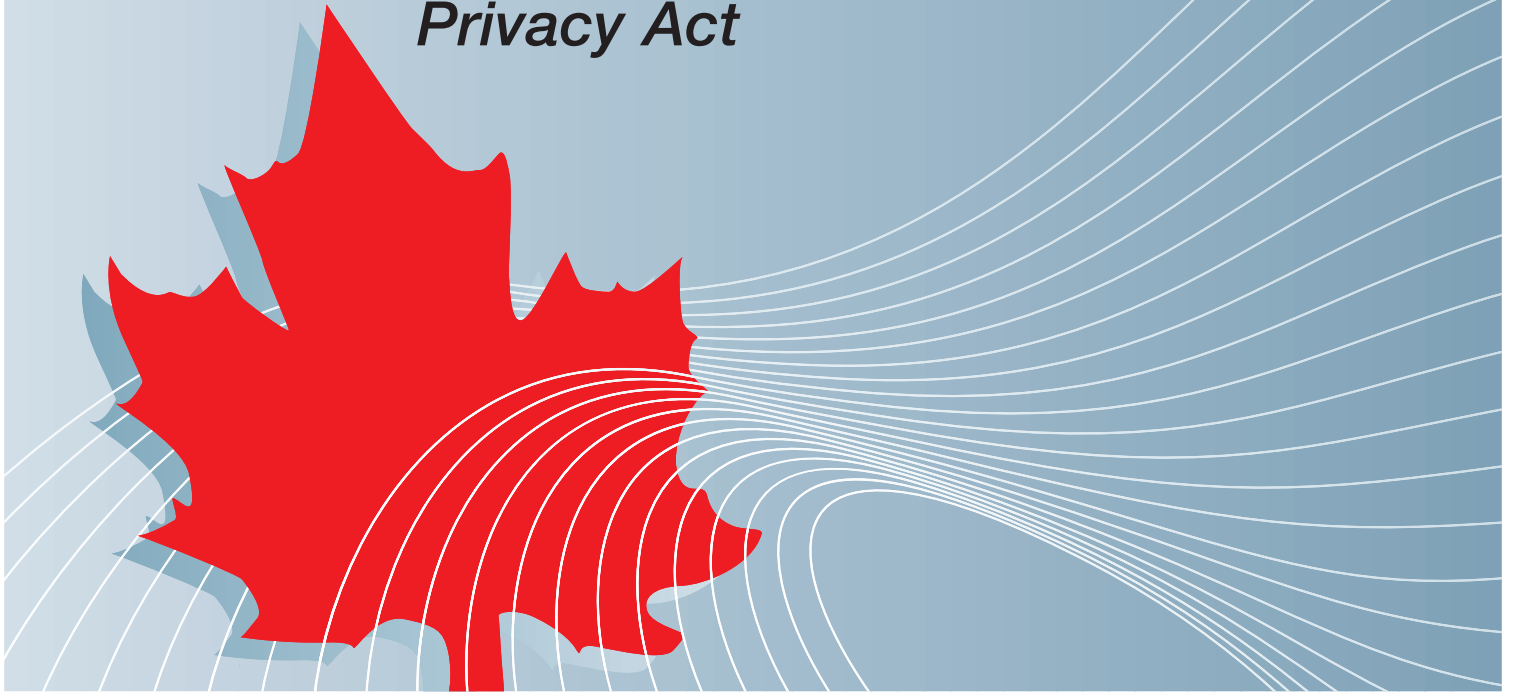


# 2007-2008 Annual Report to Parliament

## The Administration of the *Privacy Act*



RC4415-1



Canada Revenue  
Agency

Agence du revenu  
du Canada

Canada

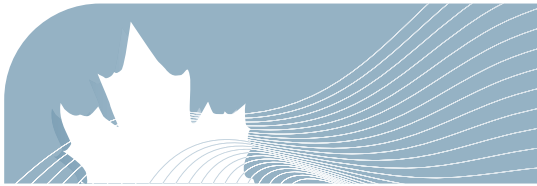


# Foreword

This annual report to Parliament was prepared under the direction of the Minister of National Revenue and the Commissioner of the Canada Revenue Agency (CRA). The report describes the CRA's administration of the *Privacy Act* (PA) during the 2007-2008 fiscal year.

