of fighting corruption and money laundering . As to determining key international partners for the working group , Mrs. Jacquelyn Bridgers assured that there are current communication with World Bank Financial Market Integrity Unit beside trying to contact Egmount Group .

She also mentioned that many governments of the WG members have been subject to WB assessments, STAR or AML training initiatives like : Fiji, Lesotho, Indonesia, Mexico, Columbia and Iraq . The World Bank Financial Market Integrity Unit suggested many things , the most important of which are:

- 1- Provide listing of SAI contacts to World Bank FPDFI to facilitate contact.
- 2- Invite key international partners as observers to the meetings of the Working Group.
- 3- Following up with FMI, PREM and others in World Bank to advance conversation and action.

The representative of the GAO mentioned that the World Bank Financial And Private Sector Development specialist welcomes SAIs attendance at training sessions on AML.



The Head of the WG Secretariat commented that achieving this objective was late , the representative of the GAO was asked to finish this objective as soon as possible so that it can be submitted to INCOSAI 20<sup>th</sup> to be held in South Africa November , 2010 otherwise this objective shall be delayed to the new working group .

#### **8- Item 8 : Third Objective (The WG First Questionnaire).**

Acc. Mahmoud Assad the Head of the WG Secretariat previewed the results of the WG first questionnaire that was developed in the light of the Third Objective of the WG working plan 2008-2011.

The questionnaire in its final form was sent to all INTOSAI member SAIs (189 SAIs) , the responses to the questionnaire were from 54 SAIs with a percentage of 28.6%.

Although the SAIs participation percentage was low , the responses that reached the WG Secretariat represented successfully the INTOSAI community or more accurately the INTOSAI 7 Working Groups and most of the responses were from active SAIs , thus the WG Secretariat believed that it shall be suitable to analyze and preview the questionnaire results in this report initially until more responses reach the WG Secretariat so that it can be updated to reflect more dependable results .

Acc. Mahmoud Assad presented a PowerPoint show including the percentages of the questions according to the questionnaire 3 subdivisions mentioning whether the answer was yes , no or there were no answer at all .

Also the Head of the WG secretariat previewed the following:

- 1- A detailed table for SAIs responses according to their Regional Working Groups and the rate of each Working Group to all responses.
- 2- Working Group member SAIs that responded , they are 13 SAIs with rate of 72%.
- 3- INTOSAI Working Group Chairs that responded and they are 4 SAIs with rate of 57%.

The most important indicators are :

- **The Positive indicators that took the highest rates like :**

- ☒ The availability of countries having laws regarding financial conflicts of interest for public officials with a rate of 94.4%.
- ☒ The countries having Financial Intelligence Unit / Body /Organization with a rate of 92.6%.

- **The Negative indicators that took the lowest rates like:**

- ☒ SAIs having the mandate to impose sanctions by itself against corruption and money laundering cases with a rate of 11.1%.



- ☒ SAIs willing to open their training courses up to auditors from other INTOSAI members with a rate of 31.4% .

The report at its end stressed that SAIs should benefit from the subjects that get positive highest rates in addition to the necessity of receiving more responses to the questionnaire as that will increase the benefits and share more experiences between INTOSAI SAIs.

## **Second Day : August 6, 2010**

### **9- Item 9 : Wrap Up Session .**

Acc. Mahmoud Assad the Head of the WG Secretariat previewed the decisions agreed upon in the first day of the meeting and they are as follows:

- 1- Approval of the Progress Report.
- 2- Approval of the Guidelines prepared by the SAI of Russian Federation and it was agreed that the Central Auditing Organization of Egypt shall translate it to both Arabic and French languages , while the SAI of Ecuador shall translate it to Spanish . In the same time the SAI of Germany shall hold the responsibility of translating into German .
- 3- Approval of the WG First Questionnaire Report and it was agreed that the questionnaire shall be resent to the countries that didn't respond . In case of response , that responses shall be included in the final report .
- 4- Continuation of work on the List of the main international organizations working in the field of fighting corruption and money laundering and key international partners as the presentation didn't include any detailed data that may help in reaching positive results , also the presentation didn't include any timetable for implementation stages. It was agreed to give representative of the GAO a grace till the end of September 2010 to finish the matters related to this objective especially the detailed data.

### **10- Item 10 : The Proposed framework .**

Acc. Mahmoud Assad the Head of the WG Secretariat previewed the proposed framework of the Guidelines Projects for the three themes approved by the WG member SAIs in the 3<sup>rd</sup> held Jakarta –Indonesia and they are 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.



The WG General Secretariat prepared a survey on the 3 themes and it was sent to WG members for comment and remarks , the most important results of the survey were :-

- 1- The WG SAIs of Poland – Germany – Peru – Iraq – Indonesia – Malaysia – Colombia – Egypt agreed to participate in preparing and implementing draft guidelines .
- 2- According to their priority of implementation , the themes are arranged as follows :-
  - I. Enhancing integrity, transparency , accountability and rational administration on Government property.
  - II. Prevent and fight corruption including stolen assets recovery.
  - III. Challenges facing SAIs when fighting money laundering .
- 3- Delaying the implementation of the third theme until we completely finish the first and second guidelines or starting it in case of existence of volunteers .
- 4- The proposed team works of implementation for the two guidelines are :
  - I. The 1<sup>st</sup> guideline : Enhancing integrity, transparency , accountability and rational administration on Government property.  
Poland – Peru – Colombia – Egypt.
  - II. The 2<sup>nd</sup> guideline : Prevent and fight corruption including stolen assets recovery.  
Germany – Indonesia – Malaysia – Iraq.

Acc. Mahmoud Assad also previewed the proposed schedule of implementing the draft guidelines , and it was agreed upon submitting the guidelines in their final form in the 7<sup>th</sup> meeting of WG to be presented for approval in the 21<sup>st</sup> INCOSAI 2013 .

The presentation also included the detailed stages for developing those guidelines and Roles and Responsibilities of team works and WG Secretariat .

## **11- Item 11 : Meetings with IDI .**

Acc. Mahmoud Assad the Head of the WG Secretariat previewed the efforts exerted in cooperation with IDI starting with the meeting held on the fringe of the INTOSAI 59<sup>th</sup> Governing Board held in November 2009 in Cape Town – South Africa with IDI representatives , then the meeting held in the CAO headquarters on Monday 29 , March 2010 between the WGFACML Secretariat and the Representative of IDI who affirmed that there isn't any material for a training program in that field , and that we should concentrate on the theme of fighting corruption which is one of the main themes of the INTOSAI Strategic Plan 2011-2016 .



## 12- Item 12: IDI Representatives Presentation .

After the presentation of the Head of the General Secretariat , Director General, Mr .Magnus Borge, the Director General of IDI and Mr. Abdelhakim Ben Lazreg, the IDI Programme Manager previewed a presentation that included the following points:

- 1- IDI Strategic Plan 2007-2012.
- 2- IDI Capacity Building Model.
- 3- An example of IDI programs.
- 4- IDI programs in 2010.
- 5- IDI products.

Mr. Abdelhakim Ben Lazreg, the IDI Programme Manager gave a successful example for IDI cooperation programs , that is *The Transregional Program on Public Management Audit 2008-2011* , he confirmed that this program was implemented due to increased demand from SAIs (especially in Africa) after that he stated the role of the cooperation partners , program objectives , participating SAIs , program design in addition to the program outputs and outcomes.

Mr . Magnus Borge, the Director General of IDI previewed a presentation on the *INTOSAI and the Donor Community* , the most important mentioned points were as follows:

1. The principles of cooperation between IDI and Donors community.
2. How Donors provide financial and technical support to SAIs
3. Main Donor entities.
4. INTOSAI – Donor Cooperation Steering Committee that comprises all donor signatories and nine SAIs appointed by INTOSAI
5. Role and Responsibilities of the Steering Committee .
6. Interim terms of reference for the Steering Committee Secretariat

Mr . Magnus Borge stated that the principles and guidelines prepared by the SAI of Russian Federation constitute an excellent baseline for the future work of the working group , but they are too broad and not operational of nature to form a sufficient basis for capacity building cooperation. He also mentioned that the WG proposed framework for the guidelines projects will constitute a very relevant topic for future capacity building cooperation. The IDI wants to conduct a collaborative pilot capacity building program in one of the INTOSAI regions , for example ARABOSAI. This will involve a three partite cooperation ( IDI , the WG and the region in question (ARABOSAI)).



He also proposes to invite IDI as an observer in the WG coming annual meetings , that will enable the IDI to be updated on the preparation of the guidelines and the many professional experts in the WG . This will also give the WG an opportunity to be updated by IDI new developments.

### **13- Item 13 Draft New Working Plan .**

Acc. Mahmoud Assad the Head of the WG Secretariat previewed the draft of the new working plan 2011-2013 that aims at supporting Supreme Audit Institutions efforts in the field of fighting corruption and money laundering , broadening available concepts and best practices through developing guidelines , submitting training programs , other countries expertise , case studies related to their exerted efforts to prevent , detect and fight corruption and money laundering.

He also previewed the new working plan objectives and they are as follows:

#### **Mission :**

Support Supreme Audit Institutions efforts in the field of fighting corruption and money laundering , broadening available concepts and best practices through developing guidelines , submitting training programs , other countries expertise , case studies related to their exerted efforts to prevent , detect and fight corruption and money laundering.

### **Objective 1:Cooperation between SAIs in developing guidelines that support their efforts in detecting and fighting corruption and money laundering .**

1. Corruption prevention and fighting including stolen asset recovery initiative.
2. Enhancing integrity , transparency , accountability and good governance for public properties.
3. Challenges that face SAIs on fighting money laundering.

The WG General Secretariat prepared a survey and it was sent to WG members , the most important results of the survey were forming 2 work teams to develop the 1<sup>st</sup> guideline including Poland – Peru – Colombia – Egypt , while the 2<sup>nd</sup> guideline shall be developed by the SAIs of Germany – Indonesia – Malaysia – Iraq.

### **Objective 2 :Designing and Developing training programs and workshops on :**

- 1- **Fighting Corruption** : Studying any available training programs in any other regional working group related to fighting corruption , Designing and Developing training courses on fighting corruption in cooperation with INTOSAI Development Initiative (IDI) depending on the guidelines issued by the WG.





- 2- **Fighting Money Laundering:** Its suggested to launch a pilot training program in one of INTOSAI Regional Working Groups after being revised and supervised by the IDI . After being amended in case of necessity , the course shall be applied on other regional working groups using also the available materials in other organizations , entities working the field of fighting money laundering beside the agreements and products .

**Objective 3:Cooperation with INTOSAI Working Group for Environmental Auditing.**

This cooperation shall be made through: Developing a guideline on " Issues of corruption and fraud in the field of 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.

**Objective 4 :**

**Develop a data base for SAIs Best practices and expertise in the field of fighting corruption and money laundering through** choosing a WG member SAI to hold the responsibility of leading this project.

Some delegates gave some comments on the new working plan , those comments are mentioned beside the WG secretariat in annex (2).

**14- Item 14 : Discussion on the Venue of the 5<sup>th</sup> Meeting of WG-FACML.**

The Chair of the Working Group discussed the issue of holding the 5<sup>th</sup> meeting , it was decided to hold the 5<sup>th</sup> Meeting of the Working Group in 2011. As to the meeting host the matter was to be settled during the following 3 months. A presentation was made on the previous places of meetings whether for the Task Force or the WG.

**15- Item 15 : The WG first Book / Product .**

Acc. Mahmoud Assad the Head of the WG Secretariat previewed the WG First Product , the book entitled after the WG name . He also mentioned that this book shall be submitted to the 20<sup>th</sup> INCOSAI to be held in South Africa 2010 in English language . In case of approval , the WG shall start translating that book to the other four INTOSAI official languages . The CAO shall translate it to Arabic language and the matter shall be decided in its time.

The Head of the WG Secretariat previewed the book quickly that includes :

- 1- An Introduction on INTOSAI history.
- 2- A Background on the task force history and how it was transferred into a Working Group.
- 3- The WG Current Working Plan 2008-2011.
- 4- The WG previous meetings.





- 5- The Guidelines developed by the SAI of Russian federation
- 6- The WG First Questionnaire Report .
- 7- The progress report submitted to the INTOSAI 59<sup>th</sup> Governing Board , South Africa in November 2009.
- 8- Draft of the New Working Plan 2011-2013.

At the end of the book there are four annexes:

- The First concerning the documents of the 3<sup>rd</sup> meeting held in Jakarta- Indonesia July , 2009.
- The Second concerning the documents of the 4<sup>th</sup> meeting held in Quito – Ecuador August , 2010.
- The Third is a glossary of terms in both English and Arabic languages relate to fighting corruption and money laundering.
- The Fourth is a list of the common abbreviations mostly used in the field of fighting corruption and money laundering.

The SAI of Poland asked for adding his word that was delivered during the third meeting in Jakarta – Indonesia 2009, also Mrs. Mrs. Jacquelyn Williams-Bridgers the representative of USA asked for amending some words in the part concerning her.

Both requests were made.

#### **16- Agenda Item 16 : New Members requests .**

Counsellor Dr. El-Malt announced that the SAI of Namibia has submitted an official request to join the WG, that request was given to the Head of the General Secretariat . The Chairman of the WG asserted that if any SAI wishes to join the WG membership it should submit a request in the name of the WG Chairman or send it on the **WG email : wgfacml@cao.gov.eg** . In fact both SAIs of China , Chile and Czech have sent emails for joining the WG.

