

Mission Statement

Maintain a strong economy and create economic and job opportunities by promoting conditions that enable economic growth and stability at home and abroad; strengthen national security by combating threats and protecting the integrity of the financial system; and manage the U.S. Government's finances and resources effectively.

Executive Summary

FY 2019 President's Budget Discretionary Appropriation Request

Dollars in Thousands

	FY 2017 Enacted	FY 2018 Annualized CR Rate	FY 2019 Request	FY 2017 Enacted to FY 2019 Increase/ Decrease	Percent Change
Management & Financial	\$1,473,456	\$1,463,449	\$1,181,636	(\$291,820)	-19.81%
Departmental Offices Salaries and Expenses	\$224,376	\$222,852	\$201,751	(\$22,625)	-10.08%
Terrorism and Financial Intelligence	\$123,000	\$122,165	\$159,000	\$36,000	29.27%
Cybersecurity Enhancement	\$47,743	\$47,419	\$25,208	(\$22,535)	-47.20%
Department-wide Systems and Capital Investments Program	\$3,000	\$2,980	\$4,000	\$1,000	33.33%
Office of Inspector General	\$37,044	\$36,792	\$36,000	(\$1,044)	-2.82%
Treasury IG for Tax Administration	\$169,634	\$168,482	\$161,113	(\$8,521)	-5.02%
Special Inspector General for TARP	\$41,160	\$40,880	\$17,500	(\$23,660)	-57.48%
Community Development Financial Institutions Fund	\$248,000	\$246,316	\$14,000	(\$234,000)	-94.35%
Financial Crimes Enforcement Network	\$115,003	\$114,222	\$117,800	\$2,797	2.43%
Alcohol and Tobacco Tax and Trade Bureau	\$111,439	\$110,682	\$114,427	\$2,988	2.68%
Bureau of the Fiscal Service	\$353,057	\$350,659	\$330,837	(\$22,220)	-6.29%
Tax Administration¹	\$11,235,000	\$11,158,703	\$11,135,000	(\$100,000)	-0.89%
IRS Taxpayer Services	\$2,455,754	\$2,349,688	\$2,241,000	(\$214,754)	-8.74%
IRS Enforcement	\$4,640,000	\$4,606,996	\$4,628,204	(\$11,796)	-0.25%
IRS Operations Support	\$3,849,246	\$3,913,988	\$4,155,796	\$306,550	7.96%
IRS Business Systems Modernization	\$290,000	\$288,031	\$110,000	(\$180,000)	-62.07%
IRS Cap Adjustment ²	\$0	\$0	\$361,571	\$361,571	NA
IRS Total, Including Cap Adjustment	\$11,235,000	\$11,158,703	\$11,496,571	\$261,571	2.33%
Subtotal, Treasury Appropriations excluding Cap Adjustment and TEOAF	\$12,708,456	\$12,622,152	\$12,316,636	(\$391,820)	-3.08%
Treasury Forfeiture Fund Total³	(\$1,302,000)	(\$1,302,000)	(\$400,000)	\$902,000	-69.28%
Temporary Rescission	(\$988,000)	(\$988,000)		\$988,000	-100.00%
Permanent Rescission	(\$314,000)	(\$314,000)	(\$400,000)	(\$86,000)	27.39%
Subtotal, Treasury Appropriations including TEOAF	\$11,406,456	\$11,320,152	\$11,916,636	\$510,180	4.47%
Treasury International Programs	\$1,800,577	\$1,788,349	\$1,446,422	(\$354,155)	-19.67%
Multilateral Development Banks	\$1,571,014	\$1,560,345	\$1,348,122	(\$222,892)	-14.19%
Food Security	\$53,000	\$52,640	\$0	(\$53,000)	-100.00%
Environmental Trust Funds	\$146,563	\$145,568	\$68,300	(\$78,263)	-53.40%
Office of Technical Assistance	\$30,000	\$29,796	\$30,000	\$0	0.00%
Total, Treasury Appropriations	\$13,207,033	\$13,108,501	\$13,363,058	\$156,025	1.18%

1/ IRS FY 2017 Enacted levels include \$220 million transfer from Enforcement to Taxpayer Services (\$90 million) and Operations Support (\$130 million). IRS FY 2018 Annualized CR levels include notional \$220 million transfer from Enforcement to Operations Support.

