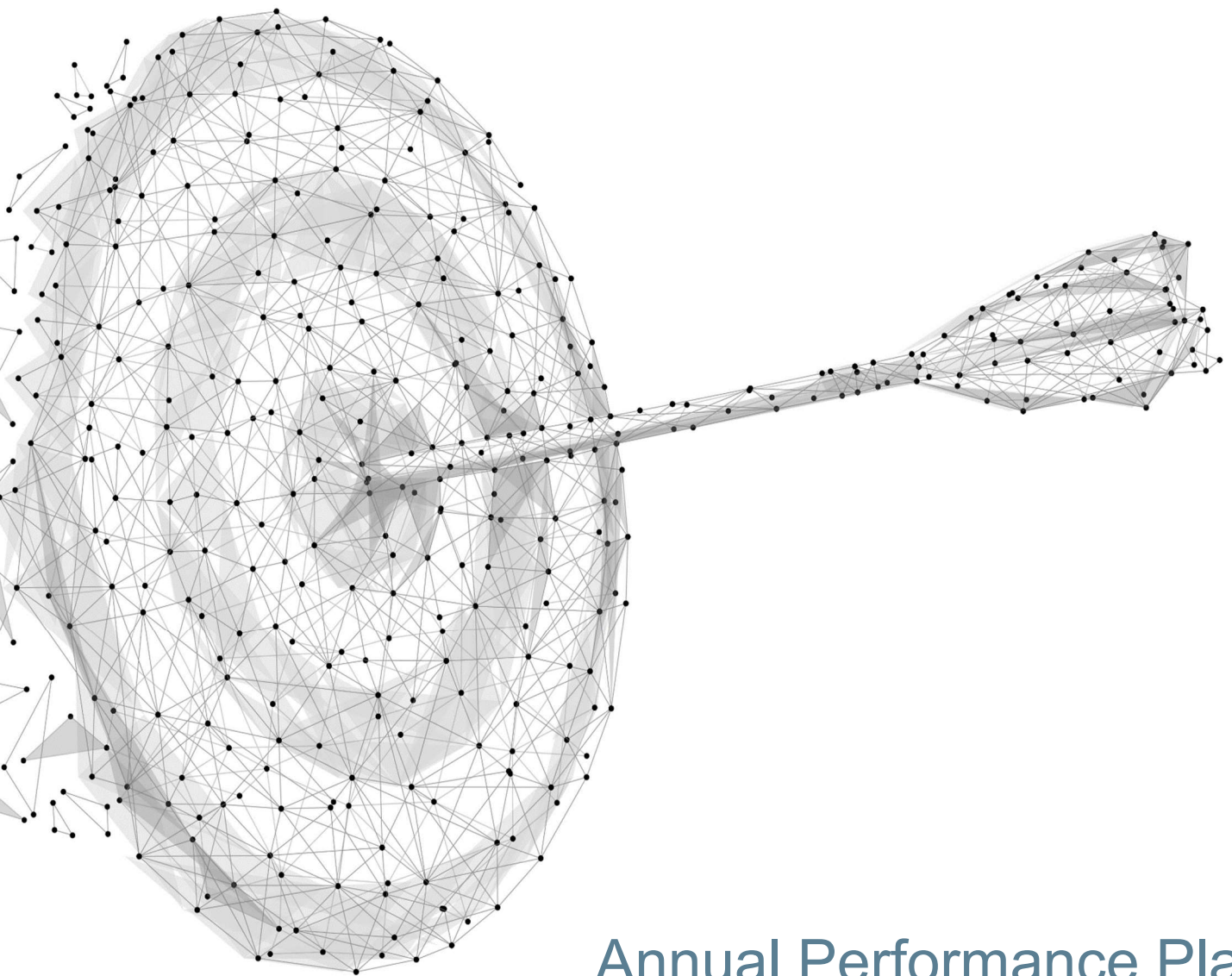




Financial
Intelligence Centre



Annual Performance Plan 2023/24

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Acronyms and abbreviations

Abbreviations	Definition
ACTT	Anti-Corruption Task Team
APP	Annual Performance Plan
AI	Accountable institutions
AML	Anti Money Laundering,
APP	Annual Performance Plan
CAPEX	Capital Expenditure
CARA	Criminal Assets Recovery Account
CCR	Cash Conveyance Reporting
CPF	Combatting Proliferation Financing
CFT	Combating Financing of Terrorism
CMAS	Compliance Monitoring and Analysis Solution
DG	Director-General
DNFBP	Designated Non-Financial Businesses and Professions
DPCI	Directorate for Priority Crime Investigation
EE	Employment Equity
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FEF	FIC Act Enforcement Forum
FIC	Financial Intelligence Centre
FIU	Financial Intelligence Unit
FSCA	Financial Sector Conduct Authority
ICT	Information and Communications Technology
IDC	Inter-Departmental Committee
LEA	Law Enforcement Agency
LOB	Line of Business
ME	Mutual Evaluation
ML	Money Laundering
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NRA	National Risk Assessment
OPEX	Operational Expenditure

Abbreviations	Definition
SA	South Africa
SAMLIT	South African Anti-Money Laundering Integrated Task Force
SAPS	South African Police Service
SARB	South African Reserve Bank
SB	Supervisory Body
SFC	State Forensic Capacity
SCM	Supply Chain Management
SFC	State Forensic Capability
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TF	Terror Financing
TFS	Targeted Financial Sanctions
UNSC	United Nations Security Council
WMD	Weapons of Mass Destruction

EXECUTIVE AUTHORITY STATEMENT

The Financial Intelligence Centre (FIC) is a public entity at the forefront of fighting crime within the South African and global financial system. The FIC continues to make great strides in promoting compliance with the FIC Act in an efficient and cost-effective manner, while also providing high quality, timeous financial intelligence in the interests of national security.

The FIC is expected to focus on achieving an increasingly significant external impact during the current medium-term period. In particular, the recent decision by the Financial Action Task Force (FATF) to put South Africa under increased monitoring, or so-called greylisting after identifying numerous deficiencies in our legal framework relating to money laundering, financial crime and terror financing, makes the effectiveness of the FIC even more urgent.

To this end, the FIC should pursue faster implementation of its four main outcome areas which are the foundation of the organisation's strategic framework. This entails maintaining a steady focus on adequate preventive and control measures, which will emphasize the production, dissemination and impactful use of accurate and relevant financial intelligence.

Beyond the intended impact and outcomes of the FIC's long-term vision of rooting out abuse and criminality in the financial system, the agency will continue to receive government-wide support, particularly from the National Treasury, but also from other partners in government, business and civil society with whom the FIC already has a productive working relationship.

Through this Annual Performance Plan, I take the opportunity to assure the FIC team of my unwavering support as the public entity continues its work of protecting the integrity of South Africa's financial system in 2023/24 and during the rest of this medium-term period.

E Godongwana
Executive Authority of National Treasury

ACCOUNTING AUTHORITY STATEMENT

The FIC has partnered with domestic and international institutions in collaborative efforts that are aimed at making South Africa's financial system intolerant to abuse. This vision is pursued through the FIC's medium-term priorities that focus on advancing the implementation of the legislative framework on combating money laundering, the financing of terrorism, and the financing of proliferation of weapons of mass destruction (AML/CFT/CPF).

This Annual Performance Plan articulates strategic objectives within the measurement framework that sets annual performance targets for each of the four FIC strategic outcomes:

- Enhanced compliance with the FIC Act.
- Improved production and utilisation of financial intelligence reports and services to assist in the identification and combating of crime.
- Continuous improvement in the effectiveness of legal and institutional AML/CFT frameworks.
- Good corporate governance and an efficient and effective operating environment that supports FIC in delivering on its mandate.

The FIC has continued to enhance its external impact through contributions to the Fusion Centre and other initiatives that involve departments and entities from the Justice, Crime Prevention, and Security cluster.

The FIC has also fostered strong collaborative relationships with other domestic competent authorities to ensure that the AML/CFT/CPF regime is robust and effective at the strategic as well as operational levels.

Multi-agency efforts play a significant role in converting the FIC's proactive, high-priority intelligence reports for investigations and prosecutions by mandated entities. The effectiveness of these multi-agency efforts will be enhanced over the medium term.

The FIC acknowledges the guidance and support that it has continued to receive from the Minister of Finance, as the Executive Authority.

The FIC has continued to benefit from the oversight and resources that the National Treasury provides.

The FIC recommits to delivering on its mandate to protect the country's financial system and improve the safety of all people.

Delivery processes will continue to be managed in line with the internal control requirements of being a public entity that is economical, efficient, and effective.



XJ Khanyile

Accounting Authority of the Financial Intelligence Centre

Official Sign Off

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the FIC under guidance of Adv X J Khanyile.
- Takes into account all the relevant policies, legislation, and other mandates for which the FIC is responsible.
- Accurately reflects the Impact, Outcomes, and Outputs which the FIC will endeavour to achieve over the financial year 2023/24.

Programme managers:



Christopher Malan
Executive Manager: Compliance and Prevention



Priya Biseswar
Executive Manager: Monitoring and Analysis



Pieter Smit
Executive Manager: Legal and Policy



Macs Maboka
Executive Manager: Corporate Services



Veronica MarshSmit
Chief Financial Officer



Philemon Mashapa
Head: Planning, Monitoring and Evaluation



XJ Khanyile
Accounting Authority of Financial Intelligence Centre

E Godongwana
Executive Authority of National Treasury

Part A: Our Mandate

1. Legislative And Policy Mandates

The FIC was established in terms of the Financial Intelligence Centre Act, 2001 (Act 38 of 2001) (FIC Act). The FIC Act is read in conjunction with the Prevention of Organised Crime Act, 1998 (Act 121 of 1998) and the Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004 (Act 33 of 2004). Initiatives in this area include the FIC's involvement in the work of the Directorate for Priority Crime Investigation (DPCI) and the Anti-Corruption Task Team (ACTT).

The financial integrity role of the FIC in the domestic financial system has been substantially expanded and enhanced by several critical legislative amendments, the promulgation of FIC Act regulatory schedule amendments and revised new cash threshold and new international funds transfer regulatory reporting regime changes.

The legal mandate, powers, and functions of the FIC have been expanded and enhanced by the provisions of the General Laws Amendment Act, 2022 (Act 23 of 2022), and the POCDATARA Amendment Act, 2022 (Act 22 of 2022), which came into effect on 29 December 2022 and 31 December 2022 respectively. The supervisory remit of the FIC has been substantially expanded by the promulgation of the amendment of Schedules 1, 2, and 3 to the FIC Act, which came into effect on 19 December 2022.

Led by the FIC, South Africa continues participation in global organisations and regional initiatives, including the Financial Action Task Force (FATF) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). The FIC is an active participant in and a member of the Egmont Group of Financial Intelligence Units (Egmont Group).

2. Institutional Policies and Strategies Over the Five-year Planning Period

Institutional policies and strategies continue to be reviewed in line with external and internal stakeholder requirements. As legislatively mandated and in line with national priorities, the FIC contributes to the ongoing review and improvement of the AML/CFT/CPF frameworks within South Africa, regionally, and globally.

Relevant aspects of national and international requirements have been used to stabilise and/or change the FIC's policies and strategies toward making the financial system intolerant to abuse. The 2023/24 financial year will be used to take stock of progress made and identify what still needs to be done to ensure that the FIC policies and

strategies are fully geared towards implementing the latest updates to AML/CFT/CPF frameworks, including continued implementation of amendments to the FIC Act and related legislation as amended over the 2022/23 annual planning period.

3. Relevant Court Rulings

No major court rulings are applicable during the period covered by this Annual Performance Plan.

Part B: Our Strategic Focus

4. Situational Analysis

4.1. External Environment Analysis

Leveraging Partnerships for Advancing Fight Against Financial Crime

- Targeted approach to leverage partnerships and collaboration to ensure that the FIC's stakeholder relationships, products, services, and deliverables are advancing the fight against financial crime.
- Enhance the quality, reliability, usefulness, and accuracy of information received from accountable institutions (AIs) and other businesses through working relationships with key private sector partners such as the banks and supervisory bodies through South African Anti-Money Laundering Integrated Task Force (SAMLIT).
- Improve the exchange of information and uptake of products and services through capitalising relationships with law enforcement and other competent authorities via Fusion Centre, Anti-Financial Crime Coalition, Inter-Agency Working Group on Illicit Financial Flows, memoranda of understanding, and other means.
- The collaboration between SAMLIT and the public-public Fusion Centre collaborative has delivered noteworthy results from January 2021 to March 2022.

