Based on the Agreement concluded between Transparency International Macedonia and expert Irena Franceković, and related to the project activities within the project „Strengthening the capacity of institutions in the fight against corruption", supported by the USAID Citizen Participation Project, the main task for expert is as follows:

Coaching for SCPC employees and assistance in process of analysis of the bank statements and accounts and assessment of other assets: financial aspects and check procedures

- Established protocol for analysis of bank statements and accounts
- Developed guide with procedures for assessment
- One day training

1. Established protocol for analysis of bank statements and accounts

Legal framework:

1. Law on Prevention of Corruption and Conflict of Interests (Official Gazette of the Republic of Macedonia, No.12/19)
2. Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia)
3. Law on Payment Operations, revised text consist of the Law on Payment Operations („Official Gazette of the Republic of Macedonia" no. 113/07, 22/08, 159/08, 133/09, 145/10, 35/11, 11/12, 59/12, 166/12, 170/13, 153/15, 199/15, 193/17 and 7/19).
4. Banking Law, revised text consists of the Banking Law [Official Gazette of Republic of Macedonia No. 67/07 (88/08 - Decision of the Constitutional Court of the Republic of Macedonia No. 182/07 dated 9 July 2008; Decision of the Constitutional Court of the Republic of Macedonia No. 228/07 dated 9 July 2008; 118/08 - Decision of the Constitutional Court of the Republic of Macedonia No. 229/07 dated 10 September 2008; 42/09- Decision of the Constitutional Court of the Republic of Macedonia No. 149/08 dated 11 March

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2009), No. 90/09, 67/10, 26/13 (13/14 - Decision of the Constitutional Court of the Republic of Macedonia No. 43/13 dated 4 December 2013) and 15/15, 153/15, 190/16, 7/19 and 101/19].

5. Instructions on the manner of performing international payment operations ("Official Gazette of the Republic of Macedonia" No. 141/16 and 154/16)

6. Decision on the manner and procedure of opening and closing a transaction account ("Official Gazette of the Republic of Macedonia" No. 28/14)

7. Decision on the conduct and content of the Single Registry of Transaction Accounts ("Official Gazette of the Republic of Macedonia" No.146/07)

8. Decision on prescribing standards for the construction of accounts for payment system participants and allocation of the leading number to payment system holders ("Official Gazette of the Republic of Macedonia" No.146/07)

In accordance with the stated legal framework, the State Commission for the Prevention of Corruption and Conflicts of Interest has at its disposal a number of tools for checking the activities of natural person, in order to prevent corruption and conflicts of interest (Article 17 of the Law on Prevention of Corruption and Conflict of Interests).

In particular, the provisions of Article 25 of the Law on Prevention of Corruption and Conflict of Interests (Requests for data from banks and other financial institutions and access to databases) are important for the topic of this project.

Requests for data from banks and other financial institutions, according to Article 25, are:

(1) Upon initiated procedure the State Commission may request data from banks and other financial institutions and the official person or the responsible person of the legal entity for which data are requested shall be informed thereof, immediately.
(2) The banks and other financial institutions shall be obliged, within 15 days, to submit to the State Commission the requested data referred to in paragraph (1) of this Article.

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(3) The submission of the requested data referred to in paragraph (1) of this Article shall not constitute a breach of bank secrecy.

Data collection from banks should be divided into several steps because at the beginning of the process of checking the account of a natural person it is not possible to specify all the necessary details.

The first request to the bank should contain the following:

- Name and surname of the person
- Unique identification number of the person
- Address
- Request for data on all accounts that person holds in the bank (transaction accounts, savings accounts, loans, credit cards)
- Account data must contain all inflows and outflows per account (account statement), for a requested period
- The bank statement must contain at least the following information: date, inflow, outflow, balance, description of the individual transaction (purpose), name of the recipient / ordering party, account number.

An example of a bank statement is given in the following table:

Bank: xxxxxxxxxxxxxxx						
Account number: 00000000000000						
Currency code: 00						
Name of the account holder: xxxxx						
Date	Recipient	Account number	IN	OUT	Balance	Reference

Bellow I will describe each item in the statement:

1.1. Bank and Account number

Decision on prescribing standards for the construction of accounts for payment system participants and allocation of the leading number to payment system holders ("Official Gazette of the Republic of Macedonia" No.146/07), in paragraph II, item 3 notes the standard account construction, as follows:

- The first three digits indicate the leading number of payment system holders (banks)
- The next 10 digits are the account number of the customer assigned by the bank within its system
- The last two digits are the control number

The leading number of payment system holders (banks) is assigned by the National Bank of the Republic of Macedonia when issuing a business permit.

