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Course Package “Public Financial Control”

Work Package	WP3: Development of Course Materials for the Reformed MA Programmes, Deliverable 3.1
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Erasmus+ Capacity Building in Higher Education Project:

“Reforming Master Programmes in Finance in Armenia and Moldova” (REFINE)

www.reforming-finance.eu | Project No. 585784-EPP-1-2017-1-AT-EPPKA2-CBHE-JP

Document History

Version	Date	Author(s)	Description
1.	15.12.2018	Denis Vostricov	1 st Draft of Development of Course Materials
2.	21.01.2019	Srdjan REDZEPAGIC Eric NASICA Olivier BRUNO	Revised version of 1 st Draft of Development of Course Materials
3.	28.01.2019	Denis Vostricov	2 nd Draft Review-Updating of Course Materials
4.	30.01.2019	Srdjan REDZEPAGIC Eric NASICA Olivier BRUNO	Revised version of 2 nd Draft of Development of Course Materials
5.	02.02.2019	Denis Vostricov	Final version of Course Materials

Disclaimer:

This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

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1. General information about the course

Explanation: Please fill in the table below.

Title of the course (as specified in the reformed curriculum)	Public financial control
Name of the teacher	Assoc. Prof. Ph. D. Denis Vostricov
Novelty of the course (please select as appropriate)	This course is an updated and revised version of a course which already existed in the curriculum
Year of the course in the curriculum	I
Semester of the course in the curriculum	II
Language of instruction of the course	English
Number of ECTS credits	5

2. Learning outcomes of the course

Explanation: Please specify the learning outcomes of the course.

At the end of this course students should be able to:

- Master the concept of public financial control, types and methods of control; Understand the instruments in investigation and prevention of financial fraud; Clearly understand the responsibilities and role of internal control functions within an organisation;
- Identifying the risks of economic frauds and underperformance of the financial control; Analyzing economic indicators and giving appreciation to efficiency of public financial control at macro - and micro - level; Be familiar with national and international institutional, legal and regulatory frameworks in the field of public financial control;
- Master and apply methods of control to timely determine anomalies in a financial activity of an organisation and formulate ways to mitigate impacts or avoid them; Identify and distinguish various models of the financial frauds which for determining the approaches which should be taken by an organisation in prevention of fraud using appropriate internal organizational arrangements for financial control; Critically address current national and international problems of the economic security and public financial control, as well as their underlying theoretical and systemic underpinnings.

3. Syllabus of the course

Explanation: Please provide a detailed syllabus of the course (broken down in weeks) – maximum 2 pages

Topic	Number of week	Subjects	Number of class hours	Including		Individual study, hours
				Lectures	Seminars/practice	
LECTURE 1. GENERAL NOTION OF PUBLIC FINANCIAL CONTROL AND FINANCIAL INFRACTIONS	1	<p>1. Introduction to public internal control and financial contraventions and infractions</p> <p>2. Scoping of public internal control and its elements. Public financial control as an instrument of financial policy of the state</p> <p><i>Individual study: Study the minimal recommended literature. Review of the Law of the Parliament of the Republic of Moldova no. 229/2010 on the internal public financial control. Study the Chapter X Economic Infractions of the Penal Code No.985/2002 of the Republic of Moldova.</i></p>	2	1	1	8
	2	<p>3. Types and Methods of control</p> <p>4. Identifying and assessing the risks of PFC</p> <p><i>Individual study: Study the minimal recommended literature.</i></p>	2	1	1	4
LECTURE 2. LEGAL SYSTEM AND RELATED INSTITUTIONAL MEASURES	3	<p>1. Types of Economic Infractions and Contraventions</p> <p><i>Individual study: Study the minimal recommended literature. Study the Chapter X Economic Infractions of the Penal Code No.985/2002 of the Republic of Moldova.</i></p>	2	1	1	6
	4	<p>2. The Legal and Institutional Framework of Public Financial Control in the Republic of Moldova. Role, Functions, Duties and Powers of the Responsible Authorities. The Financial Intelligence Unit and its functions.</p> <p><i>Individual study: Review of the Law of the Parliament of the Republic of Moldova</i></p>	2	1	1	6