#### **17- Agenda Item 17 : Observers Speeches :**

The representatives of the SAI of China who attended the meeting as an observer asked for delivering a speech . The Chairman of the WG agreed and asked other observers to deliver their speeches if they want.

##### **The Speech of the SAI of China :**

The Representative of the SAI of China talked about Economic Accountability Audit that is a new type of auditing carried out by China 's auditing institutions and how this type of audit is very much different from financial auditing and performance auditing.



Economic Accountability Audit refers to the evaluation of how the leaders of the audited entities fulfill their economic accountability with regard to financial expenditures and revenues and relevant economic activities .

He stressed that this type of audit emerges with China's reform policy . In May 1999 the Central Administration of the party published two sets of interim regulations , in 2006 China Audit Law was modified clarifying the auditees and scope of Economic Accountability Audit. Statistically , 393.6 thousand leaders at various levels were audited over from 1998 to 2009.

Economic Accountability Audit concentrates on leaders of the party , the administration and the enterprises as well , it includes three types of people:

- 1- Heads or deputy heads of party committees , governments , judicial institutions.
- 2- Heads or Deputy Heads presiding over one year on party agencies and the administration at central and local level.
- 3- Legal persons of state owned enterprises.

The Representative also mentioned Economic Accountability Audit mandates , authorities in addition to organization and management .

As to the outcomes of this type of audit , it is clear in preventing and punishing corruption , facilitating upright governance , from 1998 to 2009 , the illegal fund of leaders disclosed by EAA reaches 2.032 billion RMB , 5003 persons were transferred to the disciplinary and supervisory institutions covering 1.8% of the total number of leaders audited. This type of audit stress the disclosure of the misuse of power for private interests , embezzlement and corruption on state assets , also this type of audit seeks to build an anti money laundering information system , good reporting system , improving efficiency of investigation . Thus we can say that EAA aims at the following:

- 1- Preventing and punishing corruption , facilitating upright governance.
- 2- Safeguarding economic order promoting the fast and quality of social and economic development.
- 3- Facilitating supervision over cadres management and promoting , improving the supervisory mechanism of cadres management.

#### **The Speech of the SAI of Chile :**

At first, the delegate of the General Comptroller of Chile thanked the host country for the wonderful reception. Similarly thanked the Working Group Chairman for allowing her to express her brief words.



She began by stressing that her comments will not be effective because her country is attending as an observer, thus, she will raise to the General Comptroller of Chile the suggestion to participate in this working group as a member. She stressed that the objective of the working group is great as fight against corruption and money laundering is a global need. Concerning the analysis of the guidelines and objectives of group work, it would be reasonable to explore more concrete ideas , more specific examples that can serve all countries in combating corruption and money laundering.

She also suggested putting , without prejudice to the legal difficulties in each country, a list of companies that may have been finally sanctioned , so that other countries could learn and take concrete and effective information that any of these companies have been penalized for corruption or money laundering, thus it became an alert for other countries.

Another idea is to generate a list of the areas in which corruption has generated more in various countries, so that member countries or the rest of the international community could take them as a warning light.

Another idea is to establish concrete indicators of risk to focus our efforts to combat these situations that are more risky.

With regard to case studies it is a fundamental task, thus it is necessary to publish many case studies and make them available to the international community as soon as possible.

At the end of her speech , she stated that the publication of audit reports on the SAI of Chile website made a great impact on Chilean citizens who have the ability to access to this information , thus they feel the obligation to cooperate.

### **The Speech of the SAI of Guatemala :**

The Chairman of the SAI of Guatemala mentioned that during the last week he attended a court that was investigating a topic related to asset laundering . From this case he identified a gap between the unit of asset laundering and the General Comptroller Office. We discovered that the Comptroller Office had to take a step forward from just a simple verification of the reports, to the public management related to projects.

The Comptroller Office should make more research to find the relations between those who are part of the public entity and those who are offering their services or building public work and of course links with the political parties. It's important because most of the cases of



corruption are related to politicians. Thus we should explore more and analyze deeply that matter ; who finance the political parties and those who are part of the government.

**The Speech of the SAI of Czech Republic :**

Mr. Petr Neuvirt mentioned that their Office involves in many activities on fight against corruption and money laundering at the present time . Corruption is not only an internal problem because it has international impact. Multinational companies would like to have international control in many markets and that actions are very often related with corruption. This working group contributes significantly to detection and fighting against corruption and money laundering.

**The Speech of the SAI of Namibia :**

The Representative of the SAI of Namibia thanked the SAI's of Ecuador and Egypt to make it possible to participate in this working group. He also mentioned that Namibia has already submitted an application to become a member of this working group. They think that they can benefit a lot of the discussions of the group and share many topics if they become members of this working group. In fact , Namibia has already signed the UN Convention of Corruption and the Convention of African Union on Corruption. They have joined anticorruption projects with the Anticorruption Commission in their country.

**The Speech of the SAI of Paraguay :**

The Representative of the SAI of Paraguay mentioned that she is a forensic specialist in the Auditing Office of Paraguay. The Forensic Unit in Paraguay has the mission to fight against corruption and organized crime. Their work is to establish and investigate crimes that happened to public assets through tactics that include intervention to public entities so they can collect a list of crime activities. They have a format that contains the full aspects of the crime and specifies the amount of the damage.

**18- Item 18 : Closing Remarks.**

At the end , Dr. Gawdat El-Malt 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 soon send to them to be approved, thus it can be ready to be included in the progress report that shall be submitted to the 20<sup>th</sup> INCOSAI November 2010 , in South AFRICA.

At the end of his word , he extended his thanks to the SAI of Ecuador for hosting the meeting that was well organized and for their generous hospitality .

#### **19-Item 19: The Meeting Resolutions .**

After discussions , all delegates agreed upon :

- 1- The Approval of the WG Progress Report.
- 2- The Approval of the Guidelines prepared by the SAI of Russian Federation and it was agreed that the Central Auditing Organization of Egypt shall translate it to both Arabic and French languages , while the SAI of Ecuador shall translate it to Spanish . In the same time the SAI of Germany shall hold the responsibility of translating into German .
- 3- The Approval of the WG first questionnaire report and it was agreed that the questionnaire shall be resent to the countries that didn't respond . In case of response , that responses shall be included in the final report .
- 4- The representative of the GAO of USA was asked to submit a progress report on what have been achieved to accomplish the matters concerning the 2<sup>nd</sup> objective of the working plan , otherwise this objective shall be delayed to the new working group .
- 5- Studying the comments concerning the new working plan and applying which ever is applicable.
- 6- Determining the Venue of the next meeting during the next 3 months as there were no volunteers.
- 7- The approval of the requests of the SAIs of Namibia , Chile , China and Czech to join our working group.

***The Chairman of the Working Group declared the Meeting Closed.***



***Guidelines and Principles for INTOSAI SAs on  
Fight against Corruption and MONEY Laundering***



## **Guidelines and Principles for Supreme Audit Institutions of the INTOSAI Member-States on the Fight against Corruption and Money Laundering**

**The INTOSAI Working Group on Fight against Corruption and Money Laundering believes that the activity of Supreme Audit Institutions of INTOSAI member-states devoted to the fight against corruption and money laundering should be based on the following principles: Legality, Independence, Objectivity and impartiality, Consistency, Preventability, Transparency, Responsibility, Professionalism and abidance by professional Ethics.**

**Based on these principles Working Group recommends SAI to concentrate their efforts on the following areas of the fight against corruption international money laundering:**

- Pro-active approach in developing state policy on the fight against money laundering and corruption;
- Ensuring transparency and publicity on all stages of monitoring, as an indispensable part of the process of disclosure and prevention of international money laundering and corruption;
- Organizing and carrying out activities aimed primarily at corruption and money laundering prevention rather than damage control. It envisages participation in realizing administrative and economic reforms designed to eliminate the causes and environment for corruption and money laundering proliferation;
- Ensuring concurrence and consistence of the actions by the state agencies involved in the fight against corruption and money laundering ;
- Participating in development and realization of the recommendations for improving legislation and efficiency of the state resource management;
- Providing mandatory anti-corruption expertise of the existing regulatory acts and drafts governing the fiscal process as well as state fund transactions, including operations involving property and natural resources;



- Increasing audit efficiency by improving the methods and methodology of detecting corruption risks during audit reviews;
- Ensuring SAI dominance in designing an integrated external and internal financial control, adopting international standards, their unification and harmonization with national laws and regulations as one of the basic factors affecting audit quality and corruption control;
- Intensifying control over the use of state resources by local government bodies, in particular of the inter-budget fund transfers, allocated from the state budget for performing national tasks and functions in the regions;
- Organization of expert training in the area of state finance audit, teaching the methods and methodology of corruption risk detection based on the their experience and experience of other countries' SAIs;
- Developing and realizing joint programs in the INTOSAI framework for teaching and advanced training of personnel in the area of fight against corruption and money laundering ;
- Organizing and participating in research projects on corruption and money laundering ;
- Intensification and enlargement of international cooperation and coordination in the areas of corruption and money laundering detection, suppression and prevention;
- Developing and implementing measures introducing the practice of transparent top officials' banking account cash flows and real estate operations;
- Organizing interaction with law enforcement bodies in the area of designing a set of measures to establish legal framework in fighting corruption and money laundering;
- Coordination SAI work with law enforcement agencies in the area of improving corruption-abundant zones in the state finance management as well as causes and prerequisites facilitating their emergence;
- Assisting law enforcement agencies in actual application of reaction measures in respect to specific officials violating anti-corruption laws and regulations. Improving together with law enforcement bodies the mechanism of interaction in this sphere;
- Pro-active approach to cooperation on the basis of steadfast abiding by the principles of independence, impartiality and publicity to improve honesty, moral and ethics of the public sector, develop institutions of civil society, increasing public concern in the work of elected officials as well as to improve efficiency and validity of spending the tax money;
- Pro-active approach to shaping a sustainable negative public opinion about corruption as well as the culture and psychology of corruption resentment;





- 
- Initiating implementation of advanced information technology on the part of state authorities to ensure control over the work of administration structures in improving its transparency;
  - Assisting in raising public awareness about the rights for state services and real mechanisms of population's participation in monitoring the efficiency of the government bodies' activities.

**The Working Group expects that implementation of these Guidelines will contribute to raising efficiency of member-states' SAI activities in fighting against corruption and money laundering, promoting their cooperation and enlarging global interaction and coordination in this area.**



***Report on the 2<sup>nd</sup> Objective of the WG current  
Working Plan .***



**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 3<sup>rd</sup> 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 INTOSA 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.



## ***WG First Questionnaire on Fight against Corruption and Money Laundering***





---

***INTOSAI Working Group On  
Fight Against International Corruption And Money Laundering (FACML)  
First Questionnaire***

The purpose of this questionnaire is to collect information that can be shared among INTOSAI members on the anti-corruption and money laundering environment in their countries and the types of audits they conduct.

For purposes of this questionnaire, please use :

**"The Abuse of Power for Private Gain"** as the definition of corruption.

And use ,

**"The use of money from illegal activities by concealing the Identity of the individuals who obtained the money or the means by which it was obtained and converting it into assets that appear to have come from a legitimate source "** as the definition of money laundering .

**INTOSAI Member Information:**

- **Country:**
- **SAI:**
- **Name of Contact Person:**
- **Mail Address:**
- **Postal Code :**
- **Telephone No.:**
- **Fax:**
- **E-Mail:**



## **Section 1: Against Corruption and Money Laundering Legal Structure and Memberships**

**1) Does your country have laws , regulations or guidelines...etc pertaining to money laundering?**

Yes ☐

No ☐

If yes , please provide us with the links or copies of these relevant laws, regulations or guidelines. ( INTOSAI 5 Languages only ).

**2) Has your country adopted the FATF <sup>(1)</sup> 40 recommendations ?**

Yes ☐

No ☐

**3) Does your country have a Financial Intelligence Unit / Body /Organization .....etc?**

Yes ☐

No ☐

If yes, what are its responsibilities?

**4) Is your country a member of any concerning body ?**

Yes ☐

If yes, please mention it / them.

No ☐

If no, do you expect to join and, if so, when?

**5) Has your country had a FATF mutual evaluation or a World Bank / IMF <sup>(2)</sup>, AML<sup>(3)</sup>/ CTF<sup>(4)</sup> assessment ?**

Yes ☐

No ☐

---

<sup>(1)</sup> Financial Action Task Force  
<sup>(2)</sup> International Monetary Fund  
<sup>(3)</sup> Anti-Money Laundering  
<sup>(4)</sup> Counter- Terrorist Financing.



**6) What are the responsible government entities in your country in charge of fighting?**

- a- Corruption
- b- Money Laundering

**7) Are there any other government entities in your country that are involved in fighting ?**

**a- Corruption**

Yes ☐

No ☐

If yes, please provide us with :

- Names :
- Responsibilities:
- Structure :
- Affiliated to :

**b- Money Laundering**

Yes ☐

No ☐

If yes, please provide us with :

- a- Names :
- b- Responsibilities:
- c- Structure :
- d- Affiliated to :

**8) Has your country adopted the UN Convention Against Corruption?**

Yes ☐

No ☐

**9) Does your country have laws outlawing corruption?**

Yes ☐

No ☐

If yes, please provide us with the links or copies of these relevant laws if they are different from those noted in question no. 1 mentioned above).

**10) Does your country have laws regarding financial conflicts of interest for public officials?**

Yes ☐

No ☐



If not, are these laws under development?

