



Financial
Intelligence Centre

ANNUAL
PERFORMANCE
PLAN
2018/19

STRATEGIC
PLAN
2018/19 to
2022/23

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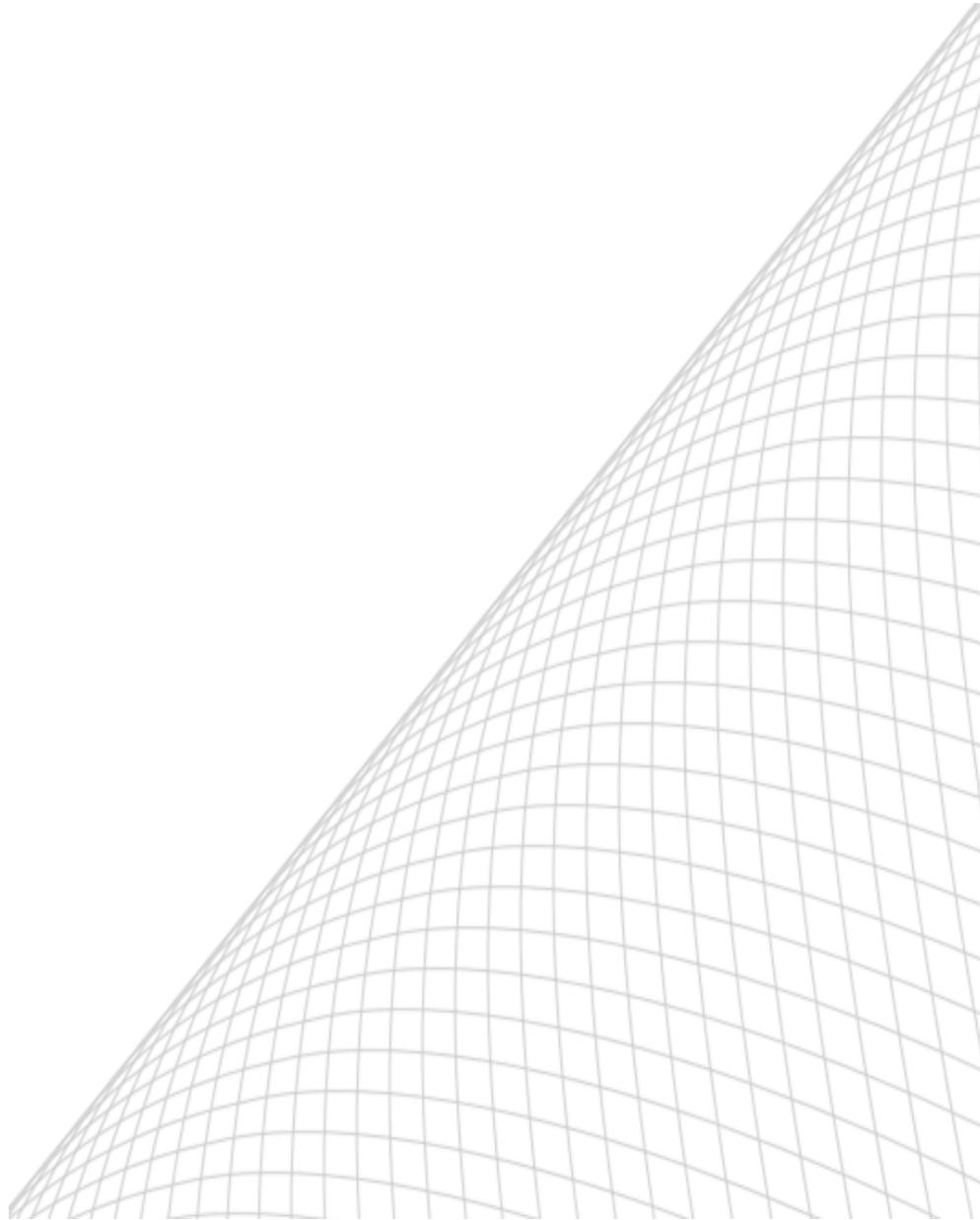
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Making South Africa's Financial System Intolerant to Abuse

Financial Intelligence Centre

Annual Performance Plan 2018/19



CONTENTS

ACRONYMS	1
OFFICIAL SIGN-OFF	2
PART A: EXECUTIVE SUMMARY	3
STRATEGIC THEME.....	3
PRIORITY AREAS.....	3
OVERVIEW OF THE FUNDING AND EXPENDITURE MODEL	4
PART B: STRATEGIC OVERVIEW	4
1. INTRODUCTION	4
2. THIS PLAN AT A GLANCE.....	6
3. MANDATE, VISION, MISSION AND VALUES	8
4. OVERVIEW OF RISKS AND THREATS TO FIC OPERATIONS.....	9
5. SITUATIONAL ANALYSIS.....	10
5.1 PERFORMANCE ENVIRONMENT	10
5.2 ORGANISATIONAL ENVIRONMENT	13
5.3 STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS	14
5.4 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS	15
PART C: ANNUAL PERFORMANCE FRAMEWORK – OBJECTIVES, INDICATORS AND TARGETS PER OUTCOME.....	15
6. STRATEGIC OUTCOME 1: IMPROVING THE COLLECTION OF INFORMATION AND COMPLIANCE WITH THE FIC ACT.....	15
7. STRATEGIC OUTCOME 2: INCREASED UTILISATION OF FIC PRODUCTS AND SERVICES	18
8. STRATEGIC OUTCOME 3: PROMOTING NATIONAL INTEREST IN MAINTAINING THE INTEGRITY OF SA'S FINANCIAL SYSTEM	20
9. STRATEGIC OUTCOME 4: ENSURING A SAFE, SECURE, COMPLIANT AND EFFICIENT OPERATING ENVIRONMENT	23
PART D: BUDGET PROGRAMME STRUCTURE – THREE PROGRAMMES: ADMINISTRATION; DELIVERY OF INTELLIGENCE; ENABLEMENT OF CAPABILITIES	26
10. STRATEGIC OUTCOMES AND BUDGET PROGRAMMES	26
10.1 Link between outcomes and main programmes.....	26
10.2 Business-as-usual expenditure and ring-fenced projects for strategy implementation	27
11. BUDGET PROGRAMME 1:	28
12. BUDGET SUB-PROGRAMME 2.1:	28
13. BUDGET SUB-PROGRAMME 2.2:	28
14. BUDGET SUB-PROGRAMME 2.3:	29
15. BUDGET PROGRAMME 3:	29
16. FINANCIAL SUMMARY FOR THE MEDIUM-TERM 2018/19 – 2020/21.....	30
17. LINK TO THE LONG TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS	33
PART E: LINKED DOCUMENTS AND ANNEXURE	34
18. FIC STRATEGIC PLAN 2018/19 – 2022/23.....	34
19. ANNEXURE 1: TECHNICAL INDICATOR DESCRIPTIONS	34

ACRONYMS

AFU	Asset Forfeiture Unit	ICT	Information and Communications Technology
AI	Accountable Institution	MOU	Memorandum of Understanding
AML/CFT	Anti-Money Laundering/Combating of Financing of Terrorism	MTEF	Medium-Term Expenditure Framework
CCR	Cash Courier Report	MTSF	Medium-Term Strategic Framework
CIPC	Companies and Intellectual Property Commission	UNODC	United Nations Office on Drugs and Crime
CTR	Cash Threshold Report	POCA	Prevention of Organised Crime Act, 1998 (Act 121 of 1998)
DPCI	Directorate for Priority Crime Investigation	POCDATARA	Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004 (Act 33 of 2004)
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group	RI	Reporting Institution
FATF	Financial Action Task Force	SAPS	South African Police Service
FIC Act	Financial Intelligence Centre Act, 2001 (Act 38 of 2001)	SARS	South African Revenue Service
FIC	Financial Intelligence Centre	SB	Supervisory Body
FIU	Financial Intelligence Unit	STR	Suspicious Transaction Report
FSRB	FATF-Style Regional Body	TPR	Terrorist Property Report
G-20	Group of 20 Finance Ministers and Central Bank Governors		

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan 2018/19:

- Was developed by the management of the Financial Intelligence Centre (FIC), under the leadership of the FIC Director, Advocate Xolisile Khanyile
- Takes into account the applicable policies, legislation and other mandates
- Accurately reflects the strategic outcomes and outputs set out for the FIC for the period 2018/19 – 2022/23.

Approved by:

Adv X J Khanyile
DIRECTOR
FINANCIAL INTELLIGENCE CENTRE

PART A: EXECUTIVE SUMMARY

STRATEGIC THEME

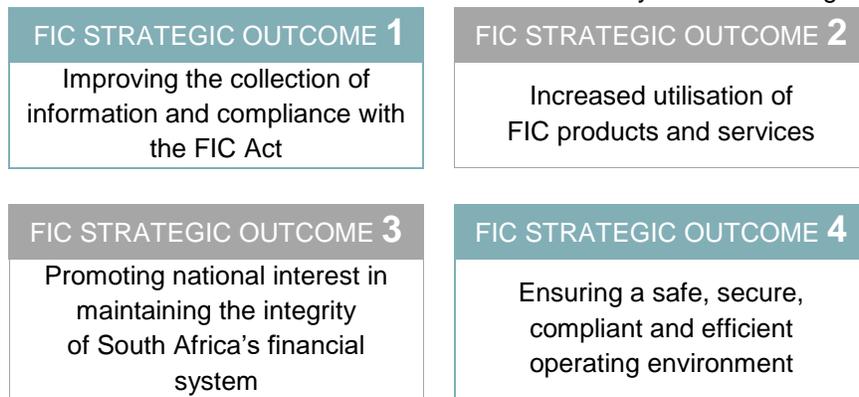
MAKING SOUTH AFRICA'S FINANCIAL SYSTEM INTOLERANT TO ABUSE

PRIORITY AREAS



The broad strategic priority areas facilitate current processes towards achievement of the long-term vision: The FIC is a highly-capable public entity that produces financial intelligence for making South Africa's financial system intolerant to abuse.

This Annual Performance Plan (APP) 2018/19 describes the FIC's performance objectives for the identified priority areas that include the anti-money laundering framework, service delivery, staff capabilities, technology and internal processes in line with the measurement framework defined by the FIC Strategic Outcomes:



Updates to the organisation's current strategies will be considered in due course, during ongoing consultative processes on the development of a more comprehensive long-term plan, and will incorporate existing and emerging stakeholder-related requirements.

Current strategies to achieve the FIC Strategic Outcomes follow a multi-pronged approach in the medium term:

- Stabilisation and enhancement of the mandate-focused framework in line with the national interest, including the ongoing implementation of anti-money laundering and combating of financing of terrorism (AML/CFT) requirements.
- Continuation of the cost-controlled enhancement of delivery of FIC products and services to identified stakeholders, towards making the financial system intolerant to abuse. The stakeholders range from public institutions to various private organisations within the ambit of the FIC Act.
- Maintenance and upgrading of the required internal capacity and capability levels in prioritised strategic elements, with a focus on:
 - Human resource capacity and capability within FIC's expenditure ceiling and in line with service delivery requirements

- Information and Communications Technology (ICT) and other internal infrastructure in line with requirements that range from clean administration, performance predictability and organisational sustainability.

OVERVIEW OF THE FUNDING AND EXPENDITURE MODEL

The FIC commits to continued high performance beyond the minimum legislative mandate requirements. While acknowledging continued public funding support over the years, future expenditure proposals for ring-fenced capability developments beyond 2018/19 will be presented in line with the FIC's ongoing National Treasury consultations.

Estimated funding requirements per programme	R'000		
	2018/19	2019/20	2020/21
1. Administration	50,363	52,209	54,267
2. Delivery of financial intelligence	168,872	168,789	176,292
3. Enablement of financial intelligence	77,524	77,236	79,448
Total estimated funding	296,759	298,234	310,007

PART B: STRATEGIC OVERVIEW

1. INTRODUCTION

The FIC was established by the FIC Act, 2001 (Act 38 of 2001) and commenced operations as a public entity in 2003.

The FIC's mandated role is to ensure that the financial intelligence products it provides to law enforcement authorities, state security services, the South African Revenue Service and supervisory bodies, are used to support the investigation and prosecution of offences which involve the proceeds of or utilisation of funds for crime. While supporting all law enforcement efforts with its limited resources, the FIC emphasises effective use of its financial intelligence resulting in successful investigations, prosecutions and where possible, the freezing of the proceeds of crime. This includes crime which threatens the integrity of the country's financial institutions and social well-being, or which has the potential of destabilising the country.

In addition to its mandate focus, current and emerging performance requirements, and the

challenges in the global and domestic environment, are factors that called for updating of the FIC's Strategic Outcomes and Objectives, and corresponding performance plans. In its annual planning process, the FIC took cognisance of relevant performance requirements that were expressed through the Government Priorities and Outcomes

FIC's objectives speak to Government Outcomes that are part of the Medium Term Strategic Framework (MTSF). As South Africa's national centre for collection of financial data and for development and dissemination of financial intelligence reports, the FIC contributes toward Government Outcome 3, which is to ensure that South Africans are and feel safe. It also operates within the international arena in support of Government Outcome 11; by providing support and assistance to fellow African countries as these countries seek to implement their own anti-money laundering and combating of terror financing frameworks.

- **National Development Plan**

Through Vision 2030, the National Development Plan (NDP) projects the FIC and the broader South African nation to a desired future where "...we feel loved, respected and cared for at home, in community and in the public institutions we have created. We all see to it and assist so that all life's enablers are available in a humane way". A number of the NDP objectives and actions draw from the themes within previous Government MTSF priorities.

The FIC has identified the following areas as part of its initial NDP areas of focus:

Building safer communities	Growing the economy and employment
Positioning South Africa in the world	Building a capable and developmental state

- **The FIC reaffirms its commitment to collaborative work with identified role players within the domestic and global environment. Activities in this area will be informed by:**

- Legislative requirements and broader domestic initiatives. In providing the mandate for protecting the integrity of South Africa's financial system, the FIC Act is aligned with the relevant legislation within the criminal justice system, including 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 and the Anti-Corruption Task Team (ACTT)
- South Africa's continues participation, led by the FIC, in global organisations and regional initiatives, including through the Financial Action Task Force (FATF) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)
- The FIC is an active participant in the Egmont Group of Financial Intelligence Units.

Overall, the FIC is led by its intent to be a highly capable public entity that produces financial intelligence for making South Africa's financial system intolerant to abuse.

THIS VISION IS SUPPORTED BY THE FIC'S FOUR STRATEGIC OUTCOMES

FIC Strategic Outcome 1: Improving the collection of information and compliance with the FIC Act

To continuously improve the range of and the quality of data it receives, the FIC will seek to improve levels of compliance with the FIC Act. This involves supervision and enforcement activities, including risk-based compliance inspections conducted by the FIC.

The inspections will culminate in the commitment to issue 138 inspection reports in 2018/19. Other commitments involve 80% - 100% response to supervisory bodies in their requests for support in creating awareness on compliance among accountable institutions (AIs).

FIC Strategic Outcome 2: Increased utilisation of FIC products and services

The FIC strives to continuously improve the quantity and the quality of the financial intelligence it produces, as such products are focused on combating of national crime and on security priorities.

The FIC will continue to address the majority of requests for financial intelligence from authorised institutions.

FIC Strategic Outcome 3: Promoting national interest in maintaining the integrity of South Africa's financial system

The FIC will continuously reappraise the AML/CFT environment and remain abreast of potential threats and risks to the integrity of South Africa's financial system. Through continuing to proactively and reactively engage with domestic and global stakeholders, the FIC will endeavour to respond to 100% of requests for technical assistance.

FIC Strategic Outcome 4: Ensuring a safe, secure, compliant and efficient operating environment

To have its ICT platform and business systems enhanced, to develop and implement prioritised human resource initiatives, and to ensure compliance with internal control requirements.

2. THIS PLAN AT A GLANCE

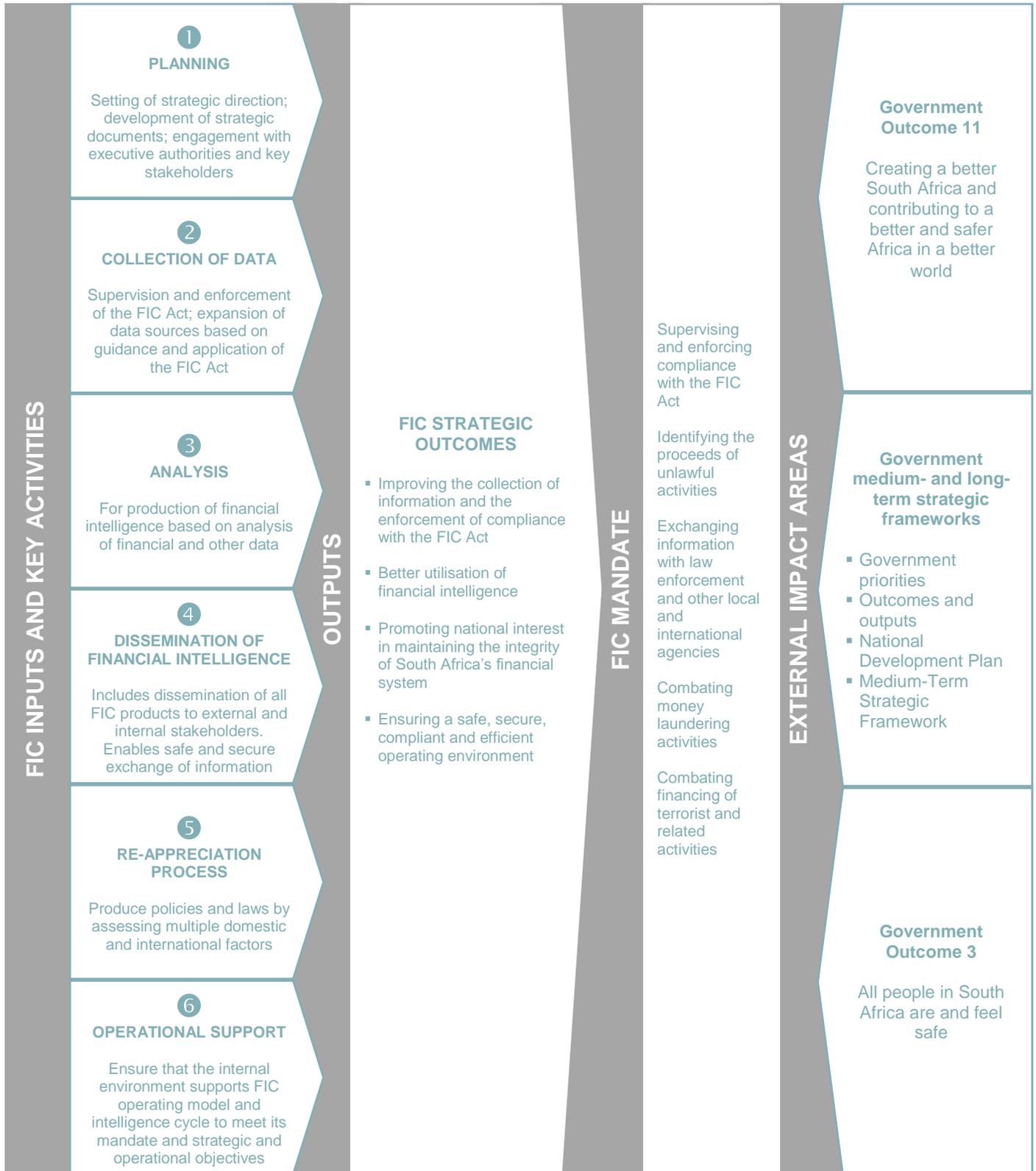


Figure 1: The FIC Strategic Overview

The FIC has adopted an outcomes-based approach in line with National Treasury requirements.

