

Department of the Treasury
Office of Terrorism and
Financial Intelligence

Congressional Budget
Justification and Annual
Performance Report and Plan

FY 2022

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Section I – Budget Request

A – Mission Statement

Enhance national security by applying Treasury’s unique policy, enforcement, intelligence, and regulatory tools to identify, disrupt and disable terrorists, criminals, and other national security threats to the United States and to protect the U.S. and international financial systems from abuse by illicit actors.

B – Summary of the Request

TFI requests \$185.192 million, which is a \$10.192 million increase from the FY 2021 enacted level. TFI requests these additional resources to continue to invest in its people as well as infrastructure, systems, and automated tools, thereby ensuring that TFI remains agile, innovative, and strategic in responding to the most pressing U.S. national security concerns. The FY 2022 budget request also includes funding that represents TFI’s portion of a larger Treasury Departmental Offices (DO) project to modernize critical equipment and software that supports the DO workforce’s fundamental information technology needs, and replace servers that have now reached the end of their useful life. The budget prioritizes funding for Treasury’s targeted financial tools that protect the U.S. and international financial system from abuse, as well as countering the financial networks that support terrorists, weapons proliferators, organized transnational crime, rogue regimes, and other threats.

TFI’s economic authorities continue to play an increasingly central role in countering some of the nation’s most critical security threats. This Administration and Congress rely upon TFI to develop strategies that employ all targeted financial measures, including sanctions, to proactively implement U.S. national security and foreign policy goals towards China, Iran, Russia, Venezuela, Burma, Islamic State of Iraq and Syria (ISIS) and other terrorist organizations, human rights abusers and corrupt actors, narcotics traffickers, and other malign and destabilizing actors. This request also includes targeted tools that protect the U.S. and international financial system from abuse by illicit actors, to include unexpected challenges such as COVID-19 related illicit finance concerns. As reliance upon TFI’s authorities has grown, the corresponding growth in personnel across TFI and increased demand placed upon secure systems requires additional investment in mission support areas. TFI’s infrastructure investments have been developed with careful consideration of the personnel increase request with the intent of developing and maintaining a collaboration network that facilitates our operational and policy goals.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020		FY 2021		FY 2022		FY 2021 to FY 2022	
	Operating Plan		Operating Plan		Request		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources								
Terrorism and Financial Intelligence	477	\$169,712	551	\$175,000	575	\$185,192	4.4%	5.8%
Subtotal New Appropriated Resources	477	\$169,712	551	\$175,000	575	\$185,192	4.4%	5.8%
Other Resources								
Reimbursable	39	\$8,543	35	\$10,500	41	\$10,500	17.1%	0.0%
Subtotal Other Resources	39	\$8,543	35	\$10,500	41	\$10,500	17.1%	0.0%
Total Budgetary Resources	516	178,255	586	\$185,500	616	\$195,692	5.1%	5.5%

Note: FTE = Full-time Equivalent employment

1.2 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	551	\$175,000
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$4,817
Pay Annualization (1.0% average pay raise)	0	\$234
Pay Raise (2.7% average pay raise)	0	\$2,119
FERS Contribution Increase	0	\$836
Non-Pay	0	\$1,628
Other Adjustments:	8	\$0
Contracts	0	(\$1,330)
FTE Adjustment	8	\$1,330
Subtotal Changes to Base	8	\$4,817
FY 2022 Current Services	559	\$179,817
Program Changes:		
Program Adjustments	16	\$0
Non-recur	0	(\$2,750)
FTE Adjustment	16	\$2,750
Program Increases:	0	\$5,375
Replacement of End of Life Servers	0	\$1,659
IT Modernization	0	\$3,716
FY 2022 President's Budget Request	575	\$185,192

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$4,817,000 / +0 FTE

Pay Annualization (1.0%) +\$234,000 / +0 FTE

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +\$2,119,000 / +0 FTE

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +\$836,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +\$1,628,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

Other Adjustments +\$0/ +8 FTE

Contracts -\$1,330,000 / -0 FTE

As a result of hiring delays due to the pandemic, funds initially intended to support FTE increases were applied to finance one-time contract requirements in FY 2021. These funds are no longer needed to support contracts in FY 2022.

