

# **Financial Transactions and Reports Analysis Centre of Canada**

**For the years 2006-2007 to 2008-2009**

**Report on Plans and Priorities**

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The Honourable James Flaherty  
Minister of Finance



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## **SECTION I – OVERVIEW**

## 1.1 Director's Message

FINTRAC has been operational for close to five years, and I am happy to report that in this short time the Centre has established itself as a key player in the domestic and international fight against money laundering and terrorist activity financing.

In 2004-05, we made 142 case disclosures of suspected money laundering or terrorist activity financing and other threats to the security of Canada. The aggregate value of the financial transactions included in those disclosures reached \$2.1 billion – close to three times the value of transactions disclosed the previous year. This financial intelligence was delivered to law enforcement agencies across Canada, and to CSIS, to assist them in their investigative efforts. A number of cases are now moving to the prosecution stage, as long, complex investigations are coming to fruition and the results are expected to be brought to court.

We know that we are making a difference. Through the efforts of FINTRAC, law enforcement agencies across the country, financial reporting entities, national and provincial regulators and associations, Canada has put in place a deterrence and detection regime that makes it much harder to launder money in Canada.

During 2006-07, FINTRAC will continue to focus on the delivery of high-quality financial intelligence. This is our contribution to the fight against money laundering and terrorist financing.

Notwithstanding our accomplishments to date, we are aware that more can and needs to be done. We are committed to continuing to improve our capability and our output. We are continuing to develop and enhance our analytic skills and we are refining and streamlining our business processes. A key element in this initiative is to continue to take advantage of leading edge technology. We will develop and implement new information systems to strengthen our analytic capability to allow us to see farther and more clearly into the data we hold. This will permit us to conduct much more sophisticated and complex analysis and, ultimately, to provide more and better intelligence to law enforcement agencies and to CSIS.

Our efforts are in large measure supported by the conscientious reporting from the thousands of financial businesses and individuals who are subject to the requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*. FINTRAC has from the outset developed positive, constructive relationships with these entities, and their associations. Their positive efforts have made a very strong contribution to the success of our initiative. In the period ahead, FINTRAC will continue to enhance and expand its risk-based compliance program in an effort to maximize the quality and quantity of reporting we receive and to ensure that reporting entities are meeting their record-keeping and reporting obligations as set out in our legislation.

Finally, money laundering and terrorist financing are global problems and no country can address them in isolation. International co-operation and information exchange are important elements in any country's success in this field. FINTRAC continues to expand its global information reach through the implementation of a network of information exchange agreements, making it possible to obtain information from a number of like agencies in other countries. We also participate in, and support the work of, a number of international bodies dedicated to these matters, such as the Financial Action Task Force and the Egmont Group of Financial Intelligence Units. These efforts not only strengthen our own capabilities, but also help to enhance the global capacity in this domain.

## 1.2 Management Representation Statement

I submit for tabling in Parliament, the 2006-2007 Report on Plans and Priorities (RPP) for the Financial Transactions and Reports Analysis Centre of Canada.

This document has been prepared based on the reporting principles contained in *Guide for the Preparation of Part III of the 2006-2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

It adheres to the specific reporting requirements outlined in the TBS guidance;

- It is based on the department's approved Program Activity Architecture structure as reflected in its Management, Resources and Results Structure (MRRS);
- It presents consistent, comprehensive, balanced and accurate information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and,
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat in the RPP.

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Name: Horst Intscher

Title: Director

## 1.3 Raison d'être

### Overview

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is a partner in Canada's anti-money laundering and anti-terrorist activity financing initiative. The Centre's main objective is to assist in the detection, prevention and deterrence of money laundering and terrorist activity financing in Canada and abroad.

FINTRAC's work focuses on three key activities: the first is to receive financial transaction reports and information from other sources to produce financial intelligence on suspected cases of money laundering, terrorist activity financing or threats to the security of Canada. The second is to ensure compliance with FINTRAC's governing legislation - the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* - by those financial institutions and businesses required to do so. The third is to produce financial intelligence that sheds light on the patterns and trends that characterize the evolving methods used by money laundering and terrorist activity financing networks.

### Mission

FINTRAC's mission is to provide law enforcement and intelligence agencies with financial intelligence on money laundering, terrorist activity financing and threats to the security of Canada, while ensuring that personal information under its control is protected.

### Activities

FINTRAC's mandate and activities are prescribed by legislation. It is an independent agency, operating at arm's length from the police and the agencies to which it provides financial intelligence.

FINTRAC's mandate is to:

- Receive reports on suspicious and prescribed financial transactions, and receive and collect other information relevant to money laundering and terrorist activity financing;
- Receive reports on the cross-border movement of large amounts of currency or monetary instruments;
- Analyze and assess the information it receives;
- Provide domestic law enforcement with financial intelligence that it suspects would be relevant to the investigation or prosecution of money laundering and terrorist activity financing offences;
- Provide the same information to the Canada Revenue Agency (CRA) if the Centre also determines that the information is relevant to an offence of evading or attempting to evade paying federal taxes, and to the Canada Border Services Agency (CBSA) if the Centre determines that the intelligence is also relevant to an offence of evading or attempting to evade duties or certain provisions of the *Immigration and Refugee Protection Act*;
- Provide CSIS with financial intelligence that it suspects would be relevant to threats to the security of Canada (including suspected terrorist activity financing);



- Provide financial intelligence to foreign financial intelligence units with which it has concluded a memorandum of understanding providing for the exchange of such information;
- Ensure compliance by financial institutions and other reporting entities with their obligations under the *Act* and regulations;
- Ensure that personal information under its control is protected from unauthorized disclosure;
- Provide strategic intelligence, advice and analysis that enhance awareness and understanding of money laundering and terrorist activity financing, and that inform the development of effective Canadian and multilateral counter-strategies;
- Enhance public awareness and understanding of matters related to money laundering and terrorist activity financing; and,
- Assist in fulfilling Canada's international commitments to participate in the fight against transnational crime, particularly money laundering and terrorist financing.

## 1.4 Summary Information

### Benefits for Canadians

FINTRAC is an essential component of the community of organizations and functions that combat organized crime and terrorism under Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) regime. The Centre's role as Canada's financial intelligence unit (FIU) is to safeguard Canada's financial system by contributing to the creation of a more hostile environment for money laundering and terrorist activity financing in Canada; support the public safety and national security of Canadians; and safeguard personal privacy.

FINTRAC facilitates the investigation and prosecution of money laundering, terrorist activity financing and threats to the security of Canada by receiving information on financial transactions, analysing it, and disclosing the resulting financial intelligence to the appropriate law enforcement agency or to the Canadian Security Intelligence Service (CSIS).

By ensuring compliance by financial institutions and other reporting entities with their obligations under the *PCMLTFA*, the Centre helps to create a formidable deterrent to those who would use legitimate financial channels to launder money or to finance terrorism. In Canada, banks and other financial services businesses maintain internal compliance regimes that ensure that the trail of financial transactions can be followed, and that law enforcement agencies can effectively pursue cases of suspected money laundering and terrorist activity financing, thereby strengthening Canada's capacity to detect and deter the proceeds of crime.

