



FIC Annual Report 2015/16



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The Financial Intelligence Centre Annual Report 2016

This is the Financial Intelligence Centre's Annual Report and Financial Statements for the financial year ended 31 March 2015/16, prepared pursuant to section 15 of the Financial Intelligence Act, 2012, as amended
(Act No. 13 of 2012)

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ABBREVIATIONS AND ACRONYMS

AML/CFT/CPF	Anti-Money Laundering/Combating the Financing of Terrorism/Combating Proliferation Financing activities
AMLCFTCOF Council	Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Council. The Government of the Republic of Namibia's main Policy Advisory Body on Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation of Weapons of Mass Destruction matters, also known as the Council.
Egmont	Known as the Egmont Group of Financial Intelligence Units, to which State Membership is compulsory as mandated by applicable UN Conventions UN Security Council Chapter VII Resolutions and Financial Action Task Force Recommendation 29. The Egmont Group of Financial Intelligence Units meet regularly to find ways to promote the development of Financial Intelligence Units globally and to cooperate, especially in the areas of information exchange, training and the sharing of expertise on matters involving Money Laundering, Terrorism Financing and Proliferation.
ESAAMLG	Eastern and Southern African Anti Money Laundering Group, of which the Government of the Republic of Namibia is a founding Member.
FATF	Financial Action Task Force, which is an inter-governmental technical and policy making body with a ministerial mandate, led by an annual rotating presidency held by member jurisdictions. Namibia is a member of the Financial Action Task Force by virtue of her membership to the Eastern and Southern African Anti-Money Laundering Group, which in turn is an Associate Member of the Financial Action Task Force. The Financial Action Task Force's activities amongst others are governed by its members at Plenary Meetings that take decisions based on consensus. Its current mandate was set by Ministers in April 2012 and expires in December 2020. The Financial Action Task Force's mandate as the standard setter to counter money laundering, terrorism financing and proliferation, is cemented in applicable UN Conventions, UN Security Council Resolutions and important decisions of the UN Security Council.
FIA	Financial Intelligence Act, 2012 (Act No 13 of 2012) as amended. Also referred to as The Act
FIC	Financial Intelligence Centre, herein also referred to as the FIC.
FIU	Financial Intelligence Unit: Globally, all countries are mandated by applicable UN Conventions to establish a Financial Intelligence Unit that serves as a National Centre for: (a) the receipt and analysis of: (i) suspicious transaction reports; and (ii) other information relevant to money laundering, associated predicate offences, financing of terrorism and proliferation, and for the dissemination of the results of that analysis to Law Enforcement Agencies, foreign Financial Intelligence Units and competent authorities; and (b) Monitoring and Supervision of compliance with the countries Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation preventative laws by Financial Institutions, Non-Banking Financial Institutions and Designated Non-Financial Businesses and Professions. Financial Action Task Force Recommendation 29 determines that: a) countries should ensure that the FIU has regard to the Egmont Group Statement of Purpose and its Principles for Information Exchange Between Financial Intelligence Units for Money Laundering, Financing of Terrorism and Proliferation Cases (these documents set out important guidance concerning the role and functions of FIUs, and the mechanisms for exchanging information between FIUs); and b) FIU should apply for membership in the Egmont Group.
ML	Money Laundering
PACOTPAA	The Prevention and Combating of Terrorism and Proliferation Activities Act, 2014 (Act No 4 of 2014)
PF	Proliferation Financing
POCA	The Prevention of Organised Crime Act, 2004 (Act No. 29 of 2004) as amended;
TF	Terrorist Financing
UN	United Nations
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution



PART A:

INTRODUCTION AND GENERAL INFORMATION

FOREWORD BY THE MINISTER

The Ministry of Finance leads Government's efforts to ensure an operationally sound, stable and reliable financial system in lieu of applicable National Policies, National Laws and international obligations deriving from International Treaties and Protocols which Namibia ratified.

The Ministry remains resolute in its strive to attain important national goals articulated in Vision 2030, NDP 4 and milestones set out in the Harambee Prosperity Plan. To this end the Ministry meticulously ensure that Namibia's National Financial System maintains the highest level of integrity and stability and is at all times protected and safeguarded from domestic, regional and international criminal threats and risks of Money Laundering (ML), Financing of Terrorism (TF) and Proliferation (PF) activities.

The global rise in ML/TF and PF activities during the last two decades has presented new challenges in the conduct of business and economic activities. Namibia, like all other countries, is faced with these challenges, which, if not addressed, have the potential to derail economic growth and development and the attainment of national goals and objectives.

The Financial Intelligence Centre (FIC) is the national centre statutorily mandated to coordinate and work with relevant bodies and institutions to prevent and combat Money Laundering (ML), Financing of Terrorism (TF) and Proliferation (PF) activities.

Since its inception in October 2006, the FIC has steadily build capacity to enable execution of its statutory mandate. In so doing, the FIC has played its role in the enhancement of Namibia's financial system by, amongst others, contributing to:

- a. safeguarding of the integrity of the financial system;
- b. national and international confidence in Namibia's financial system; and
- c. effective compliance with relevant international Conventions, Treaties and Protocols.

The Ministry of Finance and the FIC, in collaboration with Law Enforcement Agencies nationally and Financial Intelligence Units internationally, play a critical role in keeping Namibia, her citizens and the world safe from the scourge of organized crimes. We take this responsibility seriously and will at all times ensure that everything we do is focused on serving Namibia's national interests first and foremost. We remain resilient in our commitment to prevent the abuse of our national financial system and infrastructure for ML/TF/PF purposes and vow to keep those who violate the laws of the Republic of Namibia in this regard, fully accountable.

This report, a first of its kind by the FIC, highlights the FIC's contributions and challenges in its quest to ensuring that relevant stakeholders play their part in the creation and maintenance of a sound and reliable financial system in Namibia.

Hon. C. Schlettwein
Minister of Finance



CHAIRMAN'S OVERVIEW

The FIC has grown in leaps and bounds since its creation on 13 October 2006. Under the flagship of the Bank of Namibia and the Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Council (the Council), it grew from being an operationally dependent department of the Bank, to a fully fledged, operationally independent, stand alone National Institution, receiving minimal administrative support from the Bank of Namibia.

In its journey of transformation, the Bank of Namibia as Chairperson of the Council, remained committed to optimally assist Government in ensuring the Republic of Namibia maintains a Financial Intelligence Unit, which strives to be amongst the world's leaders in Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation prevention and combating efforts. In this regard, the Republic of Namibia remains amongst the first countries in the world conducted a National Anti-Money Laundering and Combating the Financing of Terrorism Risk and Threat Assessment and used results therefrom, to align its National Policies, Laws, Prevention and Combating Frameworks to optimally address risks identified.

In pursuit of its objective to contribute to a stable financial system marked by unquestionable integrity, the Council and FIC ensures the involvement of competent authorities, regulated industries, the usage of a wide range of reliable information sources and the usage of assessments of risks and threats, as a basis for the development and prioritization of national Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation Policies, Laws and Implementation Frameworks, in a coordinated manner, focused on mitigating risks. This report thus documents the Council and FIC's efforts in coordinating the activities of the various persons, bodies or institutions involved in the prevention and combating of ML/TF/PF.

This report comes at a time when Namibia is preparing for her second AML/CFT/CPF mutual evaluation, by the Financial Action Task Force (FATF) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), which is a follow up on Namibia's 2005 evaluation. The evaluation will present an integrated analysis of the extent to which Namibia is compliant with applicable UN and AU Conventions, UN Security Council Resolutions, SADC Protocols and the FATF International Standards on Combating ML/TF/PF and the effectiveness in maintaining a financial system that is agile to risks posed by ML, TF and PF. The evaluation of this nature is amongst the most reliable and preferred methodologies, outlining the extent to which the Council and the FIC have been successful in executing the statutory mandate to effectively mitigate ML/TF/PF risks. This report therefore not only serves to present various stakeholders with an insight on efforts undertaken by Council and the FIC to enhance financial stability, but also to demonstrate cost benefit for the greater public good. The natural consequences of these strategic and operational efforts demonstrates Namibia's compliance with applicable UN and AU Conventions, UN Security Council Resolutions, SADC Protocols and the FATF Standards, as evaluated periodically.

The achievements noted in this report would not have been possible without the invaluable contributions of our staff and stakeholders. I wholeheartedly acknowledge the commitment and dedication of FIC staff members towards their work and their endeavour to deliver outstanding service to the nation. My profound gratitude also goes to the Council members who have tirelessly given strategic direction and oversight towards attaining national AML/CFT/CPF objectives. I also recognise the support of stakeholders who equally contributed a great deal towards realising the strategic goals of the FIC since its inception.

Lastly, I am looking forward to the continued dedication and support of Council, strategic partner Agencies, the regulated Populace, members of the Public, relevant stakeholders and FIC Staff towards effective protection of the citizenry, and the National and Global Financial Systems from criminal abuse and the harms caused by organized crime, terrorist and proliferation activities.

lipumbu Shiimi

Chairman: Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Council



DIRECTOR'S REPORT

Since the inception of the FIC, the Office of the Director endeavoured to ensure its commitment in the AML/CFT/CPF arena at national, regional and international level. In particular, the office of the Director set the FIC's:

vision as:

A stable National and Global Financial System, demonstrating zero tolerance to criminal abuse

with its mission as:

- timely discovery of ML/TF/PF threats and risks;
- availing an understanding of identified ML/TF/PF threats and risks;
- pro-actively responding to identified ML/TF/PF threats and risks; and
- effectively monitor and supervise the FIA regulated populace.

Nationally, the Director's office ensured that regular activity reports are availed to the Chairperson of the Council and the Minister of Finance on the execution of its vision, mission and statutory mandate. In particular, the Director ensured that:

- a) Namibia's National AML/CFT/CPF regime is aligned to enable the country to fully comply with international AML/CFT/CPF obligations, standards and best practices derived from applicable UN and AU Conventions, UN Security Council Resolutions, the FATF International Standards on Combating ML/TF/PF and certain SADC Protocols; and
- b) a large majority of the FIC's intelligence reports and supervisory activities are aligned with the 2012 National Risk Assessment and the 2015 National Self-Assessment results². The Director further ensured that work commenced to update the 2012 National ML/TF/PF Risk Assessment to avail assurance that ML/TF/PF Risk Identification and Resource Allocation remains relevant and aligned to the expectations in line with FATF Recommendations and its Immediate Outcomes. As such, Team FIC is proud to have enhanced the FIC's Analyses and Regulatory functions to the adopted a risk based approach.

Over the years, the FIC's continuous engagement with relevant stakeholders ensured that high turn-overs are recorded in the recovery of potential proceeds of crime. Despite high turn-overs noted, the majority of reports received by the FIC, remain not analyzed and not investigated as a result of limited human capital. Additionally, continuous engagements ensured that the regulatory footprint is significantly widened with around 1,500 institutions currently subjected to Regulatory Monitoring and Supervision³. This number represents about 10% of the entire FIA regulated populace which must be subjected to Regulatory Monitoring and Supervision. Again, this is attributed to severe human resource limitations as well as certain Government Moratoriums.

Regionally, the FIC along with relevant national stakeholders, continue to participate in ESAAMLG⁴ operations such as Working Group and Plenary meetings on an ongoing basis. This participation primarily includes availing Technical, Advisory and Capacity Building assistance to other jurisdictions to ensure their respective AML/CFT/CPF regimes conforms to international standards and best practices and that regional ML/TF/PF risks are identified, assessed and effectively mitigated.