Figure 1 illustrates how the outcomes-based approach has been utilised to link inputs and outputs with outcomes, and to align the FIC's performance with mandate-focused stakeholder requirements. This plan includes a chapter per FIC Outcome where performance indicators and annual targets are specified.

The FIC is South Africa's national centre for the production of financial intelligence. To this effect the FIC has the mandate to identify the proceeds of crime, combat money laundering and to counter the financing of terrorism. The entity has the capability to receive and process reports on suspicious and unusual transactions, on transactions exceeding R24 999.99, as well as on those which reflect transactions related to possession or suspicion of possession of property related to terrorism or terrorist activity. The FIC uses the information it receives, along with additional data available to it, to develop financial intelligence reports which are provided to law enforcement, prosecutorial, supervisory body, tax authorities and other competent authorities for use in their follow up investigations and prosecutions. In this way, the FIC plays a significant role in ensuring the integrity of the financial system.

While the FIC has a mandate to identify proceeds generated by crime, ultimately it focuses on reducing those crimes through its intent of making

the financial system intolerant to abuse, which impacts on the wellbeing 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 competent authorities to combat high-risk crimes, including organised crime, tax evasion, crimes against the environment and natural resources, and corruption.

As administrators of the FIC Act, the FIC promotes maximum compliance. This is aimed at ensuring that the FIC receives reports and data from accountable institutions. The FIC Act also outlines that the organisation offers supervisory bodies (SBs), AIs and other persons guidance and information on their obligations regarding the Act.

Amendments to the FIC Act in 2008 provided the regulatory framework which gave the FIC and the SBs the responsibilities for enforcement, powers of inspection and outlined penalties and sanctions for non-compliance with the FIC Act.

In 2017, the President assented to the FIC Act Amendment Bill and soon after the Minister of Finance gazetted the FIC Act, 2017 (Act 1 of 2017). The FIC will roll out FIC Amendment Act in 2018 in a way that will ensure "ease of use" by all stakeholders. The FIC has adopted government's philosophy of simplifying the translation of legal responsibilities and obligations into plain language for stakeholders.

To give effect to its legal mandate the FIC seeks to conduct all its internal business in an efficient and cost-effective manner. The FIC has therefore adopted fundamental principles which enable staff to contribute to building the organisation as a coherent and integrated entity.

The operating principles focus on:

- Striving for maximum efficiency and effectiveness in internal operations and external impact
- Commitment to creating value for the wide range of government customers who rely on the data and information the FIC provides
- Partnering and collaborating with external stakeholders to achieve priority outcomes
- Seeking sustainability in all that the FIC does
- Seeking to develop a global perspective in all its operations
- Using secure, advanced technology to facilitate efficient, optimal operations, while at the same time, seeking constant improvement in ICT.

3. MANDATE, VISION, MISSION AND VALUES

Mandate

THE FIC IS ESTABLISHED IN TERMS OF THE FINANCIAL INTELLIGENCE CENTRE ACT, 2001 (ACT 38 OF 2001). THE FIC ACT IS READ IN CONJUNCTION WITH THE PREVENTION OF ORGANISED CRIME ACT, 1998 (ACT 121 OF 1998) AND PROTECTION OF CONSTITUTIONAL DEMOCRACY AGAINST TERRORIST AND RELATED ACTIVITIES ACT, 2004 (ACT 33 OF 2004).

The FIC was established to:

- Identify the proceeds of unlawful activities
- Combat money laundering activities
- Combat financing of terrorist and related activities
- Exchange information with law enforcement and other local and international agencies
- Supervise and enforce compliance with the FIC Act and to facilitate effective supervision and enforcement by SBs.

In pursuing this mandate the FIC:

- Makes the financial intelligence reports it develops available to security, law enforcement, tax and prosecutorial authorities, supervisory bodies and other competent authorities, towards the effective administration and enforcement of the laws of the Republic of South Africa. The competent authorities include the South African Police Service, Directorate for Priority Crime Investigation, National Prosecuting Authority of South Africa, Asset Forfeiture Unit, Special Investigating Unit, State Security Agency, South African Revenue Service, Independent Police Investigative Directorate, the Office of the Public Protector, investigating authorities and intelligence services.
- Exchanges information with similar bodies in other countries
- Monitors and gives guidance to accountable and reporting institutions, SBs and individuals regarding their performance and compliance with the FIC Act
- Contributes to the global framework against money laundering and the financing of terrorism
- Develops policy options for the Minister of Finance based on an assessment of available financial intelligence.

Vision

The FIC is a highly capable public entity that produces financial intelligence for making South Africa's financial system intolerant to abuse.

Mission

The FIC promotes increasing levels of compliance with the FIC Act in an efficient and cost-effective manner, enabling it to provide high quality, timeous financial intelligence for use in the fight against crime and the protection of national security.

Values

The FIC seeks to achieve its mandate through the employment of capable staff that is committed to the highest standards of excellence and professional service delivery in the fulfilment of their responsibilities.

4. OVERVIEW OF RISKS AND THREATS TO FIC OPERATIONS

The FIC will continue to manage its organisational risks and threats through an integrated approach. This approach will ensure 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 contribute 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
- FIC Director and the Executive Committee
- Audit Committee and Risk Committee
- 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 	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 utilisation of the FIC products and services by the stakeholders 	Implementation of various initiatives to engage stakeholders using FIC products and services.
3. Inadequate promotion of national interest in maintaining the integrity of the South African financial System 	Proactive and reactive engagement with domestic and global stakeholders to ensure that policies to protect the integrity of South Africa's financial system remain aligned with international standards on combating money laundering and the financing of terrorism.
4. Inadequate operating environment 	FIC will continue to optimise its business processes, improve its ICT system and improve its human resource capacity and capabilities so as to enhance the operating environment and streamline its operations for efficiency and effectiveness.
5. Inadequate resources and governance 	FIC will continue to motivate for funding by demonstrating its value and impact. As part of the exercise 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.

5. SITUATIONAL ANALYSIS

5.1 PERFORMANCE ENVIRONMENT

5.1.1 External global factors

Several factors are expected to influence and affect the functioning of the FIC and the FIC Act over the period under review. These include external and international factors such as the effects of the financial crisis and recession, the growth and transmutation of transnational organised crime, and the extent of the illicit economy and illicit financial flows.

The FIC supports foreign policy development initiatives and protection and promotion of South Africa's national interests continentally and globally.

- Financial Intelligence-based reports and activities
- Bi-laterals FIU-FIU; ESAAMLG (SADC and East Africa countries); FATF and Egmont
- Reports/inputs to policy positions for SA with respect to international lending institutions such as the IMF
- Reports/inputs to policy position for SA in multi-lateral forums such as G20.

5.1.2 External domestic factors

INCREASING LEVELS OF COMPLIANCE

Businesses have a major role in contributing to making South Africa a safer place for its citizens. The responsibility of business in this regard is to trade and transact in a manner which is compliant with the country's laws, especially with regard to the FIC Act.

The extent of compliance by businesses in the relevant sectors to the FIC Act, along with other related legislation, is an important barometer of the success of this contribution to society.

WIDER APPLICATION OF THE FIC ACT

In the assessment of South Africa's anti-money laundering and combating of terror financing system conducted in 2008, the FATF identified several areas in which the country did not meet international standards. These included the inability of authorities and businesses to identify politically influential persons (PIPs) in their business dealings as a particular high-risk category of clients. Also certain economic sectors needed to be brought into the ambit of the FIC Act. These included, for example, precious metals dealers and refiners of metals.

The FIC will introduce measures to bring PIPs and high risk businesses activities within the ambit of the FIC Act.

ENHANCING THE ROLE OF SUPERVISORY BODIES

While the FIC Act has existence for 15 years, the extent of compliance by AIs and RIs has not been fully tested. The model for supervision of the FIC Act envisages that SBs of the various sectors impacted by the Act should be responsible for monitoring compliance by AIs in those sectors.

In addition, the FIC itself has responsibility for sectors where there is no supervisory body exists to oversee compliance.

ADMINISTRATIVE ENFORCEMENT

The amendments to the FIC Act in 2008 gave the SBs and the FIC itself an important instrument to increase levels of business compliance by with the requirements of the FIC Act.

The effect of the amendments was to enable the SBs and the FIC to inspect AIs for their compliance with the FIC Act and, if required, to impose administrative sanctions where non-compliance was found.

SIMPLIFYING COMPLIANCE WITH THE FIC ACT

The FIC will explore ways of enabling AIs to apply risk-based solutions to compliance implementation.

The FIC will also review the FIC Act in order to simplify the way in which clients of AIs can comply with their responsibilities to identify themselves. The FIC will take into account the impact of technology developments on compliance obligations.

SUPPORTING EFFORTS TO MAKE SOUTH AFRICA A SAFER COUNTRY

Government has identified as a priority the need to make South Africa a place which is safer for all its citizens. Among many things this requires that the law enforcement authorities are able to identify instances of priority crime, and especially those involving organised crime syndicates, and particularly where the proceeds may be transported to or from other countries. To this end the 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. In addition, the FIC functions closely with the SAPS as a result of amendments to the SAPS Act which enables closer co-operation in all matters involving priority crimes, including corruption.

5.1.3 Internal factors

PREMISES

Since 2009 the FIC has steadily worked on customising its work environment in line with its information security requirements. The FIC will continue to grow and to diversify its operations. This it needs to do within an environment that is customised and highly secured for it to function optimally.

INFORMATION AND COMMUNICATION TECHNOLOGY SYSTEMS

It is important that the FIC continuously reviews its technology capability to maintain products and services of a high standard for its stakeholders. Since its inception, the FIC's stakeholders have come to rely on the financial intelligence 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, thereby identifying enhanced, secure and more efficient technology; improved 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.

STAFFING AND SKILLS

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

The FIC will 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 basis. This implies also that the FIC shall 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 DPCI and other investigators across the country.

NEW REPORTING OBLIGATIONS

The FIC has continuously sought to align the financial intelligence it produces and its other activities, products and services to the needs of the various law enforcement authorities, SARS and intelligence agencies.

The FIC continues to introduce and put into full effect those sections of the legislation permitting new reporting streams which will enhance its ability to produce financial intelligence with increasing veracity and usefulness.

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 have the ability to plot their career paths while simultaneously enhancing the performance of the FIC.

OVERVIEW OF PERSONNEL INFORMATION

The FIC operates within the personnel expenditure controls set by the National Treasury. Increasingly high demands on the entity's services continue to exert pressure on the existing staff complement. In light of the competing requirements involving tighter personnel budget control on one hand, and the need to provide increasingly higher levels of personnel numbers for service delivery purposes on the other, the entity will continue to explore alternative models for matching available funding with appropriate levels of personnel numbers and staff-related expenditure. Details of specific steps to continue the effective management of personnel numbers and related costs form part of ongoing consultations between the FIC and National Treasury.

5.1.4 Strategic outcome areas for the Financial Intelligence Centre

Since its establishment the FIC has sought to create a sustainable institutional basis for delivering on its mandate sustainably. Through its ability to identify proceeds of crime, combating anti-money laundering and the financing of terrorism activities, FIC has put in place the building blocks to ensure that South Africa has a robust framework for the production of financial intelligence

Two amendments to the FIC Act, in 2008 and in 2017, have further modified the original Act, making this framework more effective.

THE FIC CREATING VALUE

Core to the FIC's mandate is the necessity to ensure the highest levels of compliance with the FIC Act by designated businesses i.e. AIs and RIs. With increased levels of compliance will come a greater flow of reports and data to the FIC, thus enabling it to develop and provide financial intelligence for the country's law enforcement authorities and other stakeholders.

This increased compliance and law enforcement actions also helps to protect the integrity of South Africa's financial institutions. However, the FIC believes that the FIC Act should be complied with in a manner that facilitates the functioning of all businesses and facilitates trade, as well as ensures securely-made financial transactions. This should be done in the most cost-effective and efficient manner possible, and in a way that safeguards the reputation of the FIC and all associated government departments and agencies with which it functions.

The FIC has identified four core outcomes that will provide the basis upon which it will create value in terms of its mandate. As set out previously in this document, the four core outcomes are:

- Improving the collection of information and compliance with the FIC Act
- Increased utilisation of FIC products and services
- Promoting national interest in maintaining the integrity of South Africa's financial system
- Ensuring a safe, secure, compliant and efficient operating environment.

These four core outcomes are dependent upon one another. The effectiveness of each outcomes areas impacts on the effectiveness of the other. It stands

to reason that if one of the outcomes area does not fulfil its objectives, then likewise, the others will be negatively affected.

So, for example, if businesses can easily identify their clients then they are more likely going to willingly comply with identification requirements and in the process, become increasingly compliant. Similarly, if the FIC can become more cost effective and efficient in the way that it receives reports, and can show the use of the information its receives in anti-crime successes by law enforcement authorities, then citizens and businesses will develop greater confidence in the FIC as an institution and be more willing to comply with the FIC Act in the future.

The four outcomes will therefore apply to all areas of the FIC work programmes and will be the strategic focus for the organisation. The core outcomes will be measured and over time will ensure that law makers, government departments, businesses and citizens will be able to assess the impact of the FIC and the overall effectiveness of the FIC Act as a legal and administrative system in South Africa.

THE FIC APPROACH TO COMPLIANCE

The experience of the FIC since its establishment, the introduction of the new FATF standards for AML/CFT and best practice developed by other agencies has led the FIC to subscribe to a model which seeks to attain increasing levels of compliance.

The model is hierarchical and assists in making the approach to compliance more cost effective and efficient.

- Have decided not to comply: Use full force of the law
- Do not wish to comply: Deter by detection
- Try to comply but do not always succeed: Assist to comply fully
- Willingness to do the right thing: Make it easy to comply

The FIC's new approach to achieve the greatest degree of compliance-readiness, however, will necessitate a more nuanced approach than has been adopted previously. This model involves recognition of the different kinds of businesses that are required to become compliant as either AIs or

as RIs and will take into account the extent to which they may be at risk of being abused for the movement of illicit funds. The model also seeks to

make the process of complying easier and simpler. The FIC itself will seek to become more efficient and effective in the way it conducts its business.

5.2 ORGANISATIONAL ENVIRONMENT

The **Office of the Director (OFD)** is responsible for the policy and strategic direction of the organisation, communication and media liaison, as well as initiating and overseeing special projects that might be required from time to time.

- a) The **Compliance and Prevention (C&P)** division's purpose is to provide guidance to AIs and RIs and to monitor the 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 the SBs to ensure their effective supervision of compliance. Another core function is to liaise with AIs and RIs to assist them in guide and assist them in meeting FIC Act compliance requirements. The preventive aspects include compliance awareness, targeted at AIs and RIs, the issuing of guidance notes and the provision of compliance training on FIC Act obligations to affected entities.
- b) The **Monitoring and Analysis (M&A)** division receives reports from RIs and AIs which are analysed to produce financial intelligence related to proceeds of crime, money laundering and the financing of terrorism 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.
- c) The work of the **Legal and Policy (L&P)** division covers three areas of responsibility. It administers the FIC Act, engages with international and regional policy-forming and standard-setting organisations, and provides 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 for identifying the proceeds of crime, combating money laundering and the financing of terrorism by recommending certain amendments to the FIC Act on an ongoing basis.

- d) The **Corporate Services (CS)** division provides the business infrastructure for the execution of the FIC's work. The primary functions within this department include those of office management, financial and administrative management, supply chain management, human resources, registry and document storage services, staff learning and development, security services in-house legal services, and ICT. The unit also manages the FIC's planning, budgeting, monitoring and reporting framework.

5.3 STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

SWOT Analysis

STRENGTHS

- 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 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

WEAKNESSES

- Levels of investment in fixed assets lagging behind development pace required to cater for 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

OPPORTUNITIES

- Participation of South Africa in mutually beneficial collaborations at country-to-country and at 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 involve both the licit and illicit economy
- Increasingly accessible multiple sources of data that can be mined for 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

THREATS

- Potential stakeholder resistance to the need for increasingly tighter financial regulatory controls
- Potential chaos arising from increasingly innovative global and domestic financial system products, services and technologies
- Political and social instability
- Economic downturn domestically and globally
- 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
- Cyber crime
- Porous national borders
- Insecure information arising from how information is managed by persons and entities, whether within the public or private sector

5.4 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

The FIC has initiated the enhancement of its strategic processes through the alignment of its planning, budgeting and reporting processes.

This document describes the institution's strategic direction and commitment to delivering on its mandate as well as its response to relevant stakeholder requirements and environmental trends.

The 2018/19 outcomes and objectives highlighted in the document represent choices made through an information-based and consultative strategic management process.

PART C: ANNUAL PERFORMANCE FRAMEWORK – OBJECTIVES, INDICATORS AND TARGETS PER OUTCOME

The FIC utilises the outcomes-approach as the framework for the management of enterprise-wide performance. This approach ensures strategic focus and a clear line of sight from each of the FIC strategic outcomes to objectives, outputs, performance indicators and targets.