2/ IRS Program Integrity Cap Adjustment includes \$205 million for Enforcement and \$157 million for Operations Support.

3/ In FY 2017 and FY 2018, it includes (\$187,000,000) of the DHS Rescission (temporary).

OVERVIEW OF REQUEST

The Budget requests \$12.3 billion in base discretionary resources for the Department of the Treasury's domestic programs, a \$392 million or 3 percent decrease from the FY 2017 enacted level. It also requests \$1.4 billion for Treasury's international programs, a \$354 million or 19.7 percent decrease from the FY 2017 enacted level. The Budget:

- Provides \$159 million for Treasury's Office of Terrorism and Financial Intelligence (TFI), a \$36 million increase over the FY 2017 enacted level; and \$118 million for the Financial Crimes Enforcement Network (FinCEN), a \$3 million increase over the FY 2017 enacted level. These increases will allow TFI and FinCEN to continue their critical work safeguarding the financial system from abuse and combating other national security threats using non-kinetic economic tools. These additional resources will be deployed to economically isolate North Korea, stand up the Terrorist Financing Targeting Center in Saudi Arabia, implement the Countering America's Adversaries Through Sanctions Act, and counter the financial networks that support terrorists, organized transnational crime, weapons of mass destruction proliferators, and other threats.
- Provides \$11.1 billion for the Internal Revenue Service (IRS) from base discretionary appropriations to collect more than \$3 trillion in revenue and continue administering the first comprehensive tax reform legislation in over 30 years. This funding includes \$199 million to further invest in cybersecurity safeguards for taxpayer data and empower taxpayers with modern customer service options.
 - In addition to base discretionary resources, the Budget proposes a program integrity initiative to support deficit reduction and narrow the gap between taxes owed and taxes paid. The FY 2019 Budget investment is \$362 million. Additional resources will be provided in later years. These investments will generate approximately \$43.8 billion in additional revenue and will cost approximately \$15 billion, yielding estimated net savings of \$28.8 billion over ten years.
- Provides \$25 million to proactively and strategically protect the Treasury information technology (IT) systems that carry out these activities as well as those that account for, and process, trillions of dollars in revenue and payments from cybersecurity threats.
- Proposes to impose appropriate Congressional oversight of the Treasury Financial Stability Oversight Council and Office of Financial Research (OFR) by subjecting their activities to the normal appropriations process. The Budget reflects continued reductions in OFR spending commensurate with the renewed fiscal discipline being applied across the Federal Government.

- Eliminates funding for the Community Development Financial Institutions (CDFI) Fund's discretionary grant and direct loan programs, a savings of \$234 million from the FY 2017 enacted level. The CDFI Fund was created more than 20 years ago to increase access to capital and financial services in communities characterized by high rates of poverty and unemployment, low incomes, and other economic challenges. The Budget assumes that CDFIs have access to other sources of capital. However, the Budget maintains funding for administrative expenses to support ongoing CDFI Fund program activities, including the New Markets Tax Credit program, and proposes to extend the CDFI Bond Guarantee Program, which offers CDFIs low-cost, long-term financing at no cost to taxpayers, because the program requires no credit subsidy.
- Proposes to provide the Bureau of Engraving and Printing (BEP) with the authority to vacate its aging production facility, purchase land, and construct a new facility in the National Capital Region, which would result in an estimated 10-year savings of \$579 million in lower project costs, ultimately lowering operating costs.
- Provides \$1.4 billion for Treasury's International Programs to support the most critical investments in multilateral development institutions, while ensuring that U.S. contributions are set at an appropriate level relative to our partner countries. The proposed funding level meets current year U.S. commitments to international financial institutions and maintains funding for the Office of Technical Assistance.

REFORM PROPOSALS

Treasury's reform plan includes proposals that will drive efficiency and effectiveness within the Department and across government.

