

FINANCIAL INTELLIGENCE UNIT

ANNUAL REPORT

DECEMBER 31, 2012

2012

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>Pages 4 - 5</i>
<i>Egmont Group of FIU's Membership Application</i>	<i>Page 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 7</i>
<i>Reports Requested by the FIU</i>	<i>Pages 7 - 8</i>
<i>Circulars/Instructions issued to Reporting Entities</i>	<i>Page 8</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 2012</i>	<i>(6 pages)</i>

INTRODUCTION

The Financial Intelligence Unit has prepared the following Annual Report for the year ended December 31, 2012. 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 2012 the Financial Intelligence Unit had the following five (5) employees:

- **Director**
- **Legal Advisor**
- **Financial Analyst**
- **Database Administrator**
- **Administrative Assistant**

On March 01, 2012 a second **Financial Analyst** was hired.

The Unit ended the year with six (6) employees.

SUMMARY FINANCIAL PERFORMANCE

<u>BUDGET</u>	<u>ACTUAL OPERATING EXPENDITURE</u>	<u>NET OPERATING EXPENDITURE</u>
\$55,000,000	\$54,693,576	\$306,424

EVALUATION OF GUYANA'S AMLCFT REGIME

Mutual Evaluation Report (MER)

Guyana is a member of the Caribbean Financial Action Task Force (CFATF), which comprises 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 terrorism and the proliferation of weapons of mass destruction. The FATF Recommendations are recognized as the global anti-money laundering (AML) and countering the financing of terrorism (CFT) standards.

In January 2010 Guyana's anti-money laundering and countering the financing of terrorism regime was evaluated by the CFATF. 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*

These ratings were the subject of semi-annual reports by the country and reviews by the CFATF with dialogue and action plans to correct the deficiencies.

Based on Guyana's third follow-up report to the CFATF, which was published in November 2012, it was recognized that most of the proposed measures to correct the deficiencies required legislative amendments, enactment of regulations and issuance of guidelines. While some of the deficiencies were corrected or the process for correction started; the majority were related to the AMLCFT Act and complementing regulation.

The various legislative amendments were compiled to become recommendations for a single comprehensive amendment bill.

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.

In addition to the ICRG reports on the sixteen (16) key and core recommendations Guyana was also required to report semi annually to the CFATF Secretariat on all of 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.

International Cooperation Review Group (ICRG) Evaluation - (cont'd)

Guyana had 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 future CFATF Plenary Meetings.

Guyana attended the CFATF's XXXV Plenary Meeting held in El Salvador in May 2012 and the CFATF's XXXVI Plenary Meeting held in the British Virgin Islands (BVI) in November 2012. At these meetings Guyana reported to the ICRG and CFATF on progress made on implementation of its Action Plan.

At the CFATF Plenary held in the British Virgin Islands in November 2012, it was recommended that Guyana be moved to Enhanced Follow-up and report to the next Plenary in May 2013. A visit from a High Level Mission from the ICRG and CFATF to Guyana was also recommended. These recommendations were based on the fact that the majority of the deficiencies highlighted in the MER require legislative amendments, enactment of regulations and were not yet fully addressed at the time of the Plenary.

At the BVI Plenary it was requested that Guyana also submit a written report on its accomplishments since May 2012 and a revised Action Plan with realistic timelines which must be agreed upon by ICRG Assessors before December 31, 2012. The written report and revised Action Plan were submitted before the deadline. However, the ICRG Assessors did not agree with the timelines provided for the enactment of the legislative amendments as the country was not able to identify a date for the passage of the amendments by its Parliament. As such the Action Plan did not receive the mutual agreement of the ICRG and the Country.

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 these fields.

In November 2011 Guyana submitted its application along with the relevant documentations for membership to the Egmont Group of Financial Intelligence Units. In January 2012 the Group's secretariat acknowledged receipt of Guyana's application for membership and confirmed that the Egmont sponsored FIUs supporting Guyana's membership process were FIU-Belize and FIU-Bahamas. Guyana has since submitted all relevant legislations pertaining to the FIU and Guyana's AML/CFT regime to the sponsor FIUs for review. The next step of the Egmont membership process involves a country visit and assessment by Egmont.

