



ESTIMATES

Financial Transactions and Reports Analysis Centre of Canada

**2001-2002
Estimates**

Part III – Report on Plans and Priorities

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The Estimates, which are tabled in the House of Commons by the President of the Treasury Board, consist of three parts:

Part I – The Government Expenditure Plan provides an overview of federal spending and summarizes both the relationship of the key elements of the Main Estimates to the Expenditure Plan (as set out in the Budget).

Part II – The Main Estimates directly support the *Appropriation Act*. The Main Estimates identify the spending authorities (votes) and amounts to be included in subsequent appropriation bills. Parliament will be asked to approve these votes to enable the government to proceed with its spending plans. Parts I and II of the Estimates are tabled concurrently on or before 1 March.

Part III – Departmental Expenditure Plans which is divided into two components:

- (1) **Reports on Plans and Priorities (RPPs)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are to be tabled on or before 31 March and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).
- (2) **Departmental Performance Reports (DPRs)** are individual department and agency accounts of accomplishments achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of public funds.

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Financial Transactions and Reports Analysis Centre of Canada

Report on Plans and Priorities

**For the years
2001/2002 to 2003/2004**

Minister of Finance

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Section I: Messages

Director's Message

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is a newly created agency aimed at detecting and deterring money laundering in Canada. As such, I am pleased to submit to Parliament our first Report on Plans and Priorities, for 2001- 2002.

We have come a long way in a short time, from the proclamation of *Proceeds of Crime (Money Laundering) Act* (PCMLA) at the end of June of last year, to the creation of FINTRAC at the beginning of July 2000, to the pre-publication of the regulations and publication of our draft guidelines in February 2001. This part of the legislative process will culminate in the summer of 2001, when we anticipate the coming into force of the regulations, followed soon thereafter by the initial receipt of suspicious transaction reports as prescribed by the Act.

In the interim, we are actively engaged in developing the infrastructure and systems that will assist us in exercising our mandate. Our recruitment efforts have been ongoing and we are currently at 65 per cent strength in human resources complement. We will use leading-edge information technology, top-notch analytical tools and the expertise of our employees to pursue our objective of responding to the threat of organized crime. This means providing law enforcement with the financial intelligence they need to deprive criminals of the profits from illegal activity. At the same time, we will continue to implement the necessary safeguards to protect our citizens' personal information.

As the impact of the Act and regulations on our partners, and the interdependencies in our lines of business become more evident, we will continue to crystallize our planning process, the result of which will be captured in an updated and resubmitted Planning, Reporting and Accountability Structure later this year. We are also working with our partner organizations to develop an evaluation and accountability framework that will be reflected in future RPPs.

Similarly, FINTRAC will continue to hold consultations with its federal, provincial and private sector stakeholders on various aspects of the regulations and guidelines, and we will further our efforts to develop cooperative relationships with international organizations committed to the fight against transnational money laundering and organized crime. We will also launch a public information program to heighten awareness of money laundering and its effects on Canadian society.

As Canada's financial intelligence unit, we are part of a network of organizations with a stake in the new law. These include financial entities, law enforcement, federal and provincial bodies, privacy advocates, as well as the Canadian public at large. By harmonizing the efforts of these groups, we hope to meet our responsibility to Canadian society to significantly detect and deter money laundering.

Horst Intscher
Director
Financial Transactions and Reports Analysis Centre

MANAGEMENT REPRESENTATION

Report on Plans and Priorities 2001-2002

I submit, for tabling in Parliament, the 2001-2002 Report on Plans and Priorities (RPP) for the

Financial Transactions and Reports Analysis Centre of Canada

To the best of my knowledge, the information:

- Accurately portrays the agency's mandate, priorities, strategies and planned results of the organization.
- Is consistent with the disclosure principles contained in the *Guidelines for Preparing a Report on Plans and Priorities*.
- Is comprehensive and accurate.
- Is based on sound underlying departmental information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the RPP's production.

The Planning and Reporting Accountability Structure (PRAS) on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

Name: _____

Date: _____

Section II: Centre Overview

2.1 Mandate, Roles and Responsibilities

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) was established by the *Proceeds of Crime (Money Laundering) Act (PCMLA)*, Chapter 17, Statutes of Canada 2000.

