

United Republic of Tanzania



Ministry of Finance

FINANCIAL INTELLIGENCE UNIT

Annual Report

2011/2012

TABLE OF CONTENTS

Statement of the Minister for Finance	4
Statement of the Commissioner	6
1. Overview of the Financial Intelligence Unit.....	8
a. Background	8
b. Management and Organisation Structure.....	8
c. Powers and Functions of the FIU.....	9
2. Performance.....	10
a. Reports from Reporting Persons.....	10
b. Dissemination to Law Enforcement Agencies	11
c. Requests for Information and Responses to Foreign FIUs	11
d. Supervision of Reporting Persons for AML/CFT Compliance	12
e. AML/CFT Education and Awareness Campaigns	12
3. Enabling Functions.....	15
a. Information and Communication Technology.....	15
b. Legal Support.....	16
4. Activities at the International Stage.....	17
a. ESAAMLG, FATF and the ICRG Process	17
b. Towards Joining the EGMONT Group.....	18
5. Challenges and the Way Forward.....	18
6. Audited Financial Statement.....	20
7. Appendices	32
a. Acronyms and Abbreviations	32

b. Organisation Structure 35

c. Reporting Persons 36

d. Regulators 37

e. Law Enforcement Agencies..... 38

f. FIU Contacts 38

Statement of the Minister for Finance

Tanzania recognizes that money laundering and terrorist financing affect the attainment of national goals. In recognition of the negative effects of these crimes to the financial sector and the economy in general, and having taken into consideration international efforts against these crimes, Tanzania committed itself to fighting money laundering and the financing of terrorism.

Tanzanian efforts against money laundering and terrorist financing started earnestly in 1991 by enactment of the Proceeds of Crime Act, Cap 256, and Mutual Assistance in Criminal Matters Act, Cap 254. The aim of these laws, among other things, was to criminalize money laundering and the underlying crimes, and this provided room for cooperation with other countries in criminal matters. In 1995, Tanzania enacted the Drugs and Prevention of Illicit Traffic in Drugs Act, Cap 95, in line with the Vienna Convention of 1988. In 1997, the Banking and Financial Institutions Regulations were promulgated to ensure that proper due diligence is undertaken in assessing ownership and management of banking institutions. In 2000, Bank of Tanzania issued to banks and financial institutions circular No. 8 on Money Laundering Control. In 2002, the Prevention of Terrorism Act, Cap 19 was enacted.

In 2006, the Anti-Money Laundering Act (AMLA) was enacted and it established the Financial Intelligence Unit (FIU). In September, 2007, the FIU became operational and Regulations to implement AMLA were issued. In 2009, the Revolutionary Government of Zanzibar (RGOZ) enacted the Anti-Money Laundering and Proceeds of Crime Act (AMLPOCA).

Countries worldwide appreciate the indispensable role FIUs play in spearheading Anti-Money Laundering and Counter Terrorist Financing (AML/CTF) efforts. According to international standards and best practices, it is well understood that to be focused in combating money laundering and terrorist financing, there is need for strong, effective and efficient Financial Intelligence Units functioning as national centres.

In 2009, the Tanzania AML/CFT regime underwent Mutual Evaluation by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). During the Mutual Evaluation some lapses were noted in the Tanzania AML/CFT regime, Tanzania has worked hard to address the

deficiencies, steps taken included amending AMLA and AMLPOCA and strengthening the capacity of the Financial Intelligence Unit.

The United Republic of Tanzania remains committed in having a robust AML/CFT regime that is in compliance with international standards and best practices.



Saada Mkuya Salum (MP)
ACTING MINISTER FOR FINANCE

Statement of the Commissioner

I am very honoured to issue the annual report of the Financial Intelligence Unit which highlights key developments in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) efforts in our country.

The Management and staff of the FIU wish to express sincere appreciations to the Government of the United Republic of Tanzania (URT) in general and particularly the Ministry of Finance and the National Multidisciplinary AML/CFT Committee, for the high level commitment and political will in combating money laundering and the financing of terrorism. This has gone a long way to facilitate smooth operations of the FIU. I also wish to express sincere gratitude to Development Partners (including USAID, DFID, AUSTRAC, FINCEN, FIC, and World Bank) and the Eastern and Southern Africa Anti Money Laundering Group for their support in our efforts to have a robust AML/CFT regime.

Key developments for the FIU in the financial year 2011/2012 include analysis of Suspicious Transaction Reports (STRs) and dissemination of intelligence to Law Enforcement Agencies (LEAs) for investigation and possible prosecution, issuance of two Guidelines to reporting persons in the capital markets sector, and AML/CFT awareness raising to reporting persons, stakeholders and the public. The FIU enjoys good working relationship with various stakeholders.

The FIU has issued seven (7) Guidelines to reporting persons, signed Memoranda of Understanding (MOUs) to exchange information with the UK Serious Organised Crime Agency (SOCA) and the South Africa Financial Intelligence Centre, it is in the process of signing some with Namibian and Malawian FIUs. The FIU has developed a website (<http://www.fiu.go.tz>), Information and Communication Technology (ICT) Security Policy and Regulations as well as the Business Continuity Plan (BCP). The FIU also acquired a computer system called goAML for its analysis work. All along, the FIU has had a Medium Term Strategic Plan (MTSP) in place to guide the implementation of its responsibilities and duties as mandated under AML legislation.

The URT through the FIU has applied for membership of the EGMONT group of FIUs under the sponsorship of South Africa Financial Intelligence Centre (FIC) and the US Financial Crimes Enforcement Network (FinCEN). We hope that URT will soon be a member of this important group.

I am optimistic that our efforts to have a robust AML/CFT regime will continue bearing fruits and Tanzania will never be a weak link in AML/CFT chain.

A handwritten signature in black ink, appearing to read 'Onesmo H. Makombe', with a large, sweeping flourish above the name.

