**Progress Report of INTOSAI WGFACML**

**Submitted to**

**7th KSC Steering Committee Meeting**

**Washington DC- USA**

**October 2015 .**

First of all , I would like to transfer the greetings of Counselor / Heham Genena the President of ASA and the Chairman of WGFACML.

I will start my speech by some quotes about money laundering to highlight the importance of this issue:

1. “Money laundering is a very sophisticated crime and we must be equally sophisticated.”  
   Janet Reno, while serving as Attorney General of the United States from 1993 to 2001.
2. “The clampdown on money laundering and corruption is the common responsibility of all the countries in the world.”

Wang Zhaowen, spokesman for the Bank of China

**Even movies highlighted this ugly phenomena :**

“I can’t believe what a bunch of nerds we are: we’re looking up ‘money laundering’ in the dictionary.”  
The character Peter Gibbons in the movie “Office Space”

Our working group held its last meeting in Malaysia the last month , during that meeting they previewed and discussed the WG working plan.

The Work Plan was based on the context of the WG's vision, mission, and the outline framework of the INTOSAI Strategic Plan for the period 2011 – 2016.

It is composed of 4 main Goals and sub objectives and they are as follows :

**Goal 1:**

Cooperation between SAIs to develop and finalize guidelines that support their efforts in detecting and fighting corruption and money laundering and develop working papers.

**Objective 1:** include the new guidelines , and the working teams were assigned during the WG previous meeting held in Washington October 2014 and they are as follows :

1. ***"Promote Controls on Public Fiscal Transparency".***

The group leader of this guideline shall be ECUADOR .

1. ***“Stolen Assets Recovery".***

The group leader of this guideline is the SAI of USA with the SAIs of Egypt and Tanzania as members, and Poland joined the team during the last meeting .

During the last meeting , USA drafted a paper to be the starting point for the project ; that paper previewed how the problem of International Stolen Assets is expansive and complicated and how that problem has been a priority for the international financial community since the Financial Action Task Force was established in 1989.

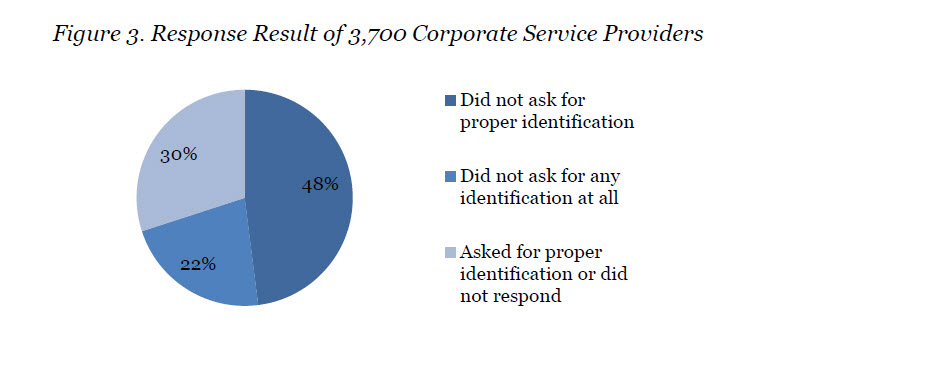
After that the paper highlighted the roles of international organizations and agencies and how the U.S. government seized $480 million in corruption proceeds from former Nigerian president Sani Abacha in 2014, and $71 million from the son of the president of Equatorial Guinea and $29 million from South Korea’s former president.

After that the challenges hindering the activities of Stolen Asset Recovery were mentioned that included :

1. **Mutual Legal Assistance as one expert said** *“MLA, or mutual legal assistance, is the single largest barrier to successful asset recovery that exists in the world.”*
2. **Beneficial Ownership and Shell Corporations**

*“From law enforcement’s point of view, you no sooner find the owner of one shell company and then you have to go to another jurisdiction and repeat the whole process to try and find the real, living, breathing individual in control.”*

Researchers conducted an extensive field survey of corporate service providers, sending over 7,400 email solicitations to 3,700 corporate service providers in 182 countries.