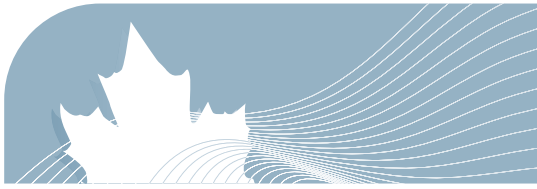
Section 72 of the PA requires that the head of every government institution prepare and submit an annual report to Parliament on the administration of the PA.

The report will detail how the CRA administered and fulfilled its obligations under the PA during the period April 1, 2007, to March 31, 2008. The report will also include information on changes to our Privacy program, its delivery and the emerging issues that will require our focus in the year ahead.



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## The Canada Revenue Agency

The CRA is responsible for the administration of tax programs and the delivery of economic and social benefits. It administers most provincial and territorial tax programs. The CRA carries out its duties by:

- providing first-rate service to Canadians;
- offering efficient and effective delivery of government programs;
- ensuring continual and consistent administration of the *Income Tax Act* and the *Excise Tax Act*;
- building and maintaining inter-departmental, provincial and other governmental relationships; and
- allowing transparent and accountable administration of duties.

The Minister of National Revenue is accountable to Parliament for all CRA activities.

The Commissioner is the Chief Executive Officer of the CRA and is responsible for the day-to-day activities of the CRA. The Commissioner is a member of the Board of Management. He is accountable to the Board for the daily management of the CRA.

## Delegation of responsibilities under the *Privacy Act*

The PA came into effect on July 1, 1983. The PA provides Canadian citizens, permanent residents or any person present in Canada, the legal right to obtain their personal information, in any form, that is under the control of the Federal Government.

The purpose of the PA is to protect the privacy of individuals regarding their personal information held by a government institution and to provide these individuals with a right to access this information. The PA also protects an individual's personal information from being released by a government institution.

The President of the Treasury Board is a member of the Ministry responsible for the government-wide administration of the PA. The Minister of National Revenue, as the head of the CRA, is responsible for the administration of the PA. The Minister is allowed, under Section 73 of the PA, to use a Designation Order to delegate responsibilities under the PA to other officials of the CRA. The Minister must sign the Designation Order, which authorizes certain officials to exercise the PA powers, duties and functions on the Minister's behalf. The current Designation Order gives signing authority for all relevant sections of the *Privacy Act & Regulations* to the Commissioner, Deputy Commissioner, Assistant Commissioners, Deputy Assistant Commissioners, Director General of the Corporate Audit and Evaluations Branch, and the Director and Assistant Directors of the Access to Information and Privacy (ATIP) Directorate. The Managers within the ATIP Directorate also have signing authority for everything except discretionary exemptions in the PA.

Minister  
of National Revenue



Ministre  
du Revenu national

Ottawa, Canada K1A 0A6

Privacy Act  
Designation Order

Arrêté sur la délégation en vertu de la  
Loi sur la protection des renseignements  
personnels

I, Gordon O'Connor, Minister of National Revenue, do hereby designate, pursuant to section 73 of the *Privacy Act*<sup>1</sup>, the officers or employees of the Canada Revenue Agency who hold the positions set out in the attached Schedule to exercise or perform the powers, duties or functions that have been given to me as head of a government institution under the sections of the *Privacy Act* and its regulations that are set out in the Schedule above each position.

Je, Gordon O'Connor, ministre du Revenu national, délègue par les présentes, en vertu de l'article 73 de la *Loi sur la protection des renseignements personnels*<sup>2</sup>, aux cadres ou employés de l'Agence du revenu du Canada détenteurs des postes mentionnés à l'annexe ci-après les attributions dont je suis, en qualité de responsable d'une institution fédérale, investie par les articles de la *Loi sur la protection des renseignements personnels* et de ses règlements qui sont mentionnées dans l'annexe au-dessus chaque poste.

Gordon O'Connor

Minister of National Revenue / Ministre du Revenu national

Signed in Ottawa, Ontario, Canada this 30 day of June 2008  
Signée à Ottawa, Ontario, Canada le 30 jour de Juin 2008

<sup>1</sup> R.S., c. P-21

<sup>2</sup> S.R., ch. P-21

Canada



## SCHEDULE

**Officers authorized to perform the powers, duties or functions given to the Minister of National Revenue as head of a government institution under the provisions of the *Privacy Act* and its regulations**

**Paragraphs 8(2)(j) and (m), subsections 8(4), 8(5), 9(1) and 9(4), sections 10, 14 to 17, 19 to 22, 23 to 28, 33, 35, and 51 of the *Privacy Act* and sections 9, 11, 13 and 14 of the *Privacy Regulations***