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List of leading number of payment system holders, version 1.15 from 1.7.2014. is in the table below:

Листа на доделени водечки броеви на банките во Република Македонија

Р.бр	SWIFT BIC код	Назив на банка	Водечки број	Датум на издавање
1.	NBRMMK2X	Народна банка на Република Македонија	100	06.06.2001
2.	STOBMK2X	Стопанска Банка А. Д. Скопје	200	06.06.2001
3.	TUTNMK22	НЛБ Тутунска Банка А. Д. Скопје	210	06.06.2001
4.	UIBMMK22	Универзална Инвестициона Банка А. Д. Скопје	240	06.06.2001
5.	INSBMK22	Шпаркасе Банка Македонија А.Д. Скопје	250	06.06.2001
6.	EXPCMK22	Халк Банка А. Д. Скопје	270	06.06.2001
7.	KRSKMK2X	Алфа Банка А.Д. Скопје	280	06.06.2001
8.	KOBSMK2X	Комерцијална Банка А. Д. Скопје	300	06.06.2001
9.	CECBMK22	Централна Кооперативна Банка А. Д. Скопје	320	06.06.2001
10.	KAPBMK22	Капитал Банка А. Д. Скопје	330	06.06.2001
11.	MBDPMK22	Македонска Банка за поддршка на развојот А. Д. Скопје	350	06.06.2001
12.	STBBMK22	Стопанска Банка А.Д. Битола	500	06.06.2001
13.	OHRDMK22	Охридска Банка А. Д. Скопје	530	06.06.2001
14.	ESWBMK22	Еуростандард Банка А. Д. Скопје	370	24.09.2001
15.	PRBUMK22	ПроКредит Банка А. Д. Скопје	380	18.07.2003
16.	TTXBMK2X	ТТК Банка А. Д. Скопје	290	01.07.2006

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1.2. Currency code

The currency code determines the type of documents that are the basis for the books of the items in the statement.There are different documents related to transactions in MKD or foreign currency.

Transactions in MKD are based on cash and non-cash payment orders.

Foreign currency transactions are based on SWIFT orders and 1450 form for international payments.

1.3. Name of the account holder

The name of the account holder should contain the name and surname, address, unique identification number, and in most cases the internal code of the client in the bank system.

1.4. Date

The date in the statement view is usually marked in two ways, as the value/currency date and as the date on the books. For the transaction itself, the value/currency date is important, which indicates the actual date of the transaction.

1.5. Recipient

Information about the recipient or the ordering party (payer) is important information about the transaction. This information is crucial for monitoring the flow of money, from whom the payment arrived, or where the money was forwarded.

This information is often missing from bank statements. Information on the recipient / ordering party can be found in the following item, account number.

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1.6. Account number

The account number of a recipient as one of the items in the statement is important information about the transaction. The Bank has this information at its disposal because it is an integral part of the data transmitted within the payment system. If it is not possible to see the name of the recipient, it is possible to find out who it is by the account number. In the next step of the investigation, information on the owner of the account can be requested from the Bank in which the account is kept. To determine which Bank is the issuer of the particular account can be seen from the first three digits of the account number.

1.7. IN/OUT and Balance

Inflow (IN) and outflow (OUT) are monetary data about a transaction. Depending on the type and purpose of the investigation, all significant transactions must be observed.

1.8. Reference

Reference (purpose of transaction) is the data from which we can see the basis of the transaction. This information is often missing from the statement.
If it is not possible to determine the origin and purpose of the amount received or paid from the transaction in question, it is necessary to request additional information from the bank.
Each transaction on the account is recorded and booked on the basis of a payment document, account payable or account receivable and/or other documents, depending on the type of transaction, currency and the type of the account. The bank in which the transaction was initiated must keep payment documents in its archives.