FTE Adjustment +\$1,330,000 / +8 FTE

The FY 2022 Budget reflects a +8 FTE technical adjustment from the FY 2021 Enacted Budget. This technical adjustment reflects increased efforts at TFI to hire and on-board new staff.

Program Adjustments +\$0 / +16 FTE

Non-recur Costs -\$2,750,000 / +0 FTE

These funds are no longer needed to support renovation requirements in FY 2022 and can support expanded staffing.

FTE Adjustment +\$2,750,000 / +16 FTE

The FY 2022 Budget reflects a +16 FTE technical adjustment from the FY 2021 Enacted Budget. This technical adjustment reflects increased efforts at TFI to hire and on-board new staff with funds no longer required for use towards renovations that program anticipates will be completed in FY 2022.

Program Increases +\$5,375,000 / +0 FTE

Replacement of End of Life Servers +\$1,659,000 / +0 FTE

Funds are requested for TFI's portion of a larger DO project to replace servers that have now reached the end of their useful life.

April 2021 marks one year that DO's workforce has been in a remote work environment due to the coronavirus pandemic. The challenges, weaknesses, and vulnerabilities of DO's current infrastructure have been magnified in a way that may not have been apparent previously. Separately, the SolarWinds incident, which impacted the Treasury Department and other federal departments and agencies on a much broader level, has exacerbated an already tenuous situation. This is particularly acute with respect to Treasury's server infrastructure. Over the past several months, several servers have reached their end of life, and over 120 additional servers will reach end of life by FY 2022. If these servers are allowed to reach end of life, key IT infrastructure responsible for housing the data of vital programs used by every TFI employee (e.g., email and virtual desktops) as well as data for critical national security programs will be put at risk of failure or breach.

DO has been able to negotiate extensions for some of these service contracts over the past few months, but this is at best a stopgap remedy. To present the most cost-effective, long-term solution, DO conducted several comprehensive studies to review its existing server infrastructure and application base. These assessments analyzed DO applications and workloads to determine their cloud suitability. Factors considered include:

- 1) Suitability for migration to a cloud environment (i.e. whether the workload is elastic or if its migration presents any security concerns);
- 2) Readiness to move to the cloud (i.e. understanding whether any remediation is required prior to migration); and
- 3) Level of complexity (i.e. how critical the business processes supported are).

IT Modernization +\$3,716,000 / +0 FTE

Funds are requested for TFI's portion of a larger DO project to modernize critical equipment and software. Treasury leadership, over the past few years, made the conscious decision to focus investments and resources on DO's policy mission. This request's key investments include:

- 1) *End user equipment refreshes and enhancements to support a sustained telework posture.* Many end user computing devices have reached the end of their useful life and require lifecycle replacement. Without a meaningful refresh, end user devices will fail, which will have an impact on staff productivity and ultimately impact Treasury's ability to deliver on its mission. This refresh also encompasses equipment that would improve telework productivity for TFI staff. DO recently conducted a survey of IT needs and satisfaction. The single largest requirement set by users was for additional equipment to support their productivity in a remote environment.
- 2) *Redesign of Treasury's intranet to improve user experience, site navigation, search capabilities and information architecture.* Improvements should simplify actions, accelerate processing, and increase intranet performance collectively by greater than 20 percent.
- 3) *Modernization of legacy applications/enhancement of existing applications.* DO has a need to retire legacy applications built on aged technologies to reduce cybersecurity risk, standardize low-code platform adoption, and realize operational efficiencies through common systems. DO also has identified technology gaps and business process automation opportunities which will be prioritized to shift staff focus from low to high value work. This initiative will reduce the administrative burden on our IT development staff through automation and common tool sets. DO plans to leverage this funding to secure a dedicated agile development sprint team comprised of seven resources to continually improve the DO application portfolio. The remainder will be used to procure low-code software as a service (SaaS) licensing on which legacy applications will continue to be re-platformed. DO will prioritize legacy application modernization while integrating enhancements across mission support technologies (OSP Tracker, Nuvolo, Impress, etc.).
- 4) *Migration to managed remote access and remote desktop.* DO's current remote access and virtual desktop infrastructure were designed a decade ago and intended to support traveling staff as well as a small number of telecommuters for episodic telework and days where a large telework load would be supported for a day or two (such as "inclement weather events"). While hardware has been occasionally refreshed over the years, the underlying architecture has not changed over the past decade. This comes amid increased usage of telework flexibilities over this same period, which necessitate a new posture. DO intends to migrate to a new managed remote access platform which leverages a similar solution to the one IRS has used for its 80,000 plus users during the pandemic. This should help DO to leverage IRS's implementation lessons as well as reduce the Department's overall attack surface area for cyber threats. Both the new managed remote access and virtual desktop infrastructure will provide DO with added resiliency, support greater swings in demand, and scalability which does not exist in DO's current posture.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020	FY 2021	FY 2022
	Actual Obligations	Estimated Obligations	Estimated Obligations
11.1 - Full-time permanent	63,253	74,309	80,485
11.3 - Other than full-time permanent	431	551	568
11.5 - Other personnel compensation	2,002	2,332	2,405
11.9 - Personnel Compensation (Total)	65,686	77,192	83,458
12.0 - Personnel benefits	21,544	25,125	27,128
Total Personnel and Compensation Benefits	\$87,230	\$102,317	\$110,586
21.0 - Travel and transportation of persons	1,397	1,367	1,394
22.0 - Transportation of things	95	94	96
23.2 - Rental payments to others	222	4	4
23.3 - Communications, utilities, and miscellaneous charges	48	47	48
24.0 - Printing and reproduction	4	0	0
25.1 - Advisory and assistance services	15,837	20,590	19,289
25.2 - Other services from non-Federal sources	1,089	1,892	1,914
25.3 - Other goods and services from Federal sources	47,024	42,423	40,103
25.4 - Operation and maintenance of facilities	27	0	0
25.7 - Operation and maintenance of equipment	6,693	6,353	10,118
26.0 - Supplies and materials	3,320	3,209	3,237
31.0 – Equipment	5,043	2,009	3,682
32.0 - Land and structures	8,598	5,194	5,221
Total Non-Personnel	\$89,397	\$83,182	\$85,106
Total Obligations	\$176,627	\$185,500	\$195,692
Full-time Equivalents (FTE)	516	586	616

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE <i>Federal Funds</i> SALARIES AND EXPENSES</p> <p>For the necessary expenses of the Office of Terrorism and Financial Intelligence to safeguard the financial system against illicit use and to combat rogue nations, terrorist facilitators, weapons of mass destruction proliferators, human rights abusers, money launderers, drug kingpins, and other national security threats, [\$175,000,000] <i>\$185,192,000</i>, of which not less than \$3,000,000 shall be available for addressing human rights violations and corruption, including activities authorized by the Global Magnitsky Human Rights Accountability Act (22 U.S.C. 2656 note): <i>Provided</i>, That of the amounts appropriated under this heading, up to \$10,000,000 shall remain available until September 30, [2022] <i>2023</i>. (<i>Department of the Treasury Appropriations Act, 2021.</i>)</p>	

E – Legislative Proposals

The Office of Terrorism and Financial Intelligence has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President’s Budget to reflect new departmental strategic goals and objectives

B – Budget and Performance/Workforce Indicators by Budget Activity

2.1.1 – Terrorism and Financial Intelligence Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	\$117,000	\$123,000	\$141,778	\$159,000	\$169,712	\$175,000	\$185,192
Reimbursable	\$6,329	\$6,491	\$8,626	\$7,756	\$8,543	\$10,500	\$10,500
Budget Activity Total	\$123,329	\$129,491	\$150,404	\$166,756	\$178,255	\$185,500	\$195,692
Full-time Equivalents (FTE)	414	428	444	480	516	586	616

