

# Financial Transactions and Reports Analysis Centre of Canada

2017–18

## **Departmental Results Report**

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The Honourable William Francis Morneau, P.C., M.P.  
Minister of Finance

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## Director and Chief Executive Officer's message



I am pleased to submit to Parliament and Canadians the Departmental Results Report for the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) for 2017–18.

As Canada's financial intelligence unit and anti-money laundering/anti-terrorist financing regulator, FINTRAC plays a critical role in combatting money laundering, terrorism financing and threats to the security of Canada.

Over the past year, the Centre provided 2,466 disclosures of actionable financial intelligence in support of priority money laundering and terrorist financing investigations across the country. Our contributions were recognized publicly by several law enforcement agencies as providing valuable assistance to criminal investigations that led to successful disruption of money laundering

schemes.

With the information we receive from Canadian businesses and through our financial intelligence disclosures, the Centre also generated critical strategic intelligence for police, national security agencies and federal decision-makers, as well as operational briefs and alerts and other strategic information to support the compliance efforts of businesses across the country.

The impressive results that FINTRAC achieves for Canadians would not be possible without the dedicated efforts of Canadian businesses subject to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA). They are on the front lines of Canada's legitimate economy and are indispensable to our work and our ability to prevent and deter nefarious individuals and organizations from using Canada's legitimate economy to launder the proceeds of their crimes or finance terrorist activities. We are committed to working with these businesses to ensure that they understand and comply with their legal obligations. We are also committed to engaging with them transparently and with an open mind as we look to reduce burden and further strengthen our operations.

As FINTRAC's new Director and Chief Executive Officer, I am honored to share the impressive results that the Centre achieved for Canadians and to congratulate FINTRAC's highly skilled and dedicated workforce for the successes achieved in the past fiscal year.

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Nada Semaan  
Director and Chief Executive Officer



## Results at a glance

### What funds were used?

**\$55,247,790**

(FINTRAC's actual spending for  
2017–18)

### Who was involved?

**366**

(FINTRAC's actual FTEs for  
2017–18)

### Results Highlights

#### Financial Intelligence Program

- In 2017–18, FINTRAC made **2,466 disclosures** of financial intelligence to partners.
- Disclosures of financial intelligence contributed to **262 project-level investigations** across Canada
- **2,397** voluntary information records were received from **law enforcement** and **national security partners**, as well as from the public.
- **92% of feedback** from disclosure recipients indicated that the FINTRAC disclosure provided information that was **actionable**.

#### Compliance Program

- FINTRAC conducted **500 compliance examinations** to assess the effectiveness of the compliance measures put in place by reporting entities.
- **63% of follow-up examinations** showed improvement over the previous examination
- **374 policy interpretations** were issued to assist with compliance.
- Responses were provided to **6,652 enquiries** from businesses subject to obligations under the PCMLTFA.

#### Internal Services

- Several key aspects of FINTRAC's Departmental Security Plan were implemented to **enhance the protection** of personnel, information, systems, and services.
- **91.1% participation** rate of the 2017 **Public Service Employee Survey**, the highest amongst small, medium, and large departments and agencies in the public service.
- Launched new Twitter accounts (**@FINTRAC\_Canada** and **@CANAFE\_Canada**) to better connect with businesses and Canadians.

For more information on FINTRAC's plans, priorities and results achieved, see the "[Results: what we achieved](#)" section of this report.





## Raison d'être, mandate and role: who we are and what we do

### Raison d'être

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is Canada's financial intelligence unit (FIU). The Centre assists in the detection, prevention and deterrence of money laundering and the financing of terrorist activities. FINTRAC's financial intelligence and compliance functions are a unique contribution to the safety of Canadians and the protection of the integrity of Canada's financial system.

FINTRAC acts at arm's length and is independent from the police services, law enforcement agencies and other entities to which it is authorized to disclose financial intelligence. It reports to the Minister of Finance, who is in turn accountable to Parliament for the activities of the Centre.

### Mandate and role

FINTRAC was established by, and operates within the ambit of, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and its Regulations. The Centre is one of several domestic partners in Canada's anti-money laundering and anti-terrorist financing (AML/ATF) regime, which is led by the Department of Finance.

### Responsibilities

FINTRAC fulfills its mandate by engaging in the following activities:

- Ensuring compliance of reporting entities with the legislation and regulations;
- Receiving financial transaction reports and voluntary information in accordance with the legislation and regulations;
- Producing financial intelligence relevant to investigations of money laundering, terrorist activity financing and threats to the security of Canada;
- Researching and analyzing data from a variety of information sources that shed light on trends and patterns in money laundering and terrorist activity financing;
- Safeguarding personal information under its control;
- Maintaining a registry of money services businesses in Canada; and
- Enhancing public awareness and understanding of money laundering and terrorist activity financing.

In addition, FINTRAC is part of the Egmont Group, an international network of financial intelligence units that collaborate and exchange information to combat money laundering and terrorist activity financing. FINTRAC also contributes to other multilateral fora such as the Financial Action Task Force (FATF), the Asia-Pacific Group on Money Laundering and the

Caribbean Financial Action Task Force, participating in international policy making and the provision of technical assistance to other FIUs.

For more general information about FINTRAC, see the “[Supplementary information](#)” section of this report.

## **Protecting the Privacy of Canadians**

The PCMLTFA strikes a careful balance between FINTRAC’s receipt and disclosure of personal information to support essential criminal and national security investigations and the right of Canadians to be protected from unnecessary invasions of their privacy.

The safeguarding of personal information is an overarching and fundamental consideration in all aspects of the Centre’s operations. Clear principles for the protection of privacy are set out in the PCMLTFA, including requirements for maintaining and disposing of records, and strict limitations on the disclosure of information.

