

Financial Crimes Enforcement Network

Mission Statement

To enhance U.S. national security, deter and detect criminal activity, and safeguard financial systems from abuse by promoting transparency in the U.S. and international financial systems.

Program Summary by Budget Activity

Dollars in Thousands

Appropriation	FY 2007	FY 2008		FY 2009	
	Enacted	Enacted	Request	\$ Change	% Change
Salaries and Expenses					
BSA Administration and Analysis	\$64,780	\$76,889	\$82,157	\$5,268	6.85%
Regulatory Support Programs	8,436	8,955	9,178	223	2.49%
Total Appropriated Resources	\$73,216	\$85,844	\$91,335	\$5,491	6.40%
Total FTE	326	334	343	9	2.69%

FY 2009 Priorities

- Improve regulatory effectiveness by ensuring consistent application of Bank Secrecy Act (BSA) regulations through implementation of memoranda of understanding allowing information sharing between FinCEN and additional state regulators and enhanced communication and clarification of regulatory requirements to financial industries;
- Strengthen effectiveness of international anti-money laundering and counter-terrorist financing efforts and combat foreign threats by improving analytical products and responsiveness to foreign government counterparts; and
- Ensure the safety and security of FinCEN's employees and property through the implementation of additional physical security measures.

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Section 1 – Purpose

1A – Description of Bureau Vision and Priorities

The Financial Crimes Enforcement Network (FinCEN), a bureau within Treasury's Office of Terrorism and Financial Intelligence, ensures safer and more transparent U.S. and international financial systems through the administration of the Bank Secrecy Act (BSA), in support of the Department of the Treasury's strategic goal "Prevented Terrorism and Promoted the Nation's Security through Strengthened International Financial Systems."

The BSA requires financial institutions to file reports on certain types of financial activity and to establish appropriate internal controls to guard against money laundering, terrorist financing, and other types of illicit finance. These reports have a high degree of usefulness in criminal, tax, and regulatory matters as well as counter-terrorist financing. The documents filed by businesses pursuant to the BSA requirements are heavily used by law enforcement agencies, both domestically and through exchanges with international counterparts to identify, detect and deter money laundering whether it is in furtherance of a criminal enterprise, terrorism, tax evasion or other unlawful activity. FinCEN also serves as the nation's financial intelligence unit (FIU). An FIU serves as a national center set up to collect, analyze, disseminate, and exchange information pursuant to a country's anti-money laundering/counter-terrorist financing legislation and regulations. This includes information about suspicious or unusual financial activity reported by the financial sector.

FinCEN is in the process of updating its strategic plan for FY 2008 – FY 2012 to align with the new Treasury Department strategic plan. The bureau's priorities are linked to the following strategic goals proposed in the revised plan:

- Financial systems resistant to abuse by money launderers, terrorists and their financial supporters, and other perpetrators of financial crime;
- Detection and deterrence of money laundering, terrorist financing, and other illicit activity; and
- Enhanced management, use, and security of BSA information.

The total resources required to support FinCEN for FY 2009 are \$96,586,000 including \$91,335,000 for direct appropriation and \$5,251,000 from offsetting collections.

1B – Program History and Future Outlook

FinCEN fulfills its mission, goals and priorities by: administering the BSA; supporting law enforcement, regulatory, and intelligence agencies through sharing and analysis of financial intelligence; enhancing international anti-money laundering and counter-terrorist financing efforts and cooperation; and networking people, entities, ideas, and information.

FinCEN's regulatory policy efforts focus on efficient and effective administration of the BSA. This includes improving consistency in the application of BSA regulations to the

regulated financial institutions and providing feedback enabling greater clarity regarding regulatory expectations and optimized understanding of the value of their contributions. FinCEN's regulatory policy protects the financial system and enhances national security by making relevant data available to law enforcement authorities and the regulatory agencies that examine for BSA compliance, and maximizes the effectiveness and efficient use of government resources.

