



THE AUDIT BOARD OF THE REPUBLIC OF INDONESIA

Money Laundering in Corruption Knowledge Sharing from Previous Investigation Cases



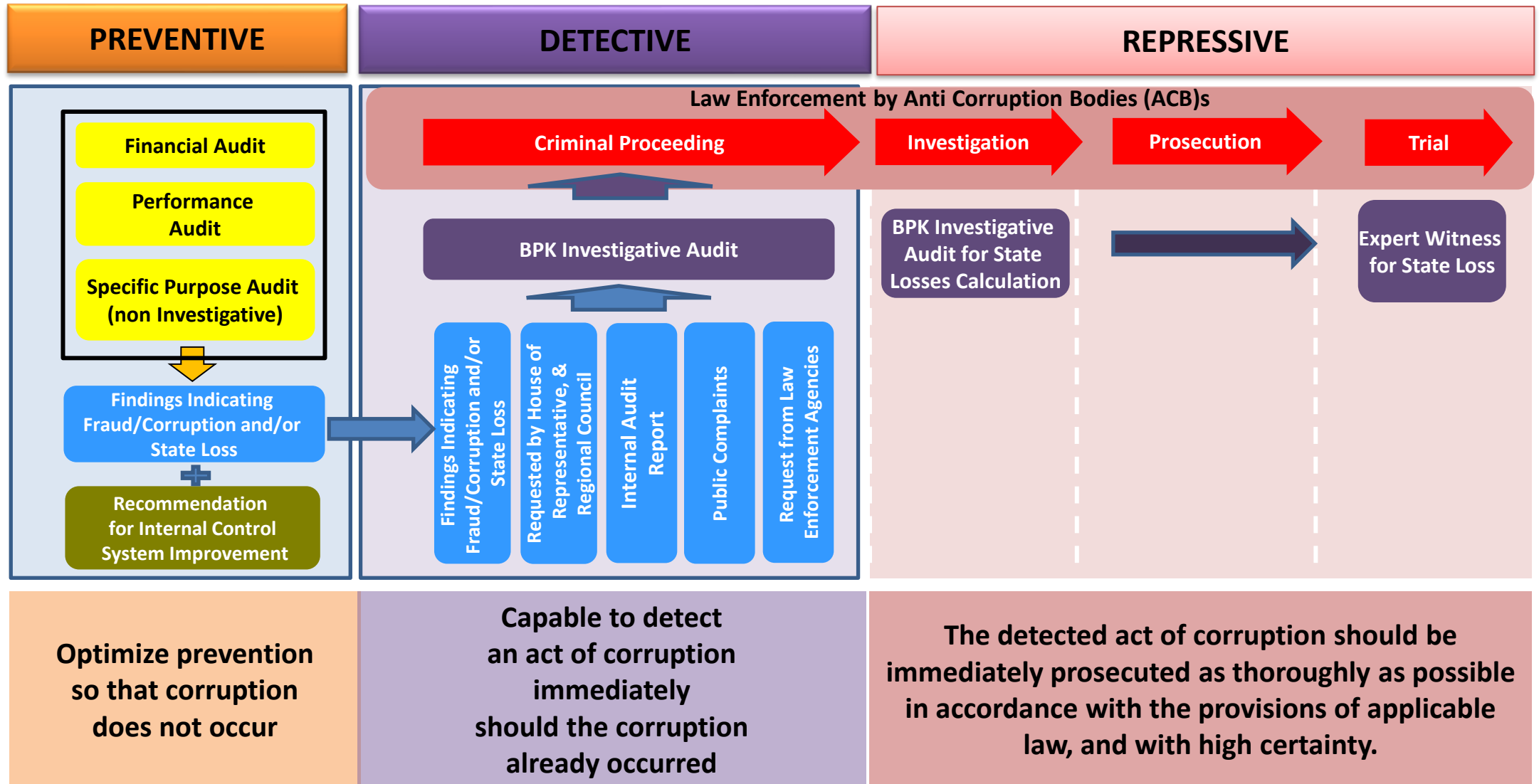
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BPK Role in Combating Corruption





THE AUDIT BOARD OF THE REPUBLIC OF INDONESIA





Future Development of BPK Investigative Audit

BPK State Finance Forensic Centre

INVESTIGATIVE

Audit



**State Loss
Calculation**

**Expert
Witness**



**Digital
Forensic**

**Asset
Tracing**

**Fraud Risk
Assessment**

**Forensic
Knowledge Mgt**

**Litigation
Support**

**Economic
Damages
Calculation**



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MODUS OPERANDI AND MONEY LAUNDERING