A summary of the framework is depicted in performance scorecard tables that highlight annual performance targets for the 2018/19 financial year. Where applicable, one or more strategic projects will be used to enable the achievement of the set targets. The scorecard tables, together with the MTEF budget and estimates, form the key components of the FIC's annual to medium-term performance framework.

6. STRATEGIC OUTCOME 1: IMPROVING THE COLLECTION OF INFORMATION AND COMPLIANCE WITH THE FIC ACT

TO CONTINUOUSLY IMPROVE THE RANGE OF AND THE QUALITY OF DATA REPORTED TO IT, THE FIC WILL SEEK TO IMPROVE LEVELS OF COMPLIANCE WITH THE FIC ACT. THIS INVOLVES SUPERVISION AND ENFORCEMENT ACTIVITIES, INCLUDING RISK-BASED COMPLIANCE INSPECTIONS CONDUCTED BY THE FIC.

6.1 Strategic objectives

OBJECTIVES FOR STRATEGIC OUTCOME 1: IMPROVING THE COLLECTION OF INFORMATION AND COMPLIANCE WITH THE FIC ACT	
Objective 1.1	Improved compliance through supervision
Description	Supervision of affected entities and enforcement of non-compliance by the FIC and supervisory bodies in terms of the FIC Act. This relates to addressing detected non-compliance with the FIC Act.
Objective 1.2	Improved collection of information for compliance with the FIC Act
Description	Guidance and public compliance awareness provided on obligations in terms of the FIC Act. The guidance is provided by the FIC regarding obligations in terms of the FIC Act for supervisory bodies, accountable and reporting institutions, and businesses.

6.2 Annual targets 2018/19 – 2020/21

Strategic Outcome 1: Improving the collection of information and compliance with the FIC Act

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target		
		2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21
Improved compliance through supervision	1.1.1 Number of FIC inspection reports issued	130	145	132	132	138 ¹	145	155
	1.1.2 Percentage response to supervisory body requests to participate in joint inspections	N/A	N/A	N/A	60%	60% ²	70%	75%
Improved collection of information for compliance with the FIC Act	1.2.1 Number of identified compliance matters addressed through guidance products issued	N/A	N/A	N/A	N/A ³	8 ⁴	8	8
	1.2.2 Number of FIC identified compliance awareness initiatives	32	32	46	16	16 ⁵	18	20
	1.2.3 Percentage response to invitations to participate in stakeholders' compliance awareness initiatives	N/A	N/A	N/A	80%	80% ⁶	80%	80%
	1.2.4 Number of identified media publications issued	10	9	11	12	12	12	12

¹ Current focus is on improving the quality of inspections conducted by being more in-depth and increasing the sampling percentage when on-site, where applicable. The number of inspections has been projected to increase on average by 4% for subsequent years based on current resources and inflationary budget increases.

² The FIC will respond to at least 60% of requests received for joint inspections, capped at a maximum of 70 joint inspections annually due to budget and staff constraints.

³ Guidance products issued are dependent on the compliance related matters identified during the financial year.

⁴ The number of identified compliance related matters will be addressed through the issued guidance products.

⁵ The KPI measures compliance awareness initiatives arranged and conducted by the FIC only and, excludes invitations to participate in stakeholders' compliance awareness initiatives which is covered under KPI 1.2.3. Therefore there is a decrease in compliance awareness initiatives from 46 initiatives in 2016/17 to 16 initiatives targets going forward.

⁶ KPI reports on FIC's response to invitations to participate in stakeholders' (mainly supervisory bodies and industry associations) compliance awareness initiatives.

6.3 Quarterly targets 2018/19

Strategic Outcome 1: Improving the collection of information and compliance with the FIC Act

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target	Quarterly			
		2014/15	2015/16	2016/17	2017/18	2018/19	Q1	Q2	Q3	Q4
Improved compliance through supervision	1.1.1 Number of FIC inspection reports issued	130	145	132	132	138 ⁷	12	46	46	34
	1.1.2 Percentage response to supervisory body requests to participate in joint inspections	N/A	N/A	N/A	60%	60% ⁸	N/A	N/A	N/A	60%
Improved collection of information for compliance with the FIC Act	1.2.1 Number of identified compliance matters addressed through guidance products issued	N/A	N/A	N/A	N/A ⁹	8 ¹⁰	0	2	2	4
	1.2.2 Number of FIC identified compliance awareness initiatives	32	32	46	16	16 ¹¹	0	2	10	4
	1.2.3 Percentage response to invitations to participate in stakeholders' compliance awareness initiatives	N/A	N/A	N/A	80%	80% ¹²	N/A	N/A	N/A	80%
	1.2.4 Number of identified media publications issued	10	9	11	12	12	2	4	4	2

⁷ . Current focus is on improving the quality of inspections conducted by being more in-depth and increasing the sampling percentage when on-site, where applicable. The number of inspections has been projected to increase on average by 4% for subsequent years based on current resources and inflationary budget increases. Budget approval, planning and other key activities are conducted in Q1 hence the target of twelve (12).

⁸ The FIC will respond to at least 60% of requests received for joint inspections, capped at a maximum of 70 joint inspections due to budget and staff constraints.

⁹Guidance products issued are dependent on the compliance related matters identified during the financial year.

¹⁰The number of identified compliance related matters will be addressed through the issued guidance products.

¹¹ The KPI measures compliance awareness initiatives arranged and conducted by the FIC only and, excludes invitations to participate in stakeholders' compliance awareness initiatives which is covered under the new KPI 1.2.3. Therefore there is a decrease in compliance awareness initiatives from 46 initiatives in 2016/17 to 16 initiatives targets going forward. Budget approval, planning and other key activities are conducted in Q1 hence the target of zero (0).

¹² KPI reports on FIC's response to invitations to participate in stakeholders (mainly supervisory bodies and industry associations) compliance awareness initiatives.

7. STRATEGIC OUTCOME 2: INCREASED UTILISATION OF FIC PRODUCTS AND SERVICES

To meet supply and demand requirements, the FIC will continuously revise its operating model, which will in turn enhance its products to better serve the intelligence and investigative requirements of its clients. In so doing this leads to improved utilisation of FIC products and services.

7.1 Strategic objectives

Objectives for Strategic Outcome 2: Increased utilisation of the FIC products and services

Objective 2.1 Utilisation of financial intelligence increased

Description	Practical ways will continue to be explored to ensure that financial intelligence is used to make citizens and identified stakeholders aware of how to benefit from the FIC products and services, in line with the Government outcome of ensuring that people are safe. The value of the work performed by the FIC is estimated by measuring the utilisation rate of the product and services it offers. Utilisation is used as a proxy to measure the usefulness of the products and services rendered.
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7.2 Annual targets 2018/19 – 2020/21

Strategic Outcome 2: Increased utilisation of the FIC products and services

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target		
		2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21
Utilisation of financial intelligence increased	2.1.1 Number of public awareness reports on the utilisation of financial intelligence ¹³	N/A	N/A	N/A	2	4	4	4
	2.1.2 Number of identified stakeholder engagements conducted for utilisation of FIC products ¹⁴	N/A	N/A	25	N/A	30 ¹⁵	30	30
	2.1.3 Percentage of requests for information responded to ¹⁶	N/A	N/A	N/A	N/A	Responded to 100% of the annual set target of 1775 requests	Responded to 100% of the annual set target of 1865 requests	Responded to 100% of the annual set target of 1960 requests
	2.1.4 Percentage response to requests to block funds	N/A	N/A	N/A	N/A	100%	100%	100%

¹³ Public awareness reports will be on the outreach to citizens on proceeds of crime and alert/awareness on emerging scams. From 2018/19 onwards this is defined as: Public awareness reports constitutes information from on a variety of sources available to the FIC, which is analysed and packaged to produce case studies/trends and indicators on emerging crime, in order to provide awareness to citizens and identified stakeholders including the reporting community.

¹⁴ Support to anti-crime efforts through the FIC's provision of training to reporting and law enforcement communities as well as tertiary institutions on the FIC legislative mandate and powers, and where applicable their interaction with the FIC systems, including aspects such as the effective utilisation of financial intelligence in combatting crime.

¹⁵ % changed to number: 30 identified awareness/training sessions to the reporting and law enforcement communities as well as tertiary institutions on the FIC legislative mandate and powers, and where applicable their interaction with the FIC systems, including aspects such as the effective utilisation of financial intelligence in combatting crime.

¹⁶ 100% of requests for information responded to, subject to an annual maximum of 1775 in 2018/19; 1865 in 2019/20 and 1960 in 2020/21.

7.3 Quarterly targets 2018/19

Strategic Outcome 2: Increased utilisation of the FIC products and services

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target	Quarterly			
		2014/15	2015/16	2016/17	2017/18	2018/19	Q1	Q2	Q3	Q4
Utilisation of financial intelligence increased	2.1.1 Number of public awareness reports on the utilisation of financial intelligence ¹⁷	N/A	N/A	N/A	2	4	1	1	1	1
	2.1.2 Number of identified stakeholder engagements conducted for utilisation of FIC products ¹⁸	N/A	N/A	25	N/A	30 ¹⁹	8	10	8	4
	2.1.3 Percentage of requests for information responded to ²⁰	N/A	N/A	N/A	N/A	Responded to 100% of the annual set target of 1775 requests	N/A	N/A	N/A	Responded to 100% of the annual set target of 1775 requests
	2.1.4 Percentage response to requests to block funds	N/A	N/A	N/A	N/A	100%	N/A	N/A	N/A	100%

¹⁷ Public awareness reports will be on the outreach to citizens on proceeds of crime and alert/awareness on emerging scams. From 2018/19 onwards this is defined as: Public awareness reports constitutes information from on a variety of sources available to the FIC, which is analysed and packaged to produce case studies/trends and indicators on emerging crime, in order to provide awareness to citizens and identified stakeholders including the reporting community.

¹⁸ Support to anti-crime efforts through the FIC's provision of training to reporting and law enforcement communities as well as tertiary institutions on the FIC legislative mandate and powers, and where applicable their interaction with the FIC systems, including aspects such as the effective utilisation of financial intelligence in combatting crime.

¹⁹ % changed to number: 30 identified awareness/training sessions to the reporting and law enforcement communities as well as tertiary institutions on the FIC legislative mandate and powers, and where applicable their interaction with the FIC systems, including aspects such as the effective utilisation of financial intelligence in combatting crime.

²⁰ 100% of requests for information responded to, subject to an annual maximum of 1775 in 2018/19; 1865 in 2019/20 and 1960 in 2020/21.

8. STRATEGIC OUTCOME 3: PROMOTING NATIONAL INTEREST IN MAINTAINING THE INTEGRITY OF SA'S FINANCIAL SYSTEM

Proactively and reactively engage with domestic and global stakeholders to identify and remain abreast of potential threats and risks to the integrity of South Africa's financial system.

8.1 Strategic objectives

Objectives for Strategic Outcome 3: Promoting National Interest in Maintaining the Integrity of SA's Financial System	
Objective 3.1	Technical support to countries in the ESAAMLG region
Description	Technical support is provided to countries in the ESAAMLG region to improve their capacity to combat money laundering and the financing of terrorism
Objective 3.2	Participation in policy-making activities of regional and inter-governmental organisations
Description	Representation of South Africa and the FIC at international level where policies to combat money laundering and terror financing are developed and promoted
Objective 3.3	Improve compliance with FATF standards
Description	The FIC's role in facilitating South Africa's implementation of actions aimed at closing gaps relating to the country's compliance with identified international standards
Objective 3.4	Improve AML/CFT legislative framework
Description	The development and implementation of FIC Act amendments, in line with domestic and international requirements for protecting the integrity of South Africa's financial system

8.2 Annual targets 2018/19 – 2020/21

Strategic Outcome 3: Promoting national interest in maintaining the integrity of SA's financial system

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Technical support to countries in the ESAAMLG region	3.1.1 Percentage response to requests for technical assistance from countries within the ESAAMLG region	Technical assistance requests responded to 100%	Technical assistance requests responded to 100%	Technical assistance requests responded to 80%	Response to 80% requests for technical assistance	Responded to 100% requests for technical assistance	Responded to 100% requests for technical assistance	Responded to 100% requests for technical assistance
Participation in policy-making activities of regional and inter-governmental organisations	3.2.1 Number of policy-making activities attended within regional and inter-governmental organisations	Attended and participated in FATF meetings 3 and ESAAMLG meetings 2	Attended and participated in FATF meetings 3 and ESAAMLG meetings 2	Attended and participated in FATF meetings 6 and ESAAMLG meetings 2	100% attendance of 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
Improve compliance with FATF standards	3.3.1 Completion of response to FATF recommendations on AML/CFT risk assessment for South Africa	N/A	Report approved by Director reflecting level of implementation of FATF standards	Report approved by the FIC Director reflecting implementation of FATF standards	Concept to undertake AML/CFT risk assessment for South Africa approved by the FIC Director	Consultations on concept to undertake AML/CFT risk assessment for South Africa conducted	Phase 1 of the AML/CFT risk assessment for South Africa conducted	Phase 2 of the AML/CFT risk assessment for South Africa conducted
Improve AML/CFT legislative framework	3.4.1 Completion of milestones for implementing amendments to the FIC Act	N/A	Report approved by the FIC Director reflecting development of FIC Act amendments	Report approved by the FIC Director reflecting development of FIC Act amendments	Proposed amendment to the FIC Act schedules approved by the FIC Director	Consultations conducted and Phase 1 implementation of amended FIC Act	Consultations conducted and Phase 2 implementation of the amended FIC Act	Phase 3 implementation of the amended FIC Act

8.3 Quarterly targets 2018/19

Strategic Outcome 3: Promoting national interest in maintaining the integrity of SA's financial system

Strategic objective	Performance Indicator	Actual			Estimate	Annual Target	Quarterly Targets			
		2014/15	2015/16	2016/17	2017/18	2018/19	Q1	Q2	Q3	Q4
Technical support to countries in the ESAAMLG region	3.1.1 Percentage response to requests for technical assistance from countries within the ESAAMLG region	Technical assistance requests responded to 100%	Technical assistance requests responded to 100%	Technical assistance requests responded to 80%	Response to 80% requests for technical assistance	Responded to 100% requests for technical assistance	N/A	N/A	N/A	Responded to 100% requests for technical assistance
Participation in policy-making activities of regional and inter-governmental organisations	3.2.1 Number of policy-making activities attended within regional and inter-governmental organisations	Attended and participated in FATF meetings 3 and ESAAMLG meetings 2	Attended and participated in FATF meetings 3 and ESAAMLG meetings 2	Attended and participated in FATF meetings 6 and ESAAMLG meetings 2	100% attendance of FATF meetings 6 and ESAAMLG meetings 2	Attended and participated in FATF meetings 6 and ESAAMLG meetings 2	FATF meetings 2 ESAAMLG meetings 1	FATF meetings 1 ESAAMLG meetings 1	FATF meeting 1	FATF meetings 2
Improve compliance with FATF standards	3.3.1 Completion of response to FATF recommendations on AML/CFT risk assessment for South Africa	N/A	Report approved by Director reflecting level of implementation of FATF standards	Report approved by the FIC Director reflecting level of implementation of FATF standards	Concept to undertake AML/CFT risk assessment for South Africa approved by the FIC Director	Consultations on concept to undertake AML/CFT risk assessment for South Africa conducted	N/A	N/A	N/A	Consultations on concept to undertake AML/CFT risk assessment for South Africa conducted
Improve AML/CFT legislative framework	3.4.1 Completion of milestones for implementing amendments to the FIC Act	N/A	Report approved by the FIC Director reflecting development of FIC Act amendments	Report approved by the FIC Director reflecting development of FIC Act amendments	Proposed amendment to the FIC Act schedules approved by the FIC Director	Consultations conducted and Phase 1 implementation of amended FIC Act	N/A	N/A	N/A	Consultations conducted and Phase 1 implementation of amended FIC Act

9. STRATEGIC OUTCOME 4: ENSURING A SAFE, SECURE, COMPLIANT AND EFFICIENT OPERATING ENVIRONMENT

To have Information and Communications Technology Platform and business systems enhanced, to develop and implement prioritised HR Management (HRM) frameworks, and to ensure compliance with internal control, planning and reporting requirements.

9.1 Strategic objectives

Objectives for Strategic Outcome 4: Ensuring a safe, secure, compliant and efficient operating environment	
Objective 4.1	Increased internal efficiency, effectiveness and good corporate governance
Description	<ul style="list-style-type: none"> - To enhance and optimise the Information and Communication Technology platform - Continuous improvement of internal control processes, including putting in place measures to ensure that an unqualified audit opinion is received. - To eliminate unfair discrimination in the FIC, and to achieve equitable representation of employees from designated groups by means of affirmative action measures - To ensure compliance with SCM regulations

9.2 Annual targets 2018/19 – 2020/21

Strategic Outcome 4: **Ensuring a safe, secure, compliant and efficient operating environment**

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target		
		2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21
Increased internal efficiency, effectiveness and good corporate governance	4.1.1 Implementation of the ICT platform and business systems initiatives	Upgraded analytics solution designed	Upgraded analytics solution implemented	Upgraded analytics solution stabilised in operations	Analytics Case Management System is functional to service law enforcement requirements	Completed implementation of a new ICT System used for FIC Act Compliance Monitoring and Assessment	Completed ICT System changes to accommodate FIC Act amendment requirements	Documented the Business and Functional Requirements of Business Intelligence ICT Systems
		N/A	N/A		Regulatory Statistical Reporting System is functional to service Supervisory Bodies' requirements ²¹	N/A	N/A	N/A

²¹ This KPI is to be finalised in 2017/18.