- Treasury proposes consolidating coordination of the federal government's financial education programs, which are currently spread across more than 20 executive agencies.
- In coordination with the Department of Justice's Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB) proposes to assume responsibility for federal tobacco and alcohol tax jurisdiction.
- Treasury proposes to merge certain functions currently performed by both BEP and United States Mint, such as the sales and marketing of collectible products and non-IT procurement.
- In light of a declining number of private American printing firms providing secure printing for official documents (birth, marriage, and death certificates), Treasury will offer intaglio printing services to states and local governments using BEP's secure printing technology.

Fiscal Year Comparison of Full-Time Equivalent (FTE) Staffing (Direct and Reimbursable)

Appropriation	2017 Actual			2018 Annualized CR Rate			2019 President's Budget		
	Direct	Reimb.	Total	Direct	Reimb.	Total	Direct	Reimb.	Total
Departmental Offices Salaries and Expenses	856	99	955	856	100	956	646	58	704
Terrorism and Financial Intelligence	395	33	428	421	36	457	518	36	554
Cybersecurity Enhancement	-	-	-	19	-	19	19	-	19
Office of Inspector General	158	7	165	175	5	180	175	5	180
Treasury Inspector General for Tax Administration	800	2	802	800	2	802	800	2	802
Special Inspector General for TARP	139	-	139	140	-	140	85	-	85
Community Development Financial Institutions Fund	74	-	74	74	-	74	42	-	42
Financial Crimes Enforcement Network	274	1	275	304	1	305	332	1	333
Alcohol and Tobacco Tax and Trade Bureau	478	10	488	507	10	517	492	10	502
Bureau of the Fiscal Service	2,084	10	2,094	2,110	10	2,120	2,089	10	2,099
Internal Revenue Service funded from regular appropriations	76,831	854	77,685	73,870	1,034	74,904	70,876	553	71,429
Internal Revenue Service funded from proposed program integrity cap adjustment							1,691		1,691
Subtotal, Treasury Appropriated Level	82,089	1,016	83,105	79,276	1,198	80,474	77,765	675	78,440
Office of Financial Stability (Administrative Account)	52	-	52	34	-	34	24	-	24
Small Business Lending Fund Program	8	-	8	8	-	8	6	-	6
State Small Business Credit Initiative	9	-	9	-	-	-	-	-	-
Capital Magnet Fund	4	-	4	5	-	5	5	-	5
Office of Financial Research	236	-	236	208	-	208	158	-	158
Financial Stability Oversight Council	-	-	-	-	-	-	-	-	-
Treasury Franchise Fund	-	1,702	1,702	-	1,770	1,770	-	1,977	1,977
Bureau of Engraving and Printing	-	1,818	1,818	-	1,842	1,842	-	1,836	1,836
United States Mint	-	1,645	1,645	-	1,705	1,705	-	1,705	1,705
Office of the Comptroller of the Currency	-	3,908	3,908	-	3,945	3,945	-	3,987	3,987
Terrorism Insurance Program	5	-	5	9	-	9	9	-	9
IRS Private Collection Agent Program	-	-	-	10	-	10	110	-	110
Subtotal, Treasury Non-Appropriated Level	314	9,073	9,387	274	9,262	9,536	312	9,505	9,817
Total, Treasury	82,403	10,089	92,492	79,550	10,460	90,010	78,077	10,180	88,257

1/ A portion of Fiscal Service's Reimbursable/Fee FTE is funded by fee revenue as authorized by the Debt Collection Improvement Act (DCIA) of 1996.

2/ IRS FY 2018 Total FTE is overstated in the President's Budget Appendix by 102 FTE as a result of a reporting error in the Business Systems Modernization account.

FY 2019 President's Budget by Strategic Goal
(Dollars in Thousands)

