Greece-OECD Project:
Technical Support on Anti-Corruption

Verifying Asset Declarations in Greece: Guidelines for Standard Procedures of Oversight Bodies

This document is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

About the OECD

The OECD is a forum in which governments compare and exchange policy experiences, identify good practices in light of emerging challenges, and promote decisions and recommendation to produce better policies for better lives. The OECD's mission is to promote policies that improve economic and social well-being of people around the world. For further information, please see www.oecd.org.

About the Greece-OECD Project

The Greek government is prioritising the fight against corruption and bribery and, with the assistance of the European institutions, is committed to taking immediate action. Under the responsibility of the General Secretariat Against Corruption, Greece's National Anti-Corruption Action Plan (NACAP) identifies key areas of reform and provides for a detailed action plan towards strengthening integrity and fighting corruption and bribery. The OECD, together with Greece and the European Commission, has developed support activities for implementing the NACAP. This project is scheduled for completion in 2018 and is co-funded by the European Commission and Greece. For further information, please see the project webpage.

ΓΕΝΙΚΗ ΓΡΑΜΜΑΤΕΙΑ ΓΙΑ ΤΗΝ
ΚΑΤΑΠΟΛΕΜΗΣΗ ΤΗΣ ΔΙΑΦΘΟΡΑΣ

Table of contents

1. Introduction

In Greece, there are **four**[1] main oversight bodies for verifying asset declarations:

- Independent Committee of Article 3A of Law 3213/2003 (3A-Committee)
- Financial Intelligence Unit: Unit C (FIU)
- General Inspector of Public Administration (GIPA)
- Directorate of Internal Affairs of the Hellenic Police (DIAHP)

In addition, other oversight bodies can verify an asset declaration on an ad hoc base, for example when they receive a complaint or if an internal procedure raises questions in which an asset declaration is relevant. These bodies are in particular the following: Inspectors Controllers Body of Public Administration, the Internal Affairs Directorate of the Ministry of Finance, and the Internal Affairs Directorate of the Independent Authority of Public Revenues.

As the asset declaration system has been undergoing reforms until 2016, there is no standard procedure yet defined, either on an individual basis for any of these oversight bodies, or as a uniform basis for all of them.

These guidelines aim to provide the basic standard steps and a template. Drafting a handbook would go beyond the scope of this activity: First, each oversight body has its own particularities (e.g. the 3A-Committee verifies all declarations, while all other oversight bodes have to prioritise from a large pool of declarations; the oversight bodies also differ in verification powers). Second, only practitioners from the oversight bodies know – and can agree on – what the individual steps are or should be in detail, going beyond the level of detail of this template.

The added value of standard procedures for each oversight body and/or uniformly for all such bodies would be as follows: They can ensure that institutional memory of what verification means in detail is documented in all steps, disregarding any fluctuation of staff. Documenting the standard steps can also facilitate awareness and coordination among the oversight bodies. Lastly, defined standard procedures can help defend inspectors against attacks in court, that verification targets public officials without defined criteria of selecting declarations up for audit and without defined steps of what verification means.

---

[1] Until recently, there were five main oversight bodies including the Internal Affairs Service of the Hellenic Coastguard. However, according to article 83 of Law 4504/2017 amending articles 1 and 3 of Law 3213/2003, the categories of declarants submitting their declarations to this Service up until today, are now submitting to Unit C' of the FIU (this applies to the civilian personnel of the Hellenic Coastguard) and to the Internal Affairs Directorate of the Hellenic Police (this applies to the military personnel of the Hellenic Coastguard).

2. Steps of verification

2.1 Overview/flow-chart

Formal check

Is all minimum information filled in? Does the information match the required format?

Software in e-declaration system ensures that only correct data can be entered.

Sample: 100 %

↓

Submission compliance

Did all public officials submit a declaration?

Lists of declarants are fed into e-declaration system, which flags all cases of non-submission.

Sample: 100 %

Plausibility check on the completeness of lists based on a random selection of data/lists.

