

Conclusions and recommendations of the National Audit Office

Prevention of money laundering

The audit focused on the prevention of money laundering. The prevention of money laundering is a complex entity that is organised largely based on legislation and international obligations. It is impossible to accurately estimate the total amount of funds subject to money laundering, but based on international estimates, the annual amount in Finland can be considerable. The amount of assets confiscated to the state in connection with money laundering offences is limited. The key authorities in the prevention of money laundering include the Ministry of Finance, the Ministry of the Interior and the National Bureau of Investigation, where the Financial Intelligence Unit operates.

The audit was launched because money laundering is a significant form of crime affecting central government finances. International assessments, for example, have paid attention to the effectiveness of the prevention of money laundering. The purpose of the audit was to assess the preconditions for anti-money laundering activities and to establish whether the activities are planned and organised in such a way that it is possible to combat money laundering effectively.

The national risk assessment is insufficiently linked to the resourcing of anti-money laundering activities

The most important guidance document on the prevention of money laundering is the national risk assessment, which is based on the Anti-Money Laundering Act and has been issued as a government resolution. The purpose of the risk assessment is to identify the risks of money laundering and terrorist financing and to support and enhance the prevention of risks and the allocation of resources. The Ministry of Finance is responsible for preparing the risk assessment related to money laundering, whereas the Ministry of the Interior is responsible for preparing the one related to terrorist financing. The ministries coordinate the preparation of the two assessments.

The risk assessment and the related action plan focus on measures of general and continuous nature rather than clearly targeted measures and responsibilities. This undermines the role of the risk assessment in steering anti-money laundering activities and the allocation of resources. The significance of the risk assessment and the related action plan is also reduced by the fact that they do not disclose the resources with which the responsible authorities intend to implement the measures. A description of resources would support their allocation and make the description of the structure and procedures of the system for combating money laundering more comprehensive.

The preparation of the risk assessment related to money laundering is a statutory special task. However, the authorities have had to use project funding for preparing the assessment, which poses risks to the continuity of the work.

Few performance targets are set for the prevention of money laundering

Government programmes, budget proposals, the ministries' operational and financial plans and other documents where targets are set contain very few entries and objectives related to money laundering. In addition to the scarcity of top-level steering, performance steering related to the prevention of money laundering is also limited.

The performance agreements of different actors set few performance targets for the prevention of money laundering. If targets are set, they are of very different levels. Moreover, the performance steering documents related to the prevention of money laundering do not disclose how the results already achieved have guided or influenced the target setting. It is therefore difficult, based on the documents, to verify the choices made through performance management and the performance indicators set for the activities. The lack of performance targets also means that it is difficult to report on target achievement. Instead of assessing the achievement of performance targets, the reporting on the prevention of money laundering is largely based on listing measures and describing the activities.

Assessing the effectiveness would require a clearer overall view of the prevention of money laundering

Assessing the effectiveness of the prevention of money laundering would require an overall view and targets that cover the entire continuum of anti-money laundering activities and related actors. The current national risk assessment includes, in principle, a shared view of the authorities on the risks involved in anti-money laundering activities, such as weaknesses in information exchange. However, the risk assessment and related action plan emphasise the risks to which different sectors are exposed instead of a holistic view of the anti-money laundering activities.

It is not possible to get an overall view of the entire continuum of the anti-money laundering activities merely based on the monitoring data of individual authorities, as the effectiveness of each authority or sub-sector is closely linked to other actors. Thus, at present, the effectiveness of the prevention of money laundering as a whole and its organisation can only be assessed to a limited extent. The assessment is also hampered by the lack of comprehensive statistics. Another fact that affects the assessment of the effectiveness is that different monitoring documents report in a very limited manner on how targets are achieved.

The preconditions for effective prevention of money laundering have been improved in recent years, particularly through legislative amendments. The global Financial Action Task Force (FATF) assessed Finland's anti-money laundering and

anti-terrorist financing activities between 2018 and 2019. The assessment highlighted several weaknesses, and Finland was placed in the FATF's enhanced follow-up process. During the process, Finland amended its anti-money laundering legislation and took several development measures. In autumn 2023, the FATF estimated that Finland had made sufficient progress in the implementation of its recommendations, and the enhanced follow-up ended.

Recommendations of the National Audit Office

The Ministry of Finance and the Ministry of the Interior should

1. in the national risk assessment, present more targeted objectives and measures, allocate responsibilities for them and describe the authorities' resources for the anti-money laundering activities more comprehensively
2. ensure that resources are allocated from the operating expenditure appropriation for the statutory risk assessment on a permanent basis
3. set clearer, measurable performance targets for the prevention of money laundering to make it possible to monitor the effectiveness and impacts of the prevention of money laundering more closely.