



Working paper on “Legislative, Regulatory and Administrative Framework for Cooperation between Supreme Audit Institutions and other Stakeholders on the Fight Against Corruption and Money Laundering”

Working Paper on “Money laundering and the Role of Supreme Audit Institutions in Fighting it”



**Both of Working papers were part of the activities of the WGFACML
Work Plan 2023-2025.**

Working paper on
“Legislative, Regulatory and Administrative Framework
for Cooperation between Supreme Audit Institutions
and other Stakeholders on the Fight Against Corruption
and Money Laundering”.

This paper aims to establish a robust, multi-tiered cooperation model between SAIs and key stakeholders to strengthen the fight against corruption and money laundering (ML), through a defined legislative and administrative framework.



Major aspects

- The Role of SAIs in Fighting Corruption and Money Laundering.
- Transparency, Governance and Information Sharing from the Perspective of SAIS.
- Legal, Regulatory and Administrative Framework for Cooperation at the National and International Levels.
- Best International Practices.





First : SAls focus their efforts on several key areas to combat corruption and money laundering, including the following:

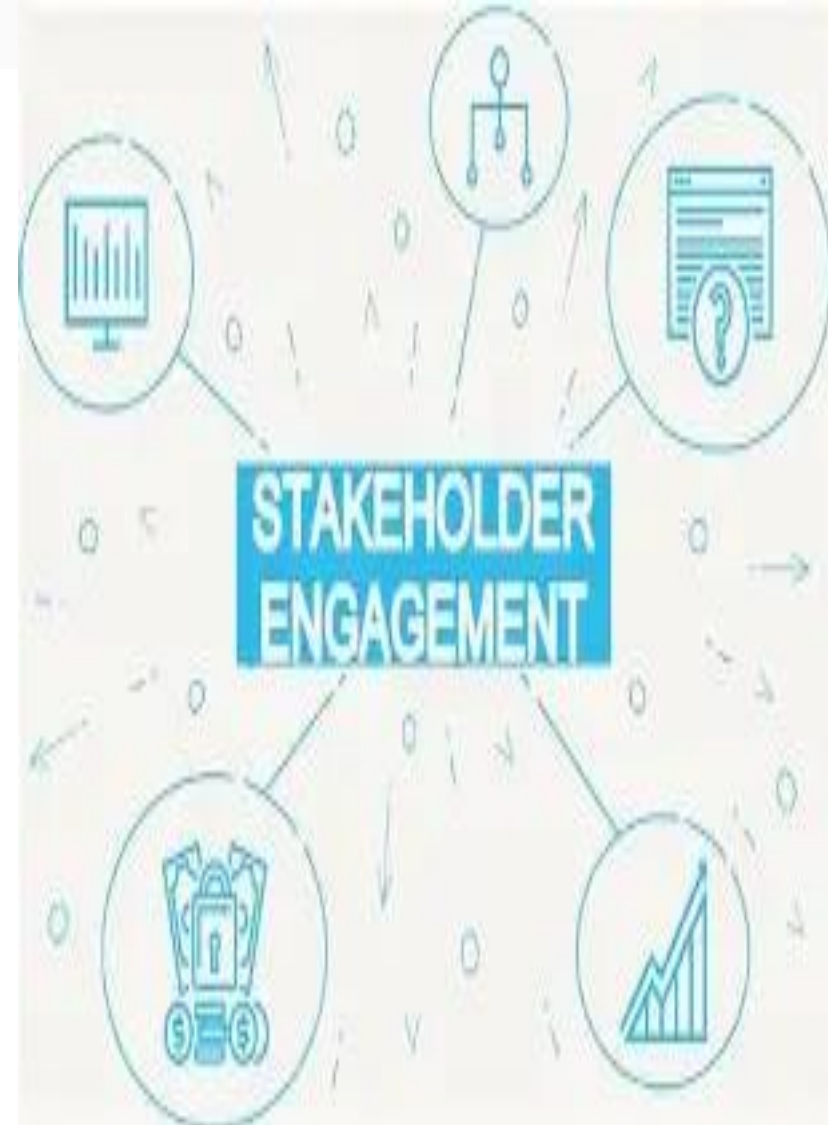
- Adopting a proactive approach in proposing the development of anti-corruption and anti-money laundering policies, rather than waiting for violations to occur.
- Enhancing transparency regarding the results of oversight at all stages of the audit process.
- cooperation with law enforcement bodies and judicial and financial authorities in combating corruption and money laundering.
- Participation in improving legislation and public resource management, as reports from Supreme Audit Institutions often reveal loopholes in laws or ineffective regulations that facilitate corruption.
- Capacity building and international cooperation.