↓

Arithmetic/logical check

Do the declared incoming financial flows support the outgoing financial flows of the public official? Does the declared data contain any other risks?

Risk criteria programmed into e-system automatically flag declarations for audit.

Sample: 100 %

↓

Audit

Did the public official declare all incoming and outgoing financial flows and all non-financial interests? Did the public official include all family members in his/her declaration?

Triggers: flagging under previous step; notifications by citizens, media, random selection.

Scope: depending on trigger (e.g. full audit in case of misbalance of income/expenditures)

Standard list of sources (state databases, internet, files, etc.)

Sample: > 5 %

↓

Closure/follow-up

Notification of prosecutors, bodies responsible for discipline, and other authorities

Documentation of verification procedure

2.2 Formal check

This step is mainly done by the e-declaration system. Pull-down menus and error-notifications ensure the following: Is the minimum number of fields filled out with relevant data? For example, there is a check of whether a social security number has a certain number of digits, and a check to ensure that the field for the registration number of a vehicle does not contain the date of purchase.

If there are still mistakes, despite the filters of the electronic system, the oversight body either corrects obvious mistakes and informs the public official, or requests the correct data from him/her. All corrections should be logged in the system (or on the declaration form, if submitted only on paper). These corrections may be relevant later on during an audit, as they might corroborate evidence that the declarant tried to "cheat".

2.3 Submission compliance

Submission compliance has four aspects:

1. The oversight body receives the **list** of declarants by February of each calendar year.[2] The data from the catalogues is fed into the e-declaration system. The e-declaration system flags all declarants who are in the catalogue but who have not submitted a declaration.
2. The oversight body checks whether the list of all public officials obliged to declare is **complete**. This can be done on a sample of catalogues or of the data contained within. To this end, the oversight body can check whether the number of public officials obliged to declare matches general employee statistics and whether the increase or decrease to previous years is plausible.
3. The oversight body also follows up on **notifications** from the media, citizens, etc. that a particular official did not submit a declaration.
4. **Disputes** with employing state bodies as to the capacity of the declarant are resolved by the competent oversight body, which issues a decision within one month after a request from the interested party or body, that is competent to submit a declarants' list.

2.4 Arithmetic and logical check

This step flags declarations that contain "suspicious" data. Bear in mind however, , that this step cannot identify all declarations that require an audit. Cases where the inexplicable wealth is well hidden can only be revealed by an audit done manually.

---

[2] Article 1 paragraph 3 and 4 of Law 3213/2003.

2.4.1 Arithmetic check

This sub-step targets the financial logic of declarations. It reviews whether the declared incoming financial flows support the outgoing financial flows of the public official. Putting all items as required declaring under the Greek system results in the following formula:[3]

Financial flows during declaration period (fiscal year)	
Incoming financial flow	**Outgoing financial flow**
Cash > € 15,000 at end of previous declaration period	Real estate > € 0
Banks and similar savings balance at end of previous declaration period	Movables > € 30,000
Income of all sources > € 0	Waterborne and airborne vessels and land vehicles > € 0
Proceeds from selling assets > € 0 (as part of "income of all sources")	Loans paid back > € 0
Loans received > € 0 (as part of "income of all sources")	Safe deposits and similar
	Minimum subsistence expenditures
	Cash > € 15,000 at end of (current) declaration period
	Banks and similar savings balance at end of (current) declaration period
= Subtotal incoming	= Subtotal outgoing

Declarants submitting to the 3A-Committee have two more positions to declare:

- Certain debts to public bodies > € 5,000 (taxes, penalties, etc.)
- Loan commitments to third parties > € 0

Both positions only look at the legal side of an obligation, but do not equal actual financial flows. On the contrary, a debt or an unpaid loan exists exactly because no or insufficient financial flows have occurred.

[3] See for further details on this formula in general: Tilman Hoppe/Council of Europe, *Practitioner manual on processing and analysing income and asset declarations of public officials*, 2013, page 29; Western Balkans *Recommendation on Disclosure of Finances and Interests by Public Officials* (2014), at No. E.10.