Money laundering and terrorist activity financing are transnational in nature, necessitating the participation of all countries for their successful detection and deterrence. FINTRAC's work with international bodies such as the Financial Action Task Force (FATF) and the Egmont Group make a strong contribution on Canada's behalf, to the setting of new international anti-money laundering standards. The operational links the Centre has forged with other financial intelligence units throughout the world are a vital part of Canada's contribution to the international fight against terrorism, money laundering and organized crime.

**Financial Resources (\$ millions)**

<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
\$49.7	\$49.8	\$48.1

**Human Resources**

<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
265.4	271	271

**Strategic Outcome**

Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.

**Program Activity****Collection, Analysis and Dissemination of Financial Information**

Technology-driven financial intelligence analysis and case disclosures that are widely accepted by law enforcement and intelligence agencies supported by a program that fosters compliance by the reporting entities.

## Priorities

FINTRAC is accountable to Parliament and contributes to the fight against terrorism and organized crime in Canada and abroad through the achievement of the following three priorities:

Priority	Type	Planned Spending* (\$ millions)		
		2006-07	2007-08	2008-09
<p><b>Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units.</b></p> <p>Financial intelligence analysis, and case disclosures that are widely accepted and used in investigations by law enforcement, CSIS and foreign financial intelligence units.</p>	Ongoing	30.4	30.4	29.4
<p><b>Ensure compliance with the PCMLTFA.</b></p> <p>Increased compliance with the law by reporting entities through more robust detection and deterrence of non-compliance. This will be accomplished through a risk based compliance program comprised of awareness activities, the monitoring of data quality, compliance questionnaires, examinations, and by taking appropriate remedial action when non-compliance is detected.</p>	Ongoing	14.5	14.6	14.1
<p><b>Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.</b></p> <p>Provide strategic intelligence, advice and analysis that enhance awareness and understanding of money laundering and terrorist activity financing and inform the development of effective Canadian and multilateral counter-strategies.</p>	Ongoing	4.8	4.8	4.6

\*Breakdown represents costs directly attributed to each priority as well as a pro-rated portion of other direct and indirect costs, such as corporate services, security, accommodation, and IT support and maintenance.

To realize the above priorities, the Centre will devote significant attention and resources to develop and implement next generation IT systems and participate in parliamentary and legislative reviews.

## 1.5 Operating Environment

Since its inception, FINTRAC's operating environment has been shaped by domestic and international considerations. At present, the Centre's operating context is evolving as a result of the Five Year Parliamentary Review of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* and in light of recently updated international standards to strengthen domestic anti-money laundering (AML)/anti-terrorist financing (ATF) regimes.

As a member of the Financial Action Task Force or FATF (instituted in 1989 by a G7 Summit), Canada has committed to revise its AML/ATF framework based on these standards. Many of the proposed amendments spring from the FATF's revised Forty Recommendations and Nine Special Recommendations, and will impact FINTRAC's operations. These amendments may include the implementation of a registration scheme for money service businesses, the enhancement of client due diligence measures, and the inclusion of new reporting sectors.

FINTRAC, as well as other partners in Canada's AML/ATF regime, are participating in the mandated Five Year Parliamentary Review of the *PCMLTFA* in 2006. Along with these two interrelated processes, the Centre is addressing certain recommendations outlined in the *2004 Report of the Auditor General of Canada* and the Treasury Board's mandated evaluation.

In addition to the above, the operating environment for planning FINTRAC's work and for setting its priorities is shaped by the following considerations:

- Upgrading FINTRAC's information technology;
- Enhancing FINTRAC's contributions to investigations;
- Furthering FINTRAC's compliance program;
- Strengthening FINTRAC's domestic relationships;
- Supporting the global fight against money laundering and terrorist financing;
- Maintaining the highest standards of privacy protection over the information collected by the Centre; and
- Managing budgetary realities and projections.

### Reinvestment in Technology

The practitioners of money laundering and terrorist activity financing are skilled at developing new methods and finding new venues. To stay abreast of these complex and shifting practices, it is essential that FINTRAC have sufficient technological expertise to rapidly process, manipulate and mine substantial volumes of data.

Information technology is crucial to the Centre's operations in four key areas: the receipt and processing of financial transaction reports, the provision of high quality financial intelligence products, the production of insightful strategic intelligence, and the protection of personal information.

FINTRAC's continued success in fulfilling its mandate depends upon its ability to build and maintain technologically advanced information systems. In line with the Budget 2006 announcement, FINTRAC is undertaking a significant renewal of its physical IT infrastructure. This renewal of FINTRAC's critical IT assets is fundamental to the Centre's long-term success.

In 2005-06, FINTRAC began a major project to develop a new generation of systems to upgrade its data management and analysis. Implementation of these tools has begun and will be completed over the planning period. These improvements in information technology will strengthen the Centre's analytical capacity, assist in providing more timely and relevant feedback to reporting entities, and enrich its financial intelligence product.

It is also critical that FINTRAC develop and implement plans to support the Centre's ability to maintain and resume IT and other critical business functions after a disruption of operations. To this end, FINTRAC is moving forward with the implementation of a business continuity plan to allow FINTRAC to maintain and resume business in the event of an incident affecting FINTRAC'S operations in Ottawa.

### **Enhancing FINTRAC's Contribution to Investigations**

FINTRAC is a partner to a number of initiatives that combat organized crime and terrorism under Canada's AML/ATF regime and the Public Security and Anti-Terrorism (PSAT) Initiative. As prescribed in the *PCMLTFA*, the Centre provides financial intelligence based on suspected links between the movement of money and crime to facilitate police in carrying out their investigations and prosecutions. In addition, FINTRAC provides financial transaction information that it suspects would be relevant to threats to the security of Canada to the Canadian Security and Intelligence Service (CSIS). When it has provided information to police relating to suspected money laundering or terrorist activity financing, FINTRAC must also provide the information to the Canada Revenue Agency (CRA) when it also determines that the information is relevant to an offence of evading paying federal taxes, and to the Canada Border Services Agency (CBSA) when it also determines that the information is relevant to an offence of evading duties or is relevant to determining whether someone is within a class of persons described in specific sections of the *Immigration and Refugee Protection Act* or relevant to specific offences under the same *Act*.

Money laundering and terrorist activity financing cases can be extremely complex and often time and resource intensive. As FINTRAC's relationships with disclosure recipients have grown, the Centre has seen a significant increase in the demand for its tactical and strategic intelligence. FINTRAC employs sophisticated information technology and human analytical capacity to sift through vast amounts of data to uncover intelligence of direct interest to law enforcement and CSIS. As such, FINTRAC's intelligence product adds significant value to investigations and can free up the recipient's resources to conduct front line investigations.

Combating money laundering and terrorist activity financing requires the coordinated action of several parties. FINTRAC disclosures are playing an important role in prominent cases that are now reaching the stage of prosecution. Through the efforts of FINTRAC, law enforcement, financial reporting entities, national and provincial regulators and associations, Canada now has a detection and deterrence regime that makes it harder to launder money or to finance terrorism activities.