Specific FY 2007 accomplishments in the regulatory area include:

- Published the following final and amended BSA regulations: Amendment to the Bank Secrecy Act Regulations-Imposition of Special Measure Against Banco Delta Asia, Including Its Subsidiaries Delta Asia Credit Limited and Delta Insurance Limited, as a Financial Institution of Primary Money Laundering Concern (March 2007); Amendments to the Bank Secrecy Act Regulations Regarding Casino Recordkeeping and Reporting Requirements (June 2007); Anti-Money Laundering Programs-Special Due Diligence Programs for Certain Foreign Accounts (August 2007);
- Published additional BSA guidance to financial institutions to improve consistency in the interpretation and application of BSA regulations, and reduce misperception of excessive regulatory expectations. Specific guidance included: Guidance (Frequently Asked Questions) – Suspicious Activity Reporting Requirements for Mutual Funds (October 2006); Advisory – Potential Money Laundering Risks related to Shell Companies (November 2006); Guidance (Frequently Asked Questions) – Customer Identification Programs and Banks Serving as Insurance Agents (December 2006); Guidance – Application of the Customer Identification Program Rule to Future Commission Merchants Operating as Executing and Clearing Brokers in Give-Up Arrangements (April 2007); Guidance – Requests by Law Enforcement for Financial Institutions to Maintain Accounts (June 2007); Guidance – Suspicious Activity Report Supporting Documentation (June 2007);
- Delivered complex analytical studies targeted to regulatory authorities from each of the 43 state regulators with which FinCEN has entered into a memoranda of understanding to exchange information;
- Developed and provided reports on mortgage loan fraud, money laundering through the commercial real estate sector, and shell companies to assist in the promulgation of guidance to financial institutions and regulatory examiners about vulnerabilities and associated compliance obligations;
- Participated as a speaker/panelist in 99 domestic and overseas outreach events;
- Enhanced outreach activities to the money services business (MSB) industry by using information from law enforcement partners that encounter potential unregistered MSBs to focus FinCEN's education initiatives;
- Translated MSB brochures into seven languages;
- Developed a strategy in conjunction with the Internal Revenue Service (IRS) to focus resources for ensuring BSA compliance by non-bank financial institutions;
- Implemented an action plan to address concerns among domestic and international policymakers, law enforcement, and financial institutions about the misuse of various types of business entities (e.g., corporations, limited liability companies, limited partnerships, trusts, etc.) to facilitate money laundering and other financial crimes;

- Assessed civil money penalties against financial institutions for willful violations of BSA requirements, including through joint or concurrent actions with federal and state agencies; and
- Contributed to the revisions of the Federal Financial Institutions Examination Council (FFIEC) BSA/AML examination manual, which helps ensure consistent application by federal and state supervisors of their regulatory authority.

In FY 2008/2009, FinCEN will expand regulatory policy efforts to include:

- Implementing additional information sharing agreements with federal and state regulators, with a focus on insurance commissioners;
- Identifying compliance trends and patterns across industries subject to the BSA and publishing, as appropriate, studies promoting greater awareness of emerging money laundering trends and vulnerabilities;
- Continuing efforts to overhaul BSA regulations for inclusion in a new Code of Federal Regulations chapter to provide greater clarity in regulations and make them easier for industry to follow, as well as more intuitive and responsive to industry feedback;
- Publishing final and amended BSA regulations for the anti-money laundering program rule for dealers in precious metals, precious stones, or jewels;
- Continuing efforts to implement and refine strategies with regard to the MSB industry, including partnerships to identify unregistered MSBs, consider options to simplify and clarify the regulatory framework, and continue to enhance outreach activities concerning this industry;
- Continuing efforts, in conjunction with the federal banking agencies, to match risk-based examination for BSA compliance with actual risks posed by products and services offered, and customers and geographic locations served by depository institutions;
- Undertaking enforcement actions against financial institutions, as necessary, for willful violations of BSA requirements, including joint or concurrent actions with federal and state agencies;
- Reducing any undue perception of excessive regulatory responsibilities by providing clarification to regulated industries regarding their programmatic, recordkeeping, and reporting requirements under the BSA;
- Increasing efforts to provide regulatory partners with analytical products and information to identify institutions with potential compliance problems, thereby promoting enhanced consistency across examinations;
- Reducing the time to coordinate and complete compliance reviews with regulatory examination authorities, while promoting speedy remediation by industry of identified deficiencies; and
- Streamlining regulatory requirements and other modifications relating to MSBs, subsequent to a review of the existing regulatory framework and current issues.