Terminology:

Financial flows	Asset declarations are mostly about income (e.g. salary) and expenditures (e.g. buying a car). However, loans are technically not income (because it has to be paid back), nor are savings an expenditure (because they are not "spent"). A larger term than income and expenditure is needed. Thus these guidelines use the term "incoming and outgoing financial flows".
Fiscal year/periods	One needs to compare incoming and outgoing financial flows from the same period. There is no point in saying: "This public official has bought a mansion before coming into office, but this purchase is not supported by his/her salary during office". One can choose any period. For annual declarations, this is the fiscal year. One can also check for the entire time in office, or the period from entering office during the first year (e.g. 7 July) the end of that first year (31 December).
Cash/savings	A public official can explain the purchase during a period, e.g. a car, with cash brought into the period ("I paid this car from my cash savings which I brought into office."). Cash/savings at the beginning of the period (=end of the previous period) thus counts as incoming cash flow. Cash/savings at the end of the period raise the question: "Where did the official get the money from to be able to make this kind of savings by the end of the period?" Cash/savings at the end of the period thus count as outgoing cash-flow.
Assets for free	If a public official receives a house for free, e.g. as a gift or inheritance from his/her parents, it is not "expenditure" or outgoing financial flow: The public official simply did not spend any money on this item. In other words: A public official does not need to explain where he/she got the money from for this item since it was received for free. Such items therefore do not count under outgoing financial flow, but are omitted (alternative solution: these items are counterbalanced by the equivalent amount of incoming cash flow).
Minimum subsistence	Public officials cannot only live from spending money on large assets. They have to buy clothing, food, transportation, etc. These expenditures are not included in declarations. However, they also need to be financed. Thus, the minimum expenditures necessary for every person of a household needs to be added on the outgoing side. To this end, the oversight body takes the respective values published each year by the [Statistical Authority – to be defined].

Misbalance	If the outgoing financial flows exceed the incoming financial flows, then there is an initial suspicion that the public official has undeclared sources of income which finance his/her excessive lifestyle. One should keep in mind for later legal procedures that any misbalance, even if only small, is reason for serious concern. It only shows the tip of the iceberg: The declaration system contains various value thresholds, which means that many expenditures will already be "under the radar" of the declarations. In other words, the declaration system already "allows" public officials to spend a lot more than they earn, without ever raising a red flag under the arithmetic check. For example, a public official can buy 10 sets of wide-screen TVs without having even to declare this under the current system (threshold of 30,000 € for valuable assets).

In the case where the declarant has **family members**, the formula is applied twice: for the declarant alone, as well as for all members of the "declared" family together.

2.4.2 Further risk criteria

A complete set of risk criteria that can be fed into an automated software system for detecting "suspicious" declarations is contained in the Annex.

2.5 Audit

2.5.1 Triggers

The following triggers an in-depth audit:

- Media reports on concrete suspicions;
- Substantiated complaints (open and anonymous);
- Declaration flagged by arithmetic and logical control;
- Random selection ("lottery") of a percentage of declarations each year (e.g. 5%). The lottery is conducted by software which randomly chooses a percentage of declarants. The algorithm of selection should be documented as well as the date and supervision of the lottery (serving as evidence in court should declarants challenge their selection for audit based on the wrong assumption they have been unfairly targeted for example for political reasons). The random selection can be done once all declarations under arithmetic and logical control are flagged and their number is known. This allows for adapting the number of randomly selected declarations to the overall workload. However, there is always a minimum percentage of randomly selected declarations > 0 %.

2.5.2 Scope

The audit looks into the entire financial situation of a declarant in the following cases:

- Arithmetic misbalance of incoming and outgoing financial flows;
- Similar general misbalances under the risk criteria No. […] contained in the Annex;
- Random selection of declaration.

The scope of audit is up to the discretion of the inspector in all other cases, starting off with any suspicious item and possibly expanding into a full review of the entire financial situation of the declarant.