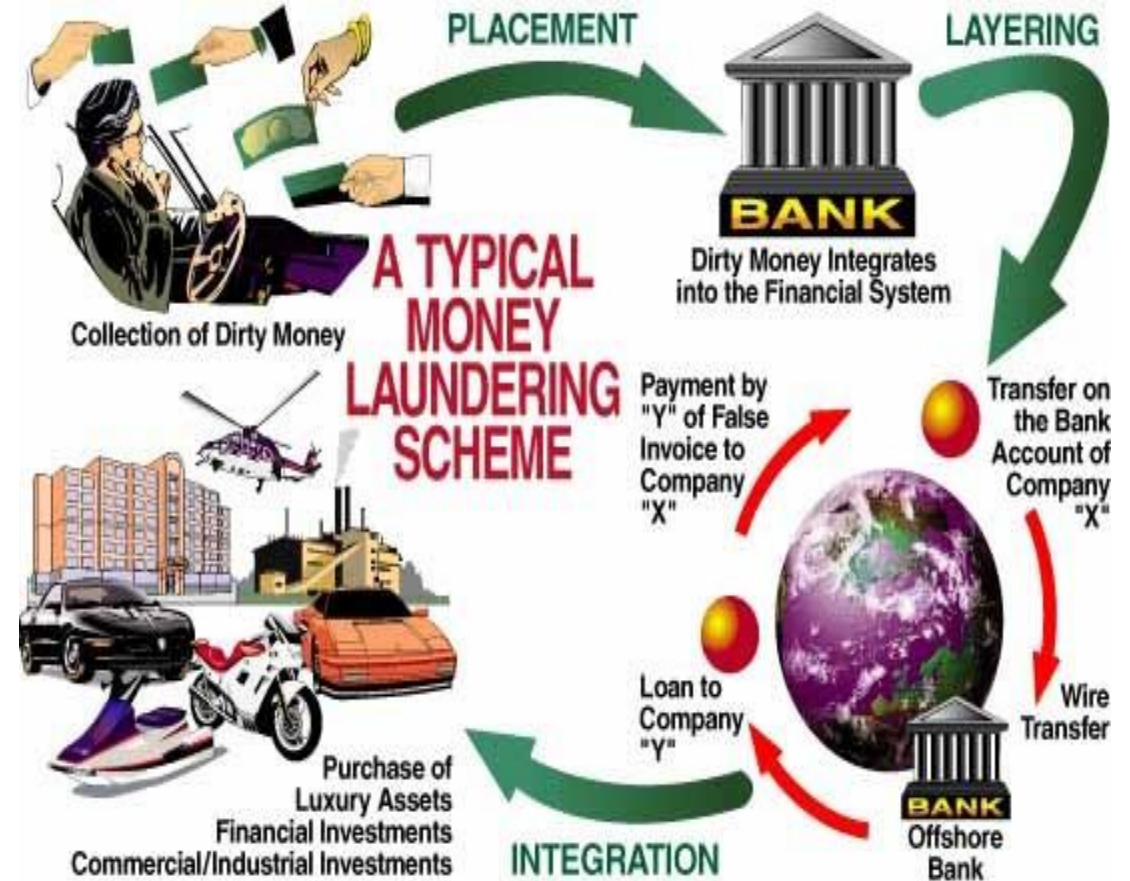


Money laundering in Corruption

Money laundering is the process of disguising the origins of money obtained through illegal or criminal activities, making it appear as though it comes from legitimate sources. The goal is to "clean" the dirty money so it can be freely used in the economy without raising suspicion from authorities.

Three Stages of Money Laundering:

- 1.Placement** – Introducing illegal funds into the financial system.
- 2.Layering** – Obscuring the trail through complex transactions, like transfers or shell companies.
- 3.Integration** – Reintroducing the cleaned money into the economy, appearing as legal income or assets.





MOU BETWEEN SAI INDONESIA AND INTRAC

The Indonesian Financial Transaction Reports and Analysis Center (INTRAC) was established in 2002 as a government agency responsible for combating money laundering and monitoring terrorist financing.

AUTHORIZATION

1. Obtain data from authorized government or private institutions
2. Covers crimes like corruption, drug trafficking, terrorism financing, and tax evasion
3. Develop guidelines to identify suspicious transactions
4. Coordinate with stakeholders, including SAI Indonesia, to detect and prevent money laundering
5. Advise the government on anti-money laundering measures
6. Represent Indonesia in international financial intelligence forums
7. Provide training and education on money laundering prevention.

During an investigation, SAI Indonesia may submit a request to INTRAC to examine and analyze financial transactions involving potentially related parties. The information obtained serves as an investigative lead, not as admissible evidence. To legally obtain such evidence, investigators must request the relevant financial records directly from the related parties, accompanied by their written consent.