Yes ☐

No ☐

**11) Does your country have laws regarding ethics code for public officials?**

Yes ☐

No ☐

If not, are these laws under development?

Yes ☐

No ☐

**Section 2: SAIs Activities against Corruption and Money Laundering :**

**1) Does your SAI have the authority to conduct audits related to :**

**a. Corruption**

Yes ☐

No ☐

Please discuss.

**b. Money Laundering**

Yes ☐

No ☐

Please discuss.

**2) If No, How does your SAI contribute in fight against corruption and Money Laundering?**

Please discuss.

**3) Does your SAI have authority to audit the following areas (check all that apply)?**

Procurement/contracting ☐

Tax administration ☐

Public Entities giving licensing ☐

Government financial institutions ☐

Other ☐

**4) Does your SAI have responsibilities for auditing public financial institutions?**

Yes ☐

No ☐



If yes, what types of institutions?

- Banks ☐
- Insurance Companies ☐
- Money Market Institutions ☐
- Other ☐

**5) Does your SAI have responsibilities for auditing government bodies that work to fight :**

a. Corruption

Yes ☐

No ☐

If yes , what are the government bodies (e.g., Banks and other Financial Institution Regulators)?

b. Money Laundering

Yes ☐

No ☐

If yes , what are the government bodies (e.g., Banks and other Financial Institution Regulators)?

**6) Does your SAI have the mandate to impose sanctions by itself against corruption and money laundering cases?**

Yes ☐

No ☐

**Section 3: Training Requirements**

**1) Does your SAI have specialized staff who perform audits related to corruption or money laundering ?**

Yes ☐

No ☐

If yes, please explain their areas of technical expertise.

**2) Does your SAI provide staff with specialized training against corruption or money laundering auditing?**

Yes ☐



---

No ☐

If yes, please explain what this training entails.

**3) Would your SAI be willing to open these training courses up to auditors from other INTOSAI members?**

Yes ☐

No ☐

**4) Have you used specialized training provided by another entity to train your staff against corruption and money laundering audits?**

Yes ☐

No ☐

If so, please provide information on the entity that provided the training and the topics covered.

**5) Do your staff need specialized training provided by an external training entity?**

Yes ☐

No ☐

If so, please provide your top 3 areas for specialized training:

1.

2.

3.



***Report on the first Questionnaire  
On Fight against Corruption and Money  
Laundering***



---

## Report on The WG First Questionnaire Results

During November 2007, in Mexico, The INCOSAI 19<sup>th</sup> took an agreement on modification about the status and extension of the Task Force changed for the Working Group “Fight against International Money Laundering & Anti Corruption”. Our working group is affiliate to the third goal of INTOSAI strategic plan that tries to promote a proactive role and international cooperation between INTOSAI and their members, in reference to fight against money laundering and corruption in a manner consistent with the competencies and authorities of Supreme Audit Institutions -SAIs- and independence requirements of INTOSAI.

Our working group plan (2008-2011) objectives are as follows:

### **First Objective:**

To promote cooperation and support between INTOSAI and Supreme Audit Institutions in preventing and detecting corruption and money laundering; to facilitate information exchange, to develop typologies and guidelines for use by SAIs.

### **Second Objective:**

To promote cooperation between INTOSAI and the 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 on anti money laundering and fight against corruption and work with IDI when specialized training is required.

According to the third objective of the working group plan (2008-2011), the first questionnaire of the WG has been developed aiming at collecting information that can be shared among INTOSAI members on fighting corruption and money laundering in their countries and acknowledging the types of audits they conduct.

The stages of this questionnaire preparation is summarized as the following:





- 1- The Central Auditing Organization of Egypt (CAO) was entrusted to develop the WG first questionnaire during the proceedings of the first meeting held in Lima – Peru March 2008.
- 2- The (CAO) developed the first draft of the questionnaire and it was previewed during the proceedings of the second meeting held in Cairo – Egypt July 2008.
- 3- The CAO as the chair of the working group sent the first questionnaire to all the INTOSAI Regional working groups , committees and sub-committees chairs to comment and give opinions.
- 4- The questionnaire was approved in its final form during the proceedings of the WG third meeting held in Jakarta July 2009 , and it was agreed to send the questionnaire to all INTOSAI member SAIs .

**Definition of Corruption:**

"The Abuse of Power for Private Gain"

**Definition of money laundering :**

"The use of money from illegal activities by concealing the Identity of the individuals who obtained the money or the means by which it was obtained and converting it into assets that appear to have come from a legitimate source "



The WG first questionnaire is divided into three (3) sections:

**First Section:**

Legal structure and memberships of entities concerned with fighting corruption and money laundering.

**Second Section:**

SAIs activities against Corruption and Money Laundering.

**Third Section:**

Training Requirements .

The SAIs that responded to our questionnaire were 54 SAI from 189 SAI with a percentage of 28.6%.

**The WG Secretariat comments on the first questionnaire are as follows:**

- 1- The WG Secretariat wished in a more active role of INTOSAI member SAIs in filling in the questionnaire due to its importance in exchanging information and knowledge between the SAIs in the field of fighting corruption and money laundering. The total responses that reached the WG Secretariat until February 2010 counted 46 SAI from 189 SAIs with a percentage 24%.
- 2- Due to the limited responding , the WG Secretariat resent the questionnaire to regional working group chairs in March 2010 to fill in and encourage their member SAIs to fill in and send it back to the WG Secretariat , but the expected response didn't take place as only 2 regional working group chairs responded from 7 beside 6 SAIs only.

Thus , the total responses that reached the WG Secretariat became 54 out of 189 SAIs with a percentage 28.6% .

**The WG Secretariat suggests the following:**

- 1- The Chair of the Working Group shall submit a recommendation to the INTOSAI 60<sup>th</sup> Governing Board and INCOSAI 20<sup>th</sup> to be held in November 2010 Johannesburg – South Africa to encourage SAIs for more participation in the WG activities that aims at delivering technical support to INTOSAI SAIs and raising their effectiveness and efficiency.



- 2- Although the SAIs participation percentage was low , the responses that reached the WG Secretariat represented successfully the INTOSAI community or more accurately the INTOSAI 7 working groups and most of the responses were from active SAIs , thus the WG Secretariat believed that it shall be suitable to analyze and preview the questionnaire results in this report initially until more responses reach the WG Secretariat so that we can update this report to reflect more dependable results , also we must analyze and preview the questionnaire results as many SAIs spent time and efforts filling in this questionnaire.
- 3- As we believe that exchanging information and knowledge shall benefit all INTOSAI community , the WG Secretariat collected the laws and regulations that were attached to the questionnaire in an electronic form that was published on the WG website . A group of other countries laws and regulations related to fighting money laundering were also added to the site under the tab "*Laws of Countries*".
- 4- Annex no.1 includes an analytical list of the responses that reached the WG Secretariat from INTOSAI SAIs.

The following are the most important results of analyzing the responses:

**First : Legal structure and memberships of entities concerned with fighting corruption and money laundering.**

**1- Concerning the availability of laws , regulations or guidelines related to money laundering :**

The responses that we received from the SAIs showed that 50 SAI out of 54 (92.6%) has laws and regulations in their countries that may detect and prevent corruption and money laundering . those laws and regulations included the following main points:

- Law goals and objectives .
- Law scope and how to be applicable.
- Main concepts and definitions of used terms.

The responses also included the strategic plans developed by some countries aiming at detecting and fighting corruption in both public and private sector beside increasing social awareness with the importance of adherence to morals and ethics.

Analyzing the responses on the level of Regional Working Groups we can deduct the following:



Regional working group	Rate %
AFROSAI	1.8
ARABOSAI	18.5
ASOSAI	7.4
EUROSAI	40.7
CAROSAI	3.7
OLACEFS	13
PASAI	3.7
USA & Canada	3.7

## 2- Forty Recommendations issued by the Financial Action Task Force (FATF):

### Definition of FATF:

The FATF is an inter-governmental body which sets standards, and develops and promotes policies to combat money laundering . The original FATF Forty Recommendations were drawn up in 1990 as an initiative to combat the misuse of financial systems by persons laundering drug money , in fact these recommendations represent the international standards for fighting money laundering.

In 2004 the FATF also issued a methodology for Anti-Money Laundering/Combating Terrorist Financing Methodology that was updated in 2007 . This document is a basic tool that may help those who are responsible for evaluation works upon developing their detailed reports on fighting money laundering systems and compliance with international standards mentioned in the forty recommendations.

This document included the following:

1. **An effective AML system requires an adequate legal and institutional framework, which should include:**
  - a- Laws that criminalize money laundering .
  - b- Laws, regulations or in certain circumstances other enforceable means that impose the required obligations on financial institutions and designated non-financial businesses and professions;
  - c- An appropriate institutional or administrative framework, and laws that provide competent authorities with the necessary duties, powers and sanctions;
2. **An effective AML system also requires that certain structural elements, not covered by the FATF assessment criteria , the most important of which are:**



- a- The respect of principles such as transparency and good governance;
- b- The availability of a proper culture of AML compliance shared and reinforced by government, financial institutions, designated non-financial businesses and professions; industry trade groups, and self-regulatory organizations (SROs);
- c- The existence of appropriate measures to prevent and combat corruption.
- d- The existence of a reasonably efficient court system that ensures that judicial decisions are properly enforced;
- e- The existence of high ethical and professional requirements for police officers, prosecutors, judges, etc.

As to the countries compliance with the 40 recommendations of the FATF , the responses of the questionnaire showed the following :

The SAIs that have confirmed their countries compliance with FATF's 40 recommendations counted to 48 SAI (88.9%) , the matter that shows the great concern the countries give to FATF International Standards.

Analyzing the responses on the level of regional working groups we can deduct the following:

Regional working group	Rate %
AFROSAI	1.8
ARABOSAI	16.7
ASOSAI	5.6
EUROSAI	42.6
CAROSAI	3.7
OLACEFS	13
PASAI	1.8
USA & Canada	3.7

### 3. Financial Intelligence Units and its Responsibilities :

The SAIs that confirmed the existence of financial intelligence units in their countries counted to 50 SAIs ( 92.6%).

The answer of this question was linked to the responsibilities entrusted to these units .



Analyzing the responses on the level of regional working groups we can deduct the following:

Regional Working Group	Rate %
AFROSAI	1.8
ARABOSAI	16.7
ASOSAI	7.4
EUROSAI	42.6
CAROSAI	3.7
OLACEFS	13
PASAI	3.7
USA & Canada	3.7

Hereinafter some examples of those responsibilities:

- 1- Kuwait Central Bank established the *Kuwait Financial Intelligence Unit* and entrust it with the following responsibilities:
  - a- Receive any announcement on any money laundering case from the office of attorney general then start collecting any information related to this announcement.
  - b- Analyze any information or data related to the announcements and inform the attorney general with their opinions.
  - c- Develop a data base for those announcements.
  - d- Participation in developing training programs and increasing awareness of fighting money laundering in cooperation with concerned entities.
  - e- Coordination with the attorney general in respect of exchanging information on both internal and international levels.
- 2- In Estonia , *The Financial Intelligence Unit* is an independent unit , completely independent from the central criminal police and it is entrusted with fighting money laundering and terrorism financing.
- 3- *Egyptian Money Laundering Combating Unit* :  
The Money Laundering combating unit was established according to law no. 80 of 2002 . This unit is an independent unit that is affiliated to the Central Bank of Egypt , this unit is chaired by a man of justice with a degree of deputy chair of court of cassation or its equivalent , he is chosen by the ministry of justice , it has a board that includes a chairman and four members



assigned according to law, as to the remaining members of the unit they are appointed according to presidential decrees.

The unit receives notices from financial institutions on process that may include money laundering , then the unit investigates that notices and report the results to the Attorney General .

#### **4. Countries membership in entities concerned with fighting corruption and money laundering:**

The SAIs that confirmed their membership in entities concerned with fighting corruption and money laundering counted to 45 SAIs ( 83.3%).

On the level of INTOSAI regional working groups , the ARABOSAI , ASOSAI , CAROSAI and OLACEFS confirmed their countries membership in the concerned entities .

The EUROSAI responses stated that 21 SAIs from 23 SAIs (who responded ) have a membership in a concerned entity.

Analyzing the responses on the level of regional working groups we can deduct the following:

<b>Regional Working Group</b>	<b>Rate %</b>
<b>AFROSAI</b>	<b>1.8</b>
<b>ARABOSAI</b>	<b>14.8</b>
<b>ASOSAI</b>	<b>5.6</b>
<b>EUROSAI</b>	<b>38.9</b>
<b>CAROSAI</b>	<b>3.7</b>
<b>OLACEFS</b>	<b>13</b>
<b>PASAI</b>	<b>1.8</b>
<b>USA &amp; Canada</b>	<b>3.7</b>

#### **5. Country Assessment through the FATF or IMF or any entity concerned with fighting terrorism financing:**

The mechanism developed by the FATF in 2009 to analyze and evaluate countries stance to determine high risk countries and to evaluate the soundness money laundering and terrorism financing fighting systems . this assessment should be done as follows:



- Any system for fighting money laundering and terrorism financing shall be assessed every 5 years whether from the FATF , an international financial institution ( IMF or the world bank) or any regional entity concerned with this matter.
- Any assessment entity shall use a unified methodology through assessing the country compliance with FATF 40 recommendations , FATF 9 recommendations to fight terrorism financing.
- According to this methodology , the country compliance with every recommendation can be determined , for each Recommendation there are five possible levels of compliance: compliant, largely compliant, partially compliant, non-compliant and non applicable.