FinCEN's analytic efforts focus on developing products and services that help law enforcement better utilize resources to enhance detection and deterrence of domestic and international money laundering, terrorist financing, and other illicit activity. This includes exchange of information with counterpart foreign government FIUs in over 100 countries that are members of the Egmont Group.

Specific FY 2007 accomplishments related to analytic efforts include:

- Enhanced support to law enforcement agencies by focusing on actionable analyses targeted at high-priority money laundering and terrorist financing targets;
- Collaborated on analytical projects with key federal law enforcement customers, such as the FBI's Terrorist Financing Operations Section, the Drug Enforcement Administration, Customs and Border Protection's Tactical Analysis Group, Immigration and Customs Enforcement's Financial and Trade Division, and other analytical agencies like the National Drug Intelligence Center;
- Published a technical reference guide for law enforcement officials on MSBs to describe traditional types of remittances and services, as well as emerging services such as online payments and prepaid card services;
- Collaborated with other FIUs in the Egmont Group to improve understanding of how emerging payments methods, such as internet-based payment methods, might be exploited for illicit activity;
- Completed collaborative efforts with other FIUs, law enforcement agencies, and the intelligence community to take full advantage of financial intelligence sources and resources;
- Worked with Egmont Group partners to develop actionable intelligence concerning illicit money flows across the northern and southwestern borders of the U.S.;
- Provided greater and more sustained technical assistance and training to Egmont Group candidates under FinCEN's sponsorship and to Egmont members whose organizational capabilities have been strained by growing needs to collect and analyze financial intelligence and building the information technology infrastructure for these activities; and
- Supported the establishment of a permanent Egmont Group Secretariat with the appointment of the Executive Secretary and opening of a permanent office in Toronto July 3, 2007.

In FY 2008/2009, FinCEN will continue to develop analytic products and services that enhance detection and deterrence of illicit activity. These efforts include:

- Continuing the proactive evaluation, analysis and referral of potential terrorism and financial crimes related SARs to the law enforcement and intelligence communities;
- Expanding capabilities and methodologies for geographic and industry threat assessments and for financial analysis;
- Enhancing the focus on transnational financial crimes, to include cross-border money flows, the South Florida region, and an annual threat/targeting assessment of the Southwest Border;
- Expanding the complexity of FinCEN products to better meet the needs of the bureau's international partners, and increasing U.S. law enforcement use of the Egmont FIU process to combat money laundering and terrorist financing;
- Continuing outreach to U.S. law enforcement and regulatory agencies to educate them on the benefits provided by the global network of FIUs in terms of investigative and intelligence resources and information sharing;
- Increasing the number of analyst exchanges with partner FIUs, and expanding customized technical assistance and training provided to meet the needs of specific FIUs in vulnerable international geographic areas; and

- Continuing to publish technical reference manuals for law enforcement officials describing investigational approaches to payment systems.

FinCEN's efforts related to the management, use, and security of BSA information focus on maximizing utilization by improving the overall information infrastructure and enhancing information technology management capabilities.