## **Office of the Privacy Commissioner Audit**

FINTRAC is the only federal agency whose governing legislation requires a biennial audit by the Office of the Privacy Commissioner (OPC) of the measures it takes to safeguard the personal information that it receives under its Act. In September 2017, the OPC completed and published its third review of the Centre’s privacy protection measures.

In its audit report, the OPC concluded that “the Centre has made significant efforts to enhance its personal information handling practices, resulting in improvements in privacy protections.” At the same time, the audit identified a limited number of instances of reports received by FINTRAC that did not meet reporting thresholds.

The OPC audit also focused on the shared responsibility that FINTRAC and Shared Services Canada (SSC) have for the protection of personal information, given that ownership of the infrastructure supporting the Centre’s core systems and electronic data holdings was transferred to SSC in 2012. As a result of this change, the audit recommended that FINTRAC and SSC work together to clearly define the roles and responsibilities of the two organizations to ensure security and privacy in relation to FINTRAC’s data holdings, and that the Centre initiate a formal request for the certification and accreditation of Shared Services Canada’s information technology infrastructure.

FINTRAC welcomed the seven recommendations in the Privacy Commissioner’s audit report, and committed to implementing measures to address them, to further strengthen its comprehensive approach to safeguarding the personal information of Canadians.

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## Operating context and key risks

### Operating context

The world's financial systems are rapidly evolving. With the advent of big data, predictive analytics, distributed systems, and new payment platforms and digital currencies, the financial services industry is seeing an unprecedented level of digital change. In particular, FinTech – the name given to start-ups and more established companies using technology to make financial services more effective and efficient – is expanding rapidly, blurring the industry's boundaries and forcing both banking officials and regulators to address issues of changing payment systems and mobility.

With the increasing speed of change and the application of technology challenging traditional concepts of privacy and data security there is an increasing risk that organized crime groups, cyber criminals, human traffickers and terrorist organizations, among others, may be growing more sophisticated, seeking to manipulate any vulnerability in the financial system which would allow them to more easily integrate and launder the proceeds of their crimes into the legitimate economy. More so, serious and organized crime has sought to exploit professional facilitators to support the growth of their criminal enterprises, conceal illicit wealth and complicate law enforcement efforts.

Similarly, terrorism is an enduring global challenge that continues to evolve. Technology is facilitating online radicalisation as well as terrorist funding. In this context, terrorist groups and lone actors continue to seek to exploit financial services and products to fund travel to and activities in conflict zones.

Amendments to the PCMLTFA in 2014 and 2015 enhanced FINTRAC's ability to disclose financial intelligence to regime partners on threats to the security of Canada and provided the Centre with the ability to disclose information to provincial securities regulators. In Budget 2014 and 2015, the Government announced that new regulations would be developed, including in relation to foreign money services businesses, prepaid access products and entities dealing in virtual currencies.

FINTRAC continues the process of aligning its operations and business processes to increase its efficiency and effectiveness. To support these efforts, the implementation of a new state-of-the-art analytics system is a key priority for FINTRAC and its impact will be sweeping and long lasting. The new analytics system is expected to be in production in 2018–19 and will bring efficiency through the automation of manual work and allow for the full use of the Centre's data and knowledge.

FINTRAC is also working closely with Shared Services Canada to upgrade its legacy infrastructure and to implement a number of Government of Canada modernization initiatives.

## Key risks

As Canada’s financial intelligence unit and a partner in Canada’s anti-money laundering and anti-terrorist financing regime, FINTRAC operates in a dynamic, constantly changing environment. In seeking to be proactive in identifying risks and opportunities, FINTRAC must anticipate and assess internal and external risk factors that can affect the design and delivery of its programs and the achievement of its strategic outcome.

FINTRAC’s approach to the identification, assessment and management of risks supports the use of risk information on a systematic and continuous basis and allows for oversight and collaboration in managing common risk elements. The Centre’s risk management strategies aim to reduce the probability of occurrence and provide a greater level of comfort with the remaining risk exposure.

In 2017–18, FINTRAC completed a thorough review and prioritization of its corporate risks and identified the following three risk areas as those having the greatest significance to the Centre in relation to achieving its objectives.

### Key risks

Risks	Mitigating strategy and effectiveness	Link to the department’s Programs	Link to mandate letter commitments and any government-wide or departmental priorities
<p><b>Business Processes and Systems Risk –</b> There is a risk that FINTRAC’s business processes and systems may not be able to deliver on the Centre’s current mandate or adapt to future innovations and enhancements in business requirements.</p>	<p>In the context of a rapid pace of change within financial services (ex. Fin Tech) and the need to increase interoperability with reporting entities, FINTRAC must continuously modernize its business processes and systems to safely receive, protect, optimize and dispose of its information assets. To ensure that FINTRAC’s business processes and systems support the Centre’s current and future ability to deliver its programs, FINTRAC employs a multifaceted mitigation strategy which includes:</p> <ul style="list-style-type: none"> <li>• Conducting technical analysis to ensure the Centre has the tools and resources required to address day-to-day operational issues and to provide input into future business processes and systems;</li> <li>• Implementing a five-year Investment Plan, including continuous investment in infrastructure;</li> <li>• Submitting a three-year Information</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Intelligence Program</li> <li>• Compliance Program</li> <li>• Internal Services</li> </ul>	<p>FINTRAC priority:</p> <ul style="list-style-type: none"> <li>• Modernize the Centre’s analysis and systems to support an ever-changing environment.</li> </ul> <p>Budget 2017:</p> <ul style="list-style-type: none"> <li>• Strengthening Canada’s Anti-Money Laundering and Anti-Terrorist Financing regime;</li> <li>• Preparing for the Digital Economy; and</li> </ul>