The responses that reached the WG Secretariat showed that the total number of countries that undergo international assessment are 42 country (77.8 %).

Analyzing the responses on the level of regional working groups we can deduct the following:

Regional working group	Rate %
AFROSAI	1.8
ARABOSAI	13
ASOSAI	5.6
EUROSAI	37.1
CAROSAI	3.7
OLACEFS	11.1
PASAI	1.8
USA & Canada	3.7

## 6. Government Entities in charge of Fighting Corruption and Money Laundering:

In fact the responses we received showed similar rates for both the entities fighting corruption or money laundering , 51 SAIs (94.4%) mentioned that their countries have concerned entities and institutions.

Concerning other governmental entities that are involved in fighting corruption and money laundering , 39 SAIs (72.2%) confirmed that there are other entities involved in fighting corruption while 35 SAIs (64.8%) confirmed that there are other entities involved in fighting money laundering.





In this respect , the WG Secretariat believes that it is suitable to collect those entities in an electronic file , this file shall be attached to this report to give the opportunity to acknowledge the organizational structures of various countries in relation to fighting corruption and money laundering.

Analyzing the responses on the level of regional working groups we can deduct the following:

**Concerning entities fighting Corruption :**

Regional Working Group	Rate %
AFROSAI	1.8
ARABOSAI	9.3
ASOSAI	5.6
EUROSAI	40.7
CAROSAI	1.8
OLACEFS	9.3
PASAI	1.8
USA	1.8

**Concerning entities fighting Money Laundering :**

Regional Working Group	Rate %
AFROSAI	0
ARABOSAI	13
ASOSAI	5.6
EUROSAI	33.8
CAROSAI	0
OLACEFS	9.3
PASAI	1.8
USA	1.8

## 7. UN Convention Against Corruption

United Nations Convention against Corruption signed in 2003 and entered into force in 2005 aimed at fighting corruption with all its aspects . In fact corruption has a wide range of corrosive effects on societies , negative impacts on sustainable development and law sovereignty . the



convention also aimed at finding a complete and comprehensive methodology to prevent and fight corruption effectively beside providing technical support that may lead to support abilities , build capacities and enhance countries abilities in preventing and fighting corruption.

Reviewing the responses that reached the WG Secretariat concerning the adoption of UN convention against corruption , we shall notice that 48 SAIs stated that their countries adopt UN convention with the rate (88.9%) , this percentage was distributed on INTOSAI regional working groups as follows:

<b>Regional Working Group</b>	<b>Rate %</b>
<b>AFROSAI</b>	<b>1.8</b>
<b>ARABOSAI</b>	<b>18.5</b>
<b>ASOSAI</b>	<b>7.4</b>
<b>EUROSAI</b>	<b>38.9</b>
<b>CAROSAI</b>	<b>1.8</b>
<b>OLACEFS</b>	<b>14.8</b>
<b>PASAI</b>	<b>1.8</b>
<b>USA &amp; Canada</b>	<b>3.7</b>

**8. Concerning the existence of laws regarding financial conflicts of interest for public officials and/or an ethics code for public officials :**

The total responses that reached the WG Secretariat for those 2 questions ( questions no.10 and no.11) , were 49 SAIs ( 90.7%) and 46 SAIs ( 85.2%) respectively .

Analyzing the responses on the level of regional working groups we can deduct the following:



**Concerning the existence of laws regarding financial conflicts of interest for public officials:**

<b>Regional Working Group</b>	<b>Rate %</b>
<b>AFROSAI</b>	<b>1.8</b>
<b>ARABOSAI</b>	<b>14.8</b>
<b>ASOSAI</b>	<b>5.6</b>
<b>EUROSAI</b>	<b>42.6</b>
<b>CAROSAI</b>	<b>3.7</b>
<b>OLACEFS</b>	<b>14.8</b>
<b>PASAI</b>	<b>3.7</b>
<b>USA &amp; Canada</b>	<b>3.7</b>

**Concerning the existence of laws of ethics code for public officials :**

<b>Regional Working Group</b>	<b>Rate %</b>
<b>AFROSAI</b>	<b>1.8</b>
<b>ARABOSAI</b>	<b>14.8</b>
<b>ASOSAI</b>	<b>5.6</b>
<b>EUROSAI</b>	<b>40.7</b>
<b>CAROSAI</b>	<b>3.7</b>
<b>OLACEFS</b>	<b>9.3</b>
<b>PASAI</b>	<b>5.6</b>
<b>USA &amp; Canada</b>	<b>3.7</b>



## **Section 2:**

Concerning the roles and responsibilities of SAIs in fighting money laundering and the SAIs entrusted authorities to conduct audits related to corruption and money laundering in general , the responses that reached the WG Secretariat showed the following:

Through deducting the responses of the SAIs we observed that the majority enjoy this authority . the responses that confirmed the existence of the authority to audit corruption counted 41 SAIs out of 54 with a rate (75.9%) while 30 SAIs have the authority of auditing money laundering with a rate (55.5%) .

On the working group levels the percentages are as follows:

<b>Regional Working group</b>	<b>Corruption</b>	<b>Money laundering</b>
	<b>Rate %</b>	<b>Rate %</b>
<b>AFROSAI</b>	1.8	1.8
<b>ARABOSAI</b>	18.5	14.8
<b>ASOSAI</b>	3.7	1.8
<b>EUROSAI</b>	27.8	22.2
<b>CAROSAI</b>	0	0
<b>OLACEFS</b>	14.8	7.4
<b>PASAI</b>	5.6	3.7
<b>USA &amp; Canada</b>	3.7	3.7

The SAIs that have the authority to audit the following areas ( mentioned in the questionnaire) are as follows:

<b>Area under audit</b>	<b>No. of SAIs</b>
Procurement/contracting	50
Tax administration	45
Public Entities giving licensing	44
Government financial institutions	47
Other	25



**1. Concerning the Authority entrusted to SAIs to Audit Public Financial Institutions:**

The responses that reached the WG Secretariat confirmed having that authority counted to 38 SAIs with a rate (70.3%).

On the Working Group Levels the percentages are as follows:

Regional working group	Rate %
AFROSAI	1.8
ARABOSAI	18.5
ASOSAI	7.4
EUROSAI	25.9
CAROSAI	0
OLACEFS	11.1
PASAI	5.6
USA & Canada	0

**2. Concerning the entities that are subject to SAIs audit , they are as follows:**

Area under audit	No. of SAIs
Banks	32
Insurance Companies	20
Money Market Institutions	13
Other entities	12

**3. Concerning SAIs responsibilities for auditing government bodies that work in fighting corruption and money laundering:**

The responses that reached the WG Secretariat confirmed having the authority to audit governmental bodies to fight corruption counted to 44 SAIs with a rate (81.5%) and to fight money laundering counted to 40 SAIs with a rate (74.1%)

On the Working Group Levels the percentages are as follows:



Regional Working group	Corruption	Money laundering
	Rate %	Rate %
<b>AFROSAI</b>	1.8	1.8
<b>ARABOSAI</b>	16.7	13
<b>ASOSAI</b>	7.4	7.4
<b>EUROSAI</b>	35.2	33.3
<b>CAROSAI</b>	0	0
<b>OLACEFS</b>	11.1	11.1
<b>PASAI</b>	5.6	3.7
<b>USA &amp; Canada</b>	3.7	3.7

However, the responses affirmed that most SAIs don't have the authority to impose sanctions by itself against corruption and money laundering cases (question no. 7) , in fact 42 SAIs with a rate (77.8%) confirmed that matter.

On the Working Group Levels the percentages are as follows:

Regional Working group	No. of responses ( yes)	No. of responses ( No)	Rate % Of countries replied (No)
<b>AFROSAI</b>	0	0	0
<b>ARABOSAI</b>	1	8	14.8
<b>ASOSAI</b>	0	4	7.4
<b>EUROSAI</b>	2	19	35.2
<b>CAROSAI</b>	0	2	3.7
<b>OLACEFS</b>	3	4	7.4
<b>PASAI</b>	0	3	5.6
<b>USA &amp; Canada</b>	0	2	3.7



**Third : SAIs training requirements in the field of fighting corruption and money laundering:**

The working group concern with specialized training in the field of fighting corruption and money laundering came out from the belief that it supports auditors efficiency and effectiveness upon auditing and developing reports .

The most important results that the WG questionnaire reached concerning the third section related to training requirements are as follows:

**1. Concerning the existence of specialized staff who perform audits related to corruption or money laundering :**

The total SAIs that confirmed the existence of such specialized staff to perform audits related to corruption and money laundering counted to 18 SAIs out of 54 SAIs with a rate (33.3%) while the SAIs that denied the existence of such specialized staff counted to 33 SAIs with a rate (61.1%).

On the Working Group Levels the percentages were as follows:

Regional Working group	No. of responses ( yes)	Rate %	No. of responses( No)	Rate %
AFROSAI	0	0	1	1.8
ARABOSAI	3	5.6	7	13
ASOSAI	1	1.8	3	5.6
EUROSAI	7	13	15	27.8
CAROSAI	0	0	2	3.7
OLACEFS	5	9.3	2	3.7
PASAI	0	0	3	5.6
USA & Canada	2	3.7	0	0

**2. Concerning the availability of specialized training against corruption or money laundering auditing :**

The total responses that confirmed the existence of such specialized training against corruption and money laundering counted to 18 SAIs with a rate (33.3%) , while the SAIs the denied the existence of such specialized training were 34 SAIs with a rate (63%).



On the Working Group Levels the percentages were as follows :

<b>Regional Working group</b>	<b>No. of responses ( yes)</b>	<b>Rate %</b>	<b>No. of responses( No)</b>	<b>Rate %</b>
<b>AFROSAI</b>	2	3.7	0	0
<b>ARABOSAI</b>	3	5.6	5	9.3
<b>ASOSAI</b>	1	1.8	3	5.6
<b>EUROSAI</b>	7	13	16	29.6
<b>CAROSAI</b>	0	0	2	3.7
<b>OLACEFS</b>	4	7.4	4	7.4
<b>PASAI</b>	0	0	3	5.6
<b>USA</b>	0	0	1	1.8
<b>Canada</b>	1	1.8	0	0

### **3. Concerning the possibility of these training courses to other INTOSAI member SAIs :**

The responses that reached the WG Secretariat concerning the availability of these specialized training courses to other INTOSAI SAIs auditors were as follows:

The total number of responses that denied the availability of these training courses to others were 23 SAIs with a rate (42.6 %) of the total responses , while 14 SAIs didn't reply on this question with a rate ( 25.9%)

17 SAIs with a rate (31.5%) confirmed the availability of these training courses to others .

That rate is distributed on the regional working groups as follows:

<b>Regional Working group</b>	<b>Rate %</b>
<b>AFROSAI</b>	1.8
<b>ARABOSAI</b>	5.6
<b>ASOSAI</b>	1.8
<b>EUROSAI</b>	14.8
<b>CAROSAI</b>	0
<b>OLACEFS</b>	5.6
<b>PASAI</b>	1.8
<b>USA &amp; Canada</b>	0





**4. Concerning the usage of other specialized training entities to train auditors against corruption and money laundering audits :**

19 SAIs confirmed that they use other specialized training entities to train their auditors against corruption and money laundering with a rate (35.2%) of total responses , while 34 SAIs stated that they don't use any other specialized training entity to train their auditors with a rate (63 %) of total responses.

The percentage of the SAIs ( 33 SAIs) denying using other specialized training entities to train their auditors are distributed on the regional working groups as follows:

<b>Regional Working group</b>	<b>Rate %</b>
<b>AFROSAI</b>	3.7
<b>ARABOSAI</b>	11.1
<b>ASOSAI</b>	3.7
<b>EUROSAI</b>	27.8
<b>CAROSAI</b>	1.8
<b>OLACEFS</b>	7.4
<b>PASAI</b>	5.6
<b>USA</b>	0
<b>Canada</b>	1.8

While the SAI of USA confirmed using other specialized training entities to train their auditors with a rate (1.8 %)

**5. Concerning the staff need for specialized training from external training entity :**

The total number of responses that confirmed the staff need for specialized training from external training entity , were 31 SAIs with a rate (57.4%) of the total responses , while 18 SAIs stated that they don't need to training their auditors externally with a rate ( 33.3%)

The percentage of the SAIs that confirmed the staff need for specialized training from external training entity are distributed on the regional working groups as follows:



<b>Regional Working group</b>	<b>Rate %</b>
<b>AFROSAI</b>	3.7
<b>ARABOSAI</b>	14.8
<b>ASOSAI</b>	3.7
<b>EUROSAI</b>	18.5
<b>CAROSAI</b>	3.7
<b>OLACEFS</b>	9.3
<b>PASAI</b>	3.7
<b>USA</b>	0
<b>Canada</b>	0

The responses of the SAIs stated various areas of training , the most required subjects were as follows:

- Fighting corruption methodologies.
- Corruption prevention and detection.
- Integrity
- Money Laundering.
- Risks Management.
- Fraud & Burglary .