The key objectives of the Act are:

1. To implement specific measures to detect and deter money laundering and to facilitate the investigation and prosecution of money laundering offences.
2. To respond to the threat posed by organized crime by providing law enforcement officials with the information they need to deprive criminals of the proceeds of their criminal activities while ensuring the appropriate safeguards are in place to protect personal privacy.
3. To assist in fulfilling Canada's international commitments in the fight against transnational organized crime.

The Act:

1. establishes the Financial Transactions and Reports Analysis Centre of Canada;
2. requires a wide range of financial institutions and intermediaries to keep records, to identify clients and to report suspicious and prescribed financial transactions;
3. requires persons to declare the cross-border movement of large amounts of currency or monetary instruments to the Canada Customs and Revenue Agency (CCRA). These reports will be forwarded to FINTRAC;
4. provides authority to pass regulations concerning the nature and extent of record keeping and reporting to FINTRAC and to bring additional business entities or activities under coverage of the Act;
5. provides a high degree of privacy protection of information reported to FINTRAC.

Along with the suspicious and prescribed financial reports, the legislation enables FINTRAC to receive and use information that is voluntarily provided to FINTRAC such as tips from law enforcement and other agencies as well as the public about suspicious transactions.

The Minister of Finance is responsible FINTRAC.

The legislation strikes a balance between safeguarding the rights of Canadians, protected by the *Charter of Rights and Freedoms*, and the needs of law enforcement in investigating money laundering offences.

FINTRAC's legislative mandate is to:

- collect, analyse, assess and, where appropriate, disclose information relevant to the investigation and prosecution of money laundering offences;

- act at arm's length from law enforcement agencies and other entities (i.e. police, CCRA, Canadian Security Intelligence Service (CSIS) and the Department of Citizenship and Immigration (CIC)) to which it is authorised to disclose information;
- ensure that personal information under its control is protected from unauthorised disclosure;
- enhance public awareness and understanding of matters related to money laundering; and
- ensure compliance with the record keeping and reporting obligations.

Failure by reporting entities to report prescribed or suspicious financial transactions, as set out in the Act, can result in significant fines or jail terms. FINTRAC will work closely with reporting entities to support their efforts to implement a compliance regime to assist them in meeting their obligations under the Act and Regulations.

In operationalizing the legislative mandate, FINTRAC has adopted the following principles. FINTRAC will:

- Strive to become a centre of expertise in the analysis of financial and other data to identify suspicious transactions associated with money laundering activities, and to enhance awareness and understanding of matters related to money laundering.
- Safeguard the personal privacy of individuals and protect their records from unauthorized disclosure.
- Operate at arms length from law enforcement agencies.
- Develop relationships with domestic and international entities to obtain and exchange data, information, and knowledge.

FINTRAC was officially established on July 5th, 2000. During 2000-2001, FINTRAC has been recruiting staff and expects to have a full complement of approximately 100 FTEs by the end of 2001-2002. At the same time, FINTRAC has been focusing on developing information technology to assist in the analysis of the reports received from reporting entities.

Owing to the strong transnational character of money laundering, information sharing among Financial Intelligence Units (FIUs) is a key component of an effective strategy to detect the flow of illicit funds and instruments. To that end, the *PCMLA* provides for the establishment of agreements to exchange information with other FIUs, provided certain criteria are met.

The *PCMLA* was developed after extensive consultations with the provinces and territories and stakeholders throughout Canada. Similarly, representatives from the Department of Finance, FINTRAC, together with other government representatives, have held subsequent consultations with stakeholders on the regulations, beginning with a Consultation Paper released to the public in December 1999.