	<p>Technology (IT) Plan to Treasury Board Secretariat (TBS), highlighting all Information Management/IT initiatives and where Shared Services Canada (SSC) support will be required. Prioritization information is also submitted to TBS, along with the IT Plan;</p> <ul style="list-style-type: none"> <li>• Working closely with SSC and partners concerned with protecting National Security to identify potential synergies; and</li> <li>• Ensuring that project decision for the implementation of the new analytical system is guided by its comprehensive threat and risk assessment and the risk mitigation strategy.</li> </ul>		<ul style="list-style-type: none"> <li>• Canada's Digital Future.</li> </ul>
<p><b>Resource Management Risk</b> – There is a risk that FINTRAC will be unable to attract and retain an adaptable, skilled and engaged workforce, and equip them with the tools and resources needed to successfully deliver programs and services.</p>	<p>FINTRAC places a strong focus on the effective management of both human and financial resources especially during periods of change and transformation. As a small organization, FINTRAC faces many challenges and limitations regarding its human resources capacity and its flexibility to cash manage funds. To ensure that FINTRAC can manage its resource management risks, particularly through periods of transformation, and ensure the effective stewardship of public resources, the Centre employs a range of controls, including:</p> <ul style="list-style-type: none"> <li>• Human Resources planning strategies that include demographics analysis, staffing forecasts, and succession planning to anticipate and respond to capacity and change management issues;</li> <li>• Ongoing investment in customized, sector-specific training and professional development that supports continuous learning that meets current and emerging business priorities;</li> <li>• Comprehensive resource management framework, including forecasts and spending review;</li> <li>• Budget and workforce discussions at Management Committees; and</li> <li>• Monitoring, analysis and advice of Financial and HR Advisors to support program and service management.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Intelligence Program</li> <li>• Compliance Program</li> <li>• Internal Services</li> </ul>	<p>FINTRAC priorities:</p> <ul style="list-style-type: none"> <li>• Grow our talent;</li> <li>• Renew our workforce; and</li> <li>• Facilitate partner collaboration to achieve common objectives.</li> </ul>
<p><b>Security and Privacy Risk</b> – There is a risk that the information entrusted to FINTRAC may be improperly accessed, used, obtained and/or compromised.</p>	<p>FINTRAC employs a comprehensive suite of safeguards and controls to address security and privacy risk from both internal and external threats. Some of the most important of these include:</p> <ul style="list-style-type: none"> <li>• FINTRAC's Personnel Security Program ensures that all personnel and contractors are screened to appropriate levels;</li> <li>• Information Management and Security programs that provide direction and guidance</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Intelligence Program</li> <li>• Compliance Program</li> <li>• Internal Services</li> </ul>	<p>FINTRAC priorities:</p> <ul style="list-style-type: none"> <li>• Modernize the Centre's analysis and systems to support an ever-changing environment; and</li> <li>• Facilitate partner collaboration to</li> </ul>

	<p>on the capture, storage, protection, access to, classification, dissemination and eventual disposition of all information;</p> <ul style="list-style-type: none"> <li>• Business Continuity Plans are in place for all critical functions or services with strategies and action plans to mitigate the impact of any incident and resume operations in a reasonable amount of time; and</li> <li>• A Privacy Management Framework is in place to ensure that privacy protection is reflected in all aspects of program operations.</li> </ul>		<p>achieve common objectives.</p> <p>Budget 2017:</p> <ul style="list-style-type: none"> <li>• Protecting Canadians and Canada's Critical Infrastructure</li> </ul>
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## Results: what we achieved

### Programs

#### Financial Intelligence Program

##### Description

FINTRAC’s Financial Intelligence Program, mandated by the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), is a component of the broader national security and anti-crime agenda. The program strives to disrupt the ability of criminals and terrorist groups that seek to abuse Canada’s financial system and to reduce the profit incentive of crime. The main method of intervention used by the program is to analyze reported financial transactions and other information the Centre is authorized to receive under the PCMLTFA to produce financial intelligence products including tactical case disclosures that are relevant to the investigation or prosecution of money laundering and terrorist activity financing, and strategic intelligence products that broaden understanding in respect to the nature, scope and threat posed by money laundering and terrorism financing.

##### Results

In 2017–18, FINTRAC provided 2,466 disclosures of actionable financial intelligence to its regime partners, an increase of 22 percent from the previous year and 49 percent over the past three years. Of these, 1,821 were associated solely with money laundering, 447 dealt with cases of terrorist activity financing and other threats to the security of Canada, and 198 had associations with all three areas.

Throughout the year, the Centre’s case disclosures contributed to a significant number of investigations at the federal, provincial and municipal levels across the country including 262 project-level investigations. Canadian police forces — particularly the Royal Canadian Mounted Police — continue to be the main recipients of FINTRAC’s financial intelligence.

#### The contribution of FINTRAC’s financial intelligence to Police and National Security investigations

**“FINTRAC provided timely and relevant information that greatly assisted with the investigation and prosecution of several individuals associated with Project CARTELLA.”**

— Peel Regional Police

FINTRAC maintains productive working relationships with its police, law enforcement and national security partners to ensure that its financial intelligence is relevant, timely and valuable. The Centre continually seeks feedback on its disclosures from partners at the municipal, provincial and federal levels. In 2017–18, FINTRAC received 662 disclosure feedback forms with the level of positive feedback from partners exceeding expectations.

During the year, FINTRAC conducted 90 outreach visits with disclosure recipients and delivered 50 presentations at different courses, conferences and symposiums, including ongoing presentations at the Canadian Police College as well as the Intelligence Analyst Learning Program run by the Privy Council Office. These engagements provided the opportunity for FINTRAC to demonstrate the value of financial intelligence in assisting law enforcement investigations. Municipal, provincial and federal law enforcement agencies as well as several foreign Financial Intelligence Unit partners have provided positive feedback on the value and benefit of FINTRAC’s outreach.