***The WG Progress Report submitted to INTOSAI  
59th Governing Board  
Cape Town – South Africa  
16<sup>th</sup> to 18<sup>th</sup> November 2009***



## **INTOSAI WORKING GROUP ON FIGHT AGAIST CORRUPTION AND MONEY LAUNDERING PROGRESS REPORT**

### **Introduction:**

The Working Group aims at achieving four main objectives set down in its Working Plan 2008 - 2011 :

**Objective one:** To promote cooperation and support between INTOSAI and Supreme Audit Institutions in preventing and detecting corruption and money laundering; to facilitate information exchange, to develop typologies and guidelines for use by SAIs.

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

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

**Objective four:** To identify relevant training programs on anti money laundering and fight against corruption and work with IDI when specialized training is required.

**The Chairmanship of the Working Group has been transferred to the Central Auditing Organization of Egypt during the proceedings of the Second Meeting of the working Group held in Cairo – Egypt in 30 – 31 July 2008.**

### **First : The Working Group progress achievements from July 2008 until today:**

#### **1. New Members:**

The Working Group agreed upon and welcome the SAIs of IRAQ, Malaysia, Poland and Yemen as new members of the Working Group during the proceedings of the 3<sup>rd</sup> Meeting held in Jakarta – Indonesia in 14-16 July, 2009.

**Egypt - Colombia - Ecuador – Fiji - Germany – Indonesia - Iraq - Lesotho - Mexico - Malaysia - Papua New Guinea - Peru - Poland - Russian Federation – Trinidad & Tobago - United kingdom – USA - Yemen .**

#### **2. New Website developed:**



The new website has been developed by the SAI of Egypt as the Chair of the Working Group who published it from June 2009. The site address has been changed from: [http://www.contraloria.gob.pe/task\\_force/](http://www.contraloria.gob.pe/task_force/) developed by the SAI of Peru; to : [www.wgfacml.cao.gov.eg](http://www.wgfacml.cao.gov.eg) developed by the SAI of Egypt (CAO). The site shall be updated periodically.

### **3. First Objective: The Guidelines, SAI of Russian Federation:**

The Russian SAI was assigned to perform the guidelines that INTOSAI member SAIs should base on when auditing.

That guidelines highlighted the areas that SAIs should concentrate their efforts on upon fighting corruption and money laundering like developing state policy, ensuring concurrence and consistence of state agencies actions, increasing audit methodologies, organization of expert training , enlargement of international cooperation . The Guidelines is still under development .

### **4. Second Objective: The List of International Organizations, The SAI of the United States of America:**

The SAI of the United States of America was assigned to complete the list of the concerned international organizations, the SAI of USA identified the key international partners to be:

- **World Bank Financial and Market Integrity Unit**

Who provides training to national governments.

- **2. Egmont Group:**

This group focuses on the need for establishing strategies to enhance FIUs<sup>(1)</sup> including holding specialized training courses.

- **3. Stolen Asset Recovery Initiative (STAR):**

That initiative focuses on capacity building and providing advice .

The SAI of the USA shall complete updating the list and inform the WG Secretariat with all new developments beside contacting with Egmont Group.

### **5. Third Objective: First Questionnaire, SAI of Egypt:**

The First Questionnaire aims at identifying country regulations, policies, strategies and programs for use by SAIs in detecting and preventing Corruption and Money Laundering The First Questionnaire of the WG was developed by the Egyptian CAO then amended in contribution with SAI of USA , and then we sent the said questionnaire to all chairs of

---

<sup>(1)</sup> Financial Intelligence Units



the INTOSAI Committees, Working Groups , and task forces and got their comments and suggestions.

According to our believe is as much as high percentage of participation, the more high level benefit we will acquire , and after taking into consideration the amendments suggested by the Working Group members, Chairs of INTOSAI Committees, Working Groups, and Task Forces , the First Questionnaire was circulated to all INTOSAI member SAIs in September 2009 to be filled in .

We aim to circulate the report of the Questionnaire's results to all WGFACML members, to be approved in the upcoming meeting in July 2010 in order to be able to present to the INCOSAI XX in November 2010.

#### **6. Fourth Objective: Cooperation with (IDI) , SAI of Egypt:**

The Working Group according to the 4th objective of the Working Plan 2008 - 2011 contacted the IDI to find out their plans on training in anti corruption and money laundering issues and work with them in the design of on line courses., and still wait for its response

#### **Second : Vision of the Working Group:**

The Working Group Secretariat aims to identify the vision concerning the Strategic Plan 2008- 2011.

In the context of objective one, regarding the guidelines in the field of fighting against corruption and money laundering , the WG Chair suggests new topics for developing Projects in the fields of fighting corruption and money laundering which was proposed to add new missions to the working plan 2008-2011 in the field of fighting corruption and money laundering to be performed by the Working Group member SAIs to carry out and implement projects of guidelines under the leadership of one of them in one the suggested topics:

1. The prevention of and fight against corruption including confiscated stolen assets recovery.
2. Promoting integrity, transparency, accountability and proper management of governmental property.
3. Challenges facing SAIs on fighting money laundering.

#### **Third: The Venue of the 4<sup>th</sup> Meeting of WG-FACML.**

The Working Group has decided that the 4<sup>th</sup> Meeting to be held in July 2010.



However, the Chair has suggested that the meeting should take place in a country other than the previous hosting SAIs, the hosting SAI has not been decided yet.

**Fourth: The Working Group participation in several events:**

1. The " Twentieth UN/INTOSAI Symposium "INTOSAI : Active Partner in the International Anti – Corruption Network", held in February, 2009 in Vienna.
2. The International Workshop on the topic of :  
" Policy Makers in the context of the Transparency and Integrity" held in Cairo In May 2009, in cooperation with the Egyptian Ministry of State for Administrative Development, The National Management Institute, the Egyptian Governance Center , The British Embassy in Cairo and The World Bank.



***Draft Working Group Plan  
2011-2013***





## **INTOSAI Working Group of WGFACML**

### **Draft Working Plan**

**2011-2013<sup>(1)</sup>**

#### **Mission :**

Support Supreme Audit Institutions efforts in the field of fighting corruption and money laundering , broadening available concepts and best practices through developing guidelines , submitting training programs , other countries expertise , case studies related to their exerted efforts to prevent , detect and fight corruption and money laundering.

#### **Objective 1:**

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

#### **1/1 Introduction:**

It was agreed upon several themes related to corruption and money laundering fighting to be the core of the guidelines expected to be issued by the working group taking into consideration the following:

- 1/1/1 The suggestions submitted during the proceedings of the WG third meeting held in Jakarta July , 2009.
- 1/1/2 The survey that was distributed among WG member SAIs .
- 1/1/3 The SAIs responses on the survey.

#### **1/2 Themes of the Guidelines:**

It is planned to start developing the guidelines on the following three themes :

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

#### **1/3 Implementation Mechanism :**

The suggested mechanism for implementing the three expected guidelines shall be as follows:

##### **1/3/1 Developing a General framework of the Guideline Technical Content:**

---

<sup>(1)</sup> The implementation time table shall be developed after approving the working plan by WG member SAIs and before INCOSAI 20 to be held in November 2010.



**a- Introduction :**

including the following items:

- The purpose of the guideline development.
- Clarification of the terms general concept related to the theme.
- Pointing out its importance in the light of SAIs neediness for this guideline to be used upon auditing.

**b- Methodology:**

It depends upon the following items:

- Applying United Nation Convention against Corruption and its provisions concerning the field of the suggested guideline.
- Taking into consideration available laws , statutes and handbooks of other pioneer countries in the guideline field in case of existence.
- Searching for other countries working papers issued by SAIs concerning the guideline theme.
- Case studies of best practices in the guideline theme.

**c- Results and Recommendations:**

1/3/2      Assigning work teams and WG secretariat roles and responsibilities:

- (a) Each work team in coordination with WG secretariat must agree upon the work general framework so that it shall include the following :
  - 1- Determining the work team leader.
  - 2- Setting down a general framework for the guideline preparation and implementation stages.
  - 3- Developing a timetable for this framework.
  - 4- Developing a minute for this agreement approved by the Chairs of the SAIs members in the work team then it shall be sent to the WG Secretariat to approve it.
- (b) The WG secretariat shall follow the guidelines implementation according to the pre set implementation stages and its timetable.
- (c) In case the work teams need to collect any data , fill in questionnaires , information or any auditing reports from SAIs , this should be done through :
  - The work team leader shall prepare the required documents and send them to the WG secretariat to approve them and agree upon sending.



- After being approved by the WG secretariat the work team leader shall send the documents to INTOSAI SAI to be filled in.
  - (d) Each work team shall prepare a draft for the guideline according to the preset time table then send this draft to the WG secretariat which in its turn shall send it to the WG member SAIs to comment on it.
  - (e) The work team shall study the opinions , suggestions and amend the first draft – in case of amendments and suggestions existence – after that the second draft of the guideline being prepared and sent to the WG secretariat to resend it to the WG members to approve it.
  - (f) The guideline final draft shall be submitted in the WG nearest meeting to be approved before submitting it the INTOSAI Governing Board to approve it.
  - (g) The WG secretariat shall contact the WG member SAIs asking for translating those guidelines from English to other INTOSAI official languages ( Arabic – French – German- Spanish).
  - (h) Publishing the guidelines on the WG website.
  - (i) Using the guidelines in developing training programs general frameworks.

**Objective 2 :**

**Identifying , Designing and Developing training programs and workshops on :**

- **Fighting Corruption**
- **Fighting Money Laundering.**

Aiming at building capacities qualified for detecting corruption and money laundering and how to deal with those cases.

**2/1 Fighting Corruption Training Programs:**

- 2/1/1 Searching for any available programs in international organizations and / or any other Regional Working Group related to fighting corruption , then adapting it - after seeking their consent - to cope with other regional groups needs as fighting corruption training programs is one of the common widespread issues.
- 2/1/2 Designing and Developing training courses on fighting corruption in cooperation with INTOSAI Development Initiative (IDI) depending on the guidelines issued by the working group.
- 2/1/3 Getting benefit from IDI training experts from INTOSAI Regional Working Groups to design and develop give those training programs.



- 2/1/4 Identifying any available completed audits and methods used by SAIs that were designed to detect and combat corruption .
- 2/1/5 Translation of the course materials into the INTOSAI 5 official languages and encouraging the Regional Working Groups to apply them.
- 2/1/6 Submitting audit methods for fighting corruption on working group website.

## **2/2 Fighting Money Laundering Training Programs:**

In fact the issue of money laundering is a very complicated one due to money laundering various stages , its widespread ,being considered as an across – border crime thus its suggested to launch a pilot training program in one of INTOSAI Regional Working Groups after being revised and supervised by the IDI . After being amended in case of necessity , the course shall be applied on other regional working groups using also the available materials in other organizations , entities working the field of fighting money laundering beside the agreements and editions like:

- 2/2/1 Financial action task force on money laundering .
- 2/2/2 EGMONT group.
- 2/2/3 International Organization for Stock Markets.
- 2/2/4 Pazel Committee.
- 2/2/5 Forty Recommendations on Fighting Money Laundering.

## **Objective 3:**

**Cooperation with INTOSAI Working Group for Environmental Auditing through: Developing a guideline on " Issues of corruption and fraud in the field of 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.**

It is suggested that the guideline shall include the following main items:

### **3/1 Introduction:**

- A- Objective of developing the guideline. (project)
- B- Definitions ( Corruption and Fraud – Environmental Auditing).
- C- The importance of the guideline for SAIs.

### **3/2 Integration between fraud , corruption and environmental auditing:**

- A- Laws on fraud and corruption.**
  - United Nation Convention Against Corruption .
  - Countries laws related to fraud and Convention.
- B- Laws on Environment:**



- International Agreements on Environment
- Countries laws related to environment .

**C - Proofs of the authorities granted to SAIs qualifying them to audit environment and fight corruption and fraud.**

**3/3 Risks Evaluation upon Auditing Planning:**

- kind of applied auditing ( Regular " financial – compliance" , Performance).

**3/4 Auditing Measures:**

- a- Means of data collection ( questionnaires – surveys .....etc)
- b- Field visits.

**3/5 Practical Cases and Expertise:**

- a- Case studies.
- b- Countries expertise.

**3/6 General Recommendations and Observations:**

- a- Complaints receiving mechanism.
  - In the field of environment.
  - In the field of corruption and fraud.
- b- Increasing International Cooperation in the efforts aiming at environmental awareness and fighting corruption and fraud.

**Objective 4 :**

**Develop a data base for SAIs best practises and expertise in the field of fighting corruption and money laundering through:**

- 4/1 Choosing a WG member SAI to hold the responsibility of leading this project and he shall perform the following tasks:
  - 4/1/1 Contacting the seven Regional Working Groups Secretariats to collect SAIs expertise whether in the field of fighting corruption and / or fighting money laundering.
  - 4/1/2 Transferring the case studies that reach the project leader to the WG Secretariat to publish them on the Working Group Website.
  - 4/1/3 The WG secretariat shall sent the case studies of each region to one of the SAIs representing this region in our working group.
  - 4/1/4 The WG shall supervise the reports developed by the SAI representing the region briefing the most important results of those case studies.



- 
- 4/1/5 Highlighting the lessons and benefits of those case studies to circulate them on INTOSAI member SAIs.
- 4/2 A report shall be handled to the WG secretariat including a list of the SAIs that sent their case studies and the most lessons to learn .
- 4/3 Develop a list of the applicable lessons mentioned in the above mentioned report to be published as a product of our working group.



***Appendix A:***  
***Documents of the WG third Meeting***  
***Jakarta - Indonesia***



## **Colombia**

### **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.”<sup>1</sup>*

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.”<sup>2</sup>

---

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

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



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. 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 Auditings, 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 Auditings, 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 SAIs, as the principal tool used to **detect** corruption.