The FIC's Service Delivery service sub-programme 2.3 for legal and institutional AML/CFT frameworks delivered the following performance for the 2021/22 year, with some of the external processes stretching into the second half of 2022/23

- Amendment of the FIC Act – the FIC contributed to pre-work for the Parliamentary processes that unfolded in the 2021/22 and 2022/23 financial years (one of five Acts included for amendment in the General Laws Amendment Act, 2022 (Act 23 of 2022) (GLA Act),).
- Amendments to the FIC Act addressed:
 - Customer due diligence requirements.

- The extended concept of a beneficial owner.
- Non-financial sector supervisory body changes.
- Transferred implementation of targeted financial sanctions under resolutions of the UN Security Council to the FIC Act.
- Amendment to the Schedules – concluded through 2022/23 Parliamentary process.
- FIC co-ordinated inputs from all government stakeholders regarding mutual evaluation, FATF Mutual Evaluation processes, and related follow-up actions.

What does the country need to do to avoid grey listing – is this possible?

- South African authorities have developed action plans to address the deficiencies identified through the mutual evaluation, illustrating the country's commitment to improving and strengthening the AML, CFT, and CPF systems.
- The commitment of the South African government is further demonstrated by the strengthening of key institutions. This has already borne fruit as several politically connected persons have been charged with serious crimes and as the country makes inroads into stopping illegal financial flows out of the country to tax havens overseas. South Africa will also follow-through with policy, legislative and operational changes to improve the functioning of its anti-money laundering regime and to counter terrorist financing.
- South Africa remains committed to implementing an effective and robust AML, CFT, and CPF counter-proliferation financing system, which involves continued close cooperation and coordination between a variety of government departments and agencies, as well as the private sector.

Mutual Evaluation Process

Technical and Effectiveness Shortcomings

- The mutual evaluation assessors determined the extent to which South Africa met international standards for AML, CFT, and CPF set by FATF. The assessment dealt with two aspects, namely, the implementation of the FATF 40 Recommendations and the effectiveness of AML/CFT/CPF systems i.e. looking at the outcomes achieved because of the implementation of AML/CFT/CPF measures in South Africa. The assessment was made up of an initial off-site technical review and an on-site review.
- Technical compliance deficiencies – in terms of FATF's 40 Recommendations which relate to:

- Identify money laundering (ML) and Task Force (TF) risks and develop policies and domestic cooperation to mitigate these risks.
- Pursue ML and TF as criminal offences.
- Apply preventive measures for financial and non-financial institutions.
- Establish an institutional framework to combat ML and TF.
- Provide transparency of ownership and control of legal persons and arrangements.
- Promote international cooperation.
- Effectiveness – whether the public and private sectors have achieved expected outcomes in the application of laws and institutional infrastructure to combat ML and TF.
- The mutual evaluation considered the following:
 - Whether the country had laws and institutional infrastructure in place as required by the FATF 40 Recommendations.
 - Whether the public and private sectors achieved the expected outcomes by applying the laws and using institutional infrastructure to combat ML and TF i.e., effectiveness in achieving 11 Immediate Outcomes.
- Cabinet established the Inter-Departmental Committee on AML/CFT (IDC), led by the Acting Director-General (DG) of National Treasury in 2018. The purpose of the IDC was (i) To promote collaboration, information sharing, and communication between all role players and (ii) to co-ordinate decision-making on possible policy changes to improve the country's AML/CFT system.
- Role players, including the FIC, have arranged themselves and their efforts along the 11 Immediate Outcomes, which has helped focus efforts, resources, and coordination.

Compliance with the FIC Act by entities in financial and non-financial sectors

The FIC Act requires all AIs to register with the FIC and report suspicious and unusual financial transactions, as well as transactions exceeding the cash threshold as stipulated in the FIC Act. The FIC seeks to attain increasing levels of compliance with the FIC Act as one of its fundamental outcomes. The number of AIs that have registered with the FIC is one of the key measures of the level of compliance with the FIC Act. Without registration, accountable institutions cannot meet their reporting requirements. The FIC has undertaken awareness campaigns to enhance compliance with the FIC Act. An increase in the number of institutions registered with the FIC is one of the main indicators of improvements in compliance with the FIC Act within the medium term.

As the administrator of the supervision framework created by the FIC Act, the FIC promotes maximum compliance with the legislation by designated and other businesses and entities. This is to ensure that the FIC receives regulatory reports and data from the aforesaid sources as required.

The experience of the FIC since its establishment, the introduction of new FATF standards for AML/CFT/CPF, and best practice developed by other agencies has led the FIC to subscribe to a risk-based compliance supervision approach that seeks to attain increasing levels of compliance.

The risk-based compliance supervision approach assists in making compliance more cost-effective and efficient by directing limited resources to high-risk institutions.

Have decided not to comply:	Use full force of the law
Don't wish to comply:	Deter by detection
Try to comply but don't always succeed:	Assist to comply fully
Willingness to do what is correct:	Make it easy to comply

The table below provides an indication of the number of accountable institutions registered and required to be registered with the FIC.

In this regard, the following needs to be taken into consideration in interpreting the information in the table:

- The legislative changes referred to in the table are the Schedules to the FIC Act that have been amended with effect from 19 December 2022 and the implementation of the GLA Act with effect from 29 December 2022. The sectors that fall within the ambit of the FIC Act, have been identified by FATF to be high-risk sectors and domestic authorities, as being prone to abuse by criminals.
- Prior to these legislative changes, the total number of registered entities on the FIC database was approximately 43 000 institutions of which approximately only 4000 were supervised by the FIC, with the remainder being supervised by the South African Reserve Bank (SARB), Financial Sector Conduct Authority (FSCA), and DNFBP supervisors.
- The legislative changes resulted in the removal of the DNFBP supervisors, with the FIC taking over the FIC Act supervision function, including the addition of new sectors to the FIC Act regime, also to be supervised by the FIC. This has resulted in the

number of the FIC supervised entities to be supervised by the FIC to increase to more than 53 000 entities.

- The “supervisory coverage” of the FIC following the implementation of the legislative changes is therefore approximately 53 149 institutions from a total of 63 066 or approximately 84 percent of the total number of AIs (the remainder being the responsibility of SARB and the Financial Sector Conduct Authority (FSCA)). The reason for this coverage is due to the changes in the legislation where the previous DNFBP supervisors were removed, and new sectors were included in the scope of the FIC Act.

Schedule Item	FIC Registered	FIC Supervised Prior 19/12/2022	FIC Supervised New Schedules	SARB Supervised	FSCA Supervised
BE - Business Entity with a Reporting Obligation in terms of Section 29 of the FIC Act	598				
S111- Legal Service Providers (Attorney)	15745		15745		
S112- Trust and Company Service Providers	248	248	5300		
S113- Estate Agent	8666		8666		
S114- Authorised Users of an Exchange	153				153
S115- Unit Trusts (Collective Investment Schemes Managers)	65				65
S116- Bank	35			35	
S117- Mutual Banks and Co-operative Banks	4			4	
S118- Long-Term Insurer	84			84	
S119- Gambling	4074		4074		
S1110- Foreign Exchange Agent Or Company	202			202	
S1111- Credit Providers	69	69	6798		
S1112- Investment Advisor or Intermediaries	9029				9029
S1113- Issuer of Travellers Cheques And Money Orders	112			112	
S1114- Postbank	1	1			
S1116- Ithala Development Finance Corporation Limited	1	1			
S1119- Money Remitter or value transfer provider	198			198	
S1120 - High value goods dealer > R100 000 (excluding MVDs and KRDs)*			12500		
S1121 - SA Mint for distribution of non-circulation coins in retail trade to the value of >R100 000			1		
S1122 - Crypto asset service providers			65		
S1123 - Clearing system participants				35	
Motor vehicle dealers	3466	3466			
Kruger Rand dealers	234	234			
*Estimated number					
Grand Total	42984	4019	53149	670	9247

In the FATF Mutual Evaluation Report, which was published in October 2021, the mutual evaluation assessors indicated that the DNFBP sectors were regarded as high-risk. This was due to, *inter alia*, a lack of understanding of their money laundering and terrorist financing risks. The report also cited that it was evident that these sectors were not properly supervised, which was the main reason for the supervision functions being taken over by the FIC.

Monitoring the Level of Compliance of Institutions Taken Over from Other SBs

The determination of the compliance levels in the DNFBP sectors is based on several supervisory interventions. The main interventions are currently captured in this Annual Performance Plan (APP) and include awareness, monitoring, inspections, and enforcement. Each of these interventions, which is not exhaustive, is aimed at improving the levels of compliance within the 'FIC's supervised sectors. Note that the supervision work done by the FIC also extends to those sectors which are supervised by other

regulators e.g., FSCA, SARB's Prudential Authority (PA), and Financial Surveillance (FinSurv).

The FIC's supervision efforts are directed to individual Als, and the targeting of these institutions is based on risk. Therefore, not every institution may be covered by the FIC's supervisory interventions because of the huge number of institutions, greater than 50 000, under the FIC's current supervision purview. It is mainly those institutions that are identified and assessed as high-risk within the various sectors, that will be engaged through supervisory interventions. Each institution is unique and may have varying levels of compliance within a sector.

FATF requires that supervisors are able to identify the compliance issues and to demonstrate that the supervisory efforts have led to a change in behaviour and improvement in compliance through remedial actions. The FIC will endeavour to implement compliance tools that will enable an indication of the compliance levels of accountable institutions that have been engaged and their corresponding improvement in compliance pre and post these engagements by closely monitoring their remedial actions. This will enable the FIC to demonstrate the effectiveness of its supervisory efforts, both locally and internationally, and would provide assurance that the additional funding allocated to the FIC is achieving the desired results.

Administrative enforcement

- To ensure overall compliance with the FIC Act, the FIC, and supervisory bodies (SBs), as listed in Schedule 2 to the FIC Act, are obligated to supervise and enforce compliance with the provisions of the FIC Act.
- The FIC and other SBs therefore may impose a penalty, referred to as an administrative sanction, if they find that an institution or person with an obligation to submit regulatory reports has not complied with the FIC Act and its directives.
- In practice, the cooperation between the FIC and SBs takes place in the following manner:
 - The FIC has entered and signed MoUs between various SBs, Regulators, and Industry Associations that outline the process of sharing information.
 - Quarterly meetings are held between the FIC and each supervisory body, where general and specific issues relating to the relevant sectors are discussed. This

includes feedback from the SBs on progress with actions taken against their registered entities under the FIC Act.

- The FIC Act Enforcement Forum (FEF) was established to provide a platform for the FIC and all SBs to discuss matters of common interest relating to compliance with the FIC Act. During these meetings, the SBs also provide feedback on the number of inspections and enforcement actions they have taken in terms of the FIC Act. Through FEF engagements, the FIC Act Supervision and Enforcement Manual has been developed to harmonise supervision and sanctioning guidelines for all SBs.
- In addition, the FIC and SBs collaborate on a case-by-case basis to ensure that administrative sanctions are appropriate and effective. SBs have been requested to consult with the FIC prior to issuing sanctions to ensure consistency of sanctions and to report on sanctions issued.

Supporting efforts to make South Africa a safer country.

Basic compliance with the FIC Act plays an integral part in preventing, detecting, and disrupting financial crime but, this is not enough. The FIC provides financial intelligence to law enforcement, investigative and prosecutorial authorities based on the reports it receives from AIs. The number of high-priority and credible-quality intelligence reports that result in investigations determines the effectiveness of the financial intelligence the FIC produces.

The FIC is South Africa's national centre for the production of financial intelligence. To this effect, the FIC has the mandate and capability to receive and process reports on suspicious and unusual transactions, additional financial data, and other information to develop and provide financial intelligence to authorised government departments, agencies, and institutions.

While the FIC has the mandate to identify proceeds generated in the illicit economy, it has a focus on reducing those financial crimes that impact the well-being of South Africa's citizens, the economy, the environment, and natural resources. Flowing from its mandate-focused framework, the FIC works closely with the relevant authorities in efforts to combat selected high-risk crimes that include: organised crime; tax evasion and other economy-related crimes; crimes against the environment and natural resources; and corruption.

Over the current and previous medium-term periods, Government has continued to identify as a priority the need to make South Africa a place which is safer for all its citizens. Among other aspects, this requires that law enforcement authorities are able to identify instances of priority crime, especially those involving organised crime syndicates, and where the proceeds may be transported to or from other countries. To this end, law enforcement authorities have agreed that making use of financial intelligence should be an important component of all priority crime investigations.

The FIC will continue to expand its ability to collect data, process it, and to make available financial intelligence to the law enforcement authorities, intelligence services, and the revenue service in order for them to conduct their investigations and make applications for forfeiture of criminal assets. In addition, the FIC functions closely with the South African Police Service (SAPS) as a result of amendments to the SAPS Act, which enables closer cooperation in all matters involving priority crimes, including corruption.

