

Vote:129 Financial Intelligence Authority (FIA)

VI: Vote Overview

(i) Snapshot of Medium Term Budget Allocations

Table V1.1: Overview of Vote Expenditures

Billion Uganda Shillings	FY2018/19 Outturn	FY2019/20		FY2020/21 Proposed Budget	MTEF Budget Projections			
		Approved Budget	Spent by End Sep		2021/22	2022/23	2023/24	2024/25
Recurrent Wage	3.274	3.477	0.867	3.477	3.477	3.477	3.477	3.477
Non Wage	8.347	9.324	1.363	9.324	11.189	13.427	16.112	19.335
Devt. GoU	0.387	0.215	0.108	0.215	0.215	0.215	0.215	0.215
Ext. Fin.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GoU Total	12.008	13.017	2.338	13.017	14.881	17.119	19.805	23.027
Total GoU+Ext Fin (MTEF)	12.008	13.017	2.338	13.017	14.881	17.119	19.805	23.027
<i>A.I.A Total</i>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Grand Total	12.008	13.017	2.338	13.017	14.881	17.119	19.805	23.027

(ii) Vote Strategic Objective

1. Enhance the identification of the proceeds of crime and the combating of money laundering and financing of terrorism.
2. Ensure compliance with the Anti-money Laundering Act.
3. Enhance public awareness and understanding of matters related to money laundering.
4. Make information collected by it available to competent authorities and to facilitate the administration and enforcement of the laws of Uganda.
5. Exchange, spontaneously or upon request, any information with similar bodies of other countries that may be relevant for the processing and analyzing of information relating to money laundering or terrorism financing.
6. Strengthen the capacity of the Authority to effectively and efficiently deliver its mandate.

V2: Past Vote Performance and Medium Term Plans

Performance for Previous Year FY 2018/19

During the FY2018/19, the number of suspicious Transaction reports received increased from 435 in FY 2017/18 to 538. This is because of the operationalization of the goAML electronic reporting system. Communication through the system increased the efficiency in receiving, electronic reports for both the Large Cash and Suspicious Transactions for reporting entities and any other communication to them from FIA compared to the previous manual system.

The number of large cash transactions reports increased from 500,000 to 4,693,624. This tremendous improvement is attributed to increased number of financial institutions enrolled on goAML system that enabled them increase efficiency in reporting large cash transactions.

During the FY 2018/19, the number of reports with elements of money laundering increased to 79 from 75 FY 2017/18. This is attributed to the deployment of the goAML electronic reporting system and improved collaboration with other enforcement agencies.

FIA conducted 22 financial due diligences on companies intending to partner with Government Ministries, Departments and Agencies to undertake investment projects. This has helped MDAs to identify and eliminate quark investors

Performance as of BFP FY 2019/20 (Performance as of BFP)

- A. Prevention ML/FT and Financial Intelligence Information Management
 1. Operational Analysis

Vote:129 Financial Intelligence Authority (FIA)

By end of Q1 FY 2019/20, 691 Suspicious Transaction Reports had been received against a target of 120 representing 475.8% performance and Communication through the goAML system increased the efficiency in receiving electronic reports for both the Large Cash and Suspicious Transactions for reporting entities and other communications between FIA and reporting entities compared to the previous manual system.