The legal and constitutional attributes of the SAIs 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 SAIs 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.





## **Ecuador**

**Doctor**

**Gawdat El Malt**

**Chairman of the Central Auditing Organization of the Egypt Republic and  
Chairman of INTOSAI Working Group of “Fight Against Corruption and Money  
Laundering”**

Mister doctor

Anwar Nasution

Chairman of the Indonesian Superior Audit Institution

Dear colleagues:

On March 8th 2008, the Supreme Audit Institution (SAI) of Ecuador, received an invitation from Doctor Genaro Matute Mejía, who was at the time General Comptroller from the Republic of Peru and Chairman of INTOSAI’s “Fight against Corruption and Money Laundering” Working Group. Mr. Carlos Plit Faggioni, General Comptroller of Ecuador had the honor to participate in this meeting that took place in Lima, Peru.

This meeting took place at the same time as the “Assembly of Comptroller’s Offices from the Andean Region” and the “International Forum of Inter-Institutional Articulation as a Tool to Prevent and Fight against Corruption”, events in which the General Comptroller’s Office from the Republic of Ecuador was invited.

The activities and topics that were exposed in these events, confirmed our appreciation about the “Fight Against Corruption and Money Laundering” working group, in a worldwide scenery where the SAI must work in teams to develop control potencies which correspond in these topics.

On October 2nd 2008, our SAI sent a petition to the Chairman of the Working Group, to consider the possible inclusion of the General Comptroller’s Office of the Republic of Ecuador. On October 22, 2008 we received your answer informing that this matter would be treated in the current Working Group session.

There are various and very important reasons to ask for the inclusion of the General Comptroller’s Office of the Republic of Ecuador. One reason is that the General Comptroller’s



Office of the Republic of Ecuador takes the chair on the Special Technical Committee on Public Ethics, Management Integrity and Transparency (CEPAT) for the Latin American and Caribbean Supreme Audit Institutions (OLACEFS) as its Spanish abbreviation.

The Special Technical Committee on Public Ethics, Management, Integrity and Transparency (CEPAT) was created by the General Assembly of the Latin American and Caribbean Supreme Audit Institutions (OLACEFS), on November 2000 in the city of Brasilia, due to the report of the technical topic “The roll of High Auditing Offices Fighting against Corruption and Impunity”. On August 19, 2001 the Special Technical Committee on Public Ethics, Management Integrity and Transparency (CEPAT) was established which included the SAI from Colombia, Ecuador, Nicaragua, Panama and Peru.

The general and specific goals of CEPAT can be described this way:

- ☐ Disclosure of strategies and experience against corruption.
- ☐ Search of international organization support.
- ☐ Organization of regional and sub regional events.
- ☐ The creations of a data bases on topics that concern and serve all the members of the Latin American and Caribbean Supreme Audit Institutions (OLACEFS).

These objectives join harmoniously with those of the “Fight against Corruption and Money Laundering” Working Groups, in such way that we consider the inclusion of CEPAT’s working plan for 2008 and 2009 to achieve proximity for an integration plan. The goal is that all the advances on technical, practical, discussions and other activities that are fulfilled by the working group will strengthen the Regional SAI through a communication bridge done by the SAI of Ecuador.

Many of the activities that the Special Technical Committee on Public Ethics, Management Integrity and Transparency (CEPAT) have planned for this year are:

- ☐ Public Ethics Course, second edition.
- ☐ An International Recovery of Values Competition.
- ☐ Development of the rules for the International Competition on Public Involvement..
- ☐ Diagnose of the ethical management of the SAI of “Latin American and Caribbean Region” (OLACEFS).



- ☐ Issue the Special Technical Committee on Public Ethics, Management Integrity and Transparency (CEPAT) third Information Bulletin.
- ☐ Work Meeting with all of the members of the Special Technical Committee on Public Ethics, Management Integrity and Transparency (CEPAT).

Our objectives are to mutually grow since we have the desire to contribute with the Working Group according to our capacities.

It is important to mention, that our main motivation sets on the new structure of the Ecuadorian State, based on the new Constitution of the Republic of Ecuador that was approved by vote on September 2008. Among other important contributions, it refers to the creation of the Transparency and Social Control Function, being this the fifth power of the State, as well as the Executive, Legislative, Judicial and Electoral powers.

The Transparency and Social Control Function, that is established by constitutional law, will promote and impel the control of entities and organization from the public sector, and from individuals and companies from the private sector who provide services or develop activities for public interest. They must fulfill their duty with responsibility, transparency, equity and, promote and give incentive to public involvement, protect the practice and fulfillment of their rights and, prevent and fight against corruption.

The General Comptroller's Office from the Republic of Ecuador is a part of the Transparency and Social Control Function, along with the Public Involvement Council, The People's Defender and all the offices of Supervision. The duties given by constitutional law among other are: form public policies about transparency, control, financial balances, public involvement, and stipulate a national plan to fight against corruption.

It is necessary that the General Comptroller's Office from the Republic of Ecuador strengthens its capacity to respond in a proper level in the specific task of fighting corruption, for this we have transformed the internal control plan for the years 2008 and 2009.. We have extended our training on topics such control of organizations below our supervision and internal auditing units. We have advanced technological auditing processes and have created a specific technical unit that has in charge important topics such as Public Ethics, a Claim Entity, and register and control of an oath Patrimonial Declarations.



In many events in and out of Ecuador we have been able to share in an informative way our experience in these matters. Our prime concern is to contribute to the strengthening of the SAI and support the fulfillment of our role as a control office in the new structure of the Ecuadorian State.

This way, dear colleagues, I leave to your consideration these ideas and our commitment to work for the improvement and development of mutual cause.

Thank you very much for your attention



## *Germany*

### **Presentation by Mr Rainer Aprill**

Senior Audit Director, Member of the Bundesrechnungshof

**Dear Mr Chairman,**

**Dear Colleagues,**

Thank you very much for giving me the opportunity to speak to you for the first time as a full member of the INTOSAI Working Group on the Fight against International Money Laundering and Corruption. It is very important for the German SAI to share experience and lessons learnt, especially when it comes to audit methodologies and audit findings in this high-risk audit field.

When German external audit bodies deal with corruption prevention initiatives, they are guided by the principle of regularity and compliance of public sector mission performance. Our auditing is designed to help restore confidence into the existence of a well-functioning anti-corruption system. Our advisory work also serves to ensure the existence and transparency of public accountability.

But audit and advisory work can be properly performed only, if the general public places confidence in the government auditing system. As a result, we have to face the formidable challenge of leading by example. Nevertheless there are limits to all and any anti-corruption initiatives. There is no way of imposing integrity at all cost, since public sector integrity reflects individual and social developments.

The German SAI deals regularly with anti-corruption steps in many ways in the course of audit planning. The audit criterion governing our work is compliance with applicable guidance on corruption prevention.

We continuously conduct cross-boundary audits, addressing in particular the implementation of the individual elements of the corruption prevention directive. Our main focus is currently the Federal Financial Supervisory Authority and a case study on public procurement.

Other horizontal audits look into potential conflicts of interest (e.g. external consultants and their potential influence on the performance of core functions of the public administration that are governed by the neutrality principle). (A follow-up audit will be carried out shortly). Furthermore, we have also



looked into the transition of holders of public service jobs to managerial positions in the German Railways business.

In addition, we conduct numerous audits at individual authorities that may result in the detection of misbehaviour by individual public servants or risks especially in the field of procurement.

Our key objective is to contribute, by means of our audit work, to the prevention of corruption. Our corruption prevention tasks also include providing advice to government and Parliament.

When it comes to money laundering, a number of agencies in Germany are involved in combating money laundering with an emphasis on both suppressing and preventive steps. Within our mandate, we audit whether these entities comply with the applicable legal provisions. In 2005, for example, we have audited the compliance of a federal promotion bank with the provisions of the Money Laundering Act. Another audit approach is whether these entities have developed an efficient procedure for ensuring cooperation with other bodies, as it was the case with the audit of steps taken by the Federal Customs Administration to combat money laundering.

In the Bundesrechnungshof's point of view, both in the context of the fight against money laundering as well as against corruption, there will be a constant need for continuous and systematic monitoring by SAIs. I am looking forward to fruitful discussions in the course of this meeting. I am convinced that learning from each other will help us all face the manifold challenges lying ahead. Thank you very much for your attention.



## **Indonesia**

### **The Role and Effort of Public Prosecutor Service To Eradicate Corruption and Money Laundering in Indonesia**

#### **I. INTRODUCTION**

Corruption in Indonesia is broadening extensively. It creates negative impact for country and nation of Indonesia in international community.

Indonesia has had great international attentions because of the increasing of corruption as extraordinary crime and the status of Indonesia as one of non cooperative countries in fighting money laundering. This condition was caused by in that time Indonesia did not have proper regulation to rule money laundering.

Indonesian Government then realizes international attentions on those crimes are very significant, therefore the effort to fight both corruption and money laundering is having serious concern. It can be seen from the continuous change on various laws concerning corruption and money laundering.

The amendment of Corruption Law was made after Indonesia ratified *United Nations Against Corruption 2003* with Law Number 7 Year 2006. This convention is a substantive element for the draft of Corruption Eradication Law, as substitution for Law Number 31 Year 1999 concerning *The Corruption Eradication as amended by Law Number 20 Year 2001*. At this moment, the draft has settled for discussion to House of Representatives. It includes the draft of Money Laundering Law, as substitution for Law Number 15 Year 2002 concerning *The Crime of Money Laundering as amended by Law Number 25 Year 2003*.

#### **II. LAW ENFORCEMENT OF CORRUPTION**

Corruption eradication means actions to prevent and handle corruption by coordination, supervision, monitor, inquiry, investigation, accusation and adjudicative process, including society participation in accordance with procedures regulated by law.



In corruption eradication effort, repressive actions will not work properly without prevention effort, as scheme of public awareness on *dangerous effects of corruption* and finally to raise anti-corruption enthusiasm in every level society.

Eradication corruption in Indonesia is conducted by Public Prosecution Service, Police and Corruption Eradication Commission. In this scheme, Audit Board as auditor has a strategic position to audit state assets loss as well as state finance loss caused by corruption, besides having authority to give expert testimony in the trial.

According to year 2007 and 2008 data, corruption cases handled by Public Prosecution Service, Police and Corruption Eradication Commission as follows:

**1. Public Prosecution Service**

Year 2007

- Investigation : 636 cases
- Prosecution : 512 cases

Year 2008

- Investigation : 1.348 cases
- Prosecution : 1.114 cases

**2. Police**

Year 2007

- Investigation : 155 cases

Year 2008

- Investigation : 190 cases

**3. Corruption Eradication Commission**

Year 2007

- Investigation : 29 cases
- Prosecution : 24 cases

Year 2008

- Investigation : 53 cases
- Prosecution : 43 cases

In 2008 until May 2009, Public Prosecution Service had successfully saved state finance to the amount of Rp 3.471.743.102.079,55 (*three trillion four hundred seventy one billion seven hundred forty three million one hundred two thousand seventy nine rupiahs fifty five*) and US





\$ 18,000,000 (eighteen million US dollars). Meanwhile in 2008, Provincial Public Prosecution Services in all around Indonesia had also successfully saved state finance to the amount of Rp 72.625.733.604, 57 (*seventy two billion six hundred twenty five million seven hundred thirty three thousand six hundred four rupiahs fifty seven*).

Those amounts of loss by corruption can be revealed through auditor assistance. In order to increase optimization against corruption, the public prosecutor service has implemented policies such as:

- Initiating special unit to investigate corruption cases at Attorney General Office of Republic of Indonesia and provincial public prosecution service in all around Indonesia.
- Conducting comparative study of corruption eradication in USA.
- Initiating supervision section and handling of corruption cases control.

Whereas preventive effort as earlier prevention of corruption is conducted through improving existing system such as good governance relates bureaucracy reform, education and law information to improve public legal awareness on destruction aspect of corruption. By this effort, it is expected the culture of anti-corruption will rise and create anti-corruption character.

Meanwhile, the effort to change society mind set and behavior is managed by giving understanding of bad impact about corruption as a public enemy. Therefore, this crime shall be terminated by law bureau of relevant institutions in form of providing law information and improving legal system.

This cooperation has been implemented by Law Information Centre of Attorney General Office and National Youth Organization to create 7.456 (seven thousand four hundred fifty six) honesty canteens. In this form, everyone can take the item, pay based on the price and take the change by oneself. The purpose is to build honest value for pupils in early age relates to protection of legal offences like corruption.

Since those actions are being implemented, as a result day by day, the corruption index gets high and higher as follow:

- Year 2007 : 2,3
- Year 2008 : 2,6

Thus target in 2009 will increase rapidly with Public Prosecution Service optimization program especially for quality, quantity and state assets recovery.

### III. LAW ENFORCEMENT OF MONEY LAUNDERING



Similar with other countries, Indonesia has also huge concern to protect and fight money laundering. It can be seen from the application of Law Number 15 Year 2002 concerning *The Crime of Money Laundering* as amended by Law No. 25 Year 2003. This law prohibits money laundering and provides heavy punishment, for instance criminalizing every stage of money laundering process:

1. Placing the cash derived from criminal activity into a financial system.
2. Transferring assets derived from criminal activity.
3. Spending assets derived from criminal activity.