As it links more closely with its delivery partners, the FIC continues to generate forward-looking financial intelligence for use by the competent authorities to prevent crime and to assist with the apprehension and prosecution of criminals on a more proactive and focused basis. This implies also that the FIC has become more assertive in assisting the law enforcement authorities with particular investigations. The FIC will therefore increase its capacity and make its capability available to the SAPS' Directorate for Priority Crime Investigation (DPCI) and other investigators across the country.

Legal and institutional frameworks to protect the financial system.

Financial crimes, money laundering activities, and terrorist financing are often complex, and constantly evolving as new threats emerge. The effectiveness of legal and institutional AML/CFT/CPF frameworks must continuously improve to consistently protect the integrity of the financial system.

The national risk assessment report produced by the FIC identifies gaps in the current domestic frameworks for combating financial crime. The extent to which these gaps will be addressed will be an important measure of improvement in tackling ML, TF, and CPF. The FIC is working with domestic and regional partners to evaluate the effectiveness of existing legal and institutional arrangements and develop an action plan for addressing deficiencies. Implementation of the Mutual Evaluation action plan is critical to ensure

continuous improvement in the effectiveness of legal and institutional AML/CFT/CPF frameworks.

Overview of historical performance

The FIC is on track to achieve longer-term Strategic Plan targets by the end of the 2020/21 – 2024/25 period. Concerted, ongoing efforts to increase registration of institutions from existing and new sectors registration base to a minimum of 50 000 institutions within the medium-term, a minimum increase of 16 percent from the accumulated total that stood at 42 984 registered institutions on 15 February 2023.

The FIC continues to produce significant volumes of high-priority financial reports that are disseminated for use by mandated entities. Closer engagements were ongoing between the FIC and mandated entities towards ensuring that the actual number of high-priority investigations over the first 30 months of the current 5-year plan (121 high-priority investigations supported) served to assist in sustained law enforcement effectiveness within the current medium-term period. As the FIC continues its contribution to improved law enforcement effectiveness, the entity and delivery partners will achieve an increasingly high contributions ion to the Government Outcome of ensuring that people are not only safe, but they reach a state of feeling safe (Government Outcome 3: All people in South Africa are and feel safe).

In addition to contributing to government-wide efforts to fight crime, current mid-term results indicate that the FIC continued its participation in establishing and maintaining global anti-money laundering processes, thereby contributing to Government Outcome 11: Creating a better South Africa and contributing to a better and safer Africa in a better world. The FIC will use the rest of the current 5-year period to ensure that global and regional (FATF and ESAAMLG respectively) requirements are addressed that including protection of the global financial systems, while simultaneously serving the national interest.

The overall strategic outlook is that the FIC remains on track to achieve predetermined targets as articulated within the Strategic Plan for the 2020/21 – 2024/25. Current performance gaps will continue to be addressed through the annual planning process.

FIC Strategic Outcomes

This Annual Performance Plan articulates the measurement framework that sets annual performance targets for each of the four FIC strategic outcomes:

- Enhanced compliance with the FIC Act
- Improved production and utilisation of financial intelligence reports and services to assist in the identification and combating of crime.
- Continuous improvement in the effectiveness of legal and institutional AML/CFT frameworks.
- Good corporate governance and an efficient and effective operating environment that supports the FIC in delivering on its mandate.

Risk-Based Supervision initiative to address identified deficiencies per Mutual Evaluation Report

The FIC proposes the scale-up of current supervisory processes that address deficiencies identified by the latest Mutual Evaluation Report focusing on the provision of relevant guidance and awareness, in particular to the new sectors, improved monitoring, conducting risk-based inspections, and issuing dissuasive and proportionate administrative sanctions in terms of the FIC Act. The ramp-up of supervision performance over the next three Medium Term Expenditure Framework (MTEF) periods has been captured in the Compliance and Prevention division (C&P) key performance indicator table, with the 2022/2023 financial year anticipated targets serving as the baseline performance information.

State Forensic Capability Initiative to address identified deficiencies per Mutual Evaluation Report

The FIC proposes the scale-up of the FIC's current forensic work to a level of a fully resourced State Forensic Capability (SFC) Unit within the FIC, that is geared towards effective forensic support on high-impact investigation cases. SFC will also contribute to reducing costs that the state currently incurs through the use of private forensic service providers.

Initiative for monitoring of policy implementation pursuant to ML, TF, PF, and National Risk Assessment (NRA) in line with emerging risks and global requirements

The FIC has planned to report biannually to the AML/CFT Inter-Departmental Committee (IDC) on the implementation of policies emanating from the ML/TF/PF and NRA. The FIC is working with domestic and regional partners to mutually evaluate the effectiveness

of existing legal and institutional arrangements and develop an action plan for addressing deficiencies.

Initiative for FIC recruitment of additional staff in line with increased service delivery requirements

The FIC will fill employee vacancies as per the recruitment plan that has been approved to address prioritised functions and new business requirements.

By the end of 2023/24 financial year, the FIC intends to fill 62 additional funded posts. To deliver on the improvement of production and utilisation of financial intelligence reports and services to assist in the identification and combating of crime, the FIC will appoint 29 additional employees to ensure that the Monitoring and Analysis mandate is delivered. To enhance delivering on Compliance and Prevention mandate, additional 20 appointments will be made to ensure enhanced compliance with the FIC Act.

The Corporate Services division will appoint 22 additional employees to ensure that the FIC maintains good corporate governance and an efficient and effective operating environment.

Strategic technology and business-as-usual technology in line with emerging risks and global requirements

The total ICT costs entail ICT Infrastructure, licences, application support, and information security. For the enhancement and transformation of ICT capabilities, special vehicle projects are utilised to implement the business requirements and/or technology renewals/refreshments.

The FIC embarked on the Line of Business (LOB) solutions modernisation programme to enhance and transform the ICT capabilities.

LOB programme objectives

The FIC ICT Modernisation Programme (LOB Programme) consists of two special projects with a combined scope that includes the following:

- Implementation of safe and secure information transmission platforms.
- Implementation of an enhanced analysis capability that aims to enable the business to monitor compliance and reporting of institutions to the FIC in an efficient manner.

- Implementation of hardware and software and other technology to enable information gathering.
- Implementation of business functionality that will allow additional reporting capability into the current operational environment.
- Deploy a solution that will allow the FIC to issue targeted financial sanctions as required by the amendment of the FIC Act, and
- Training and development of suitably qualified personnel to use and maintain the solution.

The programme scope work and implementation were arranged around two key objectives:

- Description of Objective 1: Financial intelligence analysis capability enhancements.
The development of analytical capability or solution that will enable the FIC to perform different types of analytics to enable analysts to make informed decisions in a shorter space of time. This will be done by consolidating internal and external hosted data that can be viewed using different data visualisation concepts that will allow the attainment of intelligence.
- Description of Objective 2: Targeted financial sanctions, automated validation, and additional reporting enablement.
The development and implementation of South African frontline capacity to track cash and negotiable instruments at all borders that exit and enter the Republic and bringing our reporting standards up to international standards that can be managed by an electronic case management solution that will enable the management of intelligence, compliance, sanction, and enforcement cases. Further, enhancing the existing registration, reporting, and collaboration capabilities to improve operational effectiveness and efficiencies.

Project delivery status, outcomes, and resource utilisation

The following table defines the project objectives, project delivery status, project outcomes, and impact/contribution to the FIC APP performance indicator. The last column will expand on the utilisation of the project resource roles required to deliver on the projects.

Objective	Project Delivery Status	Outcome	Impact/Contribution to FIC APP Performance Indicators	Project Resources Utilisation
Project 1: Intelligent Analysis Capability Enhancements				
1.1 Implement a platform that will enhance the performance of analysis in the Compliance and Prevention environment.	Compliance Monitoring and Analysis Solution (CMAS) project implementation in progress and completion status is 75%	Bring South Africa's AML/CFT technical platform in line with international good practices and address the FATF Mutual Evaluation recommendations.	In terms of FIC APP Outcome – Enhanced Compliance with the FIC Act, contribute to the following output indicators: <ul style="list-style-type: none"> • Number of risk and compliance awareness initiatives conducted. • Number of risk-based compliance review reports issued. • Number of FIC risk-based inspection reports issued 	In addition to the current PMO, EA and ICT business unit staff that are allocated to work on the projects, i.e., CMAS, CDP, BI Projects, the following additional project resources were contracted to complement the require skill set and capacity to execute the projects. <ul style="list-style-type: none"> • Business Analysts (x3) • Project Administrators (x2) • Training Analyst (x1) • Change Analyst (x1) • Senior Test Analyst (x1) • Test Analyst (x4) • Data Analyst (x1) • Test Automator (x1) • Project Manager (x1)
1.2 Implement a platform that will enhance the performance of analysis in the monitoring and analysis environment.	Intelligence Analytics Common Data Platform project implementation in progress and completion status is 47% Intelligence Analytics Business Intelligence Report project implementation in progress and completion status is 31%	Bring South Africa's AML/CFT technological platform in line with international best practices and address the FATF Mutual Evaluation recommendations.	In terms of FIC APP Outcome – Improved production and utilisation of financial intelligence reports and services to assist in the identification and combating of crime, contribute to the following output indicators: <ul style="list-style-type: none"> • Number of proactive high-priority financial intelligence reports issued to stakeholders per annum. • Number of proactive medium to lower priority financial intelligence reports issued to stakeholders per annum • Percentage of reactive financial intelligence reports issued to stakeholders. Including matters related ML/TF as identified by FATF Action Plan and from the recommendations from the Zondo Commission.	The following additional resources will be recruited to execute work on the current projects: <ul style="list-style-type: none"> • Snr Systems Analyst/ Solution Designer (x1) • Solution Architect (x1) • Snr Project Manager (x1)
Project 2: Targeted Financial Sanctions, Automated Validation and Additional Reporting Enablement				
2.1 Implement cash courier reporting, declare cash and negotiable instruments upon entry or departure of the Republic.	Cash Conveyance Reporting (CCR) Solution project implementation status: <ul style="list-style-type: none"> • Pilot Air Solution implemented 	Enable the ability to monitor cash and negotiable instruments upon entering and exiting South Africa with full source and destination details.	In terms of FIC APP Outcomes – Enhanced Compliance with the FIC Act and Improved production and utilisation of financial intelligence reports and services to assist in the identification and combating of crime, contribute to the relevant output indicators and	In addition to the current PMO, EA and ICT business unit staff that are allocated to work on the projects, i.e., targeted financial sanctions (TFS) and CCR Project, the same resources identified above will work across these projects.

Objective	Project Delivery Status	Outcome	Impact/Contribution to FIC APP Performance Indicators	Project Resources Utilisation
	and deployed at air pilot airport – 100% • CCR Air Solution build in progress		including matters related ML/TF as identified by FATF Action Plan and from the recommendations from the Zondo Commission	The following additional resources will be recruited to execute work on the current projects: • Solution Developer (Risk engine) (x1)
2.2 Provision of a platform that will allow FIC to perform automated comparisons between Registration and Reporting Data to a consolidated sanction list provided by the UNSCRs	Targeted Financial Sanction Solution • TFS solution implemented and deployed into production – 100% • TFS Enhanced to incorporate FATF Mutual Evaluation recommendations – 100%	Enable the ability to administer Targeted Financial Sanctions. An increase in South Africa's good standing in implementing and upholding UN Security Council Resolutions on TFS. Contributed to international efforts, including the African region towards security and safety from proliferation of Weapons of Mass Destruction (WMD). Improved and quicker rendering of service to LEAs on proliferation of WMD related matters.	In terms of FIC APP Outcomes – Enhanced Compliance with the FIC Act and Improved production and utilisation of financial intelligence reports and services to assist in the identification and combating of crime, contribute to the relevant output indicators and Including matters related ML/TF as identified by FATF Action Plan and from the recommendations from the Zondo Commission	

Funding

The FIC requested R100 million for the implementation of the entire programme. The FIC received confirmation on 21 November 2017, that Cabinet Committee had approved R50 million of the R100 million application for the Criminal Asset Recovery Account (CARA) funds for the implementation of the FIC ICT Modernisation Programme (LOB Programme) to enhance its registration, reporting and intelligence gathering systems and processes. The spending of the R50 million was to be spread over three years. The time period was subsequently extended due to COVID-19. The extension of the period required the Executive Authority to obtain approval and the onboarding of service providers for the delivery of the solutions.