STATISTICAL INFORMATION

Threshold Reports from Reporting Entities

During 2012 the Financial Intelligence Unit 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.*

Threshold Reports from Reporting Entities cont'd

- **Cambio Dealers**

There were nine (9) licensed and active Cambio Dealers at the end of 2012. 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 2012. All cash deposits or cash transactions equivalent to or above **G\$2,000,000 (two million Guyana dollars)** were reported to the FIU.

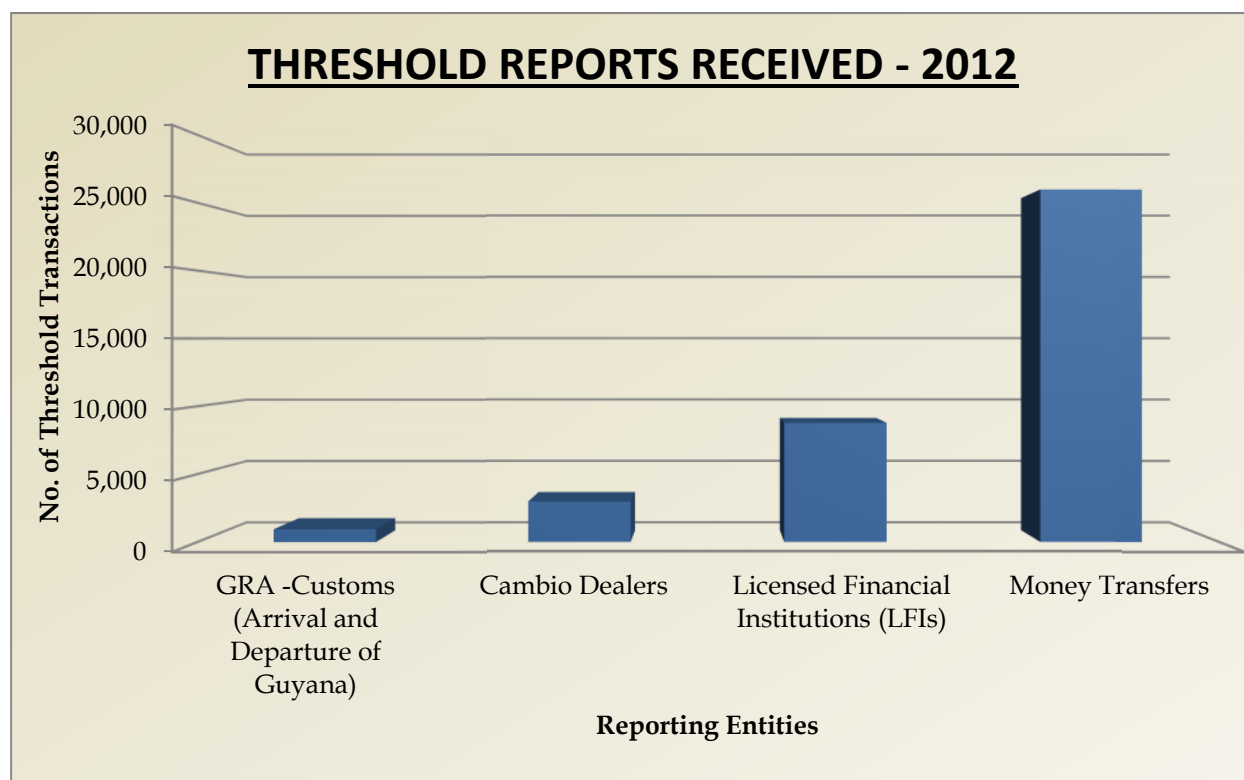
- **Money Transfer Agencies**

There were five (5) licensed and active Money Transfer Agencies operating at the end of 2012. All incoming and outgoing money transfers equivalent to or above **G\$200,000 (two hundred thousand Guyana dollars)** were reported to the FIU.

During 2012 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)	945
Cambio Dealers	2,978
Licensed Financial Institutions (LFIs)	8,766
Money Transfer Agencies	25,936
Total	38,625

The above figures include recurring reports on subjects who had made several threshold transactions during 2012.



Suspicious Activity Reports (SARs)

In addition to reporting financial transactions that met the monthly threshold limits; 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 2012 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)	7
Money Transfers	800
Total	807

The above figures include recurring reports on subjects who were reported several times for suspicious activities during 2012.