The authority of public prosecution service in handling money laundering is to prosecute based on police investigation. The source comes from the Result of Analysis of Financial Transaction Report which indicates money laundering from Indonesia Financial Transaction Report and Analysis Centre (INTRAC). According to handling cases report of Money Laundering, there are 6 (six) cases in 2007 and 10 (ten) cases in 2008. For period 2009, there are 12 cases until April.

In corruption investigation, Public Prosecution Service usually finds indication of money laundering, however according to Money Laundering Law, this institution has no authority to investigate the predicate crime and must pass it to Police investigator. In order to give a solution, the draft of Money Laundering Law has accommodated this problem by giving the authority for predicate crime investigator to conduct money laundering investigation as well.

Since the crime of money laundering usually known as follow up crime, consequently it must be proved its predicate crime in advance. However, in fact, 18 (eighteen) of several money laundering cases handled by public prosecution service was adjudicated without concerning the authentication of its predicate crime.

In order to maximize money laundering eradication, there are a few policies is implemented, for instance:

1. Money laundering is being classified into special crime, the completion in this case is under supervised Attorney General cq. Deputy Attorney General for General Crimes.
2. Improving collaboration among relevant institutions relates to prevent and eradicate money laundering.
3. Planning an integrated and accurate reporting system of money laundering handling cases, so it creates credible database for money laundering cases.

The application of other efforts to support the optimize money laundering eradication are:



1. Regarding to Attorney General Regulation Number: Per-001/A/JA/09/2005 Date: September 8, 2009, Attorney General Office of Republic of Indonesia has initiated the anti-terrorism and transnational crimes task force that including money laundering unit, so it can be expected the handling of money laundering cases is under supervised by public prosecutors in this task force.
2. In order to improve the ability of public prosecutors for handling money laundering cases, there has been applied advance trainings including to overseas, for example financial investigation training, eradication of terrorism financing and money laundering training, prosecution money laundering training, and workshop of the preparation of predicate crime investigator for investigating money laundering.

#### **IV. CONCLUSION**

Public Prosecution Service as one of law enforcement institutions is required its role to prevent and eradicate not only corruption but also money laundering. The eradication process seems to compete against the increasing of various modus operandi in sophisticated scheme and must be handled in extraordinary scheme as well.

Public Prosecution Service has implemented preventive and repressive efforts to eradicate corruption through several strategic policies in order to get the acceleration of corruption and money laundering eradication.

**ATTORNEY GENERAL OF REPUBLIC OF INDONESIA**

**HENDARMAN SUPANDJI**



## **IRAQ**

### **Speech by the Iraqi Delegation to the 3<sup>rd</sup> Meeting of INTOSAI WG For the Fight Against International Money Laundering and Corruption**

Excellency Dr. Anwar Nasution, Chairman of the Indonesian Supreme Audit Board,  
Excellency Dr. Mohammed Gawdat ElMalt . President of Central Audit Organization of Egypt and  
Chairman of the INTOSAI Working Group The Honorable Ladies and Gentlemen,

Assalamu'alaikum Warahmatullahi Wabarakatuch,

The process of money laundering and terrorism funding challenges the world at the present time because their prevalence and gravity have passed the trans-national borders of one country and can even cause problems to the future of the country in contributing actively in the funding of terrorist activities and international crimes which require international coordination and cooperation between different countries to access effective measures to reduce this phenomenon.

This meeting which is held in Indonesia is a positive step in the right sector in this direction, and Iraq is keen to cooperate seriously in all sectors that limit the financial crimes of corruption and the terrorism funding.

Iraq has faced challenges in this sector which has given Iraq the experience to overcome some episodes of terrorism and corruption. Iraq is now at various stage in this sector through the issuance of laws that restrict this dangerous phenomenon and the ratification of international conventions and bilateral, which contributes to the detection of corruption and money laundering, and toward Iraq's cooperation with regional neighboring countries in this sector.

That the process of fighting corruption and money laundering needs to be an information base and, the laws, legislation and a lot procedures in Iraq, is the Supreme Audit Board, a regulatory



authority is the supreme public money control, has the important and prominent role in the fight against corruption and money laundering by ensuring that law force procedures used to develop the performance of workers in this sector .

However, continuously developing corruption, money laundering require the continued development of methods to develop audit staff working continuously and this role is to provide office staff with information needed to raise their competence in this sector, as the Court to seek a closer relationship with civil society organization, and urges them to perform pre-eminent role in this sector because of its significance. People are also encouraged to contribute reporting on cases of corruption.

Iraq and the development of many of the regulation services that contribute to the fight against and administrative corruption in the various State institutes and especially the establishment of the Commission on Corruption Fighting, which is the detection of financial and administrative corruption and investigation, as was the duties of the Inspector General in all ministries by the detection of corruption financial and administrative. The services mentioned in all the transparency and integrity and style of cooperation among themselves to exchange information and to take appropriate measures to detect cases of corruption and money laundering.

Currently, Iraq has also sought to prepare a new law draft to combat money laundering and the terrorism funding rather than the Anti-Money Laundering Act No. 39 of 2004, as the new law taking into account the new measures to fight money laundering and the terrorism funding, especially the development of the Iraqi-anti money laundering and the terrorism funding under the name (The Anti-Money Laundering and The Terrorism Funding) under the Chairmanship of the Governor of the Central Bank of Iraq and the membership of a number of related institutions, and interested in the new law on the adoption of a national center for the collection, analysis and dissemination of information regarding potential money laundering and terrorism funding and to facilitate the task of judicial authorities and other competent authorities to implement the provisions of this law. We affirm this Iraq's full cooperation through the exchange of information and proposals in this sector.

In conclusion, we wish success to this Conference and thank the host country.



## **Malaysia**

### **MONEY LAUNDERING IN MALAYSIA**

#### **The Current Legal and Regulatory Environment**

The G-7 industrial group established the Financial Action Task Force (FATF) as a global money-laundering watchdog in 1989, as a response to mounting concerns over money laundering . The Financial Action Task Force is mandated to set standards for combating money laundering activities nationally and internationally, FATF developed 40 recommendations which should be considered by national governments, to implement anti money laundering programs .

This "40 Recommendations" serves as the international benchmark for governments to implement anti-money laundering measures within their respective jurisdictions . Failure to implement such measures leads to a country being identified as a "non-compliant country" by the FATF .

Malaysia, in fulfilling its international obligations and commitment to establish the FATF's 40 Recommendations, passed the Anti-money Laundering Act (AMLA) in year 2001 .

In conformity with prevailing global aspirations, and in order to fortify steps against terrorists and other illegal money laundering activities, the Malaysian Government introduced the Anti-Money Laundering Act, 2001 (AMLA) . The Central Bank of Malaysia, Bank Negara Malaysia (BUM) has been appointed by the competent authority for the purpose of combating money laundering activities under the above act which came into effect on 15 January 2002.

However on March 2007, this Act was renamed as Anti-Money laundering and anti- terrorism financing Act 2001 (Act 613) and revised Act came into force on March 2007, is to provide for the offence of money laundering, the measures to be taken for the prevention of money laundering and terrorism financing offences and to provide for the forfeiture of terrorist property and property involved in, or derived from, money laundering and terrorism financing offences, and for matters incidental thereto and connected therewith .



Categorically, the AMLA is Malaysia's statutory testimony that the Malaysian government is committed to the fight against corruption and matters linked with it, in particular, money laundering . This evident from section 20 to the AMLA, which says the provisions of this part shall have effect notwithstanding any obligation as to secrecy or other restriction on the disclosure of information imposed by any written law or otherwise .

Under Section 4 of the AMLA's Act 2001 there is a RM5.0 million (USD1.45 million) fine or imprisonment of five years or both on conviction for an offences of money laundering . For bankers in particular, this may be a far-reaching statutory power and penalty but so far, the provision has not created the type of disruptive disposition some quarters expected before the coming into force of the instrument.

### **Defining Laundering**

Under the Malaysian anti money-laundering is deemed, inter alia, as an act of a person who engages directly or indirectly in transaction that involves proceeds of an unlawful activity .

As defined under section 3 of the AMLA, the Act makes money laundering an offence and defines money laundering as the act of a person who :

- a) Engages directly or indirectly, in a transaction that involves proceeds of an unlawful activity .
- b) Acquires, receives, possesses, disguises, transfers, convert, exchanges, carries, disposes, uses, removes from or brings into Malaysia proceeds of any unlawful activity; or
- c) Conceals, disguises or impedes the establishment of the true nature, origin, location, movement, disposition, title of, rights with respect to, or ownership of, proceeds of an unlawful activity .

The bottom line is that for a transaction to be deemed money laundering, the money or asset concerned must, first of all, be the subject matter of an unlawful act. Thus, drug money or money derived from crime or criminal acts is caught under the definition . Money gotten pursuant to kidnapping, robbery or extortion, for example, and transmitted in the aftermath is clearly laundered money . Even legal



money can become illegal if moving it violated a country's foreign exchange controls or other financial regulations .

### **Enforcement Thus Far :**

In respect of the enforcement of the AMLA, over the past two years, there have already been two charges which resulted in convictions .

### **Case :**

The AMLA was finally tested in April 2004 when the Malaysian Sessions Court allowed an application by the prosecution to jointly prosecute a woman doctor on 8 charges of money laundering . She was alleged to have received money, amounting to RM41.2 million or USD11.8 million through the account of Megabridge sdn. Bhd. At a local bank on June 10, 2003 the offence, under Section 4 (1) of the AMLA 2001, is punishable by a fine to RM5 million or USD1.45 million or up to 5 years imprisonment or both .

The second charged under this Act was in February 2009. According to the facts of the case, a former freelance land broker was charged in the Session Court with money laundering involving RM2 million . He pleaded not guilty to receiving the money, allegedly proceeds from illegal activities, in a local bank cheque from an account belonging to one Malaysian . The offence was alleged committed on January 9, 2009 the Malaysian governments is currently prosecuting these cases as well as investigating several others .

Thus far, the Attorney-General Chambers of Malaysia has prosecuted a total of 21 money laundering cases, of which, the defendants of the two cases noted were convicted in 2005 and 2007 respectively . The other 19 cases are at various stages of prosecution . These cases involved a total of 738 charges of money laundering offences with an accumulated amount of RM262.1 million (USD87 million) .

BNM in collaboration with other members of National Co-ordination Committee to Counter Money Laundering (NCC) will continue to be vigilant and responsive to evolving money laundering threats, as well as money laundering standards and trends . A key challenge for regulators is in striking an appropriate balance, in terms of the regulatory focus, between overall risks pertaining to the financial system and those relating to money laundering . There are currently also no globally accepted models that can be used to quantify money laundering or terrorism financing risk in a given financial system .





As such, the studies conducted by international bodies such as the Financial Action Task Force on Money Laundering (FATF), the Asia/Pacific Group on Money Laundering (APG) or the World Bank on money laundering threats would continue to be used to formulate best practices in Malaysia .

### **The KMPG Survey :**

While these initiatives may be regarded as commendable, a consulting firm, KPMG International in a 2004 survey maintained that Malaysia still has some way to go in achieving its aim of eliminating money laundering . In its AML Survey, KPMG argues that the challenge for policymakers and law enforcement agencies want to engage the banking industry more effectively, give banks evidence that their efforts are leading to higher detection rates and prevent the industry from being used by criminals .

The same KPMG Survey also observed that most banks were expecting spending relating to money laundering controls, to rise by more than 40 percent over the next three years . This does indicated that much remains to be done to enhance AML systems and controls, and the Malaysian banking system needs to buck up .

Contributions of SAIs toward fighting corruption and anti-money laundering :

#### **1- Contributions of SAIs towards fighting fraud and corruption :**

- a) SAIs recognize that they have no legal mandate to prosecute corruption and money laundering .
- b) However, they would still contribute by collecting evidence in the course of conducting their audits and by pointing out suspected cases of corruption and money laundering, if possible to the appropriate authorities to take further action .
- c) In order to carry out the function that is expected from them, they need to develop competence and capacity so that they can assist the relevant authorities in pursuing their investigations .
- d) SAIs should introduce alternative communication channels for public to inform them of suspected cases of corruption .
- e) SAIs need to engage all stakeholders in the audit process, and .



- f) SAIs need to perform a pro-active role by engaging themselves in direct discussion with auditors on system controls .

## **2- International Institutions – Role and Expectations :**

- a) It should take the lead in providing the information framework .
- b) It should standardize information and enhance information sharing so that information should be consistent over time and across sectors .
- c) It should establish audit trail, data base on corruption .
- d) it should provide guidelines and establish specific mechanism for SAIs to assist in the audit process, more insight in the activities of NGOs desirable and .
- e) It should make it a condition that NGOs only get the funding from donors through the government if they fulfill accountability requirements and specific criteria .



## **Poland**

**Dear Colleagues,**

As I begin, let me thank you for inviting our Supreme Audit Institution to attend this meeting of the INTOSAI Working Group on the Fight against International Money Laundering and Corruption. Numerous financial scandals around the globe, which erode trust in financial institutions and even confidence in governments, highlight the significance of such a meeting for all of us. Before I start my presentation let me mention that this year we celebrate the 90<sup>th</sup> anniversary of our Supreme State Audit Institution, called – the Supreme Chamber of Control (SCC). Our institution was established in February 1919. It is worth noting, however, that the auditing of the public finances in Poland dates back to the sixteenth century. Today our SAI is a nonpartisan organization, and like in many other countries, is subordinate only to parliament, and is independent of the executive branch and the judiciary.