### **Strengthening FINTRAC's Domestic Relationships**

An important aspect of FINTRAC's role involves outreach to law enforcement and national security communities to ensure that they are aware of the role financial intelligence can play in their investigations and prosecutions and to ensure that the Centre is sensitive to their specific needs. The growing appreciation for the Centre's financial intelligence product testifies to the

success of its relationship building efforts and to the value its case disclosures bring to investigations and prosecutions.

The Centre also maintains strong operational and policy linkages with federal partners such as the Department of Finance (which has the policy lead for the national initiative), as well as others including the Department of Justice and the Department of Foreign Affairs and International Trade.

Over the past year, FINTRAC has supported the Department of Finance on its Consultation paper *Enhancing Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime*, which aims to strengthen Canada's AML and ATF framework. This paper was designed to meet several key domestic and international requirements, including:

- the need to meet Canada's international obligations as a member of the FATF under its revised Forty Recommendations and Nine Special Recommendations to combat money laundering and terrorist financing;
- the need to address the recommendations of the Auditor General of Canada, as expressed in the *2004 Report of the Auditor General of Canada*, and the recommendations of the Treasury Board-mandated evaluation conducted by Ekos Research Associates;
- the need to address various stakeholder concerns, particularly those of law enforcement and intelligence agencies; and
- the need to review Canada's AML and ATF framework in preparation for the legislative review of the *PCMLTFA*.

The Centre will continue to work closely with the Department of Finance and other initiative partners to develop proposed legislative and regulatory amendments.

Another important contribution to this initiative is FINTRAC's growing expertise in providing an informed strategic perspective on the nature of money laundering and terrorist financing in Canada and around the world. Such macro-level information assists in the understanding of the ever-changing patterns and trends related to the movements of criminal money and is valuable input into policy and operational decision-making by domestic agencies.

### **Furthering FINTRAC's Compliance Program**

The production of timely, high quality financial intelligence is dependent on reporting entities fulfilling their obligations to report and ensuring the reported data is of a high quality. In Canada, there are over 300,000 entities and individuals that would, depending on the transactions conducted, potentially be covered by reporting, client identification and record-keeping obligations in the *PCMLTFA*. These include banks, credit unions, caisses populaires, life insurance companies, real estate agents and brokers, securities dealers, accountants, casinos, foreign exchange dealers, money services businesses and trust and loan companies. Through the implementation of effective compliance regimes, reporting entities have helped protect the integrity of Canada's financial system and reduce its vulnerability to money laundering and terrorist activity financing.

FINTRAC has devoted time and resources to developing a compliance program that assists these sectors to comply with their obligations under the *PCMLTFA*. The Centre has achieved significant success by emphasizing a cooperative relationship with reporting entities, through outreach and

awareness. To further assist reporting entities to achieve greater understanding of their obligations, FINTRAC is developing interpretation notices that will provide full and consistent explanations to queries about regulatory issues. Given the number of reporting entities that are subject to the *Act*, FINTRAC has adopted a risk-based approach to compliance to maximize the effectiveness of its compliance program. Outreach and examination activities are focused on the sectors and reporting entities with the highest risk of non-compliance. FINTRAC has also entered into 16 information-sharing agreements with federal and provincial regulators to reduce the regulatory burden on reporting entities. With the assistance of these regulatory partners, the Centre is currently conducting examinations in all reporting entity sectors using a variety of methods. Cases where reporting entities are found to be wilfully non-compliant are being disclosed by FINTRAC to the appropriate law enforcement agency for investigation. Since the production of high quality intelligence depends on the receipt of accurate data, FINTRAC, through the advances it is pursuing in information technology, will improve its capacity to monitor reported data and to detect problems with data quality.

A primary challenge for FINTRAC's compliance efforts lies in the unregulated sector, i.e: money services businesses and foreign exchange dealers. Currently, many of these businesses are neither licensed nor regulated. The new FATF Recommendations, adopted in 2003, require that such businesses be registered or licensed to assist members in their compliance functions. Amendments being proposed by the Department of Finance to address this gap in Canada's AML/ATF regime would require FINTRAC to act as a registrar.

### **Supporting the Global Fight Against Money Laundering and Terrorist Financing**

Because of the rapid expansion and global nature of the financial sector, it is now easier for funds to move through many jurisdictions. FINTRAC's work to expand and strengthen its network of relationships with other countries and international organizations is an important part of Canada's effort to fight money laundering and terrorist activity financing.

The Centre is a member of the Egmont Group of Financial Intelligence Units (FIUs), an international association of 101 FIUs that provides a forum for inter-FIU operational cooperation and communication. FINTRAC's Director is the Vice-Chair of the Egmont Committee and Chair of the Information Technology Working Group. The Centre also participates actively in other groups such as training, outreach and typologies. During the summer of 2006, Egmont took steps to create a more formal and sustainable structure to support its work and Canada (Toronto) has been selected to be the home of its permanent Secretariat. While its ongoing operations will be funded by members, the Government of Canada will provide financial assistance to facilitate its start-up and establishment in Canada. This ongoing participation in, and support of, the Egmont Group will help to ensure that it continues to be a valuable contributor to global AML/ATF efforts.

As a member of the FATF, Canada is scheduled to undergo a Mutual Evaluation in Spring 2007 to assess the effectiveness of our anti-money laundering and anti-terrorist financing regime and highlight areas where further progress may be needed. The Department of Finance is the lead in coordinating Canada's Mutual Evaluation and FINTRAC is actively engaged in the process. Over the planning period, FINTRAC will provide input into Canada's Mutual Evaluation Questionnaire, a key instrument to guide the assessment, and will also assist with the preparations for the onsite visit by the FATF assessors.

As of July 2006, FINTRAC, with the approval of the Minister of Finance, had concluded 39 memoranda of understanding (MOU) that permit information sharing with foreign FIUs. These

agreements enhance the Centre's contribution to the global AML\ATF fight by allowing FINTRAC to provide designated information on suspected criminal money movements.

FINTRAC is perceived as a leader within the FIU community and frequently receives requests for technical assistance from international partners to support the development and modernization of new and existing FIUs. This assistance will continue to be provided, subject to the Centre's capacity and resources.

### **Maintaining High Standards of Security and Privacy Protection**

FINTRAC is strongly committed to the protection of privacy and the personal information in its possession. Maintaining and upgrading infrastructure, processes and awareness to protect the privacy and security of information held by the Centre is integral to FINTRAC's operations. A robust, integrated security program is in place, both in Ottawa and in FINTRAC's three regional offices. FINTRAC is required to expend considerable resources in the ongoing application of numerous protective measures, including software, controlled access to all facilities, measures to detect and monitor system use as well as up-to-date and exercised business continuity plans. This is complemented by an active security/privacy awareness program that informs and reminds employees of their obligations.

### **Budgetary Realities and Projections**

Many of these future challenges and proposed changes could substantially affect FINTRAC's operations and, hence, its resource requirements. In response, FINTRAC is undertaking budgetary planning that would address existing operational pressures and accommodate possible legislative amendments and associated operational changes in line with the Budget 2006 announcement. Expenditure of incremental resources may be delayed as legislation and policy authorities are required prior to the implementation of operational changes.