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target		
		2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21
	4.1.2 Receive unqualified audit opinion from the Auditor General	N/A	N/A	N/A	Received an unqualified audit opinion 2016/17	Receive unqualified audit opinion 2017/18	Receive unqualified audit opinion 2018/19	Receive unqualified audit opinion 2019/20
	4.1.3 Female employees as % of total staff complement in line with Employment Equity Act.	N/A	N/A	N/A	N/A	>50% ²²	>50%	>50%
	4.1.4 Designated racial groups as a % of total staff complement in line with Employment Equity Act.	N/A	N/A	N/A	N/A	75% ²³	75%	75%
	4.1.5 Disabled employees as a % of total staff complement in line with Employment Equity Act.	N/A	N/A	N/A	N/A	2% ²⁴	2%	2%
	4.1.6 Percentage of compliant creditors' invoices paid within 30 days of receipt.	N/A	N/A	N/A	N/A	100%	100%	100%

²² This is a target that was communicated to Public Entities by the National Treasury, reflecting a focus on achieving equitable representation of females as a % of total headcount. The Employment Equity Act stipulates what the FIC should address through relevant plans, whereas the Annual Targets for the Female, Racial and Disabled categories were set at Government level.

²³ This annual target for the Designated Racial groups was set at Government level, towards fulfilling the Employment Equity Act requirements.

²⁴ This annual target for the Disabled category was set at Government level, towards fulfilling the Employment Equity Act requirements.

9.3 Quarterly targets 2018/19

Strategic Outcome 4: Ensuring a safe, secure, compliant and efficient operating environment

Strategic objective	Performance Indicator	Actual			Estimate	Annual Target	Quarterly Targets			
		2014/15	2015/16	2016/17	2017/18	2018/19	Q1	Q2	Q3	Q4
Increased internal efficiency, effectiveness and good corporate governance	4.1.1 Implementation of the ICT platform and business systems initiatives	Upgraded analytics solution designed	Upgraded analytics solution implemented	Upgraded analytics solution stabilised in operations	Analytics Case Management System is functional to service law enforcement requirements	Completed Implementation of a new ICT System used for FIC Act Compliance Monitoring and Assessment (CMAS)	Complete the Design and Development for CMAS	Complete Functional Testing for CMAS	Complete User Acceptance Testing for CMAS	Complete Staff Training on CMAS
	4.1.2 Receive an unqualified audit opinion from the Auditor General	N/A	N/A	N/A	Unqualified audit opinion 2016/17	Unqualified audit opinion 2017/18	N/A	N/A	Unqualified audit opinion 2017/18	N/A
	4.1.3 Female employees as % of total staff complement in line with Employment Equity Act	N/A	N/A	N/A	N/A	>50%	N/A	N/A	N/A	>50%
	4.1.4 Designated racial groups as a % of total staff complement in line with Employment Equity Act	N/A	N/A	N/A	N/A	75%	N/A	N/A	N/A	75%
	4.1.5 Disabled employees as a % of total staff complement in line with Employment Equity Act	N/A	N/A	N/A	N/A	2%	N/A	N/A	N/A	2%
	4.1.6 All compliant creditors' invoices paid within 30 days of receipt	N/A	N/A	N/A	N/A	100%	N/A	N/A	N/A	100%

PART D: BUDGET PROGRAMME STRUCTURE – THREE PROGRAMMES: ADMINISTRATION; DELIVERY OF INTELLIGENCE; ENABLEMENT OF CAPABILITIES

10. STRATEGIC OUTCOMES AND BUDGET PROGRAMMES

10.1 Link between outcomes and main programmes

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.

<p>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 FIC budget programmes.</p>	<p>PROGRAMME 2 Delivery of intelligence on financial crime and FIC Act-related regulatory services</p>	<p>PROGRAMME 3 Enablement of financial intelligence capabilities</p>
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Table 5: Budget Programmes

Outcome name and description		Budget programme description
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 four FIC budget programme. This includes two 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 four programmes, e.g. Capital expenditure on projects does not form part of Administration programme). Administration includes office management, financial and administrative management, supply chain management, registry and document storage services, in-house legal services, and ICT.		
Outcome 1	Improving the collection of information and compliance with the FIC Act	
Description	To continuously improve the range of and the quality of data reported to it, the FIC will seek to improve levels of compliance with the FIC Act. This involves supervision and enforcement activities, including risk-based compliance inspections conducted by the FIC.	Programme 2: Delivery of intelligence on financial crime and FIC Act-related regulatory services
Outcome 2	Increased utilisation of the FIC products and services	(Involves three internal FIC divisions: Compliance and Prevention; Monitoring and Analysis; and Legal and Policy).
Description	To meet supply and demand requirements the FIC will continuously revise its operating model, which will in turn enhance its products to better serve the intelligence and investigative requirements of its clients. In so doing this leads to improved utilisation of FIC products and services.	
Outcome 3	Promoting national interest in maintaining the integrity of SA’s financial system	
Description	Proactively and reactively engage with domestic and global stakeholders to identify and remain abreast of potential threats and risks to the integrity of SA’s financial system.	

Outcome name and description		Budget programme description
Outcome 4	Ensuring a safe, secure, compliant and efficient operating environment	
Description	To have Information and Communications Technology Platform and business systems enhanced, to develop and implement prioritised HR Management (HRM) frameworks, and to ensure compliance with internal control, planning and reporting requirements.	Programme 3: Enablement of financial intelligence capabilities (Divisions: Involves some parts of Corporate Services that included ICT, HR, Facilities, Projects and Planning).

10.2 Business-as-usual expenditure and ring-fenced projects for strategy implementation

To maintain and improve the FIC's contribution to Government Outcomes, specifically in the anti-crime priority area that is also articulated in the NDP, funding allocations for the FIC should be reviewed during the processes of completing the annual plans currently being finalised for implementation (for 2018/19) and for the rest of the applicable five-year planning horizon (2018/19 – 2022/23).

Funding adjustments, where possible, will assist in laying the foundation for a turnaround in the achievement of increased annual service delivery targets for the period under review.

In light of the above context, as well as increasing threats from various adverse financial system and crime trends globally and domestically, the FIC will develop strategies for the stabilisation and improvement of its service delivery capacity and capability through a renewed focus on strategic alignment and appropriate funding model in two main expenditure categories of both the Annual Performance Plan 2018/19 and the Strategic Plan 2018/19 – 2022/23: the Business-As-Usual expenditure and the Ring-fenced initiatives expenditure.

BUSINESS-AS-USUAL EXPENDITURE

- Baseline Operational Expenditure (or Baseline OPEX)
- Baseline Capital Expenditure (or Baseline CAPEX)
- Special operational activities and events

Appropriate funding for the Business-As-Usual programme is required to enable service delivery through budgeted operational inputs and activities. Relatively lower level of funding for minor CAPEX replacements, compared to major funding for continuous operational expenditure, will be required to make-up the rest of the Business-As-Usual expenditure budget for 2018/19 and for the expenditure estimates for each of the years in the period 2019/20 – 2022/23.

This expenditure category can also be expressed as: Business As Usual expenditure = Baseline OPEX + Baseline CAPEX

RING-FENCED INITIATIVES EXPENDITURE

- Projects
- Ring-fenced activities and events

Funding for the ring-fenced Initiatives is required to enhance and/or to establish service delivery capacity and capability in core and support areas of the FIC. This expenditure category can also be expressed as: Ring-fenced Initiatives = Projects + Ring-fenced activities.

Ideally, the FIC total business expenditure = Business As Usual expenditure + Ring-fenced Initiatives expenditure. These components of the expenditure budget proposal, when fully funded, will enable the achievement of both the annual and the multi-year commitments on service delivery and the building of a sustainable and an increasingly more capable FIC.

11. BUDGET PROGRAMME 1:

ADMINISTRATION

The Administration budget programme within the FIC provides operational support to ensure that the organisation is managed efficiently, effectively and in an economical manner.

Although this programme consumes significant levels of the budget, it is not expected to have specific strategic objectives assigned to it. Administration-related objectives can be traced within the objectives and targets that are set within the other two FIC budget programmes.

12. BUDGET SUB-PROGRAMME 2.1:

DELIVERY OF INTELLIGENCE ON FINANCIAL CRIME AND FIC ACT-RELATED REGULATORY SERVICES – LINKED TO OUTCOME 1

Overview of sub-programme 2.1: Compliance and Prevention division

The programme provides guidance to accountable and reporting institutions and monitors the supervision by SBs of their responsibilities under relevant legislation. It focuses on improving compliance with the FIC Act through a number of key activities:

- Information gathering and reporting
- Risk-based approach to compliance management and oversight
- Carrying out of administrative activities and
- Assisting in criminal prosecutions relating to non-compliance.

13. BUDGET SUB-PROGRAMME 2.2:

DELIVERY OF INTELLIGENCE ON FINANCIAL CRIME AND FIC ACT-RELATED REGULATORY SERVICES –LINKED TO OUTCOME 2

Overview of sub-programme 2.2: Monitoring and Analysis division

The programme is primarily mandated to produce financial intelligence that typically:

- Identifies crimes and perpetrators
- Identifies assets derived from proceeds of crime
- Produces operational intelligence that assists in decision-making and planning on topical or defined issues
- Produces strategic intelligence that contributes to shaping policy and positions.

This programme also provides its clients with unique intelligence-based services that entail the analysis, interpretation and representation of financial information in a manner that can be admitted as evidence in a South African Court of Law. These services are performed to support a law enforcement agency's effort to prove crime and involve in-depth planning and co-ordination.

To provide these products and services the programme maintains a domestic network of information sources known as accountable and reporting institutions, which send reports to the FIC in accordance with the FIC Act.

The programme also gathers and receives information internationally through a network of foreign information sources known as Financial Intelligence Units (FIU's).

The programme also maintains numerous open, closed, paid and free data sources that contribute to the analytical cycle, adding value to the products and services delivered by the FIC

14. BUDGET SUB-PROGRAMME 2.3:

DELIVERY OF INTELLIGENCE ON FINANCIAL CRIME AND FIC ACT-RELATED REGULATORY SERVICES – LINKED TO OUTCOME 3

Overview of sub-programme 2.3: Legal and Policy division

The programme administers the Financial Intelligence Centre Act (2001) and provides advice on matters of a strategic nature concerning money laundering and terrorist financing.

It also engages on behalf of South Africa with international and regional inter-governmental bodies which formulate and promote policies on combating money laundering and terror financing and set standards on these matters for countries.

This programme promulgated the amendment to the FIC Act and monitored the actions by relevant South African authorities to implement the recommendations from the FATF's mutual evaluation assessment report, thus fulfilling international responsibilities in terms of the task force's standards and United Nations instruments.

15. BUDGET PROGRAMME 3:

ENABLEMENT OF FINANCIAL INTELLIGENCE CAPABILITIES – LINKED WITH OUTCOME 4

Overview of the Enablement of Financial Intelligence Capabilities budget programme: Corporate Services division

This programme comprises some parts of the Corporate Services division that include ICT, HR, Facilities, Projects and Communications.

The Enablement functional units are co-ordinated through the Corporate Services division but are distinct from Administration in the fact that the former provides delivery-related support, whereas the latter provides overall organisation support that is not necessarily part of service delivery processes.

The primary focus of the budget programme is on enhancing the ability to deliver services to the organisation's clients and other identified stakeholders, thus greatly contributing towards the FIC becoming a sustainable and capable organisation.

16. FINANCIAL SUMMARY FOR THE MEDIUM-TERM 2018/19 – 2020/21

TABLE 1: STATEMENT OF FINANCIAL PERFORMANCE

Description	R'000						
	Annual Budget			2018/19 Quarterly Budget			
	2018/19	2019/20	2020/21	Q1	Q2	Q3	Q4
Grant Income	278,716	294,324	310,513	69,679	69,679	69,679	69,679
Interest – Bank	1,500	1,584	1,100	375	375	375	375
Total revenue	280,216	295,908	311,613	70,054	70,054	70,054	70,054
Compensation of employees	173,411	183,815	194,844	43,353	43,353	43,353	43,353
Total operating costs	96,608	95,181	95,372	24,152	24,152	24,152	24,152
Communication	4,166	4,017	4,160	1,041	1,041	1,041	1,041
Computer services	23,533	22,813	23,503	5,883	5,883	5,883	5,883
Consultants	3,074	2,893	3,099	769	769	769	769
Contractors	7,952	7,635	8,018	1,988	1,988	1,988	1,988
Lease payments	26,842	25,781	25,938	6,710	6,710	6,710	6,710
Repairs and maintenance	741	748	740	185	185	185	185
Research and development	55	56	55	14	14	14	14
Training and staff development	2,829	2,854	2,826	707	707	707	707
Travel and subsistence	8,932	9,011	8,920	2,233	2,233	2,233	2,233
Other general operating costs	18,483	19,373	18,113	4,621	4,621	4,621	4,621
Total operating cost (excl. depreciation)	270,018	278,996	290,216	67,505	67,505	67,505	67,505
Depreciation and amortisation	26,741	19,238	19,791	6,685	6,685	6,685	6,685
Total operating cost (including depreciation)	296,759	298,234	310,007	74,190	74,190	74,190	74,190
Surplus / (Deficit)	(16,543)	(2,326)	1,606	(4,136)	(4,136)	(4,136)	(4,136)

NOTE

1. THE 'SHORTFALL' IS DUE TO DEPRECIATION NOT BEING A CASH FLOW ITEM. 'SURPLUS' FROM THE EXCLUSION OF DEPRECIATION WILL BE USED TO COVER THE COST OF PRIORITISED CAPITAL ACQUISITIONS.

TABLE 2: STATEMENT OF FINANCIAL POSITION

Description	Annual budget		
	2018/19	2019/20	2020/21
	R'000		
ASSETS			
Current Assets	19,586	20,121	19,648
Cash and Cash equivalents	17,631	17,631	17,060
Receivables from exchange transactions	615	593	910
Inventories	65	60	68
Prepayments	1,275	1,837	1,610
Non-Current Assets	69,508	63,303	67,179
Property, Plant and Equipment	37,538	34,298	34,423
Intangible Assets	31,969	29,006	32,756
TOTAL ASSETS	89,094	83,424	86,827
LIABILITIES			
Current Liabilities	35,483	32,704	34,986
Finance lease obligation	760	1,030	930
Trade and other payables	15,296	11,310	12,672
Provisions	11,324	12,261	13,276
Third-party deposit	60	60	65
Income received in advance	8,043	8,043	8,043
Non-Current Liabilities	9,410	8,846	8,361
Finance lease obligation	1,344	2,309	2,283
Operating lease smoothing	8,066	6,537	6,078
TOTAL LIABILITIES	44,893	41,550	43,347
TOTAL NET ASSETS - ACCUMULATED SURPLUS	44,201	41,874	43,480

TABLE 3: BUDGET PROGRAMME STRUCTURE: ADMINISTRATION, DELIVERY AND ENABLEMENT

Category	Admin			Delivery			Enablement			Total Budget		
	2018/ 19	2019/ 20	2020/ 21	2018/ 19	2019/ 20	2020/ 21	2018/ 19	2019/ 20	2020/ 21	2018/ 19	2019/ 20	2020/ 21
	R'000			R'000			R'000			R'000		
Salaries and wages	35,932	38,087	40,372	107,664	114,125	120,973	29,814	31,603	33,499	173,411	183,815	194,844
Communication	155	150	155	2,651	2,556	2,647	1,360	1,311	1,358	4,166	4,017	4,160
Computer services	-	-	-	16,032	15,542	16,011	7,501	7,272	7,491	23,533	22,813	23,503
Consultants	1,495	1,407	1,508	634	597	639	945	889	953	3,074	2,893	3,099
Contractors	1,681	1,614	1,694	200	192	202	6,071	5,829	6,121	7,952	7,635	8,018
Lease payments	-	-	-	8,816	8,468	8,519	18,026	17,313	17,418	26,842	25,781	25,938
Repairs and maintenance	-	-	-	308	311	308	433	437	432	741	748	740
Research and development	-	-	-	-	-	-	55	56	55	55	56	55
Training & staff development	2,797	2,822	2,794	-	-	-	32	32	32	2,829	2,854	2,826
Travel and subsistence	974	982	973	6,881	6,942	6,872	1,077	1,086	1,076	8,932	9,011	8,920
Other operating costs	7,329	7,146	6,772	6,536	6,281	5,948	4,618	5,946	5,394	18,483	19,373	18,113
Depreciation & amortisation	-	-	-	19,149	13,776	14,173	7,592	5,462	5,619	26,741	19,238	19,791
Total Expenditure	50,363	52,209	54,267	168,872	168,789	176,292	77,524	77,236	79,448	296,759	298,234	310,007

TABLE 4: CASH FLOW STATEMENT

Descriptions	2018/19	2019/20	2020/21
	R'000		
Cash receipts from stakeholders	280,216	295,908	311,613
Transfers received	278,716	294,324	310,513
Interest and rent on land	1,500	1,584	1,100
Cash paid to stakeholders	(270,063)	(282,967)	(298,531)
Compensation of employees	(173,411)	(183,815)	(194,844)
Goods and services	(96,592)	(99,089)	(103,620)
Interest and rent on land	(60)	(63)	(67)
Cash flow from operating activities	10,153	12,941	13,082
Cash flow from investing activities	(12,153)	(12,676)	(13,373)
Acquisition of property, plant and equipment	(12,153)	(12,676)	(13,373)
Cash flow from financing activities	(274)	(265)	(280)
Repayment of finance leases	(274)	(265)	(280)
Net increase / (decrease) in cash and equivalents	(2,274)	0	(571)
Cash and cash equivalents at beginning of year	19,905	17,631	17,631
Cash and cash equivalents at end of year	17,631	17,631	17,061

17. LINK TO THE LONG TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

None

PART E: LINKED DOCUMENTS AND ANNEXURE

18. FIC STRATEGIC PLAN 2018/19 – 2022/23

19. ANNEXURE 1: TECHNICAL INDICATOR DESCRIPTIONS

Performance Indicator 1.1.1

INDICATOR TITLE NUMBER OF FIC INSPECTION REPORTS ISSUED

SHORT DEFINITION

The indicator measures the actual number of inspection reports issued by the FIC, following an inspection in terms of Section 45B of the FIC Act on entities and sectors that fall under direct FIC supervision, listed in Schedule 1 and 3 of the FIC Act.

An inspection can only be regarded as completed once a final inspection report is issued to the inspected entity.

PURPOSE/IMPORTANCE

To supervise and enforce compliance with the FIC Act.

SOURCE/COLLECTION OF DATA

Inspection reports issued by FIC to an inspected entity.

METHOD OF CALCULATION

Counting the number of FIC inspection reports issued to entities within FIC supervised sectors inspected.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Quarterly.

NEW INDICATOR

No.

DESIRED PERFORMANCE

Inspections conducted on institutions identified using the risk based approach framework as per the inspection plan.