Treasury Goal/Objective	Boost U.S. Economic Growth	Promote Financial Stability	Enhance National Security	Transform Government-wide Financial Stewardship	Achieve Operational Excellence	Total
Management & Financial	\$372,755	\$21,926	\$300,347	\$410,146	\$76,462	\$1,181,636
Departmental Offices Staffs and Expenses	\$54,615	\$20,276	\$23,547	\$24,409	\$48,905	\$201,751
Terrorism and Financial Intelligence			\$159,000			\$159,000
Cybersecurity Enhancement		\$1,651			\$23,657	\$25,308
Department-wide Systems and Capital Investments Program				\$36,000	\$4,000	\$40,000
Office of Inspector General						\$36,000
Treasury Inspector General for Tax Administration	\$161,113					\$161,113
Special Inspector General for TARP				\$17,500		\$17,500
Community Development Financial Institutions Fund	\$12,600		\$17,800	\$1,400		\$14,000
Financial Crimes Enforcement Network						\$117,800
Alcohol and Tobacco Tax and Trade Bureau	\$114,427					\$114,427
Bureau of the Fiscal Service				\$330,837		\$330,837
Tax Administration	\$11,135,000					\$11,135,000
IRS Taxpayer Services	\$2,241,000					\$2,241,000
IRS Enforcement	\$4,625,204					\$4,625,204
IRS Operations Support	\$4,155,796					\$4,155,796
Business Systems Modernization	\$110,000					\$110,000
IRS Cap Adjustment ²	\$591,571					\$591,571
IRS Total, including Cap Adjustment	\$11,486,571	\$0	\$0	\$0	\$0	\$11,486,571
Total, Treasury Appropriations Committee Excluding Cap Adjustment and TEOJAF	\$11,507,755	\$21,926	\$300,347	\$410,146	\$76,462	\$12,316,536
Treasury Informational Programs		\$30,000		\$1,416,423		\$1,446,423
Total, Appropriated Level¹	\$11,507,755	\$51,926	\$300,347	\$1,226,569	\$76,462	\$13,763,059
Non-Appropriated Accounts						
Office of Financial Stability (Administrative Account)				\$63,065		\$63,065
Terrorism Risk Insurance (Administrative)			\$3,000			\$3,000
Financial Stability Oversight Council	\$5,527	\$5,527				\$11,054
Office of Financial Research	\$37,636	\$37,636				\$75,271
Bureau of Economic Analysis	\$596,430					\$596,430
United States Mint	\$2,970,276					\$2,970,276
Office of the Comptroller of the Currency	\$1,004,977	\$251,244				\$1,256,221
Federal Reserve Bank				\$608,000		\$608,000
Reimbursable to the Federal Reserve Bank				\$157,500		\$157,500
Financial Agent Services				\$332,500		\$332,500
Total, Non-Appropriated Level	\$4,514,845	\$254,407	\$3,000	\$1,998,000	\$0	\$6,769,252
Grand Total	\$16,022,600	\$246,333	\$303,347	\$2,224,569	\$76,462	\$20,626,311

¹ Total does not include the proposed \$400 million for the Economic Growth Fund.

² IRS Program Integrity Cap Adjustment includes \$205 million for Enforcement and \$157 million for Operations Support which would be added to the Economic Growth goal.