Onesmo H. Makombe
Acting Commissioner

1. Overview of the Financial Intelligence Unit

a. Background

The Tanzania FIU was established under sections 4 of the Anti- Money Laundering Act, 2006 (AML) and 6B of the Anti- Money Laundering and Proceeds of Crime Act 2010 (AMLPOCA), as an Extra Ministerial Department under the Ministry of Finance. It became operational in 2007. The mission of the FIU is to lead the war against money laundering and the financing of terrorism, in order to safeguard the financial system and the economy from criminality.

b. Management and Organisation Structure

The FIU is headed by a Commissioner who is appointed by the President of the United Republic of Tanzania, as provided for under section 5 of AMLA. The Commissioner is the Chief Executive Officer and Accounting Officer, responsible for the general administration of the FIU.

The Organization Structure of the FIU was approved by the President of the United Republic of Tanzania on January 13th, 2009 (Appendix b). The structure provides for eight (8) departments as follows:

- i. Monitoring - Headed by Assistant Commissioner
- ii. Inspection - Headed by Assistant Commissioner
- iii. Management Information Systems - Headed by Assistant Commissioner
- iv. Administration and Human Resources Management - Headed by Principal Administrative/HR Officer
- v. Finance and Accounts - Headed by Principal Accountant
- vi. Internal Audit - Headed by Principal Internal Auditor
- vii. Procurement Management - Headed by Principal Supplies Officer
- viii. Legal Services - Headed by Principal Legal Officer

At the moment, the FIU has 15 staff

c. Powers and Functions of the FIU

Roles, functions and powers of the FIU are provided for under Section 6 of AMLA. They include:

- i. Receiving and analysing Suspicious Transaction Reports (STRs), Electronic Funds Transfer Reports (EFTR), Cross Border Transportation of Currency Reports (CBTCR), Currency Transaction Reports (CTR) and other reports
- ii. Disseminating intelligence to relevant law enforcement agencies, if after analysis there are grounds to suspect money laundering, terrorist financing or any other criminal activities
- iii. Supervising reporting persons for AML/CFT compliance
- iv. Compiling AML/CFT statistics and records
- v. Issuing guidelines to reporting persons
- vi. Creating and providing AML/CFT training to reporting persons, the judiciary, law enforcement agencies and other stakeholders
- vii. Creating AML/CFT awareness to stakeholders and the general public
- viii. Preparing periodic reports on money laundering typologies and trends
- ix. Exchanging information with overseas FIUs and comparable bodies, and
- x. Liaising with relevant investment and business registration and licensing authorities in assessing genuine investors.

The FIU works closely with reporting persons, regulators, law enforcement agencies and other stakeholders.

2. Performance

a. Reports from Reporting Persons

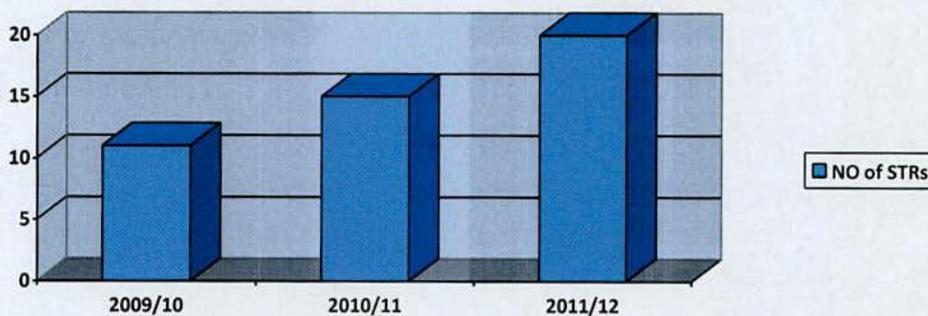
Reporting persons have obligations under AML/CFT laws of Tanzania and implementing Regulations. These obligations include the duty of reporting persons to know their customers (Know Your Customer - KYC), conduct Customer Due Diligence (CDD) whenever necessary, keep customer records, monitor customer transactions and report suspicious transactions to the FIU. The FIU has been receiving STRs, mostly from the banking sector.

From 2009 to the financial year 2011/2012, the FIU received 46 suspicious transactions reports (STRs) from reporting persons as shown in Table I and Fig. I below.

Table I: STRs Received from the financial year 2009/2010 to 2011/2012.

Financial Year	2009/10	2010/11	2011/12
No of STRs	11	15	20

Fig. I: STRs Received from the financial year 2009/2010 to 2011/2012.



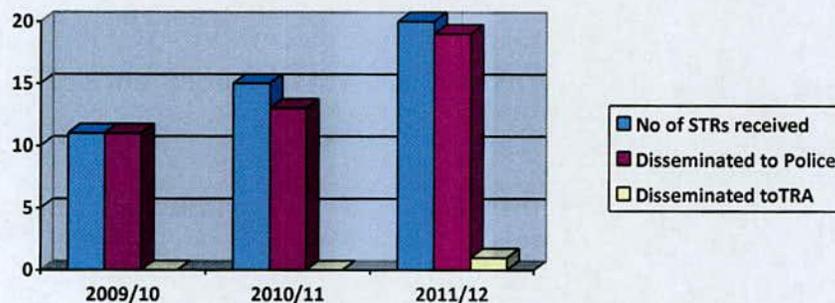
b. Dissemination to Law Enforcement Agencies

All 46 STRs received from 2009/2010 were analysed and intelligence was disseminated to Law Enforcement Agencies (LEAs) for investigation and possible prosecution. These are as shown in Table II and Fig. II below.

Table II: STRs Received and Disseminated from financial year 2009/2010 to financial year 2011/2012

Financial Year	2009/2010	2010/2011	2011/2012
No of STRs received	11	15	20
Disseminated to Police	11	13	19
Disseminated to TRA	0	0	1

Fig II: STR Received and Disseminated from year 2009/10 to 2011/12



c. Requests for Information and Responses to Foreign FIUs

From 2009/2010, the FIU received five (5) requests for information from foreign FIUs and comparable bodies. The requests were processed in accordance with the law and responses were sent to requesting FIUs/agencies.