Commissioner  
Deputy Commissioner  
Assistant Commissioners  
Deputy Assistant Commissioner, Assessment and Benefit Services Branch  
Deputy Assistant Commissioner, Compliance Programs Branch  
Deputy Assistant Commissioner, Finance and Administration Branch  
Deputy Assistant Commissioner, Information Technology Branch  
Deputy Assistant Commissioner, Legislative Policy and Regulatory Affairs Branch  
Deputy Assistant Commissioner, Taxpayer Services and Debt Management Branch  
Director-General, Corporate Audit and Evaluation Branch  
Director, Access to Information and Privacy, Public Affairs Branch  
Assistant Directors, Access to Information and Privacy, Public Affairs Branch

**Section 22.3 of the *Privacy Act***

Commissioner  
Deputy Commissioner  
Director-General, Corporate Audit and Evaluation Branch  
Assistant Commissioner, Public Affairs Branch  
Director, Access to Information and Privacy, Public Affairs Branch  
Assistant Directors, Access to Information and Privacy, Public Affairs Branch

**Paragraph 8(2)(j), subsections 8(4), 9(1) and 22(2), sections 14 to 17, 19, 26, 33 and 35 of the *Privacy Act* and sections 9, 11, 13 and 14 of the *Privacy Regulations***

Managers, Access to Information and Privacy, Public Affairs Branch



## Access to Information and Privacy Directorate

The ATIP Directorate is part of the Public Affairs Branch (PAB) of the CRA. The mandate of the PAB is to provide effective communication functions and support to the CRA regarding any programs, issues and activities administered or controlled by the CRA.

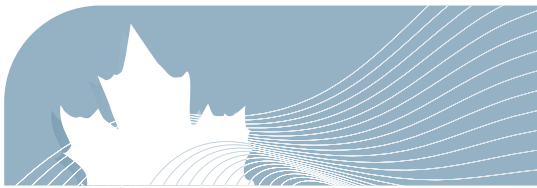
The primary responsibility of the ATIP Directorate is to fulfill all legislative requirements of the *Access to Information Act* (ATIA) and the PA for the CRA. In addition, the Directorate provides policy advice and training to CRA employees regarding their responsibilities and obligations under the ATIA and PA.

The ATIP coordinator for the CRA is the Director of the ATIP Directorate. The Directorate has a total of 66 employees and consists of production units in Ottawa, Montréal and Vancouver as well as a Program Support and Training Group.

The responsibilities of the CRA's ATIP officials include providing services to the public, to CRA officials and other federal institutions, and liaising with the Treasury Board Secretariat (TBS) and the offices of the Information and Privacy Commissioners of Canada. In addition, they provide guidance, policy advice, and training to CRA employees regarding their obligations under the ATIA and PA.

Employees of the ATIP Directorate will:

- advise requestors on the best way to obtain information;
- provide advice on filing a formal request and explain the process associated;
- deliver a timely and complete response to each request;
- give notice of the right to complain regarding any matter related to the processing of a request;
- exercise leadership and direction in the execution and application of the ATIA and PA throughout the CRA;
- promote awareness and understanding of the ATIA and PA within the CRA;
- provide ATIP training, advice and information activities;
- give advice regarding the release of records for an informal request;
- provide policy advice on ATIP-related CRA initiatives;
- develop and implement policies, procedures and guidelines relating to the effective application of the ATIA and PA within the CRA; and
- prepare the Annual Reports to Parliament on the administration of the ATIA and PA for the CRA.



## Responding to privacy requests

For the second consecutive year, the CRA experienced a decrease in the number of privacy requests received. During the 2007-2008 fiscal year, the CRA received 1,406 requests which was a decrease of 24% from the previous year. Although the CRA completed fewer requests this fiscal year than last, the number of pages reviewed to respond to those requests has increased by more than 8%. Although extremely difficult to quantify, there is also a marked increase in the level of complexity faced by the CRA in responding to requests. It continues to be a challenge for both the CRA and its ATIP officials.

### Review of Privacy Act requests

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Requests received	2,705	2,882	2,928	1,912	1,406
Requests completed	2,640	2,877	2,957	1,971	1,355
Pages reviewed	390,292	406,088	340,505	314,374	340,217

In the *Office of the Privacy Commissioner (OPC) 2006-2007 Annual Report*, the Commissioner reports on an independent review of more than 800 complaints directed at the CRA from 2002 to 2006 to determine whether there were any overriding concerns. The review revealed that denials of access to personal information requests were the most common type of complaints. Use, collection and disclosure complaints accounted for only a fraction of the total number of complaints and there were no significant cases. The review found the number of complaints against the CRA has dropped significantly in the past few years. The specific reasons for the decline have not been identified but the numbers suggested the CRA has taken innovative steps to address privacy concerns.

