

FINANCIAL INTELLIGENCE UNIT

ANNUAL REPORT

DECEMBER 31, 2011

2011

TABLE OF CONTENTS

<i>Introduction.....</i>	<i>Page 3</i>
<i>Staff.....</i>	<i>Page 3</i>
<i>Summary Financial Performance.....</i>	<i>Page 3</i>
<i>Evaluation of Guyana’s AMLCFT Regime</i>	
<i>Mutual Evaluation Report (MER).....</i>	<i>Pages 3 - 4</i>
<i>International Cooperation Review Group (ICRG) Evaluation.....</i>	<i>Page 4</i>
<i>Egmont Group of FIU’s Membership Application.....</i>	<i>Pages 4 -5</i>
<i>Statistical Information</i>	
<i>Threshold Reports from Reporting Entities.....</i>	<i>Pages 5 – 6</i>
<i>Suspicious Activity Reports (SARs).....</i>	<i>Page 6</i>
<i>Reports Requested by the FIU.....</i>	<i>Page 7</i>
<i>Circulars/Instructions issued to Reporting Entities.....</i>	<i>Page 7</i>
<i>Training.....</i>	<i>Page 8</i>
<i>Information Technology</i>	
<i>Data Media Backups.....</i>	<i>Page 8</i>
<i>Database.....</i>	<i>Page 8</i>
<i>Website.....</i>	<i>Page 8</i>
<i>Appendix I</i>	
<i>Audited Financial Statement of the Financial Intelligence Unit for 2011.....</i>	<i>(6 pages)</i>

INTRODUCTION

The Financial Intelligence Unit has prepared the following Annual Report for the year ended December 31, 2011. This report is prepared and submitted in accordance with Section 9 (8) and Section 110 of the Anti Money Laundering and Countering the Financing of Terrorism (AMLCFT) Act of 2009.

STAFF

At the commencement of 2011 the Financial Intelligence Unit had two (2) employees -a **Director** and an **Administrative Assistant**. During the year the following positions were filled:

- **Financial Analyst** - **April 2011**
- **Database Administrator** - **June 2011**
- **Legal Advisor** - **September 2011**

The unit ended the year with five (5) employees.

SUMMARY FINANCIAL PERFORMANCE

<u>BUDGET</u>	<u>ACTUAL OPERATING EXPENDITURE</u>	<u>NET OPERATING EXPENDITURE</u>
\$29,184,649	\$29,184,649	\$0

EVALUATION OF GUYANA'S AMLCFT REGIME

Mutual Evaluation Report (MER)

Guyana is a member of the Caribbean Financial Action Task Force (CFATF), which comprise of twenty nine (29) regional members. The CFATF is an associate member of the Financial Action Task Force (FATF), whose thirty six (36) members comprise of seventeen (17) of the G20 member countries. The FATF is an independent inter-government body that develops and promotes policies to protect the global financial system against money laundering, financing of terrorist and the proliferation of weapons of mass destruction. The FATF Recommendations are recognized as the global anti-money laundering (AML) and counter financing of terrorism (CFT) standards.

In January 2010 Guyana's anti-money laundering and combating the financing of terrorism regime was evaluated by the CFATF. The evaluation was based on the forty (40) revised Recommendations issued in 2003 and the nine (9) Special Recommendations on Terrorist Financing previously issued in 2001 by the Financial Action Task Force (FATF); legislative provisions and materials supplied by Guyana; and information obtained by the evaluation team during their onsite visit to Guyana during January 18th - 29th, 2010.

The Mutual Evaluation Report (MER) on Guyana was published on July 25, 2011. The forty (40) recommendations on money laundering plus nine (9) special recommendations on terrorist financing were divided into sixteen (16) key and core recommendations and thirty-three (33) non-key and core recommendations.

Mutual Evaluation Report (MER) (cont'd)

Guyana was rated as follows:

Of the **sixteen (16) Key and Core Recommendations** Guyana was rated:

- *Partially Compliant (PC) with ten (10) recommendations*
- *Non Compliant (NC) with six (6) recommendations*

Of the **thirty three (33) Non Key and Core Recommendations** Guyana was rated:

- *Compliant (C) with one (1) recommendation*
- *Partially Compliant (PC) with ten (10) recommendations*
- *Largely Compliant (LC) with five (5) recommendations*
- *Non Compliant (NC) with seventeen (17) recommendations*

International Cooperation Review Group (ICRG) Evaluation

The International Cooperation Review Group (ICRG) is a body within the FATF that analyses high risk and non compliant jurisdictions and the risk that they pose to the global financial system.