The FIU on the other hand made five (5) requests for information from foreign FIUs and comparable bodies. The FIU received responses to all the five (5) requests made. The information received was confidential and it was used for intended intelligence purposes only.

d. Supervision of Reporting Persons for AML/CFT Compliance

The FIU and regulators are empowered to supervise reporting persons for AML/CFT compliance. Supervision may be conducted onsite or offsite. In carrying out this mandate, the FIU may embark on supervision of reporting persons on its own, it may request company of the regulator of the relevant sector, or it may request the regulator to conduct supervision on its behalf. AMLA and AMLPOCA identify regulators as shown in Appendix d.

The FIU and regulators are mandated to ensure that reporting persons comply with AML/CFT laws and regulations. These include AMLA and the implementing regulations for Tanzania Mainland, and the Anti-Money Laundering and Proceeds of Crimes Act, 2010 (AMLPOCA) for Tanzania Zanzibar. The FIU in collaboration with regulators has issued guidelines to various sectors for guidance on AML/CFT matters. These include:

- i Guidelines for Verification of Customer Identities
- ii Anti-Money Laundering Guidelines for Banking Institutions
- iii Anti-Money Laundering Guidelines for Accountants and Auditors
- iv Anti-Money Laundering Guidelines for Bank of Tanzania
- v Anti-Money Laundering and Counter Terrorist Financing Guidelines to Insurers
- vi Anti-Money Laundering Guidelines to CMSA Licensees
- vii Anti-Money Laundering Guidelines to Collective Investment Schemes.

In June 2012, the FIU, in collaboration with the Directorate of Banking Supervision of the Bank of Tanzania (BOT), started conducting onsite examinations of banking institutions for AML/CFT compliance.

e. AML/CFT Education and Awareness Campaigns

The FIU works in collaboration with regulators to organize and conduct education and public awareness campaigns in order to raise Anti-Money Laundering and Combating the Financing of

Terrorism (AML/CFT) awareness among stakeholders and reporting persons. Apart from regulators, the FIU has also been working with other stakeholders to organize awareness campaigns. In the year 2011/2012, FIU made AML/CTF presentations at various events and fora. AML/CFT Education and awareness raising campaigns conducted include the following:

- i In July 2011, the People's Bank of Zanzibar organized a one day workshop on AML/CFT. The workshop was facilitated by the FIU. Eighty (80) employees of the bank attended.
- ii In August 2011, the FIU presented a paper on combating money laundering during the 11th East African Banking School conference in Dar es Salaam.
- iii In August 2011, the FIU made a presentation on combating money laundering during the Prosecutors' Workshop on Prosecution of Fraud and Corruption Cases in Dar es Salaam and Iringa.
- iv In September 2011, the FIU conducted a workshop in Bagamoyo, on information sharing for law enforcement agencies and registries. This workshop involved thirty (30) participants. Participants were from the Ethics Secretariat, Business Registration and Licensing Agency (BRELA), Registration, Insolvency and Trusteeship Agency (RITA), Drugs Control Commission (DCC), Tanzania Investment Centre (TIC), Prevention and Combating of Corruption Bureau (PCCB), National Identification Authority (NIDA), Tanzania Police Force (Directorate of Criminal Investigations (DCI)), National Counter Terrorism Centre (NCTC), National Prosecution Service (DPS) – Tanzania Mainland, National Prosecution Service (DPS) – Tanzania Zanzibar, Zanzibar Revenue Board (ZRB), Tanzania Revenue Authority (TRA) and Tanzania Intelligence and Securities Services (TISS).
- v In December 2011, the FIU made a presentation on combating money laundering during the Procurement and Supplies Professionals and Technicians Board Annual Conference in Arusha.
- vi On January 11th, 2012, the FIU held a one day AML/CFT awareness workshop to media houses in Dar es Salaam whereby, 52 participants (news editors, reporters, broadcasters and photographers) from public and private Newspapers, Radio and Television stations attended.

- vii In March 2012 in Dar es Salaam, the FIU in collaboration with AUSTRAC organized a "follow the money trail" workshop for Law Enforcement Agencies (Revenue Authorities, Anti-Corruption Bureau and the Police), Prosecutors and Immigration officials from Tanzania Mainland and Tanzania Zanzibar.
- viii In March 2012, the FIU made an AML/CFT awareness presentation to members of the Board of the National Council of Professional Surveyors (NCPS) of Tanzania in Dar es Salaam.
- ix In March 2012, the FIU made a presentation on combating money laundering during a continuous education program seminar for lawyers that was organized by Tanzania Women Lawyers Association (TAWLA) in Dar es Salaam.

Apart from educating and creating AML/CFT awareness among stakeholders, the FIU is also committed to ensuring that it has a well trained and competent workforce. This ensures that FIU staff are trained and kept abreast with dynamics and developments in the AML/CFT arena. In the year 2011/2012, FIU staff attended various AML/CFT training as follows:

- i Two FIU staff attended the Countering the Financing of Terrorism Workshop by UNODC from July 19 – 22, 2011 in Addis Abba, Ethiopia
- ii Two FIU staff attended the Tactical Analysis Workshop organized by the World Bank from 25th -28th July, 2011 in Nairobi, Kenya
- iii Two FIU staff attended Strategic Analysis Course in Virginia, USA from 12th – 16th March 2012 by the Egmont Group, World Bank and FinCen
- iv Three (3) FIU staff visited the Ukraine State Financial Monitoring Service of Ukraine from 23rd – 27th April 2012, under attachment arrangements.
- v Two FIU staff attended the Crime and Illicit Proceeds: AML Master Class by AUSTRAC from 6th – 10th May 2012 in Cape Town, South Africa
- vi One FIU staff attended the Advanced STR Analysis Simulation by AUSTRAC in Zambia from 15th – 23rd May 2012

- vii One FIU staff attended Combating Fraud in Governments, Business and Civil Society Organizations from 11th – 22nd June 2012 at RIPA International, London (UK)
- viii One FIU staff attended a Suspicious Financial Transactions Analysis course in Swaziland from May 29 to June 18, 2012.

