



**Minutes of the 12th Meeting of
INTOSAI Working Group on
Fight Against Corruption and Money Laundering
(WGFACML)
Mexico City, Mexico (2-5 October 2018)**

The 12th Meeting of the INTOSAI WGFACML was held in Mexico City, Mexico during the period 2-5 October 2018.

The meeting was chaired by H.E. Counsellor/ Hesham Badawy, President of Egypt's Accountability State Authority (ASA) and chairman of the Working Group. The following is the list of participants:

	Name and Position	SAI
1	H.E. Counsellor/ Hesham Badawy President of the Accountability State Authority WGFACML Chair	Accountability State Authority (ASA), Egypt
	Mr. Yasser Aggour General Manager	
	Ms. Shahinda Galal General Manager	
2	Mr. René Wenk Director	Austrian Court of Audit (ACA), Austria
3	Mr. Rafael Jardim Secretary of Corruption Combat	Federal Court of Accounts (TCU), Brazil
4	Mr. HUANG Zheng Director General	National Audit Office (CNAO), China
	Mr. WANG Xiaosheng Director	
	Mr. ZHANG Jun Program Officer	
5	Dr. Carlos Felipe Controller General	Comptroller General's Office, Colombia
	Jehan Ali Cabrales Private Secretary	



	Name and Position	SAI
6	Mr. Dineshwar Prasad Director of Audit	Office of the Auditor General, Fiji
	Mr. Seremaia Delana Audit Manager	
7	Ms. Nadhirah binti Abdul Wahab Deputy Director of Governance Audit Sector	Office of the Auditor General, Malaysia
8	Mr. Benjamin Fuentes-Castro Head of the Technical Unit	Supreme Audit Institution, Mexico
9	Mr. Gabriel Sánchez General Supervisor - Subdirectorato of Patrimonial Control	Comptroller General's Office, Peru
10	Ms. Triana McNeil Acting Director of Strategic Issues	Government Accountability Office, USA

Day 1:

1. Opening Ceremony

1.1 Opening Speech

Opening speech was delivered by H.E. Counsellor/ Hesham Badawy, the ASA President and Chair of INTOSAI WGFACML who started his speech by expressing his regards to the WG members for their exerted efforts within the framework of the working group activities. He also expressed his deepest thanks and gratitude to the SAI of Mexico for hosting the meeting and for the organised preparation and hospitality.

H.E. Counsellor/ Hesham Badawy also referred to the following points:

- The increasing responsibility that burdens our working group due to the escalating phenomenon of organised crimes and their



coherence to illicit financial flows that infiltrates within money laundering conducts as well as its direct relevance to corruption in administrative work environment which maximizes the role of supreme audit institutions in detecting sources of such flows and firm the financial and administrative control on the audited entities in order to affirm on law sovereignty principle on both national and international levels and ensure the presence of justice as one of the main objectives of sustainable development.

- The special concern of the WG to include a working paper among its work plan objectives as a research project on institutional cooperation among SAIs and other stakeholders in the field of fighting corruption and money laundering.
- The great importance that the WG concedes to promote self-capabilities and develop technical, professional and institutional capacities to all member SAIs, as well as to apply and to adopt developed methodologies and recommendations issued by competent international organisations in this field of the WG activities, in order to cope with the progress in financial and banking sectors on international level and accompanying impact of illicit financial flow of funds trans-borders, and within recent technology developments that led consequently discovering new aspects for money laundering.
- The urgent need of SAIs to enhance their efforts and mandates of fighting money laundering and their role in deterring and eliminating all corruption forms, which explains why the anticorruption strategy focuses on concepts of enhancing and promoting SAIs, which is a clear recognition of their vital role in implementing 2030 Agenda through enhancing transparency and national utilisation of public resources on various levels, which is



clearly defined under sub-objectives 5, 6 and 7 of the 16th Strategic Objective of the UN 2030 Agenda.

- The existing mandates within the WG agenda are, among the most important, the guidelines on *Stolen Asset Recovery* and *Audit of Corruption Prevention in Public Procurement*, indicating the willingness of the ASA of Egypt to make available all knowledge and professional experience in developing these two guidelines, especially what Egypt has performed until today as a result of efforts concerning stolen asset recovery by regulating laws to perform this duty.

At the end of his speech, H.E. Counsellor/ Hesham Badawy, President of ASA of Egypt and Chair of the working group, reaffirmed the significance of the role that SAIs play in fighting against corruption and money laundering, and what could be done within the support of INTOSAI and the effective role of WGFACML that is expected to achieve its targets and mandate successfully, and which will be fulfilled through interactive cooperation among members to reach its target to have a society enjoying and achieving sustainable development to all our countries. He also repeated his thanks to all the participants and wished them and their SAIs progress and prosperity.