		<p><i>no. 229/2010 on the internal public financial control and Order of the Moldovan Ministry of Finance no.114/2012 approving the Regulation of the activity of the Board of the internal public financial control.</i></p> <p><i>Review of the institutional framework of Public Financial Control in different countries.</i></p>				
	5	<p>3. Legal enforcement, prosecution and other competent authorities - the framework for the investigation and prosecution of offences, for confiscation and freezing. Efficiency of Public Financial Control Bodies.</p> <p>4. Identifying and assessing the risks of financial infractions and contraventions over the internal market and economic security of the country</p> <p><i>Individual study: Study the national investigative and prosecution system. Review of international experience. Review of the National Money Laundering and Terrorist Financing Strategy.</i></p>	2	1	1	6
LECTURE 3. INTERNATIONAL COOPERATION IN THE FIELD OF PUBLIC FINANCIAL CONTROL	6	<p>1. The Activity of International Organisations in Prevention of Economic Crimes</p> <p><i>Individual study: Review of the recommended literature and the activity of supranational bodies' activity in the area of preventing, oversight, investigating and prosecution of economic crimes.</i></p>	2	1	1	4
	7	<p>2. International Standards in the Field of Money Laundering</p> <p><i>Individual study: Review of the FATF recommendations and attached methodology.</i></p>	2	1	1	6
	8	<p>3. International Conventions in the field of combating economic crimes</p> <p>4. International agreements in the field of combating money laundering, where the Republic of Moldova is part</p> <p><i>Individual study: Review of the</i></p>	2	1	1	6

		<i>international conventions related to Financial Control and Combating Money Laundering.</i>				
LECTURE 4. CORPORATE FRAUD PREVENTIVE MEASURES. FINANCIAL CRIME POLICY	9	1. Prevention of money laundering risks / financing of terrorism 2. Customer due diligence <i>Individual study: Study the minimal recommended literature. Study the legal tools aiming at preventing risks of economic crimes and money laundering.</i>	2	1	1	8
	10	3. Financial institution confidentiality regimes and terms of cooperation <i>Individual Study: Review of the Confidentiality regimes of the different supervisory authorities in financial sector and outside the financial sector (Law of the Parliament of the Republic of Moldova no.548/1995, Law of the Parliament of the Republic of Moldova no.202/2017, and other sectorial laws)</i>	2	1	1	4
	11	4. Internal Control Functions, Compliance, Audit Functions <i>Individual study: Study the minimal recommended literature. See the requirements for internal governance arrangements for different kind of institutions.</i>	2	1	1	8
LECTURE 5. THREATS TO THE INTEGRITY OF THE INTERNATIONAL FINANCIAL SYSTEM	12	1. Associated Regulatory and Supervisory Challenges in controlling jurisdictions who implement reduced standards on transparency and exchange of information for tax purposes <i>Individual study: Study the minimal recommended literature.</i>	2	1	1	4
	13	2. The impact of use of crypto-currency schemes and virtual currencies and other FinTech developments over the national economic security. 4. Regulatory and Supervisory Challenges in Preserving the Integrity of the Financial System <i>Individual study: Study the minimal recommended literature.</i>	2	1	1	6
	14	3. Other financial schemes (ex. Ponzi schemes) which are used in economic crimes and Regulatory and Responses	2	1	1	6

		<i>Individual study: Study the minimal recommended literature. See the regulatory and supervisory responses of international policy setters and particular countries.</i>				
Total	-	-	28	14	14	82
Main recommended references	<p>DRYSDALE, Alasdair, <i>The Financial Controller</i>, Management Books 2000 Ltd., 2010.</p> <p>VAN DUYNE, PETRUS C., MARCEL PHEIJFFER, HANS G. KUIJL, ARTHUR TH.H. VAN DIJK, AND GERARD J.C.M. BAKKER, <i>Financial Investigation of Crime: A Tool of the Integral Law Enforcement Approach</i>, Nijmegen: Wolf Legal Publishers, 2003.</p>					

4. Teaching methodology of the course

Explanation: Please explain the teaching methodology and pedagogical approaches of the course – maximum ½ page

Predominant form of **lectures** organization is frontal instruction. Frontal instruction refers to a teacher-centred instruction, where the lectures are organised in a way that the lecturer stands in front of the auditoriums of students and professes material according to the learning program.