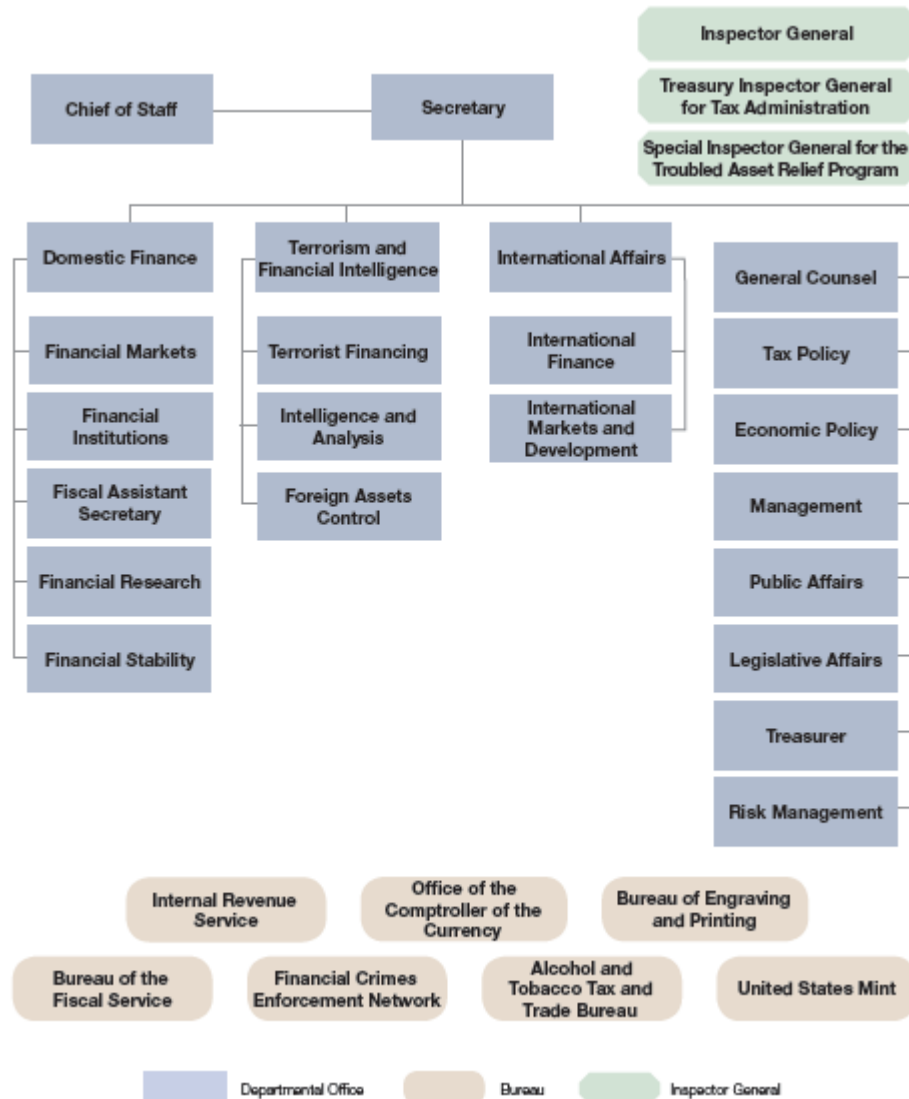
Summary of FY 2019 Increases and Decreases

(Dollars in Thousands)

	DO	TFI	Oper	DSCP	OIG	TIGTA	SIGTARP	CDPI	FINCEN	TTB	FS	IRS	Subtotal	TEOAF	Total
FY 2018 Annualized CR Rate	\$222,852	\$122,65	\$47,419	\$2,980	\$35,792	\$58,482	\$40,880	\$245,316	\$114,222	\$110,682	\$350,659	\$11,558,703	\$12,622,162	(\$1,302,000)	\$11,320,162
Maintaining Current Levels (MCLs)	\$1,002	\$1423			\$306	\$1233	\$28	\$177	\$1421	\$1027	\$3,286	\$93,093	\$104,640		\$10,640
Non-Recurring Costs			(22,029)	(\$2,900)							(\$19,822)		(\$45,451)	\$902,000	\$856,549
Efficiency Savings/Reinvestment	(\$22,963)						(\$4,080)			(\$450)			(\$37,506)		(\$37,506)
Adjustments to Base	(\$21,011)	\$1,423	(\$22,629)	(\$2,900)	\$306	\$1,233	(\$10,880)	\$177	\$1,421	\$577	(\$16,536)	\$93,093	\$21,703	\$902,000	\$923,703
FY 2019 Base	\$201,751	\$123,808	\$24,790	\$0	\$37,097	\$165,715	\$27,000	\$246,493	\$115,643	\$111,259	\$334,123	\$11,652,395	\$12,643,865	(\$400,000)	\$12,243,865
Program Decreases					(\$1097)	(\$3,002)	(\$9,500)	(\$232,450)	(\$176)	(\$7,032)	(\$3,286)	(\$36,727)	(\$580,490)		(\$580,490)
Program Increases		35,142	\$18	\$4,000					3,318	10,800		\$69,331	\$253,279		\$253,279
Subtotal, Program Changes	\$0	\$35,142	\$18	\$4,000	(\$1,097)	(\$8,602)	(\$9,500)	(\$232,453)	\$2,167	\$3,168	(\$3,286)	(\$17,396)	(\$327,219)	\$0	(\$327,219)
FY 2019 President's Budget funded from discretionary resources	\$201,751	\$59,000	\$25,208	\$4,000	\$36,000	\$161,113	\$17,500	\$44,000	\$117,960	\$114,427	\$330,837	\$11,655,000	\$12,316,636	(\$400,000)	\$11,916,636
Program Inventory Cap Adjustment												\$384,574	\$384,574		\$384,574
FY 2019 President's Budget including program inventory cap adjustment	\$201,751	\$59,000	\$25,208	\$4,000	\$36,000	\$161,113	\$17,500	\$44,000	\$117,960	\$114,427	\$330,837	\$11,456,571	\$12,678,207	(\$400,000)	\$12,278,207

Organization

Treasury is organized into the Departmental Offices, seven bureaus, and three offices of inspector general. The Departmental Offices are primarily responsible for policy formulation, while the bureaus are the operating units of the organization.