Having being rated as Partially Compliant (PC) and Non Compliant (NC) in all of the sixteen (16) Key and Core Recommendations, Guyana along with fifteen (15) of the twenty nine (29) CFATF member countries were viewed as potential candidates for review by the ICRG.

Guyana having being viewed as a potential candidate for review by the ICRG was required to submit an action plan based on the FATF's sixteen (16) Key and Core Recommendations, with realistic timelines for implementation of corrective measures and to identify specific technical assistance and training needs that will assist in the overall reform efforts. Guyana was also required to report to the ICRG semi annually on measures taken to achieve compliance.

Apart from reporting to the ICRG on the sixteen (16) key and core recommendations Guyana was also required to report semi annually to the CFATF's secretariat on the forty (40) plus nine (9) recommendation.

By the end of 2011 Guyana submitted the required reports and an Action Plan to the ICRG and CFATF.

Guyana also presented a progress report at the CFATF's XXXIV Plenary Meeting held in Venezuela in November 2011 and was required to provide updates semi-annually to the CFATF Plenary meetings.

Egmont Group of FIU's Membership Application

The Egmont Group is made up of Financial Intelligence Units (FIUs) from around the world. Membership to this body is a requirement for all FIUs. The goal of the Group is to provide a forum for FIUs around the world to improve cooperation in the fight against money laundering and financing of terrorism and to foster the implementation of domestic programs in this field.

Egmont Group of FIU's Membership Application (cont'd)

Guyana is not yet a member of the Egmont Group; however the FIU has commenced the application process. A letter of request for membership along with copies of the AMLCFT Act of 2009 and Regulations of 2010, and general information on the FIU were submitted to the organisation in November 2011.

STATISTICAL INFORMATION

Threshold Reports from Reporting Entities

As of December 2010 the Financial Intelligence Unit commenced receiving monthly threshold reports on financial transactions from the following four (4) categories of reporting entities:-

- **Guyana Revenue Authority (GRA) -Customs (Arrival and Departure of Guyana)**

*A person who enters or leaves Guyana with foreign currency amounting to more than **US\$10,000 (ten thousand United States dollars)** or its equivalent in any other currency shall make a declaration to an authorized office on a "Declaration of International Transportation of Currency" form.*

- **Cambio Dealers**

*There were nine (9) licensed and active Cambio Dealers at the end of 2011. All purchases of foreign currencies equivalent to or above **G\$400,000 (four hundred thousand Guyana dollars)** and all sales of foreign currencies equivalent to or above **G\$1,000,000 (one million Guyana dollars)** by any Licensed Cambio Dealer were reported to the FIU.*

- **Licensed Financial Institutions (LFIs)**

*There were eight (8) licensed and active LFIs at the end of 2011. All cash deposits or cash transactions equivalent to or above **G\$2,000,000 (two million Guyana dollars)** were reported to the FIU.*

- **Money Transfer Agencies**

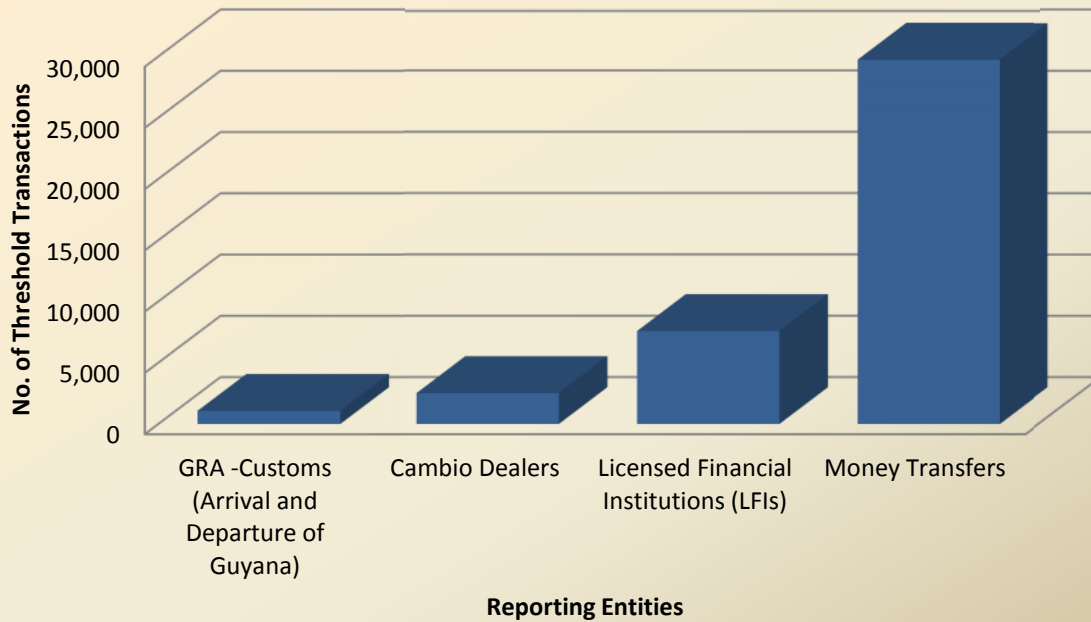
*There were five (5) licensed and active Money Transfer Agencies operating at the end of 2011. All incoming and outgoing money transfers equivalent to or above **G\$200,000 (two hundred thousand Guyana dollars)** were reported to the FIU.*