**Feedback on FINTRAC’s outreach at the RCMP Financial Crime Course**

**“Great overview, great work shop/scenario. I have a much better understanding of FINTRAC and how it can assist my investigations.”**

**“Every presentation should be like this. A lot of valuable information for investigations, it will be useful.”**

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A significant success for FINTRAC’s Financial Intelligence Program has been Project Protect. Launched in 2016, Project Protect is a unique public-private sector partnership that targets human trafficking in the sex trade by focusing on the money laundering aspect of the crime. In collaboration with Canada’s major banks and law enforcement, FINTRAC developed an [Operational Alert](#)<sup>1</sup>, Indicators: The laundering of illicit proceeds from human trafficking for sexual exploitation. The publication has helped to significantly increase awareness of financial transaction patterns that may be linked to money laundering related to human trafficking in the sex trade so that businesses recognize when to submit a suspicious transaction report to the Centre.

With the increased suspicious transaction reporting from Canadian businesses, FINTRAC was able to provide 142 disclosures of actionable financial intelligence to Canada’s municipal, provincial and federal police forces in 2017–18 in support of their human trafficking investigations. This is an increase of 19 percent from the previous year and an overall increase of 450 percent since the project was established.

Project Protect is the first of its kind in the world and it has received tremendous international interest in understanding and replicating it. Given its success, it has also led to the creation of similar initiatives such as Project Guardian, a public-private partnership targeting the trafficking of fentanyl, and Project Chameleon, a public-private initiative that focuses on romance fraud. Project Guardian and Project Chameleon were both launched in 2017–18.

In addition to case disclosures, FINTRAC also produces valuable strategic financial intelligence that uses sophisticated analytical techniques to identify emerging characteristics, trends and tactics used by criminals to launder money or fund terrorist activities. In 2017–18, the Centre



produced 18 strategic financial intelligence assessments and reports to support the Centre’s own intelligence work as well as that of the Canadian security and intelligence community. In addition, FINTRAC provided strategic financial intelligence to the Department of Finance Canada, as the lead of Canada’s anti-money laundering and anti-terrorist financing regime, including on the involvement of lawyers in money laundering and risks related to foreign beneficial ownership issues. Lastly, FINTRAC also produced extensive strategic intelligence to assist Canadian businesses in understanding the potential risks and vulnerabilities in their sectors and in complying with their obligations under the Act.

#### Results achieved

Expected results	Performance indicators	Target	Date to achieve target	2017–18 Actual results	2016–17 Actual results	2015–16 Actual results
Disclosures of financial intelligence make an important contribution to investigations of money laundering and terrorist financing.	Percentage of disclosure recipients indicating disclosure provided information that was helpful to the investigation.	80%	2017–18	93%	92%	92%
	Percentage of disclosure recipients indicating that information provided was actionable.	80%	2017–18	92%	93%	93%
Strategic financial intelligence products align with the priorities of investigators, intelligence analysts, policy and decision-makers.	Percentage of primary recipients indicating increased awareness and understanding of ML/TF subject matter as a result of FINTRAC’s strategic financial intelligence products.	NA <sup>1</sup>	2017–18	N/A <sup>1</sup>	100%	Not available

<sup>1</sup> Indicator targets and data are not available for 2017–18 due to changes in calculation methodology. The indicator has been replaced for 2018–19 and future years as part of FINTRAC’s Departmental Results Framework.

Budgetary financial resources (dollars)

2017–18 Main Estimates	2017–18 Planned spending	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2017–18 Difference (Actual spending minus Planned spending)
23,038,953	24,123,606	25,546,332	25,228,215	1,104,609

Human resources (full-time equivalents)

2017–18 Planned full-time equivalents	2017–18 Actual full-time equivalents	2017–18 Difference (Actual full-time equivalents minus Planned full-time equivalents)
162	166	4

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## Compliance Program

### Description

FINTRAC's Compliance Program is responsible for ensuring compliance with Part 1 and Part 1.1 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and associated Regulations. The Compliance Program utilizes a risk-based approach to deliver enforcement, and relations and support activities that help ensure compliance with legislative and regulatory obligations that apply to individuals and entities operating in Canada's financial system.

### Results

FINTRAC uses a range of assistance and enforcement activities to ensure that all reporting entities fulfill their PCMLTFA obligations. This includes examinations and follow-up examinations, the issuance of compliance assessment reports, the monitoring of financial transaction reports, observation letters and validation reviews, as well as other awareness and assistance activities. These activities are planned and undertaken based on risk, with a larger proportion of the Centre's higher intensity assessments activities allocated to medium and higher-risk reporting entity sectors, and lower intensity awareness and assistance activities assigned to lower-risk sectors.

In 2017–18, examinations remained the Centre's primary instrument for assessing the compliance of businesses subject to the Act. FINTRAC uses a risk-based approach to select the businesses that will be examined every year, focusing a significant portion of its examination resources on the businesses that report the largest number of transactions and are at a higher risk of being deficient or exploited by money launderers or terrorist financiers.

During the year, the Centre focused its efforts on more complex, lengthy and in-depth examinations of larger businesses in higher-risk sectors in order to determine how effectively they were fulfilling their compliance obligations. Of its 500 compliance examinations, the largest number of the examinations focused on the real estate sector (172), followed by financial entities (66) and money services businesses (64). Through these examinations, FINTRAC noted progress in overall compliance levels.

Last year, the Centre also conducted 40 follow-up examinations of businesses that had significant deficiencies in their initial examinations. In these follow-up examinations, FINTRAC identified improvement in a 63 percent of cases over the previous examination.

