Financial Intelligence Unit

Vote Number: 279

Controlling Officer: Secretary to the Treasury

1. Overview

1.1 Mission

To prevent and detect Money Laundering, Terrorist Financing and financial related crimes by providing quality intelligence to law enforcers. The commitment extends to the provision of: training; an effective compliance framework to reduce money laundering and terrorist financing risks; and public awareness on the trends of money laundering and terrorist financing, and the impact these have on the economic and financial stability of Malawi.

1.2 Objectives and Strategies

Objectives	*Strategies*
To improve Regulatory Services on AML/CFT Issues	- Facilitate the amendment of professional standards to include AML/CFT - Monitor AML/CFT compliance professionals - Facilitate the formulation of ad-hoc guidelines to address ambiguities in the AML Act.
To strengthen coordination among key AML/CFT Service Providers	- Negotiate and establish MOUs with key AML/CFT related institutions e.g. DPP, MRA. - Facilitate the creation inter agency working groups to develop and implement joint plans - Carry out a data needs assessment.
To Develop and Strengthen Organizational Structure, Systems and Processes for Effective FIU Performance	- Review already existing internal policies & system gaps and make officers aware. - Monitor that all developed policies, systems and procedures are adopted and functional as needed.
To Increase Awareness of AML/CFT Issues, Roles and Responsibilities by the Public and Key Service Providers	- Developing and continually updating a strategic public awareness program. - Develop and implement strategy for strengthening capacity of allied professional institutions.
To improve Service Delivery	- Sensitization visits and workshops for government agencies on sending/receiving requests - Develop MOUs with other FIUs - To develop a time framed business flow analysis - Analyze and disseminate reports.

1.3 Summary of Achievements in 2010/ 2011

- Have provided financial intelligence for the processing of 720 residence permits;
- Finalised MOUs with Malawi Police, MRA, Reserve Bank of Malawi and Immigration department on Information sharing regarding cross border transactions;
- Helped MRA recover millions of Malawi kwacha in tax evasion schemes;
- Business Continuity Planning (BCP) project was initiated in June 2010 and aims to document the processes and procedures for the development, testing and maintenance of a series of plans that will enable the FIU to continue operating during and after a disaster;
- 1,200 International Funds Transfers Reports have been submitted to the FIU;
- Conducted on-site examinations of 7 financial institutions (3 banks, 3 foreign exchange bureaus and 1 discount house;
- Trained 205 staff members of financial institutions and other domestic partners;
- Conducted a media workshop where 18 media personnel attended;
- Held sensitization meetings with one stockbrokerage firm, 3 microfinance institutions;
- Held two meetings with compliance officers - one meeting not done;
- Produced two quarterly newsletters;
- Upgraded the FIU's email system to a robust platform to enable FIU officers to securely access and respond to urgent work emails from outside the FIU computer network, thereby eliminating bottlenecks in process flows;
- Upgraded ICT equipment to advanced computer servers which has resulted in higher storage capacity and increased speed which ensures data availability and reliability;
- Implemented external access to documents facility which has greatly accelerated the decision-making and other internal processes;
- Developed a website for the ESAAMLG meetings in August and September 2010, for ease of access to conference information by conference delegates; and
- Populated the FIU's database with accountholder details from banks to simplify the process of analysis and review of suspicious transactions reported by the banks.

1.4 Priority Outputs and Measures

Output	What Objective Is Output Contributing To?	2010-11 Planned	2010-11 Preliminary	2011-12	2012-13	2013-14
Deployments based on crime analysis and intelligence to disrupt crime trends	To strengthen coordination among key AML/CFT service providers for effective delivery of related services	Risk assessment and typologies developed		Risk assessment and typologies developed	Risk assessment and typologies developed	Risk assessment and typologies developed
Corruption and fraud in the private sector reduced	To increase awareness of AML/CFT Issues, roles & responsibilities by the Public at large and Key Service Providers	MOUs finalised with MPS, MRA, RBM and Immigration department on cross border transactions; 400 trained staff members of financial institutions; To produce 7 jingles	MOUs finalised; trained 223 staff members of financial institutions; 6 jingles produced	300 trained staff members of financial institutions; To produce 5 jingles; Increased reporting frequency by reporting institutions	250 trained staff members of financial institutions; To produce 3 jingles and 6 pamajiga programmes	250 trained staff members of financial institutions; To produce 3 jingles and 4 pamajiga programmes