Of the 691 STRs, 370 were received from Banks and 286 from Forex Bureaus, 11 from telecom companies, 6 from credit institutions and 2 from asset management companies. 575 STRs were analyzed and closed, 09 TSRs were disseminated and 49 STRs are still undergoing further analysis. The significant increase in the STRs is also attributed to the 'suspicious' money transfer transactions (MoneyGram, Western Union and Xpress Money), which were filed on the basis of customers receiving/sending multiple transactions. Most of these were subsequently closed. In addition, FIA strengthened the Compliance and Inspection Department, trained Money Laundering Control Officers (MLCOs), conducted massive AML/CFT public awareness which increased the capacity of reporting entities to identify suspicious transactions. The analysis revealed that 09 reports had elements of money laundering or terrorism financing and therefore their intelligence reports were disseminated to law enforcement agencies for further investigation disaggregated as follows Uganda Revenue Authority 01, Uganda Police Force (CID) 07 and Uganda Police Force (CT) 01. To strengthen and improve the level of government partnership with investors who are interested in government projects to support economic development, FIA was added a responsibility of undertaking financial due diligence to confirm that such investors are credible and fit for the projects. To that effect in the first quarter 2019/20, Ministries, Departments and Agencies filed 02 requests for due diligence and out of these 1 inquiry has been concluded and responses provided with details of the issues covered whereas 01 is ongoing.

5. AML Systems and ICT Management

In the Q1 FY2019/20, the Authority fully rolled out the goAML system to enhance the efficiency and effectiveness in the filing of STRs and LCTRs as well as analysis with speed and precision. The system was fully rolled out to 26 commercial banks and 3 telecommunication companies i.e. MTN, Airtel and Africell.

A goAML implementation support mission to the Financial Intelligence Authority (FIA) was carried out by the Financial Intelligence Centre (FIC) of South Africa from the 8th to 19th July 2019. The mission was to train staff in goAML system modules of Workflows, Templates, Report analysis, Statistical reporting, Lookups, System security, Report configurations, Case management to Intelligence report and Data sharing. Installation and configuration of an online goAML helpdesk system. The helpdesk system allows for issue logging from the goAML users, prompt issue resolution, tracking and a goAML user knowledge base.

Setup of a goAML disaster recovery (DR) site with the National Information Technology Authority Uganda (NITA ±U) to allow for real time goAML data replication via a Virtual Private Network (VPN). The disaster recovery (DR) site ensures alternate access to the goAML system in case of downtime at the primary site.

Installation and configuration cisco fire power. This was to ensure further security of the Financial Intelligence Authority (FIA) network thus ensuring confidential access to key data, information and resources.

Implementation of the Penetration test recommendations including default password and username access change for systems, default password and username access change for software applications, default Internet information services (IIS) site change and enhanced Active directory security. The E1 line was implemented by Uganda Telecom (UTL) to allow users call out from their respective desk phones. Each User desk phone was assigned a secret PIN to ensure respective proper airtime management.

The Financial Intelligence Authority (FIA) was admitted as a full member of the Egmont group with the ability to exchange information internationally with other Financial Intelligence Units (FIUs). The platform for information exchange is the Egmont secure web, a web system which required setup and configuration for the designated users by the Directorate of Systems Administration and Security.

6. International Relations and Strategic Analysis

15 AML/CFT trainings were conducted in a bid to increase AML/CFT public awareness, these included 12 members of Top management of Brac Uganda Bank, 45 staff of EFC Microfinance Ltd, Board members of Tropical Bank, 100 members of the Association of Mobile Money Traders - mobile money agents, staff of Jubilee Life Insurance Company, Board Members of UGAFODE, 15 Members of YAKO Microfinance Top Management 20 staff of GEI Forex and exchange services, members of Association of Post Bank Management in East Africa, This conference was attended by over 40 delegates of Top Management across the 3 post Banks in East Africa namely Kenya, Tanzania and Uganda and were trained on their AML/CFT obligations. 10 members of top management of Watoto Church and Watoto NGO on the obligations of Churches and Non-profit organizations as accountable persons and 10 Top management members of Dahabshill Forex Bureau, 8 staff of Exim Bank, 40 members of KCCA Top management and middle level Technical staff. An overall total of 304 members were trained in AML/CFT as part of the strategy to increase AML/CFT public awareness.