FINTRAC and the Office of the Superintendent of Financial Institutions have piloted a joint assessment approach for conducting compliance examinations with the intention of reducing federally regulated financial institutions' business interruption and burden while leveraging the agencies' respective efforts. The two agencies are now working to prepare their pilot findings and recommendations on ways to move forward.

In addition to its examinations, FINTRAC is committed to working with businesses across the country to assist them in understanding and complying with their obligations. During the year, FINTRAC engaged in 94 outreach and engagement activities, including providing presentations, undertaking consultations with business sectors and engaging in meetings with industry associations and other regulators such as the Canadian Banker’s Association, the Canadian Real Estate Association, l’Autorité des marchés financiers and the Financial Institutions Commission. The focus of the Centre’s outreach efforts continued to be on suspicious transaction reporting, given its importance in the analytical process and the financial intelligence that it generates for police, law enforcement and national security agencies.

Over the past year, FINTRAC also provided 374 policy interpretations, at the request of businesses, to clarify its approach to the application of the Act. In 2017–18, the Centre was able to respond to policy interpretation requests, including cases involving complex business models, within 60 business days 73 percent of the time. FINTRAC’s policy interpretations are cleansed of identifying information, then posted on its website to assist other businesses that may have similar questions.

In addition, the Centre also responded to 6,652 enquiries from businesses in every reporting sector on a broad range of issues, including reporting obligations, access to reporting systems and the registration of money services businesses. FINTRAC was able to respond to enquires within five business days more than 85 percent of the time.

Significant work was also devoted to updating policies and procedures related to administrative monetary policies (AMP) to reflect a revised penalty methodology and detailed documentation of “harm”, “compliance history” and “non-punitive” criteria. This is in line with FINTRAC’s shift toward an audit to assessment approach to compliance, and the aim is to post the information on FINTRAC’s public website in the 2018–19 fiscal year.

## Results achieved

Expected results	Performance indicators	Target	Date to achieve target	2017–18 Actual results	2016–17 Actual results	2015–16 Actual results
Non-compliance among reporting entities is detected and addressed.	Percentage of cases where corrective actions taken are commensurate with the level of non-compliance detected.	100%	2017–18	<p>Percentage of cases where some level (limited, significant, or very significant) of non-compliance was detected: 100%</p> <p>Percentage of cases in which corrective action was established to address non-compliance: 100%</p>	<p>Percentage of cases where some level (limited, significant, or very significant) of non-compliance was detected: 94%</p> <p>Percentage of cases in which corrective action was established to address non-compliance: 100%</p>	<p>Percentage of cases where some level (limited, significant, or very significant) of non-compliance was detected: 96%</p> <p>Percentage of cases in which corrective action was established to address non-compliance: 100%</p>
Entities have access to timely and accurate information.	Percentage of general inquiries answered within established timeframes.	90%	2017–18	<p>Percentage of general enquiries answered within 5 business days: 85%</p> <p>Percentage of policy interpretation requests answered within 60 business days: 73%</p>	<p>Percentage of general enquiries answered within 5 business days: 85%</p> <p>Percentage of policy interpretation requests answered within 30 business days: 65%</p>	<p>Percentage of general enquiries answered within 5 business days: 85%</p> <p>Percentage of policy interpretation requests answered within 30 business days: 88%</p>

Budgetary financial resources (dollars)

2017–18 Main Estimates	2017–18 Planned spending	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2017–18 Difference (Actual spending minus Planned spending)
20,978,489	22,063,142	23,065,868	21,475,777	(587,365)

Human resources (full-time equivalents)

2017–18 Planned full-time equivalents	2017–18 Actual full-time equivalents	2017–18 Difference (Actual full-time equivalents minus Planned full-time equivalents)
160	151	(9)

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## Internal Services

### Description

Internal Services are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

### Results

As FINTRAC's responsibilities and operations continue to grow in scope and complexity, its ability to deliver on its mandate is tied directly to its adaptability, the skills and dedication of its employees, and the tools and resources that it provides them to do their work. As an organization committed to excellence, the Centre is focused on the effective management of its human, technological, and financial resources.

In 2017–18, the Centre launched an updated recruitment strategy to better promote the role it plays and results it achieves for Canadians, as well as the benefits of working at FINTRAC. This work included revamping of the Centre's external career website, using the Centre's Twitter account for communicating career opportunities, launching FINTRAC's first Centre-wide recruiting inventory for Analyst and Officer positions and participating for the first time in the Federal Safety, Security and Intelligence Career Fair in November of 2017.

As an organization committed to expertise and excellence, learning and development for FINTRAC's employees remained a priority for the Centre over the past year. In addition to providing extensive occupation-specific training, FINTRAC held 15 internal learning sessions for all staff covering a range of topics, including money laundering in relation to fentanyl trafficking, virtual currencies, human trafficking in the sex trade and defending against insider threats.

In 2017–18, FINTRAC also launched a new Mental Health Plan to support the health and well-being of its employees. Under the leadership of a Workplace Wellness Champion, the plan included several significant initiatives such as the Not Myself Today Campaign, the Bell Let's Talk Day and promoting the Employee Assistance Program's LifeSpeak Portal. The Centre also featured Mr. Jean-François Claude, Co-Founder of the Public Service Speaker's Bureau on Mental Health, at its town hall to raise awareness and diminish the stigma often associated with mental health issues.

Over the past year, FINTRAC promoted the 2017 Public Service Employee Survey (PSES), achieving a participation rate of 91 percent, the highest amongst small, medium, and large departments and agencies in the public service. Going forward, FINTRAC's internal PSES Working Group will analyze the full results to identify areas of improvement and to ensure that the Centre remains an employer of choice for top Canadian talent.

