



# **Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)**

## **Quarterly financial report for the quarter ended September 30, 2024 (unaudited)**

# 1. Introduction

This quarterly report has been prepared by management as required by Section 65.1 of the Financial Administration Act, and in the form and manner prescribed by the Treasury Board in the Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Reports. This Quarterly Financial Report should be read in conjunction with the 2024–25 Main Estimates for the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).

This quarterly financial report has not been subject to an external audit or review.

## 1.1. Authority, mandate and program activities

FINTRAC (the Centre) is Canada's financial intelligence unit and anti-money laundering and anti-terrorist financing regulator. The Centre assists in the detection, prevention and deterrence of money laundering and the financing of terrorist activities. FINTRAC's financial intelligence and supervision functions are a unique contribution to the safety of Canadians and 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. FINTRAC's headquarters are in Ottawa, with regional offices located in Montréal, Toronto, and Vancouver.

FINTRAC was established by, and operates within the ambit of, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its Regulations. The Centre is one of several domestic partners in Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime, which is led by the Department of Finance.

FINTRAC fulfills its mandate by engaging in the following activities:

- Receiving financial transaction reports and voluntary information in accordance with the legislation and regulations;
- Safeguarding personal information under its control;
- Ensuring compliance of reporting entities with the legislation and regulations;
- Maintaining a registry of money services businesses in Canada;
- 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; 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 (FIU) 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 (APG) and the Caribbean Financial Action Task Force (CFATF), participating in international policy making and the provision of technical assistance to other FIUs.

The description of the program activities for the Centre can be found in Part II of the 2024–25 Main Estimates and in the 2024–25 Departmental Plan.

## **1.2. Basis of presentation**

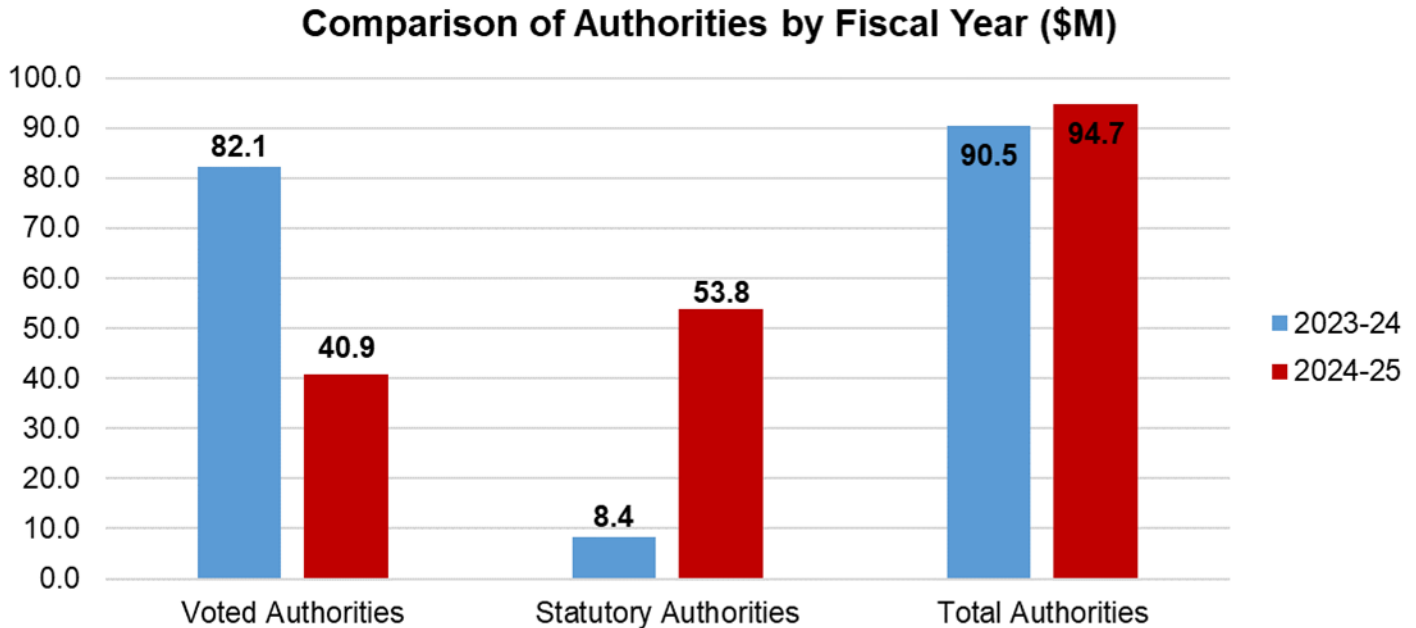
This Quarterly Financial Report has been prepared by management, using an expenditure basis of accounting, and a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities. The accompanying Statement of Authorities includes the Centre's spending authorities granted by Parliament and those used by the Centre, consistent with the Main Estimates and Supplementary Estimates for both fiscal years as well as transfers from Treasury Board central votes that are approved by the end of the quarter.