Departmental Offices

Domestic Finance works to preserve confidence in the U.S. Treasury securities market, strengthen financial institutions and markets, and promote access to credit, in service to long-term economic strength and stability.



Terrorism and Financial Intelligence (TFI) uses unique policy, intelligence, enforcement and regulatory tools and authorities to disrupt and disable terrorists, criminals, and other national security threats while also safeguarding the financial system against abuse by illicit actors.



International Affairs protects economic prosperity and national security by working to foster a most favorable external environment for sustained jobs and economic growth.



Tax Policy develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code, and provides revenue estimates for the President's Budget.



Economic Policy reports on economic developments and assists in the determination of appropriate economic policies. Reviews

and analyzes domestic economic issues and financial market developments.



The **Treasurer of the United States** serves as a principal advisor to the Secretary and leads the Office of Consumer Policy, which provides policy leadership, research, and analysis in the areas of fostering economic growth and financial security for American families in a robust consumer marketplace. The Treasurer also oversees the U.S. Mint, including advising the Secretary on coinage matters and liaising with the Federal Reserve.



The **Office of Management**, including the Chief Financial Officer, manages the Department's financial resources and oversees Treasury-wide programs, including human capital, organizational performance, information technology, acquisition, and diversity issues and inclusion.



The **Office of Risk Management** oversees the development and implementation of an integrated risk management framework for the Department, advising Treasury leaders on managing credit, market, liquidity, fraud, operational, and reputational risks.



Other offices within Departmental Offices include the **General Counsel**, **Legislative Affairs**, and **Public Affairs**.

INSPECTORS GENERAL



Three Inspectors General – the **Office of Inspector General (OIG)**, the **Treasury Inspector General for Tax Administration (TIGTA)**, and the **Special Inspector General for the Troubled Asset Relief Program (SIGTARP)** – provide independent audits, investigations, and oversight of Treasury and our programs.



The **Alcohol and Tobacco Tax and Trade Bureau (TTB)** collects federal excise taxes on alcohol, tobacco, firearms, and ammunition. Enforces and administers laws covering production, use, and distribution of alcohol and tobacco products.



The **Bureau of Engraving and Printing (BEP)** develops and produces U.S. currency notes, as well as secure documents for government use.



The **Financial Crimes Enforcement Network (FinCEN)** safeguards the financial system from illicit use and combats money laundering. Promotes national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.



The **Bureau of the Fiscal Service (Fiscal Service)** provides central payment services to

federal agencies, operates the U.S. government's collections and deposit systems, and delivers administrative shared services to federal agencies. Provides government-wide accounting and reporting, and manages the collection of delinquent debt. Borrows money needed to operate the U.S. government through the sale of marketable, savings, and special purpose U.S. Treasury securities. Accounts for and services the public debt.



The **Internal Revenue Service (IRS)** determines, assesses, and collects U.S. tax revenue. Helps taxpayers understand their tax responsibilities and combats tax-related fraud.



UNITED STATES MINT

The **United States Mint (U.S. Mint)** designs, mints, and issues U.S. circulating numismatic and bullion coins. Strikes Congressional gold medals and other medals of national significance. Maintains physical custody and protection of most of the nation's gold and all of its silver assets.