Internationally, the FIC as a member is extensively involved in the activities of Egmont Group of Financial Intelligence Units to, amongst others, contribute to the achievement of Egmont objectives and acquire the necessary support that may enhance the FIC's operations. Additionally, the Director's office provides input at various FATF forums including the various Working Groups and Plenary sessions.

The Office of the Director also continuously represent the FIC at various platforms of International Financial Institutions such as the IMF and World Bank and strives to ensure that Namibia's voice is heard in the development and application of AML/CFT/CPF standards and best practices.

Despite the significant successes recorded over the past years as far as tactical and operational analyses pertaining to ML and TF are concerned, materialized international TF risk is bound to render the FIC's operations and focus areas continuously more

¹ Refers to the AML/CFT/CPF National Risk Assessment

² Refers to the National AML/CFT/CPF Self Assessment

³ Refers to AML/CFT/CPF Regulatory Monitoring and Supervision activities

⁴ ESAAMLG is a Financial Style Regional Body of the FATF.

challenging. Whilst traditionally perceived to be a low risk in lieu of Namibia's historical, political, economical and geographical mapping, the manifestation of the risk of international TF in particular and Terror Activities in general, Namibia is encouraged to have an Early Warning System forewarn through the sharing of operational and strategic intelligence with all stakeholders (nationally, regionally and internationally) to prevent the abuse of Namibia's Financial System, for purposes of funding acts of terror, and enable Namibia's Law Enforcement Agencies to be proactive activities.

The FIC remains committed to play it's part in maintaining Namibia's international reputation as a jurisdiction that has a stable financial system and demonstrates Zero Tolerance towards ML/TF/PF activities.

The growth of the FIC in leaps and bounds over the years can be mainly attributed to dedicated staff, the Council, the regulated Populace, partner Agencies and Ministerial support.

I would like to take this opportunity to thank all stakeholders for their immense contributed to making the FIC what it has become today. FIC remain committed to effectively contribute to Namibia's development by safeguarding and enhancing financial stability. We look forward to meeting the complex challenges that lie ahead and to develop effective strategies which will enable us to better meet the expectations of our Government, partner Agencies, the FIA regulated Populace and the Namibian Nation at large.

This is the FIC's first annual report since inception. In previous years, the FIC's annual report has been incorporated in the Bank of Namibia's annual report.

I hope you find this report explicit and informative.

Leonie Dunn
Director: FIC



BRIEF HISTORY: THE FIC SINCE INCEPTION

The FIC was created on 13 October 2007. At the time, it was a department housed within the Bank of Namibia (the Bank), as per the Financial Intelligence Act 2007 (Act No. 3 of 2007). A key milestone of the FIC was the repealing of the 2007 Act by Financial Intelligence Act 2012 (Act No. 13 of 2012) as amended. By virtue of the 2012 Act, Namibia's AML/CFT/CPF framework is fully aligned to international obligations, standards and best practices. The FIC attained its operational autonomy and independence and is currently a stand alone centre responsible for combating ML/TF/PF. The FIC continues to receive administrative support from the Bank of Namibia, but it is envisaged that it will gain administrative autonomy within the next two to three years.

This section presents key mile stones attained by the FIC since its inception:

Pre 2009 milestones

- In February 2006, the draft Financial Intelligence Bill was introduced to parliament for consideration;
- On 20 July 2007, the Financial Intelligence Bill was passed by Parliament and promulgated into the Financial Intelligence Act (FIA), Act No 3 of 2007;
- This Act empowered the Bank of Namibia (the Bank) to undertake Financial Intelligence Unit responsibilities as set out in the applicable UN Conventions and the FATF Recommendations. By virtue of this responsibility, a department called the Financial Intelligence Centre FIC ("FIC") was established within the Bank of Namibia on 13 October 2007.

2009

- On 05 May 2009, the Financial Intelligence Act 2007 (No. 3 of 2007) (FIA) came into force;
- On same date the Prevention of Organized Crime Act, 2004 (Act No. 29 of 2004) as amended, also became operational
- Memorandums of Understanding (MoUs) concluded with several national partner Agencies & global FIUs;
- Activated Suspicious Transaction Reporting (STR) by the FIA regulated Populace and the Public at large;
- Commenced with public awareness and training sessions across various industries;
- Commenced supervision and monitoring activities geared towards enhancing FIA compliance;
- The Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Council (the Council) commenced its operations and approved Namibia's National Strategy on AML/CFT for endorsement by Cabinet;
- Cabinet endorsed Namibia's National AML/CFT Strategy.

2010

- Commenced with implementation of Recommendations made by the World Bank and ESAAMLG in terms of Namibia's 2005 Mutual Evaluation;
- Namibia's draft Prevention and Combating of Terrorist Activities Bill completed and submitted to the Ministry of Safety & Security;
- The World Bank in 2010 delivered a Training on Financial Investigations and Analyses to FIC and Law Enforcement Agencies, which training was followed by a Training of Trainers in the same year;
- Held country wide AML/CFT awareness and trainings across various regulated industries;
- 90% of Legal practitioners submitted their AML compliance programs for review by the FIC;
- FIC launched Namibia's application for membership to the Egmont Group of Financial Intelligence Units.

2011

- In-depth, tailored training on FIA compliance availed to institutions whose products and services pose high ML and TF risks;
- The Council considered and approved the National Law Enforcement Action Plan aimed at strengthening the capacity and cooperation between various partner Agencies in Namibia to ensure effective and efficient investigations of ML and TF offences;
- The Council commissioned a national AML/CFT/CPF Risk and Threat Assessment;
- Namibia's draft Prevention and Combating of Terrorist Activities Bill tabled in Parliament;
- Namibia was subjected to a Targeted Review by the Financial Action Task Force due to slow progress made in implementing recommendations contained in the 2005 Mutual Evaluation Report.

2012

- Namibia agrees on an Action Plan with the FATF to address all outstanding recommendations in her 2005 ESAAMLG Mutual Evaluation Report by end 2014;
- The World Bank delivers training on how to assess Namibia's AML & CFT risks to Accountable and Supervisory bodies;
- Namibia executed its first National Money Laundering and Terrorist Financing Risk and Threat Assessment, in line with FATF recommendations with the assistance of the World Bank;
- Namibia was amongst the first three countries in the world that finalized a National AML/CFT/CPF Risk and Threat Assessment and whose Parliaments adopted an Action Plan to address identified ML/TF risks;
- Held compliance meetings with management of regulated institutions to share the risk-based approach for implementation;
- The FIC provided training, advice and guidance to the Governments of Angola, Botswana, Lesotho, Liberia, Uganda and Zambia on establishment and maintenance of robust AML/CFT regimes;
- The FIC aligned Namibia's National AML/CFT/CPF framework with the revised FATF 2012 recommendations by facilitating the enactment of the Financial Intelligence Act, 2012; (Act No. 13 of 2012);
- Parliament enacted the Financial Intelligence Act, 2012; (Act No. 13 of 2012), which repealed the 2007 Financial Intelligence Act;
- The Prevention and Combating of Terrorism Activities Act, 2012 was promulgated and became effective on 21 December 2012.

2013

- FIC supervised the implementation of the newly enacted Financial Intelligence Act, 2012 (Act No. 13 of 2012);
- FIC supervised the implementation of the newly enacted Prevention and Combating of Terrorism Activities Act, 2012;
- FIC ensured the attainment of all the goals on the 2012 FATF Action Plan.

2014

- FIC ensured full attainment of all goals on FATF Action Plan which resulted in Namibia's removal from FATF Targeted Review list of the International Corporation Review Group (ICRG);
- The FIC become a member of Egmont;
- The FIC commenced the process of facilitating and overseeing the completion of the approved Self Assessment Action Plan aimed at preparing Namibia for the second Mutual Evaluation scheduled to 2019/2020.

2015

In addition to progress made over the past years the FIC:

- Activated Suspicious Activity Reporting (SARs);
- Activated Electronic Funds Transfer Reporting (EFTs); and
- Activated International Funds Transfer Reporting (IFTs).



PART B:

GETTING TO KNOW THE FIC

1. LEGISLATIVE MANDATE OF THE FIC

1.1 Background

The Government of the Republic of Namibia, in line with National Policies and Strategies on combating:

- Organized Crime and Money Laundering;
- Terrorism and the Financing thereof; as well as
- Proliferation of Weapons of Mass Destruction,

Ratified and domesticated the following UN and AU Conventions as well as mandatory UN Security Council Resolutions issued under Chapter VII of the UN Charter:

- 1988 UN Convention against Illicit Traffic in Narcotic Drugs & Psychotropic Substances;
- 1999 UN International Convention on Suppression the Financing of Terrorism;
- 2000 UN Convention against Transnational Organized Crime;
- 2003 UN Convention against Corruption;
- 1973 UN Convention on the Prevention & Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents;
- 1979 UN International Convention Against Taking of Hostages;
- 1997 UN International Convention for the Suppression of Terrorist Bombings;
- 2005 UN International Convention for the Suppression of Acts of Nuclear Terrorism;
- 1999 OAU Convention on the Prevention and Combating of Terrorism; 1267 (1999);
- The Security Council Resolutions pursuant to 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida, and associated individuals, groups, undertakings and relevant entities;
- The Security Council Resolutions established pursuant to Security Council Resolution 1988 (2011) and all predecessor and/or subsequent resolutions;
- The Security Council Resolutions established pursuant to Security Council resolution 1718 (2006) and all predecessor and/or subsequent resolutions.

Given the global threat to international peace, stability and democracy presented by Transnational Organized Crime, Terrorism and Proliferation, Namibia along with other jurisdictions in the international community, has been called upon to demonstrate zero tolerance to such crimes by fully and effectively complying with the obligations derived from the above UN Conventions and Security Council Resolutions and do all that is necessary to prevent abuse of the domestic and international financial systems for purposes of such activities. Additionally, Governments globally committed themselves to be subjected to Peer Reviews led by the Financial Action Task Force and its Style Regional Bodies, to assess and publicly make known its level of technical and effective compliance with said obligations.

Government's AML/CFT/CPF Preventative and Combating Policies, Laws and Implementation Frameworks is therefore aligned to obligations contained in these Conventions and Security Council resolutions as embodied in the FATF Recommendations. The FATF recommendations in turn provide the technical and effectiveness framework within which jurisdictions, including Namibia, should combat ML/TF and PF activities.

The FIC under the Policy making Arm of the Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Council, is Government's main agency designated with the responsibility to coordinate Namibia's national efforts to prevent and combat Money Laundering, Terrorism Financing and Proliferation in collaboration with partner Agencies⁵, Government Offices, Ministries and Agencies.

⁵ Partner Agencies refers to all Competent Authorities defined by the Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended.