Then the paper give some policy recommendations to address weaknesses in the current processes and improve compliance with international guidelines;

1. **Determine whether agencies have adequate funding to execute mandates efficiently,** besidesproviding adequate technology, such as a web-based platform that foreign jurisdictions can use to find information to help them develop their requests and monitor the status of these requests, may also increase efficiency.
2. **Maximize agency rulemaking authority in the absence of comprehensive beneficial ownership legislation .**
3. **Emphasize domestic and international cooperation among federal agencies.**
4. **Evaluate the Department of State’s capacity to allow entry to corrupt officials ,** In 2004, President George W. Bush signed Presidential Proclamation 7750, which asked the State Department to deny entry into the United States of public officials accused of using their positions for corrupt purposes. In 2004 and 2009, Congress passed legislation with similar goals.

The paper ends with some definitions of related terms and the roles of the relevant entities inside US and international organizations .

That paper is the first step in the project and it was decided to make it more global or international so that can applied to whole community of INTOSAI.

1. ***"Audit of Corruption Prevention in Public Procurement"***

It was decided that the SAI of Germany shall be the group leader , with the SAIs of Poland, China , Yemen, Chile , Iraq , Austria , Oman , Check Republic, Malaysia and Namibia as members , that project shall start during the upcoming year as most of that team work in another guideline.

1. ***"Fighting Against Money Laundering".***

It was decided that the SAI of Poland shall be the group leader , with the SAIs of Tanzania , Zambia , Germany and Iraq as members and it will start during the upcoming year.

**Goal 1 :Objective 2 :** deals with finalizing the Guidelines of the WGFACML's Work Plan 2011 – 2013:

1. **First Guideline: “Enhancing Good Governance for Public Assets. Guiding Principles for Implementation”** (INTOSAI GOV 9160). The project leader is the SAI of Poland.

The Sub- group held two sub group meetings in Mexico & Ankara.

During these meetings the guideline was discussed page by page and changes/modifications were discussed and decided on intensely.

Concerning this guideline , the subgroup decided to delete the section on public procurement.

The Guideline was classified as (INTOSAI GOV 9160).

Final submission for approval of the guideline is scheduled for the 22nd INCOSAI in Dubai in 2016.

1. **Second Guideline: “Guideline for the Audit of Corruption Prevention in Government Agencies”** (ISSAI 5700). For the preparation of this document Subgroup No.2 is responsible under the leadership of the SAI of Germany.

It was scheduled to be submitted to the INCOSAI XXI in Beijing –China 2013 for adoption but during the last days of the exposure-period they received a remarkable feedback on the draft of ISSAI 5700 (more than 200 comments from over 50 SAIs and institutions).

Prior to the Joint-Subgroup-Meeting in Ankara the SAIs of Mexico, Peru and Turkey had submitted substantial changes and extensions to this guideline

Concerning this guideline the following decisions were made:

* Chapter 1 (scientific introduction) was shortened to about 15 pages.
* Chapter 2 was significantly altered/rearranged to describe a risk-   
   oriented audit-approach and supplemented (especially subchapters   
   “Detection” (Whistle blower mechanism, Internal Audits) and “Reaction” (Information and Communication, Monitoring and Modification).
* Chapter 3 has been significantly reduced as it mostly reflects special   
   national cases.

The final draft is almost complete , and it will be presented to the XXII INCOSAI in the United Arab Emirates in 2016.

**Goal 1 :Objective 3 :** is concerned with developing new working papers as a research projects on:

1. **"Roles and Responsibilities of Supreme Audit Institutions in Social Accountability".**

As to the first subject , **Chile** highlighted that the OLACEFS has valuable materials concerning that theme and they shall contact them to find out what may be useful in making our paper.

1. **Institutional cooperation among SAIs and other stakeholders involved on fight against corruption and money laundering.**

**Poland** is the leader of this working paper , with the SAIs of Austria , Chile , USA and Namibia as members.

**Poland started to set down the main points that this working paper shall depend on and it shall follow the following steps or chapters:**

1. Introduction ; that shall be a historical introduction for the subject to reveal that it started from a very old time.
2. Basic Terms
3. Roles and Responsibilities of Stakeholders in Anti-Money Laundering System
4. The Role of SAI in Preventing Money Laundering
5. The SAI Role in Evaluation of Anti- Money Laundering System

**Goal 2:**

**Promote Building Capacities to SAIs professionals in the field of fighting Corruption as well as fighting money laundering.**

The objectives of this goal were rearranged so that objective 3 shall be no. 1 , as identifying the training needs came first before conducting the training programs and workshops .