Transparency and accountability are at the heart of the work of SAIs, not only as ethical values but also as effective tools for promoting good governance and combating corruption.



Third: Legal, Regulatory and Administrative Framework for Cooperation at the National and International Levels.

The governing framework for cooperation between SAls and stakeholders includes a set of laws, regulations, and administrative arrangements that define the roles of each party and the mechanisms for coordination between them. This framework varies from country to country depending on its legal system and institutions, but it is usually guided by international standards and practices.



Fourth: Best International Practices

At the international level, many good practices are emerging that can be emulated to enhance cooperation between SAIs and stakeholders , this paper addresses some of these experiences and practices that was covered by INTOSAI , OLACEFS, OECD





Cooperation between SAIs and stakeholders is not optional, it is imperative.

An integrated framework , spanning legislation, digital infrastructure, protocols, and international platforms build resilient systems.

Working paper on

“Money laundering and the Role of Supreme

Audit Institutions in Fighting it”



This paper explores money laundering (ML) as a persistent threat to economic and social stability, emphasizing the strategic role of Supreme Audit Institutions (SAIs) in combating it. It delves into the nature, evolution, and consequences of money laundering, and outlines practical measures SAIs can adopt to bolster anti-money laundering frameworks.



Major aspects

- ♦ Definition of Money Laundering.
- ♦ Sources of illicit funds.
- ♦ Characteristics of Money Laundering Crimes.
- ♦ Stages of Money Laundering.
- ♦ Money Laundering Risks.
- ♦ Reasons for the spread of money laundering.



Major aspects

- ♦ Money Laundering Methods.
- ♦ International efforts to fight money laundering.
- ♦ The role of Supreme Audit Institutions in fighting money laundering.
- ♦ Cooperation among Supreme Audit Institutions in the field of Fighting Money Laundering.



Stages of money laundering

Input

At this stage, illegal funds are placed or introduced into the banking or financial system, which is the most dangerous and difficult stage for money launderers, due to the possibility of discovering them because they have not yet undergone complex operations.

Conversion

Money is transferred through such a wide range of operations that it becomes difficult to identify its original source.

Merge

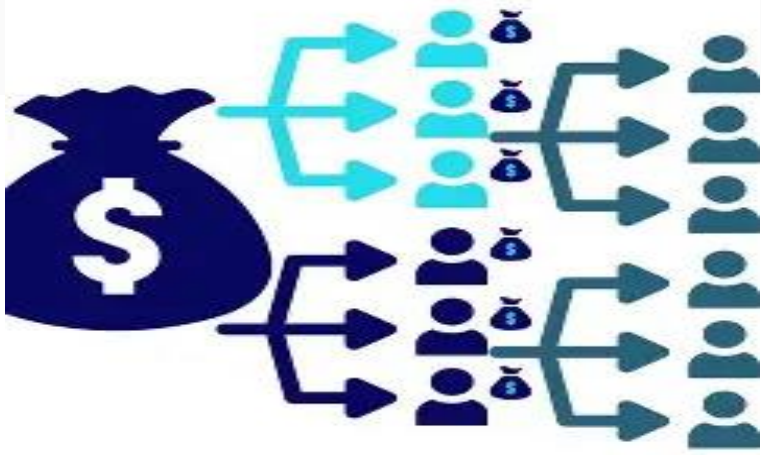
Integrating money into the legitimate economy after it has become clean so that it can be spent or invested, which is the least risky, safest.