During 2011 the FIU received monthly threshold reports from Reporting Entities as follows:

<u>Category of Reporting Entity</u>	<u>No. of Threshold Transactions</u>
Guyana Revenue Authority (GRA) -Customs (Arrival and Departure of Guyana)	1,077
Cambio Dealers	2,520
Licensed Financial Institutions (LFIs)	7,582
Money Transfer Agencies	29,713
Total	40,892

The above figures include recurring subjects who had made several threshold transactions during 2011.

THRESHOLD REPORTS RECEIVED - 2011



Suspicious Activity Reports (SARs)

In addition to reporting financial transactions that met the monthly threshold limits; all Reporting entities also reported Suspicious Activities/Transactions as set out in Section 18 (4) (a & b) of the AMLCFT Act of 2009.

A suspicious transaction is any transaction that causes a reporting entity to have a feeling of apprehension or mistrust about the transaction. A suspicion may be based on:

- (i) A complex or unusual large business transaction by a customer; or
- (ii) Unusual patterns of transactions that have no apparent economic or lawful purpose and inconsistent with the profile of the person carrying out such transaction(s).

Suspicious Activity Reports received from Money Transfer Agencies were based mainly on the agencies analyses of the value, number of and frequency of transactions or client(s) receiving or sending funds that did not make economic sense for any of the parties involved.

During 2011 the FIU received the following Suspicious Activity Reports (SARs) from Reporting Entities:

<u>Category of Reporting Entity</u>	<u>No. of SARs</u>
Guyana Revenue Authority (GRA) –Customs (Arrival and Departure of Guyana)	-
Cambio Dealers	-
Licensed Financial Institutions (LFIs)	14
Money Transfers	844
Total	858

The above figures include recurring subjects who were reported several times for suspicious activities during 2011.

Reports Requested by FIU

During the year Licensed Financial Institutions (LFIs), Cambio Dealers, Money Transfer Agents and the Guyana Revenue Authority's Customs at the ports of entry and exit provided monthly threshold reports, Suspicious Activity Reports (SARs) and other information requested by the FIU.

- During 2011 the FIU requested financial records/data from local Licensed Financial Institutions (LFIs) on thirty six (36) **Suspicious Subjects/Activities** as follows:
 - **Thirteen (13)** of the requests were made as a result of analysis of monthly threshold reports received from Reporting Entities.
 - **Six (6)** of the requests were made as a result of Suspicious Activity Reports (SARs) received from local LFIs.
 - **Six (6)** of the requests were made as a result of SARs received from local Law Enforcement Agencies.
 - **Six (6)** of the requests were made as a result of SARs received from anonymous local and international sources.
 - **Five (5)** of the requests were made as a result of SARs from Foreign Sources.
- During 2011 the FIU also requested and obtained information on three (3) Suspicious Subjects/ Activities from other **Competent Authorities** within Guyana.

Circulars/Instructions issued to Reporting Entities

The FIU issued the following instructions/directives to reporting entities during 2011:

➤ **Directives**

Licensed Financial Institutions (LFIs) and Cambio Dealers were informed of the threshold limits for reporting monthly financial transactions to the FIU. Standardized forms were introduced for the recording of cash deposits or cash transactions equal to or above **G\$2,000,000 (two million Guyana dollars)** at all LFIs and foreign currency (cambio) purchases equivalent to or above **G\$400,000 (four hundred thousand Guyana dollars)** and sales equivalent to or above **G\$1,000,000 (one million Guyana dollars)** by the Cambio Dealers.

➤ **Instructions**

Reporting entities were required to complete a "Reporting Entity Information Sheet" which was aimed at identifying the beneficial owner(s) of each reporting entity.