1.2 Objectives and functions of the FIC

The Act established the FIC as Namibia's National Centre responsible for:

- a. Identify, assess and understand national ML/TF/PF risks, threats and vulnerabilities and ensure that preventative and combating policies, laws, strategies and human capital are effectively aligned to address and mitigate identified risks, threats and vulnerabilities;
- b. develop AML/CFT/CPF policy and related matters for Council and Cabinet's consideration;
- c. coordinate all National AML/CFT/CPF preventative and combating efforts.
- d. preventing and combating Money Laundering, Financing of Terrorism, Proliferation and related activities in collaboration with partner Agencies, International FIUs, cooperating and supporting nations and organizations⁶;
- e. identifying the proceeds of unlawful activities, through the receipt and analyses of reports⁷, and disclosure of financial intelligence indicative of ML/TF/PF activities to partner Agencies and international FIUs;
- f. ML/TF/PF risk based FIA compliance monitoring and supervision of Accountable and Reporting Institutions designated under Schedules I and III of the Act;
- g. address identified non-compliance with the Act by imposing appropriate and dissuasive administrative sanctions⁸;
- h. continuously align Namibia's National AML/CFT/CPF policies, laws and implementation frameworks with international AML/CFT/CPF obligations, standards and best practices;
- i. maintain a national AML/CFT/CPF and ML/TF/PF statistical database;
- j. issue Early Warning Indicators to Government, partner Agencies and the FIA regulated Populace on ML/TF/PF Risks, Trends and Typologies;
- k. ensure meaningful balance between AML/CFT/CPF measures and the national and international Financial Inclusion Agenda;
- l. mitigate de-risking effectively;
- m. represent Namibia at national, regional and international AML/CFT/CPF forums; and
- n. avail administrative support to the Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Council.

The FIC's primary functions as per the Act are to:

- a. Process, analyse, interpret and retain information disclosed to and obtained by the FIC;
- b. Inform, advise, co-operate with and make its financial intelligence products available to partner Agencies, other relevant competent authorities and Foreign Financial Intelligence Units to disrupt ML/TF/PF activities;
- c. Monitor, Supervise and avail guidance to accountable and reporting institutions, supervisory bodies and individuals regarding their compliance with the Act;

⁶ Egmont Group of FIUs, FATF, ESAAMLG, Alliance for Financial Inclusion, World Bank, IMF, United Nations, the Global Forum, but to mention a few.

⁷ Suspicious Transaction Reports; Suspicious Activity Reports; Large Cash Transactions Reports; Electronic Funds Transfer Reports; Cross-Border Movement of Cash and Bearer Negotiable Instrument Reports; and Requests for Information from Law Enforcement Agencies and International FIUs.

⁸ All Administrative Action to be undertaken by the FIC to address identified FIA Non-Compliance by Accountable and Reporting Institutions as well as Supervisor Bodies are mandated by s. 56 of the FIA.

- d. Enforce compliance with the Act by affected institutions and by individuals and entities not regulated or supervised by a supervisory body, or where the supervisory body is unable to act;
- e. Implement a registration system for all affected institutions and individuals;
- f. Align Namibia's National AML/CFT/CPFT system with international obligations, standards and best practices;
- g. Overall, the Main Purpose of the FIC's Statutory Mandate is to assist in the protection of the stability and integrity of the national and international financial system against potential and actual criminal abuse.

1.3 The role of various bodies and institutions

Although the FIC is designated as the central AML/CFT/CPF agency on behalf of government, combating ML, TF and PF activities both nationally and internationally requires the input of various stakeholders such as Accountable and Reporting Institutions, Supervisory bodies, Law Enforcement agencies, Central Intelligence Agencies, the Judiciary etc. This section provides a brief presentation on the role such bodies play in concert with the FIC, to enhance Namibia's ML/TF/PF combating effort.

The Act requires all Accountable and Reporting Institutions as well as all businesses operative in Namibia to assist in ML/TF/PF prevention by reporting suspicious and unusual financial transactions, large cash transactions, international and domestic electronic funds transfers and cross-border movement of cash and bearer negotiable instruments, to the FIC. It further introduces a regulatory framework of compliance control measures requiring certain categories of businesses⁹ to take steps regarding:

- a. conducting ML/TF/PF risk and threat assessments on clients, products, services, delivery channels etc and ensure business relationships are managed as per risk categories identified;
- b. client identification (Know Your Customer) and (Know Your Customer's Customer) inclusive of beneficial ownership identification;
- c. transaction monitoring (ensuring that the client's established financial profile corresponds with transactional behaviour observed and understand all deviations to enable the conducting of enhanced due diligence where necessary);
- d. record keeping of the entire business relationship for a period of five years or longer if specifically so requested by competent authorities;
- e. the appointment of Compliance Officers at Managerial Level;
- f. the training of employees on how to ensure that institutional internal policies drive FIA compliance;
- g. the filing of various statutory reports with the FIC;
- h. ensure independent assurance is availed on institutional compliance effectiveness; and
- i. registration with and presentation of institutional compliance regimes to the FIC.

The Act assigns certain roles, responsibilities and powers to supervisory bodies to support the FIA objectives of preventing and combating ML/TF/PF, together with the FIC. Currently, Namibia only has one such designated body which assists the FIC in its Regulatory Monitoring and Supervisory capacity, namely NAMFISA. Institutions that do not fall under the supervision of NAMFISA, in terms of the Act are regarded as directly supervised by the FIC. As such, FIC directly regulates, monitors and supervises all Financial Institutions and Designated Non-Financial Businesses and Professions inclusive of Banks, Bureau

⁹ Defined as Accountable and Reporting Institutions listed in Schedule 1 and 3 of the Act



de Changes, Estate Agents, Law Firms, Stock Brokers, Auctioneers, Casinos, Gambling Houses, Jewellers, Motor Vehicle Dealers (new and second hand), Dealers in Precious Metals and Stones, Art Dealers, Totalisator Agencies, Accountants, Auditors but to mention a few and their self governing Boards such as the Namibia Stock Exchange, the Bankers Association of Namibia, the Law Society of Namibia, the Estate Agents Boards.

The 2015/16 update to Namibia's 2012 National AML/CFT/CPF Risk and Threat Assessment caused the addition of two industries to the FIA regulated Populace directly supervised by the FIC, to ensure identified threats and vulnerabilities are effectively assessed, addressed and mitigated.

Law Enforcement Agencies, closely work with the FIC to effectively combat ML/TF/PF activities through pro-active and re-active intelligence led investigations, prosecutions, asset identification, seizing, freezing and forfeitures (civil and criminal) by, amongst others:

- a. Sharing information spontaneously or upon request to initiate or enhance investigations, asset identification, seizing, freezing and forfeitures;
- b. Forming Law Enforcement Priority Case Task Forces to investigate strategic important ML/TF/PF cases; and
- c. Operating at a strategic level to enhance combating efforts and reduce relevant risks.

The mandate for corporations between FIC, local Law Enforcement Agencies, Competent Authorities and Foreign FIUs is provided for in the Act and no prohibition is placed on the type of information that can be accessed and shared, provided it is in pursuit of ML/TF/PF activities.

The Office of the Prosecutor General is an additional vital stakeholder as it is primarily tasked with prosecution of ML/TF/PF and related matters submitted to it by Law Enforcement and the FIC. It is also responsible for ensuring forfeiture of proceeds of crime using both criminal and civil routes.

It goes without saying that the outputs of the FIC (especially investigation support on related matters) are of little impact without the role of our Judiciary. The role of Namibia's courts in, amongst others, ensuring that criminals are denied access to their ill-gotten proceeds, or permanently prevent the funding of terrorist activities using illegal and legal sources, is paramount to the objectives of the FIC.



PART C:

OPERATIONS OF THE FIC

2. THE ORGANISATIONAL STRUCTURE OF THE FIC

The FIC reports to the Council, the Minister of Finance and Parliament, through its Director.

Overall, the FIC operations are segregated in the following four divisions:

- a. Office of the Director;
- b. Financial Investigations and Analysis Division;
- c. Legal, Policy and Enforcement Division; and
- d. Compliance Monitoring and Supervision Division.

The management of the divisions meet regularly as a management committee to oversee the effective performance of the organisation, share information and co-ordinate activities.

Below is a brief summary on the functions of the Council and each FIC division.

2.1. The Council

The functions of the Council are to –

- a. on the Minister's request or at its own initiative, advise the Minister on –
 - i. policies and measures to combat money laundering, financing of terrorism and proliferation activities; and
 - ii. the exercise by the Minister of the powers entrusted to the Minister under the Act;
- b. consult, when necessary, with the FIC, associations representing categories of accountable or reporting institutions, offices, ministries or government agencies, supervisory bodies, regulators and any other person, institution, body or association, as the Council may determine, before it takes a policy decision which may impact on such institutions;
- c. advise the FIC concerning the performance of its functions;
- d. consider and recommend the proposed budget of the FIC to the Minister for approval;
- e. consider and recommend the human and other resources required by the FIC to effectively carry out its functions in terms of the Act to the Minister for approval; and
- f. recommend to the Minister the appointment or removal of the Director.

2.2. Office of the Director

Primarily, the office of the Director is responsible for the FIC's execution of its statutory mandate, the functions outlined in paragraph 1.2 herein above and the FIC's overall management.

Broadly categorized, the Director:

- a. reports functionally and strategically to the Council and the Minister, whilst administratively reporting to the Governor of the Bank of Namibia in relation to administrative support availed by the Bank to the FIC as per the Act;
- b. avails relevant AML/CFT/CPF Policy advice and guidance to the Council, the Minister of Finance and other relevant Ministers, Ministries, Offices and Agencies;
- c. leads, develop and avail input to and represents Namibia at regional and international fora dealing with AML/CFT/CPF matters such as FATF, ESAAMLG, the Egmont Group of FIUs, World Bank, IMF, Alliance for Financial inclusion, ARINSA, SADC but to mention a few;

- d. coordinate Namibia's National AML/CFT/CPF Risk and Threat Assessments;
- e. coordinate Namibia's National AML/CFT/CPF Self-Assessments and FATF/ESAAMLG Mutual Evaluations;
- f. coordinate the alignment of Namibia's National AML/CFT/CPF Policy, Laws and Implementation Frameworks with international AML/CFT/CPF obligations, standards and best practice;
- g. sets the strategic direction of the FIC inclusive of its strategic roadmap, operational plans and operational activities;
- h. drive effective implementation of FIA by all stakeholders in public and private sector;
- i. manage national, regional and international AML/CFT/CPF stakeholder relationships;
- j. administratively penalize all identified FIA non-compliance; and
- k. manage FIC staff, financial and other resources and the overall administration of the FIC inclusive of planning, monitoring and evaluation of divisional operations within the FIC.

2.3. Compliance Monitoring and Supervision Division

This Division's primary responsibility is overseeing compliance with the Act by the FIA regulated Populace, using a risk-based¹⁰ approach.

In furthering this responsibility, the Division:

- a. coordinates the FIA Risk Based Monitoring and Supervision Framework that ensures effective and efficient oversight over the FIA regulated Populace by the AML/CFT/CPF Regulator (FIC and NAMFISA for NAMFISA regulated institutions);
- b. conducts compliance inspections on the FIA regulated Populace to assess the level of compliance with the Act;
- c. monitors and gives guidance to accountable and reporting institutions, supervisory bodies and other people regarding the performance of their obligations;
- d. refer any identified non-compliance for FIA Enforcement; and
- e. maintains a registration system for all accountable and reporting institutions.

2.4. Financial Investigations and Analysis Division

The Financial Investigations and Analysis Division (FIAD) executes the core FIU function through the:

- a. receipt and analyses of data which identifies proceeds of crime, predicate offences to money laundering, financing of terrorism, proliferation and related crimes; and
- b. the dissemination of intelligence products to partner Agencies and international FIUs to enable criminal investigations, prosecutions and asset forfeiture (criminal and civil).

The Division works closely with Law Enforcement Authorities, Intelligence Agencies, Inland Revenue Service and the private sector to combat crime, and provides support for investigations, prosecutions and asset forfeiture.

The Division's work also contributes to enhanced international co-operation and the availment of ML/TF/PF Risk and Threat Early Warning Indicators to prevent the abuse of the national and international financial system for ML/TF/PF purposes.