Office of the
Comptroller of the Currency

U.S. Department of the Treasury

The **Office of the Comptroller of the Currency (OCC)** ensures that the federal banking system operates safely and soundly, provides fair access to financial services, treats customers fairly, and complies with applicable laws and regulations. The OCC charters, regulates, and supervises national banks and federal savings associations, and licenses and supervises federal branches and agencies of foreign banks. **Treasury Strategic Framework**

The Government Performance and Results Act Modernization Act of 2010 (GPRAMA) requires federal agencies to publish new strategic plans one year after each presidential inauguration. Treasury's Strategic Plan for Fiscal Years (FY) 2018 - 2022 (Strategic Plan) describes long-term goals the Department aims to achieve during this administration and provides an internal guide for decision-making. Within the Strategic Plan, "goals" articulate larger outcomes or societal impacts that Treasury aims to achieve, while "objectives" support goals and reflect more focused policy or operational areas where Treasury plans to make significant improvements. Accountable officials are designated for each strategic objective. Concentrating on a focused set of objectives strengthens accountability, while allowing the Department to emphasize critical areas and meaningfully manage for results.

Treasury's FY 2018-2019 Agency Priority Goals, each supporting the achievement of a specific strategic objective, will be published concurrent with the Strategic Plan on www.performance.gov.

FY 2018-2019 Agency Priority Goal: Reducing Refund Fraud

In response to significant increases in refund fraud schemes and identity theft, the IRS increased its prevention efforts. One such effort is the Security Summit initiative, a public-private sector partnership started in 2015 between the IRS, state revenue departments, software developers, tax professionals, and financial services groups.

This effort led to a sharp decline in identity theft and related refund fraud by 2017, with several indicators dropping by more than 50 percent since the Summit began.

- In 2012, there was a 226 percent increase in new identity theft cases from the prior year.
- In 2016, there was a 46 percent decrease in new identity theft cases from the prior year.

FY 2018-2019 Agency Priority Goal: Improved Business Qualification Process

Ongoing growth in the alcohol beverage industry in recent years has resulted in an increased volume in permit applications for new alcohol producers. This growth in workload has contributed to delayed permit approvals that exceed TTB's service standards. In FY 2017, TTB reviewed its current processes, applications, and online systems to identify ways to streamline the process for prospective industry members. In FY 2018 and 2019, TTB will work to implement these improvements and reduce average approval times for business permits.

FY 2018-2019 Agency Priority Goal: International Collaboration

We must focus our combined efforts on disrupting illicit financial networks and protecting the U.S. and international financial system by expanding information sharing and collaboration with international partners to address risks from rogue regimes, terrorist financiers, transnational criminal organizations, human rights abusers, and proliferators of weapons of mass destruction.

		Domestic Finance	International Affairs	TFI / FinCEN	Tax Policy	Treasurer	Economic Policy	Management	IRS	Fiscal Service	BEP	U.S. Mint	TTB	OCC
		Objective Leads	Support Organizations											
Strategic Goal	Strategic Objective													
Goal 1: Boost U.S. Economic Growth	1.1 Tax Law Implementation				★				★				★	
	1.2 Strong Economic Fundamentals	★	★			★	★							★
	1.3 Trusted Currency and Services					★					★	★	★	
	1.4 Free and Fair Trade		★										★	
Goal 2: Promote Financial Stability	2.1 Housing Finance Reform	★												
	2.2 Foreign Exchange Practices		★											
	2.3 Foreign Technical Assistance		★											
	2.4 Financial Sector Critical Infrastructure and Cybersecurity	★						★						★
Goal 3: Enhance National Security	3.1 Strategic Threat Disruption		★	★										★
	3.2 AML/CFT Framework			★			★							★
	3.3 Economic Strength and National Security		★	★										
Goal 4: Transform Government-wide Financial Stewardship	4.1 Financial Data Access and Use	★	★						★	★				
	4.2 Debt Management	★								★				
	4.3 Federal Financial Performance	★								★				
Goal 5: Achieve Operational Excellence	5.1 Workforce Management	★	★	★	★	★	★	★	★	★	★	★	★	★
	5.2 Treasury Infrastructure			★				★	★	★	★	★	★	★
	5.3 Customer Value							★	★	★	★	★	★	★

The Government Performance and Results Act (GPRA) and the GPRAMA established the need for agencies to identify performance goals, report progress against targets, and conduct data-driven reviews. These practices serve two key purposes for stakeholders within and outside of the organization: to assess the organization's health and impact and to inform decision-making and strategy (including effective resource allocation). In this spirit, we developed a strategic framework supported by best-in-class organizational performance practices to help achieve the Department's strategic objectives.