During the 2007-2008 fiscal year, a total of 42 privacy complaints were received. Of this total, 17 complaints related to the use and disclosure of personal information. As with a decrease in privacy requests, there has also been a corresponding decline in the number of privacy complaints.

Over the same reporting period, the CRA received 108 privacy consultation requests; of the 108 requests, 75% were considered to be internal consultation requests. As Privacy legislation becomes widely known, employees of the Agency are seeking the advice and recommendations of the ATIP Directorate before releasing an employee's personal information.





## Subsection 8(2) disclosures

The CRA collects taxpayer information from a variety of sources in order to administer income tax and excise tax legislation. Section 241 of the *Income Tax Act*, section 295 of the *Excise Tax Act*, and section 211(6) of the *Excise Tax Act 2001* allow for the disclosure of personal and confidential information under limited and specific circumstances. Disclosures of taxpayer information authorized by the identified sections of these Acts are not included in the list of subsection 8(2) of the PA disclosures.

During the reporting period, the CRA disclosed personal information pursuant to subsection 8(2)(e) of the PA. The CRA did not disclose personal information pursuant to any of the following sections of the PA: 8(2)(f), (g) and (m).

## Data matching

Data matching activities are reported through the Privacy Impact Assessment process.

## Privacy Impact Assessment

The TBS approved and implemented the *Privacy Impact Assessment (PIA) Policy* in 2002. The objective of the PIA Policy is to assure Canadians that privacy principles are being taken into account when there are proposals for, and during the design, implementation and evolution of programs and services that raise privacy issues. The TBS developed and issued the *Privacy Impact Assessment Guidelines: A Framework to Manage Privacy Risks* to provide advice on the application of the PIA Policy.

The CRA is committed to protecting the privacy and confidentiality of the personal information under its control. The CRA has established and implemented a Privacy Impact Assessment Directive which requires privacy issues to be considered when new or substantially modified activities are being planned. This can apply to technology, information systems, initiatives, policies, programs and services.

To fulfill its mandate, many of the CRA's responsibilities require the collection, use and disclosure of personal information. As such, the CRA uses PIAs and Preliminary Privacy Impact Assessments (PPIAs), in accordance with the TBS policy.

The ATIP Directorate of the CRA is responsible for the application of the PIA Policy. During the 2007-2008 fiscal year, the ATIP Oversight Review Committee, a Director General-level committee, held quarterly meetings to provide corporate oversight on emerging privacy issues affecting the CRA. The quarterly meetings serve as a clearing house for all PIA reviews, discussions and decisions that affect emerging ATIP issues that may impact the administration of CRA programs. The committee examined 23 PPIAs and of those,



nine PIAs were recommended for completion. Six PIAs were completed and are currently in the review and approval phase, while four PIAs were sent to the Office of the Privacy Commissioner (OPC).

*(See Annex A for detailed descriptions of PIAs.)*

The CRA was one of nine institutions selected for an audit by the OPC on the state of the Federal Government's PIA practices. The audit began in July 2006 and the final report was made public when the OPC tabled its 2006-2007 annual report to Parliament.

In response to the audit findings, the CRA has made changes to the governance framework used in the CRA for PIAs. This includes a review and approval by the Strategic Direction Committee (SDC). The SDC, an already-established committee, consisting of all 12 Assistant Commissioners of the Headquarter Branches of the CRA, will review and approve all PIAs in order to heighten the level of awareness of privacy issues. A review of all PPIAs and PIAs will be included on the agenda on a quarterly basis.

## Program development

### Training

During the 2007-2008 fiscal year, the ATIP Directorate provided training sessions to employees on a regular basis. The Directorate provided ATIP training to a total of 618 employees, delivered through 30 sessions, hosted across the country.

The ATIP Directorate is focused on the growing importance of training CRA employees on the administration of the ATIA and PA, as public awareness and request complexity increases. With this in mind, the Program Support and Training Group is making plans to initiate regional training sessions through video conferences to raise the level of awareness among CRA employees regarding their role and responsibilities under the PA.