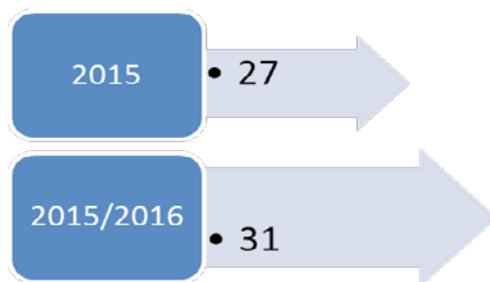
¹⁰ Risk Based Approach means that Accountable and Reporting Institutions are expected to identify, assess and understand ML/TF/PF risks to which they are exposed and deploy AML/CFT/CPF measures commensurate to identified risks in order to mitigate same effectively and efficiently. Risk Assessments of Clients, Products and Services provide the basis for risk-based application of AML/CFT/CPF measures. This requires an investment of resources and training in order to maintain an understanding of the ML/TF/PF risk faced by each institution and industry of the FIA regulated Populace.

2.5. Legal, Policy and Enforcement Division

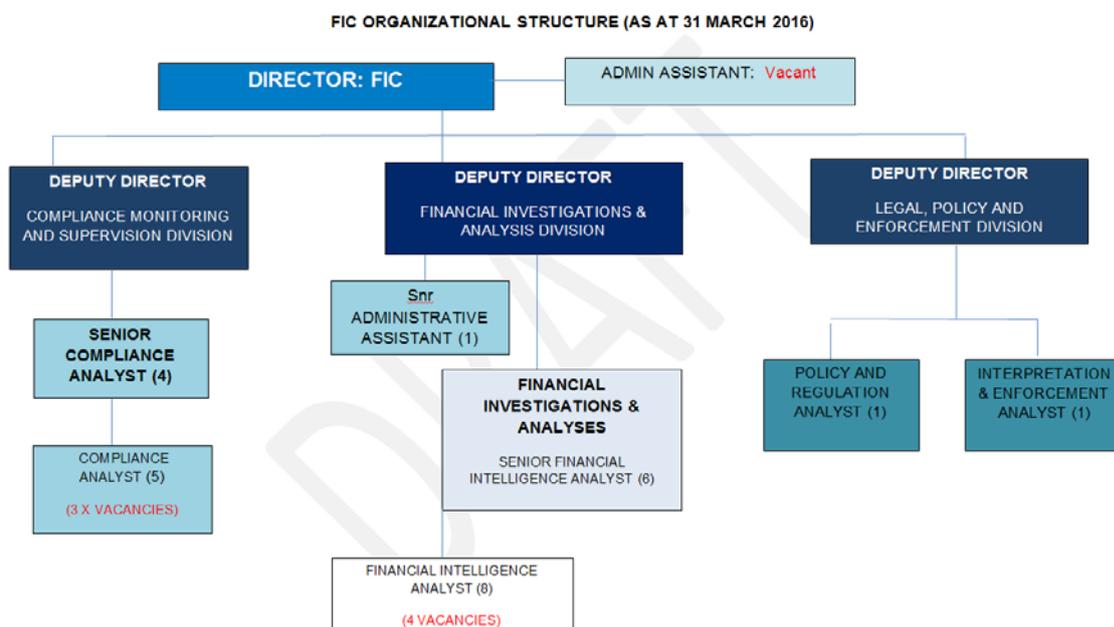
The Legal, Policy and Enforcement Division is responsible for:

- availing legal advise and guidance on interpretation of the provisions of the FIA;
- conducting the National AML/CFT/CPF Self-Assessment;
- conducting the national AML/CFT/CPF Risk and Threat Assessment;
- Conducting outreach, awareness and training on the FIA and its provisions;
- developing and issuing of guidance to the FIA regulated Populace to ensure effective compliance with FIA obligations;
- developing other formal communications to the regulated populace such as Circulars, Directives etc;
- proposing commensurate enforcement action to be taken by the Director of FIC to address and penalize identified FIA non-compliance; and
- developing AML/CFT/CPF Policies, laws and implementation frameworks under the FIC Director's guidance.

2.6. Total Staff Compliment



2.7 FIC Organizational Structure



2.8 ANTI- MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM AND PROLIFERATION COUNCIL (AML/CFTP Council) (AS AT 31 MARCH 2016)



Mr I Shiimi
Chairperson of the Council



Mr K Matomolo
CEO
(Namfisa)
Member



Ms E Angula
(The Law Society of Namibia)
Member



Mr J Kanjeke
Auditor General
(Public Accountant and Auditors
Board)
Member



Adv OM Imalwa
Prosecutor General
Member



Mr P Noa
Director
(ACC)
Member



Mr IVK Ndjoze
PS
(Ministry of Justice)
Member



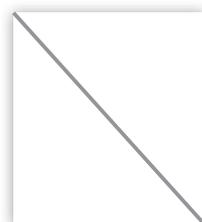
Commissioner (Rtd) T Kamati
PS
(Ministry of Safety and Security)
Member



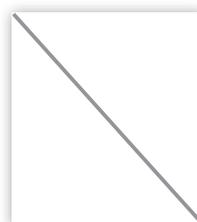
Ms E Shafudah
PS
(Min of Finance)
Member



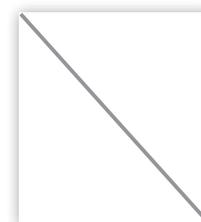
Insp. General SH Ndeitunga
(NAMPOL)
Member



Mr G Sinimbo
PS
(Ministry of Industrialization, Trade
and SME Development)
Member



Mr BK Likando
Director
(NCIS)
Member



Mr J Mumvuma
President
(Bankers Association of Namibia)
Member

3. GOVERNANCE

The FIC is an operationally independent and autonomous creature of statute established in terms of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended and operational as from 05 May 2009¹¹.

The wide definition availed to Public Enterprises under the Public Enterprises Governance Amendment Act, also causes the FIC to be regarded as a Public Enterprise by the Ministry of Public Enterprises, even though not yet formally designated as such.

3.1 Accounting authority

As far as Governance is concerned, the FIC has dual accounting authorities.

Firstly, the Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Council (the Council), to which the FIC functionally reports, is the FIC's main accounting authority.

The Council reports to the Minister of Finance on its FIA statutory mandate and is chaired by the Governor of the Bank of Namibia.

The Minister of Finance accounts to Parliament on behalf of the state on matters related to AML/CFT/CPF, the FIA and the FIC.

As the FIC as per section 7 of the FIA receives administrative support from the Bank of Namibia, it also reports to the Board of the Bank of Namibia on Human Resource, Finance and Administration, IT and related matters.

3.2 Supporting role of the Bank of Namibia

The FIC was created to administer the Act on behalf of the Ministry of Finance. The FIC relies on the Bank of Namibia for support and administrative services as per section 7(2) of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended. In the provision of administrative services, the administrative strategies, policies and procedures of the Bank are followed, to the extent that same are not contrary to the aims and objectives of the FIC

Amongst others, these administrative services include the following:

- a. Remuneration and other payments due to the FIC staff are dealt with in terms of the Bank's remuneration and other relevant policies and procedures;
- b. FIC staff are subjected to the performance management policies and procedures of the Bank;
- c. The FIC budget is submitted to the Bank's Budget Committee for recommendation before its submission to the AML/CFT/CPF Council;
- d. The Bank's Finance and Administration Department provides financial accounting services to the FIC (the books of account of the FIC are however separately audited from that of the Bank, by external auditors);
- e. The FIC is integrated in the management of the Bank's operations to an extent that:
 - The FIC is included in the Bank's business continuity and disaster recovery mechanisms, as per the Bank's policies; and
 - FIC staff serve on management and other committees of the Bank;

¹¹ The FIC was first established under the now repealed Financial Intelligence Act, 2007 (Act No. 3 of 2007) which at the time designated it as a department within the Bank of Namibia. In fulfilling international obligations which mandate that a country's Financial Intelligence Unit should be an operational autonomous and independent organization, the FIA 2007 was repealed in 2012, from which date the FIC no longer forms part of the Bank of Namibia operationally.

4. EXTERNAL STAKEHOLDER RELATIONS

The operational, legal and strategic alignment of the FIC facilitates a platform for stakeholder engagements in the creation and maintenance of a sound AML/CFT/CPF system. The following are indications of such alignment.

4.1. Involvement at AMLCFTPC Level

The FIC serves as a national central agency of a larger interagency financial enforcement wheel. The Act also reflects this concept and provides a built-in mechanism for stakeholder involvement by providing for the AMLCFTPF stakeholders to include:

- a. Ministry of Finance: Permanent Secretary;
- b. Ministry of Justice: Permanent Secretary;
- c. Ministry of SME Development, Trade and Industrialization: Permanent Secretary;
- d. The Namibia Financial Institutions Supervisory Authority: CEO;
- e. Ministry of Safety and Security: Permanent Secretary;
- f. The Anti-Corruption Commission (ACC): Director-General;
- g. The Namibian Central Intelligence Services (NCIS): Director;
- h. The Bankers Association of Namibia: President;
- i. Law Society of Namibia;
- j. Public Accountants and Auditors Board: Auditor General;
- k. Namibia Police: Inspector General;
- l. Prosecutor General.

4.2. Relationship with the regulated populace

This refers to the FIC's relationship with Accountable and Reporting Institutions that are, in terms of the Act, expected to conduct certain gate-keeping functions and implement certain measures to enhance compliance and reduce risks of ML/TF and PF. This is perhaps the most important relationship, but one which cannot effectively function without the other relationships.

On a risk exposure basis, the FIC initiates engagements with institutions for the sole purpose of enhancing their compliance with the Act. The FIC also has an open-door policy which creates a platform for institutions initiate engagements by, amongst others:

- a. Filing reports;
- b. Seeking training from the FIC; and
- c. Requesting guidance etc.

4.3. The FIC-Bankers Association of Namibia (BAN) partnership

As a key stakeholder, BAN has been identified by the FIC as a significant compliance partner with whom ideas are shared, consultations are made etc on enhancing compliance behaviour. There are scheduled and ad hoc bilateral meetings that deliberate on matters regarding FIA compliance and related issues.

4.4. The FIC-Regulator/Supervisor relationships

The engaging relationship the FIC has with supervisors, regulators etc provide a mechanism for the FIC to monitor the progress made by supervisory bodies in supervising Accountable and Reporting Institutions. This also allows supervisory bodies to share experiences relating to inspections and enforcement, and to harmonise approaches to supervision and enforcement. The same goes for regulators which includes relationships with Namibia Stock Exchange, Banking Supervision, Payment Systems, Law Society of Namibia, Public Accountants and Auditors Board, the Namibia Estate Agents Board, Exchange Control and Namibia Stock Exchange.



As a supervisory body, NAMFISA's relationship with the FIC is of both operational and strategic importance. The same importance can be attached to the FIC relationship with the regulators identified above. The regular institutional consultations, meetings, geared towards enhancing compliance and mitigating relevant risks in the relevant sectors is paramount.

4.5. International working relationships and engagements

The FIC has signed various Memoranda of Understanding (MOU's) with foreign counterparts i.e other FIU's worldwide and this helps in the speedy execution of duties and resolve matters under investigation, especially, cross border information sharing purposes.

Other platforms which contribute to international information sharing and engagements are the:

- Egmont Group of FIUs;
- ESAAMLG;
- FATF;
- World Bank;
- IMF; and
- Alliance for Financial Inclusion.