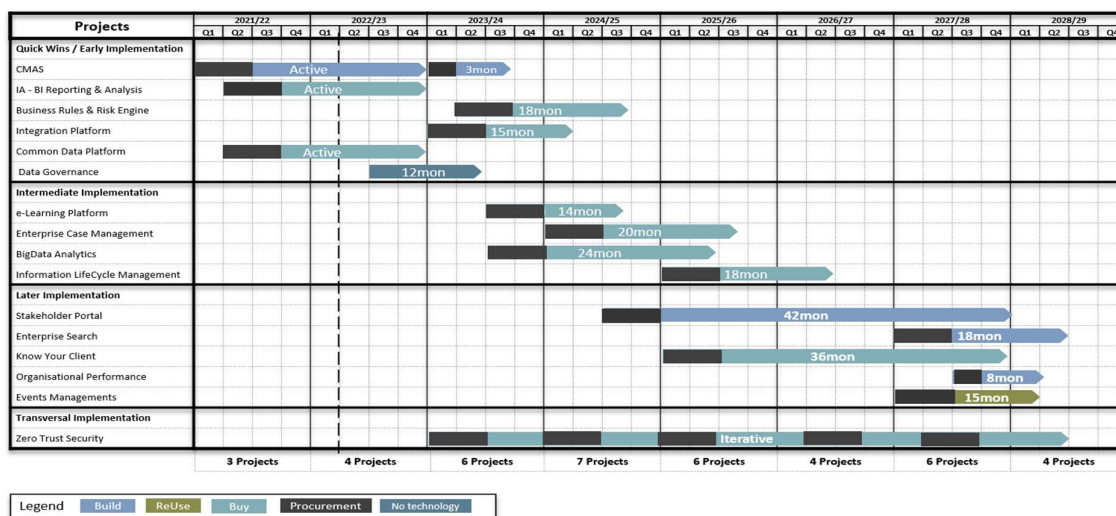
The following table summarises the current actual and committed funding of the active projects within the LOB Solution Modernisation Programme:

Projects	CARA CAPEX	CARA CONTRACT RESOURCE	FIC CAPEX	FIC CONTRACT RESOURCE ALLOCATION	ALLOCATED FIC OPEX (Next 2 FY)
LOB Phase 1 - Blue Print Design Project	14,576,673		667,699	2,379,779	
CMAS Project	15,028,556	2,512,756	2,898,880	4,136,838	3,797,760
IA CBD & BI Projects	17,882,015		11,111,615	2,157,951	6,170,906
TFS Project			3,057,000		
CCR Project			3,800,000	960,000	
Funding Allocation Sub-Total	47,487,244	2,512,756	21,535,194	9,634,568	9,968,666
Total Funding		50,000,000		31,169,762	9,968,666

In order to implement the remaining scope of the FIC LOB programme, Solutions Modernisation Programme, the FIC will approach CARA and National Treasury during the 2023/24 financial year for the funding of the remaining project capital expenditure (CAPEX) which is now estimated at R166 million over the next seven to eight years. The FIC will also be looking at opportunities for reprioritisation of the FIC Baseline funding to address project CAPEX shortfall.

During the first phase of the LOB Modernisation Programme, the blueprint design phase, a complete and detailed LOB programme project portfolio was developed outlined the projects required to deliver the complete LOB Modernisation solution.

The following figure provides a definition of the project portfolio, and the implementation roadmap that take into account business priorities and technical dependencies.



Based on the project portfolio roadmap definition, the following table defines the project CAPEX requirements to fund the implementation of the projects over the next 7-8 years.

Projects	TOTAL CAPEX COST	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
CMAS	R3,768,223	R3,768,223.00						
Intelligence Analytics - BI	R0							
IA-CDP	R7,781,766	R1,549,800.00	R6,231,965.60					
BigData Analytics	R7,820,100		R5,460,000.00	R2,360,100.00				
Data Governance	R3,600,000	R3,600,000.00						
Business Rules & Risk Engine	R10,259,869	R7,813,732.24	R2,446,136.78					
Integration Platform	R6,684,617	R5,897,899.44	R786,717.80					
Stakeholder Portal	R15,212,619			R5,602,272.74	R4,805,173.33	R4,805,173.33		
Enterprise Case Management	R21,442,112			R18,647,456.00	R2,794,656.00			
Enterprise Search	R9,854,763						R5,325,931.41	R4,528,832.00
Know Your Client	R15,040,000				R11,648,000.00	R1,696,000.00		
Events Management	R4,143,493						R2,697,867.23	R1,445,625.62
e-Learning Platform	R4,999,645		R4,999,644.85					
Information LifeCycle Management	R12,218,501				R7,490,628.82	R4,727,871.88		
Organisational Performance	R4,508,111						R2,254,055.60	R2,254,055.60
Zero Trust Security	R39,273,854	R3,927,385.38	R7,854,770.75	R7,854,770.75	R7,854,770.75	R7,854,770.75	R3,927,385.38	
Sub Totals		R26,557,040.05	R27,779,235.77	R34,464,599.49	R34,593,228.91	R19,083,815.96	R15,901,239.62	R8,228,513.22
Total	R166,607,673.02							R166,607,673.02

Further, the implementation of these projects requires an annual operational budget (OPEX) to maintain licences agreements, infrastructure and application support services. The following table defines the estimated project OPEX requirements for the projects as per the project implementation plan, and the total annual requirements for CAPEX and OPEX funding. Note: These are indicative project CAPEX and OPEX costs and will be refined during the implementation of these projects.

		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Annual OPEX		R8,830,000.00	R25,325,947.21	R43,787,397.05	R77,125,836.46	R88,694,700.93	R101,998,895.07	R129,651,974.91
Annual CAPEX		R26,557,040.05	R27,779,235.77	R34,464,599.49	R34,593,228.91	R19,083,815.96	R15,901,239.62	R8,228,513.22
TOTAL Annual OPEX & CAPEX		R35,387,040.05	R53,105,182.98	R78,251,996.54	R111,719,065.37	R107,778,516.89	R117,900,134.69	R137,880,488.12

4.2. Internal environment analysis

Information and Communications Technology (ICT)

It is important that the FIC continuously reviews its technological capability to maintain products and services of a high standard for its stakeholders. Since its inception, the FIC's stakeholders have relied on the financial intelligence the FIC provides, and this has become integral to their work. It is therefore important that the FIC continually enhances and optimises its ICT systems and capabilities. It does this by identifying enhanced, secure, and more efficient technology, improving methods to receive, process, and analyse data as well as innovative ways to manage the data it receives to produce high-quality financial intelligence products.

Organisational Processes

In addition to challenges in delivering services to external stakeholders in the public- and private sectors, the FIC must achieve good corporate governance and create an efficient and effective operating environment. Receiving annual unqualified audit

opinions without findings is a useful indicator of whether this is achieved. It demonstrates that public resources are not being misspent and that the organisation is achieving the targets as stipulated in the annual performance plans. To this end, institutional procedures and policies will be implemented through the effective management of physical and non-physical assets.

Staffing and Skills

Recruitment and retention strategies for those positions considered critical for the functioning of the organisation continue to be the two main focus points.

The FIC is to augment its severe staff shortage after the increase received in its baseline budget over the MTEF. Members on short-term contracts, that were contracted to augment our severe capacity constraints, will all be converted into permanent staff members; and a strong recruitment drive has been launched to recruit 62 new staff positions.

The recruitment drive, coupled with the current vacancy rate of about 48 positions, will place severe strain on our Human Resources Unit which will endeavour to fast-track this initiative.

The FIC continues to develop an approach to retain key staff, which covers all aspects relating to the employee value proposition including remuneration, work-life balance, performance management, recognition systems, training, and development.

These initiatives will facilitate a working environment in which the FIC's staff are able to plot their career paths while simultaneously enhancing the performance of the FIC.

Overview of Personnel Information

The FIC commenced with converting 45 contract positions. Of the 45 positions, 26 have been converted during the current financial year (2022/23) and the rest (19) will be converted at the beginning of the next financial year (2023/24).

The FIC further embarked on a strong recruitment drive to recruit 62 new positions. These positions (permanent and contract positions to be converted) comprise:

- Critical additional skills in forensic, analytics, data technology, and project management of PPPs - 29 positions with an estimated cost of R15.6 million and

the conversion of 6 contract positions to permanent positions at a cost of R2.5 million.

- Critical additional skills in inspections, compliance, enforcement, and administration - 20 new positions at an estimated cost of R15.7 million and the conversion of 18 contract positions to permanent positions at a cost of R6.4 million.
- Critical additional skills in project management, business analysis, testing, and specialised training - 6 new positions at an estimated cost of R5.9 million and the conversion of 13 contract positions to permanent positions at a cost of R7.8 million.
- Critical additional capacity in risk management, administration, L&D, HR, and finance - 7 positions at an estimated cost of R5.4 million and the conversion of 8 contract positions to permanent positions at a cost of R3.1 million.

Covid-19 Pandemic

The COVID-19 global pandemic adversely affected the FIC's internal and external operations during the period 2020/21 – 2022/23. The immediate effect of the various levels of country-wide lockdowns involved restrictions such as a halt on physical visits to entities that were scheduled to be inspected for compliance with the FIC Act. Work from home procedures plus remote or desktop inspections had to be implemented thus ensuring the FIC's business continuity during the past medium-term. External and internal factors are expected to improve as the FIC and broader society stabilises to a new normal that involves better management of infectious diseases and other risks.

Strategic Risks and Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis

The FIC continues to manage its organisational risks and threats through an integrated approach. This approach ensures the implementation of actions to control and manage strategic risks as identified and updated on an ongoing basis:

- Inadequate collection of information
- Inadequate utilisation of the FIC products and services by the stakeholders

- Inadequate promotion of national interest in maintaining the integrity of the South African financial system
- Inadequate operating environment
- Inadequate resources and governance

In addition to the broad public sector accountability framework within which the FIC exists, the following oversight bodies and structures were contributing to the ongoing management of the entity's strategic and operational risks:

- Executive oversight provided by the Minister of Finance
- Departmental oversight through the National Treasury
- The FIC Director in the Accounting Authority and the Accounting Officer role
- Audit and Risk Committee
- Internal Audit
- Executive Committee
- Management Forum
- Internal Procurement Committees
- ICT Governance Committee

Through ongoing action at governance structures, management, and individual employee level, the entity's external and internal activities continue to demonstrate commitment to key leadership and management principles such as clean administration, performance predictability, and organisational sustainability.

Strategic Risk	Mitigating Action
1. Inadequate collection of information (Note 1)	Awareness, guidance, monitoring, and supervision of information required by the FIC to affected stakeholders and ongoing maintenance and enhancement of the systems linking information sources with the FIC.
2. Inadequate production and utilisation of the FIC products and services by the stakeholders (Note 2)	Implementation of various initiatives to engage stakeholders using the FIC products and services.
3. Inadequate promotion of national interest in maintaining the integrity of the South African financial System (Note 3)	Proactive and reactive engagement with domestic and global stakeholders to ensure that policies to protect the integrity of South Africa's financial system remains aligned with international standards on combating money laundering and the financing of terrorism.
4. Inadequate operating environment (Note 4)	The FIC will continue to optimise its business processes, improve its ICT system and improve its human resource capacity and capabilities to enhance the operating environment and streamline its operations for efficiency and effectiveness.

Strategic Risk	Mitigating Action
5. Inadequate resources and governance (Note 5)	<p>▶ The FIC will continue to motivate funding by demonstrating its value and impact. As part of the exercise of streamlining its operations, the functioning of governance structures will continue to be enhanced to ensure that the organisation delivers on its mandate and has long-term sustainability.</p>

Explanation for Notes:

Note 1

For the FIC to achieve increased compliance with the FIC Act by accountable institutions, the FIC requires these institutions to register with the FIC and file statutory reports as specified by the FIC Act. To be able to file these statutory reports, Accountable Institutions must implement the risk-based compliance requirement in terms of the FIC Act. Accountable Institutions must understand their AML/CFT/CPF risks and be able to collect information on a risk-sensitive basis, to be able to submit statutory reports to the FIC.

Note 2

The effectiveness of the FIC is judged by its ability to generate credible quality financial intelligence and disseminate it to Law Enforcement agencies to support law enforcement efforts and to conduct investigations. The value of the financial intelligence produced and associated services is seen by its ability to assist the investigator in asset recovery and conducting a successful investigation to gather evidence for court purposes. The FIC needs to evaluate how LEAs use financial intelligence for effective investigations and asset recovery purposes. To mitigate the risk of financial intelligence not being utilised, the FIC has undertaken actions that assist LEAs to understand the financial intelligence products, and secondly how to effectively use it.

Note 3

Maintaining the integrity of SA's financial system to prevent its abuse through money laundering and terrorist financing, is a matter of national interest to the FIU. There is always a risk of failing to meet this objective. The negative findings of the Mutual Evaluation (ME) are pointing out the possible failure to maintain the integrity of the SA's financial system. The implementation of the FATF ME action plans will ensure that the SA's financial system is aligned with the FATF recommendations and standards, effectively making the financial system have integrity and be free from abuse.