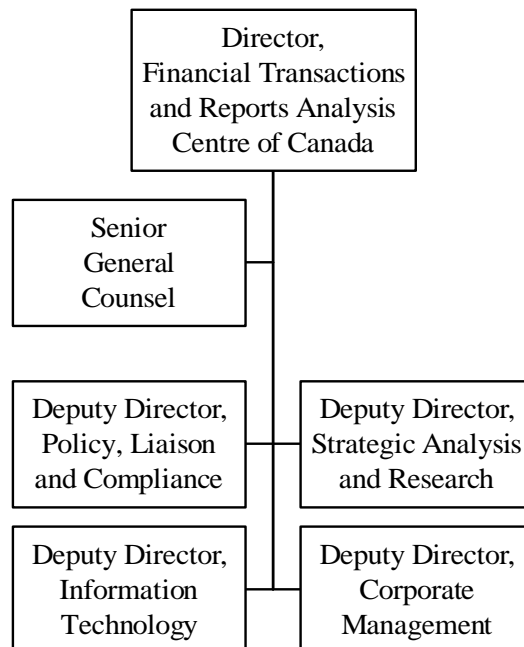
2.2 Objectives

The Financial Transactions and Reports Analysis Centre of Canada (the Centre) was established as an independent agency with a mandate to collect, analyse, assess and disclose information in order to assist in the detection, prevention and deterrence of money laundering. The Centre's mandate includes ensuring compliance with the record keeping and reporting requirements set out in the *Proceeds of Crime (Money Laundering) Act and Regulations* and enhancing awareness and understanding of matters related to money laundering. The Centre's mandate also requires it to ensure that personal information under its control is protected from unauthorized disclosure.

FINTRAC's program objectives are to:

- establish a state of the art information technology facility to receive and analyse transaction reports
- after analysis, and where appropriate, disclose designated information to law enforcement agencies to assist in the investigation or prosecution of money laundering offences
- communicate with reporting entities about their obligations, and monitor compliance with the Act
- develop guidelines to assist reporting entities to identify suspicious transactions
- liaise and meet national, foreign and international organisations to exchange information on emerging trends
- enter into agreements with institutions and agencies of foreign states that have powers and duties similar to those of the Centre to exchange information that would be relevant to the investigation or prosecution of money laundering offences
- plan and implement a communications strategy to enhance awareness and understanding of matters related to money laundering

2.2.1 Organization Chart



2.2.2 Centre Structure

FINTRAC is headed by a Director appointed by Governor in Council to be the Chief Executive Officer of FINTRAC, with the rank and powers of a Deputy Head of a department. FINTRAC is comprised of four functional areas – Strategic Research and Analysis; Information Technology; Policy, Liaison and Compliance; and Corporate Management – each headed by a Deputy Director. The following provides an overview of the responsibilities and activities of each of the four areas.

Strategic Research and Analysis

Strategic Research and Analysis is responsible for developing and implementing data and case analysis frameworks in order to analyse the data that will be reported to FINTRAC pursuant to the Act and Regulations. This work also includes analysis to identify suspicious transactions, assess general trends and patterns of activity, and prepare recommendations for disclosures to law enforcement agencies.

Information Technology

The Information Technology area is charged with developing and applying information management and information technology methodologies that will support and advance FINTRAC's objectives. This area will design and implement procedures and controls to ensure and protect the safety and security of all information, while also ensuring the secure transmission of data between reporting entities and FINTRAC. It is also responsible for designing, maintaining and implementing database management systems and building and managing custom applications to meet internal and external end user requirements.

Policy, Liaison and Compliance

The Policy area is tasked with identifying strategic policy issues to be addressed in legislation, regulations, guidelines and internal operating procedures such as disclosure policy and procedures. This area will develop a framework for establishing and maintaining international networks and multi-lateral relationships.

Liaison activities will focus on fostering and managing positive relationships with reporting entities and law enforcement agencies. This section will also work to establish Memoranda of Understanding (MOUs) with national, foreign and international organizations that maintain databases in order to facilitate the collection of information to assist FINTRAC in its analysis.

The Compliance Section has the responsibility of ensuring that reporting entities meet the requirements of the *PCMLA*. The Compliance Sector will work closely with reporting entities to support their efforts to implement a compliance regime that will assist them in meeting their obligations under the Act and Regulations. As stated earlier, failure to report prescribed or suspicious financial transactions can result in significant fines or jail terms.

Through Public Affairs, FINTRAC will use a strategic communications approach to inform and educate its stakeholders and the general public on FINTRAC's activities in combating money laundering in Canada and abroad. FINTRAC will also establish a web site as a means by which to disseminate information to reporting entities and other stakeholder groups, and create outreach products and training tools to assist in liaison and compliance activities.

Corporate Management

The Corporate Management area encompasses Human Resources, Finance and Administration, Security and the Corporate Secretariat. Human Resources will ensure that appropriate HR systems, policies and procedures are in place to promote FINTRAC as an employer of choice, to respect employee rights, and to foster organizational wellness.