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 2012 the FIU requested financial records/data from local Licensed Financial Institutions (LFIs) on twenty nine **(29) 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 and other reports received by the FIU.
 - **Ten (10)** of the requests were made as a result of Suspicious Activity Reports (SARs) received from local Reporting Entities.
 - **One (1)** of the requests was made as a result of a SAR received from a local Law Enforcement Agency.
 - **One (1)** of the requests was made as a result of a SAR received from an anonymous source.
 - **Four (4)** of the requests were made as a result of SARs from Foreign Sources.
- Based on analysis of monthly threshold reports and SARs received from Reporting Entities, SARs received from foreign and anonymous sources and a local Law Enforcement Agency the FIU requested and received reports on **nine (9) Suspicious Subjects/Activities** from **four (4) Competent Authorities** within Guyana.

Reports Requested by FIU cont'd

- During 2012 FIU-Guyana also communicated with **six (6)** similar type FIUs from different territories within the region on **Suspicious Subjects/Activities**.

Circulars/Instructions issued to Reporting Entities

The FIU issued the following circulars and instructions to reporting entities during 2012:

➤ **Circulars**

- One (1) Circular on the obligations of Reporting Entities under the AMLCFT Act and Regulations in relation to customer identification was issued to all Reporting Entities.
- Two (2) Circulars on FATF Public Statements of June and October 2012 to jurisdictions identified with strategic deficiencies in their anti-money laundering and counter-terrorism financing regime were issued to all the Banks/LFIs.

➤ **Instructions**

- Licensed Financial Institutions (LFIs) were reminded of their obligations to report as Money Transfer Agencies and Cambios when involved in money transfer/cambio transactions and deposits.
- Licensed Financial Institutions (LFIs) were reminded of their obligations under the AMLCFT Act and Regulations and were also informed of the FATF International Standards.

Training

Training sessions were conducted for:

1. The Guyana Revenue Authority, Customs Officers stationed at the Cheddi Jagan International Airport.
2. Local agents of a Money Transfer Agency on their obligations under the Anti-Money Laundering and Countering the Financing of Terrorism (AMLCFT) Act.

INFORMATION TECHNOLOGY

Data Media Backups: Daily, weekly and monthly back-ups are stored on external storage media in an onsite fireproof vault, with restricted access.

Database: The database is protected by firewalls, virus protection and up to date anti-malware software.

Website: The FIU's website (www.fiuguyana.org) is being maintained and updated at regular intervals.


Paul Geer
DIRECTOR

APPENDIX 1

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

**FOR THE YEAR ENDED
31 DECEMBER 2012**

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

**AUDITED FINANCIAL STATEMENT OF THE
FINANCIAL INTELLIGENCE UNIT
FOR THE YEAR ENDED 31 DECEMBER 2012**

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>

197/OA: 25/2/2013

02 August 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 2012

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



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: 110/2013

02 August 2013

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF FINANCIAL INTELLIGENT UNIT
ON THE STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2012

I have audited the statement of receipts and expenditures of the Financial Intelligence Unit for the year ended 31 December 2012. The audit was conducted in accordance with the Audit Act of 2004.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of this statement in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statement 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 International Standards on Auditing issued by the International Federation of Accountant (IFAC) and those of the International Organisation of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. 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 controls relevant to the entity's preparation and fair presentation of the financial statement 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

reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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 referred to above represents correctly, the receipts and expenditures of the Financial Intelligence Unit for the year ended 31 December 2012 in accordance with International Financial Reporting Standards.



AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

FINANCIAL INTELLIGENCE UNIT

STATEMENT OF RECEIPTS AND EXPENDITURES **FOR THE YEAR ENDED 31ST DECEMBER, 2012**

PARTICULARS	2012	G\$
RECEIPTS		
GOVERNMENT OF GUYANA	55,000,000	55,000,000
OPERATING EXPENDITURE		
Employment cost	34,386,987	
Office materials and supplies	1,336,256	
Fuel and lubricants	333,758	
Maintenance-building	591,064	
Repairs and Maintenance-vehicles	992,044	
Repairs and Maintenance-equipment	126,917	
Telephone charges	577,836	
Internet charges	218,810	
Cleaning and sanitation	37,299	
Training	2,295,589	
Subsidies and Contributions -International Organisations	13,600,118	
Others	196,898	
TOTAL OPERATING EXPENDITURE		54,693,576
NET OPERATING EXPENDITURE		306,424

(1)


Paul Geer
DIRECTOR

(2)


Oswald Pearce
ACCOUNTANT