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After reviewing the data collected in the first request for documentation, the assumption is that for some transactions additional data should be collected, especially on transactions for which we do not know who initiated them, if we have only the account number from which some amount was paid to the account. Regarding missing some of the data we should expand the investigation with a second request to the banks.

The second request to the Bank should include the following:

- Request to identify the person who is the account holder wich we identified in the previous investigation
- Request for information about a specific transaction (transaction date and amount, related to the account for which we are requesting identification)
- Additional request for data of the payments, transactions and other documents that we assume the Bank holds, and from which we would determine the purpose of each transaction in question.

In addition to the above requirements, it is necessary to collect data from the Banks on whether the investigated person owns shares, funds and other securities. The purchase of this type of assets takes place through custodial accounts in banks.

By collecting data on isolated transactions, it is possible to monitor the flow of money, most often from bank to bank, and through related parties. It is necessary in this process to establish the true purpose of the transaction. Most often, the money ends up in the acquisition of other assets funds, shares, real estate, movables, etc.). Upon request, the bank is obliged to submit all documentation related to a particular transaction. These are bank statements, payments- cash and non-cash, SWIFT payments, 1450 forms - international payments and other documentation.

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If the investigated person uses loans/finance from the bank, it is necessary to request information on the loan/finance agreement and repayment details. The loan agreement defines the purpose of the loan, and it is necessary to check where and in what way the loan is paid and check if the intended use of the loan/finance is respected. Insight into the loan/finance repayment details identifies the source of funds from which the loan is being paid.

If the investigated person uses credit cards it is necessary to identify the connection between account turnover and credit card debt repayment.

In the Table below I am giving an example of the money flow through multiple accounts in multiple banks. It is visible that the true purpose/reference is being manipulated.

Bank Statement XXX in Commercial bank					
Date	Ref. Number	Name	Reference	OUT	IN
20.2.2020	10	Komercijalna banka ad 300000000000133	Loan/Finance		7.000.000,00
20.2.2020	10	XXXXXX doo 250001000xxxxyy	Transfer	7.000.000,00	
Bank Statement XXX in Šparkase bank					
Date	Ref. Number	Name	Reference	OUT	IN
20.2.2020	6	XXXXXX doo 30000000xxxxxyy	Transfer		7.000.000,00
20.2.2020	6	YYYYYY doo 250000000xxxxyy	Loan	7.000.000,00	

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In the Table above you can see the transactions on the business accounts but they give a good example for our analysis. It all happened on the same date. The same company has an account in two banks, in this case in Commercial Bank and Šparkase Bank. Commercial Bank has approved the finance to this business in the amount shown paying it off in favor of the particular business account of XXX doo. The company XXX doo transfers the same amount to its account in Šparkase Bank, and from that account disburses the loan to the third company YYY doo. In this case, for the further investigation we should request and collect data for the purpose and details of the finance approved by Commercial Bank and where the loan granted to YYY doo ended.

2. **Guide with procedures for assessment**

The procedure of assessing the funds of the investigated person would progress in the following stages:

2.1.   Request to banks for account information

- Name and surname of the person, address
- Unique identification number of the person
- Request for data on all accounts that a person holds in the bank (current accounts, savings accounts, finance, debit cards, credit cards, custodial accounts)

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2.2. Review of received documentation

- Overview of transactions by higher amounts

- Determination of "suspicious" transactions

- Description of isolated transactions, analysis of money sources

- Identification of recipients

- Finance overview - where the finance was made and how is it repaid

- Credit card overview - expenses and method of debt settlement

- Identification of assets acquired through custodial accounts (funds, shares, stocks and other securities)

2.3. Request to banks for additional documentation

- Request to identify the person who is the account holder wich we identified in our previous investigation

- Request for information about a specific transaction (transaction date and amount, related to the account for which we are requesting identification)

- Request for additional documentation related to individual separated transactions (payments, SWIFT, international payments, etc.)

- Zahtjev za podacima o računima povezanih osoba (ako smo u prethodnom koraku ustanovili da postoje međusobno povezane transakcije)

- Request for related/ third party account information (if we found one in the previous step, and we believe it is connected to investigated accounts and transactions)

2.4. Review of the additional documentation

- Cash flow monitoring by reviewing isolated transactions

- Identification of the purpose of particular transactions

- Identification of assets acquired with cash from those transactions

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