Seminars are organised more in form of group instruction, which is more student-centred instruction, with direct involving of students in teaching process through making short presentations on researched topics (individually or in groups), group workshops, staging a situation (for example dividing students in groups of different stakeholders/players in the financial market), etc.

During both, lectures and seminars is possible involving of students (individually or in groups) for numerical calculations for practical case studies.

Pedagogical approaches applied for both, lectures and seminars, are the following: didactic, learning, research, assessment and exposure methods – case study, presentations, etc.

Didactic means used for both lectures and seminars, are the following: projector, computers, etc.

5. Labour market relevance of the course

Explanation: Please explain the labour market relevance of the course (linked to findings of WP1) – maximum ½ page

Labour market demand.

Advances in technology and FinTech, economic trends and the current global political climate are insuring that white-collar crimes such as money laundering, health-insurance fraud, identity theft, and corporate account "book-cooking" are increasingly at the centre of today's economic criminal activity.

In this context, both corporate and government employers, national and international, need qualified professionals with accounting, computer, and investigative skills capable of dealing with these contemporary types of economic crime. Thus, the labour market faces a lack of professionals having specific analytical and investigative skills in public financial control.

This lack is observed in the Republic of Moldova in both private and public sectors. In private sectors there is a need of qualified workers with a specific knowledge for internal control functions, but not just a classic audit. Apart from the fact that the subject of the course is a complementary knowledge for each financial professional, the lack of such specialists is mostly evidenced in banks, insurance companies and other institutions which are subject to fastly evolving prudential regulation and supervision, as well as big companies.

Regarding the public sector, all the institutions with public financial control powers (for example: CB, MinFin, National Security Service, etc., and other entities which have internal control departments) would be interested to employ specialists more tailored to their activity profile, having in mind, that at national level all the bodies have certain specifics of activity, where the preparing of professionals take place exclusively at the workplace or at foreign homologue institutions.

Thus, the course bring a evidenced value in preparing full-fledged financial professionals, which corresponds to the actual needs of labour market.

Employment opportunities.

Public financial control course qualifies students to work in a wide range of crime prevention and investigative roles.

Public financial control course familiarise students to work with computers technologies and electronic information and namely to collect, select and analyse, and preserve evidence of relevant data. Students may have the opportunity to work in many roles, at least including:

- Fraud Specialist;
- Asset Protection, Financial and Corporate Investigator;
- Internal Auditor or other Internal Control Specialist.

Broader depiction of employment opportunities is presented in the figure below.

Public Sector	Private Sector	Associative Sector
<ul style="list-style-type: none">•Any supervisory function/ policy development function within Central Bank, MinFin, National Security Service, The Office for Prevention and Combating of Money Laundering (Financial Intelligence Unit)•Employee of internal control function within the named institutions and any other public authority (city administration, other ministries, etc.)	<ul style="list-style-type: none">•Employee of any of internal control functions (audit, compliance, risk management, etc.)•Financial consultancy and research companies•Fraud Specialist•Asset Protection specialist•Financial and Corporate Investigator	<ul style="list-style-type: none">•Deployment and coordination of financial policies and strategies related to the combating economic and financial frauds•Fraud Specialist

Source: developed by the author.

6. Assessment and grading

Explanation: Please explain the form of assessment of the course – maximum ½ page

The final grade consist of two components:

Current performance (formative assessment) represent the overall assessment of student's activity during the course - 60%:

- Assessment of current reports, individual works, research papers;
- Assessment of intermediate tests, as the case may be, and course assignments 1 or 2;
- Assessment of participating in relevant extracurricular activities (symposiums, conferences, round tables, etc.)

Examination mark (final evaluation) – 40%.

Practical modality of final assessment: writing paper (descriptive and/or multiple choice test and/or case study solving etc.), oral examination by choosing task cards, etc.

7. References

Explanation: Please provide the main references and recommended reading for the course – maximum 1 page

Main references:

1. DRYSDALE, Alasdair, *The Financial Controller*, Management Books 2000 Ltd., 2010.
2. VAN DUYN, PETRUS C., MARCEL PHEIJFFER, HANS G. KUIJL, ARTHUR TH.H. VAN DIJK, AND GERARD J.C.M. BAKKER, *Financial Investigation of Crime: A Tool of the Integral Law Enforcement Approach*, Nijmegen: Wolf Legal Publishers, 2003.