Note 4

The FIC's operating environment refers to the operational infrastructure that the FIC uses to do business. It refers to business continuity management, records management, the safety of employees, office space, services like electricity and water, ICT systems, information security, etc. Should this infrastructure not be adequate, the FIC will not be able to achieve its strategic objectives and it will fail to deliver on its mandate. For the organisation to function efficiently and make an impact, the operating environment needs to be optimum. All potential courses that lead to a sub-optimal operating environment need to be identified and managed.

Note 5

Resources refer to funds and capacity to run a business. Governance refers to corporate governance. National Treasury has increased the FIC's budget allocation over the 2023/24 MTEF. This has alleviated this risk. The risk will however remain on the FIC's radar because of the extensive scope of work of the FIC, particularly after the amendment of the schedules of the FIC ACT. This requires a well thought human resources deployment strategy to maximise coverage of its work. Good corporate governance refers to the organisation being managed well to ensure the delivery of work while complying with the requirements and obligations expected of a government entity. Performance information, financial reporting, business continuity, and compliance with relevant legislations, are all governance imperatives that are required to ensure the sustainability of the organisation and guarantee that the FIC will continue to meet the expectations of its stakeholders now, and in the future. The archiving "clean" audit is the ultimate measure of having good corporate governance in the FIC. Any factor that will potentially derail the FIC to achieve the above, must be identified and be contained through suitable mitigation actions.

4.3 SWOT Analysis

<p>STRENGTHS</p> <ul style="list-style-type: none">• Clearly defined legislative mandate.• Recognition by delivery partners and stakeholders as possessing unique and valuable types of intelligence capabilities.• Existence of a core team of dedicated, experienced, and skilled professionals.• Relatively young and small organisation provides a good level of responsiveness per stakeholder requirements.• Currently, fit for purpose and secure infrastructure for the management of data and the production of financial intelligence.• Increasingly large repository of financial data that can be mined to produce financial intelligence as per specific stakeholder requirements.	<p>WEAKNESSES</p> <ul style="list-style-type: none">• Levels of investment in fixed assets lag the development pace required to cater to future capability requirements.• Scarce specialist skills in the growing fields of data management and financial intelligence.• Products and services spread thinly in response to a wide range of domestic and global stakeholder requirements.• Inadequate use of potential synergies between various internal core functions and support process teams.• Limited geographical coverage as regards the servicing of non-Gauteng stakeholder requirements.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none">• Participation of South Africa in mutually beneficial collaborations at country-to-country and multi-lateral levels.• Growing recognition of the economic and societal value of having a financial system that is trusted within the country and abroad.• Potential for higher levels of voluntary registration and reporting by institutions within the licit economy.• Potential for higher levels of recovery of proceeds of crime that involves both the licit and illicit economy.• Increasingly accessible multiple sources of data can be mined for the development of useful financial intelligence on persons and institutions that are of interest to law enforcement and other relevant authorities.• Recognition that a country increases the likelihood of being prosperous, safe, and secure only if it acts co-operatively with public and private organisations.	<p>THREATS</p> <ul style="list-style-type: none">• Political and social instability.• Economic downturn domestically and globally.• Infectious diseases.• Potential chaos arising from increasingly innovative global and domestic financial system products, services, and technologies.• Scarce financial and human resources for responding to increasing national and personal security threats.• Present dangers posed by organised crime.• Emerging dangers posed by unusual forms of terrorist attacks, including the 'lone wolf' phenomenon.• Cybercrime.• Porous national borders.• Insecure information arises from how information is managed by persons and entities, whether within the public or private sector.

A clearly defined legislative environment on AML/CFT/CPF is a significant strength for the FIC. As mandated by the FIC Act, the organisation has grown to a modest size over two decades, and expanding its mandate requires continues growth to meet increasingly higher external stakeholder requirements.

The FIC continues to take advantage of opportunities of pursuing national interests at global and regional levels. Through its contributions as an active member of FATF and EGMONT (globally) and ESAAMLG (regionally), the FIC protects the domestic financial system while also contributing to the world's AML/CFT/CPF initiatives aimed at protecting the global financial system against abuse.

While growing modestly over two decades of its existence, one key weakness for the FIC is that levels of investment in fixed assets lag the development pace required to cater to future capability requirements. Significant initiatives are being pursued to address ICT and other fixed asset weaknesses through national funding allocation and ring-fenced special funding through CARA.

The FIC has embarked on domestic and global collaborations that aim to minimise the negative impacts arising from external environmental threats. Regional and global political instability affects financial systems at various levels, hence the FIC continues to participate in initiatives that call for political principals' overall sponsorship of global and regional initiatives, among others, at FATF and ESAAMLG.

Part C: Measuring Our Performance

5. Institutional Performance Information

Programme: Compliance and Prevention

Purpose: Provide guidance to AIs and to monitor supervision by SBs of their responsibilities under the FIC Act. This entails a focus on compliance oversight of the FIC Act and close liaison with colleagues within the FIC on compliance-related issues as well as externally with the SBs and AIs. A core function is to inform, advise and collaborate with SBs to ensure their effective supervision of compliance. Another core function is to liaise with AIs to guide and assist them in meeting the FIC Act compliance requirements. The preventive aspects include compliance awareness, targeted at AIs, the issuing of guidance notes, and the provision of compliance training on the FIC Act obligations to affected entities.

Outcomes, Outputs, Performance Indicators, and Targets

Outcome	Outputs	Output Indicators	Annual Targets							
			Audited /Actual Performance			Estimated Performance	MTEF Period			
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
Enhanced compliance with the FIC Act	Outreach and Awareness of the FIC Act	1.1.1	Number of risk and compliance awareness initiatives conducted	18	21	24	30	40	42	44
	Monitoring of the FIC Act	1.2.1	Number of risk-based compliance review reports issued	60	0 [70 ^[1]]	82	90	120	140	120
	Risk-Based inspections in terms of the FIC Act	1.3.1	Number of FIC risk-based inspection reports issued	287	381	404	430 ^[2]	610	880	920

^[1] Virtual/off-site compliance review reports issued. TID amended from 2021/22 onwards to include virtual/off-site compliance review reports issued.

^[2] Thematic risk-based inspections combined with full-scope risk-based inspections.

Outcome	Outputs	Output Indicators		Annual Targets						
				Audited /Actual Performance			Estimated Performance	MTEF Period		
				2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Enforcement of the FIC Act	1.4.1	Percentage success rate of matters referred for administrative sanctions	100%	100%	100%	90% ^[3]	100%	100%	100%

Programme: Monitoring and Analysis

Purpose: Receive reports from AIs which are analysed to produce financial intelligence reports related to proceeds of crime, money laundering, and the financing of terrorist activities. The division also receives spontaneous disclosures from international counterparts and members of the public. The information is then stored, analysed, contextualised, and distributed to law enforcement authorities and intelligence agencies where further investigation is conducted. This division also receives and responds to requests for financial intelligence from international and domestic partners. In addition, the division maintains relationships with law enforcement authorities and conducts feedback sessions and training interventions.

Outcomes, Outputs, Performance Indicators, and Targets

Outcome	Outputs	Output Indicators		Annual Targets						
				Audited /Actual Performance			Estimated Performance	MTEF Period		
				2019/20	2020/21	2021/22		2022/23	2023/24	2024/25
Improved production and utilisation of financial	Financial Intelligence reports	2.1.1	Number of proactive high-priority financial intelligence reports issued to stakeholders per annum ¹	32	52	131	65	85	90	95
		2.1.2	Number of proactive medium	713	1074	651	600	700	750	800

^[3] Total number of administrative sanctions issued divided by the total number of matters referred to the Adjudication Panel and concluded.

¹ Including matters related ML/TF as identified by FATF Action Plan and from the recommendations from the Zondo Commission.

Outcome	Outputs	Output Indicators		Annual Targets						
				Audited /Actual Performance			Estimated Performance	MTEF Period		
				2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
intelligence reports and services to assist in the identification and combating of crime.			to lower priority financial intelligence reports issued to stakeholders per annum ²							
		2.1.3	Percentage of reactive financial intelligence reports issued to stakeholders ³	Responded to 134% of the requests	Responded to 134% of the requests	143%	Responded to 100% of the requests subject to an annual maximum of 1650	Responded to 100% of the requests subject to an annual maximum of 1750	Responded to 100% of the requests subject to an annual maximum of 1850	Responded to 100% of the requests subject to an annual maximum of 1900
		2.1.4	Number of elevated financial intelligence reports issued to stakeholders on illicit ⁴ financial flows per annum ⁵	N/A	N/A	32	20	35	40	45
	Stakeholder engagements to improve the understanding and utilisation of FIC products and/or services	2.2.1	Number of conducted stakeholder engagements to improve the understanding and utilisation of FIC products and/or services per annum	54	46	48	30	45	45	45
	Blocked funds involving crime and terrorism	2.3.1	Percentage response to requests to block funds	100%	100%	100%	100%	100%	100%	100%

² Including matters related ML/TF as identified by FATF Action Plan and from the recommendations from the Zondo Commission

³ Including matters related ML/TF as identified by FATF Action Plan and from the recommendations from the Zondo Commission

⁴ Illicit Financial Flows (IFF) is defined as the illegal movement of money or capital from one country to another when funds are illegally earned, transferred and/or utilised. This will cover illegally earned money (proceeds crime e.g. of drug trafficking, fraud or theft) as well as legally earned money, but illegally transferred (e.g. this falls within the legislative framework relating to exchange control and would typically relate to fraudulent documentation being presented, or non-declaration of cash in the case of "cash mules").

⁵ All financial intelligence reports issued to stakeholders on illicit financial flows will be regarded as elevated matters and accounted for separately.

Programme: Legal and Policy

Purpose: Administer the FIC Act, engage with international and regional policy-forming and standard-setting organisations, and provide policy advice on matters of a strategic nature concerning money laundering, proceeds of crime, and the financing of terrorism. It has the responsibility to continuously improve the legislative framework to identify the proceeds of crime, combating money laundering and the financing of terrorism, by recommending certain amendments to the FIC Act on an ongoing basis.

Outcomes, Outputs, Performance Indicators, and Targets

Outcome	Outputs	Output Indicators	Annual Targets							
			Audited /Actual Performance				Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
Continuous improvement in the effectiveness of legal and institutional AML/CFT frameworks	Support to countries within the ESAAMLG region to improve compliance with international standards	3.1.1 Percentage response to requests for technical assistance from countries within the ESAAMLG region	Responded to 100% requests for technical assistance	Responded to 100% requests for technical assistance	100%	Responded to 100% of requests for technical assistance	Responded to 100% of requests for technical assistance	Responded to 100% of requests for technical assistance	Responded to 100% of requests for technical assistance	Responded to 100% of requests for technical assistance
	Policy and legislation that is aligned with international standards	3.2.1 Number of policy-making activities attended within regional and inter-governmental organisations per annum	Attended and participated in FATF meetings [6] and ESAAMLG meetings [2]	Attended and participated in FATF meetings [5] and ESAAMLG meetings [2]	Attended and participated in FATF meetings [6] and ESAAMLG meetings [2].	Attended and participated in FATF meetings [6] and ESAAMLG meetings [2]	Attended and participated in FATF meetings [6] and ESAAMLG meetings [2]	Attended and participated in FATF meetings [6] and ESAAMLG meetings [2]	Attended and participated in FATF meetings [6] and ESAAMLG meetings [2]	Attended and participated in FATF meetings [6] and ESAAMLG meetings [2]
		3.2.2 Timeliness of implementation of UNSC targeted financial sanctions	N/A	N/A	New UNSC designations and changes to existing UNSC designations were implemented within 24 business hours, entailing 16 UNSC designations that	New UNSC designations and changes to existing UNSC designations implemented within 24 business hours of changes being	New UNSC designations and changes to existing UNSC designations implemented within 24 business hours of changes being	New UNSC designations and changes to existing UNSC designations implemented within 24 business hours of changes being	New UNSC designations and changes to existing UNSC designations implemented within 24 business hours of changes being	New UNSC designations and changes to existing UNSC designations implemented within 24 business hours of changes being

Outcome	Outputs	Output Indicators		Annual Targets						
				Audited /Actual Performance			Estimated Performance	MTEF Period		
				2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
						took place and were applied in FIC TFS consolidated list.	made to the UNSC Consolidated List	made to the UNSC Consolidated List	made to the UNSC Consolidated List	made to the UNSC Consolidated List
		3.3.1	Monitoring policy implementation pursuant to Money Laundering/ Terror Financing/ Proliferation Financing (ML/TF/ PF) NRA	NA	NA	NA	NA	Report to AML/CFT IDC on implementation of policies emanating from the ML/TF/ PF NRA Q2, Q4	Report to AML/CFT IDC on implementation of policies emanating from the ML/TF/ PF NRA Q2, Q4	Report to AML/CFT IDC on implementation of policies emanating from the ML/TF/ PF NRA Q2, Q4

Programme: Corporate Services

Purpose: Provides the business infrastructure for the execution of the FIC's mandate. The primary functions within this division include those of office management, financial and administrative management, supply chain management, human resources, project management, security services, and ICT. The division also manages the FIC's strategic planning, budgeting, monitoring, and reporting framework.