Dear Colleagues, due to the time limits on my presentation, I will direct your attention only on a few aspects of our many activities in the area of preventing and detecting corruption and other types of wrongdoing. At the beginning, I would like to stress that the fight against corruption and other types of wrongdoing is incorporated in our mission and audit priorities that are included in our organization's corporate plan. I also would like to emphasize that we attach great importance to prevention of corruption. We focus on prevention, because our SAI does not have a judicial function and has no police or prosecutor office authority. In Poland we have a specialized agency – the Central Anticorruption Bureau, engaged in investigation of corruption. It is also our belief that it is much better to prevent than detect corruption.

While, we focus on prevention of corruption, we also detect such wrongdoing. I relate to this issue later. Now, let me emphasize, that our organization's fight against corruption and other types of wrongdoing is multifaceted. It includes, but is not limited to: (1) incorporating corruption and wrongdoing issues in our routine audit work; (2) heightening public awareness of corruption and other wrongdoing through timely and public disclosure of our audit findings; (3) improving methods and tools of combating corruption and other types of wrongdoing; (4) providing a means for whistleblowers to report instances of wrongdoing; and (5) cooperating with other international institutions in the fight against corruption.



## (1) Conducting Our Audits

We address the issue of corruption in every audit we perform. Through our daily analysis of irregularities identified during audits and analysis of legislation we attempt to identify the factors that can contribute to or create conditions encouraging corruption. Among such factors we have found that the following four factors are of the greatest significance : (1) excessive discretion of decision makers that is typically caused by the absence of explicit and transparent performance criteria and/or excessive responsibility in one public servant's hand, (2) conflict of interests that result when an official cannot guarantee impartiality, (3) lack of or weakness of controls, including internal control, (4) lack of transparency in the decision-making process.

In 2003 our organization developed a formal strategy to address factors such as these in our audit work. This strategy is aimed at preventing corruption and other wrongdoing before it occurs and it helps us to focus our efforts on strengthen public institutions, which are the elements of the national integrity system, where the sound governance is based on based on integrity, transparency and accountability <sup>(1)</sup>.

Implementing our strategy, in our audit work we place a great deal of importance an assessing the quality of the legislation and regulations that enable and govern the programs or organizations under review. This process helps us to identify issues such as loopholes in regulations, lack of administrative rules, and unclear regulations that could contribute to irregularities. Often the effects of these observations are *de lege ferenda* conclusions, for which our institution recommends the rectification (reformation) of legislative shortcomings. In making recommendations our goal is to identify and propose ways to reduce arbitrariness in the application of rules and regulations, to simplify administrative procedures, and to eliminate unequal access to information.

While the focus of most of our audit works is to identify ways to prevent corruption, we have certain information gathering tools that can be used in cooperation with law enforcement in dealing with suspected corruption or wrongdoing <sup>(2)</sup>. When during an audit we identify instances of suspected

---

<sup>(1)</sup> The SCC devoted year 2002 to drawing up such a strategy. This strategy was officially accepted and presented to the SCC Board in April 2003.

<sup>(2)</sup> The SCC auditors have access to all information they require for their audit work. The auditors may among others conduct observations, demand sworn statements from witnesses (summon witnesses), demand oral or written explanations from employees of the audited entity, call experts and specialists and summon meetings with employees of the audited units.



corruption or other illegal activity, we notify the appropriate agency. For example, in 2007 we carried out 2,864 audits, of these 129 cases involved suspicion of a crime or an offense that resulted in our notification of a law enforcement institution. Many times, close cooperation with our SAI helped the Police and the public prosecutor office, to gather evidence necessary for the criminal lawsuit. Sometimes our auditors play an important role during criminal prosecutions by being witnesses for the prosecution.

## **(2) Heightening public awareness of corruption and other types of wrongdoing**

Our SAI attaches great importance to its informational role with the belief that public awareness of the issue of corruption helps to foster accountability. In addition to reporting on individual audits, our SAI summarizes results of all its audits in an annual report on the operations of the SCC and cross-sectional studies entitled: *"The Corruption Hazard in the Light of SCC Audits"* presented to the Parliament (Sejm). The first such report was presented in March 2000.

We have performed other in depth work of a cross-sectional nature aimed at identifying national areas of significance are threatened by corruption. Among areas of high risk on a national level that we have identified include: public procurement, tax administration, customs services, the special purpose funds and agencies, and the functioning of the health services. The results of the first of such cross-sectional study were presented to the parliament (Sejm) in November 2002. The report was entitled: *"The Functioning of the Act on public procurement in the Aspect of Combating Corruption"*.

We provide information, which are connected with audit issues in national-wide journal entitled: *"Kontrola Panstwowa"*. Finally we inform public opinion about our audits through our webpage. In this way we also heighten public awareness of wrongdoing.

## **(3) Improving methods and tools of combating corruption**

We constantly work to improve the approaches we use to combat corruption and other types of wrongdoing and we have focused on fraud awareness training. We provide such training not only to our own staff, but also to staff from other public institutions. We also initiated and played a key role in the process of developing and issuing standard audit terminology in public administration. Such



standard audit terminology helps in the understanding of each public institution , which is the element of national integrity system <sup>(3)</sup>.

#### **(4) Providing a Means for Whistleblowers to Report Instances of Corruption**

Our SAI is one of the most trustworthy institutions in Poland , to whom whistleblowers from other institutions provides information about suspected or actual wrongdoing in the workplace. It helps us efficiently combat wrongdoing. Individuals can submit allegations of corruption, fraud, waste, abuse, or mismanagement of public funds by sending written information to our SAI, contacting our representatives in person or making contact through our Complaint NET. We safeguard all information provided by whistleblowers against unauthorized disclosure.

#### **(5) Cooperating with International Institutions**

In carrying our strategy we facilitate the exchange of information and strengthen cooperation between SAIs. Our representatives participate in international conferences and meetings related to corruption and other wrongdoing issues. We help others improving approaches they use to combat corruption. For example, our experts organized a workshop for the auditors from the Albanian SAI, aimed at sharing our experiences in auditing of spheres that are particularly vulnerable to corruption.

Dear Colleagues, there is a saying: "Opportunity makes a thief". Our multifaceted strategy that focuses on prevention aims at limiting the " opportunity". Through our work we help to strengthen the financial management systems of public institutions nationally and internationally . We do so with the knowledge that ongoing accountability within the government will create an environment that does not favor corruption and types of wrongdoing <sup>(4)</sup>.

We combat corruption in current public activity. However, simultaneously we analyze areas that are at high risk of corruption or fraud in the future. For example, the internet has become a major factor in our life, and e-government has become a reality. At the same time identity theft became an important problem . We have to be aware that a professional thief can assume not only individuals'

---

<sup>(3)</sup> In July 2005 the first edition of the publication entitled : " Glossary of Terms Related to Audit in Public Administration" was issued by our SAI .This publication was prepared by the team composed of representatives of SCC, Chancellery of the Prime Minister, Ministry of Finance, Ministry of Interior and Administration.

<sup>(4)</sup> A strong financial management system incorporates the following: accurate , complete, and timely financial reporting to include financial statements audited by SCC and reports on internal controls and compliance with laws and regulations, a reliable system of internal controls, and cost accounting capabilities. A strong financial management system also contributes to and provides a basis for effective performance measurement.



identities but also government institutions' identities in just a few hours, but it can take months or even years to restore government's credibility. We consider fraud scams as a serious future hazard.

Dear Colleagues, let me finish my presentation in this way. We are all aware of the fact that there should be zero tolerance for corruption. Although the level of corruption will never be zero, as a public watchdog we should strive to get the level of corruption in the public sector as close to this zero as possible.

Thank you for your attention.



## ***Appendix B:*** ***Glossary Of Terms***





## **WGFACML** **GLOSSARY OF TERMS**

### **English**

### **عربي**

- |  |   |
|--|---|
| 1. Access to information                   | حق الوصول للمعلومة                                      |
| 2. Active and Passive Bribery              | الرشوة الايجابية والرشوة السلبية<br>( الراشي والمرتشى ) |
| 3. Answerability                           | التزام صناعات القرار بتوضيح الأسباب وراء<br>قراراتهم    |
| 4. Bank secrecy                            | سرية البنوك   |
| 5. Beneficial Owner                        | المالك المنتفع  |
| 6. Black list                              | القائمة السوداء بالدول غير المطبقة للضوابط              |
| 7. Bribery                                 | الرشوة  |
| 8. Bureaucratic Corruption                 | الفساد البيروقراطي                                      |
| 9. Clienteles                              | المحسوبية   |
| 10. Collusion                              | التواطؤ ، التآمر  |
| 11. Conflict of Interest                   | تضارب المصالح   |
| 12. Controlled vs. Uncontrolled corruption | فساد داخل نطاق السيطرة وفساد خارج نطاق<br>السيطرة       |
| 13. Core Principles                        | المبادئ الأساسية  |
| 14. Corruption                             | الفساد  |
| 15. Competitive Bidding                    | المزايدة التنافسية                                      |
| 16. Cronyism                               | المفاضلة  |
| 17. Embezzlement                           | الاختلاس  |
| 18. Extortion                              | الابتزاز المالي   |
| 19. Favoritism                             | تفضيل الأقارب والمعارف                                  |
| 20. Fiduciary Risk                         | مخاطر الثقة ، مخاطر الأمانة                             |



- |                                 |   |
|---------------------------------|---|
| 21. Financial Intelligence Unit | وحدة متخصصة بالتحقيق في جرائم الأموال                                   |
| 22. Fraud                       | الاحتيال  |
| 23. Front company               | شركة تستخدم كواجهة  |
| 24. Gate keepers                | حراس البوابة ( وهم الأشخاص الذين يمكن لهم<br>تيسير عمليات غسل الأموال ) |
| 25. Gift giving                 | منح الهدايا   |
| 26. Graft                       | استغلال النفوذ أو المنصب  |
| 27. Grand Corruption            | الفساد المتغلغل لأعلى المستويات   |
| 28. Grease money                | الأموال الميسرة (وهي وع من الرشوة تقدم<br>لتيسير الأمر)                 |
| 29. Integrity System            | منظومة النزاهة  |
| 30. Integrity Pact              | ميثاق النزاهة   |
| 31. Interest Peddling           | تبادل المنافع أو المصالح  |
| 32. Kickbacks                   | الرشوة المقدمة بعد أداء الخدمة  |
| 33. Kleptocracy                 | نظام سياسي يترأسه حاكم فاسد   |
| 34. Maladministration           | سوء الإدارة   |
| 35. Misuse of public resources  | سوء استخدام الموارد العامة  |
| 36. Money Laundering            | غسل الأموال   |
| 37. Nepotism                    | المحاباة  |
| 38. Patronage                   | الوساطة   |
| 39. Pecuniary interest          | فوائد نقدية   |
| 40. Perjury                     | شهادة الزور ، الحنث في القسم  |
| 41. Petty Corruption            | الفساد الضئيل المتكرر   |
| 42. Prebends                    | عائدات الرشاوى أو الفساد  |
| 43. Predicate offences          | جرائم متعلقة بغسل الأموال   |
| 44. Shell Bank                  | بنك ليس له وجود مادي أو فروع أو موظفين                                  |
| 45. Spoliation                  | السلب   |
| 46. Sporadic corruption         | الفساد غير المنتظم  |
| 47. State Capture               | الاستيلاء على أموال الدولة  |



- |   |                          |
|---|--------------------------|
| 48. STR (Suspicious Transaction Report) | تقرير بالعمليات المشبوهة |
| 49. Terrorist financing                 | تمويل الإرهاب            |
| 50. Trading of Influence                | الاتجار بالنفوذ          |
| 51. Transparency                        | الشفافية                 |



## ***Appendix C:***

### ***Common Abbreviations***



## Common Abbreviations

AML	Anti-Money Laundering
APG	Asia/Pacific Group on Money Laundering
ARS	Alternative Remittance System
CFATF	Caribbean Financial Action Task Force
CTF	Counter-Terrorist Financing
CTR	Currency Transaction Report
DEA	Drug Enforcement Administration
DHS	Department of Homeland Security
DOJ	Department of Justice
DOS	Department of State
EAG	Eurasian Group to Combat Money Laundering and Terrorist Financing
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
EU	European Union
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigation
Fincen	Financial Crimes Enforcement Network
FIU	Financial Intelligence Unit
GAFISUD	Financial Action Task Force Against Money Laundering In South America
GIABA	Inter-Governmental Action Group against Money Laundering
IBC	International Business Company
IFI	International Financial Institution
IMF	International Monetary Fund
INCSR	International Narcotics Control Strategy Report
INL	Bureau for International Narcotics and Law Enforcement Affairs
IRS	Internal Revenue Service
IRS-CID	Internal Revenue Service, Criminal Investigative Division
MENAFATF	Middle Eastern and Northern African Financial Action Task Force
MLAT	Mutual Legal Assistance Treaty
MOU	Memorandum of Understanding
NCCT	Non-Cooperative Countries or Territories
OAS	Organization of American States
OAS/CICAD	OAS Inter-American Drug Abuse Control Commission
OFC	Offshore Financial Center
PIF	Pacific Islands Forum
SAR	Suspicious Activity Report
STR	Suspicious Transaction Report



UN Drug Convention 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances

UNGPML	United Nations Global Programme against Money Laundering
UNODC	United Nations Office for Drug Control and Crime Prevention
UNSCR	United Nations Security Council Resolution
USAID	Agency for International Development
USG	United States Government