Specific FY 2007 accomplishments related to the management, use, and security of BSA information include:

- Expanded access to BSA information to enable authorized law enforcement and regulatory users to quickly and efficiently query the data when needed;
- Conducted a feasibility analysis with the financial services industry and law enforcement to determine the benefits and costs to all affected parties as a part of a Congressionally mandated study of the feasibility of implementing a cross-border electronic funds transfer reporting requirement;
- Established a formal Data Issue Management process and framework and Data Management Council, including representatives from FinCEN and the IRS, to address BSA data quality issues in a consistent and repeatable fashion;
- Maintained the focus on promoting electronic filing of BSA reports as a way to enhance speed, economy, and data quality;
- Deployed disaster recovery capability for the BSA E-Filing system to ensure continuity of system operations for stakeholders in the event of a major outage;
- Launched FinCEN's first enterprise-wide business transformation and IT modernization program, based on an effective collaboration of BSA stakeholders and a rigorous program management framework; and
- Established a new Program Management Office (PMO), which will create a disciplined environment in which proven project management principles, tools, and techniques will be consistently applied across the bureau's major information technology initiatives to identify, manage, and mitigate risks.

In FY 2008/2009, FinCEN will accelerate efforts related to the management, use, and security of BSA information to include:

- Continuing deployment of a disaster recovery capability for critical systems to minimize or eliminate system downtime in the event of the loss of access or system use at FinCEN's primary location;
- Pending final approval by the Secretary of the Treasury, beginning development of the technological systems required to receive, securely store, analyze and disseminate cross-border wire transfer data;
- Enhancing project management capabilities and oversight of information technology projects by expanding Capital Investment Planning, Enterprise Architecture, Configuration Management, and Change Management controls;
- Beginning to upgrade various technology components to meet the expanded user population, and increase electronic filing alternatives; and
- Continuing planning efforts and establishing the foundation for future BSA data management and quality activities.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Salaries and Expenses	FTE	Amount
FY 2008 Enacted	334	\$85,844
Maintaining Current Levels (MCLs):		
Pay Annualization		300
Pay Inflation Adjustment		861
Non-Pay Inflation Adjustment		981
Initiative Annualization:		
Annualization of Project Management Initiative	6	1,337
Transfers In:		
Transfer from IRS for BSA E-Filing		1,000
Total FY 2009 Base	340	\$90,323
Program Decreases:		
Reprioritization of Resources	(4)	(697)
Information Technology Funding Realignment		(3,449)
Program Reinvestment:		
BSA Data Management and Analysis		2,897
Program Increases:		
Improve BSA Effectiveness/Consistency	5	1,139
Strengthen Global Anti-Money Laundering Efforts	2	865
Increase Physical Security		257
Subtotal FY 2009 Program Changes	3	1,012
Total FY 2009 President's Budget Request	343	\$91,335

2A – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)+\$2,142,000 / +0 FTE

Pay Annualization +\$300,000 / +0 FTE

Funds are requested for the FY 2009 cost of the January 2008 pay raise.

Pay Inflation Adjustment +\$861,000 / +0 FTE

Funds are requested for the proposed January 2009 pay raise.

Non-Pay Inflation Adjustment +\$981,000 / +0 FTE

Funds are requested for non-labor related items such as contracts, travel, supplies, equipment, and GSA rent adjustments.

Initiative Annualization+\$1,337,000 / +6 FTE

Annualization of Project Management Initiative +\$1,337,000 / +6 FTE

These funds will allow FinCEN to complete implementation of the Project Management Office (PMO) approved in FY 2008. This annualization provides the remaining funding for OMB, Treasury and GAO recognized requirements to improve FinCEN's project management capability for both information technology and non-information technology projects, which are especially critical at this time of modernization of FinCEN's core IT systems and functions.

Transfers In+\$1,000,000 / +0 FTE

Transfer from IRS for BSA E-Filing +\$1,000,000 / +0 FTE

The IRS annually reimburses FinCEN for the cost associated with operations and maintenance contract supporting the Bank Secrecy Act (BSA) e-filing system which is administered and controlled by FinCEN. This transfer will provide FinCEN with the base funding it needs to continue supporting its BSA e-filing system.