Investigative Audit Methods in Tracing Illicit Transactions



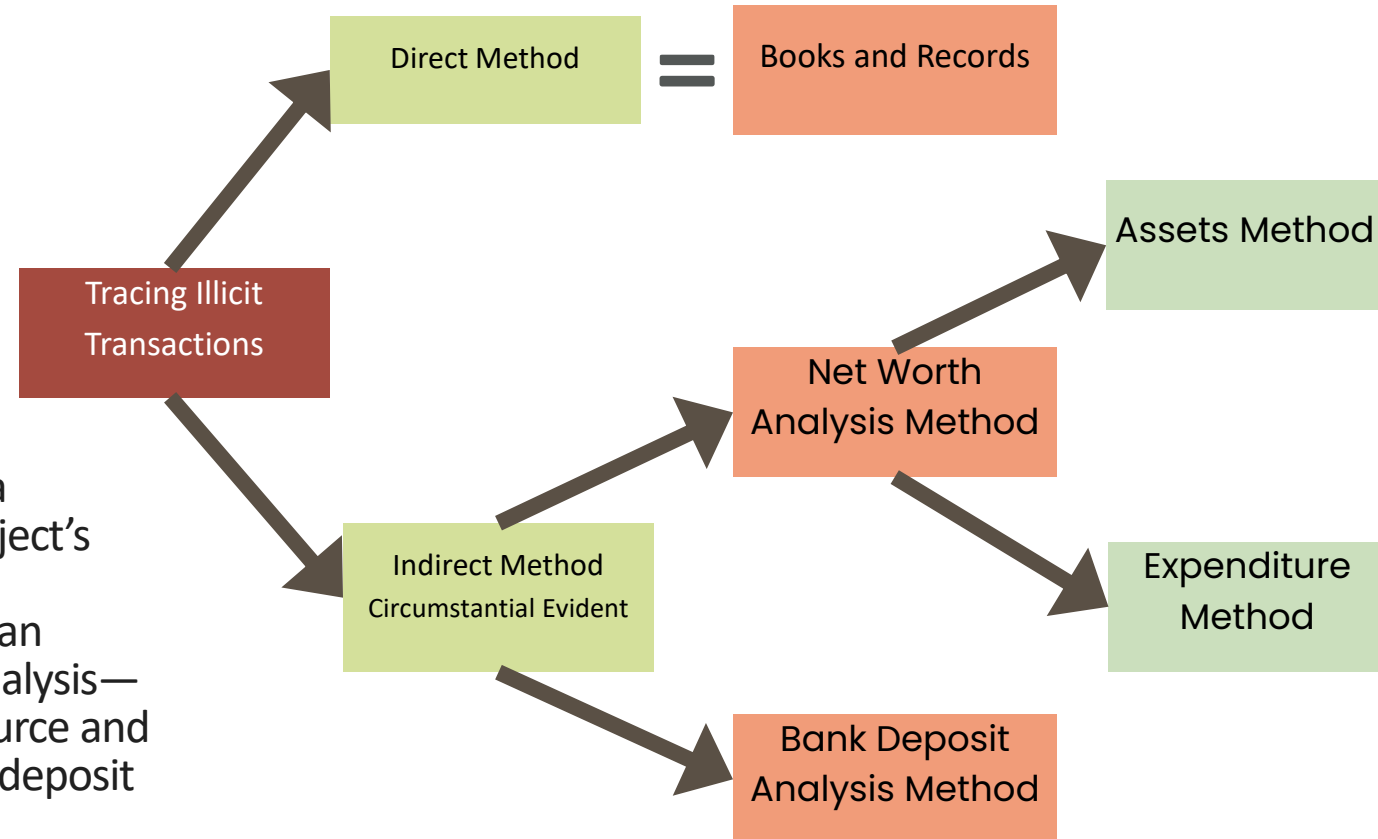
Direct Methods of Tracing Financial Transactions

Records obtained from financial institutions are perhaps the single most important financial source available to fraud examiners for asset-tracing purposes.



Indirect Methods of Tracing Financial Transactions

Often, when a fraud examiner must locate a subject's assets or trace illicit funds, the subject's books and records are not made available. In such cases, the fraud examiner must use an indirect approach, such as the net-worth analysis—the asset method and the expenditures (source and application of funds) method—or the bank deposit analysis method, to prove income.