1.2 Welcoming Remarks

Mr. Benjamin Fuentes-Castro, Head of the Technical Unit at the Supreme Audit Institution of Mexico, started his remarks by extending his thanks for giving the trust to the SAI of Mexico to organise this meeting. He emphasized that the SAI of Mexico is looking forward at the discussions that will be held during this meeting taking into account that Mexico is within the process of implementing the National Anti-Corruption System. He also clarified that the outcomes of this meeting are of special interest to the work



of the INTOSAI Working Group on the Value and Benefits of SAIs, which is chaired by the SAI of Mexico.

Mr. Fuentes explained that this interest, especially for SAIs in Latin America, is related to the emerging challenge to broaden the mandates of SAIs regarding the fight against corruption as the real value and benefit of SAIs come from their audit reports.

Mr. Fuentes expressed the sincere willingness of the SAI of Mexico to provide an appropriate environment for the working group's meeting.

At the end of these remarks, SAI of Egypt repeated their thanks to the SAI of Mexico for the excellent preparation and great hospitality.

2. Overview and adoption on the meeting agenda

The WGFACML Secretariat previewed the meeting agenda with the call for participants' suggestions and comments. Mr. Gabriel Sánchez, General Supervisor – Sub-directorate of Patrimonial Control, from the SAI of Peru, requested to add a new agenda item for a speech about a special competence in his institution.

The new item was approved and the meeting agenda was adopted.

3. Presentation on “The National Anti-Corruption System” (SNA) and the Challenges for the SAI of Mexico”

Mr. Benjamin Fuentes-Castro, Head of the Technical Unit at the Supreme Audit Institution of Mexico, delivered a presentation on “The National Anti-Corruption System” (SNA) and the Challenges for the SAI of Mexico” in the frame of the 2015 constitutional reform carried out in Mexico, which included the creation of the SNA, the new legal framework on administrative sanctions for civil officers and private actors, as well as a broader mandate for the SAI of Mexico.



He explained that the SNA aims to enhance coordination among national and subnational authorities to support prevention, detection and sanction of administrative irregularities and acts of corruption.

Mr. Fuentes presented the composition of the Mexico's SNA Coordinating Committee that leads the efforts of SNA, as follows:

- Citizen Participation Committee (Chair)
- Federal Court of Administrative Justice
- National Institute of Transparency
- Federal Courts' Council
- Supreme Audit Institution of Mexico
- Anti-corruption Special Prosecutor's Office (about to be established formally)
- Ministry of Public Administration

The expected outcomes from the SNA are:

1. The National Anticorruption Platform.
2. The National Anticorruption Policy.

The National Anticorruption Platform is an institutional intelligence tool that will allow to link relevant systems on patrimonial statements, procurement, complaints, sanctions and auditing.

The platform will be integrated by six systems:

- Civil servants' patrimonial statements
- Civil servants responsible for public procurement
- Civil servants and private actors sanctioned
- National Auditing System Platform
- Public reports on corruption and administrative irregularities
- Information system on public procurement

It will include a mechanism to receive citizen reports on corruption and will make it possible to merge information on the different portals related to anti-corruption system.



Besides the two outcomes expected from the SNA, the SAI of Mexico received a broader mandate, e.g. the function to carry out investigation and substantiation activities in relation to administrative responsibilities.

Mr. Fuentes also clarified that there are some important challenges related to the SNA. Such system does not consider money laundering events, since this one, as well as financial intelligence depend on the Executive Branch.

There is a recent trend in the public opinion in the sense that authorities concerned with money laundering should be included in the SNA. However, according to the structure of the SNA, the seats in the Coordinating Committee were allocated to different bodies, including the one that pertains to the Executive Branch, namely: the Ministry of Public Administration. Thus, if the Money Laundering Office were included, the Executive Branch would have two seats in the SNA Coordinating Committee.

The SAI of Mexico's contribution to the SNA is role it has as part of the National Auditing System. This body is responsible for setting audit standards that will be followed by auditing bodies in Mexico. This system is in the process of establishing a unified standardised guideline on internal control. A new qualitative approach to highlight risk areas will be launched, which stems from audit reports presented every year. The SAI of Mexico submits around 1600 reports to the Congress in June, October and February every year, following a risk analysis methodology to determine the high-risk elements that have to be audited yearly. .

This qualitative approach in audit reports allow them to identify irregularities, as well as elements of internal control systems in trouble, helping understand integrity problems related to the internal control system and foresee the recurrence of problems detected.



4. A Special Competence of the SAI of Peru:

Mr. Gabriel Sánchez, General Supervisor – Sub-directorate of Patrimonial Control, SAI of Peru, congratulated the participants on having a successful meeting. He extended his thanks for giving him the opportunity to deliver his presentation to share experiences about SAI of Peru's special competence to access every platform of database of the state, except military secrecy.