In addition to the work to grow the skills and adaptability of its workforce, another significant area of focus for FINTRAC was investing in its technology. FINTRAC depends on a sophisticated information technology infrastructure to receive, store and secure approximately 25 million new financial transaction reports every year. At the same time, this infrastructure allows intelligence analysts to filter the information, analyze it, and generate actionable financial intelligence for Canada's police, law enforcement and national security agencies. This is only possible with a modern system that can manage the high volume of information, make the connections and produce the needed results, all in real-time or close to it.

In 2017–18, the Centre established a three-year Information Management/Information Technology Strategy focussing on the people, partnerships and services that are required to support FINTRAC's transformation agenda while continuing to meet today's operational demands. With this strategy, the Centre is concentrating its efforts on implementing a new, state-of-the-art analytics system, which will bring tremendous efficiency through the automation of manual work. The new analytics system is a major four year investment for FINTRAC that is expected to be in production in 2019. The new system will significantly strengthen FINTRAC's analytics capabilities and will allow for the full and timely use of its data and knowledge.

FINTRAC's resources are managed based on effective policies and planning, reliable financial and non-financial information and sound analysis.

Over the past year, the Centre participated in an Office of the Comptroller General pilot program of its new Core Control Audit methodology. Following the six-month audit, FINTRAC was found to be compliant with the Treasury Board of Canada Secretariat's financial management policies and directives that were examined.

Lastly, FINTRAC has also approved in 2017–18, an updated 3-year Departmental Security Plan to adapt and improve personnel, physical, and information security programs in place to protect information, assets, systems, and services. Initiating measures regarding security related recommendations from the Office of the Privacy Commissioner audit, the upgrading of secure communications network and approving a 3-year security awareness and training program have all contributed to this.



## Budgetary financial resources (dollars)

2017–18 Main Estimates	2017–18 Planned spending	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2017–18 Difference (Actual spending minus Planned spending)
7,208,111	7,590,930	7,944,977	8,543,798	952,868

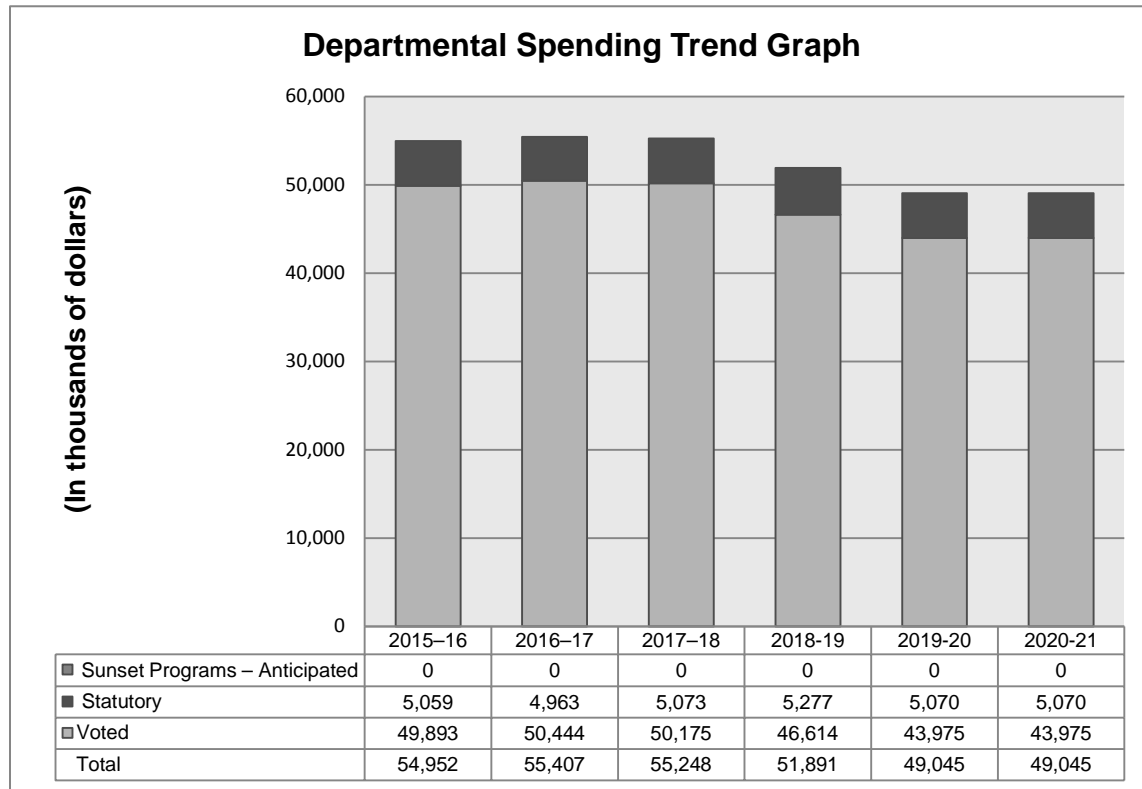
## Human resources (full-time equivalents)

2017–18 Planned full-time equivalents	2017–18 Actual full-time equivalents	2017–18 Difference (Actual full-time equivalents minus Planned full-time equivalents)
53	49	(4)



## Analysis of trends in spending and human resources

### Actual expenditures



#### Actual Spending (2015–16 to 2017–18)

In 2015–16, the total resources available for spending were \$56.3M. Actual spending was \$55.0M.

In 2016–17, the total resources available for spending were \$58.6M. The overall increase of \$2.3M is mainly attributed to:

- an increase of \$2.0M due to funding received for modernization of FINTRAC’s analytics system; and
- an increase of \$0.3M due to funding received for legislative amendments.

Actual spending for 2016–17 was \$55.4M.

