



**The 16th Meeting of the INTOSAI Working Group on
Fight Against Corruption and Money Laundering - WGFACML
to be hosted by State Audit Office of the Kingdom of Thailand
Bangkok - the Kingdom of Thailand
(October 10 – 12 , 2023)**



Money laundering & the Role of Supreme Audit Institutions in Fighting it



Description



A working paper aimed at introducing money laundering, its characteristics, risks, and how to strengthen the role of Supreme Audit Institutions to fight it...



Essential elements



- 1) Definition of money laundering.**
- 2) Characteristics of money laundering crimes.**
- 3) Money Laundering Risks.**
- 4) Stages of money laundering.**
- 5) The role of SAIs in fighting Money Laundering.**
- 6) Recommendations to strengthen the role of the INTOSAI WGFACML member SAIs.**



Definition of Money Laundering



An illegal operation aimed at collecting funds resulting from prohibited criminal activities such as drug trafficking, or supporting terrorist organizations, in a way that they appear to have been earned from legitimate sources, and this operation was named as such because the money collected from illegal operations is considered unclean money and that the money laundering process will make it look clean.





Characteristics of money laundering crimes



Organized crime

Money laundering crimes require the availability of a connected network of individuals and organizations that carry out a range of actions that would convert illicit funds into licit funds.

A crime subsequent to a predicate offence

As the money laundering process is not carried out unless a previous crime such as drug trafficking or crimes of financial or administrative corruption is committed.



Continued: Characteristics of money laundering crimes



Technically advanced crime

The technical nature of money laundering operations is constantly evolving, as well as the emergence of cryptocurrency and the development of electronic financial transfer systems lead to an increase in the use of the Internet in money laundering operations.

International crime

It is characterized as an international process, meaning that its pillars may be located in more than one country.



Money Laundering Risks



Political risks

Economic risks

Social risks



Stages of money laundering



Input

At this stage, illicit 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 and most difficult stage to discover.





The role of SAIs in fighting money laundering



The importance of the role of SAIs in fighting money laundering

- ❑ Enhancing confidence in the financial and economic system.
- ❑ Protecting society from crimes.
- ❑ Promoting economic development.



Continued: The role of SAIs in fighting money laundering



The primary role of SAIs in fighting money laundering is to monitor compliance with international anti-money laundering laws and standards. This is done through:

- Conduct inspections to ensure that financial and economic institutions comply with international laws and standards.**
- Take the necessary legal measures against the violating financial and economic institutions.**



Continued: The role of SAIs in fighting money laundering



Examples of practices that can be carried out by the SAIs for Anti-Money Laundering include:

- Allocating specialized departments in SAIs to supervise banks, as they are considered highly exposed to money laundering risks.
- Review samples of deposits, bank transfers and other banking services to ensure compliance with anti money laundering requirements.
- Evaluate the internal control system of audited entities.



Continued: The role of SAIs in fighting money laundering



Examples of practices that can be carried out by the SAIs for Anti-Money Laundering include:

- Review the compliance of the audited entities with the requirements of governance and controls to combat money laundering.
- Enhancing the information infrastructure of SAI by enhancing the digital transformation system and preparing electronic auditing applications.
- Cooperation between the Supreme Audit Institution and the country's anti-corruption bodies and the exchange of information in this regard.
- Each SAI shall open a channel of communication with the public, through a hotline or electronic applications to receive complaints and communiques.
- Participate in international anti-money laundering initiatives.



Recommendations to strengthen the role of the WG FACML Member SAIs in fighting money laundering



Each SAI shall prepare best practices in the field of anti-money laundering and exchange them with WG member SAIs and publish them on the official website of the Working Group.

Holding more training meetings and workshops on anti-money laundering among WG member SAIs.

Cooperation between the Working Group and the international bodies concerned with combating money laundering.

Thank you..