This special competence is used for audits carried out by the SAI of Peru, which has the competence to carry out investigation activities. The report then goes directly to the court through the Prosecutor's Office.

They use well-structured databases in electronic forms instead of the conventional manual ones.

However, there are some issues related to this competence:

One issue is the large number of cases as a result of having access to all data.

Another issue is the operational capacity. This can be overcome by the careful staff selection and training, as well as the appointment of analysts, who are specialised in certain fields, and are not Statistics specialists.

Staff are subject to certain tests such as Polygraph test and drug abuse test. All public servants are included.

Mr. Sánchez clarified that the investigation does not include only officials, but also people who are somehow related to these officials such as their relatives and friends. SAI of Peru also has risk maps that are very important for intervention. Currently, all reports are public. One year ago, just the first page of each report was shown. Now, all people know what they are doing against corruption.

SAI of Peru's philosophy has changed to be more integrated towards the society. People are considered to be their alliance as they provide very useful and important information through hot lines.



5. Goal 1, Objective 1, 1st Guideline; “Promoting Controls on Public Funds” by WGFACML Secretariat:

WGFACML Secretariat delivered this presentation on behalf of the SAI of Ecuador, which was not present at this meeting.

The guideline is within the scope of Work Plan Goal 1, which stipulates to enhance cooperation between SAIs to develop and finalize guidelines that support their efforts in detecting and fighting corruption and money laundering and develop working papers.

In Windhoek, Namibia 2013, it was agreed upon developing a guideline on “Promoting Controls on Public Funds”. The guideline subgroup was to be led by the SAI of Ecuador.

In Bonn, Germany 2016, the SAI of Ecuador presented a proposal for the guideline, “Social Control of Public Funds”.

In Arusha, Tanzania 2017, the SAI of Ecuador delivered a presentation about the framework of a guidance on how to involve citizens effectively in the control of public resources. It was agreed that this work will be within the working papers of Goal 1, Objective 3, “Roles and Responsibilities of SAIs in Social Accountability”

Suggested scope of the guideline:

- Promoting controls on government funds allocated for acquisition of goods and services for current use to directly satisfy individual or collective needs of the members of the community.
- Revenue or money of a government, state, or municipal corporation.
- Deposits, bonds, stock, or other securities of a national or state government.



- Benefits, tax credits or housing assistance that are paid by a public body.

It will not deal with benefits that rely on contributions that are based on earnings such as National Insurance, retirement pension, ...

For public procurement, our Working Group's guideline "Audit of Corruption Prevention in Public Procurement" deals enough with this topic. So this guideline will not go through the public procurement. It will just indicate the work being done by the subgroup of the concerned guideline.

For public securities, there should be prudent risk control, depository risk policy, credit analysis and use of fully secured investments.

As examples of controls; swaps, sales, and transfers cannot occur without the depositor's written approval.

Additional controls on the generated revenues from these securities should be introduced.

It was indicated that enhancing controls should not result in harming beneficiaries.

The WGFACML Secretariat clarified that until now, no progress has been made within this guideline as the SAI of Ecuador, which was supposed to lead this guideline, has moved to a different topic within another goal.

The WGFACML Secretariat put forward the suggestions about the future of this guideline;

- To continue working on this guideline after setting a solid framework for it.



- To postpone the guideline to the next working plan 2020-2022.

In either of the two cases above, WG member SAIs' proposals for leading, participating in or contributing to this guideline are much appreciated.

- To abandon this guideline if the working group members see that our current guidelines are enough to deal with public funds.

The delegates were called to make their suggestions either within the 12th WG meeting or to come back with emails about their views on this topic.

6. "Stolen Assets Recovery" Guideline, GAO, USA Goal 1, Objective 1, 2nd Guideline

Ms. Triana McNeil, Acting Director of Strategic Issues, Government Accountability Office, USA, started her presentation about the guideline on "Stolen Assets Recovery" by reviewing the history of the guideline initiation and the work done so far.

The guideline was approved to be developed with WGFACML Work Plan 2014-2016 along with other guidelines.

The current subgroup members are USA (Chair), Egypt, Poland and Tanzania.

The goal of the guideline is to be a practical toolkit for SAI auditors. It is based on best practices, strategies and actions. It contains a lot of information from the US GAO Green Book¹, best practices and information

¹ In an effort to help all federal agencies improve their performance, the U.S. Government Accountability Office (GAO) issued its revised Standards for Internal Control in the Federal Government, also known as the "Green Book." The book sets the standards for an effective internal control system for federal agencies, a crucial safeguard over public resources.



from StAR (Stolen Asset Recovery Initiative). Ms. McNeil promised that the guideline will be short and clear. It will be well supported, with high quality and consistent with other work concerned with asset recovery and with other documents produced by our international partners.