Scenarios where Money Laundering could happen

Head of Division, Head of Project in SOE



They agreed to raise funds through infrastructure activities by creating subcontractor jobs (fictional)



SOE Company Officials and Third Party



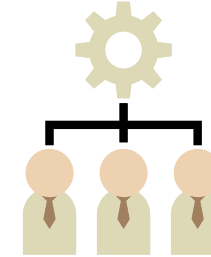
The officials of the State-Owned Enterprises (SOE) collaborated with a third party (a private company affiliated with the SOE officials) to carry out subcontractor work (fictional) on a project undertaken by the SOE company



- The SOE disbursed funds to the subcontracting company by creating a Proforma Invoice (SPJ Proforma)
- The funds transferred to the subcontractor company's account are subsequently returned in cash or via a check to the appointed personnel of the SOE (individual involved) who acts as the fund manager



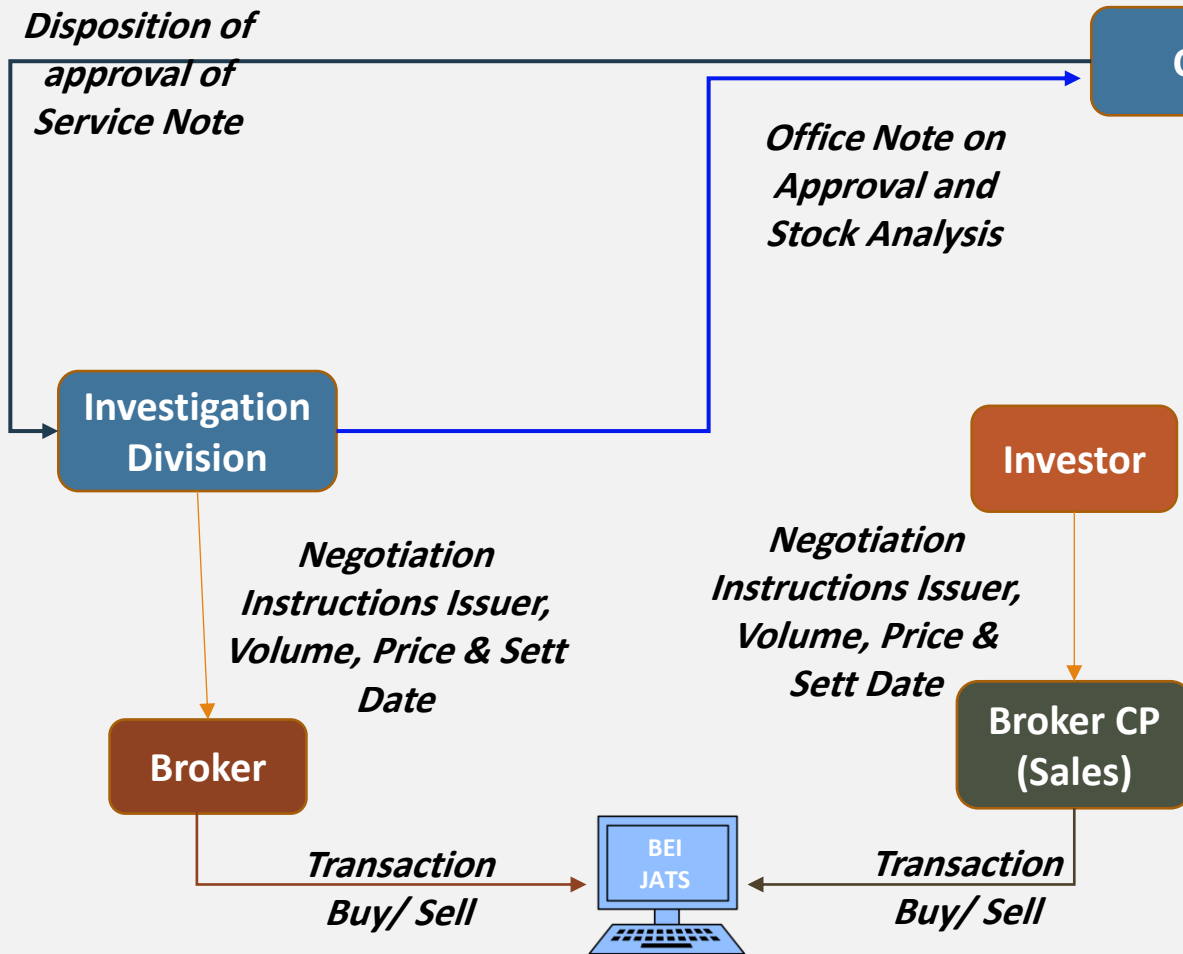
Funds gathered by the State-Owned Enterprises are suspected to be used for various purposes, including alleged fund transfers to the officials of the company, providing gratifications to project owners or other parties, and purchasing equipment and other expenses.