3. Enabling Functions

a. Information and Communication Technology

FIUs worldwide are inherently Information Technology (IT) intensive in the way they gather, store and process information for doing their work. The huge amount of data and information that FIUs gather makes it virtually impossible to successfully handle and process it manually. Tanzania FIU being no exception, is gearing towards handling information electronically, and has invested adequately in Information and Communication Technology (ICT) in terms of personnel and computer systems. The FIU has:

- i) Qualified IT experts
- ii) A computer system called goAML for processing and storing STRs and other reports and information
- iii) An email server
- iv) Office systems
- v) 8 terabytes of Network Attached Storage (NAS)
- vi) A website (<http://www.fiu.go.tz>)
- vii) Two computer networks: One network for standard office work and it is connected to the Internet, and the second network for mission critical work which is completely detached from the Internet and any other computer networks.

Security of information is a primary concern in all FIU activities. For protection of information held in computer systems and storage media, the following have been done:

- i) The FIU has in place an ICT Security Policy to guide activities of all computer users in the FIU

- ii) There is adequate physical security surrounding FIU premises
- iii) Computer networks are protected with firewalls
- iv) There is restricted physical access to the FIU server room
- v) There are antivirus and anti-malware software to prevent computers from being infected
- vi) There are surveillance cameras to record 24 hours a day, all activities in key areas of the office
- vii) The main entrance door, corridor doors and doors to analysts rooms and the computer server room are all operated with biometric recognition system
- viii) All windows and the roof have permanently fixed iron grills. No one can gain access to office premises through windows or the roof
- ix) All computers and ICT hardware in the FIU such as routers, switches, printers and scanners are supported by a centralized Uninterruptable Power Supply (UPS).

b. Legal Support

FIUs derive their mandate from legislation and operate within the ambit of the law. In view of deriving mandate from law and delivering based on legislation, the FIU has a Legal Services Unit whose functions aim at assisting the FIU to carry out its mandate and enable it to pursue its objectives within the ambits of the law. In this regard, in the year 2011/2012, the following were accomplished:

- i The FIU negotiated and signed MOUs for exchange of information with FIUs of United Kingdom and South Africa
- ii The FIU prepared and negotiated MOUs with the Malawian and Namibian FIUs
- iii The FIU played a key role in ensuring amendments to the Anti-Money Laundering Act, 2006 are made
- iv In collaboration with stakeholders, the FIU prepared AML/CFT Guidelines no. 5 (Anti-Money Laundering Guidelines to CMSA Licensees) and Guidelines no. 6 (Anti-Money Laundering Guidelines to Collective Investment Schemes)

- v The FIU participated in preparation of other AML/CFT related legislation including the National Payment System Bill, the Bank of Tanzania (Mobile Payment) Regulations and the Prevention of Terrorism Regulations.

4. Activities at the International Stage

a. ESAAMLG, FATF and the ICRG Process

The United Republic of Tanzania (URT) is a founding member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). ESAAMLG was established in Arusha in 1999. ESAAMLG is a Financial Action Task Force (FATF) Style Regional Body (FSRB) for eastern and southern African countries. Tanzania is a very active member of ESAAMLG and this entails committing time and resources to attend ESAAMLG meetings and to execute resolutions thereof. The FIU has been a key member of the Tanzania delegation to ESAAMLG. It has committed considerable time and financial and human resources to ensure that Tanzania performs well in the ESAAMLG.

Tanzania underwent mutual evaluation by ESAAMLG in 2009. The mutual evaluation exercise uncovered substantial lapses in Tanzania's AML/CFT legal and institutional framework. This led to Tanzania being placed under observation of the FATF's workgroup called the International Cooperation Review Group (ICRG). Under ESAAMLG and ICRG observation, Tanzania has been actively implementing corrective measures to address the identified deficiencies. The FIU has played a key role in working to address the identified deficiencies.

b. Towards Joining the EGMONT Group

Under FATF recommendations, each country is required to establish a Financial Intelligence Unit (FIU). In order for a given FIU to benefit from the network of FIUs, it is recommended that the FIU should join the EGMONT Group of financial intelligence units.

Tanzania FIU aspires to join the Egmont Group of Financial Intelligence Units and has lodged the application to join the group; the process is on track and co-sponsors (South Africa- FIU and USA- FIU) are in full gear. Representatives from Tanzania FIU have been invited to attend the Egmont Group meetings as observers.

5. Challenges and the Way Forward

In spearheading the fight against Money Laundering and Terrorist Financing (ML/TF), the FIU has to raise to number of challenges it is confronted with, including;

- i. Money laundering and terrorist financing are new types of crimes and they are evolving rapidly with global technological changes. This makes the war against the two vices complex and challenging. Our laws are new and stakeholders that are supposed to fight these crimes (reporting persons, law enforcement agencies, regulators, etc.) are still trying to figure out what is going on. This means that the FIU has a huge task of raising awareness among stakeholders and the public. The evolving nature of ML/TF also calls for constant review of our laws, regulations and Guidelines.
- ii. Tanzania is largely a cash based economy. This means that most financial transactions are carried out in cash. This poses a big challenge in the fight against money laundering and terrorist financing. Dealing in cash tends to leave little or no audit trail, and for this reason criminals love to deal in cash. Cash transactions leave the AML/CFT stakeholders with disjoint or no information to work with.
- iii. Information and communication technology penetration in Tanzania is still low. This means that most of the information in businesses and government offices is kept in manual form. This poses huge challenges in accessing, processing and transporting

information. Manual records take much longer time and are difficult to handle when compared to information kept electronically. The FIU encounters huge barriers and delays during analysis, especially when trying to access information held in other government offices and private businesses. We need to create awareness and encourage offices to automate their processes.