4.5.1 Australian Transaction Reports and Analysis Centre (AUSTRAC):

AUSTRAC, which is considered a leading FIU in the international community, remains a dependable partner of the FIC. Amongst others, this partnership has seen the former assist the FIC:

- lay the foundation for its compliance monitoring and supervision activities;
- enhance its strategic planning, regulatory and supervisory model in the earlier years; and
- enhance activities of the FIC's financial investigation and analysis function.

4.5.2 UNODC

The FIC has enjoyed a special relationship with the UNODC. The UNODC has been part of the FIC's formative years until date. It availed various human and technical capacity building assistance and still remains actively involved in capacitating Law Enforcement Agencies (NAMPOL; Office of the Prosecutor-General, Ministry of Finance: Directorates Customs & Excise and Inland Revenue) in Namibia to ensure the effective combating of Money Laundering, Terrorism Financing and Proliferation matters.

5. FIC OPERATIONAL ACTIVITIES

5.1 The Director's office

The operational activities of the three divisions of the FIC are geared towards delivering on the national, regional and international mandate of the FIC. The Office of the Director is primarily tasked with the organizational management and providing strategic direction to such operations. In so doing, the office has to ensure that the FIC operations have meaning and relevance to all national and international stakeholders. This section presents a high level summary of how the office of the Director worked with the various divisions in the FIC, since inception.

5.1.1 Providing strategic direction and enhancing organizational independence

The office of the Director has a responsibility to ensure the FIC remains operationally independent and autonomous, by:

- guiding the process of crafting the FIC's strategic direction, Key Performance Areas and milestones;
- working with relevant stakeholders to ensure the FIC is properly structured and resourced to fulfil its strategic goals and statutory mandate;
- working towards enhancing measures that provide a framework for the FIC to function as a model FIU;
- having the authority and capacity to carry out its (FIC) functions freely, including the autonomous decision to analyse, request and/or forward or disseminate specific information;
- being able to make arrangements or engage independently with local, other domestic competent authorities or foreign counterparts on the exchange of information; and
- being able to obtain and deploy the resources needed to carry out its functions, on an individual or routine basis, free from any undue political, government or industry influence or interference, which might compromise its operational independence.

By working closely with the FIAD, the Office of the Director ensures operations are primarily geared towards:

- ensuring the implementation of measures to enhance **effective information exchange with other FIUs and LEAs:** The Director's office seeks to continuously strengthen and improve information exchange with relevant stakeholders which includes efforts to increase effectiveness, promote cooperation, ensure the FIC maintains its ESAAMLG, FATF and Egmont membership etc; and
- **Facilitating adherence to international standards, developing and sharing expertise with other FIUs and related bodies:** The FIC aspires to develop its capability and to implement operational guidance to ensure the maximum impact for its efforts. Such operational guidance relates to adherence to international standards (FATF), especially as set out in Recommendation 29, in addition to the exchange of information.

5.1.2 Engagements with the Compliance monitoring and supervision division

Efforts of the Director's office were geared towards ensuring that the compliance monitoring and supervision division fulfils its mandate of enhancing overall compliance behaviour and providing support to the FIAD and Legal, Policy and Enforcement divisions. In supervising the Compliance division, the objective remains to always ensure that compliance activities primarily:

- Impact the reporting behaviour of the regulated populace with focus on the quality and quantity of reports reaching FIAD; and
- the necessary referrals and engagements with the Legal, Policy and Enforcement; Division are effective and commensurate to national ML/TF and PF exposure.

5.1.3 Engagements with the Legal, Policy and Enforcement division

This division was created and resourced over the last two years. Functions currently executed by the division were previously entrusted to the Compliance division.

Engagements with this office are tailored towards ensuring that the FIC:

- a. ensures the alignment of the national AML/CFT/CPF Policy and Legal framework with International obligations, standards and best practices;
- b. plays its role in enhancing awareness by, amongst others, conducting training and awareness sessions with relevant stakeholders; and
- c. take decisive, measured and proportionate enforcement action to address non-compliance with provisions of AML/CFT/CPF legislation.

5.1.4 Operational challenges

While being in no way final or definitive, the observation by the office of the Director is the miss-match between the statutory, regional and international outputs required versus approved organisational structure which enable effective deployment of resources to optimally execute the mandate. In a wide range of obstacles faced by the various divisions of the FIU, this is by far the biggest challenge. This challenge impacts on effectiveness of operations. The divisional functions stated above are aligned to enhance Namibia's AML/CFT/CPF framework in addition to improving our country's international compliance with relevant AML/CFT/CPF standards.

5.2 The Compliance Supervision and Monitoring division (Compliance division)

5.2.1 Introduction

The primary function of the division in terms of the FIA is to supervise and monitor compliance with the FIA by all Accountable (AI) and Reporting Institutions (RI), Supervisory Bodies and relevant stakeholders. The purpose of this function is to ensure that AIs and RIs comply with their FIA obligations by implementing measures commensurate with their Money Laundering (ML), Terrorism Financing (TF) and Proliferation Financing (PF) risks.

The division engages with regulators and similar bodies such as the Estate Agents board, the Bankers Association of Namibia etc to enhance the compliance behavior of the relevant regulated populace.

NAMFISA, which is the only supervisory body in terms of the Act, works closely with the Compliance division to help enhance compliance behavior of NAMFISA's regulated populace. This is done through monitoring their activities periodically as well as performing joint compliance assessments on the high risk Non-Bank Financial Institutions (NBFIs).

The Compliance division is also tasked with maintaining a complete regulatory database of registered AIs and RIs, which enhances effective supervision and monitoring. As at 31 March 2016 the number of registered AIs and RIs with the FIC stood at 1139.

The FIA primarily provides for the following AML/CFT/CPF obligations which AIs and RIs should comply with:

- Identification and verification of all clients (section 21 & 22);
- Keeping of identification and other related records (section 26 & 27);
- Conducting a ML/TF/PF activities risk assessment (section 23);
- Appoint or designate a AML Compliance Officer [section 39 (6)];
- Develop an independent audit function [section 39 (8)];
- Train all staff on AML/CFT/CPF measures and obligations [section 39 (5) (b)];
- Implement mechanisms to assist in the detection and reporting of suspicious transactions and/or activities [section 24 (b)].

The division further has a responsibility to ensure that AIs, RIs and relevant bodies are complying with, amongst others, the obligations highlighted above. In addition, the division also has a responsibility to ensure that relevant AIs and RIs report the following to the FIC accordingly:

- Cash transactions in excess of prescribed amounts;
- Suspicious transactions and activities;
- Electronic transfers of money to, from and within Namibia as prescribed by the FIC; and
- International fund transfers of any amount

5.2.2 Overview of activities performed by the Compliance division

The Compliance Division has conducted 89 onsite and 313 off-site assessments across the regulated populace from 2012 to 2016. The table below is showing coverage by the division in terms of assessments:

SECTOR	NUMBER OF ENTITIES	RISK RATING	ASSESSMENT COVERAGE
ADLAs	12	H	100%
Asset Management/Unit Trust Schemes	44	H	32%
BANK	11	H	100%
Legal Practitioner	173	H	61%
Stock Broker	4	M	100%
Others	28	M	25%
Motor Vehicle Dealer	44	M	23%
Casino	4	M	100%
Real Estate Agencies/Agent	450	M	22%
Auctioneers	14	L	21%
Insurance/Investment Brokers	25	M	0%
Life Insurance Company	3	M	0%
Long Term Insurance	21	M	0%
Private Equity	2	M	0%
Dealers in precious metals and stones	2	L	0%
Micro Lenders	268	L	0%
Money and Value Transfers (MVT's)	4	L	0%
Pension Fund Administrator	2	L	0%
Accountants and Auditors	30	L	0%
Short term Insurance	14	L	0%
Trust and Company Service	3	L	0%

Table 1 above shows coverage by compliance division assessments of AIs and RIs

The major assessment findings noted from the regulated populace related to:

- Absence of ML/TF/PF risk assessments as required by section 39(1) of the FIA;
- Inadequate Customer Due Diligence (CDD) measures, which includes client identification and verification (as required by sections 21 and 22 of the FIA) and on-going and enhanced CDD (as required by sections 23 and 24 as required by the FIA); and
- Inadequate monitoring mechanisms causing a failure to detect and report cash threshold reports and suspicious or unusual transactions as required by sections 32 and 33 of the FIA respectively.

These findings are common across all of the regulated sectors with some entities having made significant progress in addressing these findings. The progress made by the entities is evidenced by the increase in the number and quality of suspicious transaction reports received to date. The direct output of Compliance division's monitoring activities affects the input into the Financial Investigations and Analysis Division. The increase in reports received correlates directly to the sectors targeted by the compliance activities. The figures below show that after the compliance inspections commenced during 2012 for the first time, the FIC received an increased number of STR's during the corresponding period (See Chart 3). The risks inherent in these findings relate to the fact that:

- Institutions may be used to facilitate ML, TF and PF as a result of inadequate and ineffective AML/CFT/CPF controls; and
- Institutions may potentially be subjected to enforcement actions.

5.2.3 Offsite assessments

The FIC began carrying out offsite assessments during 2012. During the 2015 financial year, the FIC conducted 176 offsite assessments compared to 2; 2; 27 and 106 in the periods 2015; 2014; 2013 and 2012 respectively. The number of off site assessments reduced from 106 assessments conducted as the Compliance division adopted the risk based approach as from 2013. This meant focusing its limited resources and time on sectors in accordance with risks presented by sectors. As from 2016 the division extended its supervisory foot print by employing other methods of supervision to cover the low and medium risk institutions. The chart below (chart 1) presents an overview of such assessment coverage over the years.

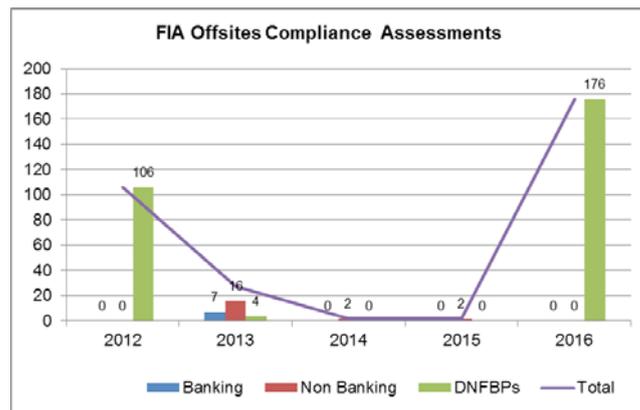


Chart 1 presents FIA Offsite compliance assessment coverage

5.2.4 Onsite assessments

The Compliance division commenced executing onsite assessments during the 2012 financial year. 21 onsite assessments were conducted during 2016 compared to 15, 20, 26 and 7 conducted during 2015, 2014, 2013 and 2012 respectively, as per the chart below (Chart 2).