INDICATOR RESPONSIBILITY

Manager: Supervision and Enforcement.

Performance Indicator 1.1.2

INDICATOR TITLE PERCENTAGE RESPONSE TO SUPERVISORY BODY REQUESTS TO PARTICIPATE IN JOINT INSPECTIONS

SHORT DEFINITION

Additional to its own inspections, the FIC collaborates with supervisory bodies to ensure that they fulfil their responsibilities to monitor compliance with the requirements of the FIC Act within their regulated sector.

The indicator measures percentage of FIC responses to supervisory body requests for FIC to participate in joint inspections with the supervisory body. Percentage is set subject to FIC committing to support t 60% of requests in a year, up to a maximum of 70 inspections for the year.

PURPOSE/IMPORTANCE

To support supervisory bodies to monitor the compliance of accountable institutions with the FIC Act.

SOURCE/COLLECTION OF DATA

Supervisory body inspections requests received, accepted and declined.

METHOD OF CALCULATION

Percentage response to participate in joint inspections (accepted or declined) against the number of supervisory body requests received.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

No.

DESIRED PERFORMANCE

Support provided to requests from supervisory bodies to participate in joint inspections.

INDICATOR RESPONSIBILITY

Manager: Supervision and Enforcement.

Performance Indicator 1.2.1

INDICATOR TITLE NUMBER OF IDENTIFIED COMPLIANCE MATTERS ADDRESSED THROUGH GUIDANCE PRODUCTS ISSUED

SHORT DEFINITION

The indicator measures the number of guidance products issued. Guidance products issued are dependent on the compliance related matters identified during the year. These guidance products makes provision of interpretation, application and implementation of various aspects of the FIC Act and Money Laundering and Terrorist Financing Control Regulations to accountable institutions, reporting institutions, supervisory bodies and other relevant stakeholders on their duties and obligations in terms of the FIC Act. Guidance products are issued in the form of guidance notes, public compliance communications and directives.

PURPOSE/IMPORTANCE

To ensure ease of compliance and correct application and compliance with the FIC Amendment Act.

SOURCE/COLLECTION OF DATA

Guidance products issued.

METHOD OF CALCULATION

Number of guidance products issued.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Quarterly.

NEW INDICATOR

No – rephrased.

DESIRED PERFORMANCE

Issuance of guidance products as per approved plan for identified guidance products for the financial year.

INDICATOR RESPONSIBILITY

Manager: Guidance and Prevention.

Performance Indicator 1.2.2

INDICATOR TITLE NUMBER OF FIC IDENTIFIED COMPLIANCE AWARENESS INITIATIVES

SHORT DEFINITION

To provide information and enhance awareness to AI/RI and stakeholders by holding public awareness sessions where attending stakeholders are provided with information on compliance with the FIC Act and the Money Laundering and Terrorist Financing Control Regulations including any other relevant information i.e. system enhancements on registrations and reporting.

The KPI measures compliance awareness initiatives arranged and conducted by the FIC only and, excludes invitations to participate in stakeholders' compliance awareness initiatives.

PURPOSE/IMPORTANCE

To enhance compliance with the FIC Act.

SOURCE/COLLECTION OF DATA

FIC compliance awareness initiatives held.

METHOD OF CALCULATION

Count the number of awareness sessions held.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Quarterly.

NEW INDICATOR

No – rephrased.

DESIRED PERFORMANCE

Planned compliance awareness initiatives delivered successfully according to the compliance awareness plan.

INDICATOR RESPONSIBILITY

Manager: Guidance and Prevention.

Performance Indicator 1.2.3

INDICATOR TITLE
PERCENTAGE RESPONSE TO INVITATIONS TO PARTICIPATE IN STAKEHOLDERS' COMPLIANCE AWARENESS INITIATIVES

SHORT DEFINITION

To provide information and enhance awareness to AI/RI and identified stakeholders by participating in stakeholders' compliance awareness initiatives where attending stakeholders are provided with information on compliance with the FIC Act and the Money Laundering and Terrorist Financing Control Regulations including any other relevant information i.e. system enhancements on registrations and reporting. Stakeholders in this regard are mainly supervisory bodies and industry associations/bodies. The indicator measures percentage response to invitations to participate in stakeholders' compliance awareness initiatives (accepted and declined).

PURPOSE/IMPORTANCE

To enhance compliance with the FIC Amendment Act.

SOURCE/COLLECTION OF DATA

Stakeholder compliance awareness invitations received, accepted and declined.

METHOD OF CALCULATION

Number of awareness sessions participated in divided by number of awareness sessions' invitations received (accepted and declined), expressed as a percentage.

DATA LIMITATIONS

Obtaining attendance registers from external organisers.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

No.

DESIRED PERFORMANCE

Support provided when invitations to participate in stakeholders' compliance awareness sessions received.

INDICATOR RESPONSIBILITY

Manager: Guidance and Prevention.

Performance Indicator 1.2.4

INDICATOR TITLE
NUMBER OF IDENTIFIED MEDIA PUBLICATIONS ISSUED

SHORT DEFINITION

To provide information and enhance awareness to regulated institutions and the public by publishing media publications articles and notices on compliance with the FIC Act and Money Laundering and Terrorist Financing Control Regulations and Exemptions.

PURPOSE/IMPORTANCE

To enhance compliance with the FIC Amendment Act.

SOURCE/COLLECTION OF DATA

Media publications issued.

METHOD OF CALCULATION

Count the number of identified articles published.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Quarterly.

NEW INDICATOR

No.

DESIRED PERFORMANCE

Media publications on compliance awareness to targeted sectors issued as per the compliance awareness plan.

INDICATOR RESPONSIBILITY

Manager: Guidance and Prevention.

Performance Indicator 2.1.1

INDICATOR TITLE NUMBER OF PUBLIC AWARENESS REPORTS ON THE UTILISATION OF FINANCIAL INTELLIGENCE

SHORT DEFINITION

Public awareness reports constitutes information from on a variety of sources available to the FIC, which is analysed and packaged to produce case studies/trends and indicators on emerging crime, in order to provide awareness to citizens and identified stakeholders including the reporting community.

PURPOSE/IMPORTANCE

FIC's strives to contribute towards creating a better South Africa, a better and safer Africa in the better world through public awareness initiatives and education. The purpose of the indicator is to ensure that citizens and identified stakeholders including the reporting community, are being made aware and understand emerging crimes/crime patterns as preventative or informative measure.

SOURCE/COLLECTION OF DATA

Various source of information leading to public awareness products published / public awareness conveyed.

METHOD OF CALCULATION

Count the number of submitted quarterly reports on public awareness initiatives published / public awareness conveyed.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Quarterly.

NEW INDICATOR

No.

DESIRED PERFORMANCE

Increased public awareness initiatives.

INDICATOR RESPONSIBILITY

Senior Operations Manager: Monitoring and Analysis.

Performance Indicator 2.1.2

INDICATOR TITLE NUMBER OF IDENTIFIED STAKEHOLDER ENGAGEMENTS CONDUCTED FOR UTILISATION OF FIC PRODUCTS

SHORT DEFINITION

Support to anti-crime efforts through the FIC's provision of training to reporting and law enforcement communities as well as tertiary institutions on the FIC legislative mandate and powers, and where applicable their interaction with the FIC systems, including aspects such as the effective utilisation of financial intelligence in combatting crime.

PURPOSE/IMPORTANCE

Effective utilisation of financial intelligence products by stakeholders.

SOURCE/COLLECTION OF DATA

Attendance registers.

METHOD OF CALCULATION

Count the number of stakeholder engagements conducted.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Quarterly.

NEW INDICATOR

No.

DESIRED PERFORMANCE

Increased number of stakeholder engagements.

INDICATOR RESPONSIBILITY

Senior Operations Manager: Monitoring and Analysis.

Performance Indicator 2.1.3

INDICATOR TITLE PERCENTAGE OF REQUESTS FOR INFORMATION RESPONDED TO

SHORT DEFINITION

The FIC contributes to combating crime and protecting the financial system by providing high quality financial intelligence to authorised requestors both in South Africa and internationally. The demand for this financial intelligence products continues to increase during the investigation and prosecution of crimes.

The annual set targets are based on the average of requests responded to during the 2014/15, 2015/16 and 2016/17 financial years, using the average as baseline for 2018/19 and adding a 5% annual increase from 2019/20 onwards. Therefore the FIC commits to respond to 100% of requests for information, subject to an annual response maximum of 1775 in 2018/19; 1865 in 2019/20 and 1960 in 2020/21.

PURPOSE/IMPORTANCE

Contribute to combating crime and protecting the financial system by producing high quality financial intelligence products to the requestors.

SOURCE/COLLECTION OF DATA

goAML case system

METHOD OF CALCULATION

Percentage response to requests for information against the set annual target of number of requests (1775 in 2018/19).

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative

REPORTING CYCLE

Quarterly.

NEW INDICATOR

Yes.

DESIRED PERFORMANCE

Increase the number of high quality financial intelligence produced.

INDICATOR RESPONSIBILITY

Senior Operations Manager: Monitoring and Analysis.

Performance Indicator 2.1.4

INDICATOR TITLE PERCENTAGE RESPONSE TO REQUESTS TO BLOCK FUNDS

SHORT DEFINITION

The utilisation of S34 directives 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 terror financing.

PURPOSE/IMPORTANCE

To allow law enforcement authorities to conduct investigations and secure, confiscate and remove proceeds of crime and terror financing from the financial system. Requests are received by the FIC with the background and allegations of the matter. The FIC has to evaluate the request to understand and verify the information. Checks are done with the respective institution(s) and the FIC compiles the section 34 directives in the required format. The directive is then sent to the respective institution(s), feedback is received from the institution(s) and communicated to the requestors. The responses are captured in the FIC document reflecting decision to block or not block funds.

SOURCE/COLLECTION OF DATA

The responses are captured in the FIC confirmation document reflecting decision to block or not block funds. The document also specifies that the blockage of funds will be effected per the FIC Act.

METHOD OF CALCULATION

Number of responses to requests to block funds divided by the number of requests received to block funds, calculated as a percentage. The responses are captured in FIC document reflecting decision to block or not block funds.

DATA LIMITATIONS

None.

CALCULATION TYPE

Cumulative.

TYPE OF INDICATOR

Output.

REPORTING CYCLE

Quarterly.

NEW INDICATOR

Yes.

DESIRED PERFORMANCE

Respond to all requests to block funds and ensure that decision to block or not block funds is documented.

INDICATOR RESPONSIBILITY

Senior Operations Manager: Monitoring and Analysis.

Performance Indicator 3.1.1

INDICATOR TITLE

PERCENTAGE RESPONSE TO REQUESTS FOR TECHNICAL ASSISTANCE FROM COUNTRIES WITHIN THE ESAAMLG REGION

SHORT DEFINITION

To assist countries within the eastern and southern Africa region to develop their own AML/CFT regimes.

PURPOSE/IMPORTANCE

To strengthen global efforts to combat money laundering and the financing of terrorism, and also close any loopholes to use the South African financial systems as a conduit for money laundering and terror financing; the FIC assist countries in the ESAAMLG region in the development of AML/CFT regimes.

SOURCE/COLLECTION OF DATA

Signed letter by the Director or relevant delegate (depending on the complexity of the request) responding to the technical assistance request, either agreeing or declining to provide assistance.

METHOD OF CALCULATION

Number of responses to provide technical assistance (agree and decline) divided by the number of requests received expressed as percentage.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

No.

DESIRED PERFORMANCE

Increasing percentage of response to requests.

INDICATOR RESPONSIBILITY

Senior Operations Manager: L&P.

Performance Indicator 3.2.1

INDICATOR TITLE

NUMBER OF IDENTIFIED POLICY-MAKING ACTIVITIES ATTENDED WITHIN REGIONAL AND INTER-GOVERNMENTAL ORGANISATIONS

SHORT DEFINITION

Attending and participating in the meetings of standard setters such as the FATF on AML/CFT measures and the regional body, i.e. ESAAMLG.

PURPOSE/IMPORTANCE

The indicator assist the FIC to keep track of its activities in so far as contributing to the AML/CFT policy work and the impact thereof.

SOURCE/COLLECTION OF DATA

Invitation/ email notification, submission for approval to attend, and feedback report.

METHOD OF CALCULATION

Count the number of meetings attended for FATF and ESAAMLG.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Input.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

No. KPI rephrased.

DESIRED PERFORMANCE

Attendance of regional and inter-governmental organisations meetings that are relevant to the objectives of the FIC.

INDICATOR RESPONSIBILITY

Senior Operations Manager: L&P.

Performance Indicator 3.3.1

INDICATOR TITLE
COMPLETION OF RESPONSE
TO FATF RECOMMENDATIONS
ON AML/CFT RISK
ASSESSMENT FOR SOUTH
AFRICA

SHORT DEFINITION

Monitoring actions to address deficiencies from previous mutual evaluation and to prepare for forthcoming mutual evaluation.

PURPOSE/IMPORTANCE

The indicator assist the FIC to keep track of actions within the FIC and in other departments and agencies to align South Africa's AML/CFT system with the FATF standards.

SOURCE/COLLECTION OF DATA

Letters of invitation, agendas, minutes, surveys, other correspondence to elicit feedback or feedback reports on consultation processes.

METHOD OF CALCULATION

Scheduled consultation engagements (meetings, surveys, correspondence) occurred.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

No.

DESIRED PERFORMANCE

Full visibility of state of AML/CFT system in relation to FATF Standards.

INDICATOR RESPONSIBILITY

Senior Operations Manager: L&P.

Performance Indicator 3.4.1

INDICATOR TITLE
COMPLETION OF MILESTONES
FOR IMPLEMENTING
AMENDMENTS TO THE FIC ACT

SHORT DEFINITION

Monitoring progress of process to bring amendments to the FIC Act to point of implementation.

PURPOSE/IMPORTANCE

The indicator assists the FIC to meet the international standards of AML/CFT, and to maintain international membership.

SOURCE/COLLECTION OF DATA

Letters of invitation, agendas, minutes, surveys, other correspondence to elicit feedback or feedback reports on consultation processes.

METHOD OF CALCULATION

Scheduled consultation engagements (meetings, surveys, correspondence) occurred.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

No.

DESIRED PERFORMANCE

Ability to identify challenges in the process to enact amendments to the FIC Act at an early stage.

INDICATOR RESPONSIBILITY

Senior Operations Manager: L&P.

Performance Indicator 4.1.1

INDICATOR TITLE
IMPLEMENTATION OF THE ICT PLATFORM AND BUSINESS SYSTEMS INITIATIVES

SHORT DEFINITION

The indicator tracks the implementation of the ICT system for monitoring and enforcement of compliance with FIC Act.

PURPOSE/IMPORTANCE

The indicator tracks the implementation of the ICT system for monitoring and enforcement of compliance with FIC Act, in support of the FIC's service delivery processes.

SOURCE/COLLECTION OF DATA

Progress report – Project management.

METHOD OF CALCULATION

Progress report.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

No.

DESIRED PERFORMANCE

Completion of the projects within the timelines.

INDICATOR RESPONSIBILITY

Head: Project Management Office.

Performance Indicator 4.1.2

INDICATOR TITLE
RECEIVE UNQUALIFIED AUDIT OPINION FROM THE AUDITOR GENERAL

SHORT DEFINITION

Strive for the external audit outcome to reflect that operations of the FIC are administered efficiently to ensure that the financial statements are accurate for the year audited.

PURPOSE/IMPORTANCE

To establish and maintain clean administration, while complying with all legal and governance requirements to ensure accuracy of financial statements, while still delivering on the FIC mandate.

SOURCE/COLLECTION OF DATA

Auditor General audit report.

METHOD OF CALCULATION

Compliance/ Non Compliance.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Non-cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

No – rephrased.

DESIRED PERFORMANCE

Unqualified audit opinion.

INDICATOR RESPONSIBILITY

Director.

Performance Indicator 4.1.3

INDICATOR TITLE
FEMALE EMPLOYEES AS % OF
TOTAL STAFF COMPLEMENT IN
LINE WITH EMPLOYMENT
EQUITY ACT

SHORT DEFINITION

Maintain female demographics in the FIC at a specified level of >50% of total staff complement.

PURPOSE/IMPORTANCE

To improve the FIC's current Employment Equity status and to achieve equitable representation of female staff employees by means of affirmative action measures.

SOURCE/COLLECTION OF DATA

Internal Human Resources reports from VIP system.

METHOD OF CALCULATION

Total number of female staff divided by total number of staff. Calculated in percentage form.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Non-cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

Yes.

DESIRED PERFORMANCE

Maintain females staff at >50% of total staff complement.

INDICATOR RESPONSIBILITY

Head: Human Resource.

Performance Indicator 4.1.4

INDICATOR TITLE
DESIGNATED RACIAL GROUPS
AS A % OF TOTAL STAFF
COMPLEMENT IN LINE WITH
EMPLOYMENT EQUITY ACT

SHORT DEFINITION

Achieve the Employment Equity Act requirements on racial demographics in the FIC. The current requirement is that the FIC target must comply with the target that has been set at Government level.

PURPOSE/IMPORTANCE

To comply with the Employment Equity Act requirements on ensuring that equitable representation of employees from designated groups by means of affirmative action measures is achieved.

SOURCE/COLLECTION OF DATA

Internal Human Resources reports from VIP system.

METHOD OF CALCULATION

Number of employees from Designated Racial groups divided by the total staff complement in place for the financial year. Calculated in percentage form

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Non-cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

Yes.

DESIRED PERFORMANCE

To achieve the Employment Equity Act requirements on ensuring that 75% of total staff complement is a representation of employees from designated groups by means of affirmative action measures.

INDICATOR RESPONSIBILITY

Head: Human Resource.

Performance Indicator 4.1.5

INDICATOR TITLE

DISABLED EMPLOYEES AS A % OF TOTAL STAFF COMPLEMENT IN LINE WITH EMPLOYMENT EQUITY ACT

SHORT DEFINITION

Ensure that by the end of 2019/20 the FIC should have achieved its target regarding the appointment of disabled staff members as per approved 5 year EE plan submitted to Department of Labour in October 2014.

PURPOSE/IMPORTANCE

To eliminate unfair discrimination in the FIC, and to achieve equitable representation of disabled employees in the organisation as per EE plan.