7. Legal, Inspection and Compliance

a. Legal

3 Litigation cases were handled and these include;

i) Wondu Alemu vs Francis Asiimwe, Julia Nansamba, Agro Seeds & Fisheries Ltd, Europet Ltd, KCB Bank (U) Ltd And FIA Civil Suit No. 300 of 2019 - Court is yet to set hearing date.

ii) Uganda Health Marketing Group (UHMGM) vs FIA, HCMC No. 179 OF 2019 in which UHMGM applied for judicial review challenging FIA's decision to freeze UHMGM accounts. The ruling to be delivered on 25th, October, 2019 at 10:30am.

iii) Tadeo Sseruwagi vs FIA & Smart Protus Magara HCMC No. 311 of 2019 in the Application for review of court's judgment in the case of Smart Protus Magara v FIA MISC Cause No. 215 of 2018. The ruling is to be delivered on 6th December, 2019 at 11:30am.

ESAAMLG matters - Request for re-rating for Uganda

During this quarter, the request for re-ratings on 15 of the 40 FATF Recommendations was prepared and submitted to the ESAAMLG Secretariat. The report summarizes the significant developments and or progress made by Uganda in addressing the shortcomings identified in the country's mutual evaluation report (MER 2016). The report was submitted on 5th October, 2019.

Drafting of Guidelines and Guidance Notes

During this quarter, the legal department drafted four sets of guidelines for approval by Management; i) Guidance on High Risk Countries ii) Guidance for Lawyers as accountable persons iii) Guidance for the Non-Governmental organizations iv) Guidance for the Real Estate Sector

Vote:129 Financial Intelligence Authority (FIA)

Legal Opinions

5 Legal opinions were prepared in relation to the following:-

- i. Barclays Bank - CDD of UN employees as Bank clients (high risk) on the 23rd July 2019
- ii. Bank of Africa ±S.19(1)(b)(iii) to (v) obtaining letters of introduction from employers, government officers, etc. on 22 August 2019
- iii. Spot Cash Forex Bureau ±PEP list Compilation on the 23 August 2019
- iv. Nakayi and Partners CPA ±Registration with FIA
- v. Mobile Money Network an NGO ±Registration as an accountable person

b. Inspection and Compliance

During the Q1 FY2019/20, the accumulated total of registered accountable Persons/Entities in terms of AMLA increased from 776 in FY 2018/19 to 800 during Q1.

Three AML/CFT onsite inspections were conducted during Q1 i.e on Finance trust bank - 26th July 2019, Equity Bank Uganda Limited and money changers at the border points in Kafunjo, Mirama Town council and Kikagati both located in the western region of Uganda.

C. General Administration and Support Services

5. Internal Audit

- i. Conducted 1 risk-based internal audit to evaluate the efficiency and effectiveness of governance, risk management and control systems.
- ii. Updated the risk register for the Authority.
- iii. Developed and shared an annual internal Audit Plan with Accounting Officer and Internal Auditor General and the FIA's Board.

6. Finance and Administration

- i. Prepared Q1 Progress Report and the Annual Authority's Performance Report for FY2018/19.
- ii. Prepared FIA's Procurement Master Plan based on the procurement Plans for user departments.

iii. Produced Vote 129 Final Accounts for FY 2018/19

iv. Facilitated Top Management and Board Management meetings to fast-track the Authority's operations to deliver its mandate.

7. Support to Financial Intelligence Authority

No funds were advanced under this budget line during Q1.

8. Human Resource Management Services

Mainstreamed Gender related issues in Human Resource activities
Coordinated Human Resource Management Services

FY 2020/21 Planned Outputs

A. Prevention ML/CFT and Financial Intelligence Information Management

1. Compliance with AML and CFT laws and Regulations strengthened
2. More Reporting entities on goAML platform enrolled
3. Efficiency of ICT systems to support analysis function improved
4. Domestic coordination among key AML/CFT stakeholders strengthened
5. Legal Representation and Litigation
6. AML/CFT public awareness and capacity building for Accountable Persons across the country increased
7. Receipt of STRs, effective Analysis and streamline dissemination of information of Financial Operations to the competent authorities enhanced
8. Financial Intelligence Research and Strategic Development
9. Finalize the review of AMLA, 2013 and accompanying regulations to align it with emerging ML/TF challenges
10. Deepen international cooperation especially sharing and exchange of ML/TF related information
11. Ensure safety and integrity of FIA information
12. Typology studies, trends and strategic analysis to guide policy interventions conducted

