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Illicit financial flows

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Good Afternoon

Illicit financial flows



Measures and Laws taken by Egypt to counter the IFF

- **Egyptian strategy** to combat corruption 2014-2018 / 2019 -2022.
- A report by **Transparency International** showed that Egypt's improved by about 12 position , ranking 105 among 180 countries .
- **The World Bank** appreciated Egypt's efforts in fighting corruption, governance and eradicating terrorism, and the economic and social reform program to prevent corruption before it occurs.

Fighting corruption –laundry money



Fighting corruption –money laundry

- Egypt has established the National Payments Council to stimulate electronic channels in government payment systems through the implementation of **financial inclusion**.
- Egypt has made progress in the anti-corruption 2018 , and it will achieve more progress through applying financial inclusion under serious reform steps.



corruption sensitive audit areas - extractive sector

- There are several sensitive audit areas in the extractive sector that are more vulnerable to corruption as follows .
 - Tender procedures for concession areas.
 - Recognition of commercial discovery .
 - Mandatory and voluntary abandonment of concession areas.
 - **Confusion** of cost types (exploration - development - operation) and its effect on recovery.

Tender procedures for concession areas.

Check

International public tenders for concession areas

Validation of tender and contracting procedures.

**Obtaining unconditional guarantees
Contractual expenditure**

Commercial discovery

Validate as a commercial discovery according to agreement.

Auditing exploration exp. before they are included in recovery lists

Abandonment of concession areas.

Collection of the receivable before due refunding the letter of guarantee.

Compliance with environmental requirements

Audit Program related to Corruption

- Auditing the exp. (exploration - development - operation).
- Auditing the documents of funds transferred abroad .
- Auditing the financing of partners, especially the funds that are back transferred abroad .
- Auditing the implementation of corporate anti-corruption strategy 2014/2018, 2019/2022 .
- Auditing unusual operations.





Combating of Tax evasion

- Egypt's reforms include the implementation of :
 - **financial inclusion.**
 - **Mechanization of tax returns for all types of taxes.**
 - **To establish a pricing department to fair transaction values between the related parties.**
 - **Implementation of legal penalties for tax evasion.**
- **All aims to combat terrorism, eliminate its sources of funding as well as to eliminate tax evasion.**



Audit Program - Tax evasion

- To ensure that the companies are dealing with tax-registered suppliers.
- To ensure that all payments of companies are made through banks.
- To audit the correctness of tax deduction of tax-registered suppliers according to law.
- To audit the fair pricing of transactions between the related parties.



Fighting Drugs



Combat of DRUGS

- Experts agree that the best solution of IFF from drugs is to reduce the demand for drugs.
- To apply penalties in accordance with labor law and internal regulations of the extractive industries.



AUDIT PROGRAMME - DRUGS

- To follow up the results of the addiction tests that are made periodically or suddenly as well as the legal steps taken towards addicts, which might lead to termination of their service.