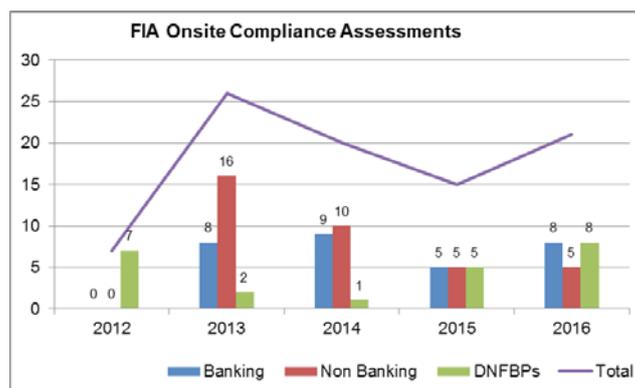


Chart 2 presents FIA Onsite compliance assessment coverage

5.2.5 Suspicious transaction reports (STRs)

Compliance assessments are a key part of supervision and monitoring activities. Reporting behavior (reflected through STRs), amongst others, speaks to impact of such assessments. While the prior sections (5.2.3 and 5.2.4) offers quantitative presentations of compliance assessments undertaken over the years, this section presents one major indicator of the qualitative outcomes of such assessments.

The relationship between the division's compliance activities and reporting behavior of AIs and RIs impacts the effectiveness of the FIC's operations and therefore the national AML/CFT/CPF system. If compliance behavior is enhanced, through, amongst others, supervision and monitoring activities of the Compliance division, one of the signs of compliance behavior effectiveness in AIs and RIs, is the detection and timely¹² reporting of suspicious transactions and activities to the FIC. The FIC on the other hand is entrusted with analyzing such STRs and forwarding same to relevant authorities for further action including investigation and prosecution.

During the 2015 financial year, 515 STRs were received compared to 284 received in 2014. Overall, there has been a general increase in the number of STRs received by the FIC since 2009. This can be partly attributed to the number of supervision activities (mainly assessments) conducted by the Compliance division.

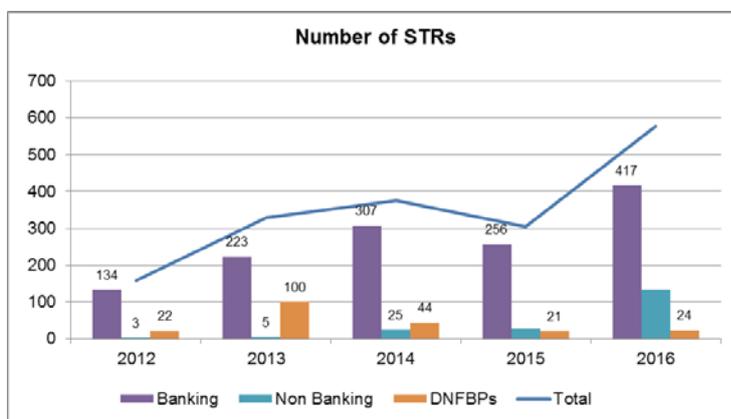


Chart 3 presents record of STRs received by the FIC

5.2.6 Cash transaction reports (CTRs)

The division's compliance enhancement efforts were also geared towards ensuring that relevant AIs and RIs report CTRs to the FIC accordingly.

The obligation to start reporting CTRs came into effect in January 2015. In terms of this obligation, AIs and RIs are required to report all cash receipts from clients and payments made to clients in excess of N\$ 99,999.99 within five working days.

During the 2015 financial year, a total of 4,765 CTRs were received of which 4,214 was from the banks; 305 from non-banking institutions and 246 from DNFBPs.

5.2.7 Electronic Fund Transfer (EFT)

Banks are required to report to the FIC, relevant electronic funds transfers made domestically, and those transfers into and out of Namibia irrespective of the amount, within five working days. This obligation also commenced in January 2015 and the division is entrusted with enhancing compliance by ensuring that AIs and RIs report accordingly.

During the 2015 financial year, a total of 2,929 EFTs were received by the FIC; of which 2,797 was from the Banks and the remaining 132 from non-banking institutions.

¹² AIs and RIs must submit the STRs within 15 working days.

5.2.8 Overview of outcomes, challenges and risks

The regulated populace to be covered in terms of compliance supervision and monitoring activities is defined or determined by the number of institutions listed in Schedules I and III of the FIA or those which provides services or products listed in Schedules I or III of the FIA¹³.

To date, the size of the regulated populace has not been completely determined, but table 1 (below) provides the registered regulated populace. As part of the FIC's compliance activities, a project to register these entities with the FIC commenced at the beginning of 2014. As at 31 March 2016, 1139 accountable and reporting institutions were registered with the FIC compared to 509 registered at 31 March 2015. This increase indicates that at least 630 more institutions have complied with the obligation to register their institutions with the FIC and designate an AML Compliance Officer as required by the FIA.

The current challenge for the Compliance division is persistent increase in the number of registered institutions to be subjected to supervisory activities. Furthermore, the limited resources available to the division make it a challenge to expand the coverage of supervisory activities countrywide.

NO	SECTOR	NUMBER OF REGISTERED ENTITIES PER SECTOR	RISK RATING	ASSESSMENT COVERAGE
1	ADLAs	10	H	100%
2	Bank	11	H	100%
3	Casino	4	M	100%
4	Stock Broker	4	M	100%
5	Trust and Company Service	3	L	67%
6	Legal Practitioner	154	H	69%
7	Money and Value Transfers (MVT's)	4	L	50%
8	Asset Management/Unit Trust Schemes	38	H	37%
9	Others	28	M	25%
10	Motor Vehicle Dealer	42	M	24%
11	Real Estate Agencies/Agent	432	M	0.23%
12	Auctioneers	14	L	21%
13	Insurance/Investment Brokers	24	M	0%
14	Life Insurance Company	3	M	0%
15	Long Term Insurance	19	M	0%
16	Private Equity	2	M	0%
17	Accountants and Auditors	30	L	0%
18	Dealers in precious metals and stones	2	L	0%
19	Micro Lender	264	L	0%
20	Pension Fund Administrator	2	L	0%
21	Short term Insurance	12	L	0%

Table 1 Presents record of AI and RI coverage in terms of registration with the FIC

¹³ These are institutions classified as susceptible to ML/TF/PF risks. These are either DNFBPs or Financial Institutions in terms of the FATF Glossary

5.3 FINANCIAL INVESTIGATIONS AND ANALYSIS DIVISION (FIAD)

5.3.1 Divisional background

The Financial Investigations and Analysis Division (FIAD) receives and analyses data which is used to identify proceeds of crime, money laundering and the financing of terrorism and proliferation.

The division works closely with Law Enforcement Agencies including the Office of the Prosecutors General, Intelligence Agencies, Receiver of Revenue and the private sector to identify threats and criminal abuse of our financial system, as well as provide actionable intelligence for investigations on requests. The division's work also contributes in maintaining enhanced international co-operation, by amongst others, availing spontaneously and upon request, financial intelligence which may aid counterpart organizations in the investigation, prosecution and asset forfeiture of ML/TF/PF activities.

Since 2009 to 31 March 2016, we disseminated a total of nine hundred and eighty four (984) intelligence reports to local law-enforcement agencies for further investigation of suspected activities of Money Laundering (ML) and Terrorist Financing (TF) in Namibia and to facilitate the seizing, freezing and confiscation of suspected proceeds of crime within Namibia.

The FIC also disseminated further eighty five (85) intelligence reports during the period 2009 – 31 March 2016 to Foreign Intelligence Units for the purposes of investigating suspected activities of ML and TF and to facilitate the seizing, freezing and confiscation of suspected proceeds of crime occurring in such foreign jurisdictions. Predicate offences identified during analyses were, amongst others, corruption, fraud, tax evasion, contravention of Exchange Control regulations, rhino poaching, theft, diamond smuggling and illegal scams. A number of FIC reports and interventions contributed to the preservation and/or forfeiture of proceeds of crime in terms of the Prevention of Organised Crime Act, 2008.

The information below sets out the number of Reports received by the FIC in addition to Intelligence Reports disseminated to local Law Enforcement Agencies and Foreign FIUs.

5.3.2 Suspicious Transactions Reports (STRs)

Accountable Institutions, Reporting Institutions as well as members of the public have an obligation to submit STRs to the FIC when they find transactions and/or other conduct suspicious for ML/TF and PF purposes. These STRs are a key source of information for intelligence generated by the division.

Over the years, the number of STRs received increased gradually and were predominantly from Financial Institutions and Money Remitters. For the period 2009 to 31 March 2016, the FIC has received a total of 1950 (one thousand nine hundred and fifty) in reported suspicious transactions pertaining to ML, TF and PF activities. The increase in STRs over the years can mainly be attributed to measures put in place to enhance compliance behaviour, which includes supervision and monitoring activities such as FIA compliance training, compliance inspections and industry specific guidance.

Table1. STR trend analysis per year and source

Source of STR	2009	2010	2011	2012	2013	2014	2015	01 January - 31 March 2016	Total
Internally generated	-	-	1	6	6	3	4	2	22
Public members	3	2	9	7	4	12	4	2	43
Financial service providers	52	58	121	201	300	248	370	115	1 465
Asset managers	1	11	3	1	2	2	2	1	23
Supervisory authorities	-	1	-	1	4	0	1	1	8
Legal practitioners	1	7	5	8	6	4	7	1	39
Government ministries	-	2	1	-	1	2	4	-	10
Accounting firms	-	-	-	2	-	-	-	-	2
Money remitters	29	-	6	18	78	7	89	23	250
Insurance	2	-	1	2	17	2	28	13	65
Motor vehicle dealers	-	1	-	3	2	1	5	-	12
Casino/gambling house	-	-	1	-	1	1	-	-	3
Law Enforcement	-	2	-	-	2	2	-	-	6
Auctioneers	-	-	-	-	-	-	1	-	1
Non Profit Organisations	1	-	-	-	-	-	-	-	1
	89	84	148	249	423	284	515	158	1 950

5.3.3 Suspicious Activities Reports (SARs)

A second key source of information for our intelligence is SARs received from AIs and RIs in terms of suspected incidents of ML, TF or PF. Suspicious Activity reports were activated for reporting in the calendar year 2014.

The FIC received a total of 108 (one hundred and eight) Suspicious Activity Reports for the period 2009 to 31 March 2016. In recent years, the number of SARs received increased steadily and were predominantly from Financial Institutions and Money Remitters.