Since February 2004, ATIP training has been a compulsory component of the Management Group Learning Program (MGLP). The MGLP Core Program is an introductory course for new managers and supervisors. It introduces the key concepts in technical and managerial competencies within the CRA. As a result of an inclusion of the ATIP portion a total of 58 MGLP training sessions, including 12 MGLP during this fiscal year, were delivered. The 12 sessions delivered translate to 240 employees who will occupy managerial or supervisory positions in the CRA. A total of 1,100 managers have received ATIP training since the creation of the MGLP.



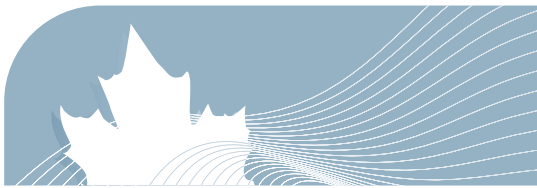
## ATIP realignment

The ATIP program has been continually strengthening and modernizing itself by making changes to processes, procedures and structure under the ATIP realignment initiative. The objectives of the realignment are to:

- optimize existing resources and structure to ensure that the ATIP Directorate has employees with knowledge, skills and organizational support to work effectively;
- provide a cost effective delivery of the ATIP program; and
- adopt effective and integrated processing of requests.

As part of the ATIP realignment initiative, the following projects have been undertaken during the 2007-2008 fiscal year:

- The ATIP Technological Tools Renewal Project (TTRP) was designed to reduce the paper burden caused by the ATIP process and to optimize existing resources, by simplifying internal processes and leveraging information technology. The ATIP TTRP will see the development and implementation of a new imaging software used for processing documents, the design and creation of easy-to-use web-based applications for tasking tracker and drop-off box for documents responsive to requests, and the development of procedures and guidelines for the implementation of a new ATIP electronic process. This project will have considerable advantages which include a reduction in the paper burden in the CRA ATIP process, thus contributing effectively to the CRA-wide Sustainable Development Action Plan, and the improvement of the cost efficiency of the ATIP program.
- A comprehensive communication strategy to increase ATIP awareness across the CRA has been developed and will be implemented over the next three years. This project will enable the ATIP Directorate to take into account strategic considerations and have a structured action plan to move ahead in the years to come.
- The ATIP Directorate has also started working on a Quality Assurance Process that will aim at ensuring consistency in the application of the ATIA and PA. Although in the initial stages, this process will ensure that the CRA balances access rights against protecting the integrity of the tax system, taxpayer confidentiality and individual privacy rights.



## Appendix A – PIA Descriptions

### Data Mining

The Taxpayer Services and Debt Management Branch (TSDMB) has completed the final version of the PIA for Data Mining and it has been submitted to the OPC. The scope of the PIA deals with a process in which a data-mining tool is applied to historical taxpayer data to discover patterns that may enable the CRA to predict future taxpayer behaviour.

### Business Rules

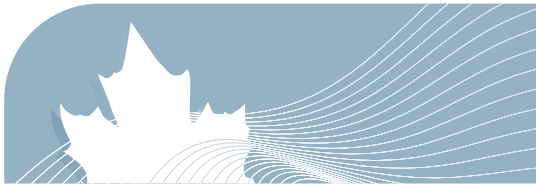
The TSDMB has completed the final version of the PIA for Business Rules and it has been submitted to the OPC. The scope of the PIA deals with a solution proposal to develop a new integrated risk-focused, agile application suite to address the drivers for change and replace the existing application suite. The Business Rules Engine will allow TSDMB to develop and manage its own rules without having to program software application code.

### Data Infrastructure Environments

The TSDMB has completed the final version of the PIA for Data Infrastructure Environments and it has been submitted to the OPC. The scope of the PIA deals with a number of dedicated data marts and/or data stores that will support the Branch's decision support, strategic and tactical analysis, performance measurement, risk assessment, compliance and debt management research, data mining and workload identification activities.

### Interactive Warning System Products Initiative

The Compliance Programs Branch (CPB) has completed the final version of the PIA for Interactive Warning System Products Initiative and it has been submitted to the OPC. The CPB intends to use interactive warning system products as a component of a broad-based strategy for tackling suspicious activity including identity theft. This product will be used as a tool in identifying high-risk applicants attempting to gain access to tax refunds or benefit payments to which there is no legal entitlement.



