



**THE 16th MEETING OF THE INTOSAI WORKING GROUP ON
THE FIGHT AGAINST CORRUPTION AND MONEY LAUNDERING - WGFACML
TO BE HOSTED BY STATE AUDIT OFFICE OF THE KINGDOM OF THAILAND
BANGKOK - THE KINGDOM OF THAILAND
(10-12 OCTOBER, 2023)**



BEST PRACTICES IN THE FIELD OF FIGHTING AGAINST CORRUPTION AND MONEY LAUNDERING

of the Accountability State Authority - ASA

"The Supreme Audit Institution of the Arab Republic of Egypt"



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INTRODUCTION

- The Accountability State Authority of Egypt “ASA” is an independent body with a public legal personality affiliated to the President of the Arab Republic of Egypt. The ASA aims primarily to achieve effective control on State funds and the funds of public entities as well as other entities stipulated in its law.
- The ASA also co-operates with the House of Representatives in carrying out its tasks related to such a control. SAI Egypt was established in 1942 as an independent body to monitor public funds, with the aim of auditing State revenues and expenditures. The ASA has witness many improvements and legislative amendments as an auditing body aiming at safeguarding public funds and supporting the fight against corruption.

We hereafter present a brief overview of the ASA’s role in fighting corruption and money laundering in light of the regulating legislative, legal and institutional framework, as well as presenting the most significant ASA’s best practices in the same field.



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First: The legislative and legal framework for the ASA's role in fighting corruption and money laundering:

- **The Egyptian Constitution**, in Articles 215 to 219, identified the general framework for ASA's work as one of the independent technical, financial and administrative oversight bodies entrusted with the duties of auditing stipulated by its law, as well as specifying its commitment as one of the oversight bodies concerned with fighting corruption in coordination with other independent anti corruption authorities and bodies.
- **Accountability State Authority Law**, according to its Article no. 2, the ASA exercises the following types of Audit:
 1. Financial Audit, both accounting and legal.
 2. Performance Audit and follow up on plan implementation.
 3. Legal Audit of decisions issued regarding financial violations.



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First: The legislative and legal framework for the ASA's role in fighting corruption and money laundering:

The institutional framework of the fighting corruption and money laundering in Egypt includes various bodies, entities and authorities including the ASA, as well as the ministries and their affiliated units and the related formed committees, which coordinate with each other to fight and control all types of corruption, including :

- **The House of Representatives, Authorities and Bodies concerned with preventing corruption.**
- **Control Authorities**
- **Law Enforcement Authorities**
- **Investigating Authorities**
- **Ministries and other related entities, Committees, and Councils.**



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Second: The institutional framework for the ASA's role in Fighting Corruption and Money Laundering:

This framework demonstrates the magnitude, comprehensiveness and pursuit of all the Egyptian State authorities, including the Accountability State Authority, to control all forms of corruption and money laundering operations, by exercising its supervisory powers over all units of the State's Administrative apparatus , this is addition to:

- The ASA membership in the National Anti-Corruption Committee, headed by the Prime Minister, which is responsible for enforcing all international and regional anti-corruption conventions, the periodic evaluation for relevant anti corruption national legislations and decisions, determining their adequacy and compatibility with the provisions of the international agreements signed by Egypt. Additionally ASA is a member in its affiliated committee, which is concerned, among other things, to developing, implementing, and following up the implementation of the “National Anti-Corruption Strategy”.
- Membership of the President of the Accountability State Authority in the Executive Council of the National Anti-Corruption Academy, which was established to assist in achieving national goals in the field of fighting financial and administrative corruption in all its forms, manifestations and methods, as well as achieving integrity within all the State's public bodies and authorities.



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Third: Best practices in the field of the ASA member' internal discipline:

- **General Code of Ethics and Conduct of the Accounting and Auditing Profession:**

As a beginning of the ASA's best practices in fighting corruption and money laundering, the ASA began equipping and supporting its members by adopting the General Code of Ethics and Conduct of the Accounting and Auditing Profession, in order to ensure the objectivity, integrity and competence of its members through adherence to the code, which is consistent with the latest international practices, including the principles of: integrity - objectivity – efficiency - Professionalism and due diligence - confidentiality - professional conduct. It is also ensured that the audit teams have no interests with the audited entities and the audit teams are required to make disclosures to prevent conflicts of interest.