The authority of Parliament is required before monies can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

FINTRAC uses the accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted on by Parliament remain on an expenditure basis.

## 2. Highlights of fiscal quarter and fiscal year-to-date (YTD) results

This departmental quarterly financial report reflects the results of the current fiscal period. The following graph provides a comparison of voted and statutory authorities available for the first six months of 2024–25 compared to 2023–24.



### 2.1. Authorities analysis

The following table provides a comparison of cumulative authorities by vote for the current and previous fiscal year.

Authorities available (\$ thousands)	2024–25	2023–24	Variance (\$)	Variance (%)
<b>Voted</b>				
Vote 1 - Program expenditures	40,907	82,139	-41,232	-50%
<b>Statutory</b>				
Payments under Section 50.1 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act	49,362	0	49,362	0%
Statutory employee benefits plan	4,475	8,399	-3,924	-47%
<b>Total authorities</b>	<b>94,744</b>	<b>90,538</b>	<b>4,206</b>	<b>5%</b>

The total voted and statutory authorities available as at September 30, 2024 are \$94.7M compared to \$90.5M for the same period in 2023–24. This is an increase of approximately \$4.2M (or 5%). This is mainly due to the

increase in funding received for the Operating Budget Carry Forward (OBCF) from fiscal year 2023–24 and the funding received for economic increases related to compensation.

Effective April 1, 2024, FINTRAC implemented a new assessment of expenses funding model following amendments to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act whereby prescribed Reporting Entities (RE) regulated under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act pay an annual assessment to cover the costs of the Supervision function of the Centre. This resulted in a shift from voted authorities to statutory authorities.

### 2.1.1. Voted budgetary authorities

The total voted budgetary authorities available as at September 30, 2024 are \$40.9M compared to \$82.1M for the same period in 2023–24. The decrease of \$41.2M (or 50%) is primarily due to a portion of FINTRAC’s authorities being reclassified from voted to statutory authorities as described above.

### 2.1.2. Statutory budgetary authorities

Authorities available (\$ thousands)	2024–25	2023–24	Variance (\$)	Variance (%)
Payments under Section 50.1 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act	49,362	0	49,362	N/A
Employee benefits plan	4,476	8,399	-3,923	-47%
<b>Total statutory authorities</b>	<b>53,838</b>	<b>8,399</b>	<b>45,439</b>	<b>541%</b>

Note: Totals may not add up due to rounding.

The total statutory budgetary authorities available as at September 30, 2024 are \$53.8M compared to \$8.4M for the same period in 2023–24. The increase of \$45.4M (or 541%) is mainly due to a portion of FINTRAC’s authorities being reclassified from voted to statutory authorities as described above.

## 2.2. Expenditure analysis

The following table provides a comparison of year-to-date spending as at September 30, 2024 for the current and previous fiscal years.

Year to date expenditures (\$ thousands)	2024–25	2023–24	Variance (\$)	Variance (%)
<b>Voted</b>				
Vote 1 - Program expenditures	21,186	38,157	-16,971	-45%
<b>Statutory</b>				
Payments under Section 50.1 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act	16,511	0	16,511	N/A
Employee benefits plan	2,238	4,199	-1,961	-47%
<b>Year to date expenditures</b>	<b>39,935</b>	<b>42,356</b>	<b>-2,421</b>	<b>-6%</b>

Note: Totals may not add up due to rounding.

Total budgetary voted and statutory expenditures at September 30, 2024 were \$39.9M in 2024–25 compared to \$42.4M for the same period in 2023–24, a decrease of \$2.4M (or 6%). The variance is mainly the result of a decrease in personnel expenditures. This is primarily due to a decrease in salaries of \$0.4M, as well as a decrease in EBP of \$2.0M. This decrease in EBP is a result of timing differences related to invoicing of these expenditures following the implementation of a new assessment of expenses funding model and will be adjusted accordingly in the final invoice of this fiscal year.

### **3. Risks and uncertainties**

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 identify risks and opportunities proactively, 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 objectives. Additionally, FINTRAC must identify factors and risks that could adversely affect its ability to manage its resources effectively.