# Appendix B

 Government of Canada / Gouvernement du Canada

## REPORT ON THE PRIVACY ACT RAPPORT CONCERNANT LA LOI SUR LA PROTECTION DES RENSEIGNEMENTS PERSONNELS

Institution CANADA REVENUE AGENCY / AGENCE DU REVENU DU CANADA	Reporting period / Période visée par le rapport 2007-04-01 to/a 2008-03-31
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<b>I Requests under the Privacy Act / Demandes en vertu de la Loi sur la protection des renseignements personnels</b>	
Received during reporting period / Reçus pendant la période visée par le rapport	1406
Outstanding from previous period / En suspens depuis la période antérieure	210
<b>TOTAL</b>	<b>1616</b>
Completed during reporting period / Traitées pendant la période visées par le rapport	1355
Carried forward / Reportées	261

<b>II Disposition of request completed / Disposition à l'égard des demandes traitées</b>	
1. All disclosed / Communication totale	173
2. Disclosed in part / Communication partielle	958
3. Nothing disclosed (excluded) / Aucune communication (exclusion)	8
4. Nothing disclosed (exempt) / Aucune communication (exemption)	10
5. Unable to process / Traitement impossible	43
6. Abandoned by applicant / Abandon de la demande	160
7. Transferred / Transmission	3
<b>TOTAL</b>	<b>1355</b>

<b>III Exemptions invoked / Exceptions invoquées</b>	
S. Art. 18(2)	
S. Art. 19(1)(a)	81
(b)	0
(c)	9
(d)	2
S. Art. 20	0
S. Art. 21	2
S. Art. 22(1)(a)	47
(b)	325
(c)	0
S. Art. 22(2)	0
S. Art. 23 (a)	0
(b)	0
S. Art. 24	1
S. Art. 25	1
S. Art. 26	681
S. Art. 27	94
S. Art. 28	0

<b>IV Exclusions cited / Exclusions citées</b>	
S. Art. 69(1)(a)	1
(b)	1
S. Art. 70(1)(a)	0
(b)	0
(c)	0
(d)	0
(e)	0
(f)	0

<b>V Completion time / Délai de traitement</b>	
30 days or under / 30 jours ou moins	606
31 to 60 days / De 31 à 60 jours	460
61 to 120 days / De 61 à 120 jours	196
121 days or over / 121 jours ou plus	93

<b>VI Extensions / Prorogations des délais</b>		
	30 days or under / 30 jours ou moins	31 days or over / 31 jours ou plus
Interference with operations / Interruption des opérations	440	0
Consultation	11	0
Translation / Traduction	1	0
<b>TOTAL</b>	<b>452</b>	<b>0</b>

<b>VII Translations / Traductions</b>		
Translations requested / Traductions demandées		
Translations prepared / Traductions préparées	English to French / De l'anglais au français	
	French to English / Du français à l'anglais	

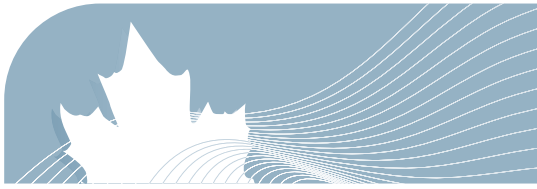
<b>VIII Method of access / Méthode de consultation</b>	
Copies given / Copies de l'original	1126
Examination / Examen de l'original	1
Copies and examination / Copies et examen	4

<b>IX Corrections and notation / Corrections et mention</b>	
Corrections requested / Corrections demandées	1
Corrections made / Corrections effectuées	0
Notation attached / Mention annexée	1

<b>X Costs / Coûts</b>	
Financial (all reasons) / Financiers (raisons)	
Salary / Traitement	\$ 1,971,544.96
Administration (O and M) / Administration (fonctionnement)	\$ 198,100.86
<b>TOTAL</b>	<b>\$ 2,169,645.82</b>
Person year utilization (all reasons) / Années-personnes utilisées (raisons)	
Person year (decimal format) / Années-personnes (nombre décimal)	33

TBS/SCT 350-63 (Rev. 1999/03)





# Supplemental reporting requirements for 2007-2008

## *Privacy Act*

The TBS is monitoring compliance with the PIA Policy (which came into effect on May 2, 2002) through a variety of means. As such, the CRA is required to report the following information for the 2007-2008 reporting period.

PPIAs initiated: \_\_\_23\_\_\_

PPIAs completed: \_\_\_23\_\_\_

PIAs initiated: \_\_\_9\_\_\_

PIAs completed: \_\_\_6\_\_\_

PIAs forwarded to the OPC: \_\_\_4\_\_\_