During the 11th WGFACML meeting in Arusha, 2017, the OAG of Tanzania presented an outline for the guideline. The US GAO has worked closely with the OAG of Tanzania mostly either meeting in person or via video teleconferencing making sure that the Appendix Toolkit (Questions for SAI Auditors to supplement existing procedures) is being developed in a timely manner. The appendix includes about 80 questions that different SAIs can use to support any of their audits related to Asset Recovery.

The guideline subgroup's goal for the next WGFACML meeting is to have a full draft of the guideline.

The guideline is organised to have information about:

- Importance of asset recovery and SAI role
- Asset recovery steps
 - Identifying, Freezing, Seizing assets
 - Confiscation/Forfeiture
 - Repatriation
- Agencies within the SAI's country that have responsibilities related to asset recovery efforts
- How do these agencies collaborate (within the country) to implement asset recovery?
- Do the agencies involved have sufficient resources and expertise?
- Has the SAI country been involved in working with the StAR initiative? And have they ever requested any technical assistance? Star provides a lot of training and help especially for countries that do not have a lot of experience with asset recovery.



- To what extent are there clear policies and procedures for seizing assets? (i.e., initiating asset seizure, gathering and tracing assets, securing assets, and setting and enforcing court orders)
- To what extent has the SAI's country been involved in repatriation? e.g. are there any available cases for review?
- What legislative measures are in place to enable the return of confiscated/forfeited property?

The guideline will also provide some case studies as the subgroup has been doing some research in Guyana and Brazil, for example. Ms. McNeil called for case studies contributions from other SAIs about successful asset recovery and repatriation. Examples of failure are welcome, too.

Ms. McNeil indicated that the SAIs of Tanzania and Poland have been extremely valuable partners to the US GAO in developing this guideline. Also, the ASA of Egypt helped initially to get this guideline moving. The US GAO will be happy to receive any additional support and assistance from other member SAIs.

7. Guideline on "Audit of Corruption Prevention in Public Procurement", Austrian Court of Audit.

(Goal 1, Objective 1, 3rd Guideline)

The presentation was delivered by Mr. René Wenk, Director at the Austrian Court of Audit.

Mr Wenk started his presentation by thanking the SAI of Mexico for hosting this meeting and for the very high professional organisation. He remarked that he is presenting on behalf of Mr. Uwe Schreiner, from the German Supreme Audit Institution, who was not able to attend the meeting



The guideline's subgroup members are Germany (chair), Austria (co/chair since April 2018), Poland, Chile, Czech Republic, Iraq, Malaysia, Namibia, Oman, Turkey and Yemen.

The task of this subgroup is to create, in addition to ISSAI 5700 (Audit of Corruption Prevention), a new guideline on the special aspect for Corruption Prevention connected to Public Procurement.

Taking into account:

- Avoidance of any kind of duplication either with ISSAI 5700, OECD, UNODC and Transparency International documents and other related publications.

Work Timeline:

- Work started in May 2017 in Czech Republic.
 - Detailed structure was set
 - Content of chapters proposed
 - Allocation of duties done
- 2nd meeting in Bonn, Germany, in October 2017

Discussion on the first draft

Discussion on best practice examples

- Project proposal, February 2018
- 3rd meeting in Vienna, Austria, in April 2018

Addition of more auditing questions

Mr. Wenk indicated that the next steps are:

- In October 2018, the 4th subgroup meeting was held in Prague, Czech Republic, in order to get a final draft of this guideline.
- Request for approval of the project proposal and the exposure draft from FIPP.
- Publication of the exposure draft.
- Evaluation of comments and remarks.



Mr. Wenk then previewed the guideline structure:

- I. Introduction (SAI of Austria)
 - Scope of the Guideline
 - Reference to “The Fundament” – ISSAI 5700 because one of the aims of this ISSAI was to describe a minimum standard the public organisations must have in order to prevent corruption. They must have a kind of risk analysis, related strategy and must implement a program that is able to detect and prevent corruption.
 - Explaining the need for this additional guideline, “The Amendment” due to some special risks and impacts.
- II. Corruption in Public Procurement (SAI of Poland/Austria)
 - Definition
 - Types of corruption
 - Typical Risks
 - Impact of corruption
- III. Public Procurement (SAI of Czech Republic)
 - Principles of Public Procurement
 - Types of award procedures
 - Stages of procurement process
- IV. Corruption Prevention on organizational level (SAI of Austria, Malaysia)
 - Requirement of professional management
 - Supporting instruments and tools (e.g. e-procurement)
- V. Corruption Prevention in the different stages of the Procurement Process (SAI of Germany, Oman, Iraq, Namibia)



Mr. Wenk finalised his presentation by remarking that there was a 4th meeting for the subgroup in Prague, Czech Republic, during which they had final discussions about the already existing draft and about the examples that might be added to this guideline.

