

Department of the Treasury  
Office of Terrorism and  
Financial Intelligence

Congressional Justification  
for Appropriations and  
Annual Performance  
Report and Plan

FY 2018

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## Section I – Budget Request

### A – Mission Statement

Strengthen national security by using targeted financial measures to combat threats and protect the integrity of the financial system.

### B – Summary of the Request

The Office of Terrorism and Financial Intelligence (TFI) requests \$116.778 million, which is level with the FY 2017 Annualized Continuing Resolution funding level. The budget prioritizes funding for Treasury’s array of targeted financial tools. Key Treasury programs that freeze the accounts of terrorists and proliferators, implement sanctions on rogue nations, and link law enforcement agencies with financial institutions are critical to the continued safety and financial stability of the Nation.

#### 1.1 – Appropriations Detail Table

Dollars in Thousands

Salaries and Expenses Appropriated Resources	FY 2016		FY 2017		FY 2018		FY 2017 to FY 2018			
	Enacted		Annualized CR		Request		Change			
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT		
<b>New Appropriated Resources</b>										
Terrorism and Financial Intelligence	383	\$117,000	391	\$116,778	386	\$116,778	(5)	\$0	-1.28%	0.00%
<b>Subtotal New Appropriated Resources</b>	<b>383</b>	<b>\$117,000</b>	<b>391</b>	<b>\$116,778</b>	<b>386</b>	<b>\$116,778</b>	<b>(5)</b>	<b>\$0</b>	<b>-1.28%</b>	<b>0.00%</b>
<b>Other Resources:</b>										
Offsetting Collections - Reimbursables	31	\$6,329	31	\$6,329	31	\$6,329	0	\$0	0.00%	0.00%
<b>Subtotal Other Resources</b>	<b>31</b>	<b>\$6,329</b>	<b>31</b>	<b>\$6,329</b>	<b>31</b>	<b>\$6,329</b>	<b>0</b>	<b>\$0</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total Budgetary Resources</b>	<b>414</b>	<b>\$123,329</b>	<b>422</b>	<b>\$123,107</b>	<b>417</b>	<b>\$123,107</b>	<b>(5)</b>	<b>\$0</b>	<b>-1.18%</b>	<b>0.00%</b>

FY 2016 FTE and Other Resources are Actual

#### 1.2 – Budget Adjustments Table

Dollars in Thousands

Terrorism and Financial Intelligence	FTE	Amount
<b>FY 2017 Annualized CR</b>	<b>391</b>	<b>\$116,778</b>
<b>Changes to Base:</b>		
Maintaining Current Levels (MCLs):	0	\$2,315
Pay-Raise	0	\$851
Pay Annualization	0	\$312
Non-Pay	0	\$1,152
Efficiency Savings	(5)	(\$2,315)
Streamline Staffing	(5)	(\$574)
Consolidations and Travel, Supplies, and Equipment Savings	0	(\$1,741)
Subtotal Changes to Base	(5)	0
<b>Total FY 2018 Base</b>	<b>386</b>	<b>\$116,778</b>
<b>Total FY 2018 Request</b>	<b>386</b>	<b>116,778</b>

**C – Budget Increases and Decreases Description**

**Maintaining Current Levels (MCLs) ..... +\$2,315,000 / +0 FTE**

Pay Raise +\$851,000 / +0 FTE

Funds are requested for the proposed January 2018 pay-raise.

Pay Annualization +\$312,000 / +0 FTE

Funds are requested for annualization of the January 2017 pay-raise.

Non-Pay +\$1,152,000 / +0 FTE

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

**Efficiency Savings ..... -\$2,315,000 / -5 FTE**

Streamline Staffing -\$574,000 / 5 FTE

To align with the administration’s initiative to improve government efficiency and effectiveness, the Office of Terrorism and Financial Intelligence is implementing a staffing streamlining effort to ensure appropriate levels for maximum efficiency.

Consolidations and Travel, Supplies, and Equipment Savings -\$1,741,000/ +0 FTE

The office proposes to decrease foreign travel, reduce supplies and equipment purchases, consolidate FOIA contracts, and re-organize management functions.