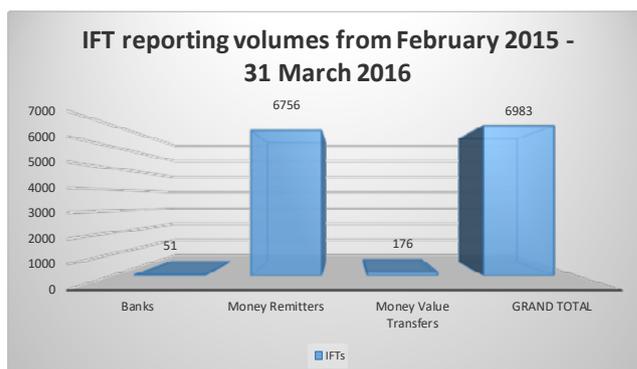
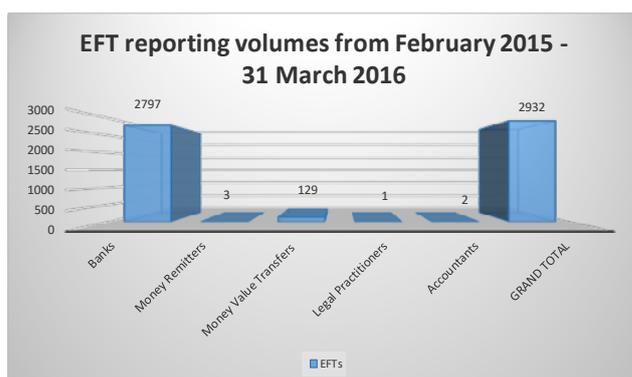
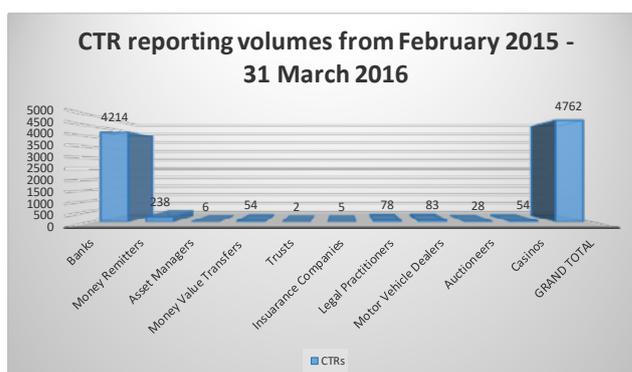
Table 2. SAR trend analysis per source per year

Source of SAR	2014	2015	01 January - 31 March 2016	Total
Internally generated	-	2	-	2
Public members	-	2	-	2
Financial service providers	19	41	9	69
Asset managers	2	-	-	2
Supervisory authorities	1	2	-	3
Legal practitioners	-	1	-	1
Government ministries	-	-	-	0
Accounting firms	-	-	-	0
Money remitters	-	11	5	16
Insurance	1	5	2	8
Motor vehicle dealers	1	-	-	1
Casino/gambling house	-	-	-	0
Law Enforcement	-	4	-	4
Auctioneers	-	-	-	0
Non Profit Organisations	-	-	-	0
	24	68	16	108

5.3.4 Threshold Reports: CTRs, EFTs & IFTs

Since February 2015, the FIC has implemented a system under which AIs and RIs are obligated to report transactions above prescribed limits to the FIC. These reports are indicators that help the FIC to identify additional sources of data that can yield intelligence and also as a means of reconstructing the “money trail” once a suspicious activity is detected and shared with LEAs for further investigations.

The charts below shows the number of CTRs, EFTs and IFTs received by the FIC from various sectors since February 2015 to 31 March 2016.



5.3.5 Requests for financial intelligence

One of the important sources of information is the requests for information the FIC receives from local LEAs and Foreign FIUs. Over the years, we have seen an increase in demand for our financial intelligence products to support local LEAs and Foreign FIUs.

Because money laundering is often carried out in several countries, the prevention thereof requires multinational communication and exchange of information. In total, for the period 2009 to 31 March 2016, the FIC has received twenty one (21) Requests for information from foreign FIUs (IRIs) and two hundred (200) requests for information from local LEAs (IRDs).

Table 3. Request for Information Received trend analysis per year

Year	2009	2010	2011	2012	2013	2014	2015	2016	Total
Incoming Request for Information (IRDs)	1	5	36	37	35	35	37	14	200
- Local									
Incoming Request for Information (IRIs)	0	0	1	2	0	3	12	3	21
- Foreign FIUs									
	1	5	37	39	35	38	49	17	221

5.3.6 Our financial intelligence products

The division produces two types of financial intelligence reports. These are Spontaneous Disclosures (SDs) and Responses to Requests for Information (RtRFI) to local LEAs and Foreign FIUs.

The FIC disseminates the intelligence to relevant authorities when there are reasonable grounds to suspect that certain information would be relevant to the detection, investigation or prosecution for money laundering offence, a financing of terrorism offence or any other serious offence which can be investigated further.

A. Dissemination of spontaneous disclosures (SDs)

For the period 2009 to 31 March 2016 the FIC has disseminated a total of eight hundred and forty nine (849) intelligence reports to local LEAs, other relevant institutions and Foreign FIUs.

Table 4. Spontaneous Disclosure trend analysis per year

Year	2009	2010	2011	2012	2013	2014	2015	2016	Total
Anti-Corruption Commission	4	7	6	27	6	8	7	0	65
Ministry of Finance	12	28	40	41	24	82	38	21	286
Namibian Police Force	19	36	55	68	23	48	38	8	295
Office of the Prosecutor General	0	1	31	6	4	9	15	5	71
Foreign FIUs	1	3	16	18	15	6	0	0	59
Other	2	8	4	8	9	18	22	2	73
	38	83	152	168	81	171	120	36	849

B. Dissemination of responses to request for information (RtRFIs)

During the period 2009 to 31 March 2016 the FIC disseminated Two Hundred and Twenty (220) responses to local LEAs, other relevant institutions and Foreign FIUs.

Year: January 2010 – 31 March 2016	2009	2010	2011	2012	2013	2014	2015	2016	Total
Response s to Request for information	2	12	9	52	16	57	57	15	220
- Local & Foreign FIUs									
	2	12	9	52	16	57	57	15	220

5.3.7 Notable examples of tangible value addition

5.3.7.1 Value of suspected proceeds of crime blocked

Section 42 of the Financial Intelligence Act empowers the FIC to intervene by directing Accountable Institutions (AIs) or Reporting Entities (REs) in possession of suspected proceeds of unlawful activities or proceeds which constitutes ML, TF or PF; not to proceed with carrying out of transactions in respect of funds under suspicion for a period determined by the FIC. Since 2010 till 31 March 2016, the FIC has issued seventy nine (79) intervention orders; restricting funds totalling N\$54,627,206.25.

Number and Value of interventions filed

Year: January 2010 – 31 March 2016	Total
Total number of interventions filed	79
Total amount restricted through FIC interventions	N\$ 54,627,206.25

5.3.7.2 Value of proceeds of crime recovered due to FIC contributions

Year January 2010 – March 2016	Total
Money in the State recovery fund	11,560,139.00
Money returned to victim of scam/fraud	2,248,858.82
Total value of assets (cars and houses) forfeited	1,840,000.00
Preservations & Forfeitures obtained	52,949,206.38

5.3.7.3 Tax assessed and recovered due to FIC contributions

Year: January 2010 – March 2016	Total
Assessments	277,517,796.46
Collections	32,948,727.89

5.3.8 Feedback

Of all intelligence disseminated to relevant authorities, the FIC conducts regular follow up and requests feedback on the use of same. It also requests assessment on the quality and usefulness of the information shared. Thus far, the feedback from recipients of our products has indicated that it is adding value to their investigations.

5.3.9 Risks

The following were identified as significant risks which could hinder the operational and strategic effectiveness of the division.

a. Inadequate staff compliment

Inadequate staff to effectively and efficiently execute statutory mandates ascribed under FIA 2012 and the PACOTPA 2014.

b. Non-Action on intelligence disclosures

There is a general lack of guarantee that intelligence as produced by the FIAD will result in investigation, confiscations and forfeitures of criminal proceeds.

c. Untimely Dissemination of information

Late submission of critical information to Law Enforcement Agencies will have a detrimental impact on the overall combating of money laundering, terrorism financing and proliferation of weapons of mass destruction.

d. Ineffective stakeholder relations management

Strained and/or ineffective relationships between the division (and the FIC in general) and the various stakeholders may render hard work done on other areas ineffective.

5.4 LEGAL, POLICY AND ENFORCEMENT DIVISION

5.4.1 Mandate of the division

The primary functions of this division are to:

- a. Align the national AML/CFT/CPF Policy and Legal framework to International Standards, such as the FATF Recommendations, and mandatory United Nations Resolutions issued under Chapter VI of the UN Charter relating to combating the financing of terrorism and proliferation of weapons of mass destruction;
- b. Create awareness and conduct training of the regulated populace in order to understand their obligations under the FIA and PACOTPAA;
- c. Take decisive measures and proportionate enforcement action for non-compliance with provisions of AML/CFT/CPF legislations. Enforcement action is aimed at benefiting both the regulated industry participants and the wider community by contributing to the integrity of, and promoting public confidence in, a competitive, sound and fair financial system and the administration of justice;
- d. Provide legal advice to the FIA regulated populace, fellow Regulatory and Supervisory Bodies, Government Offices, Ministries, and Agencies, Cabinet and Parliament, amongst others;
- e. Issue Guidance Notes, Determinations, Circulars and Directives to ensure effective compliance with FIA obligations by the FIA regulated populace; and
- f. Attend international and regional meetings which enable AML/CFT/CPF Peer Reviews, Policy development, model legislation, typologies and trends etc.

5.4.2 Alignment of National AML/CTF/CPF Policy and Legal framework

- a. The FIC, as part of its mandate to ensure effective implementation of international AML/CTF/CPF standards, and fulfilment of international obligations emanating from international legal instruments related to the combating of money laundering, terrorist financing and proliferation of weapons of mass destruction, developed a general national AML/CTF/CPF policy aligned with international standards and obligations, as well as updated the existing national AML/CTF/CPF strategy;
- b. The FIC initiated the process of updating the existing national policy on counter terrorism, by developing terms of reference and a plan of action to be executed by an external expert who was the brain behind the development of the said policy;
- c. Additionally, the FIC:
 - aligned all Guidance notes, and Circulars which are supplementary instruments for effective implementation of the FIA 2012. It is worth noting that national legal statutes providing for combating money laundering, terrorist financing and proliferation activities, have been amended to keep abreast with relevant global trends and changes. • issued a Circular on the treatment of citizens from countries on sanctions lists of other countries e.g. OFAC list;
 - issued a Circular on Additional reporting obligations (i.e. Threshold cash Transaction Reports & threshold Electronic Funds Transfer reports);
 - issued a Directive on how to deal with High- Risk and Non –Cooperative Jurisdictions;
 - issued 16 Circulars on updates, as they are released, on the UNSC sanctions lists;
 - in line with the FATF Strategy, issued 2 circulars on Emerging TF Risks and Current ISIL & ANF Trends (December 2015);
 - in line with an Egmont request, issued a Circular on obligations to file STRs and SARs relating to Financing of Foreign Terrorist Fighters (Jan 2016);
 - issued a Directive on Compliance with Intervention Orders issued by the FIC (Dec 2015); and
 - issued Directive on strengthening controls on Cross Border remittances (Feb 2016).

The table below reflect statistics of Circulars and other relevant instruments issued to enhance FIA compliance:

Years	2012	2013	2014	2015	2016
UNSC Circulars	0	6	30	36	8
Other FIA Compliance Circulars	3	1	0	6	1
Guidance Notes	2	2	1	7	0
Directives	0	0	0	1	1
Compliance Interventions	0	1	0	0	4

5.4.3 Enforcement actions

The FIC in terms of Section 56 of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) took enforcement actions against:

- Four (4) financial institutions for failure to comply with Intervention Orders issued in terms of Section 42 of the FIA;
- Two (2) Auctioneers for inadequate CDD and failure to report cash transaction reports (CTRs) above threshold amount;
- Two (2) Motor Vehicle dealers for inadequate customer due diligence (CDD) and failure to report CTRs above threshold amount;
- One (1) Law firm for failure to report CTRs above threshold amount;
- One (1) Real Estate Agent for failure to report CTRs above threshold amount.

5.4.4 Training Interventions

- During June 2015 the FIC facilitated and hosted a Regional Judicial Retreat for 60 Judges on how to preside over ML/TF civil and criminal matters; presented by a Judge from the United Kingdom and UNODC experts;
- The FIC conducted internal and external training on trade-based money laundering in the context of imports & exports; and
- Other trainings conducted during the period include training to AIs and RIs on legal obligations emanating from the FIA.