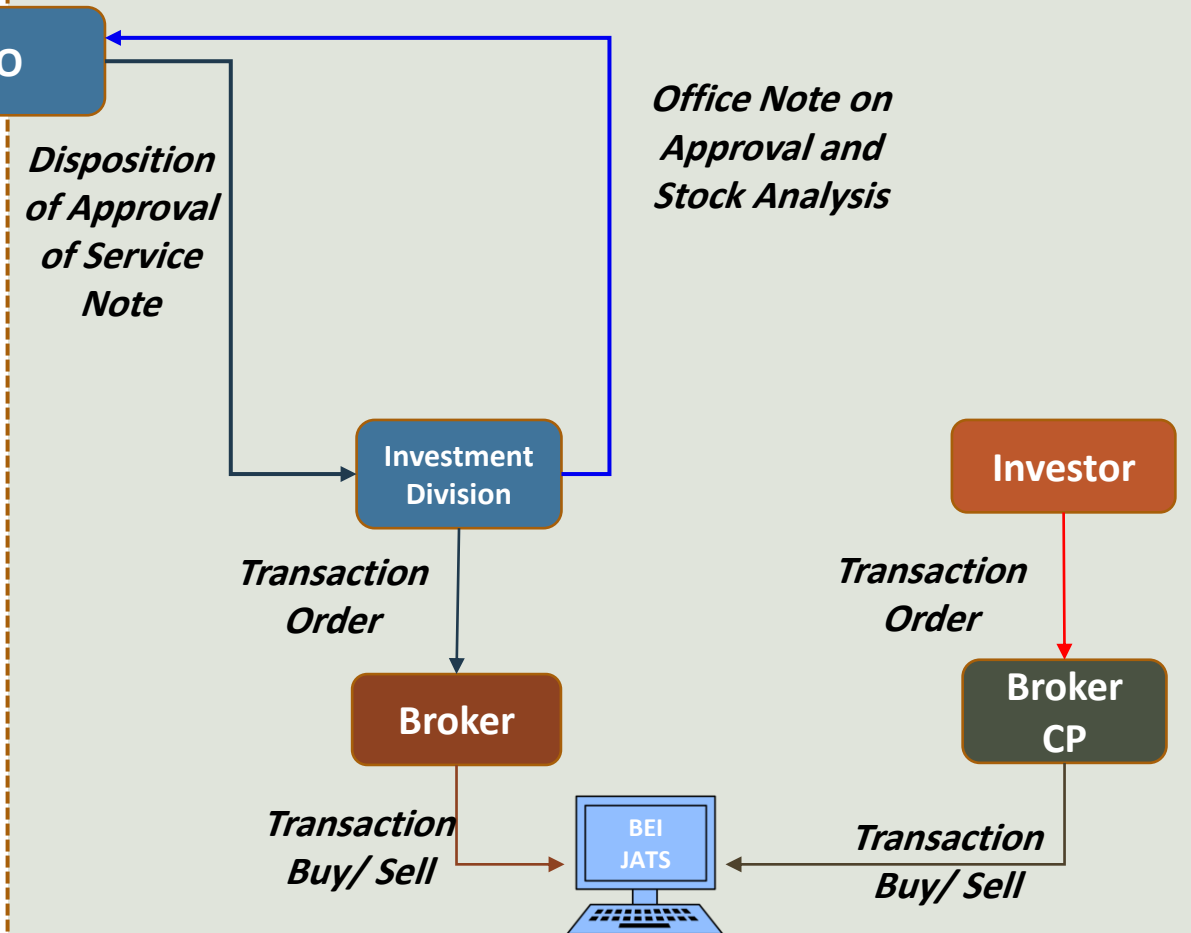
The subcontractor company is granted a fee of a certain percentage (ranging from 1.5% to 2.5%) of the net contract value

