**The 18th Meeting of the INTOSAI Working Group
on Fight Against Corruption and Money Laundering (WGFACML)**

Strengthening SAI Thailand Readiness to Address Present and Future Money Laundering Risks

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Presentation Outline

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2. Overview of Anti-Money Laundering Efforts

3. Role SAIs play in Anti-Money Laundering Measures

4. The Situation in Thailand

5. SAI Thailand's role in the AML Efforts

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1. Current Landscape of Money Laundering

Global Context

- Money laundering is evolving with:
  - **Cryptocurrencies** and **decentralized finance (DeFi)**
  - **Cross-border trade** and **complex nominee arrangements**

- Estimated **$1.6 trillion** laundered globally each year (UNODC)
  Reference: What is transnational organized crime? | United Nations

Common laundering steps:

  - **Placement**: Converting fiat into crypto.
  - **Layering**: Mixing, swapping across wallets and platforms.
  - **Integration**: Using crypto to fund legitimate-looking businesses.

2. Overview of Anti-Money Laundering Efforts

AML frameworks guided by:

○ Financial Action Task Force (FATF) 40 Recommendations (updated Feb, 2025)

FATF Recommendations

Key FATF Recommendations Relevant to SAIs

Recommendation 1 – Risk-Based Approach

Recommendation 2 – National Cooperation and Coordination

Recommendation 3 – Money Laundering Offense

Recommendation 4 – Confiscation and Provisional Measures

Recommendation 10 – Customer Due Diligence

Recommendation 17 – Reliance on Third Parties

Recommendation 20 – Reporting of Suspicious Transactions

Recommendation 26 – Regulation of Financial Institutions

Recommendation 27 – Supervision of Designated Non-Financial Businesses and Professions (DNFBPs)

Recommendation 31 – Powers of Law Enforcement and Investigative Authorities

Recommendation 34 – Guidance and Feedback

Recommendation 40 – International Cooperation

2. Overview of Anti-Money Laundering Efforts (Cont.)

Key Problems:

- **Global shift to digital finance: crypto, e-payments, mobile transfers**
- **Rise in transnational organized crime and sophisticated laundering schemes**
- **Complexity of financial transactions & public sector vulnerabilities**
- **Lack of awareness of red flags, especially in procurement and public investments**

What can SAIs bring to the AML efforts?

3. Role SAIs play in Anti-Money Laundering Measures

1. Auditing AML systems

SAIs role in general audits makes them natural choices to ensure the integrity and efficiency of AML system.

However, SAIs face limitations in evaluating AML systems due to:

- Limited Mandate
- Lack of **internationally agreed audit standards**.
- Restricted access to information due to **banking secrecy** and **institutional structure** (e.g., when FIUs are under law enforcement or central banks).

Reference: *Implementing a Sustainable Model for Anti-Money Laundering in the United Nations Development Goals* **by Zbystaw Dobrowlski and Lukasz Sulkowski, 2015**

2. Leverage SAIs audits by sharing information with AML agencies

The following steps highlight the specific steps which SAIs can take to bring its audit expertise to anti-money laundering efforts:

1. **Early Detection Through Audit Mechanisms**
   - Apply audit procedures to identify **typologies and red flags** (e.g., inflated pricing, shell companies, unusual vendor profiles)
   - Use **data analytics** to detect abnormal transaction patterns in government spending

1. **Systematic Risk Assessment**
   - Integrate **money laundering risk factors** into the annual audit planning
   - Focus on high-risk areas like **public procurement, subsidies, infrastructure, and SOEs**

1. **Referrals and Escalation**
   - Refer suspicious findings to **Anti-Money Laundering agencies,** or other investigative bodies
   - Maintain audit trails for prosecutorial and asset recovery support

3. Role of SAIs play in Anti-Money Laundering Measures (Cont.)

4. Policy Review and Recommendation

- Recommend **strengthening internal controls** in high-risk agencies
- Encourage adoption of **Know Your Vendor (KYV**) procedures in public procurement, particularly for high-risk contracts or high-value projects

5. Promoting Accountability and Transparency

- Conduct audits of programs related to **beneficial ownership disclosure**
- Increase public access to audit reports and **promote civic monitoring**

6. Capacity Building and Cooperation

- Train SAI auditors on AML/CFT typologies and digital finance
- Organize joint webinars or training with experts on red flags in Money Laundering

◆ **Money Laundering Risks**

- Increased use of **nominee accounts**, **trade-based laundering**, and **front companies**.
- Call-center scams with **transnational networks** using digital channels
- **Digital and Crypto-Related Risks**.