2.5.3 Coordination

In case the declarant has to submit the declaration to more than one oversight body: The oversight body notifies the other oversight body/ies of any audit started in order to avoid duplication.

2.5.4 Standard databases

Minimum standard list of databases to be consulted for each audit (this list is standard, and will need to be adapted, as the actual list will differ for each oversight body, depending on their access):

- State databases
  - Tax authority (income and expenditures)
  - Motor vehicles registry (cars)
  - Land registry (real estate)
  - Civil registry (family connections, registered residencies)
  - Business registry (businesses)
  - Company registry (businesses in the form of a company)
  - Register of bank accounts (undeclared accounts)
  - Patents and licenses registry (revenue from intellectual property)
  - Financial Intelligence Unit (financial transactions relevant under anti-money laundering legislation)
  - Party finance databases (donations to political parties)
  - Foreign public databases (all above databases regarding income and expenditure abroad)
  - [to be adapted/completed – differs for all oversight bodies depending on their access]

- Open sources
  - Internet (e.g. media reports on the public official's private business)
  - Social media (e.g. pictures of the public official's assets)
  - Google Earth and Google maps (pictures and location of real estate)

Additional sources to be consulted on a case-by-case basis:

- Public files
  - Court records, for example on any financially relevant matter (inheritances, divorces, business disputes, etc.)
- Private databases
  - Commercial providers of information on businesses or debts
  - Commercial providers of real estate or car values
- Open sources
  - Buying/selling platforms (market values for assets sold)
- On-site observations (for example regarding a suspiciously low declared value of a house)
- Compulsory measures by other authorities: Inexplicable income almost always entails the criminal offences of money laundering and/or tax evasion. Based on suspicious initial evidence the oversight body should notify one of the following law enforcement authorities which each can use additional compulsory and secret measures of obtaining evidence: Tax police or other police unit; General Prosecutor; Security service; Financial Intelligence Unit.
- Others

2.5.5 Hidden wealth

Step 1

To detect hidden wealth, an audit works under the assumption that the public official did not declare all incoming and outgoing financial flows. Thus, it "simply" asks the following question: Where could financial transactions regarding the public official have left traces?

Step 2

In case the oversight body detects undeclared incoming or outgoing financial flows, it needs to apply the financial formula based on the real/full data (see above 0).

2.5.6 Conflicts of interest

There are two basic types of conflict of interest:

- Incompatibilities (a public official is not allowed to exercise a private profession)

- Situational conflicts (a public official is in a situation where he/she can decide on a matter that affects a family member)

The analysis of data as done for the financial check by and large also reveals hidden **incompatibilities**: This concerns in particular income from secondary jobs. The oversight body can also detect undeclared memberships in associations that influence public policy by searching the internet either for membership lists or from secondary information (e.g. such as a press release or a report on an event of the association mentioning a membership of the public official).

Regarding the oversight on **situational conflicts** of interest, the body responsible for the general discipline of the declarant is responsible.

2.5.7 Information on family members

Once oversight bodies conduct an audit of a public official's declaration, they should check with the civil registry whether the public official declared all family members (spouses and minor children).

3. Closing the verification

There are two possible outcomes of the verification: The verification has shown an irregularity (undeclared data, misbalance of income and expenditure) or not.

3.1 Transfer of cases

In the case of an irregularity, the case is transferred as follows:

- To the authority in charge of administering sanctions in this case:
    - Public prosecutor (all sanctions under Articles 3B(6), 6(2), 6(3), 6(4), 6(5), 7, 8(3), of Law 3213/2003);
    - Entity in charge of the discipline of the declarant (Human resource office of employer and similar).
- To all authorities with further interest in following up on the case:
    - Tax authorities – for tax evasion;
    - Prosecutors – for any crime related to undeclared wealth, such as bribery, money-laundering, or embezzlement;
    - FIU – for the money laundering aspect of the undeclared financial flows.