Outcomes, Outputs, Performance Indicators, and Targets

Outcome	Outputs	Output Indicators		Annual Targets						
				Audited /Actual Performance			Estimated Performance 2022/23	MTEF Period		
				2019/20	2020/21	2021/22		2023/24	2024/25	2025/26
Good corporate governance and an efficient and effective operating environment that supports FIC in delivering on its mandate	Good corporate governance	4.1.1	Unqualified audit opinion with no findings (Clean audit report)	Received an unqualified audit opinion 2018/19	Receive unqualified audit opinion with no findings for 2019/20 (Clean audit report)	Received unqualified audit opinion with no findings for 2020/21 (clean audit).	Receive unqualified audit opinion with no findings. (Clean audit report)	Receive unqualified audit opinion with no findings (Clean audit report)	Receive unqualified audit opinion with no findings. (Clean audit report)	Receive unqualified audit opinion with no findings. (Clean audit report)
		4.1.2	Percentage of female staff in line with Employment Equity Act (EE Act)	55.50% (111/200)	Q1 – 56.5% (113/200) Q2 – 55.61% (114/205) Q3 – 55.34% (114/206) Q4 – 55.61% (114/205)	Q1 - 55.45% (112/202) Q2 - 56.06% (111/198) Q3 - 56.91% (107/188) Q4 - 57.92% (106/183)	>51%	>51%	>51%	>51%
		4.1.3	Percentage of designated racial groups in line with EE Act	81.5% (163/200)	Q1 – 81.5% (163/200) Q2 – 81.46% (167/205) Q3 – 81.55% (168/206) Q4 – 81.95% (168/205)	Q1 - 81.19% (164/202) Q2 - 80.80% (160/198) Q3 - 80.31% (151/188) Q4 - 80.87% (148/183)	≥80%	≥80%	≥80%	≥80%
		4.1.4	Percentage of disabled employees in line with EE Act.	2% (4/200)	Q1 – 2% (4/200) Q2 – 1.95% (4/205) Q3 – 1.46% (3/206)	Q1 - 1.98% (4/202) Q2 - 2.02% (4/198) Q3 - 2.13% (4/188) Q4 - 2.16% (4/183)	≥2%	≥2%	≥2%	≥2%

Outcome	Outputs	Output Indicators		Annual Targets						
				Audited /Actual Performance			Estimated Performance 2022/23	MTEF Period		
				2019/20	2020/21	2021/22		2023/24	2024/25	2025/26
					Q4 – 1.95% (4/205)					
	Effective and efficient operating environment	4.2.1	Percentage of valid and compliant invoices paid within 30 days	April – 94% (272/288) May – 82% (179/219) Jun – 94% (245/262) Jul – 92% (199/216) Aug – 95% (203/214) Sep – 94% (297/316) Oct – 98% (266/271) Nov – 94% (250/265) Dec – 97% (265/272) Jan – 99% (192/194) Feb – 98% (193/197) Mar – 99.7% (291/292)	Apr – 100% (50/50) May – 99.1% (105/106) Jun – 74.3% (101/136) Jul – 85.5% (106/124) Aug – 84.8% (112/132) Sep – 94.8% (92/97) Oct – 98.6% (140/142) Nov – 96.5% (109/113) Dec – 97.2% (137/141) Jan – 92.5% (37/40) Feb – 98.67% (74/75) Mar – 98.09% (154/157)	Apr - 100% (102/102) May - 100% (74/74) Jun - 100% (130/130) Jul - 98.3% (113/115) Aug - 95.3% (101/106) Sep - 100% (106/106) Oct - 100% (96/96) Nov - 97.7% (85/87) Dec - 99.3% (152/153) Jan - 100% (59/59) Feb - 97.5% (156/160) Mar -100% (133/133)	100%	100%	100%	100%
		4.2.2	Percentage uptime ⁶ for external facing ICT system	N/A	Q1 – 100% Q2 – 99.12% Q3 – 98.86% Q4 – 99.66%	99.55% Q1 - 98.81% Q2 - 99.93% Q3 - 99.90% Q4 - 99.94%	≥98%	≥98%	≥98%	≥98%

⁶ Uptime is calculated from monitoring applications that tracks whether the external facing ICT system was available when accessed by users over the period under review.

Indicators, Annual and Quarterly Targets

Outcome 1: Enhanced compliance with the FIC Act.

Output Indicators		Annual Target	Q1	Q2	Q3	Q4
1.1.1	Number of risk and compliance awareness initiatives conducted	40	10	12	12	6
1.2.1	Number of risk-based compliance review reports issued	120	25	35	35	25
1.3.1	Number of FIC risk-based inspection reports issued	610	90	120	220	180
1.4.1	Percentage success rate of matters referred for administrative sanctions	100%	100%	100%	100%	100%

Outcome 2: Improved the production and utilisation of financial intelligence reports and services to assist in the identification and combating of crime.

Output Indicators		Annual Target	Q1	Q2	Q3	Q4
2.1.1	Number of proactive high-priority financial intelligence reports issued to stakeholders per annum	85	20	30	20	15
2.1.2	Number of proactive medium to lower priority financial intelligence reports issued to stakeholders per annum	700	160	170	200	170
2.1.3	Percentage of reactive financial intelligence reports issued to stakeholders	Responded to 100% of the requests subject to an annual maximum of 1750	N/A	N/A	N/A	N/A
2.1.4	Number of elevated financial intelligence reports issued to stakeholders on illicit financial flows per annum ⁷	35	10	15	5	5
2.2.1	Number of conducted stakeholder engagements to improve the understanding and utilisation of FIC products and/or services per annum	45	10	15	15	5
2.3.1	Percentage response to requests to block funds	100%	N/A	N/A	N/A	N/A

⁷ All financial intelligence reports issued to stakeholders on illicit financial flows will be regarded as elevated matters and accounted for separately.

Outcome 3: Continuous improvement in the effectiveness of legal and institutional AML/CFT frameworks.

Output Indicators		Annual Target	Q1	Q2	Q3	Q4
3.1.1	Percentage response to requests for technical assistance from countries within the ESAAMLG region	Responded to 100% of requests for technical assistance	N/A	N/A	N/A	N/A
3.2.1	Number of policy-making activities attended within regional and inter-governmental organisations per annum	Attended and participated in FATF meetings [6] and ESAAMLG meetings [2]	N/A	N/A	N/A	N/A
3.2.2	Timeous implementation of UNSC targeted financial sanctions	New UNSC designations and changes to existing UNSC designations implemented within 24 business hours of changes being made to the UNSC Consolidated List	New designation implemented within 24 business hours	New designation implemented within 24 business hours	New designation implemented within 24 business hours	New designation implemented within 24 business hours
3.3.1	Monitoring policy implementation pursuant to Money Laundering/ Terror Financing/ Proliferation Financing (ML/TF/ PF) NRA	Report to AML/CFT IDC on implementation of policies emanating from the ML/TF/ PF NRA Q2 and Q4	N/A	Report to AML/CFT IDC on implementation of policies emanating from the ML/TF/ PF NRA	N/A	Report to AML/CFT IDC on implementation of policies emanating from the ML/TF/ PF NRA

Outcome 4: Good corporate governance and an efficient and effective operating environment that supports the FIC in delivering on its mandate.

Output Indicators		Annual Target	Q1	Q2	Q3	Q4
4.1.1	Unqualified audit opinion with no findings (clean audit report)	Receive unqualified audit opinion with no findings (Clean audit report)	N/A	Received unqualified audit opinion with no findings (Clean audit)	N/A	N/A
4.1.2	Percentage of female staff in line with Employment Equity Act (EE Act)	>51%	>51%	>51%	>51%	>51%
4.1.3	Percentage of designated racial groups in line with EE Act	≥80%	≥80%	≥80%	≥80%	≥80%
4.1.4	Percentage of disabled employees in line with EE Act	≥2%	≥2%	≥2%	≥2%	≥2%
4.2.1	Percentage of valid and compliant invoices paid within 30 days	100%	100%	100%	100%	100%
4.2.2	Percentage uptime ⁸ for external facing ICT system	≥98%	≥98%	≥98%	≥98%	≥98%

⁸Uptime is calculated from monitoring applications that track whether the external facing ICT system was available when accessed by users over the period under review.

6. Programme Resource Considerations

The FIC receives 95.3 percent of its total revenue as transfers from National Treasury. Other revenue consists of the interest received on cash balances and drawdowns from the Criminal Asset Recovery Account allocation of R50 million over a 3-year period. The entity acknowledges continued support from the national fiscus over the years. Future expenditure proposals for ring-fenced capability developments beyond 2023/24 form part of the FIC's ongoing National Treasury consultations. Annual adjustments to the estimated expenditure budget depend on the outcome of the rolling 3-year budgeting process, with the current baseline being one of the options.

	2023/24	2024/25	2025/26
	R'000		
Expenditure per budget programme:			
1. Administration	72,001	76,463	85,484
2. Delivery of financial intelligence	234,483	246,642	259,723
3. Enablement of financial intelligence	98,477	103,243	112,318
Total	404,961	426,348	457,525

6.1. Link between budget programmes and outcomes

The FIC budget comprises three programme areas. The budget **structure** follows the conventional functional approach; however, the FIC aims to make the budget-to-outcomes link increasingly visible in its strategic and operational processes. This will be embedded further in forthcoming years, together with new methods to measure the impact of the FIC's activities.

PROGRAMME 1

Administration

This budget programme provides strategic leadership and corporate services to ensure that the organisation is managed efficiently, effectively, and in an economical manner. Administration-related objectives can be traced within the objectives and targets that are set in the other two the FIC budget programmes.

PROGRAMME 2

Delivery of intelligence on financial crime and the FIC Act-related regulatory services

PROGRAMME 3

Enablement of financial intelligence capabilities

Budget Programmes

Budget Programme 1: Administration

This budget programme provides strategic leadership and corporate services to ensure that the organisation is managed efficiently, effectively, and in an economical manner.

Administration-related objectives can be traced within the objectives and targets that are set in the other two the FIC budget programmes. This includes two the FIC divisions: **(1.1)** Office of the Director and **(1.2)** Corporate Services (excluding the Corporate Services costs that have been identified as part of one or more of the other two programmes, e.g., Capital expenditure on projects does not form part of the Administration programme). Administration includes office management, financial and administrative management, supply chain management, registry and document storage services, and in-house legal services.

Outcome 1	Enhanced compliance with the FIC Act
Outcome 2	Improve the production and utilisation of financial intelligence reports and services to assist in the identification and combating of crime
Outcome 3	Continuous improvement in the effectiveness of legal and institutional AML/CFT frameworks
Outcome 4	Good corporate governance and an efficient and effective operating environment supports the FIC in executing its mandate

Budget Programme 2: Delivery of intelligence on financial crime and the FIC Act-related regulatory services

(Involves three internal FIC divisions: Compliance and Prevention, Monitoring and Analysis, and Legal and Policy).

Budget Programme 3:

Enablement of financial intelligence capabilities.

(Divisions: Involves some parts of Corporate Services that include ICT, HR, Facilities, Projects, and Strategy management).