Thus the objectives after rearranging became as follows :

**Objective 1:** Identification of training needs among SAIs regarding issues related to fight against corruption and money laundering, with the purpose prioritizing requests of capacities development*.*

Egypt developed a draft questionnaire that was submitted for the first time in the WG last meeting in Malaysia and it shall be distributed to the WG members to comment on it at first , then redraft it and to fill in to recognize the SAIs training needs regarding corruption and money laundering.

The survey is divided into three sections:

**Section I:**  is concerned with inspecting current activities undertaken by the SAI in the field of Fighting Against Corruption and Money Laundering (FACML) as well as SAI's relation and interaction with work environment.

**Section II** : is concerned with identifying the materiality of SAI's practices in the field of FACML. It also aims to determine the most serious challenges facing SAI's anti-corruption efforts.

**Section III** : determines how are the SAIs respond to the needs of FACML in terms of training and capacity building activities. It also determines the additional training needs necessary to improve SAIs performance in that field.

**Objective 2:** Activate international cooperation between WGFACML and International Agencies that the WG has already identified in the field of fighting corruption and money laundering, and identify other partnerships.

**Objective 3 :** Conduct training programs and workshops in cooperation with the (IDI) and in cooperation with other SAIs using the material of the adopted Guidelines issued by the WGFACML.

**The last objective is postponed until guidelines are adopted by the INTOSAI .**

**Goal 3:**

**Conduct Cooperative Auditing in the field of Corruption and Money Laundering.**

In 1995 at the 15th INCOSAI , it was decided that the INTOSAI should encourage the SAIs to cooperate where possible in auditing their respective countries in compliance with international environmental accords , at the same time it was decided that INTOSAI should encourage SAIs to carry out joint or concurrent audits.

In May 1996 meeting in the Hague in the Netherlands , the INTOSAI WGEA agreed that Auditor General offices of Norway and Canada should collaborate in preparing a booklet on how to cooperate in auditing international environmental accords.

Although the booklet focuses on the audits of international accords related to the environment , it may apply equally to non-environmental accords as well as to special studies that SAIs may wish to carry out together.

In fact it’s a big challenge to us to apply coordinated audits on the field of fighting corruption and money laundering , thus we will start to collect the guiding materials and similar expertise in cooperative audits as a first stage then we start developing a framework for coordinated audit in the field of fighting corruption and money laundering.

**Goal 4:**

**Disseminating Best practices and experiences in the field of fighting corruption and money laundering among SAIs:**

It includes 2 main objectives :

**Objective 1 :**

Cooperation with the SAI of Korea in its capacity as the Chair of the INTOSAI Platform in the "UN- INTOSAI Joint Project (Platform)".

The title of the book is **“Collection of Important Literature on Strengthening Capacities of Supreme Audit Institutions on the Fight against Corruption”.**

The book is divided into 4 sections as follows :

1. Concept of corruption and best practice guides for dealing with corruption

(Section 1).

1. Forensic auditing to deal with fraud and other corrupt acts (Section 2).
2. Advisory audits and the provision of management advice to prevent

corruption (Section 3).

1. Citizen engagement in auditing for detecting and deterring corruption

(Section 4).

In fact the SAI of Korea finalized the book and submitted it to the XXI INCOSAI held in Beijing and now it’s available on the net.

**Objective 2 :**

**Sharing Best practices and experiences of SAIs in the field of fighting corruption and money laundering:**

Our working group will start publishing ***a Newsletter*** every six months ( in an electronic version ) , that newsletter shall include the WG information , news and the new developments of the meetings in order to be available to the whole INTOSAI community .

And we decided during the last meeting to make a board of editorial that includes Poland and Germany to revise the content and USA to revise the language .

***Thank for your listening.***

***Wishing you all success with your work and missions .***