3.2 Documentation

Should there be no irregularity or should the oversight body be unable to sufficiently prove an irregularity and has exhausted all means including cooperation with law enforcement authorities, it closes the case and documents this decision in writing. Using a standard template, all sources consulted are documented – this helps to see in subsequent cases concerning the same declarant whether the "new" allegations are in fact new or have already been addressed by the previous audit.

4. Annex: Draft risk criteria

4.1 Internal coherence of declaration

4.1.1 Financial criteria

4.1.1.1 Numerical thresholds

The following criteria are met, once a numerical threshold is exceeded. Absolute monetary thresholds:

- Cash above a total of XX €
- Savings above a total of XX €
- Real estate above a total value of XX €
- Real estate value below XX € / square meter (implausibly low value)
- Total value of all vehicles combined more than XX €
- Foreign income above a total of XX € per year
- Foreign bank accounts above a total balance of XX €
- All gifts combined above a total of XX € or one gift above XX €
- Loans to third parties above a total of XX €
- Loans to foreign parties above a total of XX €

- Absolute number thresholds
    - Number of real estate items more than XX
    - Number of vehicles more than XX
    - Number of other movables more than XX
- Absolute size thresholds
    - Real estate larger than XX square meters

Above thresholds could be sequenced, for example by about three levels of public officials to reflect the differing income and wealth levels. (The term “public official” is used here synonymously with “declarant”, including those without formal status as public official.)

4.1.1.2 Financial relation between declared items

This threshold relates items of incoming financial flows to items of outgoing financial flows:

- Any asset acquired above annual salary (or above XX % of annual salary) – family member and/or public official
- Any asset above "initial savings + income in office" (initial = beginning of period/year) – family member and/or public official
- Current savings above "initial savings + income in office/as declarant" (public official)
- Current savings above "initial savings + salary received" (family member)
- Current savings of family members are greater than 90% of "family + public official"
- Loans granted to third parties above "initial savings + income in office"
- Gifts to public official > annual salary of public official
- Gifts to family member > annual salary of family member or public official
- Savings of family member > XX times the family member's annual income
- Income from public official's business > income as public official
- Income from family member's business > income as public official

4.1.1.3 Relation to reference values

- Income from public official's business is XX % higher than average public service income
- Vehicle purchase price is XX % lower than reference values (brands, age, etc. – requires regular updates with data)
- Real estate value XX % below reference values (reference values as per zip-codes, clusters of zip-codes)

4.1.1.4 Balancing incoming/outgoing flows

Under these rules, all incoming and outgoing financial flows are balanced in relation to a specific period:

- Current year: Do incoming and outgoing financial flows for the fiscal year balance?
- Sub-annual (year of coming into office): Do incoming and outgoing financial flows balance from the time of coming into office until the end of the year?
- Sub-annual related to the purchase date of movable or real estate: Was already enough accrued income (+savings) available at the time of purchase, or only by the end of the year? Declarations are somewhat deceiving; a car purchase might

be explained only by including the income from December, but might have been bought in January of the (previous/declared) fiscal year.

All the above rules should be applied separately for the public official, for each family member (if possible separately), and for the entire family. Strictly speaking, one always needs more than one declaration to balance the financial flows: The financial baseline for the beginning of the period generally comes from a previous declaration. Therefore, the coherence is not only about one declaration and is not only "internal". However, as the balancing is done only for the current period in question (usually previous fiscal year), it is listed here in the section for "internal coherence".