Treasury's Annual Organizational Performance Review Cycle

	Fall (October – November)	Winter (February – March)	Spring (April – May)	Summer (June – July)
Focus	Organizational Performance	Strategic Objective Annual Review (SOAR)	Organizational Performance	Budget
Chair	Chief Operating Officer/ Assistant Secretary for Management (ASM) – Performance Improvement Officer (PIO)	ASM – PIO/ Deputy PIO	Chief Operating Officer/ ASM – PIO	ASM – PIO
Goals/Outcomes	<ul style="list-style-type: none"> Review prior year's performance at the bureau/office level Set priorities for year ahead Recognize successes 	<ul style="list-style-type: none"> Evaluate cross-agency progress toward strategic objectives Identify strategic shifts/validate Treasury priorities Outline potential topics for annual review with OMB 	<ul style="list-style-type: none"> Assess progress on priorities Identify necessary adjustments/near-term improvements Surface problems or assistance needed Recognize successes 	<ul style="list-style-type: none"> Connect priorities to future funding Explore performance impacts Strengthen IT acquisition, budgeting, and accountability

In addition to these Department-level reviews, bureaus and offices validate performance data each quarter and many run their own internal performance reviews.¹

Human Capital Plan Implementation

In FY 2019, Treasury's Human Capital Community will continue its efforts towards a competency-based management approach. In alignment with these efforts, below are some of the strategies that are the focus for FY 2019:

- Continued implementation of the Integrated Talent Management System (DASHR-CHCO)
- Validate the competency management approach developed in FY2018 and continue the development competency assessment tools (DASHR-CHCO)
- Continue to integrate Workforce Planning with other business processes (DASHR-CHCO)
- Develop evaluation process to determine the effectiveness of D&I Strategies (OCD)
- Begin/Continue implementing succession planning program (TTB)
- Continue designing experienced leaders program (Mint)
- Continue laying the foundation for the implementation of the Service-wide Workforce Planning process (IRS)
- Evaluate the effectiveness of local Engagement plans and adjust approach if necessary (FNCN)
- Continue to close identified competency gaps (DO)
- Utilized centralized recruitment and diversity plan (BFS)

¹/ The FY 2017 Verification and Validation Report is available at: https://www.treasury.gov/about/budget-performance/annual-performance-plan/Documents/FY17_AFR_508_FINAL.pdf

- Assess the effectiveness of the Bureau-wide Workforce Planning efforts and adjust as necessary (BEP)

Summary of Management and Performance Challenges

OIG and TIGTA have identified the most significant management and performance challenges facing the Department, in accordance with the Reports Consolidation Act of 2000. These challenges do not necessarily indicate deficiencies in performance; some represent inherent risks that require continuous monitoring. Refer to Section C of *Part 3, Other Information*, in the FY 2017 Treasury Agency Financial Report (AFR) for a detailed discussion of these challenges, including our progress toward addressing them.² GAO releases a government-wide high-risk list every two years. Treasury has shared responsibility for one risk area and lead responsibility in another.

OIG - Identified Management Challenges:

- Operating in an Uncertain Environment (New Challenge)
- Cyber Threats
- Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement
- Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments

TIGTA - Identified Management Challenges:

- Security Over Taxpayer Data and Protection of IRS Resources
- Identity Theft and Impersonation Fraud
- Providing Quality Taxpayer Service and Expanding Online Services
- Upgrading Tax Systems
- Implementing Tax Law Changes
- Improving Tax Compliance
- Reducing Fraudulent Claims and Improper Payments
- Impact of Global Economy on Tax Administration
- Protecting Taxpayer Rights
- Achieving Program Efficiencies and Cost Savings

GAO - Identified High-Risk Areas:

- Improvements needed in internal control over unpaid tax assessments
- Improvements needed in controls over the processes used to prepare the *U.S. Consolidated Financial Statements*

² The FY 2017 AFR is available at https://www.treasury.gov/about/budget-performance/annual-performance-plan/Documents/FY17_AFR_508_FINAL.pdf. The response letters are on pages 164-169.