

State Audit Institution Oman

Experiences on Fighting against Corruption and Money Laundering (Self-Reporting and Citizen Reporting)

1. Introduction

Corruption and money laundering are serious criminal activities that can have detrimental effects on societies, economies and individuals. Corruption can distort economic development, undermine trust in Institutions and lead to inequalities and inefficiencies. It can also contribute to political instability and inhibit social progress. Money laundering, on the other hand, enables proceeds of the crime to be legitimised and reintegrated into the financial system, providing perpetrators with the means to continue their illegal activities.

2. Strategy for fight against corruption and money laundering

Corruption and money laundering are often inter-connected, with corrupt officials using money laundering techniques to hide their ill-gotten gains. Oman Authorities are continuously working on ways and means to combat Fighting corruption, with comprehensive and multi-pronged approach that involves various stakeholders at different levels of society.

Key strategies to combat corruption are as follows:

- **Strong Legal Frameworks:** Implement and enforce robust anti-corruption laws and regulations that cover areas such as bribery, embezzlement, conflict of interest, and money laundering and Laws to apply to both the public and private sectors.
- **Transparency and Accountability:** Promote transparency in Government operations, public procurement and financial transactions. Ensure accountability by holding public officials and entities responsible for their actions through mechanisms such as oversight bodies, independent audits and whistleblower's protection.
- **Ethics and Integrity:** Foster a culture of ethics and integrity in both public and private sectors. Encourage ethical behavior through training programs, codes of conduct and integrity measures.
- **Public Awareness:** Bringing essential transparency, relevance and integrity to the systems through community participation for socio-economic development.

3. Accession to United Nations Convention against Corruption

The Royal Decree No. 64/2013 approved Sultanate of Oman's accession to United Nations (UN) Convention against Corruption, which reflected Sultanate's keenness to cooperate with international community to eliminate all criminal acts of corruption. State Audit Institution, Oman (SAI) is assigned the task from Anti-Corruption Authority and follow-up implementation of the Convention, which works with it, in-coordination with competent authorities to follow-up implementation of Convention to ensure Sultanate's implementation of its international obligations in this regard.

4. Legal provision for services with State Audit's responsibility

As per State Audit Law, main objectives of State Audit included the following:

- Protecting State's public and private funds
- Ensuring appropriateness of internal controls and soundness of financial and administrative transactions and their adherence to laws, provisions and regulations
- Avoiding conflict of interests and financial as well as administrative violations
- Adhering to transparency in financial and administrative transactions
- Evaluating performance of bodies and institutions and ensuring that resources are used economically, efficiently and effectively
- Detecting causes of shortcomings in performance and production as well as identifying responsibilities

5. State Audit's Key Milestones

State Audit's enhanced responsibilities and actions to compact corruption, enhance transparency and set-up communication channel with the society are as follows:

- February 2011 – State Audit Institution was renamed as State Financial and Administrative Audit Institution with expanded role and responsibilities promulgated through Royal Decree No 27/2011, empowering State Audit Institution as the key Government apparatus to combat corruption and ensure more accountability, transparency and fairness in the Government sector and planning of new SAI portal and the system
- July 2011 – SAI Chairman issued Administrative Order (33/2011) for establishment of Department of Social Community, as per the orders of His Majesty, the Sultan to establish Service Department in every Government Entity

- July 2011 – E-complaint Portal launched and due to urgency, complete initiative and implementation was done within six months
- July 2013 – SAI launched first version Mobile Application (SAIAPP) was available for Google Play and Apple IOS users
- October 2014 – Second developed version of SAIAPP launched with new design and high-quality improvements
- April 2016 – SAI Chairman issued Administrative Order (44/2016) for establishment of Complaints Department, a dedicated department for Complaints

6. State Audit Oman’s pro-active approach

Summary of State Audit’s pro-active approach and initiatives in relation of fight against corruption and money laundering is as follows:

- Formation of Anti-Corruption and Integrity Promotion Committee
- Interaction with law enforcement agencies for fighting against corruption
- Developing procedures on the fight against corruption
- Ensuring transparency and publicity as part of process of disclosure and prevention of corruption
- Increased audit efficiency by improving methods and methodology of detecting corruption risks during audit reviews
- Specialized training for methodology of corruption risk detection
- Introducing practice of selected top officials’ financial disclosures
- Assisting law enforcement agencies for actions in respect to officials violating anti-corruption laws and regulations
- Increasing public awareness relating to protection of public funds and anti-corruption

7. Implementation of Responsibilities

As per State Audit Law and Protection of Public Fund and Avoidance of Conflict-of-Interest Law, SAI implements its responsibilities related to different irregularities that fall within the acts considered as corruption cases by provisions of Chapter III “Criminalization and Law Enforcement” of the United Nations Convention against Corruption. The laws applicable in Oman also criminalize such acts, as the Institution follows up legal proceedings regarding observed suspicions according to an internal regulation, in coordination with the Public Prosecution and National Center for Financial Information.

State Audit Institution attaches great importance to awareness and integrity promotion activities and events. This can be manifested through the implementation of many activities, summarised as follows:

- Preparing and implementing an annual awareness media plan that includes various awareness activities such as awareness seminars with the aim of raising awareness, promoting integrity and disseminating knowledge to the community about protection of public fund and promotion of integrity in many entities subject to the Institution’s audit, educational and civil society institutions in various governorates of the Sultanate of Oman.
- Disseminating concepts related to promotion of integrity and combating corruption in local newspapers and social media accounts and continuing to produce “Nazaha” program on various television and radio channels, as well as continuing to produce the radio program “Oversight is Everyone’s Responsibility”, broadcasted on Radio Sultanate of Oman. News items relating to SAI’s seminars are also published in the newspapers both in Arabic and English Languages.
- Participating with the local community in the event of “International Anti-Corruption Day”, celebrated annually on December 9, by publishing awareness articles, interacting with the community in the Institution's accounts on social media platforms, and broadcasting television reports about the Institution's role in implementing the United Nations Convention against Corruption.
- National Plan for Enhancing Integrity contains a mechanism for implementing role of relevant entities to achieve awareness and integrity for the community and defines each of those entities’ roles to participate actively in promoting integrity and combating corruption.
- Institution also issued and published the Annual Community Brief Report for the year 2020 onwards in accordance with the Royal directives of His Majesty on the consolidation of the principles of transparency, integrity and accountability and this Annual Reporting Forum for Community is being followed thereafter.

8. Code of Conduct for Civil Staff

State Audit Institution also prepared a code of professional conduct for civil employees in the units of the State administrative apparatus, pursuant to the provision of Article (8) of the United Nations Convention against Corruption and it was issued by Decision No. 7/2019 by the Chairman of the Civil Service Council where the Code contained a number of legal articles related to general provisions, public duties, employee duties, financial declaration, protection of public fund and the method of using technology when performing job duties. Moreover, the Code applies to all civil employees in the units of

the State administrative apparatus, except those for whom special codes of Professional conduct are issued in accordance with the applicable laws and regulations.

9. Financial Disclosure System

Asset and interest disclosure is a well-established tool to prevent corruption and to help strengthen integrity in public administration. It is used to identify unexplained wealth, prevent conflicts of interest and promote accountability and integrity of public officials. Under Asset and interest disclosure mechanism, as and when requested, public officials must submit information about income, assets, liabilities, expenditures, and other interests of the officials and their family members. It has gained broad international recognition, especially since adoption of UN Convention against Corruption in 2003. A Financial Declaration System was adopted in Oman, as part of a legislative reform package introduced in 2011.

This mechanism adopted by Oman includes many elements, including the disclosure form, the scope of declarants (filing population), methods of submission (paper or electronic), procedures of submitting the form, validation and verification of the forms, publication of information, institutional set-up to deal with the disclosure system, sanctions and others.