FINTRAC maintains a Corporate Risk Profile (CRP) to identify and manage its key corporate risks. The development of the CRP is a self-assessment process to identify, validate and measure risks where action or intervention can improve results or prevent harm. Senior level committees review the CRP and the business planning process identifies activities to mitigate the risks. The objective of the CRP is to create information that FINTRAC managers and decision-makers can use when planning and setting priorities. The Centre has initiated a comprehensive review and update of the CRP to reflect recent organizational changes, encompassing the current operational scope, budget, legislative and regulatory frameworks, staff, and assets.

#### **3.1. Risk factors and mitigation**

FINTRAC remains vigilant in anticipating and preparing for risks, situations, and events that impact its operational environment. In 2023–24, the Centre launched a significant new modernization vision to ensure the Centre is well positioned to address the emerging threats in Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) landscape, with a focus on developing skills, refining processes, and integrating advanced technologies to enable real-time operations.

Budget 2024 announced new measures to ensure the effective operation of federal government programs and services, and to ensure that Canadians' tax dollars are being used efficiently on the programs that matter most to them. FINTRAC has heeded this call and is actively looking at ways to lean its operations and become more efficient while delivering value for Canadians.

Given the implementation of FINTRAC's assessment of expenses funding model, prescribed Reporting Entities (RE) regulated under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act pay an annual assessment to cover the costs of the Supervision function of the Centre. There is an inherent risk associated with collections, similar to any accounts receivable process. FINTRAC will routinely review and evaluate the effectiveness and efficiency throughout its maturity.

## **4. Significant changes in relation to operations, personnel and programs**

### **4.1. Key personnel changes**

The following key personnel changes occurred at the senior management level during the second quarter:

- Mohammad Al-Bustami was appointed Chief Technology Officer/Chief Information Security Officer, effective July 15, 2024.
- Christina Shumacher was appointed Acting Chief Human Resources Officer, effective September 23, 2024.
- Philippe Blanchette was appointed Acting Deputy Director and Chief Compliance Officer, Supervision Sector effective September 30, 2024.
- Stéphane Sirard was appointed Deputy Director, Intelligence Sector, effective October 15, 2024.



# 5. Approval by senior officials

Approved by:

X



Jessica Kaluski  
Chief Financial Officer (CFO)

X



Sarah Paquet  
Director and Chief Executive Officer

**STATEMENT OF AUTHORITIES (unaudited)**

**For the quarter ended September 30, 2024  
(in thousands of dollars)**

	Fiscal year 2024–25			Fiscal year 2023–24		
Budgetary authorities	Total available for use for the year ending March 31, 2025*	Used during the quarter ended September 30, 2024	Year to date used at quarter end	Total available for use for the year ending March 31, 2024*	Used during the quarter ended September 30, 2023	Year to date used at quarter end
<b>Voted</b>						
<b>Vote 1 - Program expenditures</b>	40,906	10,412	21,186	82,139	20,471	38,157
<b>Statutory</b>						
Payments under Section 50.1 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act	49,362	8,493	16,511	0	0	0
Employee benefits plan	4,476	1,119	2,238	8,399	2,100	4,199
<b>Total authorities</b>	<b>94,744</b>	<b>20,024</b>	<b>39,935</b>	<b>90,538</b>	<b>22,571</b>	<b>42,356</b>

\* Includes only Authorities available for use and granted by Parliament at quarter-end.

Note: Totals may not add due to rounding.

**DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)**

**For the quarter ended September 30, 2024  
(in thousands of dollars)**

	Fiscal year 2024–25			Fiscal year 2023–24		
	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended September 30, 2024	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended September 30, 2023	Year to date used at quarter end
<b>Expenditures</b>						
<b>Personnel</b>	72,394	16,212	32,196	62,203	18,213	34,564
<b>Transportation and communication</b>	1,055	771	896	919	764	992
<b>Information</b>	937	79	257	872	92	409
<b>Professional and special services</b>	7,424	2,093	3,576	5,927	2,384	3,502
<b>Rentals</b>	8,660	521	1,292	7,767	679	1,464
<b>Purchase, repair and maintenance</b>	641	94	687	573	73	570
<b>Utilities, materials and supplies</b>	201	42	77	204	65	99
<b>Acquisition of land, buildings and works</b>	0	0	0	0	0	0
<b>Acquisition of machinery and equipment</b>	3,428	177	859	12,068	268	721
<b>Transfer payments</b>	0	0	0	0	0	0
<b>Public debt charges</b>	0	0	12	0	0	0
<b>Other</b>	4	35	83	3	33	34
<b>Total budgetary expenditures</b>	<b>94,744</b>	<b>20,024</b>	<b>39,935</b>	<b>90,538</b>	<b>22,571</b>	<b>42,356</b>

Note: Totals may not add up due to rounding.