## 1.6 Revised Organizational Structure

FINTRAC is at the forefront of Canada's fight against money laundering and the financing of terrorism both in Canada and globally. To meet the needs and priorities of the period ahead and, to support the growing complexity and maturation of some of the Centre's functions, FINTRAC revised its organizational structure in the fall of 2005.

The objectives of the reorganization are to enhance FINTRAC's effectiveness and efficiency in delivering on its mandate by:

- Consolidating and rationalizing the operational elements of FINTRAC in one sector, strengthening the Centre's analytic and compliance functions;
- Integrating the "corporate" and "coordination" functions in a single sector, strengthening the planning capacity and bringing a sharper focus to the management of relationships with governmental and non-governmental partners and stakeholders; and,
- Streamlining the most senior levels of management.

Further detail on FINTRAC's organizational structure and its alignment with the Centre's Program Activity Architecture can be found in section 3.1 Organizational Information.

## 1.7 Agency Plans and Priorities

This section provides details on FINTRAC's plans and priorities. It provides information on how the Centre will implement its plans to achieve the priorities for the planning period. Also included is an approximation of the resources allocated to the achievement of each of the Centre's three priorities.

For 2006-07, FINTRAC's three main priorities remain unchanged as they continue to reflect and address the Centre's most significant commitments and challenges.

**Priority #1 - Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units.**

***Anticipated Result:***

Financial intelligence analysis, and case disclosures that are widely accepted and used in investigations by law enforcement, CSIS and foreign financial intelligence units.

***Resources (\$ millions):***    2006/07 - \$30.4        2007/08 - \$30.4        2008/09 - \$29.4

The production and disclosure of timely and relevant financial intelligence is central to the achievement of the Centre's strategic outcome. It is of the utmost importance that tactical intelligence produced by the Centre enhances the capacity of law enforcement, CSIS and foreign financial intelligence units to detect and deter money laundering, terrorist activity financing and other threats to the security of Canada.

The production of financial intelligence begins with the receipt of prescribed reports from reporting entities as well as the collection of other relevant information. This information is then

analyzed and, where it is determined that there are reasonable grounds to suspect that the intelligence would be relevant to the investigation or prosecution of a money laundering or terrorist activity financing offence, or a threat to the security of Canada, it is disclosed to an appropriate law enforcement body or CSIS. In accordance with its legislation, FINTRAC endeavours to ensure that the disclosures are responsive to the needs of law enforcement and CSIS in their investigative efforts both within Canada and abroad.

Strengthening FINTRAC's capacity to consistently deliver high quality and timely case disclosures and financial intelligence is a priority for the Centre. To achieve this priority the Centre actively continues to: increase its analytical capacity through the use of technology; enhance information sources as specified under the *Act*; and, to develop the knowledge and expertise of its analysts, thereby increasing the breadth and depth of its case disclosures.

#### *Financial Intelligence Analysis*

To continue to build the knowledge and expertise of FINTRAC's tactical analysis, the Centre will utilize more in-depth data mining techniques and the latest typologies in money laundering and terrorist activity financing in Canada. Emphasis will be placed on the production of case disclosures that demonstrate an increasing breadth and depth of analysis, and are seen as being valuable by disclosure recipients in supporting their investigations.

#### *Technology Driven Collection, Analytics and Case Management*

Obtaining and creating leading edge information technology is critical to uncovering suspect money trails within FINTRAC's analytical database. As part of the Centre's commitment to finding the best technological tools to enhance the detection of patterns of suspected transactions among the millions of data elements, FINTRAC will continue to develop and implement a comprehensive suite of IT analytical applications. In 2006-07, this will be focused primarily on enhancing the quantity and quality of the information FINTRAC receives from reporting entities to support an increased breadth and depth of analysis.

#### *Domestic and International Relationships and Communications*

FINTRAC's relationships with Canadian law enforcement and CSIS will continue to be critical to delivering timely and high-quality financial intelligence. Over the planning period the Centre will persist in seeking opportunities to work with partner agencies to raise and maintain awareness about its mandate and the value of its financial intelligence product, and to seek input on ways to continue to improve that core product.

FINTRAC receives voluntary information from various sources, including law enforcement agencies and CSIS, that it may include in its database for analysis. Voluntary information is an important source of intelligence for FINTRAC that can support analysis that leads to more timely and relevant disclosures. FINTRAC successes in the use of voluntary information to provide timely and relevant disclosures in turn strengthen awareness of the Centre's products in the law enforcement community.

To further enhance the information sources available for analysis, FINTRAC will continue to work with other federal partners and law enforcement agencies to identify databases that are maintained for law enforcement purposes, and, where permitted by legislation, negotiate access to them.

Money laundering and terrorist activity financing are international in character. To combat them, the Centre will continue to strengthen ties and increase opportunities for the exchange of information with international partner agencies by continuing to negotiate new agreements for information exchange.

Finally, the changes proposed by the Department of Finance's June 2005 Consultation Paper will have a significant impact on FINTRAC's compliance program and on reporting entities. The Compliance Unit will continue to work with the Department of Finance and industry associations to identify the potential challenges that exist for reporting entities with regards to the implementation of these proposed measures.

**Priority # 2 - Ensure compliance with the PCMLTFA.**

***Anticipated Result:***

Increased compliance with the law by reporting entities through more robust detection and deterrence of non-compliance. This will be accomplished through a risk based compliance program comprised of awareness activities, the monitoring of data quality, compliance questionnaires, examinations, and by taking appropriate remedial action when non-compliance is detected.

***Resources (\$ millions):***      2006/07 - \$14.5      2007/08 - \$14.6      2008/09 - \$14.1

The quality of FINTRAC's financial intelligence is directly related to the quality and quantity of reports the Centre receives from reporting entities. As part of FINTRAC's Collection, Analysis and Dissemination of Financial Information program activity, the Centre's compliance program seeks to promote and facilitate compliance with the law by reporting entities and to detect and deter non-compliance. This not only has the effect of improving the quality and quantity of reports received by FINTRAC, but it also has a strong deterrent effect, as it makes it more difficult for those who would launder money or seek to raise funds for terrorist activity to carry out their illicit activities unnoticed and in anonymity. Ensuring compliance also means that records relating to clients and transactions will be available to support investigations by law enforcement.

***Compliance***

A cooperative approach remains the cornerstone to FINTRAC's compliance program. Building on the relationships and awareness established within all reporting entity sectors, FINTRAC compliance activities will be more targeted and focused as reporting entities now have a better understanding of their obligations under the *Act*. Targeted outreach will be conducted to promote awareness among high-risk reporting entities. FINTRAC Interpretation Notices have been, and are being, developed to ensure that reporting entities have a consistent understanding of the interpretation that is given to regulatory issues.

Recognizing that the quality of data received from reporting entities is directly linked to the quality of FINTRAC's analysis, the compliance program will be enhancing its data quality monitoring capacity. This enhanced capacity will facilitate the early detection of data quality

issues and allow for increased feedback to reporting entities on their reporting activities. Reports will be monitored for quality with a view to detecting and reducing reporting errors. A robust risk assessment process will continue to identify high-risk sectors and reporting entities, and tailor appropriate compliance responses. The use of compliance questionnaires has been expanded to broaden FINTRAC's reach in assessing compliance and targeting further compliance activities.