Beneficial owner is defined by the AMLCFT Act as the natural person who owns and controls a reporting entity.

With the intention of digitalizing as much as possible reports submitted to the FIU; LFIs were requested to submit their monthly threshold reports of cash deposits or cash transactions equal to or above G\$2,000,000 (two million Guyana dollars) in a digital excel format on Compact Discs (CDs).

➤ **Guideline**

To facilitate integration of information into a common database Cambios were required to submit information in a standardised written format.

Training

One (1) training session each was conducted for:

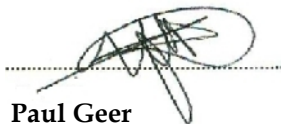
1. The Guyana Revenue Authority, Customs Officers stationed at the Cheddi Jagan International Airport.
2. Licensed Financial Institutions.
3. Licensed Cambio Dealers.
4. Money Transfer Agencies.

INFORMATION TECHNOLOGY

Data Media Backups: The FIU continued daily and weekly back-ups of its database on external storage media. These back-ups are being stored in an onsite fireproof vault, with restricted access.

Database: The database is protected by firewalls and updated antivirus software.

Website: The FIUs official website (www.fiuguyana.org) was designed and launched. Maintenance and updating of critical information is ongoing.



Paul Geer
DIRECTOR

APPENDIX 1

**AUDITED FINANCIAL STATEMENT OF THE
FINANCIAL INTELLIGENCE UNIT**

**FOR THE YEAR ENDED
31 DECEMBER 2011**

**AUDITORS: AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA**

**AUDITED FINANCIAL STATEMENT OF THE
FINANCIAL INTELLIGENCE UNIT
FOR THE YEAR ENDED 31 DECEMBER 2011**

TABLE OF CONTENTS

	PAGE
1. TRANSMITTAL LETTER	1
2. AUDITOR'S OPINION OF THE FINANCIAL STATEMENT	2-3
3. AUDITED FINANCIAL STATEMENT	4



Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

77/OA:25/2/2013

1 February 2013

Mr. Paul Geer
Director
Financial Intelligence Unit
Ministry of Finance Compound
49 Main & Urquhart Streets
Georgetown.

Dear Mr. Geer,

**RE: AUDIT OF THE ACCOUNTS OF THE
FINANCIAL INTELLIGENCE UNIT
FOR THE YEAR ENDED 31 DECEMBER 2011**

We wish to inform you that the above-mentioned audit has been completed. Accordingly, we are pleased to forward four (4) copies of the audited statement of receipts and expenditures, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,


L. Ramkoomar
Audit Manager

FINANCIAL INTELLIGENCE UNIT
MAY 24 2013
Received by: 



Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

AG: 38 /2013

1 February 2013

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF FINANCIAL INTELLIGENCE UNIT
ON THE STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2011

I have audited the statement of receipts and expenditures of the Financial Intelligence Unit for the year ended 31 December 2011. The audit was conducted in accordance with the Audit Act of 2004.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of this statement in accordance with Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

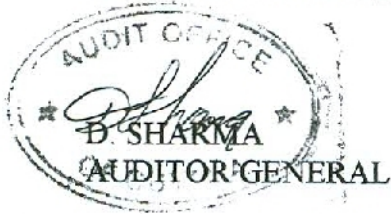
My responsibility is to express an opinion on this statement based on my audit. I conducted my audit in accordance with Generally Accepted Auditing Principles and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the statement of receipts and expenditures give a true and fair view, in all material respects, of the financial performance of the Financial Intelligence Unit as at 31 December 2011 in accordance with Generally Accepted Accounting Principles.




AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.

FINANCIAL INTELLIGENCE UNIT
STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED 31ST DECEMBER, 2011

PARTICULARS	2011	G\$
RECEIPTS		
GOVERNMENT OF GUYANA	29,184,649	29,184,649
OPERATING EXPENDITURE		
Employment cost	16,766,216	
Office materials and supplies	1,273,762	
Fuel and lubricants	354,015	
Maintenance-building	466,631	
Repairs and Maintenance-vehicles	535,893	
Repairs and Maintenance-equipment	604,157	
Telephone charges	340,866	
Internet charges	396,477	
Cleaning and sanitation	64,006	
Training	2,755,055	
Subsidies and Contributions -International Organisations	5,387,520	
Others	240,051	
TOTAL OPERATING EXPENDITURE		29,184,649
NET OPERATING EXPENDITURE		0

(1) 
 Paul Geer
 Director

(2) 
 Oswald Pearce
 Accountant