### 1.3 – Operating Levels Table

Dollars in Thousands

Salaries and Expenses Object Classification	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
11.1 - Full-time permanent	42,734	43,906	44,500
11.3 - Other than full-time permanent	159	200	200
11.5 - Other personnel compensation	660	800	800
<b>11.9 - Total personnel compensation</b>	<b>43,553</b>	<b>44,906</b>	<b>45,500</b>
12.0 - Personnel benefits	13,626	14,368	14,337
<b>Total Personnel and Compensation Benefits</b>	<b>\$57,179</b>	<b>\$59,274</b>	<b>\$59,837</b>
21.0 - Travel and transportation of persons	2,010	2,200	2,100
22.0 - Transportation of things	20	22	20
23.1 - Rental payments to GSA	71	73	73
23.2 - Rental payments to others	13	14	14
24.0 - Printing and reproduction	102	110	100
25.1 - Advisory and assistance services	8,085	8,125	8,125
25.2 - Other services from non-Federal sources	7,812	7,950	7,950
25.3 - Other goods and services from Federal sources	33,910	35,000	34,799
25.7 - Operation and maintenance of equipment	351	360	360
26.0 - Supplies and materials	1,840	2,200	2,000
31.0 - Equipment	1,361	1,450	1,400
<b>Total Non-Personnel</b>	<b>\$55,575</b>	<b>\$57,504</b>	<b>\$56,941</b>
<b>Total Budgetary Resources</b>	<b>\$112,754</b>	<b>\$116,778</b>	<b>\$116,778</b>
<b>FTE</b>	<b>383</b>	<b>391</b>	<b>386</b>

Note: This table includes total annually appropriated funding (actuals for FY 2016, estimates for FY 2017 Annualized CR and FY 2018).

**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><i>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, money launderers, drug kingpins, and other national security threats, \$116,778,000: Provided, That of the amounts appropriated under this heading, up to \$5,000,000 shall remain available until September 30, 2019.</i></p> <p>Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.</p>	<p>DO proposes to remove the cap on administrative support for TFI and changing the multi-year language to provide TFI maximum spending flexibility.</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

The FY 2018-2022 strategic plan is currently under development. The annual performance plan will be updated in the FY 2019 budget to reflect the new priorities.

### B – Budget and Performance by Budget Activity

#### 2.1 Terrorism and Financial Intelligence Resources and Measures

Dollars in Thousands

Resource Level	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Appropriated Resources	\$100,000	\$96,116	\$101,305	\$112,160	\$112,754	\$116,778	\$116,778
Other Resources	\$31,225	\$30,832	\$31,293	\$6,966	\$6,329	\$6,329	\$6,329
<b>Budget Activity Total</b>	<b>\$131,225</b>	<b>\$126,948</b>	<b>\$132,598</b>	<b>\$119,126</b>	<b>\$119,083</b>	<b>\$123,107</b>	<b>\$123,107</b>
<b>FTE</b>	<b>391</b>	<b>388</b>	<b>376</b>	<b>385</b>	<b>414</b>	<b>422</b>	<b>417</b>

Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2012 - FY 2016 Actual
Impact of TFI Programs and Activities	8.1	8.3	8.5	8.8	8.7	8.5	8.5	8.5	

#### Terrorism and Financial Intelligence Budget and Performance

*(\$116,778,000 from direct appropriations, \$6,329,000 from reimbursable resources):*

The Office of Terrorism and Financial Intelligence (TFI) marshals the Department's intelligence and enforcement functions with the twin aims of safeguarding the financial system against illicit use and combating rogue nations, terrorist facilitators, weapons of mass destruction proliferators, money launderers, drug kingpins, and other national security threats. Under Executive Order and legislation umbrellas, TFI supports Treasury's strategic and priority goals by implementing specific sanctions tailored to block assets or impose trade restrictions.