Output	What Objective Is Output Contributing To?	2010-11 Planned	2010-11 Preliminary	2011-12	2012-13	2013-14
Improved crime detection rate	Improved Service Delivery	24 suspicious reports disseminated; FIU's database populated with accountholder details	15 suspicious reports disseminated; populated the FIU's database with accountholder details from 11 banks	36 suspicious reports disseminated; to populate the FIU's database with accountholder details	36 suspicious reports disseminated ; to populate the FIU's database with accountholder details	50 suspicious reports disseminated; to populate the FIU's database with accountholder details
Reduction in transnational crime, drug trafficking, firearms and illegal immigration	To Improve Service Delivery	1,040 permits processed; to conduct 5 on-site examinations; Four meetings with compliance officers held	720 permits processed; received 1,200 IFTRs; 7 on-site examinations conducted; Two meetings with compliance officers	1,100 permits processed; to receive 79,200 IFTRs; 7 on-site examinations; Four meetings with compliance officers held	1,200 permits processed; to receive 79,200 IFTRs; 7 on-site examinations; Four meetings with compliance officers held	1,500 permits processed; to receive 79,200 IFTRs; 7 on-site examinations; Four meetings with compliance officers held
Administration and Support Services improved	To develop and Strengthen organizational structure, Systems and processes for effective FIU performance	Business Continuity Planning (BCP) project initiated; To upgrade the FIU's email system and computer servers; To develope website for the ESAAMLG meetings	Initiated Business Continuity Planning (BCP) project; Upgraded the FIU's email system and computer servers; Developed website for the ESAAMLG meetings	Finalised Business Continuity Planning (BCP) project; Disaster recovery site hosting; backed up data stored at an offsite DR site; Secure computer network for the FIU; Ability of FIU to view fraudulent attempts to access FIU systems		

2. Summary of Budget

2.1 Medium-Term Expenditure Allocations

Table 2a: Budget by Type

	MK 000'000s				
	2010-11 Approved	2010-11 Revised	2011-12 Estimate	2012/13 Projection	2013/14 Projection
PE	35.69	35.68	77.83	89.58	99.64
ORT	120.52	120.52	69.71	76.11	82.58
Recurrent - Total:	**156.22**	**156.21**	**147.54**	**165.69**	**182.23**
279 - Financial Intelligence Unit - Total:	**156.22**	**156.21**	**147.54**	**165.69**	**182.23**

Table 2b: Budget by Program

	MK 000'000s				
	2010-11 Approved	**2010-11 Revised**	**2011-12 Estimate**	**2012/13 Projection**	**2013/14 Projection**
04. Public Finance Management	67.28	67.28	0.00	1.11	2.58
14. Economic and Financial Management - Total:	*67.28*	*67.28*	*0.00*	*1.11*	*2.58*
01. Crime Policing	88.93	88.93	147.54	164.58	179.64
15. Security Services - Total:	*88.93*	*88.93*	*147.54*	*164.58*	*179.64*
279 - Financial Intelligence Unit - Total:	**156.22**	**156.21**	**147.54**	**165.69**	**182.23**

4. Itemized Budget Summary

Table 4a - Recurrent Budget by Item

	MK 000'000s			
	2010-11 Approved	**2010-11 Revised**	**2011-12 Estimate**	**% Change 2011/12**
10 - Salaries	35.29	35.28	77.43	119.40%
11 - Other allowances	0.40	0.40	0.40	0.00%
21 - Internal travel	29.74	29.74	13.48	-54.68%
22 - External travel	15.79	15.79	16.88	6.89%
23 - Public Utilities	2.20	2.20	1.20	-45.45%
24 - Office supplies and expenses	13.42	13.42	11.01	-18.00%
25 - Medical supplies and expense	1.74	1.74	1.54	-11.26%
26 - Rents	2.84	2.84	1.60	-43.66%
28 - Training expenses	2.99	2.99	4.20	40.65%
29 - Acquisition of technical services	1.00	1.00	4.70	370.00%
30 - Insurance expenses	5.74	5.74	8.30	44.69%
33 - Other goods and services	27.98	27.98	0.71	-97.46%
34 - Motor vehicle running expenses	2.23	2.23	1.00	-55.16%
35 - Routine Maintenance of Assets	0.55	0.55	0.75	36.36%
39 - Grants to International Organisations	3.59	3.59	1.04	-71.09%
41 - Acquisition of Fixed Assets	10.71	10.71	3.30	-69.19%
279 - Financial Intelligence Unit - Total:	**156.22**	**156.21**	**147.54**	**-5.56%**