8. Working Paper on “Institutional Cooperation among SAIs and other Stakeholders Involvement in the Fight Against Corruption and Money Laundering”, Controller General’s Office of Colombia. (Goal 1, Objective 3, Working Papers)

Dr. Carlos Felipe Córdoba, Controller General of Colombia, delivered a speech on Colombia’s experience on institutional cooperation among SAIs and other stakeholders involvement in the fight against corruption and money laundering.

Dr. Córdoba explained that the Controller General’s Office of Colombia works jointly with the General Prosecutor’s Office, as well as with the General Attorney’s Office, in relation to matters on fighting against corruption and money laundering.

Since 2011, there has always been close collaboration between Colombia and other countries to deal with trans-national corruption cases with USA, Spain, Israel, Venezuela, Ecuador and Argentina, among others.

Dr. Córdoba clarified that they have always been seeking the opportunity to create assistance within INTOSAI regarding these fields. He also pointed out the importance of the joint work in the field of money laundering in order to figure out the bodies that are involved in such a crime to analyse and trace on a day-by-day base.

During the discussions held about this agenda item, the SAI of Peru indicated that SAIs should share available information in order to tackle against corruption and money laundering. It was agreed that different SAIs have different levels of information access and different legal



frameworks. It is important to have mutual legal assistance between countries within the fact that some of the information available to SAIs cannot be shared as it is allowed for the audit and investigation work for the SAI itself. Strict rules may apply to the use of such data.

The SAIs of Mexico and Brazil indicated that this issue about “sharing information among SAIs” should be kept alive. They suggested to prepare a brief document on the concerns about sharing information, which might be disseminated via email, and might be addressed in the next meeting with all the working group members. The SAI of Colombia suggested that the SAI of China and the WG member SAIs in Europe may help in this topic.

9. Brainstorming for the next WGFACML Work Plan, WGFACML Secretariat:

The WGFACML Secretariat reviewed the current status of work plan projects and the progress achieved in this respect.

Regarding the upcoming work plan, it was agreed that all the working group members should be contacted to address their issues of interest in order to set the new work plan 2020-2022 according to the new ideas they might come up with.

The SAI of Austria suggested that the new work plan should be brief, which should contain concrete projects with the topics of discussion identified.

It was agreed that rules of procedures are to be set including a timeframe, a template for suggested projects which indicates the reason for project selection, its aim, its structure and contact information.

The SAI of Mexico volunteered to trigger this first stage of communication by preparing a special template and timeframe for the projects taking into consideration the SAI of China’s proposal to host the



WG upcoming 13th meeting on 25-26 April 2019, thus leaving a shorter time than usual between the two meetings.

It was also agreed that the first priority for the current projects' subgroups will be the commitment rather than the timeline. Thus it is not crucial for these subgroups to finish their work within the time limit before the next INCOSAI in Russia, in 2019, if they find that they need much more time to finish it properly.

10. Wrap-up Session and Adjournment:

By the end of the first day's wrap-up session, the first day of the meeting was declared closed.

Day 2:

11. Forensic Accounting in the fight against corruption and money laundering, The experience of the SAI of Brazil:

Mr. Rafael Jardim, Head of Department of Fighting Against Corruption, SAI of Brazil, started his presentation by previewing an article entitled "Do Government Audits Reduce Corruption? Estimating the Impacts of Exposing Corrupt Politicians"

The article provided the following:

"Political corruption is considered a major impediment to economic development, and yet it remains pervasive throughout the world. This paper examines the extent to which government audits of public resources can reduce corruption by enhancing political and judiciary accountability. This is done in the context of Brazil's anti-corruption program, which randomly audits municipalities for their use of federal funds. It was found that being audited in the past reduces corruption by 8 percent, while also increasing the likelihood of experiencing a subsequent legal action by 20 percent.



By highlighting how audits can help spur legal sanctions, there are findings that offer important policy implications. While the existing literature has shown that information obtained through audits can help promote electoral accountability, this channel alone might not be sufficient to reduce corruption in the long run, especially if in response, public officials are able to adjust their electoral strategies or find alternative forms of corruption.

A sustainable reduction in corruption may instead require policies aimed at improving the state's capacity to detect and prosecute corrupt politicians. Results suggest that channelling resources to anti-corruption agencies who can implement well-executed random audits may be an important step towards this direction. Although there is emphasis on the importance of legal accountability for reducing political corruption, our understanding of how best to improve a country's legal system remains limited, particularly in a context where corruption is endemic. More research is needed to better understand how we can improve the selection of public prosecutors and judges, and the incentives they face to punish corrupt politicians”.

Mr. Jardim assured that the fight against fraud and corruption must include detection, punishment and prevention. He mentioned the biggest corruption scandal in Brazil related to Petrobras, considered as the biggest scandal in modern economy. In this case, there were misappropriated funds of 3.7 billion reais. He also mentioned the Car Wash operation, which is a criminal investigation carried out by the federal authorities of Brazil. This has resulted in charging more than 100 persons.