Money Laundering Risks

Political risks

Economic risks

Social risks



Money Laundering Methods

Through banking activities.

Through corporate activities.

Through online activities.



International Efforts to Combat Money Laundering

United Nations efforts

The Basel Declaration of 1988

Financial Action Task Force on Money Laundering “FATF”

Actions that can be taken by SAIs in combating money laundering

- **Allocating specialized departments within the Supreme Audit Institution to supervise banks, as they are considered entities highly prone to money laundering risks.**
- **Review samples of deposits, bank transfers, and other banking services to ensure compliance with anti-money laundering requirements.**
- **Review samples of granted credit facilities to ensure the soundness of credit granting decisions.**

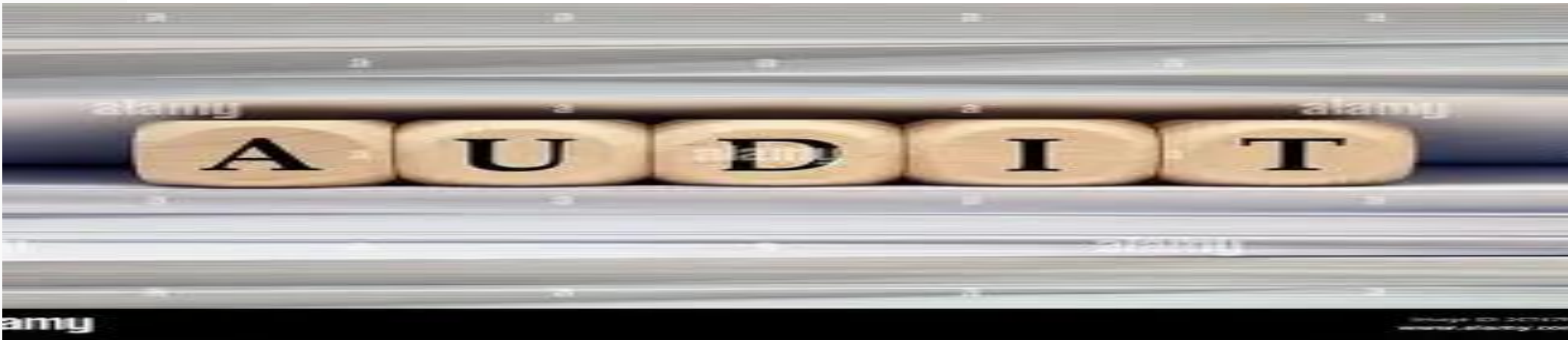


Actions that can be taken by SAIs in combating money laundering

- **Recommending the necessity of digital identification for bank customers, Evaluation of the internal system of the auditees.**
- **Auditing auditees' compliance with governance requirements and anti-money laundering controls.**
- **Enhancing the SAI's information infrastructure by promoting the digital transformation system and developing electronic audit applications to enable electronic connectivity with the auditees.**

Actions that can be taken by SAIs in combating money laundering

- **Cooperation between the SAIs and anti-corruption bodies and the exchange of information in this regard.**
- **Each SAI shall establish a communication channel with the public, whether through a hotline or electronic websites and applications, to receive complaints and reports of corruption.**





This paper affirms that SAs are instrumental to sustaining integrity, accountability, and transparency in the fight against money laundering .

It recommends empowering them with the jurisdiction, tools, and collaborative frameworks necessary for proactive oversight.



Both of papers have been prepared according to Quality Assurance Level 3 of non-IFPP products and circulated to the WGFACML member SAIs and now we are in the process of receiving their comments in preparation for taking the necessary procedures towards the approval and endorsement of those papers.

Thank You