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan. The FY 2016 - FY 2020 columns represent realized resources for full-time equivalents, reimbursables, and user fees.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
Number of new or modified sanctions programs modified by EO or Congressional mandate during the fiscal year	N/A	N/A	N/A	N/A	7	I	I	I
Regulatory documents published in the Federal Register within four months of publication of an Executive order or Congressional mandate during the fiscal year	N/A	N/A	N/A	N/A	67%	75%	75%	75%
Designations and identifications released on time to the public without errors	N/A	N/A	N/A	N/A	97%	90%	90%	90%
Conduct outreach events for the other US government agencies, the public, the business sector, and foreign government per calendar year	N/A	N/A	N/A	N/A	0	40	60	60
Participation in FATF international mutual evaluations and follow up reports	N/A	N/A	N/A	N/A	32	I	I	I
Number of roundtables with private sector on AML/CFT threats, vulnerabilities, and risk	N/A	N/A	N/A	N/A	13	I	I	I
# of overseas/domestic engagements with foreign officials by TFFC officials	N/A	N/A	N/A	N/A	> 690	I	I	I
Respond to de-confliction requests received from law enforcement	N/A	N/A	N/A	N/A	7 days	7 days	7 days	7 days
# of security clearances processed	N/A	N/A	N/A	N/A	1131	B	B	B
Number of analytic products published (includes number of IIRs published, number of finished intelligence pieces published)	N/A	N/A	N/A	N/A	446 IIRs/297 FI	I	I	I
Percent customer satisfaction with OIA products	N/A	N/A	N/A	N/A	Customer Satisfaction Surveys not conducted in FY 2020 due to the COVID-19 pandemic.	74%	74%	74%

Key: I – Indicator; B - Baseline

Note: All performance measures are new beginning in FY 2020, so no results were reported for FYs 2016 - 2019.

Terrorism and Financial Intelligence Budget and Performance

(\$185,192,000 from direct appropriations, \$10,500,000 from reimbursable resources)

TFI has strategically applied Treasury's powerful tools and authorities against bad actors, including rogue regimes, terrorist financiers, human rights abusers, proliferators of weapons of mass destruction, drug kingpins, and others. Since the beginning of FY 2020, Treasury has established four new and six modified sanctions programs. This included the use of tools and authorities to deter Iran's nuclear and ballistic missile program, hindering Iran's support of global terrorism, and offsetting efforts to destabilize the Middle East, Burma, Hong Kong, Venezuela, and others.

On Iran, Treasury targeted terrorist financing and money laundering activity and imposed a series of sanctions designed to disrupt Iran's nuclear program and its ability to acquire and sell conventional arms. Treasury imposed sanctions on the Iranian ambassador to Iraq responsible for coordinating the activity of Iran's Islamic Revolutionary Guard Corps Quds Force (IRGC-QF) throughout Iraq. Additionally, Treasury imposed sanctions on a huge network on 150 targets in addition to metals and petrochemical companies. Through the Terrorist Financing Targeting Center's (TFTC) partnership with seven Gulf nations, joint sanctions against the Islamic State of Iraq and Syria (ISIS), Hizballah, and Iran's IRGC were successfully taken.

Additionally, Treasury applied its tools and authorities against Venezuela's Maduro regime to deny the regime revenue and sanctioned members of the regime for human rights violations and corruption. Additionally, Treasury used sanctions to place pressure on North Korea, including designations focused on North Korea's continued supply of unlawful labor to overseas markets, which is used to generate income in contravention of United Nations sanctions. Treasury countered Russian illicit financing by working with foreign partners and through strategic use of sanctions authorities. TFI also formed an election security team in response to foreign interference and influence threats to the American electoral system and designated four Russia-linked individuals for attempting to influence the U.S. electoral process.

In addition to administering global programs targeting sanctionable activity, Treasury issued two actions under Section 311 of the USA PATRIOT Act and issued eight special collection requests on major illicit financing issues. On China, TFI realigned analytic resources to anticipate and analyze more thoroughly the security threats China poses and took action to impose costs on China for human rights abuses in Xinjiang and for undermining Hong Kong's autonomy. On Burma, Treasury implemented a new sanctions regime in response to the Burmese military's coup against the democratically elected civilian government of Burma. In coordination with the issuance of a new Executive Order (E.O.), Treasury designated, pursuant to that E.O. approximately 10 individuals and three entities connected to the military apparatus responsible for the coup. These actions were taken quickly and at the direction of the White House, in response to violence and suppression of peaceful protests over the weekend of February 21, 2021.

To strengthen Treasury's ability to target and combat risks, TFI built a tailored financial intelligence data platform that aggregates and overlays TFI data holdings. This platform hosts foreign government information, open source corporate registry information, and Financial

Action Task Force (FATF) publications, among other resources, to help TFI personnel make more effective national security decisions.