Mr. Jardim showed examples for some types of information examined:

For enterprises:

- 1 – Address
- 2 – Capital share



- 3 – List of partners
- 4 – Date of constitution and date of ownership changings
- 5 – List of employees
- 6 – Accountant registration
- 7 – List of hiring and dismissing
- 8 – Electoral donations
- 9 – List of public contracts and public payments
- 10 – Public fines, penalizations and convictions
- 11 – Vehicles registration
- 12 – Vessels/ships registration
- 11 – Rural properties registration
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For Person / Company partner:

- 1 – Address (income tax)
- 2 – Electoral registration
- 3 – Vehicle / vessel registration
- 4 – Social programs registrations
- 5 – Employee registration
- 6 – Enterprises ownership
- 7 – Civil servant registration
- 8 – Dead citizens list
-

He also explained how this information can be connected to detect possible crosses in risk analysis such as:

- 1 – Outcome bills incoherent with income bills, in terms of volume;
- 2 – Outcome bills incoherent with income bills, in terms of quantity;
- 3 – Volume of goods sold incompatible with company's size (capital share or physical area);
- 4 – Volume of goods sold impossible to get produced in specific term;
- 5 – Bills issued mainly for just one guest, or companies of same partner and/or address;



- 6 – Bills issued in some short period of time;
- 7 – Partner enlisted in some social program;
- 8 – Partner is a former low employee;
- 9– Partner is owner of a low price vehicle, incompatible with the enterprise's size;
- 10 – Low wage partner's former job;
- 11 – Partner live in outskirts or low price neighbourhood;
- 12 – Partner live in the same company's address
-

12.Presentation on the role of the Austrian Court of Audit (ACA) in the fight against corruption:

Mr. René Wenk, Director at Compliance, Risk Management Department, at the Austrian Court of Audit (ACA), mentioned the audit competence of the ACA, which includes the Federation, the Laender (regional states), municipalities with more than 10,000 inhabitants (since 2011), municipal associations, social insurance institutions, legal entities, endowments, funds, institutions, companies with more than 50% of public contribution or predominant influence and chambers (e.g. for commerce, labour).

He then explained how the Austrian Court of Audit (ACA) defines its Anti-Corruption approach, and the importance of its role in fighting against corruption. He then clarified how the ACA has been doing its anti-corruption work, in the past and at the present time.

Mr. Wenk previewed the ACA Guideline for Auditing Corruption Prevention Systems, which aims to establish a systematic integration of anti-corruption approach in the auditing process of the ACA to provide support of audit teams.

He mentioned some results of auditing corruption prevention systems at federal ministries.



At the end of his presentation, Mr. Wenk explained the structure of the ACA Anti-Corruption, Compliance, Risk Management Department.

13. Presentation on “The experience of the SAI of Brazil in the field of fighting corruption and money laundering”

The presentation was delivered by Mr. Rafael Jardim, Head of Department of Fighting Against Corruption, SAI of Brazil.

Mr. Jardim started his presentation by listing some serious problems caused by corruption.

He then explained that the anticorruption system should deal with corruption detection, correction and prevention.

He mentioned the role of the Department of Fighting Against Fraud and Corruption, which aims to:

- Bring TCU closer to other control agencies
- Perform intelligence activities
- Help and foment usage of IT in other TCU unities, mainly in risk analysis
- Trainings
- Standardize procedures of forensic audits

Mr Jardim then shed some light on the concept of Forensic Audit. Then, he explained some aspects of ISSAI 100, *Fundamental Principles of Public Sector Auditing*, highlighting the identification of risks of fraud.

Mr. Jardim explained the process of the identification, analysis, prioritization and treatment of risks using risk maps.



14. Presentation about “Government Audit in Combating Corruption”, a Chinese Experience:

The presentation was delivered by Mr. HUANG Zheng, Director General, National Audit Office of China (CNAO).

The presentation included the following sections:

I. Recent achievements in government audit and anti-corruption by the National Audit Office of China (CNAO):

China's government audit institutions, as a whole, are an important part of the supervision system, as well as a crucial institutional arrangement to supervise and restrict power as mandated by law. In 2017, CNAO found and transferred more than 300 clues of major problems, involving more than 500 civil servants, covering losses and waste of public funds of more than 5 billion USD. The audited entities were recommended to formulate rectification measures which led to enactment and amendment of more than 2000 laws and regulations.

II. Characteristics of the audit in combating corruption in China:

Public funds for improving people's livelihood, prevention and control of major risks and the regulation of financial mania and state-owned assets and SOEs, where:

- More attention to public funds for improving people's livelihood, including funds for poverty alleviation, agriculture and social security, etc.
- More emphasis on the prevention and control of major risks, as well as the regulation of financial mania.
- More emphasis on the supervision and management of state-owned assets and stress laid on revealing of corruption in SOEs.