#### Office of Terrorist Financing and Financial Crimes (TFFC)

In FY 2016, TFFC facilitated the Financial Action Task Force (FATF) Mutual Evaluation of the United States and participated in or reviewed approximately 14 mutual assessment reports of FATF countries' compliance with international AML/CFT standards, often leading to substantive changes in some countries' AML/CFT standards and laws. TFFC also provided training to its counterparts abroad, which focused on creating effective AML/CFT frameworks and financial regulations capable of combating terrorist financing. In FY 2017, TFFC designed and implemented strategies to combat national security concerns such as ISIS, North Korea, Iran, and Russia. TFFC also worked to increase global financial transparency by strengthening global standards to combat and prevent broad illicit finance. For FY 2018, TFFC will continue efforts to develop conduct-based sanctions and executive orders targeting illicit actors that support narco-traffickers, weapons of mass destruction proliferators, and transnational criminal organizations. TFFC will also develop regulatory AML/CFT initiatives and collaborate with

Federal law enforcement on financial crime investigations and third party money laundering coordination and efforts. Additionally, TFFC will participate in or review mutual assessment reports conducted to evaluate FATF members' adoption of international AML/CFT standards.

#### Office of Intelligence and Analysis (OIA)

The Office of Intelligence and Analysis is responsible for the receipt, analysis, collation, and dissemination of foreign intelligence and foreign counterintelligence information related to the operation and responsibilities of the Department of the Treasury. OIA's mission is to support the formulation of policy and execution of Treasury authorities. OIA executes this mission by producing expert intelligence analysis and driving collection on support networks of terrorists, weapons of mass destruction weapons proliferators, and other key national security threats and by providing timely, accurate, and focused intelligence on the full range of economic, political, and security issues. OIA also leads Treasury's Insider Threat Program on the classified network system.

#### Office of Foreign Assets Control (OFAC)

The Office of Foreign Assets Control administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against over 30 targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under US jurisdiction. Many of the sanctions are based on United Nations and other international mandates, are multilateral in scope, and involve close cooperation with allied governments.

In FY 2016, TFI maintained unified cross-organizational priorities and successfully increased intelligence reports production on the Democratic People's Republic of Korea (North Korea), Russia, Iran, and the Islamic State of Iraq and Syria (ISIS). Further, TFI produced numerous quick turnaround analyses on Iran nuclear negotiations for Treasury and the Administration. Throughout FY 2017 and FY 2018, TFI will continue to focus on assessing and improving internal clearance processes, developing new performance measures that align to the new TFI strategic plan published in FY 2016 Q2, and clarifying roles and responsibilities to better coordinate within the organization.

FY 2017 and FY 2018 priorities for TFI include:

- Increasing focus on targeted financial measures that address threats from ISIS, North Korea, Iran, and Russia.
- Increasing focus on Cybersecurity and Intellectual Property activities.
- Increasing focus on promoting financial transparency.
- Collecting, analyzing, and disseminating information concerning illicit financing and national security threats.
- Assisting partner countries in the development and implementation of anti-money laundering and counter-terrorist financing (AML/CFT) standards. TFI provides direct support and assistance, ensuring compliance with these internationally approved standards.

- Identifying opportunities for Treasury to use its authorities to combat and counter terrorist financing in Africa and the Middle East.
- Increasing the capabilities of Treasury's program for deterring, detecting, and mitigating insider threats by leveraging counterintelligence, security, information assurance, and other relevant resources.

*Description of Performance:*

Impact of TFI Programs and Activities: In order to gauge its performance, TFI created a composite measure consisting of three program office focus areas related to its mission and strategic goals, including customer outreach, increasing production and dissemination of intelligence products, and implementing IT modernization projects. In FY 2016, TFI exceeded its performance goal of 8.5 with a score of 8.7 and expects to achieve its FY 2017 and FY 2018 target of 8.5. TFI and Treasury will work with OMB on developing new performance measures that align to the new TFI Strategic Plan.

### **Section III – Additional Information**

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#### **A – Summary of Capital Investments**

TFI capital investment resources are part of the Departmental Offices.

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

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

This website also contains a digital copy of this document.