- iv. The FIU has not been able to recruit staff commensurate to its organisation structure and establishment needs. AML/CFT is a challenging discipline which requires specialized skills. This poses unique challenges to the FIU on staff to recruit, and specialized training to institute to ensure that staff are up to the challenge. The FIU plans to recruit more staff to address the shortage of staff. AML/CFT related training is scarcely available worldwide but the FIU has a training and attachment programme for its staff to acquire the requisite skills. We will continue to seek assistance in this regard from international bodies such as ESAAMLG, Egmont Group, World Bank, IMF, UNODC and development partners.
- v. FIU offices are located within premises of the Ministry of Finance. The office space can accommodate up to 20 people. In the medium to long term future, office space will not be enough to accommodate staff as the FIU grows to discharge its mandate effectively and efficiently. The FIU has to start planning for office accommodation immediately, if it is to grow to the required level of operational capacity and best practices.

The URT has high level political commitment in fighting against ML/TF. The URT is determined to ensure it leaves no stones unturned in having a robust AML/CFT regime and ensuring that our country is not a weakest link in the war against the twin evils which have potential of crippling efforts by our country to attain national development goals.

6. Audited Financial Statement

2.0. AUDIT REPORT ON THE FINANCIAL STATEMENTS

To: Ms. Elizabeth J. Nyambibo
Accounting Officer,
Financial Intelligence Unit,
P.O. Box 5145,
DAR ES SALAAM.

RE: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF FINANCIAL INTELLIGENCE UNIT
(FIU) FOR THE YEAR ENDED 30TH JUNE, 2012

Introduction

I have audited the financial statements of the Financial Intelligence Unit shown as Annexure II to this report for the financial year ended 30th June, 2012.

Responsibilities of the Accounting Officer

These financial statements are the responsibility of the management of the Financial Intelligence Unit as per the Statement of Management Responsibility on the Financial Statements enclosed in this report as Annexure I.

Sect. 25(4) of the Public Finance Act No. 6 of 2001 (revised 2004), places responsibility on the Accounting Officer to prepare financial statements for each financial year, which give a true and fair view of the receipts and payments of the reporting entity as at the end of the financial year. It also, requires management to ensure that the reporting entity keeps proper accounting records, which will disclose with reasonable accuracy the financial position of the reporting entity and its responsibility in safeguarding the assets of the reporting entity.

The financial statements should be prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) cash basis of accounting and in a manner required by Sect 25 (4) of the Public Finance Act, 2001 (revised 2004).

In addition, Regs. 28-35 of the Public Finance Regulations 2001 (revised 2004) requires the Accounting Officer and the organization's management to establish an effective internal control system, internal audit unit and audit committee appropriate to the circumstances of the Unit.

Responsibilities of the Controller and Auditor General

My responsibility as an auditor is to express an independent opinion on these financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing, International Standards on Supreme Audit Institutions (ISSAIs) and such other procedures I considered necessary in the circumstances. These 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 depended on 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 assessments, I considered the internal controls relevant to Financial Intelligence Unit preparation and fair presentation of the Financial Statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Financial Intelligence Unit 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.

In addition, Sect. 10(2) of the PAA No. 11 of 2008 requires me to satisfy myself that the financial statements have been prepared in accordance with appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, the receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed, expenditures of public monies have been properly authorized.

Furthermore, Sect.44 (2) of the Public Procurement Act No. 21 of 2004 and Regulation No.31 of the Public Procurement (Goods, works, Non-consultant services and Disposal of Public Assets by Tender) Regulations requires me to state in my annual audit report whether or not the auditee has complied with the provisions of the Law and its Regulations.

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

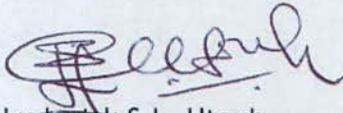
Unqualified Opinion

In my opinion, the financial statements present fairly, in all material respects, the cash receipts and payments of the Financial Intelligence Unit for the year ended 30th June, 2012 and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards.

Report on Other Legal and Regulatory Requirements

Compliance with the Public Procurement Act, 2004

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes of the Financial Intelligence Unit I have reviewed as part of this audit, I state that FIU procurement processes have generally complied with the Public Procurement Act, 2004 and its related Regulations of 2005.



Ludovick S.L. Utouh
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dar es Salaam, Tanzania

Date: 19th August, 2013

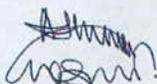
Copy: The Chief Secretary,
State House,
P.O. Box 9120,
DAR ES SALAAM.

Permanent Secretary and Paymaster General,
Ministry of Finance,
P.O. Box 9111,
DAR ES SALAAM.



THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF FINANCE
 FINANCIAL INTELLIGENCE UNIT
 STATEMENT OF CASH RECEIPTS AND PAYMENTS
 FOR THE YEAR ENDED 30TH JUNE 2012

	Notes	<u>2011/2012</u>		<u>2010/2011</u>	
		Receipts / payments controlled by entity	Payments by third parties	Receipts / payments controlled by entity	Payments by third parties
		TZS	TZS	TZS	TZS
RECEIPTS					
Exchequer issues	10	1,525,558,237	-	1,069,387,900	-
Other receipts	11	262,496,244	-	268,570,831	-
TOTAL RECEIPTS		1,788,054,481	-	1,337,958,731	-
PAYMENTS					
Operations					
Personnel Emoluments	12	872,137,959	-	543,539,041	-
Supplies and consumable goods	13	393,571,360	-	294,348,898	-
Other payments	14	146,439,871	-	185,624,587	-
		1,412,149,190	-	1,023,512,526	-
Capital expenditure					
Purchase/construction of plant and equipment	15	14,528,819	-	73,885,000	-
				73,885,000	-
TOTAL PAYMENTS		1,426,678,009	-	1,097,397,526	-
Increase/(decrease) in cash	16	361,376,472	-	240,561,205	-
Cash surrendered to PMG		-	-	-	-
Cash Transferred to Treasury for next year		237,865,040	-	238,292,444	-
Cash at the beginning of the year		2,268,761	-	-	-
Cash at end of the period		123,511,432	-	2,268,761	-



ACCOUNTING OFFICER

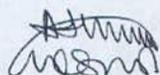
14/8/2013
Date

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE
FINANCIAL INTELLIGENCE UNIT

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE YEAR ENDED 30TH JUNE 2012

Budget approved on the Cash Basis (Classification of Payments by Nature)