III. Experience Sharing:

Government audit in China is playing an important role in combating corruption. The main experiences are as follows:

- Constant reform and improve audit management mechanisms
- Full coverage of audit
- Improved effectiveness by application of information technology
- Cooperation with relevant departments

Mr. HUANG Zheng explained that CNAO is now proposing a unified strategic planning of the entire audit plan all over the country. China is going on audit project of the third phase of the code of its projects. More information can be exchanged with the working group members about the code of the projects.

15.A preview of SAI of Malaysia's competence regarding fighting money laundering, Office of the Auditor General of Malaysia

The SAI of Malaysia asked to deliver a brief presentation about its SAI's competences regarding fighting money laundering.

The preview was introduced by Ms. Nadhirah binti Abdul Wahab, Deputy Director of Governance Audit Sector, Office of the Auditor General of Malaysia.

Ms. Abdul Wahab indicated that the Office of the Auditor General of Malaysia carries out four types of audit: audit, compliance, performance and governance audits (which is related to governance malpractices).

She explained that the SAI of Malaysia has been involved in a special audit task two years ago under the request of the Cabinet. The audit report was presented to the Public Accounts Committee, which is part of the Parliament. Discussions were held with law enforcement agencies.



After the recent government change in Malaysia, the SAI of Malaysia has been more involved in the audit and investigation related to cases that imply corruption, money laundering and abuse of power.

16.A presentation about a working paper on "Roles and Responsibilities of SAIs in Social Accountability", WGFACML Secretariat

Goal 1, Objective 3, Working Papers

The WGFACML Secretariat delivered this presentation on behalf of the SAI of Ecuador.

During the WGFACML 11th meeting in Arusha, Tanzania, 2017, the SAI of Ecuador delivered a presentation based on their experience on creating mechanisms of citizen participation in corruption prevention.

They proposed to prepare a working paper on “Social Control of Public Funds”, about how to involve citizens effectively in the control of public resources.

The working paper is intended to be developed in accordance with ISSAI 12 (Value and Benefits of SAIs), and INTOSAI Principle 6.

The purpose of this working paper is to:

- be a further step in the engagement of citizens with the control of public resources, without compromising SAI’s independence.
- raise social control as a complement to state control and as a way of preventing corruption.
- recognise both the legal limitations and the opportunities to exercise social control within SAIs.
- identify standardise practices and mechanisms to exercise social control that are already being promoted by the SAIs.

Proposed structure of the working paper:



- Definitions on social control, citizenship and prevention of corruption through social control
- Principles to exercise social control
- Methodology of social control
 - Best practices/mechanisms: Complaints/Participative Annual Control
 - Plan/Citizen Monitoring
- Minimum requirements to exercise social control:
 - Requirements for Citizens
 - Requirements for SAIs

It was agreed to contact the SAI of Ecuador to furnish the working group with the progress achieved so far regarding this paper.

17.A presentation about a guideline on "Fighting Against Money Laundering", WGFACML Secretariat Goal 1, Objective 1, 4th Guideline

This presentation was delivered by the WGFACML Secretariat on behalf of the SAI of Poland, the subgroup leader.

This guideline was approved during the 10th WGFACML meeting, in Bonn, Germany, 2016.

Guideline objectives:

- To state the role of SAIs in fighting against money laundering.
- To develop practical guidance on auditing and evaluating the public institutions engaged in fighting against money laundering .
- To provide a practical tool for SAI auditors on how to deal with money laundering cases (gathering, securing, evaluating audit evidence and/or being expert witness in court)



The guideline aims to support auditors in understanding a specific subject matter and the application of the relevant ISSAIs.

Purpose:

To provide a user-friendly guideline that explains the key steps of international fight against money laundering, identifies potential audit areas for SAIs, and provides a usable guidance for SAI auditors in their audits of anti-money laundering activities.

The work performed will help address priorities 2.1 and 2.2 in the 2017-2019 Strategic Development Plan. This project can be classified among priority 2 projects.

Members:

- Poland (Subgroup leader)
- Germany
- Iraq
- Tanzania
- Zambia

This project is needed:

as a result of the review of existing ISSAIs and INTOSAI GOVs, to develop and maintain expertise in the various fields of public-sector auditing (auditing of anti-money laundering systems). Money laundering is linked with corruption, fraud and shadow economy. Efficient fighting



of money laundering helps to enhance accountability and transparency, as well as reducing fraud.

The guideline will contain:

- Real examples
- Real audit plan
- Real SAI support

A meeting of the subgroup was held in October 2018 in Prague, Czech Republic. It was agreed to contact the subgroup leader (SAI of Poland) to enquire about the progress achieved so far.

18.A presentation on Work Plan Goal 4, sharing best practices and experiences in the field of fighting corruption and money laundering:

The WGFACML Secretariat delivered a presentation on the proposed Working Group newsletter to disseminate the WG experiences and to acknowledge its activities.