Historically, much of the operational focus of the compliance program has been on promoting awareness and providing assistance to reporting entities in meeting their obligations under the *PCMLTFA*. More recently, that focus has shifted as FINTRAC has begun to invest more of its compliance resources into examinations, and the implementation of a comprehensive risk-based compliance program. The examinations are selected using a risk-based approach focusing activities on those reporting entities at highest risk of non-compliance. Using a variety of techniques, FINTRAC has conducted examinations in all reporting entity sectors and will continue to do so. These techniques include: compliance questionnaires, desk audits, on-site examinations and examinations through partnerships with key national and provincial regulators.

Efficiencies in conducting examinations and ensuring compliance will be sought through continued implementation of existing information sharing agreements and the negotiation of additional information sharing agreements with industry regulators. These agreements will reduce the number of compliance examinations while taking advantage of the expertise held by regulators in their respective sectors.

FINTRAC's compliance examinations have demonstrated that the vast majority of reporting entities want to, and do in fact, comply with their legislative obligations. To date, it has been necessary to disclose seven cases of non-compliance to law enforcement for investigation and prosecution. In some cases, this has resulted in the laying of charges.

**National Regulators, Provincial Regulators and Self-Regulating Organizations that have signed MOUs to share compliance information with FINTRAC.**

- The Office of the Superintendent of Financial Institutions (OSFI)
- The Alberta Gaming and Liquor Commission (AGLC)
- The Alcohol and Gaming Commission of Ontario (AGCO)
- The British Columbia Gaming Policy Enforcement Branch (GPEB)
- The Saskatchewan Liquor and Gaming Authority (SLGA)
- The Investment Dealers Association (IDA)
- The Nova Scotia Credit Union Deposit Insurance Corporation (NSCUDIC)
- The Nova Scotia Alcohol and Gaming Authority (NSAGA)
- The Deposit Insurance Corporation Ontario (DICO)
- The Manitoba Credit Union Deposit Guarantee Corporation (CUDGC)
- The Financial Institutions Commission of British Columbia (FICOM)
- The Office de stabilisation de la Fédération des caisses populaires acadiennes
- The New Brunswick Credit Union Federation Stabilization Board
- The New Brunswick Department of Justice, Insurance Branch
- The Saskatchewan Credit Union Deposit Guarantee Corporation and
- Autorité des marchés financiers

*Technology Driven Collection, Analytics and Case Management*

In 2006-2007, the Centre will continue to enhance the quantity and quality of the information it receives from reporting entities. This will include refining requirements for systems tools that

support key compliance functions and ensuring improved risk management and greater administrative efficiency.

*Domestic and International Relationships and Communications*

To foster reporting entities' compliance with the *PCMLTFA*, the Centre will undertake outreach activities that seek to raise awareness of FINTRAC's mandate and programs with senior representatives of reporting entities, help to meet their needs and mitigate concerns with proposed reporting mechanism changes.

**Priority # 3 - Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.**

***Anticipated Result:***

Provide strategic intelligence, advice and analysis that enhance awareness and understanding of money laundering and terrorist activity financing and inform the development of effective Canadian and multilateral counter-strategies.

***Resources (\$ millions):***    2006/07 - \$4.8    2007/08 - \$4.8    2008/09 - \$4.6

Using the Centre's rich database of financial transactions and other information, FINTRAC is capable of yielding valuable insights into general patterns, trends and typologies related to money laundering and terrorist activity financing. The analysis of aggregated transaction reports and case disclosures identifies patterns and trends in the methods used by criminal and terrorist networks to launder and acquire funds, combined with input and expertise from its key partners, stakeholders and other external sources of information, enhances the Centre's ability to detect, identify, and in the longer term, anticipate emerging financial and technological methods that might be used in money laundering and terrorist activity financing.

The Centre undertakes strategic analysis to identify patterns and typologies that characterize criminal and/or terrorist financing activities. The Centre, through analysis of its disclosures and associated reports on suspected crimes such as drug trafficking and fraud, can produce intelligence on these patterns and characteristics. These insights are shared with our federal partners, the reporting entity sectors and law enforcement, helping to support their work. Based on its research and analysis, and on consultations with its partners and stakeholders, the Centre will continue to produce strategic analysis to provide a unique and informed perspective on the nature of money laundering and terrorist activity financing occurring in Canada.

*Technology Driven Collection, Analytics and Case Management*

In 2006-2007, FINTRAC will continue development of a unified intelligence store that will house and structure key strategic information received or produced by the Centre. This will replace a number of data stores currently in use providing increased analytical efficiencies.

### *Domestic and International Relationships and Communications*

Ultimately, it is through the combination of tactical case disclosures and the sharing of insights and expertise, derived from FINTRAC's unique mandate and perspective, that FINTRAC can make a significant contribution to the fight against money laundering and terrorist activity financing and to the protection of Canada's security.

Internationally, the Centre is viewed by many of its peers as a leader in many aspects of its operations. As such it often receives requests to provide international technical assistance. FINTRAC will continue to provide assistance to other FIUs, based on the Centre's capacity and a strategic assessment of where its contribution can bring maximum benefits.

FINTRAC has a mandate to enhance public awareness and understanding of matters related to money laundering and terrorist activity financing most specifically with reporting entities subject to the *Act*. A public that is knowledgeable, alert, and aware of money laundering and terrorist activity financing is, in itself, a deterrent. To facilitate the dissemination of strategic information targeted to specific audiences, the Centre will continue to work to identify and communicate with stakeholder audiences.

**SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY  
STRATEGIC OUTCOME**

## 2.1 Analysis by Program Activity

This section provides the description of FINTRAC's program activity Collection, Analysis and Dissemination of Financial Information. This program activity supports the achievement of the Centre's Strategic Outcome and Priorities. Also included are descriptions and expected results of the sub-activities that support the program and the performance measures that will be used to assess the Centre's program.

### Strategic Outcome

Financial Intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.

### Program Activity Name

Collection, Analysis and Dissemination of Financial Information

### Financial Resources (\$ millions)

2006-2007	2007-2008	2008-2009
\$33.6	\$32.7	\$31.8

### Human Resources

2006-2007	2007-2008	2008-2009
212	228	226

### Program Activity Expected Result

Technology-driven financial intelligence analysis and case disclosures that are widely accepted by law enforcement and intelligence agencies with a program that fosters compliance by the reporting entities.

### Sub-Activities supporting the Program Activity

<b><i>1.1 Program Sub-Activity: Technology driven Collection, Analytics, and Case Management</i></b>	
<b><i>Description</i></b>	<b>Technology driven Collection, Analytics, and Case Management</b> includes activities to obtain, develop and enhance IT systems and tools in support of the Centre's priorities.
<b><i>Related Priorities</i></b>	Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units.  Ensure compliance with the <i>PCMLTFA</i> .  Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.
<b><i>Expected Result</i></b>	Effective, efficient and secure automated solutions to support the production of more timely and better tactical and strategic financial intelligence, and support compliance.