The Office of Terrorist Financing and Financial Crimes-led Illicit Finance Fusion Cell (IFFC), an interagency body established in 2018 to use advanced data analytics and public records in support of Treasury's national security priorities, partnered closely with the TFI Chief Data Officer to acquire and ingest over 300 million corporate records into the TFI data platform. The IFFC's methodology prioritizes detecting anomalous patterns in publicly available data (PAI) that are both indicative of illicit activity and uncover new information previously unknown to the interagency community. The IFFC expanded in 2020 beyond its original focus on Iran to produce analysis of corporate networks conducting illicit activity, including corruption, bribery, and other financial crimes, in support of rogue actors in China, Russia, Lebanon, Syria, Bahrain, Venezuela, Malta, and Turkey. The IFFC's unique methodology detected previously unreported illicit or suspicious activity, enhanced foreign engagement, and informed targeting efforts.

The introduction of new government programs in response to COVID-19 and the economic distress caused by the pandemic resulted in an uptick in fraud and illicit activities. Treasury worked with the federal banking community to coordinate an interagency response and publish advisories for financial institutions ([Advisories](#)).

In FY 2020, Treasury further expanded its role in cybersecurity through the creation of the Cyber Analysis Office, which worked with the governmental partners and major financial institutions to gather intelligence aimed at disrupting global cyber theft operations. OIA's Cyber Analysis Office also augmented analytic resources to detect and analyze emerging trends in state and non-state use of virtual currencies to undermine U.S. national security. In September 2020, TFI worked with the Department of Justice and Department of Homeland Security to sanction two Russian nationals for their involvement in a sophisticated phishing campaign that resulted in losses of at least \$16.8 million in 2017 and 2018.

Terrorism and Financial Intelligence Offices Supporting the AML/CFT Mission

The NDAA legislation codified practices that will enable Treasury to address key threats, including traditional methods of money laundering and emerging issues related to financial technology and virtual currency. The law also creates an expansive whistleblower rewards system that is expected to increase BSA enforcement.

TFI also leveraged its partnerships to strengthen the international regulatory framework for AML/CFT. In FY 2020, Treasury strengthened its programs that were established during the U.S. presidency the FATF, the intergovernmental body that sets global AML/CFT standards. TFI led efforts focused on virtual currencies and the combating of terrorist financing and the financing of weapons of mass destruction, to strengthen the U.S. and international financial systems. Under Treasury's leadership, the FATF revised its standards to also apply to virtual assets and virtual asset service providers. The revision included commitments from 205 countries to comply with the FATF standards and to effectively regulate and supervise virtual asset service providers for anti-money laundering and counter the financing of terrorism. In addition, the FATF assisted countries in combating terrorist financing, which included training

prosecutors and judges from around the world on how to conduct terrorist financing investigations and prosecute terrorist financiers.

The FATF adopted new standards on proliferation financing and advanced work on COVID-19 AML/CFT risks and trade-based money laundering. The enhancements on these standards ensures that jurisdictions around the world will equip their financial institutions and other covered entities with targeted information on proliferation financing risk that can be used to detect shell companies and other individuals or entities acting on behalf of designated persons.

Treasury also augmented resources to detect and analyze emerging trends in state and non-state use of virtual currencies to undermine U.S. national security and led the G7 in producing an annex on ransomware in the Ministerial statement on digital payments.

C– Evidence-Building Activity

TFI is an organization of 900+ people in five independent but complementary offices that work together using tools and authorities, including sanctions, to achieve U.S. national security and foreign policy goals. This is done through strategies that employ our policy, law enforcement, intelligence, and regulatory tools to identify, disrupt, and dismantle threats, such as rogue regimes, terrorist organizations, human rights abusers, drug traffickers, money launders, proliferators of weapons of mass destruction, and more. Our comprehensive data analytics, regulatory reporting, foreign government information, and record keeping rules inform our approach to policy implementation, diplomatic engagement, sanctions, designation targets, and more. Similar sources of analytics and data are also used to ensure that the domestic and international financial systems are protected from abuse by illicit actors.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investment resources, including major information technology and non-technology investments can be found at:

<https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>.