	Notes	Actual			Difference(B-A)
		Amounts (A)	Final Budget (B)	Original Budget	
		TZS	TZS	TZS	TZS
CASH INFLOWS					
Exchequer issues	10	1,525,558,237	1,505,465,237	1,480,465,237	(20,093,000)
Other receipts	11	262,496,244	262,496,244	262,496,244	
Total receipts		1,788,054,481	1,767,961,481	1,742,961,481	(20,093,000)
CASH OUTFLOWS					
<i>Operations</i>					
Personal Emoluments	12	872,137,959	872,137,959	964,601,776	-
Suppliers - goods, works and services	13	393,571,360	431,671,059	540,349,816	38,099,699
Other payments	14	146,439,871	224,847,871	262,496,244	78,408,000
		1,412,149,190	1,528,656,889	1,767,447,836	116,507,699
<i>Capital expenditure</i>					
Purchase of assets	15	14,528,819	1,429,120	1,500,000	(13,099,699)
		14,528,819	1,429,120	1,500,000	(13,099,699)
Total payments		1,426,678,009	1,530,086,009	1,768,947,836	103,408,000
NET CASH FLOWS	16	361,376,472	237,875,472	(25,986,355)	(123,501,000)
Cash surrendered to PMG					
Cash at the beginning of the period		2,268,761			
Cash Transferred to Treasury for next year		237,865,040			
Cash at the end of the period		123,511,432			



ACCOUNTING OFFICER

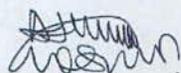
14/08/2013

Date

MINISTRY OF FINANCE
FINANCIAL INTELLIGENCE UNIT

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2012

	Notes	2011/12 TZS	2010/11 TZS
Cash flow from operations			
Exchequer issues	10	1,525,558,237	1,069,387,900
Other receipts	11	262,496,244	268,570,831
Total receipts		1,788,054,481	1,337,958,731
PAYMENTS			
<i>Operations</i>			
Personnel emoluments	12	872,137,959	543,539,041
Supplies and consumable goods	13	393,571,360	294,348,898
		1,265,709,319	837,887,939
<i>Other payments</i>	14	146,703,871	185,624,587
		1,412,413,190	185,624,587
Net cash flow from operations		375,641,291	314,446,205
Cash flow from investing activities			
Acquisition of plant and equipment	15	14,528,819	73,885,000
Net cash flow from investing activities		14,528,819	73,885,000
Increase/(decrease) in cash	16	361,112,472	240,561,205
Cash surrendered to PMG		-	-
Cash Transferred to Treasury for next year		237,865,040	238,292,444
Cash at the beginning of the year		2,268,761	-
Cash at the end of the period		123,247,432	2,268,761



ACCOUNTING OFFICER

14/08/2013

Date

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF FINANCE
 FINANCIAL INTELLIGENCE UNIT

STATEMENT OF PAYMENTS BY FUNCTION
 FOR THE YEAR ENDED 30TH JUNE 2012

	<u>2011/12</u>		<u>2010/11</u>	
	Receipts/ (Payments) controlled by entity	Payments by third parties	Receipts/ (Payments) controlled by entity	Payments by third parties
	TZS	TZS	TZS	TZS
PAYMENTS/EXPENDITURE				
Administration and General	1,530,086,009	-	1,097,397,526	-
Total payments/expenditure	<u>1,530,086,009</u>	-	<u>1,097,397,526</u>	-

 ACCOUNTING OFFICER

14/08/2013

Date

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF FINANCE
 FINANCIAL INTELLIGENCE UNIT
 STATEMENT OF VOTE ACCOUNT
 FOR THE YEAR ENDED 30TH JUNE 2012

	2011/12			2010/11		
	Recurrent	Development	Total	Recurrent	Development	Total
	TZS	TZS	TZS	TZS	TZS	TZS
APPROVED ESTIMATES						
Original Approved Estimates	1,339,553,400	186,004,837	1,525,558,237	818,221,000	270,000,000	1,088,221,000
Add: Reallocation Warrant (See below)	-	-	-	-	-	-
Net Approved Estimates	1,339,553,400	186,004,837	1,525,558,237	818,221,000	270,000,000	1,088,221,000
Issues received in the year	1,339,553,400	186,004,837	1,525,558,237	799,387,900	270,000,000	1,069,387,900
Other Sources/previous year fund	1,135,000	261,361,244	262,496,244	45,748,000	222,822,831	268,570,831
Total fund received during the year	1,340,688,400	447,366,081	1,788,054,481	845,135,900	492,822,831	1,337,958,731
Less: Expenditure	1,193,943,718	232,734,291	1,426,678,009	842,867,139	254,530,387	1,097,397,526
Less: Unretired Imprest	-	-	-	-	-	-
Net Expenditure	1,193,943,718	232,734,291	1,426,678,009	842,867,139	254,530,387	1,097,397,526
Cash in hand	146,744,682	-	361,376,472	2,268,761	238,292,444	240,561,205
Unutilized Budget/ Issues	146,744,682	214,631,790	361,376,472	2,268,761	238,292,444	240,561,205
Advances	-	-	-	-	-	-
Transfer to next year	101,641,250	136,223,790	237,865,040	-	238,292,444	-
Cash in Hand PMG	-	-	-	2,268,761	-	2,268,761
Balance in Hand	45,103,432	78,408,000	123,511,432	2,268,761	-	2,268,761



ACCOUNTING OFFICER

14/08/2013

Date

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF FINANCE
 FINANCIAL INTELLIGENCE UNIT

NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 30TH JUNE 2012

	2011/2012 TZS	2010/2011 TZS
10 EXCHEQUER ISSUES		
Recurrent Vote	1,339,553,400	799,387,900
Development Vote	186,004,837	270,000,000
	<u>1,525,558,237</u>	<u>1,069,387,900</u>
11 OTHER RECEIPTS		
Tanzania Corruption Project	110,123,800	268,570,831
Strengthen Anti Corruption Program	152,372,444	
TOTAL OTHER RECEIPTS	<u>262,496,244</u>	<u>268,570,831</u>
TOTAL RECEIPTS	<u>1,788,054,481</u>	<u>1,337,958,731</u>
12 PERSONNEL EMOLUMENTS		
Basic salaries-non pensionable	108,678,000	108,678,000
Allowances	763,459,959	434,861,041
	<u>872,137,959</u>	<u>543,539,041</u>