B. General Administration and Support Services

1. Vote BFP, MPS and Budget Estimates for FY2021/22 prepared and Submitted
2. Quarterly and Annual performance progress reports prepared and submitted
3. The Authority's Final accounts for FY2018/19 produced
4. Vote 129 HRM services processed and coordinated
5. Vote 129 Procurement's and Disposal matters coordinated
6. Risk based audit assessments conducted and reports produced
7. Board and Top management meetings well facilitated and coordinated
8. ICT services and related matters coordinated
9. General support services for FIA's effectiveness coordinated

Medium Term Plans

Vote:129 Financial Intelligence Authority (FIA)

- Phased recruitment of staff
- Rollout the electronic reporting system to all financial institutions
- Build capacity in analysis, both tactical and strategic
- Undertake risk based supervision of AML/CFT for both regulated and non-regulated accountable persons
- Increased coverage of AML/CFT public awareness across the country
- Undertake studies to inform policy and decision making on matters related to AML/CFT
- Improve domestic coordination mechanism with AML/CFT stakeholders
- Improve international cooperation to ease sharing and exchange of information

Efficiency of Vote Budget Allocations

1. The Authority is committed to efficiency and effectiveness in Budget allocations to achieve Value for Money and deliver on its mandate.
2. The Authority shall ensure further roll out of the goAML system across the reporting entities. This will go a long way in improving analysis of reports and combating of money laundering and terrorism financing as per the NDP II and FIA strategic Plan.
3. The Authority’s budget allocations are in accordance with the directorates work plans. The work plan priorities and allocations are aligned to the Authority’s Strategic Plan, the Accountability Sector Strategic Investment Plan as well as the NDP II. This shall help in elimination of unnecessary allocations of resources which are not in line with the agreed upon outputs, work plans and procurement plans.
4. The Authority is committed to developing the HIV/AIDS policy and ensure that other cross cutting issues of gender, equity and environment are mainstreamed in its budgeting framework.
5. Deepening AML/CFT Awareness Programme across the country
6. Increase operational capacity of FIA through recruitment to fill the vacant positions in the organogram and adequately equip and remunerate staff.
7. Increase compliance levels of the AMLA through strengthening onsite and offsite inspections throughout the country and across all Accountable Persons.
8. Improve collection, Analysis and dissemination of information to competent Authorities
9. Strengthen international cooperation
10. Strengthen capacity of the Authority through capacity building
11. Strengthen internal controls

Vote Investment Plans

- Procurement of 8 motor vehicles for field operations
- Procure and renew licenses for goAML Electronic system to support the roll out process
- Procurement of office furniture
- Procurement of ICT infrastructure
- Procurement of office equipment

Major Expenditure Allocations in the Vote for FY 2020/21

- Wages and wage related costs
- Analysis of suspicious transaction reports and conducting due diligence
- Conducting public awareness campaigns
- Capacity building of staff and accountable persons
- Inspection and compliance of AML/CFT accountable persons

V3: PROGRAMME OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATION

Table V3.1: Programme Outcome and Outcome Indicators

Programme :	12 General Administration and Support Services
Programme Objective :	Ensure an efficient and effective Financial Intelligence Authority in achieving its mandate
Responsible Officer:	Sydney Asubo
Programme Outcome:	An Efficient and effective Financial Intelligence Authority (FIA)
<i>Sector Outcomes contributed to by the Programme Outcome</i>	
1. Sustainable Macroeconomic Stability	

Vote:129 Financial Intelligence Authority (FIA)

59 Policy, International Cooperation and Mutual Legal Assistance	9.208	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total for the Vote	11.943	13.017	2.293	13.017	14.881	17.119	19.805	23.027