Other references:

3. BIS, Committee on Payments and Market Infrastructures, *Digital Currencies*, November, 25, 2015, available: <https://www.bis.org/cpmi/publ/d137.pdf> ;
4. BUCHAK, Greg, and others, *Fintech, regulatory arbitrage, and the rise of shadow banks*, Federal Reserve Bank of New York Staff Reports, no. 580, October 2012;
5. CCECC's Order no. 117 of 20.10.2007 on the reporting of activities or transactions that fall under the scope the Law on the prevention and combating of money laundering and the financing of terrorism, as amended
6. Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as amended;
7. European Banking Authority, Discussion Paper on the EBA's approach to financial technology (FinTech), August, 4, 2017, available: <https://www.eba.europa.eu/documents/10180/1919160/EBA+Discussion+Paper+on+Fintech+%28EBA-DP-2017-02%29.pdf> <
8. ECB, *Virtual currency schemes – a further analysis*, February 2015, available: <https://www.ecb.europa.eu/pub/pdf/other/virtualcurrencyschemesen.pdf> ;
9. *FATF Recommendations* - adopted on 16 February 2012, and updated November 2017, available: <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-recommendations.html> ;
10. HUANG, Wenqian, *Central Counterparty Capitalization and Misaligned Incentives*, January 26, 2017, available: https://www.ecbforum.eu/uploads/originals/2017/yes/files/EFCB_2017_Wenqian%20Huang_PAPER.pdf ;
11. IOSCO Research Report on Financial Technologies (Fintech), International Organization of Securities Commissions , February, 2017
12. IMF, *Financial intelligence units: an overview*, Washington, D.C. : International, Monetary Fund, Legal Dept., Monetary and Financial Systems Dept. : World Bank, Financial Market Integrity Div., 2004, available: <https://www.imf.org/external/pubs/ft/FIU/fiu.pdf> ;
13. NBM Regulation on bank's activity regarding prevention and combat of money laundering and terrorist financing, approved by the DCA of the NBM, No. 172 of August 4, 2011, as amended;
14. NCFM Decision approving the Recommendations on Risk Based Approach of clients by reporting entities to prevent and combat money laundering and terrorism financing no. 49/17 of 09.10.2014, as amended;
15. NCFM Decision on the approval of the Regulation on prevention measures and combating money laundering and terrorist financing on the non-banking financial market no. 49/14 of 21.10.2011, as amended;
16. *OECD Action Plan on Base Erosion and Profit Shifting*, OECD Publishing. 2013, available: <http://dx.doi.org/10.1787/9789264202719-en> ;
17. *Parliament of the Republic of Moldova Law on prevention and combat of money laundering and terrorism financing no.308 of 22.12.2017*, as amended;
18. SCHOTT, PAUL ALLAN, *Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism*, Washington: World Bank and International Monetary Fund, 2003.
19. TOBIAS, ADRIAN, ASHCRAFT, ADAM B., "Shadow banking: A review of the literature." In *Banking Crises*, Palgrave Macmillan UK, 2016;

8. Course assignments

Explanation: Please provide two assignments for the course (e.g. group work, project, essay, case study, homework).

8.1 Assignment 1

Find a tender or public acquisition announce on a public website. Analyse the past tenders. Than select one big tender (in terms of amounts) and analyse it from the point of view requirements, participants, merchandise, conditions, prices. The scope of the work is an investigation of the transparency and fairness of the conditions of the tender: if there were no affiliations, if the price was real according to the market in the respective period, etc.

8.2 Assignment 2

Elaborate a comparative analysis (at least 2 countries) of a legislation or a strategy in the field of public financial control. The analysis shall contain the comparison with one Moldovan document, for example: *Law no.202/2010 on public internal financial control* or *Government Decision on the organization of financial inspection activity no.1026 of 02.11.2010* or *Government Decision No. 124/2018 regarding the approval of the Development Program public internal financial control for the years 2018-2020 and the Action Plan for its implementation* or *The Ministry Of Finance Order No. 105/2013 on the approval of the Methodological Norms internal audit in the public sector* or *Law no.260/2017 on organization and functioning of the court of accounts of the Republic of Moldova*.

Annex: Presentation slides

Explanation: Please provide presentation slides for your course (this can be done in a separate document, e.g. Power Point (Minimum: 25 slides))

The presentation slides are attached separately.