Stock Transaction Scheme According to the Rules

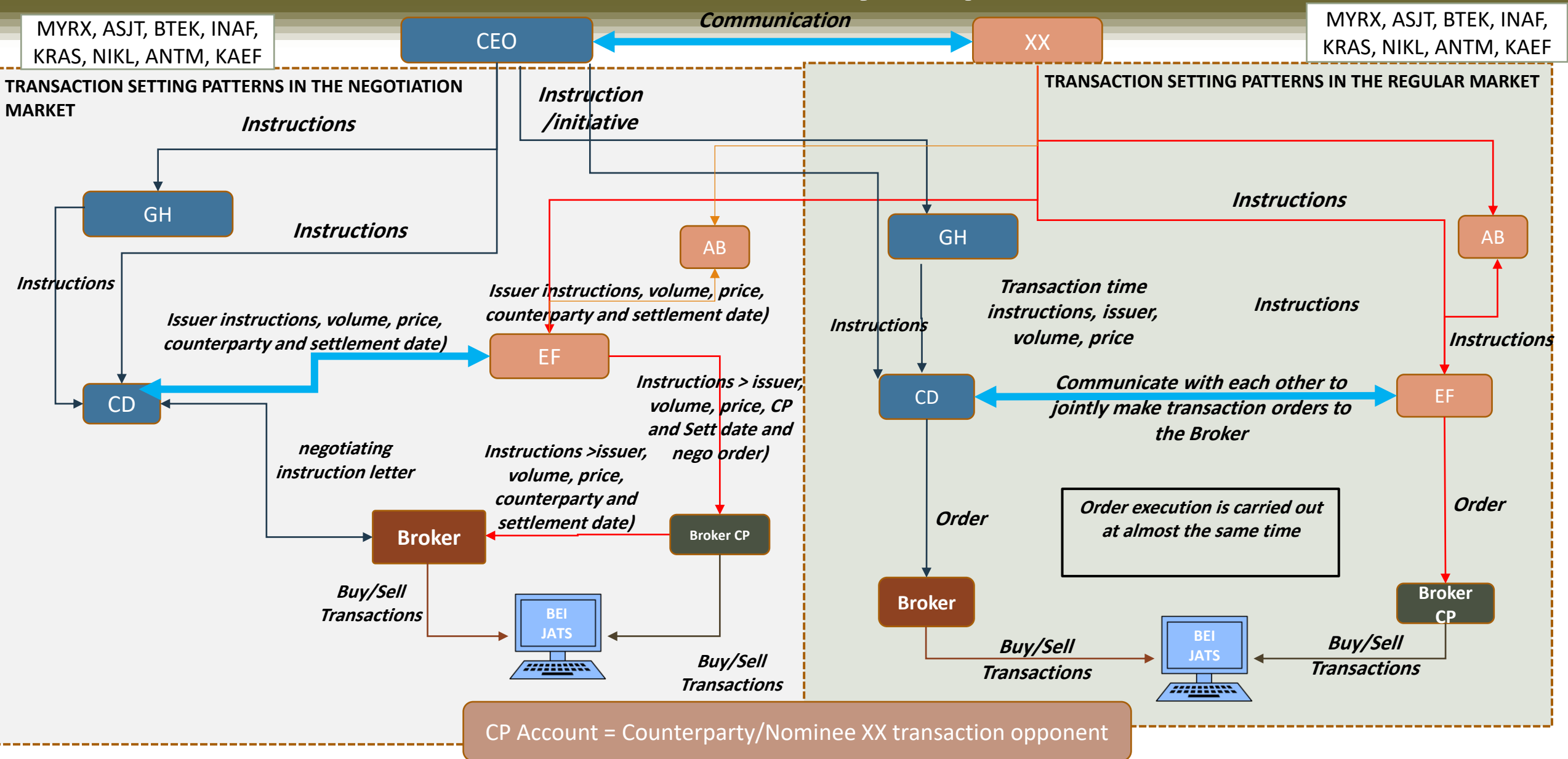
TRANSACTION PATTERN IN THE NEGOTIATION MARKET



TRANSACTION PATTERN IN THE REGULAR MARKET