The Financial operations of this area will advise FINTRAC's Executive on all financial and administrative aspects of strategic and operational planning and priorities.

Security is responsible for designing, managing and monitoring policies and procedures to protect FINTRAC's premises, information systems and provide secure access to employees and other authorised persons.

The Corporate Secretariat will manage the *Access to Information and Privacy Acts* (ATIP) portfolio and FINTRAC's library. In addition, the Corporate Secretariat will provide support to FINTRAC's Advisory Council and Operational Committee.

2.3 Planning Context

The National Initiatives to Combat Money Laundering (the National Initiatives) reflects a coordinated and collaborative project involving a number of critical partners, including partners in the federal government. Those federal partners are the RCMP, the Canadian Customs and Revenue Agency (CCRA), the Canadian Security Intelligence Service (CSIS), the Department of Justice, the Department of Citizenship and Immigration and the Department of Finance.

In an effort to guide the current and future development and monitoring of the National Initiatives, the Department of Finance is leading the preparation of a comprehensive evaluation framework.

The *PCMLA* requires that there be a review of the administration and operation of the Act within five years after section 72 of the Act comes into force. A committee of Parliament will carry out the review of the Act and make recommendations to Parliament concerning any amendments to the Act or changes to its administration that the committee determines are required.

2.4 Centre Planned Spending

(\$ millions)	Forecast Spending 2000- 2001	Planned Spending 2001- 2002	Planned Spending 2002-2003	Planned Spending 2003-2004
Budgetary Main Estimates (gross)	18.0	22.5	20.0	15.0
Less: Respendable revenue	0.0	0.0	0.0	0.0
Total Main Estimates	18.0	22.5	20.0	15.0
Adjustments **	0.0	0.0	0.0	0.0
Net Planned Spending	18.0	22.5 *	20.0	15.0
Plus: Cost of services received without charge	0.3	0.5	0.5	0.5
Net cost of Program	18.3	23.0	20.5	15.5

Full Time Equivalents	70	100	100	100
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* Reflects the best forecast of total net planned spending to the end of the fiscal year.

** Adjustments are to accommodate approvals obtained since the Main Estimates and are to include Budget initiatives, Supplementary Estimates etc.

Section III: Departmental Plans, Results, Activities and Resources

3.1 Business Line Details

Business Line Title

Detection and deterrence of laundering of proceeds of crime.

Business Line Objectives	Key Results Commitments
<ul style="list-style-type: none">• Receipt and collection of information and ensuring the protection of personal information under the control of FINTRAC from unauthorised disclosure.• Analysis and assessment of transaction reports and other information received by FINTRAC to identify patterns or activities that give rise to a suspicion of money laundering.• Disclosures of designated information to the appropriate law enforcement agencies where FINTRAC has reasonable grounds to suspect that the information would be relevant to the investigation or prosecution of money laundering offences.• Disclosure of designated information to institutions and agencies of a foreign state that have powers and duties similar to those of FINTRAC, with whom there is an agreement or arrangement to that effect, when FINTRAC has reasonable grounds to suspect that the information would be relevant to the investigation or prosecution of money laundering or similar offences.• The implementation of an information strategy to enhance awareness and understanding of matters related to money laundering.	<ul style="list-style-type: none">• Analyses and assessments of information to detect activities and behaviours involved in money laundering.• Determinations that there are reasonable grounds to suspect that information about certain financial transactions would be relevant to the investigation and prosecution of a money laundering offence.• Disclosure to law enforcement agencies of designated information suspected to be relevant to the prosecution of a money laundering offence.• Establishment of relationships with domestic, foreign and international entities to increase knowledge of evolving money laundering initiatives.• Enhanced public awareness and understanding of matters related to money laundering including its effects on the Canadian society