4.1.2 Non-financial criteria

4.1.2.1 Empty fields

It can be suspicious if a declarant does not insert data in certain fields, in particular:

- Family members exist, but there is no information for family members' income or assets or it is all set at zero
- Assets with value "unknown"
- New movables without purchase price
- Savings/bank deposits empty or zero
- Income empty or zero

4.1.2.2 Non-empty fields

Certain kinds of income and assets are to some degree suspicious in and of itself:

- Real estate abroad
- Bank accounts abroad
- Income abroad
- Business/companies abroad
- Airplanes (domestic and/or abroad)
- Ships (domestic and/or abroad)
- Co-ownership of assets with legal entities or foreign natural persons

4.1.2.3 Logical relation between items

This threshold detects combinations of fields that in reality can usually not work:

- Real estate "garage" + vehicle "empty"
- Income from business, but no ownership of business
- Second income, but lack of data on employer

- Real estate owned but not at registered place

4.1.2.4 Key words

Certain key words flag patterns of fabricating legal income ("I found the money on the street"):

- Casino winning
- Lottery
- Find
- Income from certain forms of businesses with little registration/documentation known to be only facades (depending on Greece's regulations: farming, harvesting wild plants, fishing, etc.)
- Certain luxury brand names (e.g. Porsche, Patek Philippe, etc.)

4.2 External coherence with previous declarations

4.2.1 "Jump" in income

- More than XX % increase in annual income

4.2.2 Patterns of income

- More than XX years in a row or within a total of XX years receipt of monetary gifts or similar "income for free" (casino/lottery winning, etc.) above XX €

4.2.3 "Jump" in assets

- More than XX of new asset items (one rule for each asset category – real estate, vehicles, etc.)

4.2.4 Selling assets

- An asset disappears without relevant income for selling it
- Parameters for assets change more than XX % (e.g. size of real estate is indicated as 200 square meters in 2016, and as 350 square meters in 2017)
- Real estate sells for XX % more per year possessed than it was purchased (for example: 10 % per year; if owned 3 years, the maximum selling price is 30 %)
- Vehicle sells for same or more than it was purchased
- Other movable sells for XX % more per year in possession than it was purchased (for example: 10 % per year; if owned 3 years, maximum selling price: 30 %)
- Asset deals with family members (as it is easy to collude with them on false purchase prices)

4.2.5 Drop in wealth

- Total amount of savings drops by at least XX % and at least XX € while at the same time the value of all other assets and loans granted to third parties remains the same (or with only little deviation)

4.2.6 Balancing incoming/outgoing flows

- Do incoming and outgoing financial flows balance over the duration of several years (separately for the public official and for the entire family)? This rule needs to apply only once for all declarations of past years which have not yet been checked under the above section 2.1.3

4.3 Additional considerations

4.3.1 Non-ambiguity of data

The electronic database needs to contain data that software can read in a non-ambiguous way. Pull-down menus that prohibit declarants from using various formats of numbers or descriptive information support such clear data.

4.3.2 Composite criteria or stand-alone?

Most risk criteria could trigger a stand-alone audit. It is also possible to define some risks as only being minor. In this case, each risk gets a number of points. Once two or more risks earn points above a certain threshold and an audit is triggered.

4.3.3 Confidentiality of rules

Risk criteria should be confidential. A shrewd declarant should not be enabled to use the criteria to work his/her way around them. In this regard, one needs to review whether under the freedom of information laws citizens would be entitled to request the risk criteria, and, if so, what could be done to prevent this. All this aside, oversight bodies could for transparency purposes, communicate to the public an abstract of the rules that would not allow others to deduce any of the concrete criteria.

4.3.4 Criteria through automated access to electronic databases

The above list of criteria can be expanded upon once the declaration database is automatically linked with other databases. In this case, any discrepancy between the declared data and the data registered outside that, goes beyond a *de minimes* threshold and should trigger an audit/count.

4.3.5 Level of workable number of declarations

A draft set of risk criteria should be test run on the electronic system to see how many declarations are flagged by the rules. If necessary, some of the thresholds can be lowered or raised manually to adapt the number of flagged declarations down/up to an appropriate, workable level.

4.3.6 Follow-up: scope of audit

Some rules could trigger a full audit, and some only a preliminary audit with a narrower scope (see 2.5.2 above). For example, a misbalance of income and expenditures usually requires a full audit, whereas an empty field for "income" may be explained through a preliminary audit focusing on the income.

oecd.org/corruption

OECD