V4: SUBPROGRAMME PAST EXPENDITURE OUTTURNS AND PROPOSED BUDGET ALLOCATIONS

Table V4.1: Past Expenditure Outturns and Medium Term Projections by SubProgramme

<i>Billion Uganda shillings</i>	2018/19	2019/20		2020/21	Medium Term Projections			
	Outturn	Approved Budget	Spent By End Sep	Proposed Budget	2021/22	2022/23	2023/24	2024/25
<i>Programme: 12 General Administration and Support Services</i>								
06 Internal Audit	0.000	0.000	0.000	0.120	0.142	0.165	0.199	0.238
07 Finance and Administration	0.000	2.133	0.391	1.676	2.247	2.609	3.153	3.769
09 Human Resource Management Services	0.000	6.363	1.372	6.700	7.111	7.930	8.797	9.877
1423 Support to Financial Intelligence Authority	0.000	0.215	0.108	0.215	0.215	0.215	0.215	0.215
<i>Programme: 21 Prevention of ML/TF and Financial Intelligence Information Management</i>								
02 Legal, Inspection and Compliance	0.000	0.600	0.048	0.900	1.088	1.298	1.549	1.863
05 International Relations and Strategic Analysis	0.000	1.080	0.144	0.970	1.200	1.399	1.669	2.008
07 Operational Analysis	0.000	2.126	0.178	1.936	2.274	2.783	3.362	4.023
08 AML Systems and ICT Management	0.000	0.500	0.052	0.500	0.605	0.721	0.860	1.035
02 Legal, Inspection and Compliance	0.335	0.000	0.000	0.000	0.000	0.000	0.000	0.000
03 Operational Analysis	2.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
04 Information Systems Administration and Security	0.450	0.000	0.000	0.000	0.000	0.000	0.000	0.000
01 Headquarters	7.981	0.000	0.000	0.000	0.000	0.000	0.000	0.000
05 International Relations and Strategic Analysis	0.870	0.000	0.000	0.000	0.000	0.000	0.000	0.000
06 Internal Audit	0.095	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1423 Support to Financial Intelligence Authority	0.387	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total for the Vote :129	12.118	13.017	2.293	13.017	14.881	17.119	19.805	23.027

N / A

Table V4.3: Major Capital Investment (Capital Purchases outputs over 0.5Billion)

N/A

V5: VOTE CHALLENGES FOR 2020/21 AND ADDITIONAL FUNDING REQUESTS

Vote Challenges for FY 2020/21

Vote:129 Financial Intelligence Authority (FIA)

1. Insufficient budgetary allocation to recruit staff which has created significant performance gaps in operations of FIA. This has further resulted into;
 - a. Inadequate training of accountable persons on their AML/CFT obligations particularly DNFPs.
 - b. Limited public awareness on matters related to AML/CFT as provided for in AMLA.
 - c. Limited onsite inspections which, negatively impacts on effective enforcement of compliance with AMLA.
2. The existence of unregulated sectors like the real estate that are attractive to launderers as indicated in the National Risk Assessment Report
3. Slow pace of Accountable Persons transitioning from manual to electronic reporting of STRs and LCTRs because of limited technical preparedness in terms of IT infrastructure that supports goAML.
4. Limited use of the financial intelligence generated and disseminated information to competent authorities. Most Law Enforcement Agencies are not conducting parallel financial investigations on most of the predicate offences.
5. Uganda's economy is predominantly cash-based and informal sector is large. Several transactions are not captured in the formal financial system and therefore cannot be traced or analyzed for AML/CFT. Therefore, criminals can easily exploit such channels.
6. The emergence of new technological innovations like virtual assets that are not yet regulated in many jurisdictions and that creates significant challenges to enforce compliance with the AML/CFT requirements.
7. Significant challenges in implementation of declarations of currency and bearer negotiable instruments at the border entry points, due to inadequate capacity and IT infrastructure to protect identity of travelers who declare.
8. Uganda's effectiveness on Immediate Outcomes (IO) 1-11 were rated low and therefore there is need to address effectiveness of Uganda's AML/CFT framework to meet the required international standards to avoid ICRG process.