Stock Transaction Scheme Controlled by Perpetrator





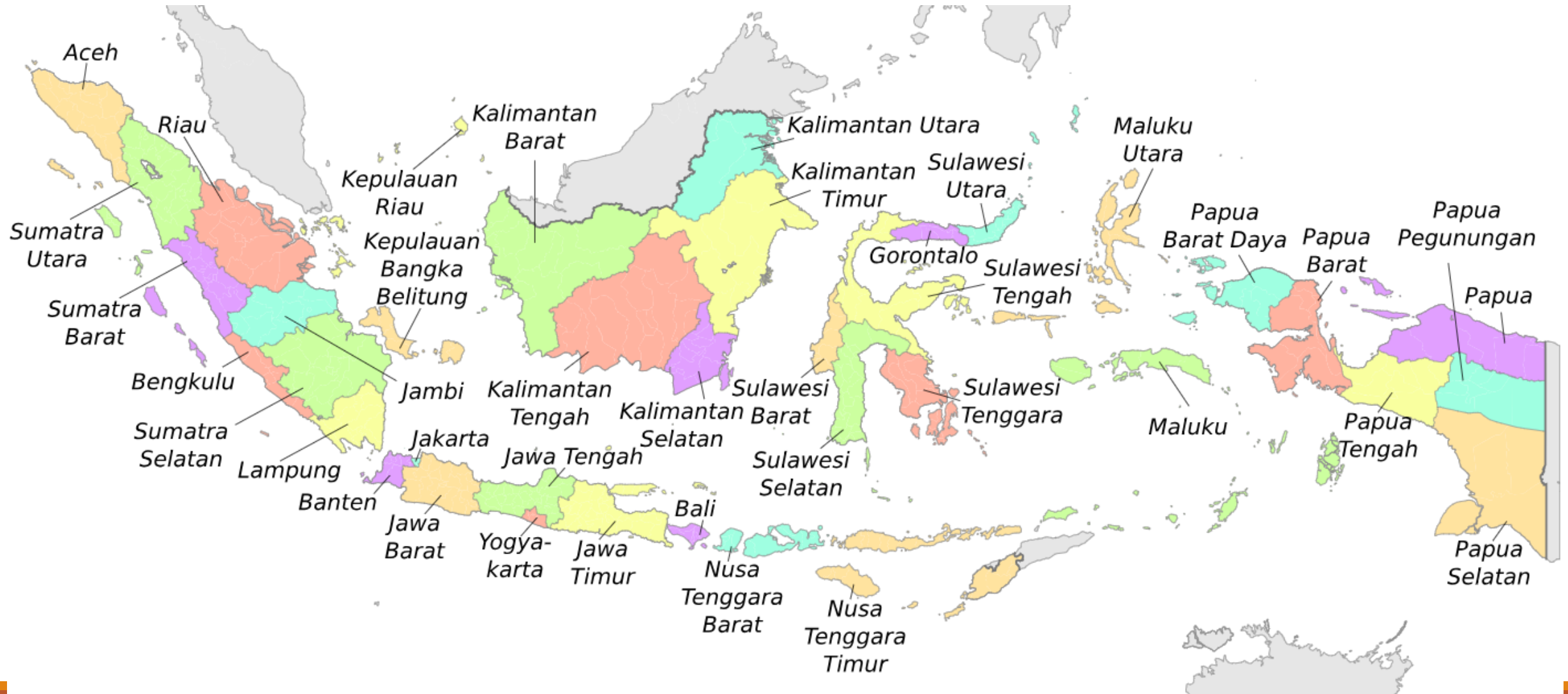
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SAI Indonesia on Strengthening Auditors' Integrity