Part D: Technical Indicator Descriptions

Performance Indicator 1.1.1

Indicator title	Number of risk and compliance awareness initiatives conducted
Definition	To enhance awareness to accountable institutions, reporting institutions and affected stakeholders by creating awareness on risk and compliance with the FIC Act and the Money Laundering and Terrorist Financing Control Regulations. The indicator measures risk and compliance awareness initiatives arranged and conducted by the FIC only and excludes invitations to participate in stakeholders' compliance awareness initiatives.
Source/collection of data	Risk and compliance awareness initiatives register
Method of calculation	Count the number of risk and compliance awareness sessions conducted
Means of verification	Register of risk and compliance awareness initiatives conducted and related presentations
Assumptions	Availability of resources (human and funding)
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Planned risk and compliance awareness initiatives delivered successfully according to the awareness plan
Indicator responsibility	Manager: Guidance and Prevention

Performance Indicator 1.2.1

Indicator title	Number of risk-based compliance review reports issued
Definition	The indicator measures the actual number of risk-based compliance review reports issued by FIC. These risk-based compliance review reports are issued after a physical or virtual review of compliance with the FIC Act has been performed on entities that are listed in Schedule 1 of the FIC Act. A risk-based compliance review can only be regarded as complete once a final compliance review report is issued.
Source of data	Risk-based compliance review register indicating final compliance review reports issued
Method of calculation	Counting the number of risk-based compliance review reports finalised and issued
Means of verification	Final risk-based compliance review reports issued
Assumptions	Availability of resources (human and funding)
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Risk-based compliance review reports issued to institutions identified using the risk-based approach framework as per the compliance monitoring plan
Indicator responsibility	Manager: Compliance Monitoring

Performance Indicator 1.3.1

Indicator title	Number of FIC risk-based inspection reports issued
Definition	The indicator measures the actual number of risk-based inspection reports issued by the FIC to accountable institutions (FIC supervised institutions) and in joint inspections with SBs. Final draft reports are issued to the respective SBs. These inspection reports are issued after an inspection in terms of section 45B of the FIC Act has been performed on institutions that are listed in Schedule 1 of the FIC Act. A risk-based inspection can only be regarded as complete once a final inspection report is issued.
Source of data	Risk-based inspection register indicating final inspection reports issued
Method of calculation	Counting the number of risk-based inspection reports finalised and issued
Means of verification	Final risk-based inspection reports issued
Assumption	Availability of resources (human and funding)
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Risk-based inspection reports issued to institutions identified using the risk-based approach framework as per the inspection plan
Indicator responsibility	Manager: Supervision and Enforcement

Performance Indicator 1.4.1

Indicator title	Percentage success rate of matters referred for administrative sanctions
Definition	The indicator measures the success rate of the total number of matters referred to FIC Adjudication Panel that resulted in an administrative sanction issued by FIC. This process includes matters that have been concluded by the Adjudication Panel as well as matters that have been concluded by the Director which were recommended by the Adjudication Panel on the issuing of an administrative sanction.
Source of data	Administrative sanctions register
Method of calculation	The total number of administrative sanctions issued by the Director (numerator) divided by the total number of matters that have either been concluded by the Adjudication Panel and thus have resulted in the matter being dismissed, or if the Adjudication Panel has submitted the matter to the Director and the Director has concluded on the matter (denominator). Note, that any administrative sanctions that have not been concluded by the Adjudication Panel for dismissal or those that have been submitted to the Director and have not been concluded by the Director shall be excluded from the denominator calculation.
Means of verification	Administrative sanctions issued to non-compliant institutions
Assumptions	Availability of resources (human and funding)
Calculation type	Cumulative

Reporting cycle	Quarterly
Desired performance	Administrative sanctions issued to non-compliant institutions
Indicator responsibility	Manager: Supervision and Enforcement

Performance Indicator 2.1.1

Indicator title	Number of proactive high-priority financial intelligence reports issued to stakeholders per annum
Definition	FIC contributes to combating crime and protecting the financial system by providing high/credible quality financial intelligence at own initiative to authorised stakeholders by means of producing financial intelligence products relating to high-priority matters. Prioritisation is based on a variety of considerations including the type of matter, value, and perpetrator involved, actions required, potential victims, and public interest.
Source of data	Register that lists disseminated reports issued to stakeholders and proof of delivery
Method of calculation	Count the number of high-priority proactive reports issued, subject to an annual maximum of 85
Means of verification	goAML system and supporting spreadsheets
Assumption	Availability of resources (human and funding)
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	High/credible quality financial intelligence reports produced
Indicator responsibility	Senior Operations Manager: Monitoring and Analysis

Performance Indicator 2.1.2

Indicator title	Number of proactive medium to lower priority financial intelligence reports issued to stakeholders per annum
Definition	FIC contributes to combating crime and protecting the financial system by providing high/credible quality financial intelligence at own initiative to authorised stakeholders by means of producing financial intelligence products relating to medium to lower priority matters. Prioritisation is based on a variety of considerations including the type of matter, value, and perpetrator involved, actions required, potential victims, and public interest.
Source of data	Register that lists disseminated reports issued to stakeholders and proof of delivery
Method of calculation	Count the number of medium to lower proactive reports per quarter, subject to an annual maximum of 700
Means of verification	goAML system and supporting spreadsheets
Assumptions	Availability of resources (human and funding)
Calculation type	Cumulative

Reporting cycle	Quarterly
Desired performance	High/credible quality financial intelligence reports produced
Indicator responsibility	Senior Operations Manager: Monitoring and Analysis

Performance Indicator 2.1.3

Indicator title	Percentage of reactive financial intelligence reports issued to stakeholders.
Definition	FIC contributes to combating crime and protecting the financial system by providing high/credible quality financial intelligence reports to authorised stakeholders upon request.
Source of data	Register that list disseminated reports issued to stakeholders and proof of delivery.
Method of calculation	The number of requests responded to by end Q4, divided by total number of requests received during the financial year, plus the number of requests carried over from previous timeframes, subject to an annual maximum of 1750 (requests not responded to will be carried over to the new financial year).
Means of verification	goAML system and supporting spreadsheets.
Assumptions	Availability of resources (human and funding).
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	Stabilise/maintain the number of high/credible quality financial intelligence reports produced.
Indicator responsibility	Senior Operations Manager: Monitoring and Analysis.

Performance Indicator 2.1.4

Indicator title	Number of elevated financial intelligence reports issued to stakeholders on illicit financial flows per annum. ⁹
Definition	FIC contributes to combating crime and protecting the financial system by means of producing financial intelligence products relating to illicit financial flows. Due to the prevalence of illicit financial flows, financial intelligence reports issued to stakeholders specifically related to illicit financial flows will be regarded as elevated matters.
Source of data	Register that list disseminated reports issued to stakeholders and proof of delivery
Method of calculation	Count the number of reports issued relating to illicit financial flows, subject to an annual maximum of 35
Means of verification	goAML system and supporting spreadsheets
Assumption	Availability of resources (human and funding)
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	High/credible quality financial intelligence reports produced
Indicator responsibility	Senior Operations Manager: Monitoring and Analysis

Performance Indicator 2.2.1

Indicator title	Number of stakeholder engagements conducted to improve the understanding and utilisation of FIC products and services per annum.
Definition	Support to anti-crime efforts through FIC's provision of awareness and/or training to a variety of stakeholders including the reporting and law enforcement communities and mandated entities as well as tertiary institutions on FIC legislative mandate and powers, and, where applicable, their interaction with FIC systems, including aspects such as the effective utilisation of financial intelligence in combating crime.
Source/collection of data	Attendance registers or alternative confirmation.
Method of calculation	Count the number of stakeholder engagements conducted.
Means of verification	Attendance registers or alternative confirmation.
Assumptions	Availability of resources (human and funding).
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Stabilise or maintain number of stakeholder engagements.

⁹ All financial intelligence reports issued to stakeholders on illicit financial flows will be regarded as elevated matters and accounted for separately.

Indicator responsibility	Senior Operations Manager: Monitoring and Analysis.
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Performance Indicator 2.3.1

Indicator title	Percentage response to requests to block funds
Definition	The utilisation of section 34 directives (interventions/block instructions) of the FIC Act to block funds from being used in the financial system when there are reasonable grounds to suspect that it may represent the proceeds of crime or be connected to terrorist financing. As a prerequisite, it should be noted that section 34 directives can only be considered and issued upon receipt of substantiating information detailing the crime, followed by FIC interaction to verify the detail provided. These tasks are undertaken to identify proceeds deposited to relevant accounts in order to evaluate possible recovery prospects. This may result in securing proceeds via section 34 directives issued or no recovery prospects and advising accordingly. FIC needs time to confirm information to inform the possibility of issuing section 34 directives. Where a section 34 directive is issued, the timeframe for a response will be calculated as within 5 working days from the date of issue of a directive. In instances where section 34 directives are not issued, the time frame for a response will be calculated as within 5 working days from confirmation of no recovery prospects.
Source of data	Signed section 34 directive from FIC to initiate the block or no block possible, and report to the stakeholder who requested the block or who has an interest in the matter, confirmation from financial institutions that the block is in place and the amount blocked or no recovery prospects.
Method of calculation	Percentage response to block funds against the number of requests/scenarios received within set timeframe
Means of verification	goAML system and supporting spreadsheets
Assumptions	Availability of resources
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	Securing proceeds of crime and increase the number of high/credible quality financial intelligence produced
Indicator responsibility	Senior Operations Manager: Monitoring and Analysis

Performance Indicator 3.1.1

Indicator title	Percentage response to requests for technical assistance to countries within the ESAAMLG region
Definition	To assist countries within the eastern and southern Africa region to develop their own AML/CFT regimes
Source of data	<ul style="list-style-type: none"> - Communication acknowledging the request and either agreeing or declining to provide technical assistance - Internal feedback report for out-of-country technical assistance provided - Attendance registers for in-house technical assistance provided - E-mail with information shared with requesting country depending on the request

	- Technical assistance requests register
Method of calculation	Number of technical assistance responses (agree and decline) divided by the number of technical assistance requests received
Means of verification	Requests received and responses (decline or accept) register
Assumptions	Availability of resources (human and funding)
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	Increase responses to technical assistance requests
Indicator responsibility	Senior Operations Manager: Legal and Policy

Performance Indicator 3.2.1

Indicator title	Number of policy-making activities attended within regional and inter-governmental organisations per annum
Definition	Attending and participating in the meetings of standard setters such as the FATF on AML/CFT measures as well as the regional body, i.e., ESAAMLG. The target set represents 100% attendance of all 8 meetings, FATF [6] and ESAAMLG [2] which are compulsory for FIC to attend in a year
Source of data	<ul style="list-style-type: none"> - Invitation or e-mail notification of an upcoming meeting - FIC Director's approval to attend the meeting - Internal feedback report
Method of calculation	Count the number of meetings attended for FATF and ESAAMLG
Means of verification	Register of source data items
Assumptions	Availability of resources (funding and human resource)
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	Attendance of international, regional, and inter-governmental organisational meetings that are relevant to the objectives of FIC
Indicator responsibility	Senior Operations Manager: Legal and Policy

Performance Indicator 3.2.2

Indicator title	Timeous implementation of UNSC targeted financial sanctions per annum
Definition	<p>The FIC Act places the responsibility of administering TFS measures adopted by resolutions of the UNSC on FIC.</p> <p>This implementation of the UNSC resolutions is done by the publication on FIC's website of a notice by the Director of FIC of persons who are subject to the sanction measures and an updated sanctions list (which is also available on FIC's website) containing available identity particulars of persons and entities mentioned in notices published by the Director. In accordance with international standards, FIC has set the target for UNSC targeted financial sanctions to be implemented within 24 hours of the relevant information becoming available in the consolidated list which the UNSC maintains and publishes on its website.</p>
Source of data	UNSC consolidated list of targeted financial sanctions, the corresponding notices by the Director, and FIC's updated list of targeted financial sanctions as published on the FIC website.
Method of calculation	Measuring the time taken from when a particular change reflects in UNSC consolidated list to the time when the corresponding notice and updated list of targeted financial sanctions are published on the FIC website, which must be within 24 business hours.
Means of verification	Compare time from which the consolidated list became effective against time published on the FIC website
Assumptions	No systems outage experienced
Calculation type	Non-cumulative
Reporting cycle	Monthly
Desired performance	Effective implementation of UNSC targeted financial sanctions
Indicator responsibility	Senior Operations Manager: Legal and Policy

Performance Indicator 3.3.1

Indicator title	Monitoring policy implementation pursuant to Money Laundering/ Terror Financing/ Proliferation Financing (ML/TF/ PF) NRA
Definition	The NRA identified ML/TF/PF risks that require mitigation through policy implementation. In its role of monitoring required and ongoing policy implementation, FIC submits report to the AML/CFT IDC on progress in the implementation of mitigating actions
Source of data	Desktop research and sharing of information with colleagues at inter-departmental level
Method of calculation	Determination of NRA identified risk mitigation progress on a biannual basis
Means of verification	Register of source data items
Assumptions	Availability of resources (funding and human resource)
Calculation type	Non-cumulative
Reporting cycle	Biannually (Q2 & Q3)
Desired performance	Progress reported to AML/CFT IDC on implementation of policies emanating from the ML/TF/PF NRA
Indicator responsibility	Senior Operations Manager: Legal and Policy

Performance Indicator 4.1.1

Indicator title	Unqualified audit opinion with no findings (clean audit report).
Definition	Strive for the external audit outcome to reflect that the audited information of FIC is complete, accurate, and contains no material misstatements.
Source of data	External audit report.
Method of calculation	Read the audit opinion from the external audit report.
Means of verification	Read the audit opinion from the external audit report.
Assumptions	Availability of resources (human and funding).
Calculation type	Non-cumulative.
Reporting cycle	Annually.
Desired performance	Unqualified audit opinion with no findings.
Indicator responsibility	Director.