Over the years, Financial Declaration system adopted by State Audit is working well as a tool to work as a basic check mechanism for Civil Staff, to ensure transparency and to fight against corruption.

10. Citizen's Reporting Channel

SAI Oman developed and launched (July 2011), an on-line E-complaint portal with the aim is to receive citizens' complaints, feedback or concerns on any issues which needs to be examined and investigated and take further necessary action. SAI launched e-complaint electronic window functionality was further enhanced via smart phone applications. SAI App includes several windows in both languages, Arabic and English, namely: Contact Us, Complaint's window, SAI Laws and Regulations, etc. In addition, the Complaint window was recently upgraded, where submitting complaints was separated from submitting reports, giving greater flexibility and confidentiality to whistleblowers.

10.1 Main features of E-complaint portal and its value to users

Key functions of E-complaint include collecting, registering, tracking and monitoring of public feedback, concerns and complaints through various channels such as on-line E-complaint portal, e-mails, hotline, newspapers, electronic and other social media networks (forums, Facebook, Twitter) as well as face-to-face interviews. State Audit also established necessary infrastructure, created digital portal, to ensure quick collection of citizens' complaints, feedback or concerns on any issues which they feel to be raised for

further review and investigation with the overall aim to improve upon wherever required. OTP feature and complaint reference number were also added.

Complaints and feedbacks are logged and categorized into five separate categories:

- Abuse of Power
- Administration and financial fraud
- Delay of services
- Improper tendering process
- Others.

These complaints and feedbacks are channeled to respective departments for further verification actions and the final results are reported by SAI to the complainant, for special and important cases.

11. Suspected Fraud and Corruption Verification

As part of regular audits, SAI Audit Teams ascertain the materiality of all risks identified, which also includes the possibility of fraud/misappropriation, considering the monetary value and whether related to the employees or the system. All instances of indicative fraud and misappropriation identified during audit as well as received through complaints or reported separately to State Audit are examined completely independently and individually using the appropriate mechanism and method. Regardless of the type of complaint or report and the type of violation resulting from it, while preparing the study results, related information and supporting are verified taken into account. On a case-to-case basis, SAI also access the information from other sources, after co-ordination with the respective agencies, including Public Prosecution, Banks, Royal Oman Police and the auditee entities. Further, if verification requires communicating with the parties related to the complaint, the complainant is also contacted by phone or meeting to clarify any points. All complaints, feedbacks and findings are being monitored and followed-up through the Department of administrative and financial irregularities. In collaboration with the Public Prosecution Department, the SAI take further action to bring to trial fraud cases and recover public funds gathered in a corrupt manner.

12. Reporting to Authorities and Society

State Audit's Annual reports on the results of the work executed, including related to verification of the complaints lodged with State Audit and the administrative and financial violations are submitted to His Majesty, the Sultan with copies to the Council of Ministers and the Parliamentary Councils, both parts of the Shura Council (elected public representatives) and State Council (appointed representatives), Further, a separate annual report for the Community is issued through Community Summary document and also published on the SAI's website. State Audit also receive feed backs from the public on the Community Report findings.

People's feed back and comments further support SAI to effectively administer public concerns and ensure effective and efficient delivery of Government services to the citizens.

13. United Nations' Recognition and Award

The United Nations Economic and Social Commission for Western Asia (ESCWA) recently announced (June 2024) inclusion of Oman's State Audit Institution's Complaint and Report Window among the best distinguished Arab practices within ESCWA-launched ENACT project. It was chosen from among 60 distinct initiatives from 12 Arab countries listed in ESCWA Arab Open and Innovation Government Portal. Earlier, this Window won United Nations Public Service Award in the category of Preventing and Fighting Corruption in 2013, reflecting the efforts exerted by the Institution in protecting public funds.

The Institution is constantly working to improve upon all related activities and also develop window to add ChatBot features to enhance bridges of communication with the community.