SAI INDONESIA HAS 38 REGIONAL OFFICES



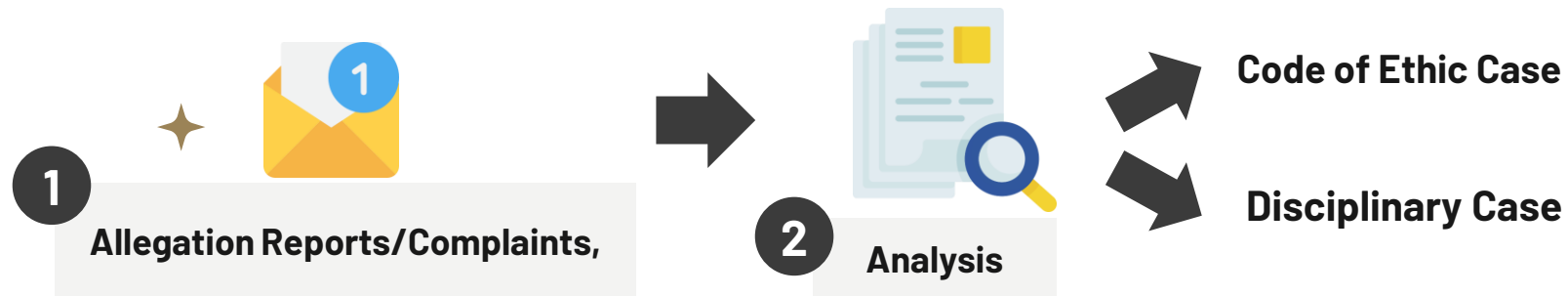


INTEGRITY MANAGEMENT FRAMEWORK

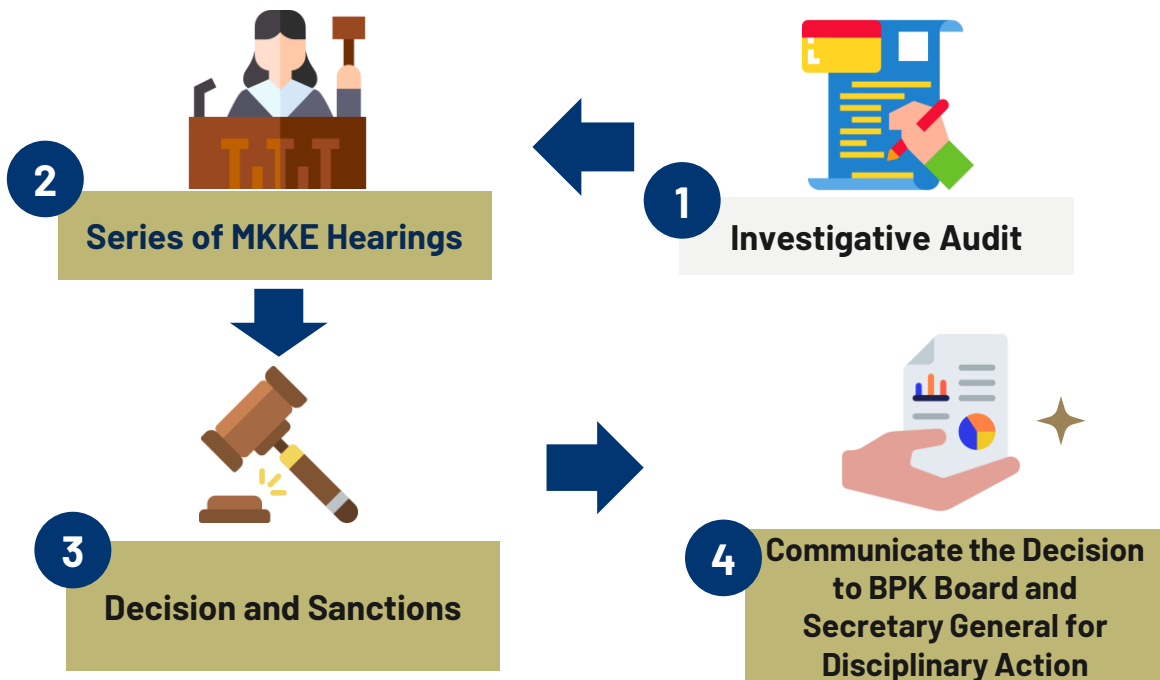
Governance	Prevention			Detection			Response			Monitoring and Evaluation	
Integrity Management	Code of Ethics (BPK and Civil Servants) Implementation	Integrity Culture Building	Integrity Education	Audit Engagement Quality Review	Internal Audit	Post-Procurement Review	Norm Forming	Whistleblowing System Management	Investigative Audit	Integrity Assessment	Monitoring and Evaluation
Roles and Responsibilities	Integrity (Fraud) Risk Assessment	HR Management	Managing Conflict of Interest	Cyber Security Control	Exit Interview	External Audit and Peer Review	Sanction	Disruption	Reputation Recovery	Action Plan for Monitoring and Evaluation	
	Integrity Violations Prevention policies	Internal Control	Random Inspection (Pressure Testing)	Integrity Violation Reporting	Witness/ Whistleblower Protection Program	The Use of Data Analytics	The Use of Data Analytics				
	Cooperation with others Institution	Employees' Wealth and Tax Reporting	The Use of Data Analytics								



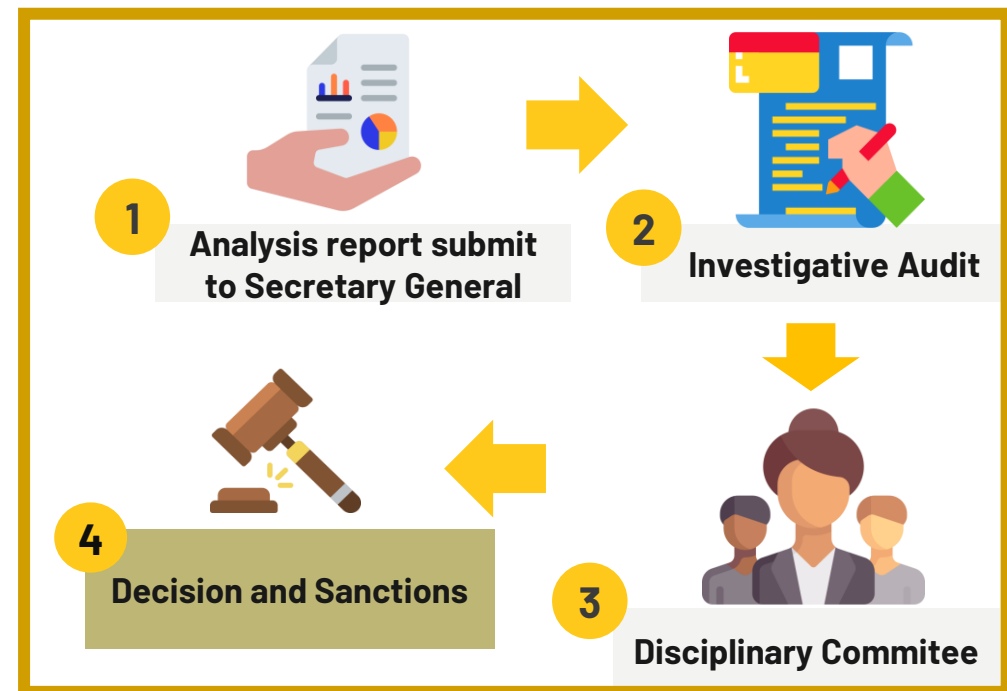
THE MANAGEMENT OF allegations of integrity violations



Code of Ethic Case



Disciplinary Case





THANK YOU