Performance Indicator 4.1.2

Indicator title	Percentage of female staff in line with EE Act
Definition	Maintain female demographics in FIC at a specified level of >51% of total staff complement
Source of data	Internal Human Resources reports from payroll system
Method of calculation	Total number of female staff divided by total number of staff. Calculated in percentage form
Means of verification	Calculate the total female staff against total staff
Assumption	Availability of qualifying female candidates to fill the vacant posts
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Maintain female staff at >51% of total staff complement
Indicator responsibility	Head: Human Resources

Performance Indicator 4.1.3

Indicator title	Percentage of designated racial groups in line with EE Act.
Definition	To ensure specific percentage of racial demographics in FIC as per the EE Act.
Source/collection of data	Internal system report reflecting all demographics of FIC staff.
Method of calculation	Total number of specific demographics divided by total number of staff.
Means of verification	Total number of designated racial group against total staff.
Assumptions	Availability of qualifying candidates from the designated racial group.
Calculation type	Non-cumulative.
Reporting cycle	Quarterly.
Desired performance	To improve FIC's current employment equity status level to 92% on designated racial groups in terms of EE Act.
Indicator responsibility	Head: Human Resources.

Performance Indicator 4.1.4

Indicator title	Percentage of disabled employees in line EE Act.
Definition	Ensure that FIC complies with the EE Act regarding the appointment of disabled staff members.
Source of data	All disability disclosure forms.
Method of calculation	Total number of disabled FIC staff divided by total number of staff.
Means of verification	Number of disabled staff against total staff.
Assumptions	Availability of disabled candidates for vacant posts.
Calculation type	Non-cumulative.
Reporting cycle	Quarterly.
Desired performance	Have at least more than 2% of employees as disabled persons.
Indicator responsibility	Head: Human Resources.

Performance Indicator 4.2.1

Indicator title	Percentage of valid and compliant invoices paid within 30 days.
Definition	Ensure that all compliant creditors' invoices are paid within 30 days of receiving the invoices as per Supply Chain Management (SCM) regulations.
Source of data	SYSPRO report for payments made and invoices received records.
Method of calculation	All valid and compliant invoices paid within 30 days divided by all valid and compliant invoices received.
Means of verification	All valid and compliant invoices paid within 30 days against all valid and compliant invoices received.
Assumptions	Internal processes are adhered to by employees and availability of human resources.
Calculation type	Non-cumulative.
Reporting cycle	Quarterly
Desired performance	Pay all valid and compliant invoices within 30 days of receiving the invoice.
Indicator responsibility	Chief Financial Officer.

Performance Indicator 4.2.2

Indicator title	Percentage uptime for external facing ICT system.
Definition	Maintain operation of the ICT system (goAML) used by external stakeholders. Uptime is calculated by a monitoring application that tracks whether the external facing system was available when accessed by users over the period under review.
Source of data	Register of data from monitoring application.
Method of calculation	Convert register of data from monitoring application into % uptime for quarter under review.
Means of verification	Compare calculated % uptime with register of data from monitoring application.
Assumptions	Availability of resources (human and funding).
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Maintain ICT system at ≥98% uptime for external stakeholders.
Indicator responsibility	Head: ICT

Part E: Financial Tables

Table 1: Statement of Financial Performance

Description	Annual Budget			2023/24 Quarterly Budget			
	2023/24	2024/25	2025/26	Q1	Q2	Q3	Q4
Grant Income	385,730	420,968	463,877	96,433	96,433	96,433	96,433
Income - Criminal Asset Recovery Account (CARA)	3,468	-	-	867	867	867	867
Interest - Bank	1,800	1,800	1,800	450	450	450	450
Total revenue	390,998	422,768	465,677	97,750	97,750	97,750	97,750
Compensation of employees	257,177	273,891	294,463	64,294	64,294	64,294	64,294
Total operating costs	132,287	137,004	146,759	33,072	33,072	33,072	33,072
Advertising	1,038	1,094	1,234	260	260	260	260
Audit costs	2,812	2,966	3,263	703	703	703	703
Bank charges	146	153	169	37	37	37	37
Bursaries (employees)	475	501	551	119	119	119	119
Communication	1,965	2,073	2,249	491	491	491	491
Computer services	38,273	40,198	42,219	9,568	9,568	9,568	9,568
Contractors	10,806	6,468	1,041	2,702	2,702	2,702	2,702
Legal fees	4,748	5,009	6,500	1,187	1,187	1,187	1,187
Operating lease	26,429	28,957	31,476	6,607	6,607	6,607	6,607
Printing and publication	1,121	1,183	1,301	280	280	280	280
Property payments	16,628	19,647	21,511	4,157	4,157	4,157	4,157
Training and staff development	2,753	2,904	3,394	688	688	688	688
Travel and subsistence	7,440	7,606	7,776	1,860	1,860	1,860	1,860
Professional fees	7,869	7,925	7,983	1,967	1,967	1,967	1,967
Operating payments	9,784	10,320	16,092	2,446	2,446	2,446	2,446
Total operating cost (excluding depreciation and amortisation)	389,464	410,895	441,222	97,366	97,366	97,366	97,366
Depreciation and amortisation	15,497	15,453	16,303	3,874	3,874	3,874	3,874
Total operating cost (including depreciation)	404,961	426,348	457,525	101,240	101,240	101,240	101,240
Surplus / (Deficit)	(13,963)	(3,580)	8,152	(3,491)	(3,491)	(3,491)	(3,491)

Table 2: Statement of Financial Position

Description	Annual budget		
	2023/24	2024/25	2025/26
	R'000		
ASSETS			
Current Assets	65,459	67,210	87,663
Inventory	61	74	70
Trade and other receivables from exchange transactions	209	214	210
Prepayments	7,085	7,436	7,400
Cash and cash equivalents	58,104	59,486	79,983
Non-Current Assets	41,448	39,549	29,139
Property, plant and equipment	27,135	27,135	20,059
Intangible assets	13,368	11,438	8,100
Deposits	945	976	980
TOTAL ASSETS	106,907	106,759	116,802
LIABILITIES			
Current Liabilities	27,338	21,457	21,960
Trade and other payables from exchange transactions	21,810	19,497	19,850
Current provisions	2,000	1,900	2,050
Deferred income	3,468	-	-
Third-party deposits	60	60	60
Non-Current Liabilities	19,436	24,936	34,455
Finance Lease Liability	119	-	-
Operating Lease Liability	19,317	24,936	34,455
TOTAL LIABILITIES	46,774	46,393	56,415
TOTAL NET ASSETS = ACCUMULATED SURPLUS	60,133	60,366	60,387

Table 3: Budget Programme Structure: Administration, Delivery, and Enablement

Categories	Admin			Delivery			Enablement			Total Budget		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
	R'000			R'000			R'000			R'000		
Compensation of employees	53,930	57,780	62,105	163,639	173,774	186,848	39,608	42,337	45,510	257,177	273,891	294,463
Advertising	13	13	15	1,025	1,081	1,219	-	-	-	1,038	1,094	1,234
Audit costs	2,812	2,966	3,263	-	-	-	-	-	-	2,812	2,966	3,263
Bank charges	116	122	135	30	31	34	-	-	-	146	153	169
Bursaries (employees)	475	501	551	-	-	-	-	-	-	475	501	551
Communication	-	-	-	1,318	1,390	1,529	647	683	720	1,965	2,073	2,249
Computer services	148	156	171	26,828	28,124	29,474	11,297	11,918	12,574	38,273	40,198	42,219
Contractors	-	-	-	7,338	6,468	-	3,468	-	1,041	10,806	6,468	1,041
Legal fees	4,748	5,009	6,500	-	-	-	-	-	-	4,748	5,009	6,500
Operating lease	-	-	-	8,764	9,741	10,570	17,665	19,216	20,906	26,429	28,957	31,476
Printing and publication	824	869	956	250	264	290	47	50	55	1,121	1,183	1,301
Property payments	-	-	-	6,131	6,694	7,363	10,497	12,953	14,148	16,628	19,647	21,511
Training and staff development	2,020	2,131	2,544	625	659	725	108	114	125	2,753	2,904	3,394
Travel and subsistence	1,560	1,646	1,810	4,734	4,751	4,636	1,146	1,209	1,330	7,440	7,606	7,776
Professional fees	3,483	3,298	2,893	-	-	-	4,386	4,627	5,090	7,869	7,925	7,983
Operating payments	1,872	1,972	4,541	5,275	5,566	8,491	2,637	2,782	3,060	9,784	10,320	16,092
Depreciation and amortisation	-	-	-	8,526	8,099	8,544	6,971	7,354	7,759	15,497	15,453	16,303
Total Expenditure	72,001	76,463	85,484	234,483	246,642	259,723	98,477	103,243	112,318	404,961	426,348	457,525

Table 4: Cashflow Statement

	2023/24	2024/25	2025/26
	R'000		
Cash receipts from stakeholders	387,530	422,768	465,677
Transfers received	385,730	420,968	463,877
Interest income	1,800	1,800	1,800
Cash paid to stakeholders	(389,464)	(410,895)	(441,222)
Compensation of employees	(257,177)	(273,891)	(294,463)
Goods and services	(132,287)	(137,004)	(146,759)
Cash flow from operating activities	(1,934)	11,873	24,455
Cash flow from investing activities	(1,343)	(10,491)	(3,958)
Acquisition of property, plant, equipment & intangible assets	(1,343)	(10,491)	(3,958)
Cash flow from financing activities	(119)	-	-
Repayment of finance lease	(119)	-	-
Net increase / (decrease) in cash and equivalents	(3,396)	1,382	20,497
Cash and cash equivalents at beginning of year	61,500	58,104	59,486
Cash and cash equivalents at end of year	58,104	59,486	79,983

Table 5: Overview of Expenditure Per Programme

	2023/24	2024/25	2025/26
	R'000		
Expenditure per budget programme:			
1. Administration	72,001	76,463	85,484
2. Delivery of financial intelligence	234,483	246,642	259,723
3. Enablement of financial intelligence	98,477	103,243	112,318
Total	404,961	426,348	457,525

Expenditure analysis

The FIC's baseline is expected to increase at an average annual rate of 13.6 percent, from R316.8 million in 2022/23 to R463.9 million in 2025/26, mainly to increase capacity in response to matters identified in the FATF Action Plan, as well as a response to the recommendations from the Zondo Commission; and to increase capacity and fund the support and maintenance of the FIC's ICT infrastructure by enhancing the existing capability of its analytical software to reinforce the integrity of South Africa's financial system, as well as improving access to information links for the FIC's clients in order to improve its oversight responsibility and combat of financial crimes and terror financing.

Over the medium term, the strategic focus will be enhanced through the employment of an additional 62 permanent personnel with interdisciplinary skills in anti-money laundering, counter terror financing, and related activities, supervision and monitoring, forensic accounting, enforcement, compliance, and strategic analysis. The FIC is also in the process of converting 45 contract employees to permanent positions and commenced with the conversion process during 2022/23 when 26 of these positions have already been converted. As a result of this increase, the number of proactive high-priority financial intelligence reports issued to stakeholders is projected to increase from 65 in 2022/23 to 95 in 2025/26 and the maximum number of reactive financial intelligence reports issued to stakeholders will increase from 1 650 in 2022/23 to 1 900 in 2025/26. Medium to lower-priority financial intelligence reports issued to stakeholders will also increase from 600 in 2022/23 to 800 in 2025/26. Additional compliance personnel will result in the number of inspection reports issued increasing from 430 in 2022/23 to 920 in 2025/26.

The number of elevated financial intelligence reports issued to stakeholders on illicit financial flows is projected to increase from 20 in 2022/23 to 45 in 2025/26.

Spending on goods and services is expected to decrease at an annual rate of 0.8 percent from R150.1 million in 2022/23 to R146.7 million in 2025/26. This is due to the conversion of personnel on short-term contracts to permanent staff. Consequently, spending on the compensation of employees is expected to increase at an average annual rate of 13 percent, from R203.9 million in 2022/23 to R294.5 million in 2025/26 as a result of the employment of additional personnel.

The FIC will establish the state's forensic capability unit for the ACTT within the FIC, as approved by the ACTT, which will require the appointment of 65 persons. The FIC will apply to National Treasury for the relevant funding to implement this capacity over the next three years. The SFC task team in its approved report by the ACTT have recommended that the SFC be funded by the National Treasury with an estimated SFC operational costs for the first 3 years (including the Year 0 preparation for launch period of 6 months) relating to the establishment of the SFC of R338.7 million and capital expenditure of R6.9 million, including basic ICT tools. The total estimated SFC operational cost to be funded for the first 5 years amounts to R667 million or R134 million per operational year. In the interim, a pilot will be established from existing resources and funded by the FIC until funding is secured from National Treasury to expand the unit as required.



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