<b>Indicators</b>	<ul style="list-style-type: none"> <li>a) Reporting Entity access to and use of new automated solutions.</li> <li>b) Client satisfaction with new automated solutions.</li> <li>c) Internal tracking of IT automated solution performance.</li> </ul>
<b>Performance Measurement Strategy</b>	Analysis of internal systems data and monitoring, surveys and feedback from IT system users and reporting entities.

**Financial Resources (\$ millions)**

<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
\$18.2	\$15.5	\$14.7

<b>1.2 Program Sub-Activity: Financial Intelligence Analysis</b>	
<b>Description</b>	<b>Financial Intelligence Analysis</b> encompasses the production and disclosure of timely and relevant tactical financial intelligence that enhances the capacity of law enforcement, CSIS and foreign financial intelligence units to detect and deter money laundering, terrorist activity financing and other threats to the security of Canada. It also disseminates strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public to enhance awareness and understanding of money laundering and terrorist activity financing and to inform the development of effective Canadian and multilateral counter-strategies.
<b>Related Priorities</b>	<p>Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units.</p> <p>Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.</p>
<b>Expected Result</b>	Strategic financial intelligence and disclosures from tactical analysis that are widely accepted and used to combat suspected money laundering, terrorist activity financing and threats to the security of Canada.
<b>Indicators</b>	<ul style="list-style-type: none"> <li>a) Feedback from partner agencies indicating that FINTRAC disclosures contributed to investigations/prosecutions of money laundering, terrorist financing and threats to the security of Canada.</li> <li>b) Feedback from internal and external (including international) recipients that indicates that FINTRAC's strategic analysis products contributed to their improved understanding of money laundering, terrorist financing and threats to security, especially in the Canadian context.</li> </ul>
<b>Performance Measurement Strategy</b>	Analysis of internal systems data and feedback from disclosure and strategic analysis product recipients.

**Financial Resources (\$ millions)**

<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
\$5.9	\$7.1	\$7.1

<b>1.3 Program Sub-Activity: Compliance</b>	
<b>Description</b>	The <b>Compliance</b> function promotes and facilitates compliance with the law by reporting entities and detects and deters non-compliance. Key activities to accomplish this include awareness activities, the monitoring of data quality, a risk assessment function, examinations, and taking appropriate remedial action when non-compliance is detected.
<b>Related Priorities</b>	Ensure compliance with the <i>PCMLTFA</i> .
<b>Expected Result</b>	A higher level of compliance by reporting entities across Canada with their obligations as mandated by the <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)</i> .
<b>Indicators</b>	<ul style="list-style-type: none"> <li>a) Quality and volume of financial transaction reports submitted to FINTRAC by reporting entities.</li> <li>b) Compliance Improvement by reporting entities– Number of examinations completed and compliance issues identified.</li> <li>c) Number of compliance support functions provided to raise the awareness of reporting entities and assist them in meeting their obligations under <i>the PCMLTFA</i>.</li> </ul>
<b>Performance Measurement Strategy</b>	Analysis of internal systems data and monitoring.

#### **Financial Resources (\$ millions)**

<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
\$6.0	\$7.1	\$7.0

<b>1.4 Program Sub-Activity: Domestic and International Relationships and Communications</b>	
<b>Description</b>	<p><b>Domestic and International Relationships and Communications</b> strengthens FINTRAC's relationships with domestic and international partners in support of the Centre's priorities. It includes domestic activities to build partnerships and increase understanding of disclosure recipients' strategic priorities; pursues access to domestic law enforcement and national security databases; advises on and support development of national policy initiatives; and works with relevant domestic partners to increase awareness of FINTRAC's compliance capabilities.</p> <p>Internationally this function seeks opportunities for the exchange of information by negotiating new information sharing agreements with foreign financial intelligence units (FIUs).</p>
<b>Related Priorities</b>	<p>Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units.</p> <p>Ensure compliance with the <i>PCMLTFA</i>.</p> <p>Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.</p>
<b>Expected Results</b>	<p>Strong and mutually beneficial domestic and international relationships in support of strengthening deterrence and detection of money laundering and terrorist financing in Canada and abroad.</p> <p>Increased awareness and understanding of money laundering, terrorist activity financing and enhancements to Canada's AML/ATF regime among FINTRAC's stakeholders, partners and the general public.</p>

<b>Indicators</b>	<ul style="list-style-type: none"> <li>a) Extent and impact of FINTRAC involvement in key national fora such as Canada’s Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) regime, the Public Security and Anti-Terrorism (PSAT) Initiative, the National Coordinating Committee on Organized Crime (NCC), the National Integrated Interagency Information System (N-III) Federal Partners Interoperability Working Committee, and with other key stakeholder and regulatory groups (e.g. OSFI, CBA);</li> <li>b) Extent and impact of FINTRAC involvement in key international fora such as Egmont Group of Financial Intelligence Units (FIUs) and the Financial Action Task Force (FATF); and</li> <li>c) Survey results indicating the percentage of the general public with a “good” or “very good” understanding of Canada’s anti-money laundering and anti-terrorist financing regime.</li> </ul>
<b>Performance Measurement Strategy</b>	Analysis of data from internal systems, survey, and monitoring.

**Financial Resources (\$ millions)**

<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
\$3.5	\$3.0	\$3.0

## 2.2 Corporate Support

**Corporate Support** at FINTRAC consists of four sub-activities: Agency Management and Corporate services; Security and Privacy Protection; Accommodation; and IT Support and Maintenance. In each of these areas, the Centre continues to be actively engaged in advancing the principles of sound resource management and effective decision-making.

<b>Corporate Support Activities</b>	
<b>Description</b>	FINTRAC's <b>Corporate Support</b> activities support all of the Centre's program activities and priorities. Corporate Support consists of: Agency Management and Corporate services; Security and Privacy Protection; Accommodation; and IT Support and Maintenance.
<b>Related Priorities</b>	<p>Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units.</p> <p>Ensure compliance with the <i>PCMLTFA</i>.</p> <p>Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.</p>
<b>Expected Results</b>	<p>Key Expected Results</p> <ul style="list-style-type: none"> <li>• FINTRAC's financial results accurately reflect the Centre's financial position.</li> <li>• Motivated and skilled workforce.</li> <li>• High quality staff.</li> <li>• FINTRAC's operations are within applicable policies, acts and guidelines.</li> <li>• Corporate Support activities are efficient i.e. deliver services at reasonable cost and turn-around times relative to peers.</li> <li>• Cost-effective and robust technology infrastructure.</li> <li>• Robust security and protection of privacy of information.</li> </ul>
<b>Indicators</b>	<p>Key performance measures</p> <ul style="list-style-type: none"> <li>• Financial statements confirm financial results.</li> <li>• Knowledgeable observers are of the view that FINTRAC has high quality staff.</li> <li>• Operational controls are in place and FINTRAC is operating within applicable policies, acts and guidelines.</li> <li>• External reviews of FINTRAC's corporate support functions.</li> <li>• Internal tracking of IM/IT infrastructure performance.</li> <li>• Internal tracking of security incidents and breaches.</li> </ul>
<b>Performance Measurement Strategy</b>	Analysis of internal systems data, monitoring and external reviews.

