

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 3008 [NW3836E]

3008. Dr D T George (DA) to ask the Minister of Finance:

- (1) With reference to the 2019-20 Annual Report of the Financial Intelligence Centre, what are the reasons that no inspections were conducted by the (a) Independent Regulatory Board of Auditors, (b) Limpopo Gambling Board, (c) Free State Gambling and Liquor Authority, (d) KwaZulu-Natal Gambling and Betting Board, (e) Western Cape Gambling and Betting Board, and (f) North West Gambling Board;
- (2) what are the reasons that the Northern Cape Gambling and Racing Board failed to submit its investigation figures?

NW3836E

REPLY:

(1) What are the reasons that no inspections were conducted by the:

(a) Independent Regulatory Board of Auditors (IRBA):

Reply from IRBA:

The institutions that fall under the Financial Intelligence Centre Act 38 of 2001 (the FIC Act) supervisory responsibilities of IRBA are similarly supervised by the Financial Sector Conduct Authority (FSCA) for FIC Act compliance under Item 12 of Schedule 1 of the FIC Act.

It is due to this overlap that in 2012, IRBA and FSCA concluded a Memorandum of Understanding wherein FSCA agreed to supervise those institutions that fall under IRBA's supervisory responsibility for purposes of FIC Act compliance.

As such, IRBA has not conducted any FIC Act compliance inspections during the 2019/20 financial year as these institutions are supervised for FIC Act compliance by FSCA on the IRBA's behalf.

Due to this overlap and at the request of IRBA, the FIC has proposed to the Minister of Finance an amended Schedule 2 of the FIC Act that will exclude IRBA as a supervisory body.

The proposed amended Schedules to the FIC Act are currently before the Minister of Finance for consideration and further consultation.

(b) Limpopo Gambling Board:

No reply received from Limpopo Gambling Board.

Reply from the FIC:

In 2018, the Limpopo Gambling Board was informed by the FIC that then Minister of Finance had approved the process to consult on the exit of the provincial gambling boards as supervisory bodies and transfer their FIC Act supervisory responsibilities to the FIC.

Based upon previous discussions, the FIC believes that in anticipation thereof, the Limpopo Gambling Board did not plan or execute any FIC Act inspections during the 2019/20 FY.

(c) Free State Gambling and Liquor Authority:

Reply from Free State Gambling and Liquor Authority:

The Free State Gambling and Liquor Authority was unable to conduct FIC Act inspections during the 2019-20 financial year due a lack of resources, with only one (1) inspector responsible for conducting FIC Act inspections for the entire province.

(d) KwaZulu-Natal Gambling and Betting Board:

No reply received from KwaZulu-Natal Gambling and Betting Board.

Reply from the FIC:

In 2018, the KwaZulu-Natal Gambling and Betting Board was informed by the FIC that then Minister of Finance had approved the process to consult on the exit of the provincial gambling boards as supervisory bodies and transfer their FIC Act supervisory responsibilities to the FIC.

Based upon previous discussions, the FIC believes that in anticipation thereof, the KwaZulu-Natal Gambling and Betting Board did not plan or execute any FIC Act inspections during the 2019/20 FY.

(e) Western Cape Gambling and Betting Board:

No reply received from Western Cape Gambling and Betting Board.

Reply from the FIC:

In 2018, the Western Cape Gambling and Betting Board was informed by the FIC that then Minister of Finance had approved the process to consult on the exit of the provincial gambling boards as supervisory bodies and transfer their FIC Act supervisory responsibilities to the FIC.

Based upon previous discussions, the FIC believes that in anticipation thereof, the Western Cape Gambling and Betting Board did not plan or execute any FIC Act inspections during the 2019/20 FY.

(f) North West Gambling Board:

Reply from North West Gambling Board:

During 2019/20 financial, the North West Gambling Board conducted 650 inspections in terms of the North West Gambling Act 2 of 2001, which included checks and verification for FIC Act compliance.

Reply from the FIC:

For an inspection to qualify as a FIC Act inspection, it must be instituted in terms of section 45(B) of the FIC Act.

Since the 650 inspections conducted by the North West Gambling Board were instituted in terms of the provisions of the North West Gambling Act 2 of 2001 and not the FIC Act, these do not legally qualify as FIC Act inspections.

As such, the FIC's annual report for 2019/20 reflected a nil figure for FIC Act inspections conducted by the North West Gambling Board.

(2) What are the reasons that the Northern Cape Gambling and Racing Board failed to submit its investigation (*inspection*) figures?

Reply from Northern Cape Gambling and Racing Board:

On 14 July 2020, the FIC was verbally informed that no FIC Act inspections were conducted for the 2019/20 financial year.

Reply from the FIC:

The FIC confirms that the Northern Cape Gambling and Racing Board had on 14 July 2020 verbally confirmed that it had not conducted any FIC Act inspections for the 2019/20 financial year.

The FIC had however requested that such be formally confirmed in writing on the institutions letter- head but no such written confirmation was received.

As such, the FIC reflected in its annual report that the Northern Cape Gambling and Racing Board had failed to submit its inspection figures.

The Northern Cape Gambling Board has not provided an explanation as to why their inspection figures were not formally confirmed in writing.