Table V5.1: Additional Funding Requests

Additional requirements for funding and outputs in 2020/21	Justification of requirement for additional outputs and funding
Vote : 129 Financial Intelligence Authority (FIA)	
Programme : 12 General Administration and Support Services	
OutPut : 01 FIA Support Services and Administration	
Funding requirement US\$ Bn : 4.300	Implementation of AM/CFT is highly guided by FATF international standards and FATF style regional bodies (FRSBs - such as ESAAMLG),
OutPut : 19 Human Resource Management Services	
Funding requirement US\$ Bn : 8.300	The FIA is currently operating below its required staff strength. This has a direct impact on effective implementation of its mandate. Additional staff will support FIA to efficiently and effectively implement the NDP III objectives and also increase on the performance of FIA which has a direct impact on the sector performance
OutPut : 21 Development of Internal Audit Controls and Risk Management	
Funding requirement US\$ Bn : 0.210	The risk management strategy will support FIA to implement risk based audits which will improve on the efficiency and quality of outputs.
OutPut : 75 Purchase of Motor Vehicles and Other Transport Equipment	
Funding requirement US\$ Bn : 2.655	Enforcement of AML/CFT requires onsite inspections across the accountable persons who are spread in the different regions of the country. Acquisition of 10 vehicles and One motor cycle will empower the FIA to conduct timely onsite inspections and public awareness which will improve the efficiency of its operations.
OutPut : 76 Purchase of Office and ICT Equipment, including Software	
Funding requirement US\$ Bn : 1.448	Operations of FIA is supported by ICT infrastructure to ensure efficiency and effectiveness in analysis, confidentiality and safety of the information collected, analysed and disseminated. Therefore, FIA needs to develop robust ICT systems to accommodate the big sets of data bases

Vote:129 Financial Intelligence Authority (FIA)

Programme : 21 Prevention of ML/TF and Financial Intelligence Information Management	
OutPut : 01 Analysis and Reporting Financial Operations in the different Sectors	
Funding requirement US\$ Bn : 2.100	The country requires credible investors to partner with government to promote private sector to drive growth and strengthen the role of the state in growth and development. Provision of additional resources will enable the FIA to gather the required information to support analysis and produce quality financial due diligence reports.
OutPut : 02 Ensure safety and integrity of FIA information	
Funding requirement US\$ Bn : 1.800	Operations of FIA is supported by ICT infrastructure to ensure efficiency and effectiveness in analysis, confidentiality and safety of the information collected, analysed and disseminated. Therefore, FIA needs to develop robust ICT systems to accommodate the big sets of data bases
OutPut : 03 Compliance with AML and CFT laws and Regulations	
Funding requirement US\$ Bn : 1.700	The AML/CFT compliance function covers both financial and non-financial sectors. According to the National Risk Assessment (NRA) report, 2017 provides the ML/TF vulnerabilities and threats. Enforcement of compliance will focus on areas identified as high risk using a risk based approach supervision.
OutPut : 04 Legal Representation and Litigation	
Funding requirement US\$ Bn : 0.500	According to the MER, 2016 and NRA, 2017, there are weaknesses identified in the AML/CFT framework which needs amendment and harmonisation. This will require consultative stakeholder engagements both at local and international level to ensure that the AML/CFT framework meets international standards.
OutPut : 06 Financial Intelligence Research and Strategic Development	
Funding requirement US\$ Bn : 3.000	FIA will undertake comprehensive public awareness programmes on AML/CFT and train accountable persons on their obligations as per the AML Act, 2013 as amended. In addition, there is need to implement MER and NRA recommendations to address deficiencies and undertake typology studies to identify trends and methods used to launder proceeds of crime and TF to inform policy, accountable persons and the general public.