Currently, Thailand has the following laws related to money laundering and cryptocurrency:

- The law used to prevent and suppress money laundering in Thailand is the **Anti-Money Laundering Act B.E. 2542 (1999)**.
- The law used to regulate businesses involving cryptocurrency in Thailand is the **Emergency Decree on Digital Assets Business Operation B.E. 2561 (2018)**.

Reference: Piriyaporn. (2024). *The Authority to Seize Cryptocurrency under the Anti-Money Laundering Act B.E. 2542*

The aforementioned issues may lead to the following consequences:

- There is a risk of authorities **exceeding their legal powers** or acting without a clear legal basis, which could result in **counter-lawsuits**.

- **Delays in law enforcement** may hinder timely disruption of criminal networks.

- In some cases, it may **affect the rights and freedoms** of the accused.

5. SAI Thailand's role in the AML Efforts

SAI Thailand is not a direct anti-money laundering (AML) enforcement body, but it plays a crucial role in safeguarding public resources and enhancing financial integrity through audit functions.

Key roles include:

- **Conducting financial, performance, and compliance audits** of government entities to:
  - Assess whether public resources are used efficiently, effectively, and in compliance with laws and regulations.
  - Identify irregularities, red flags, and risk indicators—particularly in budget execution, public procurement, and subsidy disbursement.
  - Support early detection of financial misconduct that may be linked to money laundering schemes.

5. SAI Thailand's role in the AML Efforts (Cont.)

The Role of the State Audit Office of Thailand in Anti-Money Laundering and Cryptocurrency Oversight

The State Audit Office of Thailand (SAO Thailand) is still in the early stages of developing its role in addressing money laundering and cryptocurrency-related issues. Nevertheless, the Office has begun laying the groundwork for future engagement in this area through the following initial steps:

- Studying the Impact of Cryptocurrency on Public Finance and Audit Risks
- Capacity Building and Knowledge Development
- Collaboration with Key Agencies
- Exploring the Use of Technology and Data Analytics

5. SAI Thailand's role in the AML Efforts (Cont.)

❖ **Initiated the Forensic Audit Development Project**

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ระยะ ๕ ปี (พ.ศ. ๒๕๖๖ - ๒๕๗๐)
สำนักงานการตรวจเงินแผ่นดิน

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State Audit Office's 5-Year Operational Plan (2023–2027)

- Initiated the **Forensic Audit Development Project**, which is part of the State Audit Office's 5-Year Operational Plan (2023–2027).

- This project was established with the aim of enhancing public sector auditing and creating added value and impact in government auditing practices.

- Currently, one report has been released regarding the study of **'the implementation of forensic auditing in Supreme Audit Institutions.'**

การตรวจสอบเชิงบัญชีนิติวิทยา
(Forensic Audit)
ในบริบทการตรวจเงินแผ่นดินต่างประเทศ

5. SAI Thailand's role in the AML Efforts (Cont.)

❖ **Strengthening Interagency Cooperation and Information Sharing**

In 2024, the State Audit Office of Thailand **signed MoUs** with four agencies :

- **The Anti-Money Laundering Office (AMLO)**
- **The Office of the Public Sector Anti-Corruption Commission (PACC)**
- **The Central Investigation Bureau (CIB)**
- **The National Anti-Corruption Commission (NACC)**

These MoUs focus on strengthening collaborative efforts to prevent and suppress financial misconduct and corruption in public procurement through information sharing.

6. Conclusion

Leveraging SAIs audit capabilities for AML efforts is the most promising avenue.

SAI-to-SAI Cooperation and Call for Collective Action

Why Cooperation is Critical:

- Money laundering is transnational – no SAI can act alone
- Typologies evolve quickly and require shared vigilance
- Capacity gaps exist between SAIs

Key Collaborative Needs:

- Joint webinars and training on AML/CFT, money laundering risks, red flags indicators, digital auditing, and forensic audit tools
- Promote peer-to-peer learning and the exchange of risk-based audit approaches.
- Encourage knowledge-sharing through the WGFACML website to disseminate practical findings and innovative practices among SAIs.

THANK YOU

State Audit Office of the Kingdom of Thailand