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Third: Best practices in the field of the ASA member' internal discipline:

- **Financial Asset Declaration (disclosure statement):**

The ASA' employees are obligated to submit a financial disclosure statement, which is based on the commitment to disclose property. The person subject to the financial asset declaration discloses all his and his family's property. It is submitted every 5 years and is sent to the Egypt's Illicit Gains Department. The declaration of financial assets is considered one of the steps to fight corruption and damage to public funds, and is subject to oversight.

- **Quality Control system on audit work :**

The ASA pursues promoting on improving the work of its auditors by examining the quality of audit work through the Central Department for Technical Inspection and Quality Control, which positively reflects on the anti-corruption procedures.



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Fourth: Best practices in the field of verifying the commitment of the ASA's audited entities to implement the requirements of fighting corruption and money laundering:

A. In the field of fighting corruption:

- The ASA participates in implementing the National Anti-Corruption Strategy with its three phases, which is considered the mechanism for implementing the general policy of the Egyptian State to fight corruption, as stipulated in Article (218) of the Constitution and Article (5) of the United Nations Convention against Corruption, through which distinguished successes were achieved, represented in three basic axes:
 - **The first axis:** related to issuing laws and regulations concerned with fighting corruption.
 - **The second axis:** related to empowering the oversight and judicial authorities responsible for implementing the strategy.
 - **The third axis:** It is the real will of the political leadership to fight corruption, this axis is the driver of the other two axes and is considered the most important axis of fighting corruption.



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Fourth: Best practices in the field of verifying the commitment of the ASA's audited entities to implement the requirements of fighting corruption and money laundering:

B. In the field of fighting money laundering

The role of the Accountability State Authority in Fighting Money Laundering is evident through assigning a specialized department the “Central Department for Auditing on Banks” , through which the members of the ASA Egypt perform the following:

- Evaluating the internal control systems of the audited entities and the extent of compliance with them.
- Auditing the entities' compliance with governance requirements, as well as anti-money laundering requirements and controls.
- Auditing the extent of its audited financial institutions' commitment to apply capital adequacy ratios and evaluate the adequacy of financial Provisions in accordance with legal requirements.
- Verifying that banking institutions follow procedures for customer inquiries “Know Your Customer”, as well as Doubtful transactions.
- Auditing a sample of deposits, bank transfers, letters of credit, and other banking services, to ensure compliance with anti-money laundering requirements.
- Auditing a sample of the Bank Credit Operations, to ensure the integrity of the credit granting decisions and the credit system in banking institutions.



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Fifth: Best practices in the field of Cooperation and Coordination for Fighting Corruption domestically

To ensure the continuity of cooperation and coordination in the field of fighting corruption, the ASA cooperates with other oversight bodies at the State level through cooperation protocols, in order to ensure full coordination and follow up on the latest global developments that may affect anti-corruption operations, the most significant of these protocols are:

- 1- Signing a cooperation protocol with the “Administrative Control Authority” to exchange information between the two parties regarding corruption issues, to enhance communication channels and cooperation in exchanging information and technical expertise.
- 2- Signing a cooperation protocol with the “Ministry of Communications and Information Technology” to enhance efforts to modernize the ASA’s information infrastructure
- 3- Signing a cooperation protocol with the “Ministry of Finance” to consolidate integration and enhance governance, and helps strengthen the governance of the state’s financial system, preserve public money.