SOURCE/COLLECTION OF DATA

Internal Human Resources reports from VIP system.

METHOD OF CALCULATION

Number of disabled staff members against the total number of staff at that period. Calculated in percentage form.

DATA LIMITATIONS

None.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Non-cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

Yes.

DESIRED PERFORMANCE

Have at least 2% disabled staff members in the organisation.

INDICATOR RESPONSIBILITY

Head: Human Resource.

Performance Indicator 4.1.6

INDICATOR TITLE

PERCENTAGE OF COMPLIANT CREDITORS' INVOICES PAID WITHIN 30 DAYS OF RECEIPT

SHORT DEFINITION

Ensure that all correct creditors' invoices are paid within 30 days of receiving the invoices as per SCM regulations.

PURPOSE/IMPORTANCE

To ensure compliance with SCM regulations on payment of creditors.

SOURCE/COLLECTION OF DATA

SYSPRO report for payments made and invoices received records.

METHOD OF CALCULATION

Calculate the period between receipt and payment of the compliant invoice from creditors and divide compliant invoices paid within 30 day against all compliant invoices received.

DATA LIMITATIONS

No specific limitation.

TYPE OF INDICATOR

Output.

CALCULATION TYPE

Non-cumulative.

REPORTING CYCLE

Annually.

NEW INDICATOR

Yes.

DESIRED PERFORMANCE

Pay all compliant invoices within 30 days of receiving the invoice.

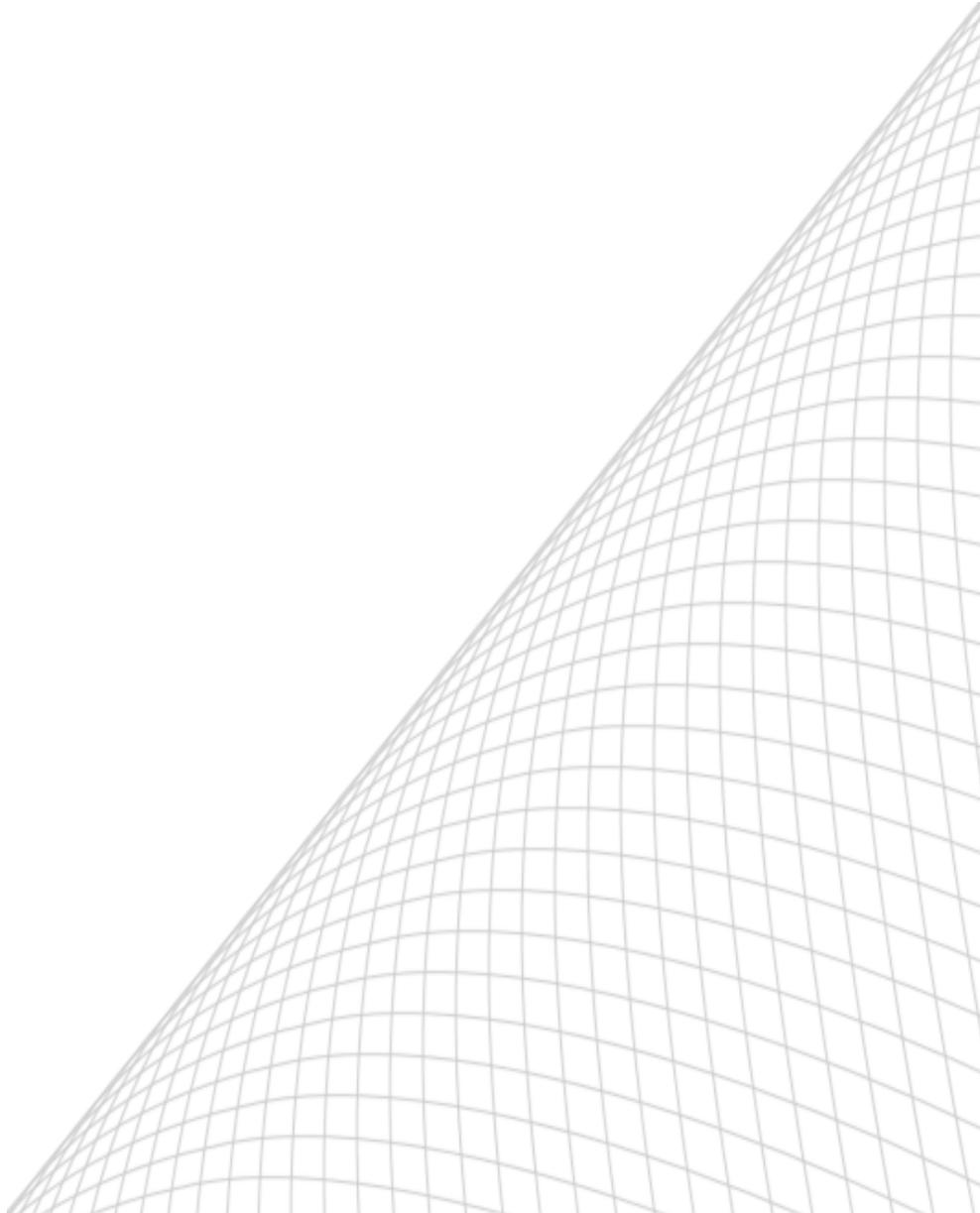
INDICATOR RESPONSIBILITY

Chief Financial Officer.

Financial Intelligence Centre

STRATEGIC PLAN

2018/19 – 2022/23



CONTENTS

ACRONYMS	1
OFFICIAL SIGN-OFF	2
PART A: EXECUTIVE SUMMARY	3
STRATEGIC THEME	3
PRIORITY AREAS	3
OVERVIEW OF THE FUNDING AND EXPENDITURE MODEL	4
PART B: STRATEGIC OVERVIEW	4
1. INTRODUCTION	4
2. THIS PLAN AT A GLANCE	6
3. MANDATE, VISION, MISSION AND VALUES	8
4. OVERVIEW OF RISKS AND THREATS TO FIC OPERATIONS	9
5. SITUATIONAL ANALYSIS	10
5.1 PERFORMANCE ENVIRONMENT	10
5.2 ORGANISATIONAL ENVIRONMENT	13
5.3 STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS	14
5.4 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS	15
PART C: ANNUAL PERFORMANCE FRAMEWORK – OBJECTIVES, INDICATORS AND TARGETS PER OUTCOME	15
6. STRATEGIC OUTCOME 1: IMPROVING THE COLLECTION OF INFORMATION AND COMPLIANCE WITH THE FIC ACT	15
7. STRATEGIC OUTCOME 2: INCREASED UTILISATION OF FIC PRODUCTS AND SERVICES	17
8. STRATEGIC OUTCOME 3: PROMOTING NATIONAL INTEREST IN MAINTAINING THE INTEGRITY OF SA'S FINANCIAL SYSTEM	19
9. STRATEGIC OUTCOME 4: ENSURING A SAFE, SECURE, COMPLIANT AND EFFICIENT OPERATING ENVIRONMENT	21
10. LINK TO THE LONG TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS	23
PART D: LINKED DOCUMENTS AND ANNEXURE	23
11. FIC ANNUAL PERFORMANCE PLAN 2017/18	23
12. ANNEXURE 1: MATERIALITY AND SIGNIFICANCE FRAMEWORK	23

ACRONYMS

AFU	Asset Forfeiture Unit	ICT	Information and Communications Technology
AI	Accountable Institution	MOU	Memorandum of Understanding
AML/CFT	Anti-Money Laundering/Combating of Financing of Terrorism	MTEF	Medium-Term Expenditure Framework
CCR	Cash Courier Report	MTSF	Medium-Term Strategic Framework
CIPC	Companies and Intellectual Property Commission	UNODC	United Nations Office on Drugs and Crime
CTR	Cash Threshold Report	POCA	Prevention of Organised Crime Act, 1998 (Act 121 of 1998)
DPCI	Directorate for Priority Crime Investigation	POCDATARA	Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004 (Act 33 of 2004)
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group	RI	Reporting Institution
FATF	Financial Action Task Force	SAPS	South African Police Service
FIC Act	Financial Intelligence Centre Act, 2001 (Act 38 of 2001)	SARS	South African Revenue Service
FIC	Financial Intelligence Centre	SB	Supervisory Body
FIU	Financial Intelligence Unit	STR	Suspicious Transaction Report
FSRB	FATF-Style Regional Body	TPR	Terrorist Property Report
G-20	Group of 20 Finance Ministers and Central Bank Governors		

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan 2018/19:

- Was developed by the management of the Financial Intelligence Centre (FIC), under the leadership of the FIC Director, Advocate Xolisile Khanyile
- Takes into account the applicable policies, legislation and other mandates
- Accurately reflects the strategic outcomes and outputs set out for the FIC for the period 2018/19 – 2022/23.

Approved by:

Adv X J Khanyile
DIRECTOR
FINANCIAL INTELLIGENCE CENTRE

PART A: EXECUTIVE SUMMARY

STRATEGIC THEME

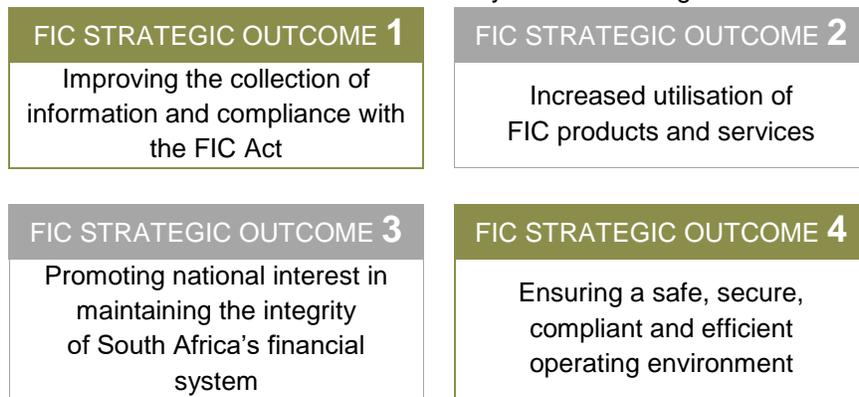
MAKING SOUTH AFRICA'S FINANCIAL SYSTEM INTOLERANT TO ABUSE

PRIORITY AREAS



The broad strategic priority areas facilitate current processes towards achievement of the long-term vision: The FIC is a highly-capable public entity that produces financial intelligence for making South Africa's financial system intolerant to abuse.

This Strategic Plan 2018/19 describes the FIC's performance objectives for the identified priority areas that include the anti-money laundering framework, service delivery, staff capabilities, technology and internal processes in line with the measurement framework defined by the FIC Strategic Outcomes:



Updates to the organisation's current strategies will be considered in due course, during ongoing consultative processes on the development of a more comprehensive long-term plan, and will incorporate existing and emerging stakeholder-related requirements.

Current strategies to achieve the FIC Strategic Outcomes follow a multi-pronged approach in the medium term:

- Stabilisation and enhancement of the mandate-focused framework in line with the national interest, including the ongoing implementation of anti-money laundering and combating of financing of terrorism (AML/CFT) requirements.
- Continuation of the cost-controlled enhancement of delivery of FIC products and services to identified stakeholders, towards making the financial system intolerant to abuse. The stakeholders range from public institutions to various private organisations within the ambit of the FIC Act.
- Maintenance and upgrading of the required internal capacity and capability levels in prioritised strategic elements, with a focus on:
 - Human resource capacity and capability within FIC's expenditure ceiling and in line with service delivery requirements

- Information and Communications Technology (ICT) and other internal infrastructure in line with requirements that range from clean administration, performance predictability and organisational sustainability.

OVERVIEW OF THE FUNDING AND EXPENDITURE MODEL

The FIC commits to continued high performance beyond the minimum legislative mandate requirements. While acknowledging continued public funding support over the years, future expenditure proposals for ring-fenced capability developments beyond 2018/19 will be presented in line with the FIC's ongoing National Treasury consultations.

Estimated funding requirements per programme	R'000		
	2018/19	2019/20	2020/21
1. Administration	50,363	52,209	54,267
2. Delivery of financial intelligence	168,872	168,789	176,292
3. Enablement of financial intelligence	77,524	77,236	79,448
Total estimated funding	296,759	298,234	310,007

PART B: STRATEGIC OVERVIEW

1. INTRODUCTION

The FIC was established by the FIC Act, 2001 (Act 38 of 2001) and commenced operations as a public entity in 2003.

The FIC's mandated role is to ensure that the financial intelligence products it provides to law enforcement authorities, state security services, the South African Revenue Service and supervisory bodies, are used to support the investigation and prosecution of offences which involve the proceeds of or utilisation of funds for crime. While supporting all law enforcement efforts with its limited resources, the FIC emphasises effective use of its financial intelligence resulting in successful investigations, prosecutions and where possible, the freezing of the proceeds of crime. This includes crime which threatens the integrity of the country's financial institutions and social well-being, or which has the potential of destabilising the country.

In addition to its mandate focus, current and emerging performance requirements, and the

challenges in the global and domestic environment, are factors that called for updating of the FIC's Strategic Outcomes and Objectives, and corresponding performance plans. In its annual planning process, the FIC took cognisance of relevant performance requirements that were expressed through the Government Priorities and Outcomes

FIC's objectives speak to Government Outcomes that are part of the Medium Term Strategic Framework (MTSF). As South Africa's national centre for collection of financial data and for development and dissemination of financial intelligence reports, the FIC contributes toward Government Outcome 3, which is to ensure that South Africans are and feel safe. It also operates within the international arena in support of Government Outcome 11; by providing support and assistance to fellow African countries as these countries seek to implement their own anti-money laundering and combating of terror financing frameworks.

- **National Development Plan**

Through Vision 2030, the National Development Plan (NDP) projects the FIC and the broader South African nation to a desired future where "...we feel loved, respected and cared for at home, in community and in the public institutions we have created. We all see to it and assist so that all life's enablers are available in a humane way". A number of the NDP objectives and actions draw from the themes within previous Government MTSF priorities.

The FIC has identified the following areas as part of its initial NDP areas of focus:

Building safer communities	Growing the economy and employment
Positioning South Africa in the world	Building a capable and developmental state

- **The FIC reaffirms its commitment to collaborative work with identified role players within the domestic and global environment. Activities in this area will be informed by:**

- Legislative requirements and broader domestic initiatives. In providing the mandate for protecting the integrity of South Africa's financial system, the FIC Act is aligned with the relevant legislation within the criminal justice system, including 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 and the Anti-Corruption Task Team (ACTT)
- South Africa's continues participation, led by the FIC, in global organisations and regional initiatives, including through the Financial Action Task Force (FATF) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)
- The FIC is an active participant in the Egmont Group of Financial Intelligence Units.

Overall, the FIC is led by its intent to be a highly capable public entity that produces financial intelligence for making South Africa's financial system intolerant to abuse.

THIS VISION IS SUPPORTED BY THE FIC'S FOUR STRATEGIC OUTCOMES

FIC Strategic Outcome 1: Improving the collection of information and compliance with the FIC Act

To continuously improve the range of and the quality of data it receives, the FIC will seek to improve levels of compliance with the FIC Act. This involves supervision and enforcement activities, including risk-based compliance inspections conducted by the FIC.

The inspections will culminate in the commitment to issue 138 inspection reports in 2018/19. Other commitments involve 80% - 100% response to supervisory bodies in their requests for support in creating awareness on compliance among accountable institutions (AIs).

FIC Strategic Outcome 2: Increased utilisation of FIC products and services

The FIC strives to continuously improve the quantity and the quality of the financial intelligence it produces, as such products are focused on combating of national crime and on security priorities.

The FIC will continue to address the majority of requests for financial intelligence from authorised institutions.

FIC Strategic Outcome 3: Promoting national interest in maintaining the integrity of South Africa's financial system

The FIC will continuously reappraise the AML/CFT environment and remain abreast of potential threats and risks to the integrity of South Africa's financial system. Through continuing to proactively and reactively engage with domestic and global stakeholders, the FIC will endeavour to respond to 100% of requests for technical assistance.

FIC Strategic Outcome 4: Ensuring a safe, secure, compliant and efficient operating environment

To have its ICT platform and business systems enhanced, to develop and implement prioritised human resource initiatives, and to ensure compliance with internal control requirements.

2. THIS PLAN AT A GLANCE

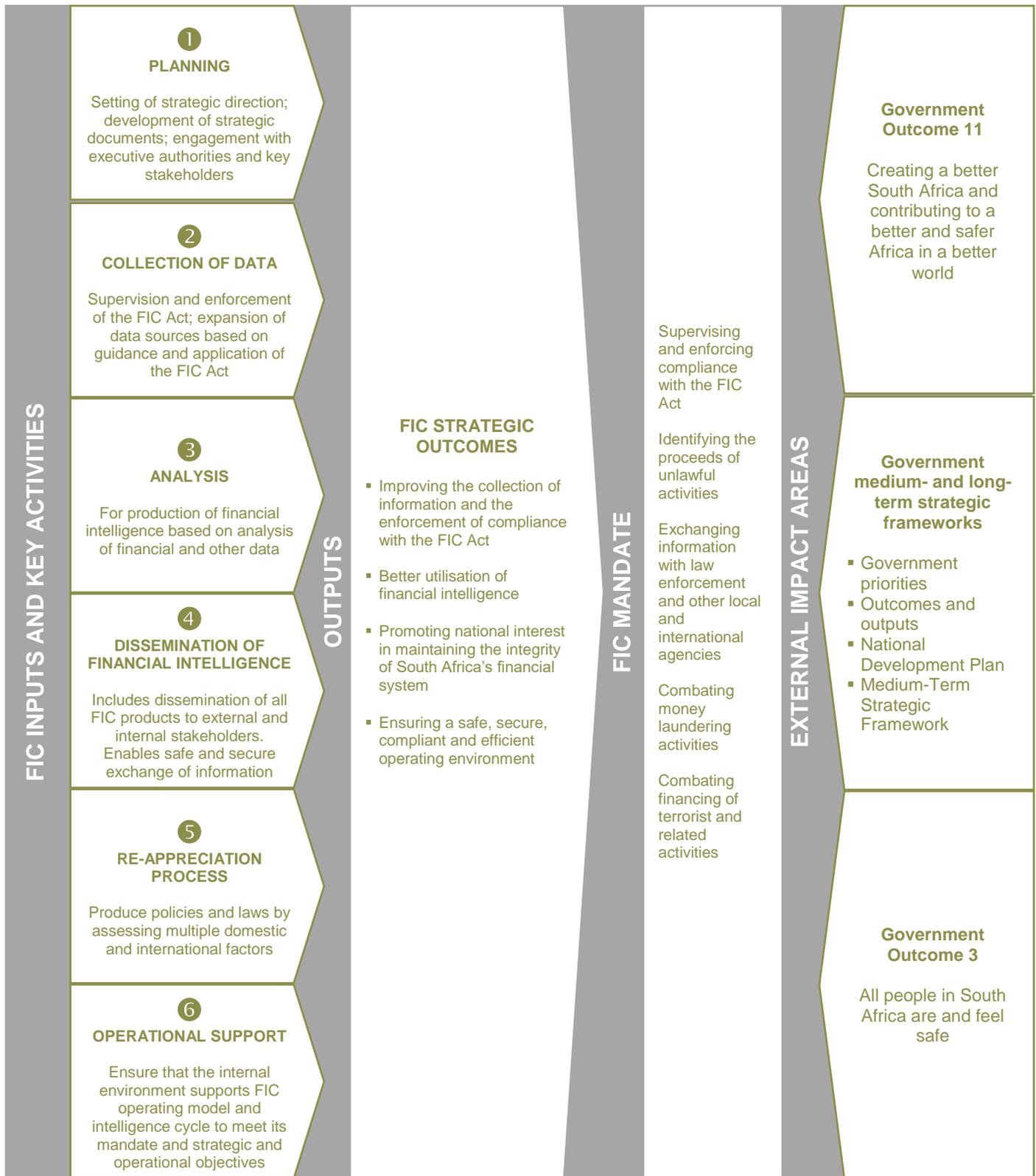


Figure 1: The FIC Strategic Overview

The FIC has adopted an outcomes-based approach in line with National Treasury requirements.