- The layout of the newsletter was finalised and discussed during the WG meetings.
- Comments were taken into consideration.
- The SAI of Pakistan submitted an article entitled “Scope of SAI Pakistan in Matters Involving Fight Against Corruption and Money Laundering”, to be published on the newsletter, which represents the first contribution from member SAIs.
- The SAIs of USA, Brazil and Mexico proposed to send contributions to the newsletter.



- The WGFACML Secretariat called other SAIs to send their valuable contributions in order to be able to launch the newsletter as soon as possible.

19. Closing remarks by H.E. Counsellor/ Hesham Badawy, President of the Accountability State Authority and Chair of INTOSAI WGFACML:

H.E. Counsellor/ Hesham Badawy, the Chair of the working group started his speech by expressing his pleasure for all the efforts exerted through the proceedings of our 12th WGFACML meeting, and what resulted from sharing knowledge between member SAIs in addition to maintaining bonds of communication among all of the working group members. This highlights the importance of establishing a sustainable fruitful cooperation among all members.

H.E. Counsellor/ Badawy extended his sincerest utmost thanks to the SAI of Mexico for the excellent preparation and organization of the meeting. He also extended his thanks to all the delegations who enriched the meeting with their valuable experience.

H.E. Counsellor/ Badawy affirmed that the next WGFACML 13th meeting will be hosted by the National Audit Office of China (CNAO) on 25-26 April, 2019. He seized this opportunity to thank the CNAO for its proposal to host the upcoming meeting.

H.E. the Chairman of the Working Group declared the meeting closed with the following outcomes:



Outcomes of the 12th WGFACML Meeting

Mexico City, 2-5 October 2018

1. Continue the work of the current ongoing work plan projects.
2. Acknowledge the willingness of the ASA of Egypt to make available all what it has from knowledge and professional experience for developing the two guidelines on “Stolen Asset Recovery” and “Audit of Corruption Prevention in Public Procurement”, especially what Egypt has performed until now from efforts concerning stolen asset recovery by regulating laws to perform this mandate.
3. Contact subgroup leaders and members about the work in their hands and to have their decision for the projects not initiated yet, whether they will be continued or not.
 - Goal 1, Objective 1, 1st Guideline; “Promoting Controls on Public Funds” by WGFACML Secretariat:

The WGFACML Secretariat clarified that until now, no progress has been made within this guideline as the SAI of Ecuador, who was supposed to lead this guideline, has moved to another topic with other goal.

The WGFACML Secretariat put forward the suggestions about the future of this guideline;

- To continue working on this guideline after setting a solid framework.
- To postpone the guideline to the next working plan 2020-2022.

In either of the two cases above, WG member SAIs’ proposals for leading, participating in or contributing to this guideline are much appreciated.



- { - To abandon this guideline if the working group members see that our current guidelines are enough to deal with public funds.

The delegates were called to make their suggestions either within the 12th WG meeting or to come back with emails about their views on this topic.

- Working paper on "Roles and Responsibilities of SAIs in Social Accountability", WGFACML Secretariat

The SAI of Mexico will contact the SAI of Ecuador bilaterally to enquire about the progress in this working paper.

4. "Stolen Assets Recovery" Guideline, GAO, USA
Goal 1, Objective 1, 2nd Guideline

US GAO calls for SAIs contributions about successful asset recovery and repatriation case studies. Examples of failure are welcome, too. The US GAO will be happy to receive any additional support and assistance from other member SAIs related to the Stolen Asset Recovery Guideline.

5. "Sharing Information among SAIs"

This topic was discussed during the WGFACML 12th meeting, where the SAIs of Mexico and SAI of Brazil indicated that this issue about "sharing information among SAIs" should be kept alive. They suggested to prepare a very short document on the concerns about sharing information. This document may be disseminated via email, and it might be addressed in the next meeting with all the working group members.



6. Upcoming WGFACML Work Plan:

The SAI of Mexico volunteered to trigger this first stage of communication by contacting the working group members about to send their issues of interest to be included in the next work plan. The SAI of Mexico will prepare a special template and time frame for suggested projects which will indicate the reason for project selection, its aim, its structure and contact information.

It was also agreed that the first priority for the current projects' subgroups will be the commitment rather than the timeline. Thus it is not crucial for these subgroups to finish their work within the time limit before the next INCOSAI in Russia, 2019, if they find that they need much more time to finish it properly.

7. Upcoming WGFACML 13th meeting:

It was agreed that the National Audit Office of China will host the upcoming 13th WGFACML meeting, on 25-26 April, 2019, in Beijing.

8. The WGFACML Secretariat calls other SAIs to send their valuable contributions for publishing in the proposed WGFACML newsletter in order to be able to launch the newsletter as soon as possible.