3.2 Key Results Commitments, Planned Results and Related Activities

Key Results Commitments	Planned Results	Related Activities
Analyses and assessments of information to detect activities and behaviours involved in money laundering	<ul style="list-style-type: none"> • A high level of compliance by reporting entities • Effective processes for receipt of reports and collection of other information • Effective and timely analyses and assessments, adding value to transaction information 	<ul style="list-style-type: none"> • Establishment and operation of a reporting entity compliance regime • Establishment and operation of report receipt and other data collection strategies • Establishment and operation of analytical strategies • Employment and development of qualified analysts • Establishment and operation of IT systems to support receipt, acquisition and analysis of data, and case management
Determinations that there are reasonable grounds to suspect that information about certain financial transactions would be relevant to the investigation and prosecution of a money laundering offence	<ul style="list-style-type: none"> • Timely reviews and decisions on cases 	<ul style="list-style-type: none"> • Establishment and operation of decision and review processes • Establishment and operation of IT systems to support decision processes
Disclosure to law enforcement agencies of designated information suspected to be relevant to the investigation or prosecution of a money laundering offence	<ul style="list-style-type: none"> • Timely disclosure of appropriate information to appropriate agencies 	<ul style="list-style-type: none"> • Establishment and operation of strategy for determining appropriate recipient agency or agencies • Establishment and operation of disclosure mechanism, including IT components

Key Results Commitments	Planned Results	Related Activities
Establishment of relationships with domestic, foreign and international entities to increase knowledge of evolving money laundering initiatives	<ul style="list-style-type: none"> • Effective working relationships with domestic, foreign and international entities • Improvements in knowledge of evolving money laundering activities 	<ul style="list-style-type: none"> • MOUs established, where appropriate, to formalize relationships with domestic entities • MOUs established, where appropriate, to formalize relationships with foreign financial intelligence units and other entities • MOUs established, where appropriate, to formalize relationships with multinational anti-money laundering organizations • Establishment and operation of other mechanisms, where appropriate, to facilitate interactions with domestic entities • Establishment and operation of IT systems to support exchange and use of information • Exchanges of information in accordance with MOUs and other mechanisms
Enhanced public awareness and understanding of matters related to money laundering including its effects on Canadian society	<ul style="list-style-type: none"> • Improved public awareness of the nature and impact of money laundering • Increased public support for anti-money laundering activities 	<ul style="list-style-type: none"> • Establishment and operation of a Communications strategy, including: <ul style="list-style-type: none"> • Internet website • Brochures • Bulletins & fact sheets • Media interviews • Conference presentations • Public opinion research

Section IV: Joint Initiatives

4.1 Collective Initiatives

Collective Initiative	Key Result Commitment	List of Partners	Money allocated to Partners (\$thousands) 2001-2002	Planned Results
National Initiatives to Combat Money Laundering		<ul style="list-style-type: none"> • Department of Finance • Department of Justice • Canada Customs and Revenue Agency • Citizenship and Immigration Canada • Royal Canadian Mounted Police 	<ul style="list-style-type: none"> • 300 • 1,200 • 6,000 • 700 • 4,900 	<ul style="list-style-type: none"> • support Canada's anti-money laundering commitments • increase in prosecutions related to organized crime • cross-border currency reporting and increased tax and duty evasion investigations • denying the use of Canadian territory to money launderers • increased investigations of organised crime

Section V: Financial Information

5.1 Net Cost of Program

(\$ millions)	Total
Net Planned spending (Main Estimates plus Adjustments)	22.5
<i>Plus: Services Received without Charge</i>	
Accommodation provided by Public Works and Government Services Canada	0.0
Contributions covering employer's share of employees' insurance premiums and expenditures paid by TBS	0.5
Workman's compensation coverage provided by Human Resources Canada	0.0
Salary and associated expenditures of legal services provided by Justice Canada	0.0
2001-2002 Net cost of Program	23.0

Section VI: Other Information available on the Internet

- 6.1 Proceeds of Crime (Money Laundering) Regulations – Consultation Paper**
http://www.fin.gc.ca/toce/1999/monlaun_e.html
- 6.2 *Proceeds of Crime (Money Laundering) Act, Ch. 17, Statutes of Canada, 2000***
http://www.parl.gc.ca/36/2/parlbus/chambus/house/bills/government/C-22/C-22_4/C-22_cover-E.html
- 6.3 *An Act to amend the Proceeds of Crime (Money Laundering) Act, Bill S-16.***
http://www.parl.gc.ca/37/1/parlbus/chambus/house/bills/government/S-16/S-16_1/90125bE.html
- 6.4 Proposed Proceeds of Crime (Money Laundering) Regulations**
<http://www.fintrac.gc.ca/en/static/regulations.htm>
- 6.5 Guidelines for Reporting and Compliance**
<http://www.fintrac.gc.ca/en/static/guidelines.htm>
- 6.6 Contact:**

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