Figure 1 illustrates how the outcomes-based approach has been utilised to link inputs and outputs with outcomes, and to align the FIC's performance with mandate-focused stakeholder requirements. This plan includes a chapter per FIC Outcome where performance indicators and annual targets are specified.

The FIC is South Africa's national centre for the production of financial intelligence. To this effect the FIC has the mandate to identify the proceeds of crime, combat money laundering and to counter the financing of terrorism. The entity has the capability to receive and process reports on suspicious and unusual transactions, on transactions exceeding R24 999.99, as well as on those which reflect transactions related to possession or suspicion of possession of property related to terrorism or terrorist activity. The FIC uses the information it receives, along with additional data available to it, to develop financial intelligence reports which are provided to law enforcement, prosecutorial, supervisory body, tax authorities and other competent authorities for use in their follow up investigations and prosecutions. In this way, the FIC plays a significant role in ensuring the integrity of the financial system.

While the FIC has a mandate to identify proceeds generated by crime, ultimately it focuses on reducing those crimes through its intent of making

the financial system intolerant to abuse, which impacts on the wellbeing 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 competent authorities to combat high-risk crimes, including organised crime, tax evasion, crimes against the environment and natural resources, and corruption.

As administrators of the FIC Act, the FIC promotes maximum compliance. This is aimed at ensuring that the FIC receives reports and data from accountable institutions. The FIC Act also outlines that the organisation offers supervisory bodies (SBs), AIs and other persons guidance and information on their obligations regarding the Act.

Amendments to the FIC Act in 2008 provided the regulatory framework which gave the FIC and the SBs the responsibilities for enforcement, powers of inspection and outlined penalties and sanctions for non-compliance with the FIC Act.

In 2017, the President assented to the FIC Act Amendment Bill and soon after the Minister of Finance gazetted the FIC Act, 2017 (Act 1 of 2017). The FIC will roll out FIC Amendment Act in 2018 in a way that will ensure "ease of use" by all stakeholders. The FIC has adopted government's philosophy of simplifying the translation of legal responsibilities and obligations into plain language for stakeholders.

To give effect to its legal mandate the FIC seeks to conduct all its internal business in an efficient and cost-effective manner. The FIC has therefore adopted fundamental principles which enable staff to contribute to building the organisation as a coherent and integrated entity.

The operating principles focus on:

- Striving for maximum efficiency and effectiveness in internal operations and external impact
- Commitment to creating value for the wide range of government customers who rely on the data and information the FIC provides
- Partnering and collaborating with external stakeholders to achieve priority outcomes
- Seeking sustainability in all that the FIC does
- Seeking to develop a global perspective in all its operations
- Using secure, advanced technology to facilitate efficient, optimal operations, while at the same time, seeking constant improvement in ICT.

3. MANDATE, VISION, MISSION AND VALUES

Mandate

THE FIC IS ESTABLISHED IN TERMS OF THE FINANCIAL INTELLIGENCE CENTRE ACT, 2001 (ACT 38 OF 2001). THE FIC ACT IS READ IN CONJUNCTION WITH THE PREVENTION OF ORGANISED CRIME ACT, 1998 (ACT 121 OF 1998) AND PROTECTION OF CONSTITUTIONAL DEMOCRACY AGAINST TERRORIST AND RELATED ACTIVITIES ACT, 2004 (ACT 33 OF 2004).

The FIC was established to:

- Identify the proceeds of unlawful activities
- Combat money laundering activities
- Combat financing of terrorist and related activities
- Exchange information with law enforcement and other local and international agencies
- Supervise and enforce compliance with the FIC Act and to facilitate effective supervision and enforcement by SBs.

In pursuing this mandate the FIC:

- Makes the financial intelligence reports it develops available to security, law enforcement, tax and prosecutorial authorities, supervisory bodies and other competent authorities, towards the effective administration and enforcement of the laws of the Republic of South Africa. The competent authorities include the South African Police Service, Directorate for Priority Crime Investigation, National Prosecuting Authority of South Africa, Asset Forfeiture Unit, Special Investigating Unit, State Security Agency, South African Revenue Service, Independent Police Investigative Directorate, the Office of the Public Protector, investigating authorities and intelligence services.
- Exchanges information with similar bodies in other countries
- Monitors and gives guidance to accountable and reporting institutions, SBs and individuals regarding their performance and compliance with the FIC Act
- Contributes to the global framework against money laundering and the financing of terrorism
- Develops policy options for the Minister of Finance based on an assessment of available financial intelligence.

Vision

The FIC is a highly capable public entity that produces financial intelligence for making South Africa's financial system intolerant to abuse.

Mission

The FIC promotes increasing levels of compliance with the FIC Act in an efficient and cost-effective manner, enabling it to provide high quality, timeous financial intelligence for use in the fight against crime and the protection of national security.

Values

The FIC seeks to achieve its mandate through the employment of capable staff that is committed to the highest standards of excellence and professional service delivery in the fulfilment of their responsibilities.

4. OVERVIEW OF RISKS AND THREATS TO FIC OPERATIONS

The FIC will continue to manage its organisational risks and threats through an integrated approach. This approach will ensure 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 contribute 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
- FIC Director and the Executive Committee
- Audit Committee and Risk Committee
- 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 	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 utilisation of the FIC products and services by the stakeholders 	Implementation of various initiatives to engage stakeholders using FIC products and services.
3. Inadequate promotion of national interest in maintaining the integrity of the South African financial System 	Proactive and reactive engagement with domestic and global stakeholders to ensure that policies to protect the integrity of South Africa's financial system remain aligned with international standards on combating money laundering and the financing of terrorism.
4. Inadequate operating environment 	FIC will continue to optimise its business processes, improve its ICT system and improve its human resource capacity and capabilities so as to enhance the operating environment and streamline its operations for efficiency and effectiveness.
5. Inadequate resources and governance 	FIC will continue to motivate for funding by demonstrating its value and impact. As part of the exercise 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.

5. SITUATIONAL ANALYSIS

5.1 PERFORMANCE ENVIRONMENT

5.1.1 External global factors

Several factors are expected to influence and affect the functioning of the FIC and the FIC Act over the period under review. These include external and international factors such as the effects of the financial crisis and recession, the growth and transmutation of transnational organised crime, and the extent of the illicit economy and illicit financial flows.

The FIC supports foreign policy development initiatives and protection and promotion of South Africa's national interests continentally and globally.

- Financial Intelligence-based reports and activities
- Bi-laterals FIU-FIU; ESAAMLG (SADC and East Africa countries); FATF and Egmont
- Reports/inputs to policy positions for SA with respect to international lending institutions such as the IMF
- Reports/inputs to policy position for SA in multi-lateral forums such as G20.

5.1.2 External domestic factors

INCREASING LEVELS OF COMPLIANCE

Businesses have a major role in contributing to making South Africa a safer place for its citizens. The responsibility of business in this regard is to trade and transact in a manner which is compliant with the country's laws, especially with regard to the FIC Act.

The extent of compliance by businesses in the relevant sectors to the FIC Act, along with other related legislation, is an important barometer of the success of this contribution to society.

WIDER APPLICATION OF THE FIC ACT

In the assessment of South Africa's anti-money laundering and combating of terror financing system conducted in 2008, the FATF identified several areas in which the country did not meet international standards. These included the inability of authorities and businesses to identify politically influential persons (PIPs) in their business dealings as a particular high-risk category of clients. Also certain economic sectors needed to be brought into the ambit of the FIC Act. These included, for example, precious metals dealers and refiners of metals.

The FIC will introduce measures to bring PIPs and high risk businesses activities within the ambit of the FIC Act.

ENHANCING THE ROLE OF SUPERVISORY BODIES

While the FIC Act has existence for 15 years, the extent of compliance by AIs and RIs has not been fully tested. The model for supervision of the FIC Act envisages that SBs of the various sectors impacted by the Act should be responsible for monitoring compliance by AIs in those sectors.

In addition, the FIC itself has responsibility for sectors where there is no supervisory body exists to oversee compliance.

ADMINISTRATIVE ENFORCEMENT

The amendments to the FIC Act in 2008 gave the SBs and the FIC itself an important instrument to increase levels of business compliance by with the requirements of the FIC Act.

The effect of the amendments was to enable the SBs and the FIC to inspect AIs for their compliance with the FIC Act and, if required, to impose administrative sanctions where non-compliance was found.

SIMPLIFYING COMPLIANCE WITH THE FIC ACT

The FIC will explore ways of enabling AIs to apply risk-based solutions to compliance implementation.

The FIC will also review the FIC Act in order to simplify the way in which clients of AIs can comply with their responsibilities to identify themselves. The FIC will take into account the impact of technology developments on compliance obligations.

SUPPORTING EFFORTS TO MAKE SOUTH AFRICA A SAFER COUNTRY

Government has identified as a priority the need to make South Africa a place which is safer for all its citizens. Among many things this requires that the law enforcement authorities are able to identify instances of priority crime, and especially those involving organised crime syndicates, and particularly where the proceeds may be transported to or from other countries. To this end the 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. In addition, the FIC functions closely with the SAPS as a result of amendments to the SAPS Act which enables closer co-operation in all matters involving priority crimes, including corruption.

5.1.3 Internal factors

PREMISES

Since 2009 the FIC has steadily worked on customising its work environment in line with its information security requirements. The FIC will continue to grow and to diversify its operations. This it needs to do within an environment that is customised and highly secured for it to function optimally.

INFORMATION AND COMMUNICATION TECHNOLOGY SYSTEMS

It is important that the FIC continuously reviews its technology capability to maintain products and services of a high standard for its stakeholders. Since its inception, the FIC's stakeholders have come to rely on the financial intelligence 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, thereby identifying enhanced, secure and more efficient technology; improved 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.

The FIC will 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 basis. This implies also that the FIC shall 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 DPCI and other investigators across the country.

NEW REPORTING OBLIGATIONS

The FIC has continuously sought to align the financial intelligence it produces and its other activities, products and services to the needs of the various law enforcement authorities, SARS and intelligence agencies.

The FIC continues to introduce and put into full effect those sections of the legislation permitting new reporting streams which will enhance its ability to produce financial intelligence with increasing veracity and usefulness.

STAFFING AND SKILLS

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

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 have the ability to plot their career paths while simultaneously enhancing the performance of the FIC.

OVERVIEW OF PERSONNEL INFORMATION

The FIC operates within the personnel expenditure controls set by the National Treasury. Increasingly high demands on the entity's services continue to exert pressure on the existing staff complement. In light of the competing requirements involving tighter personnel budget control on one hand, and the need to provide increasingly higher levels of personnel numbers for service delivery purposes on the other, the entity will continue to explore alternative models for matching available funding with appropriate

levels of personnel numbers and staff-related expenditure. Details of specific steps to continue the effective management of personnel numbers and

related costs form part of ongoing consultations between the FIC and National Treasury.

5.1.4 Strategic outcome areas for the Financial Intelligence Centre

Since its establishment the FIC has sought to create a sustainable institutional basis for delivering on its mandate sustainably. Through its ability to identify proceeds of crime, combating anti-money laundering and the financing of terrorism activities, FIC has put in place the building blocks to ensure that South Africa has a robust framework for the production of financial intelligence

Two amendments to the FIC Act, in 2008 and in 2017, have further modified the original Act, making this framework more effective.

THE FIC CREATING VALUE

Core to the FIC's mandate is the necessity to ensure the highest levels of compliance with the FIC Act by designated businesses i.e. AIs and RIs. With increased levels of compliance will come a greater flow of reports and data to the FIC, thus enabling it to develop and provide financial intelligence for the country's law enforcement authorities and other stakeholders.

This increased compliance and law enforcement actions also helps to protect the integrity of South Africa's financial institutions. However, the FIC believes that the FIC Act should be complied with in a manner that facilitates the functioning of all businesses and facilitates trade, as well as ensures securely-made financial transactions. This should be done in the most cost-effective and efficient manner possible, and in a way that safeguards the reputation of the FIC and all associated government departments and agencies with which it functions.

The FIC has identified four core outcomes that will provide the basis upon which it will create value in terms of its mandate. As set out previously in this document, the four core outcomes are:

- Improving the collection of information and compliance with the FIC Act
- Increased utilisation of FIC products and services
- Promoting national interest in maintaining the integrity of South Africa's financial system
- Ensuring a safe, secure, compliant and efficient operating environment.

These four core outcomes are dependent upon one another. The effectiveness of each outcomes areas impacts on the effectiveness of the other. It stands to reason that if one of the outcomes area does not fulfil its objectives, then likewise, the others will be negatively affected.

So, for example, if businesses can easily identify their clients then they are more likely going to willingly comply with identification requirements and in the process, become increasingly compliant. Similarly, if the FIC can become more cost effective and efficient in the way that it receives reports, and can show the use of the information its receives in anti-crime successes by law enforcement authorities, then citizens and businesses will develop greater confidence in the FIC as an institution and be more willing to comply with the FIC Act in the future.

The four outcomes will therefore apply to all areas of the FIC work programmes and will be the strategic focus for the organisation. The core outcomes will be measured and over time will ensure that law makers, government departments, businesses and citizens will be able to assess the impact of the FIC and the overall effectiveness of the FIC Act as a legal and administrative system in South Africa.

THE FIC APPROACH TO COMPLIANCE

The experience of the FIC since its establishment, the introduction of the new FATF standards for AML/CFT and best practice developed by other agencies has led the FIC to subscribe to a model which seeks to attain increasing levels of compliance.

The model is hierarchical and assists in making the approach to compliance more cost effective and efficient.

- Have decided not to comply: Use full force of the law
- Do not wish to comply: Deter by detection
- Try to comply but do not always succeed: Assist to comply fully

- Willingness to do the right thing: Make it easy to comply

The FIC's new approach to achieve the greatest degree of compliance-readiness, however, will necessitate a more nuanced approach than has been adopted previously. This model involves recognition of the different kinds of businesses that

are required to become compliant as either AIs or as RIs and will take into account the extent to which they may be at risk of being abused for the movement of illicit funds. The model also seeks to make the process of complying easier and simpler. The FIC itself will seek to become more efficient and effective in the way it conducts its business.

5.2 ORGANISATIONAL ENVIRONMENT

The **Office of the Director (OFD)** is responsible for the policy and strategic direction of the organisation, communication and media liaison, as well as initiating and overseeing special projects that might be required from time to time.

- a) The **Compliance and Prevention (C&P)** division's purpose is to provide guidance to AIs and RIs and to monitor the 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 the SBs to ensure their effective supervision of compliance. Another core function is to liaise with AIs and RIs to assist them in guide and assist them in meeting FIC Act compliance requirements. The preventive aspects include compliance awareness, targeted at AIs and RIs, the issuing of guidance notes and the provision of compliance training on FIC Act obligations to affected entities.
- b) The **Monitoring and Analysis (M&A)** division receives reports from RIs and AIs which are analysed to produce financial intelligence related to proceeds of crime, money laundering and the financing of terrorism 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.
- c) The work of the **Legal and Policy (L&P)** division covers three areas of responsibility. It administers the FIC Act, engages with international and regional policy-forming and standard-setting organisations, and provides 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 for identifying the proceeds of crime, combating money laundering and the financing of terrorism by recommending certain amendments to the FIC Act on an ongoing basis.

- d) The **Corporate Services (CS)** division provides the business infrastructure for the execution of the FIC's work. The primary functions within this department include those of office management, financial and administrative management, supply chain management, human resources, registry and document storage services, staff learning and development, security services in-house legal services, and ICT. The unit also manages the FIC's planning, budgeting, monitoring and reporting framework.

5.3 STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

SWOT Analysis

STRENGTHS

- 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 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

WEAKNESSES

- Levels of investment in fixed assets lagging behind development pace required to cater for 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

OPPORTUNITIES

- Participation of South Africa in mutually beneficial collaborations at country-to-country and at 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 involve both the licit and illicit economy
- Increasingly accessible multiple sources of data that can be mined for 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

THREATS

- Potential stakeholder resistance to the need for increasingly tighter financial regulatory controls
- Potential chaos arising from increasingly innovative global and domestic financial system products, services and technologies
- Political and social instability
- Economic downturn domestically and globally
- 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
- Cyber crime
- Porous national borders
- Insecure information arising from how information is managed by persons and entities, whether within the public or private sector

5.4 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

The FIC has initiated the enhancement of its strategic processes through the alignment of its planning, budgeting and reporting processes.

This document describes the institution’s strategic direction and commitment to delivering on its mandate as well as its response to relevant stakeholder requirements and environmental trends.