In 2017–18, the total resources available for spending were \$56.6M. The overall decrease of \$2.0M is mainly attributed to:

- a decrease of \$4.2M in funding to modernize the analytical system used to detect money laundering and terrorist financing;

- a decrease of \$1.0M in funding to support the implementation of legislative amendments;
- an increase of \$0.3M for funding to provide disclosures to provincial securities regulators;
- an increase of \$2.6M following the receipt of compensation allocations; and
- a net increase of \$0.3M following the receipt of the Operating Budget Carry Forward (OBCF) and other adjustments.

Actual spending in 2017–18 was \$55.2M.

### Planned spending (2018–19 to 2019–20)

Planned spending decreases in 2018–19 are due primarily to the funding profiles for the implementation of legislative amendments and the modernization of FINTRAC's analytical system as well as a decrease of compensation allocations received. Additionally, 2018–19 planned spending does not include an estimate of the Centre's OBCF.

Planned spending is lower in 2019–20 due to the funding profiles for the implementation of legislative amendments and the modernization of FINTRAC's analytical system.

### Budgetary performance summary for Programs and Internal Services (dollars)

Programs and Internal Services	2017–18 Main Estimates	2017–18 Planned spending	2018–19 Planned spending	2019–20 Planned spending	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2016–17 Actual spending (authorities used)	2015–16 Actual spending (authorities used)
Financial Intelligence Program	\$23,038,953	\$24,123,606	\$16,879,800	\$13,900,577	\$25,546,332	\$25,228,215	\$27,084,324	\$24,973,253
Compliance Program	\$20,978,489	\$22,063,142	\$17,048,431	\$16,756,972	\$23,065,868	\$21,475,777	\$20,353,044	\$22,081,112
<b>Subtotal</b>	<b>\$44,017,442</b>	<b>\$46,186,748</b>	<b>\$33,928,231</b>	<b>\$30,657,549</b>	<b>\$48,612,200</b>	<b>\$46,703,992</b>	<b>\$47,437,368</b>	<b>\$47,054,365</b>
Internal Services	\$7,208,111	\$7,590,930	\$17,962,944	\$18,387,816	\$7,944,977	\$8,543,798	\$7,969,157	\$7,898,026
<b>Total</b>	<b>\$51,225,553</b>	<b>\$53,777,678</b>	<b>\$51,891,175</b>	<b>\$49,045,365</b>	<b>\$56,557,177</b>	<b>\$55,247,790</b>	<b>\$55,406,525</b>	<b>\$54,952,391</b>

## Actual human resources

Human resources summary for Programs and Internal Services  
(full-time equivalents)<sup>2</sup>

Programs and Internal Services	2015–16 Actual full-time equivalents	2016–17 Actual full-time equivalents	2017–18 Planned full-time equivalents	2017–18 Actual full-time equivalents	2018–19 Planned full-time equivalents	2019–20 Planned full-time equivalents
Financial Intelligence	142	160	162	166	113	104
Compliance	158	159	160	151	129	124
<b>Subtotal</b>	<b>300</b>	<b>319</b>	<b>322</b>	<b>317</b>	<b>242</b>	<b>228</b>
Internal Services	55	53	53	49	125 <sup>3</sup>	125 <sup>3</sup>
<b>Total</b>	<b>355</b>	<b>372</b>	<b>375</b>	<b>366</b>	<b>367</b>	<b>353</b>

Actual FTEs increased from 2015–16 to 2017–18 primarily due to additional hiring related to funding that was received to implement legislative amendments and to facilitate disclosures to provincial securities regulators, as well as the materialization of planned staffing.

Planned FTEs in 2018–19 reflects anticipated hiring related to funding that was received to implement legislative amendments and to facilitate disclosures to provincial securities regulators. Planned FTEs in 2019–20 are expected to decrease as funding ends.

## Expenditures by vote

For information on FINTRAC's organizational voted and statutory expenditures, consult the [Public Accounts of Canada 2017–2018](#).<sup>ii</sup>

## Government of Canada spending and activities

Information on the alignment of FINTRAC's spending with the Government of Canada's spending and activities is available in the [GC InfoBase](#).<sup>iii</sup>

<sup>2</sup> All FTE counts have been restated to include students.

<sup>3</sup> To comply with TBS' Guideline on the Attribution of Internal Services, the way in which FINTRAC codes its internal service expenditures has changed. This change has resulted in some financial and human resources figures shift from being reported under programs to being reported under Internal Services. As a result, Internal Services figures are higher in 2018–19 and future years.

## Financial statements and financial statements highlights

### Financial statements

FINTRAC's financial statements (audited) for the year ended March 31, 2018, are available on the [departmental website](#).

### Financial statements highlights

Condensed Statement of Operations (audited) for the year ended March 31, 2018 (dollars)

Financial information	2017–18 Planned results	2017–18 Actual results	2016–17 Actual results	Difference (2017–18 Actual results minus 2017–18 Planned results)	Difference (2017–18 Actual results minus 2016–17 Actual results)
Total expenses	55,071,198	56,520,732	52,103,530	1,449,534	4,417,202
Total revenues	0	151	46	151	105
Net cost of operations before government funding and transfers	55,071,198	56,520,581	52,103,484	1,449,383	4,417,097

In 2017–18, total expenses of \$56.5M were \$4.4M higher than in 2016–17, an increase of 8 percent. The increase is largely attributed to an increase in salaries and wages of \$4.0M, mainly due to economic increases paid to employees in 2017–18. The remaining difference is attributed to increased acquisitions of machinery and equipment.

Salaries and employee benefits, in the amount of \$44.2M, represented the largest portion of FINTRAC's expenses at 78 percent of the total. Other operating expenses (e.g. accommodations, professional and special services and rentals) accounted for the remaining 22 percent (\$12.3M) of FINTRAC's expenses.