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF FINANCE
 FINANCIAL INTELLIGENCE UNIT

NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 30TH JUNE 2012

13 SUPPLIES AND CONSUMABLE GOODS

Hospitality	-	-
Office Supplies and Services	-	-
Rental Expenses	-	59,000
Travel expenses	90,037,800	-
Training Expenses	101,364,906	29,083,220
Utilities	-	-
Other Goods and Services	202,168,654	258,275,523
Maintenance-Physical Infrastructure	-	-
Vehicle and Mobile Equipments	-	6,931,155
TOTAL	393,571,360	294,348,898

14 OTHER PAYMENTS

Personal Emoluments	80,907,480	
Goods and Services	65,796,391	185,624,587
	<u>146,703,871</u>	<u>185,624,587</u>

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE
FINANCIAL INTELLIGENCE UNIT

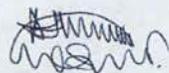
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30TH JUNE 2012

15 PURCHASE/CONSTRUCTION OF PLANT AND EQUIPMENT

Acquisition of Office Equipments	14,528,819	73,885,000
	<u>14,528,819</u>	<u>73,885,000</u>

16 COMPOSITION OF BANK BALANCES AS AT 30 JUNE, 2012

Development	78,408,000	222,822,831
Recurrent	45,103,432	498,587,074
	<u>123,511,432</u>	<u>721,409,905</u>

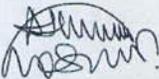


ACCOUNTING OFFICER

14/08/2013
Date

FINANCIAL INTELLIGENT UNIT
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE,2012

ASSETS	TZS
Current Assets	
Cash and Cash Equivalents	361,376,472
Transferred to PMG	-
Transferred to Holding Account	-
Receivables	-
Inventories	1,745,500
Prepayments	-
	363,121,972
Non-Current Assets	
Property,Plant and Equipment	508,789,819
Intangible Assets	104,030,000
Biological Assets	-
	612,819,819
TOTAL ASSETS	975,941,791
LIABILITIES AND EQUITY	
Current Liabilities	
Payables	-
Deferred Income-Revenue	-
Deposits	237,865,040
	237,865,040
Non-Current Liabilities	
Payables	-
Deferred Income-Capital	-
	-
	237,865,040
NET ASSETS	738,076,751
NET ASSETS/EQUITY	
Capital Contributed by:	
Taxpayers Funds	738,076,751
Accumulated Surpluses/(deficits)	-
	738,076,751



ACCOUNTING OFFICER

14/08/2013

Date

7. Appendices

a. Acronyms and Abbreviations

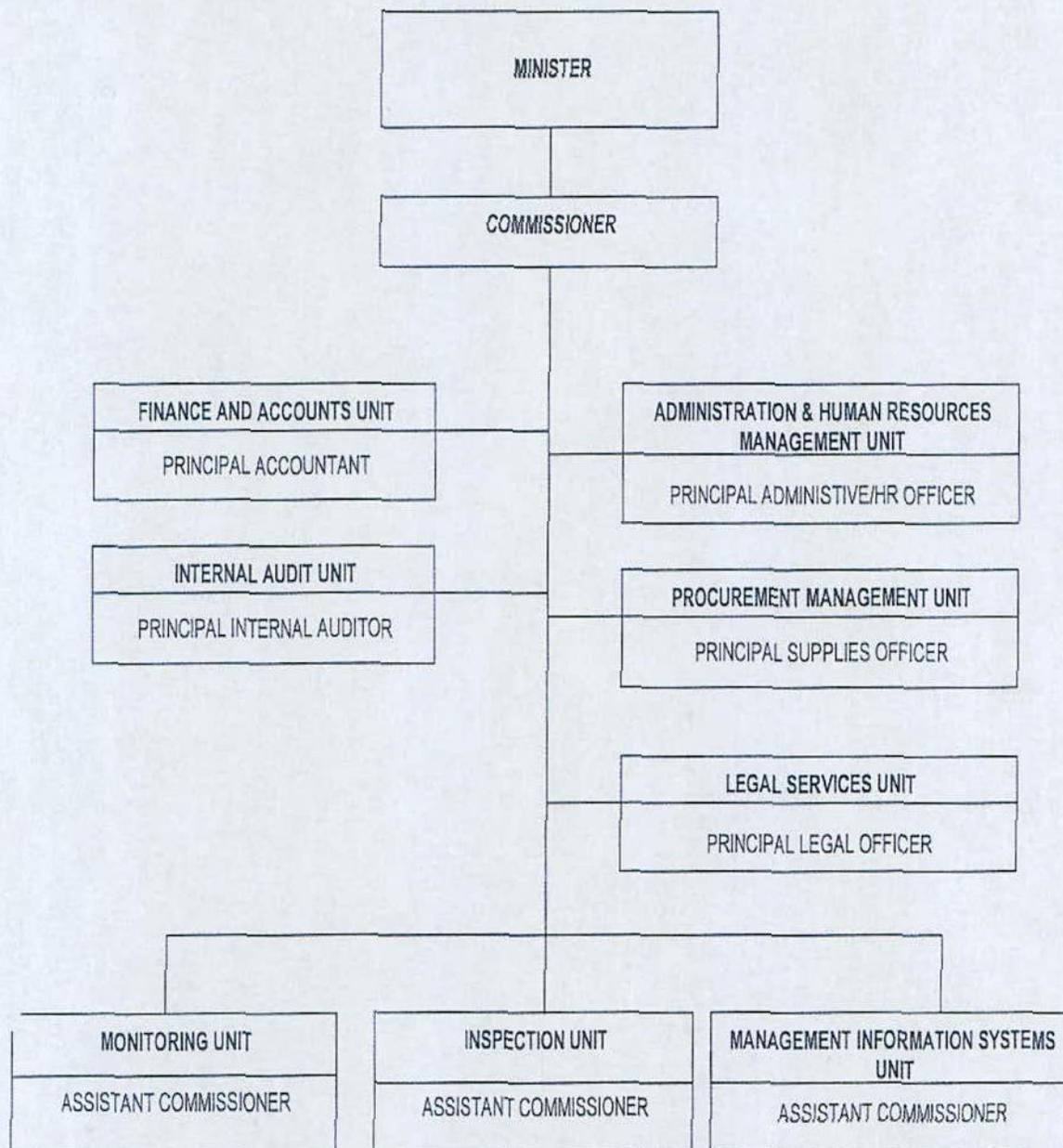
AML	- Anti-Money Laundering
AMLA	- Anti-Money Laundering Act, 2006
AML/CFT	- Anti-Money Laundering and Combating the Financing of Terrorism
AMLPOCA	- Anti-Money Laundering and Proceeds of Crime Act, 2009
AUSTRAC	- Australian Transaction Report and Analysis Centre
BOT	- Bank of Tanzania
BCP	- Business Continuity Plan
BRELA	- Business Registration and Licensing Authority
CBTCR	- Cross Border Transportation of Currency Report
CFT	- Combating Financing of Terrorism
CMSA	- Capital Markets and Securities Authority
CTR	- Currency Transaction Report
DFID	- Department for International Development
DNFBP	- Designated Non-Financial Businesses and Professions
DPP	- Director of Public Prosecution
GBT	- Gaming Board of Tanzania
EFTR	- Electronic Funds Transfer Report
ESAAMLG	- Eastern and Southern Africa Anti-Money Laundering Group
EWURA	- Energy and Water Utilities Regulatory Authority