The 2018/19 outcomes and objectives highlighted in the document represent choices made through an information-based and consultative strategic management process.

PART C: ANNUAL PERFORMANCE FRAMEWORK – OBJECTIVES, INDICATORS AND TARGETS PER OUTCOME

The FIC utilises the outcomes-approach as the framework for the management of enterprise-wide performance. This approach ensures strategic focus and a clear line of sight from each of the FIC strategic outcomes to objectives, outputs, performance indicators and targets.

A summary of the framework is depicted in performance scorecard tables that highlight annual performance targets for the 2018/19 financial year. Where applicable, one or more strategic projects will be used to enable the achievement of the set targets. The scorecard tables, together with the MTEF budget and estimates, form the key components of the FIC’s annual to medium-term performance framework.

6. STRATEGIC OUTCOME 1: IMPROVING THE COLLECTION OF INFORMATION AND COMPLIANCE WITH THE FIC ACT

TO CONTINUOUSLY IMPROVE THE RANGE OF AND THE QUALITY OF DATA REPORTED TO IT, THE FIC WILL SEEK TO IMPROVE LEVELS OF COMPLIANCE WITH THE FIC ACT. THIS INVOLVES SUPERVISION AND ENFORCEMENT ACTIVITIES, INCLUDING RISK-BASED COMPLIANCE INSPECTIONS CONDUCTED BY THE FIC.

6.1 Strategic objectives

OBJECTIVES FOR STRATEGIC OUTCOME 1: IMPROVING THE COLLECTION OF INFORMATION AND COMPLIANCE WITH THE FIC ACT	
Objective 1.1	Improved compliance through supervision
Description	Supervision of affected entities and enforcement of non-compliance by the FIC and supervisory bodies in terms of the FIC Act. This relates to addressing detected non-compliance with the FIC Act.
Objective 1.2	Improved collection of information for compliance with the FIC Act
Description	Guidance and public compliance awareness provided on obligations in terms of the FIC Act. The guidance is provided by the FIC regarding obligations in terms of the FIC Act for supervisory bodies, accountable and reporting institutions, and businesses.

6.2 Annual targets 2018/19 – 2022/23

Strategic Outcome 1: Improving the collection of information and compliance with the FIC Act

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target				
		2014/15	2015/16	2020/21	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Improved compliance through supervision	1.1.1 Number of FIC inspection reports issued	130	145	155	132	138 ¹	145	155	165	175
	1.1.2 Percentage response to supervisory body requests to participate in joint inspections	N/A	N/A	75%	60%	60% ²	70%	75%	75%	75%
Improved collection of information for compliance with the FIC Act	1.2.1 Number of identified compliance matters addressed through guidance products issued	N/A	N/A	8	N/A ³	8 ⁴	8	8	8	8
	1.2.2 Number of FIC identified compliance awareness initiatives	32	32	20	16	16 ⁵	18	20	22	24
	1.2.3 Percentage response to invitations to participate in stakeholders' compliance awareness initiatives	N/A	N/A	80%	80%	80% ⁶	80%	80%	80%	80%
	1.2.4 Number of identified media publications issued	10	9	12	12	12	12	12	12	12

¹ Current focus is on improving the quality of inspections conducted by being more in-depth and increasing the sampling percentage when on-site, where applicable. The number of inspections has been projected to increase on average by 4% for subsequent years based on current resources and inflationary budget increases.

² The FIC will respond to at least 60% of requests received for joint inspections, capped at a maximum of 70 joint inspections annually due to budget and staff constraints.

³ Guidance products issued are dependent on the compliance related matters identified during the financial year.

⁴ The number of identified compliance related matters will be addressed through the issued guidance products.

⁵ The KPI measures compliance awareness initiatives arranged and conducted by the FIC only and, excludes invitations to participate in stakeholders' compliance awareness initiatives which is covered under KPI 1.2.3. Therefore there is a decrease in compliance awareness initiatives from 46 initiatives in 2016/17 to 16 initiatives targets going forward.

⁶ KPI reports on FIC's response to invitations to participate in stakeholders' (mainly supervisory bodies and industry associations) compliance awareness initiatives.

7. STRATEGIC OUTCOME 2: INCREASED UTILISATION OF FIC PRODUCTS AND SERVICES

To meet supply and demand requirements, the FIC will continuously revise its operating model, which will in turn enhance its products to better serve the intelligence and investigative requirements of its clients. In so doing this leads to improved utilisation of FIC products and services.

7.1 Strategic objectives

Objectives for Strategic Outcome 2: Increased utilisation of the FIC products and services

Objective 2.1 Utilisation of financial intelligence increased

Description	Practical ways will continue to be explored to ensure that financial intelligence is used to make citizens and identified stakeholders aware of how to benefit from the FIC products and services, in line with the Government outcome of ensuring that people are safe. The value of the work performed by the FIC is estimated by measuring the utilisation rate of the product and services it offers. Utilisation is used as a proxy to measure the usefulness of the products and services rendered.
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7.2 Annual targets 2018/19 – 2022/23

Strategic Outcome 2: Increased utilisation of the FIC products and services

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target				
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Utilisation of financial intelligence increased	2.1.1 Number of public awareness reports on the utilisation of financial intelligence ⁷	N/A	N/A	N/A	2	4	4	4	4	4
	2.1.2 Number of identified stakeholder engagements conducted for utilisation of FIC products ⁸	N/A	N/A	25	N/A	30 ⁹	30	30	30	30

⁷ Public awareness reports will be on the outreach to citizens on proceeds of crime and alert/awareness on emerging scams. From 2018/19 onwards this is defined as: Public awareness reports constitutes information from on a variety of sources available to the FIC, which is analysed and packaged to produce case studies/trends and indicators on emerging crime, in order to provide awareness to citizens and identified stakeholders including the reporting community.

⁸ Support to anti-crime efforts through the FIC's provision of training to reporting and law enforcement communities as well as tertiary institutions on the FIC legislative mandate and powers, and where applicable their interaction with the FIC systems, including aspects such as the effective utilisation of financial intelligence in combatting crime.

⁹ % changed to number: 30 identified awareness/training sessions to the reporting and law enforcement communities as well as tertiary institutions on the FIC legislative mandate and powers, and where applicable their interaction with the FIC systems, including aspects such as the effective utilisation of financial intelligence in combatting crime.

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target				
		2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23
	2.1.3 Percentage of requests for information responded to ¹⁰	N/A	N/A	N/A	N/A	Responded to 100% of the annual set target of 1775 requests	Responded to 100% of the annual set target of 1865 requests	Responded to 100% of the annual set target of 1960 requests	Responded to 100% of annual set target of 2060 requests	Responded to 100% of annual set target of 2165 requests
	2.1.4 Percentage response to requests to block funds	N/A	N/A	N/A	N/A	100%	100%	100%	100%	100%

¹⁰ 100% of requests for information responded to, subject to an annual maximum of 1775 in 2018/19 and adding 5% annual increase from 2019/20 onwards.

8. STRATEGIC OUTCOME 3: PROMOTING NATIONAL INTEREST IN MAINTAINING THE INTEGRITY OF SA'S FINANCIAL SYSTEM

Proactively and reactively engage with domestic and global stakeholders to identify and remain abreast of potential threats and risks to the integrity of South Africa's financial system.

8.1 Strategic objectives

Objectives for Strategic Outcome 3: Promoting National Interest in Maintaining the Integrity of SA's Financial System	
Objective 3.1	Technical support to countries in the ESAAMLG region
Description	Technical support is provided to countries in the ESAAMLG region to improve their capacity to combat money laundering and the financing of terrorism
Objective 3.2	Participation in policy-making activities of regional and inter-governmental organisations
Description	Representation of South Africa and the FIC at international level where policies to combat money laundering and terror financing are developed and promoted
Objective 3.3	Improve compliance with FATF standards
Description	The FIC's role in facilitating South Africa's implementation of actions aimed at closing gaps relating to the country's compliance with identified international standards.
Objective 3.4	Improve AML/CFT legislative framework
Description	The development and implementation of FIC Act amendments, in line with domestic and international requirements for protecting the integrity of South Africa's financial system.

8.2 Annual targets 2018/19 – 2022/23

Strategic Outcome 3: Promoting national interest in maintaining the integrity of SA's financial system

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target				
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Technical support to countries in the ESAAMLG region	3.1.1 Percentage response to requests for technical assistance from countries within the ESAAMLG region	Technical assistance requests responded to 100%	Technical assistance requests responded to 100%	Technical assistance requests responded to 80%	Response to 80% requests for technical assistance	Responded to 100% requests for technical assistance	Responded to 100% requests for technical assistance	Responded to 100% requests for technical assistance	Responded to 100% requests for technical assistance	Responded to 100% requests for technical assistance
Participation in policy-making activities of regional and inter-governmental organisations	3.2.1 Number of policy-making activities attended within regional and inter-governmental organisations	Attended and participated in FATF meetings 3 and ESAAMLG meetings 2	Attended and participated in FATF meetings 3 and ESAAMLG meetings 2	Attended and participated in FATF meetings 6 and ESAAMLG meetings 2	100% attendance of 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
Improve compliance with FATF standards	3.3.1 Completion of response to FATF recommendations on AML/CFT risk assessment for South Africa	N/A	Report approved by Director reflecting level of implementation of FATF standards	Report approved by the FIC Director reflecting implementation of FATF standards	Concept to undertake AML/CFT risk assessment for South Africa approved by the FIC Director	Consultations on concept to undertake AML/CFT risk assessment for South Africa conducted	Phase 1 of the AML/CFT risk assessment for South Africa conducted	Phase 2 of the AML/CFT risk assessment for South Africa conducted	Phase 3 of the AML/CFT risk assessment for South Africa conducted	Phase 4 of the AML/CFT risk assessment for South Africa conducted
Improve AML/CFT legislative framework	3.4.1 Completion of milestones for implementing amendments to the FIC Act	N/A	Report approved by the FIC Director reflecting development of FIC Act amendments	Report approved by the FIC Director reflecting development of FIC Act amendments	Proposed amendment to the FIC Act schedules approved by the FIC Director	Consultations conducted and Phase 1 implementation of amended FIC Act	Consultations conducted and Phase 2 implementation of the amended FIC Act	Phase 3 implementation of the amended FIC Act	Phase 4 implementation of the amended FIC Act	Phase 5 implementation of the amended FIC Act

9. STRATEGIC OUTCOME 4: ENSURING A SAFE, SECURE, COMPLIANT AND EFFICIENT OPERATING ENVIRONMENT

To have Information and Communications Technology Platform and business systems enhanced, to develop and implement prioritised HR Management (HRM) frameworks, and to ensure compliance with internal control, planning and reporting requirements.

9.1 Strategic objectives

Objectives for Strategic Outcome 4: Ensuring a safe, secure, compliant and efficient operating environment	
Objective 4.1	Increased internal efficiency, effectiveness and good corporate governance
Description	<ul style="list-style-type: none"> - To enhance and optimise the Information and Communication Technology platform - Continuous improvement of internal control processes, including putting in place measures to ensure that an unqualified audit opinion is received. - To eliminate unfair discrimination in the FIC, and to achieve equitable representation of employees from designated groups by means of affirmative action measures - To ensure compliance with SCM regulations

9.2 Annual targets 2018/19 – 2022/23

Strategic Outcome 4: **Ensuring a safe, secure, compliant and efficient operating environment**

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target				
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Increased internal efficiency, effectiveness and good corporate governance	4.1.1 Implementation of the ICT platform and business systems initiatives	Upgraded analytics solution designed	Upgraded analytics solution implemented	Upgraded analytics solution stabilised in operations	Analytics Case Management System is functional to service law enforcement requirements	Completed implementation of a new ICT System used for FIC Act Compliance Monitoring and Assessment	Completed ICT System changes to accommodate FIC Act amendment requirements	Documented the Business and Functional Requirements of Business Intelligence ICT Systems	Completed Implementation of Business Intelligence ICT System	Investigated and documented alternative system technologies for analysing big volumes of data
		N/A	N/A		Regulatory Statistical Reporting System is functional to service Supervisory Bodies' requirements ¹¹	N/A	N/A	N/A	N/A	N/A

¹¹ This KPI is to be finalised in 2017/18.

Strategic Objective	Performance Indicator	Actual			Estimate	Annual Target				
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	4.1.2 Receive unqualified audit opinion from the Auditor General	N/A	N/A	N/A	Received an unqualified audit opinion 2016/17	Receive unqualified audit opinion 2017/18	Receive unqualified audit opinion 2018/19	Receive unqualified audit opinion 2019/20	Received clean audit opinion for 2020/21	Received clean audit opinion for 2021/22
	4.1.3 Female employees as % of total staff complement in line with Employment Equity Act.	N/A	N/A	N/A	N/A	>50% ¹²	>50%	>50%	>50%	>50%
	4.1.4 Designated racial groups as a % of total staff complement in line with Employment Equity Act.	N/A	N/A	N/A	N/A	75% ¹³	75%	75%	75%	75%
	4.1.5 Disabled employees as a % of total staff complement in line with Employment Equity Act.	N/A	N/A	N/A	N/A	2% ¹⁴	2%	2%	2%	2%

¹² This is a target that was communicated to Public Entities by the National Treasury, reflecting a focus on achieving equitable representation of females as a % of total headcount. The Employment Equity Act stipulates what the FIC should address through relevant plans, whereas the Annual Targets for the Female, Racial and Disabled categories were set at Government level.

¹³ This annual target for the Designated Racial groups was set at Government level, towards fulfilling the Employment Equity Act requirements.

¹⁴ This annual target for the Disabled category was set at Government level, towards fulfilling the Employment Equity Act requirements.

10. LINK TO THE LONG TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

None

PART D: LINKED DOCUMENTS AND ANNEXURE

11. FIC ANNUAL PERFORMANCE PLAN 2017/18

Includes technical indicator descriptions

12. ANNEXURE 1: MATERIALITY AND SIGNIFICANCE FRAMEWORK

1. BACKGROUND

This document was developed to give effect to the May 2002 amendment to the Treasury Regulations, whereby the following new requirement was placed on public entities:

Section 28.1.5 –

“For purposes of material [sections 50(1), 55(2) and 66(1) of the Public Finance Management Act (PFMA)] and significant [section 54(2) of the PFMA], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.”

South African Auditing Standards 320.03 defines materiality as follows:

“Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful.”

Accordingly, we will be dealing with this framework under two main categories: the quantitative and qualitative aspects.

2. QUANTITATIVE ASPECTS

2.1 Materiality Level

The FIC has assessed the level of a material loss as R1.125 million, based on audited financial statements. This is the average of: 0.5% of income and expenses and 1% of assets.

is balanced with the total income and the value of the institution’s assets.

2.2 Nature of the FIC’s business

The FIC continues to be an operational cost-driven organisation that utilises public funds to fulfil the legislated mandate. Thus, calculation of the materiality value involves expenditure as one of the factors and this

The FIC is a statutory body that has been formed to give effect to the Financial Intelligence Centre Act, and has been listed as a Public Finance Management Act (PFMA) Schedule 3A public entity. It was accordingly decided to give preference to a relatively low level of materiality due to the FIC being so closely governed by various acts and the public accountability and responsibility it has to its stakeholders.

3. QUALITATIVE ASPECTS

Items or transactions may be material on qualitative grounds, rather than the amounts involved.

These qualitative grounds may include, amongst others, the following:

- Any new ventures that the FIC may enter into,
- Unusual transactions entered into that are not of a repetitive nature and that should be disclosed purely due to the nature thereof due to knowledge thereof affecting the decision- making of the user of the financial statements,
- Transactions entered into that could result in reputational risk to the Centre, and
- Any fraudulent or dishonest behaviour of an officer or staff of the Centre at senior or management level.

4. APPLICATION OF THE FIC MATERIALITY AND SIGNIFICANCE FRAMEWORK TO THE PFMA

PFMA SECTION	QUANTITATIVE ASPECTS	QUALITATIVE ASPECTS
<p>Section 50 (1) The accounting authority for a public entity must-</p> <ul style="list-style-type: none"> ▪ On request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way influence the decision or actions of the executive authority or the legislature. 	<p>Any facts discovered which in aggregate exceed the materiality figure, which will be calculated on a yearly basis in terms of paragraph 2.1. The FIC has assessed this as R640 000.</p>	<p>Any item or event of which specific disclosure is required by Law. Any fact discovered by which its omission or misstatement, in the opinion of the FIC, could influence the decisions or actions of the executive authority or the legislature.</p>
<p>Section 55 Annual report and financial statements The annual report and financial statements referred to in subsection (1)(d) must –</p> <p>a) fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned.</p> <p>b) include particulars of:</p> <ol style="list-style-type: none"> i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure iii) any losses recovered or written off. 	<ul style="list-style-type: none"> ▪ Losses through criminal conduct – all losses that are legally confirmed and if the amount exceeds the materiality level. ▪ Losses through irregular/fruitless /wasteful expenditure where transactions/actions are legally confirmed – if the amount exceeds the materiality level as determined in section 2.1. 	<p>The following will be taken into account in measuring materiality for presentation:</p> <ul style="list-style-type: none"> ▪ Disclosure requirements Compliance with legislative requirements, regulations and policies. ▪ Possible unauthorised expenditure that must be listed and reported.

PFMA SECTION	QUANTITATIVE ASPECTS	QUALITATIVE ASPECTS
<p>Section 66 (1)</p> <p>Restrictions on borrowing, guarantees and other commitments</p> <p>(1) An institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction is authorised by this Act, and in the case of public entities, is also authorised by other legislation not in conflict with this Act.</p>	<p>All transactions not in compliance with S66 (1).</p>	
<p>Section 54</p> <p>Information to be submitted by accounting authorities</p> <p>Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:</p> <ul style="list-style-type: none"> a) establishment or participation in the establishment of a company b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement c) acquisition or disposal of a significant shareholding in a company d) acquisition or disposal of a significant asset e) commencement or cessation of a significant business activity. 	<p>Unless exempted in terms of Sec 54(4) the following will apply:</p> <ul style="list-style-type: none"> (a – c) Any of the transactions or actions to be entered into Part (2) (a)–(c) will qualify to be included as these are not the normal business of the FIC (d) Asset acquisition or disposals that exceed R10 million in value (e) Any commencement or cessation of significant activity, irrespective of amount. 	



Financial
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