## Condensed Statement of Financial Position (audited) as of March 31, 2018 (dollars)

Financial information	2017–18	2016–17	Difference (2017–18 minus 2016–17)
Total net liabilities	9,819,660	8,406,096	1,413,564
Total net financial assets	6,379,448	4,919,568	1,459,880
Departmental net debt	3,440,212	3,486,528	(46,316)
Total non-financial assets	16,403,793	14,579,120	1,824,673
Departmental net financial position	12,963,581	11,092,592	1,870,989

The departmental net financial position increased in 2017–18 by \$1.9M compared to 2016–17. This increase is due to the change in tangible capital assets which is primarily attributable to the analytics modernization costs that have been capitalized as work in progress in 2017–18 (\$2.4M).





## Supplementary information

### Corporate information

#### Organizational profile

**Appropriate minister:** The Honourable William Francis Morneau, Minister of Finance

**Institutional Head:** Nada Semaan, Director and Chief Executive Officer

**Ministerial portfolio:** Finance

**Enabling instrument:** Proceeds of Crime (Money Laundering) and Terrorist Financing Act, S.C. 2000, c. 17. (PCMLTFA)

**Year of commencement:** 2000

#### Reporting framework

FINTRAC's Strategic Outcome and Program Alignment Architecture of record for 2017–18 are shown below.

**1. Strategic Outcome:** A Canadian financial system resistant to money laundering and terrorist financing

**1.1 Program:** Financial Intelligence Program

**1.2 Program:** Compliance Program

**Internal Services**

#### Supplementary information tables

The following supplementary information tables are available on the [FINTRAC's website<sup>iv</sup>](#):

- ▶ Departmental Sustainable Development Strategy

#### Federal tax expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures each year in the [Report on Federal Tax Expenditures](#).<sup>v</sup> This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

## Organizational contact information

Financial Transactions and Reports Analysis Centre of Canada

234 Laurier Avenue West

Ottawa, Ontario K1P 1H7

Canada

Telephone: 1-866-346-8722

Fax: 613-943-7931

Website: <http://www.fintrac-canafe.gc.ca/intro-eng.asp>

## Appendix: definitions

### **appropriation (crédit)**

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

### **budgetary expenditures (dépenses budgétaires)**

Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

### **Departmental Plan (plan ministériel)**

A report on the plans and expected performance of an appropriated department over a three-year period. Departmental Plans are tabled in Parliament each spring.

### **Departmental Results Report (rapport sur les résultats ministériels)**

A report on an appropriated department's actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

### **evaluation (évaluation)**

In the Government of Canada, the systematic and neutral collection and analysis of evidence to judge merit, worth or value. Evaluation informs decision making, improvements, innovation and accountability. Evaluations typically focus on programs, policies and priorities and examine questions related to relevance, effectiveness and efficiency. Depending on user needs, however, evaluations can also examine other units, themes and issues, including alternatives to existing interventions. Evaluations generally employ social science research methods.

### **experimentation (expérimentation)**

Activities that seek to explore, test and compare the effects and impacts of policies, interventions and approaches, to inform evidence-based decision-making, by learning what works and what does not.

### **full-time equivalent (équivalent temps plein)**

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

### **gender-based analysis plus (GBA+) (analyse comparative entre les sexes plus [ACS+])**

An analytical approach used to assess how diverse groups of women, men and gender-diverse people may experience policies, programs and initiatives. The “plus” in GBA+ acknowledges that the gender-based analysis goes beyond biological (sex) and socio-cultural (gender) differences. We all have multiple identity factors that intersect to make us who we are; GBA+ considers many other identity factors, such as race, ethnicity, religion, age, and mental or

physical disability. Examples of GBA+ processes include using data disaggregated by sex, gender and other intersecting identity factors in performance analysis, and identifying any impacts of the program on diverse groups of people, with a view to adjusting these initiatives to make them more inclusive.

**government-wide priorities (priorités pangouvernementales)**

For the purpose of the 2017–18 Departmental Results Report, those high-level themes outlining the government’s agenda in the 2015 Speech from the Throne, namely: Growth for the Middle Class; Open and Transparent Government; A Clean Environment and a Strong Economy; Diversity is Canada’s Strength; and Security and Opportunity.

**horizontal initiative (initiative horizontale)**

An initiative where two or more departments are given funding to pursue a shared outcome, often linked to a government priority.

**Management, Resources and Results Structure (structure de gestion, des ressources et des résultats)**

A comprehensive framework that consists of an organization’s inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

**non-budgetary expenditures (dépenses non budgétaires)**

Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

**performance (rendement)**

What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

**performance indicator (indicateur de rendement)**

A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

**performance reporting (production de rapports sur le rendement)**

The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

**plan (plan)**

The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

**planned spending (dépenses prévues)**

For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Departmental Plans and Departmental Results Reports.

**priority (priorité)**

A plan or project that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s) or Departmental Results.

**program (programme)**

A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

**Program Alignment Architecture (architecture d'alignement des programmes)**

A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

**result (résultat)**

An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

**statutory expenditures (dépenses législatives)**

Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

**Strategic Outcome (résultat stratégique)**

A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

**sunset program (programme temporisé)**

A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

**target (cible)**

A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

**voted expenditures (dépenses votées)**

Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

## Endnotes

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- i. Operational Alert, <http://www.fintrac-canafe.gc.ca/guidance-directives/overview-apercu/operation/oai-hts-eng.asp>
- ii. Public Accounts of Canada 2017–2018, <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html>
- iii. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html>
- iv. Departmental Sustainable Development Strategy, <http://www.fintrac-canafe.gc.ca/publications/drr-rrm/2017-2018/dsd-ddm-eng.asp>
- v. Report on Federal Tax Expenditures, <http://www.fin.gc.ca/purl/taxexp-eng.asp>