### Financial Resources (\$ millions)

2006-2007	2007-2008	2008-2009
\$16.1	\$17.1	\$16.3

## Human Resources

2006-2007	2007-2008	2008-2009
53.4	43	45

In support of FINTRAC's priorities, the Centre undertakes a number of ongoing management initiatives to strengthen organizational effectiveness, consistent with Treasury Board policies and the Management Accountability Framework. In 2006-07 these will include:

- The integration of human resources planning with business planning as the next phase of development for the Centre's planning, budgeting, and performance management framework. During the planning period, FINTRAC will complete its first employee engagement exercise and execute a human resource plan in accordance with the Centre's operational outlook. This will establish baseline information to allow for continued effective human resources planning.
- The ongoing maintenance and exercising of business continuity plans (BCP) as part of the BCP Program. The Centre will also be undertaking the development of an IT disaster recovery plan that will address the technical and procedural requirements to reinstate our IT systems impacted by an unplanned outage.

In addition, FINTRAC will continue to build on its commitment to being an exemplary employer and sustaining an effective, high performing and healthy work climate. In this regard, FINTRAC's Code of Conduct, and related awareness training in values and ethics, will continue to be a cornerstone of the Centre's operations.

Another very important foundation for FINTRAC as an organization is its commitment to the protection of personal information. Over the past year, the Centre has implemented Privacy Impact Assessments, conducted an internal audit of its measures designed to protect personal information and instituted privacy awareness sessions. In 2006-07, FINTRAC will continue to maintain a robust and effective security program, including a full suite of policies and procedures to protect privacy, and prevent the unauthorized disclosure of information.

As part of FINTRAC's comprehensive integrated information management framework, the Centre will be refining and implementing policies and solutions related to the archiving of its information holdings. These processes will ensure that FINTRAC's information holdings comply with all legislative requirements for the retention and disposition of documents.

FINTRAC also seeks to excel in the provision of administrative services including accommodations, procurement, asset management, mail services, information management and translation services. The Centre requires special security enhancements in the facilities it occupies. It pays all costs for the office space and facilities that it uses, and seeks to provide an affordable and productive work environment. In 2006-07, FINTRAC will continue implementation of its integrated facilities plan to ensure that the Centre's facilities meet security and employee requirements and contribute to organizational effectiveness.

## **SECTION III – SUPPLEMENTARY INFORMATION**

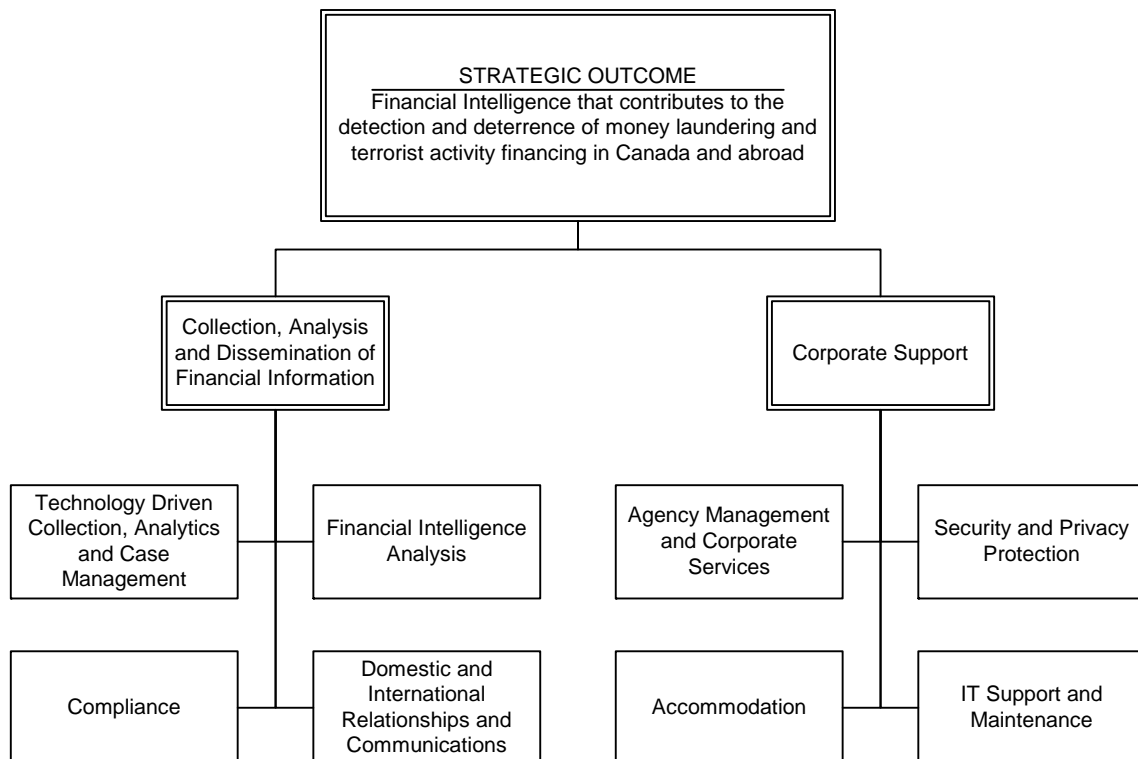
### 3.1 Organizational Information

FINTRAC is established as an independent agency, reporting to Parliament through the Minister of Finance, who is responsible for the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* and its accompanying regulations. The organization is funded through appropriations. The Centre is headquartered in Ottawa and has small regional offices in Montreal, Toronto and Vancouver.

The **Director**, appointed by the Governor-in-Council, is the Chief Executive Officer of the Centre and has all the powers of a deputy head of a department. The Centre has separate employer status. The Director is required to report to the Minister of Finance from time to time, on the exercise of those powers and the performance of duties authorized under the *Act*.

FINTRAC’s organizational structure was revised in late 2005-06 to support the Centre’s evolving program delivery functions and to create a more streamlined, effective and cohesive organization to deliver on the organization’s mandate. As a result, the Centre’s Program Activity Architecture will be updated in 2006-07 to more accurately reflect FINTRAC’s intermediate outcomes and the new accountability structure.

**Figure 1 FINTRAC’s Current Program Activity Architecture**



The **Senior Deputy Director, Operations** has responsibility for the Financial Intelligence Analysis and Compliance sub-activities as well as defining the user requirements for technology driven collection, analytics, and case management systems.

The Financial Intelligence Analysis sub-activity includes all of FINTRAC’s tactical financial intelligence and macro analysis functions for detecting money laundering and terrorist activity financing schemes.