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Sixth: Best practices in the field of International Cooperation:

In light of the ASA's Chairmanship of the INTOSAI Working Group on Fight Against Corruption and Money Laundering (WGFACML). The primary goal of the Working Group is to encourage international cooperation between SAIs in the field of fight against corruption and money laundering, and collaboration with other international organizations. This has been demonstrated through the activities of the WG in a number of main axes, as follows:

- Issuing several Guidelines in the field of fighting corruption and money laundering.
- Issuing three issues of the WG newsletter, and the fourth issue is underway, which includes contributions from the WG member SAIs, as articles and summaries of some books, research, and publications of these SAIs in the field of anti-corruption, as well as news and events related to combating corruption.
- The WG Secretariat surveys the training opinions of the WG member SAIs , with a view of developing the training plan and organizing training programs.
- A database was created on the working group's website.
- The WG's website, on the ASA's domain, was also updated in 2019 (wgfacml.asa.gov.eg) to ensure the availability of the latest developments in the WG's activities, and the completion of the process of integrating the WG's website on the INTOSAI community portal in 2021, in cooperation with SAI India; Chair of the Knowledge Sharing Committee (KSC), which is responsible for the INTOSAI Community Portal (www.intosaicommunity.net).



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Sixth: Best practices in the field of International Cooperation:

The ASA is making many efforts to achieve means of international cooperation, some of which are:

- Membership of the ASA in the INTOSAI Global Expert Team concerned with implementing the Memorandum of Understanding between INTOSAI the United Nations Office on Drugs and Crime, with an aim to strengthen cooperation between SAs and anti-corruption bodies in preventing and fighting corruption and to work jointly regarding areas of implementation of the United Nations Convention against Corruption.
- ASA is chairing the African Union Board of External Auditors, and pursues enhance governance and accountability in the public sector at the regional level, support the development efforts of African countries and help them promote the values of democracy, and follow up on the countries' implementation of their respective development strategies in line with the United Nations 2030 Sustainable Development Goals and the African Union Agenda for development 2063.



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Sixth: Best practices in the field of International Cooperation:

- The ASA has been member of the Board of External Auditors of the COMESA (COBEA) during the period (2017-2019), chaired it in 2018. During that period ASA has supervised the development of audit tools for the Board and conduct the audit fieldwork.
- The ASA participated in developing the draft guidelines of The African Corporate Governance Committee submitted by the African Peer Review Mechanism APRM aims to support good governance at the African level, and it also attended the thereof consultative meeting in June 2022.
- Membership of the Accountability State Authority in the Arab Network for Promoting Integrity and fighting Corruption.



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Seventh: Best practices in the field of Capacity Building and Developments:

Believing in the importance of developing the audit work and enhancing professional competencies, the ASA, in its capacity as the Supreme Audit Institution of Egypt, seeks to improve the professional performance of its members and keep pace with developments in the accounting and auditing environment with an aim to reinforce the fight against corruption efforts, through:

- Paying attention to the training system and identifying an integrated methodology for developing the ASA's performance. Within that framework, the ASA's law and its executive regulations regulate the mechanism for appointing ASA members, which ensures the selection of human resources with a high degree of competence, and over the course of their careers, ASA members receive comprehensive training on an ongoing basis offered by the ASA's Central Department for Training and Continuous Education to meet the requirements of Continuing Professional Education (CPE) in accordance with the INTOSAI methodology.
- The ASA provides the opportunity and encourage its auditors to pursue acquiring local and international academic and professional certifications to contribute to the development of public sector auditing internationally.



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Eighth : Best practices in the field of Complaints receiving and the relevant investigating system:

- The Egyptian Constitution grants citizens the right to raise complaints, and within this framework, the Accountability State Authority receives and examines complaints submitted by citizens regarding violations of laws, negligence in performing job duties, or any incidents of corruption in general. The ASA refers them to the competent investigation authorities if they are proven to be correct. Complaints are submitted via regular mail, email, fax, or through the ASA's electronic portal. This is done while maintaining the confidentiality of the name of the complainant, whistleblowers and witnesses.
- The law also regulates the mechanism for seeking assistance of ASA' members in connection with their audits and the conclusions of the ASA's reports that contribute to discover corruption cases during investigations as well as specialized experts.



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Conclusion:

In conclusion, the efforts of the Arab Republic of Egypt and its control bodies and authorities including ASA to fight against corruption over the past decade represent a unique and pioneering experience in the African Continent as well as internationally. Egypt was one of the first countries to ratify the United Nations Convention against Corruption, and it took the lead in supporting law enforcement bodies, authorities and agencies as well as activating their role in combating corruption, especially since this issue has become an international matter that undermines sustainable development efforts in any country and delays human rights indicators.