FATF	- Financial Action Task Force
FinCEN	- Financial Crimes Enforcement Network
FIU	- Financial Intelligence Unit
GBT	- Gaming Board of Tanzania
ICRG	- International Co-operation Review Group
ICT	- Information and Communication Technology
KYC	- Know Your Customer
LEA	- Law Enforcement Agency
MER	- Mutual Evaluation Report
ML	- Money Laundering
MOU	- Memoranda of Understanding
MTSP	- Medium Term Strategic Plan
NCPS	- National Council of Professional Surveyors
PCCB	- Prevention and Combating of Corruption Bureau
RGZ	- Revolutionary Government of Zanzibar
RITA	- Registration, Insolvency and Trusteeship Agency
SOCA	- Serious Organised Crime Agency
SSRA	- Social Security Regulatory Authority
STR	- Suspicious Transaction Report
TAWLA	- Tanzania Women Lawyers Association
TCP	- Tackling Corruption Project

TCRA	- Tanzania Communication Regulatory Authority
TF	- Terrorist Financing
TIC	- Tanzania Investment Centre
TIRA	- Tanzania Insurance Regulatory Authority
TRA	- Tanzania Revenue Authority
UNODC	- United Nations Office on Drug and Crime
UPS	- Uninterrupted Power Supply
URT	- United Republic of Tanzania
USAID	- United States Agency for International Development
ZIPA	- Zanzibar Investment Promotion Authority
ZLS	- Zanzibar Law Society
ZRB	- Zanzibar Revenue Board

b. Organisation Structure

APPROVED ORGANISATION STRUCTURE OF FINANCIAL
INTELLIGENCE UNIT
(Approved by the President on 13th January, 2009)



c. Reporting Persons

AMLA and AMLPOCA identify reporting persons as the following:

- i. Banks and financial institutions
- ii. Cash dealers
- iii. Accountants
- iv. Real estate agents
- v. Dealers in precious stones or metals
- vi. Dealers in works of art
- vii. Regulators
- viii. Customs officers
- ix. Attorneys, notaries and other independent legal professionals
- x. Auctioneers
- xi. Pension funds managers
- xii. Securities markets intermediaries
- xiii. Financial leasing entities
- xiv. Microfinance institutions and companies
- xv. Housing finance companies

AML/CFT laws of Tanzania (AMLA and AMLPOCA) empower Ministers responsible for Finance to designate any other entity as a reporting person, by notice published in the Gazette.

d. Regulators

AMLA and AMLPOCA identify regulators as the following:

- i. Bank of Tanzania (BOT)
- ii. Business Registration and Licensing Authority (BRELA)
- iii. Capital Markets and Securities Authority (CMSA)
- iv. Energy and Water Utilities Regulatory Authority (EWURA)
- v. Gaming Board of Tanzania (GBT)
- vi. Registration, Insolvency and Trusteeship Agency (RITA)
- vii. Registrar General's Office
- viii. Registrar of Cooperatives
- ix. Registrar of Non-Governmental Organizations
- x. Registrar of Political Parties
- xi. Registrar of Titles
- xii. Social Security Regulatory Authority (SSRA)
- xiii. Tanzania Insurance Regulatory Authority (TIRA)
- xiv. Tanzania Communication Regulatory Authority (TCRA)
- xv. Tanzania Investment Centre (TIC)
- xvi. Zanzibar Investment Promotion Authority (ZIPA)
- xvii. Zanzibar Law Society (ZLS)

AML/CFT laws of Tanzania (AMLA and AMLPOCA) empower Ministers responsible for Finance to designate any other regulatory authority or agency or Government Department as a regulator, by notice published in the Gazette.

e. Law Enforcement Agencies

- i. Tanzania Police Force
- ii. Tanzania Revenue Authority (TRA)
- iii. Prevention and Combating of Corruption Bureau (PCCB)
- iv. Immigration Services
- v. Zanzibar Revenue Board (ZRB)
- vi. Other Investigative Agencies dealing with AML/CFT
- vii. Any person authorized to perform investigative or monitoring duties under AMLPOCA

f. FIU Contacts

Financial Intelligence Unit

P. O. Box 5145

Dar es salaam

Tanzania

Tel: +255 22 2129457

Fax: +255 22 2129471

Website: <http://www.fiu.go.tz>

E-mail: info@fiu.go.tz