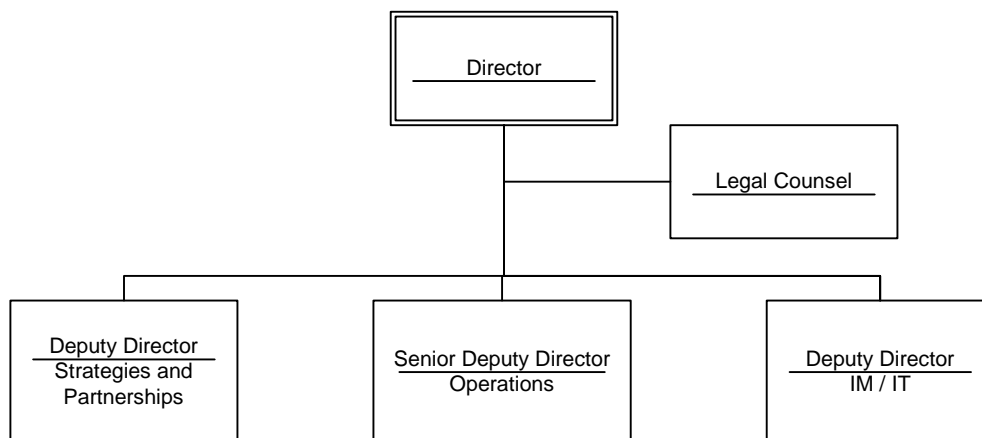
The Compliance sub-activity includes FINTRAC’s regional offices and is responsible for implementing the compliance program and undertaking regional outreach to law enforcement and other key partners.

The **Deputy Director, Strategies and Partnerships** leads the following sub-activities: Domestic and International Relationships and Communications, including Strategic Planning; Agency Management and Corporate Services; Security and Privacy Protection; and Accommodation. The sector carries out corporate management functions including: finance; administration; human resources; communications and security as well as managing relationships with domestic and international partners.

The **Deputy Director, Information Management/ Information Technology (IM/IT)** is responsible for the Technology Driven Collection, Analytics and Case Management and IT Support and Maintenance sub-activities. This sector develops and applies information management and information technology methodologies that support and advance all of FINTRAC’s objectives. It designs, maintains, implements, secures and supports database management systems and systems solutions to meet internal and external end user requirements. In addition, ATIP services are part of IM/IT.

**Legal Services** are provided to the Centre by the General Counsel and three Senior Legal Counsel, who are employees of the Department of Justice. In addition, FINTRAC provides one FTE toward the administration of this office.

**Figure 2 FINTRAC’s Organization Chart**





**Table 1: Agency Planned Spending and Full Time Equivalents**

(\$ millions)	Forecast Spending 2005-2006	<b>Planned Spending 2006-2007</b>	Planned Spending 2007-2008	Planned Spending 2008-2009
Collection, Analysis and Dissemination of Financial Information	18.6	<b>18.9</b>	18.6	18.6
Corporate Support	12.1	<b>12.2</b>	12.1	12.1
Budgetary Main Estimates (gross)	30.7	<b>31.1</b>	30.7	30.7
Less: Respendable revenue				
<b>Total Main Estimates</b>	30.7	<b>31.1</b>	30.7	30.7
<i>Adjustments:</i>				
Supplementary Estimates:				
Operating Budget Carry Forward	1.4			
T.B. Submission asset replacement	1.4			
Economic Increase	0.9			
Budget Announcement:				
ERC – Expenditure Review Exercise	(0.4)			
ERC – Procurement Savings Exercise <sup>(1)</sup>	(0.1)	<b>(0.4)</b>		
National Initiatives to Combat Money Laundering <sup>(2)</sup>		<b>18.7</b>	17.3	16.1
Egmont Group Secretariat (Money Laundering) <sup>(3)</sup>		<b>.3</b>	1.8	1.3
Other				
Employee Benefit Plan (EBP)	0.3			
<i>Total Adjustments</i>	3.5	<b>18.6</b>	19.1	17.4
<b>Total Planned Spending</b>	34.2	<b>49.7</b>	49.8	48.1
Total Planned Spending	34.2	<b>49.7</b>	49.8	48.1
Plus: Cost of services received without charge	1.2	<b>1.7</b>	1.8	1.8
<b>Net cost of Program</b>	35.4	<b>51.4</b>	51.6	49.9
<b>Full Time Equivalents</b>	180	<b>265.4</b>	271	271

- (1) This reflects a reduction to the Centre's planned spending as a result of Treasury Board Secretariat's direction to departments for procurement savings in 2006-07.
- (2) This reflects an increase to the Centre's planned spending as a result of a Budget decision to enhance federal capacity in combating money laundering and terrorist financing. A portion of these resources may be deferred to future years as legislative and policy authorities are required prior to the implementation of operational changes.
- (3) This reflects an increase to the Centre's planned spending as a result of a Budget decision to fund the start-up of the Egmont Group Secretariat in Canada.

**Table 2: Program Activities (\$ millions)**

<b>Program Activity</b>	<b>Operating</b>	<b>Net</b>	<b>Total Main Estimates</b>	<b>Adjustments (planned spending not in Main Estimates)</b>	<b>Total Planned Spending</b>
Collection, Analysis and Dissemination of Financial Information	18.9	18.9	18.9	14.7	<b>33.6</b>
Corporate Support*	12.2	12.2	12.2	3.9	<b>16.1</b>
<b>Total</b>	<b>31.1</b>	<b>31.1</b>	<b>31.1</b>	<b>18.6</b>	<b>49.7</b>

\* Corporate Support includes: agency management and corporate services, IT support and maintenance, security and privacy protection, as well as all costs associated with FINTRAC's office space and facilities.

**Table 3: Voted and Statutory Items listed in Main Estimates**

<b>2006-2007 (\$ millions)</b>			
<b>Vote or Statutory Item</b>	<b>Truncated Vote or Statutory Wording</b>	<b>Current Main Estimates</b>	<b>Previous Main Estimates</b>
30	Program expenditures	<b>28.1</b>	27.7
(S)	Contributions to employee benefit plans	<b>3.0</b>	3.0
	<b>Total Agency</b>	<b>31.1</b>	<b>30.7</b>

**Table 4: Services Received Without Charge**

(\$ millions)	2006-2007
Worker's compensation coverage provided by Human Resources and Social Development Canada	1.7
Other	
<b>2006-2007 Services received without charge</b>	<b>1.7</b>

**Table 5: Summary of Capital Spending by Program Activity**

(\$ millions)	Forecast Spending 2005-2006	Planned Spending <b>2006-2007</b>	Planned Spending 2007-2008	Planned Spending 2008-2009
Collection, Analysis and Dissemination of Financial Information	2.0	<b>1.2</b>	1.2	1.2
Corporate Support	0.2	<b>0.2</b>	0.2	0.2
<b>Total</b>	2.2	<b>1.4</b>	1.4	1.4

## **Table 6: Horizontal Initiatives**

Over the next three years, FINTRAC will be involved in the following horizontal initiatives as a partner:

### **2006-07**

1. Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) regime (partner)
2. Public Security and Anti-Terrorism (PSAT) Initiative (partner)

### **2007-08**

1. Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) regime (partner)
2. Public Security and Anti-Terrorism (PSAT) Initiative (partner)

### **2008-09**

1. Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) regime (partner)
2. Public Security and Anti-Terrorism (PSAT) Initiative (partner)

For further information on the above-mentioned horizontal initiatives see <http://www.tbs-sct.gc.ca/est-pre/estime.asp>

## **Table 7: Internal Audits and Evaluations**

<b>Internal Audits and Evaluations</b>
There are currently no scheduled internal audits or evaluations planned to commence during the 2006-07 fiscal year.