Table 13 Total number of training sessions on FIA compliance

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total	300	280	400	280	320	200	350	1000	750	3

5.4.5 On-going projects

- The division is leading national efforts to update the National AML/CFT/CPF Risk Assessment project which is cutting across the 2014/2015 and 2015/2016 performance cycles;
- Activation of the Cross Border Movement of Cash and Bearer Negotiable Instruments Declaration;
- Facilitating and overseeing completion of the Cabinet approved Self Assessment Action Plan in order to prepare Namibia for the upcoming AML/CFT/CPF Mutual Evaluation in scheduled for 2019/2020;
- Various typology projects locally and at ESAAMLG (regional) level;
- Embarked on a project "Disaster Recovery" involving other stakeholders and forensic auditors to investigate a new trend of trade-based money laundering. This project is on-going and expected to be finalized in the next performance cycle.



PART D:

ANNUAL FINANCIAL STATEMENTS AS AT
31 MARCH 2016



FINANCIAL INTELLIGENCE CENTRE

(Registration number 2011/123)

ANNUAL FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2016
THIRD SINCE INCORPORATION

Contents

Board's statement of responsibilities

Independent auditor's report

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the annual financial statements



Contents

The reports and statements set out below comprise the annual financial statements presented to the Council:

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Council's Responsibilities and Approval

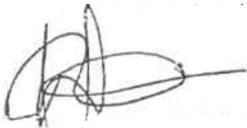
The Council is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the Council's responsibility to ensure that the annual financial statements fairly present the state of affairs of the Centre as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis as set out in note 1. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that they are ultimately responsible for the system of internal financial control established by the Centre and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Centre and all employees are required to maintain the highest ethical standards in ensuring the Centre's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Centre is on identifying, assessing, managing and monitoring all known forms of risk across the Centre. While operating risk cannot be fully eliminated, the Centre endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council has reviewed the Centre's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, the Council is satisfied that the Centre has access to adequate resources to continue in operational existence for the foreseeable future.



I. Shiimi



P. Noa

Windhoek 22/09/2016 (Date)



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Namibia

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Independent Auditor's Report

To the Council of the Financial Intelligence Centre

We have audited the annual financial statements of Financial Intelligence Centre, which comprise the statement of financial position as at 31 March 2016, and the statements of comprehensive income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information, and the council's report, as set out on pages 6 to 13.

Council's Responsibility for the Financial Statements

The Centre's Council is responsible for the preparation and fair presentation of these financial statements in accordance with the basis as set out in note 1 and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements is properly prepared, in all material respects, the financial position of Financial Intelligence Centre as at 31 March 2016, and its financial performance for the year then ended in accordance with the basis of accounting as set out in note 1 to the financial statements.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describe the basis of accounting. The financial statements are prepared in accordance with the centre's own accounting policies to satisfy the financial information needs of its Council. As a result, the financial statements may not be suitable for another purpose.

Independent Auditor's Report (continued)

Supplementary information

Without modifying our opinion, we draw attention to the fact that the supplementary information set out on pages 14 does not form part of the financial statements and is presented as additional information.

Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: E Tjipuka

Partner

22/09/2016

Windhoek, _____

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: R Theron

Partner

22/09/2016

Windhoek, _____

Council's Report

The Council has pleasure in submitting this report on the annual financial statements of Financial Intelligence Centre for the year ended 31 March 2016.

1. Main business and operations

The prime work of the Centre in terms of Financial Intelligence Act No.13 of 2012 are to combat money laundering and the financing of terrorism activities in collaboration with other law enforcement agencies.

Net surplus of the centre for the year 2016 is N\$ 4 085 073 and (2014: N\$ 11 025 808)

The operating results and state of affairs of the Centre are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The Financial Intelligence Centre has changed its financial year end from 31 December to 31 March, resulting in the current financial statements covering a 15 month period.

2. Council

The members of Council in office at the date of this report are as follows:

I. Shiimi
P. Noa
O.M. Imalwa
B.K. Likando
K Matomola
E. Shafudah
S.H Ndeitunga
E. Angula
I. V. K Ndjoze
J. Mumvuma
Commissioner (Rtd) T. Kamati
G. Sinimbo

3. Events after the reporting period

The Council is not aware of any material event which occurred after the reporting date and up to the date of this report.

4. The Centre's Governance

The Centre is run by a director who is appointed by the Minister of the Ministry of Finance every five years.

5. Administrative arrangement

In terms of Section 7(2) of the Financial Intelligence Act,2012, the Bank of Namibia must provide administrative services to the Centre.

STATEMENT OF FINANCIAL POSITION AS AT

31 MARCH 2016

	Notes	2016 N\$	12 months 2014 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	2	508 941	1 806
Current Assets			
Receivable from Bank of Namibia	3	5 016 421	1 438 483
Total Assets		5 525 362	1 440 289
Equity and Liabilities			
Equity			
Accumulated profit (loss)		5 525 362	1 440 289
Liabilities			
Current liabilities			
		-	-
Total Equity and Liabilities		5 525 362	1 440 289

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 N\$	12 months 2014 N\$
Grant received	4	24 994 020	28 544 800
Operating expenses		(20 908 947)	(17 518 992)
Operating surplus (deficit)	5	4 085 073	11 025 808
Surplus (deficit) for the year		4 085 073	11 025 808
Other comprehensive income		-	-
Total comprehensive surplus/(deficit) for the year		4 085 073	11 025 808

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Share Capital	Accumulated profit/(loss) account	Total
Notes		N\$	N\$
Balance at 01 January 2014	-	(9 585 519)	(9 585 519)
Surplus/(deficit) for the year	-	11 025 808	11 025 808
Other comprehensive income		-	-
Total comprehensive surplus/(deficit) for the year	-	11 025 808	11 025 808
Balance at 31 December 2014	-	1 440 289	1 440 289
Balance at 01 January 2015	-	1 440 289	1 440 289
Surplus/(deficit) for the year	-	4 085 073	4 085 073
Other comprehensive income		-	-
Total comprehensive surplus/(deficit) for the year	-	4 085 073	4 085 073
Balance at 31 March 2016	-	5 525 362	5 525 362

Notes on the Annual Financial Statements

2. Property, plant and equipment

	Furniture & Fixtures	Office equipment	IT equipment	Computer software	Other property, plant & equipment	Total
2016	N\$	N\$	N\$	N\$	N\$	N\$
Cost						
At 1 January 2015	15 624	190 197	185 232	1 384 706	4 458	1 780 217
Additions	284 030	19 370	246 360	-	-	549 760
Disposals	-	-	-	-	-	0
Transfers	-	-	-	-	-	0
At 31 March 2016	299 654	209 567	431 592	1 384 706	4 458	2 329 977
Accumulated depreciation						
At 1 January 2015	13 818	190 197	185 232	1 384 706	4 458	1 778 411
Current year charge	15 502	976	26 147	-	-	42 625
Disposals/write-offs	-	-	-	-	-	0
At 31 March 2016	29 320	191 173	211 379	1 384 706	4 458	1 821 036
Carrying value						
At 1 January 2015	1 806	0	0	0	0	1 806
At 31 March 2016	270 334	18 394	220 213	0	0	508 941
12 months 2014						
Cost						
At 1 January 2014	15 624	190 197	185 232	1 384 706	4 458	1 780 217
Additions	-	-	-	-	-	0
Disposals/write-offs	-	-	-	-	-	0
Transfers	-	-	-	-	-	0
At 31 December 2014	15 624	190 197	185 232	1 384 706	4 458	1 780 217

Accumulated depreciation						
At 1 January 2014	10 693	190 197	185 232	1 384 706	4 458	1 775 286
Current year charge	3 125	-	-	-	-	3 125
Disposals/write-offs	-	-	-	-	-	0
At 31 December 2014	13 818	190 197	185 232	1 384 706	4 458	1 778 411

Carrying value						
At 1 January 2014	4 931	0	0	0	0	4 931
At 31 December 2014	1 806	0	0	0	0	1 806

Notes on the Annual Financial Statements (continued)

	2016	12 months
	N\$	2014
		N\$

3. Receivable/(Payable) to Bank of Namibia

Receivable to Bank of Namibia	(5 016 421)	(1 438 483)
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The Receivable was determined after taking into account the operational and capital expenditures.

4. Grant received

Grant received	24 994 020	28 544 800
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5. Operating Surplus

Operating Surplus for the year is stated after accounting for the following:	5 525 362	1 440 289
Operating lease charges		
Equipments		
Contractual amounts	-	-
Employee costs	15 790 643	14 885 923

Employee costs for 2016 includes N\$1,328,690.02 (2014: N\$4,925,469) staff training costs incurred on Anti Money Laundering (AML) training conducted by the FIC.

Notes on the Annual Financial Statements (continued)

	Notes	2016 N\$	12 months 2014 N\$
5. Operating Surplus (continued)			
Depreciation		(42 626)	
Advertising & Recruitment		(6 567)	-
Computer maintenance		(1 291 920)	(1 060 018)
Conferences Attended		(26 391)	(4 773)
Conferences Hosted		(39 127)	(138 929)
Consultants Fees		(58 596)	(376 726)
Compliance & Inspection Account		(29 446)	(2 709)
Entertainment Expenses		(4 974)	(15 094)
Equipment Rental		(46 624)	(42 272)
Membership fees		(36 196)	(31 245)
Miscellaneous expenditure		(1 230)	(536)
Newspapers		(6 381)	(351)
Printing & Publications		(27 672)	(7 765)
Security Equipment & Costs		75	-
Stationery		(15 389)	(24 508)
Subscription		(67 395)	(62 853)
Telephone & Telex Expenses		4 081	(3 072)
Travel, Subsistence & Accommodation		(1 134 656)	(842 174)
AML/CFT Awareness Campaign		-	-
intercompany payment to BON		(958 580)	
Organisational Development		-	(20 045)
Employee costs			
Staff Training		(15 790 643)	(14 885 922)
		(1 328 690)	
		(20 908 947)	(17 518 992)

Employee costs for 2016 includes N\$1,328,690.02 (2014: N\$4,925,469) staff training costs incurred on Anti Money Laundering (AML) training conducted by the FIC.

6. Statement of cash flows

No statement of cash flows was prepared as the Centre does not have a bank account.

Detailed Statement of Comprehensive Income

	Notes	2016 N\$	12 months 2014 N\$
Grant received	4	24 994 020	28 544 800
Operating expenses		(20 908 947)	(17 518 992)
Operating surplus/ (deficit) for the year		4 085 073	11 025 808
Operating expenses			
Depreciation		(42 626)	-
Advertising & Recruitment		(6 567)	-
Computer maintenance		(1 291 920)	(1 060 018)
Conferences Attended		(26 391)	(4 773)
Conferences Hosted		(39 127)	(138 929)
Consultants Fees		(58 596)	(376 726)
Compliance & Inspection Account		(29 446)	(2 709)
Entertainment Expenses		(4 974)	(15 094)
Equipment Rental		(46 624)	(42 272)
Membership fees		(36 196)	(31 245)
Miscellaneous expenditure		(1 230)	(536)
Newspapers		(6 381)	(351)
Printing & Publications		(27 672)	(7 765)
Security Equipment & Costs		75	-
Stationery		(15 389)	(24 508)
Subscription		(67 395)	(62 853)
Telephone & Telex Expenses		4 081	(3 072)
Travel, Subsistence & Accommodation		(1 134 656)	(842 174)
AML/CFT Awareness Campaign		-	-
intercompany payment to BON		(958 580)	-
Organisational Development		-	(20 045)
Employee costs		(15 790 643)	(14 885 922)
Staff Training		(1 328 690)	-
		(20 908 947)	(17 518 992)



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