Program Decreases-\$4,146,000 / -4 FTE
Reprioritization of Resources -\$697,000 / -4 FTE

Base reductions were identified as the result of business process efficiencies from consolidation of administrative responsibilities and reductions in the number of commercial, financial, and law enforcement database queries due to the automation of the commercial database and networking functions.

Information Technology Funding Realignment -\$3,449,000 / +0 FTE

This program decrease realigns funding from the terminated BSA Direct Retrieval and Sharing project.

Program Reinvestment+\$2,897,000 / +0 FTE
BSA Data Management and Analysis +\$2,897,000 / +0 FTE

BSA Data Management and Analysis encompasses the data management and quality activities of FinCEN, including the original objectives from the BSA Direct retrieval and sharing (R&S) program. Investments in information technology are at the core of FinCEN's national security mission to make BSA information available for hundreds of government agencies and international partners to fight terrorism and money laundering. With this reinvestment, FinCEN will focus resources to improve BSA data quality and integrity, resulting in expanded utilization of the BSA information.

Program Increases+\$2,261,000 / +7 FTE
Improve BSA Effectiveness/Consistency +\$1,139,000 / +5 FTE

Effective administration of the Bank Secrecy Act (BSA) requires timely exchange of information, consistent BSA application, and tailored outreach to assist regulated industries to better target their limited resources. The initiative aims to realize efficiencies for all entities subject to the regulatory framework. Greater efficiency will reduce regulatory burden on the financial industry, while at the same time enhancing effectiveness in providing law enforcement and regulators with information needed to combat the financing of terrorism and money laundering. Proposed funding will enable FinCEN to better align regulatory requirements with global risk management strategies developed by the largest global conglomerates, while also reducing risk-based obligations on some of the smallest institutions. A significant part of this effort will be to avoid potential anti-competitive effects through enhanced consistency of application across different sectors of the financial industry. Some sectors subject to the USA PATRIOT Act mandate, such as the insurance sector, have yet to be fully brought under the BSA administration and compliance framework. FinCEN must devote additional resources to clarifying regulatory requirements to financial industries and leveraging partner regulatory agencies, including the federal banking agencies, SEC, CFTC, IRS and various regulators in 50 states covering the banking, securities, insurance, money services business, and gaming industries. Requested funding will enable FinCEN to tailor present

and future requirements, expand outreach efforts, and execute information sharing agreements with and provide related support to additional state regulatory authorities. Overall, funding will enable FinCEN to increase coordination of regulatory agencies from 40 to 62 percent of those with jurisdiction over industries covered under the BSA, while at the same time easing industry compliance obligations by reducing public reporting and recordkeeping obligation time.

Strengthen Global Anti-Money Laundering Efforts +\$865,000 / +2 FTE

FinCEN works with FIUs around the world to intensify international anti-money laundering collaboration and combat terrorist financing. In recent years, FinCEN, together with other U.S. agencies, has invested significant resources in the FIUs to strengthen their investigative and analytical capacity to provide greater information on money laundering/terrorist financing activities. Additional resources are required to take further advantage of the FIUs newly expanded and strengthened capacities, including expanded information exchanges to benefit U.S. law enforcement. The Egmont Group has grown from 58 foreign FIU members in FY 2001 to an anticipated 106 members by FY 2008. As a result, the number of FIU case requests increased 23 percent from FY 2005 to FY 2007, and continued growth is projected. This increased case load has resulted in a backlog that, without additional resources, will reach 666 by FY 2010, and has already lengthened the average completion time to 5.5 months, more than five times the Egmont Group best practices timeframe. Results from FinCEN's 2006 customer satisfaction survey indicated that almost one-third of FIU respondents were dissatisfied with the case response time and reflected a desire for FinCEN to conduct more in-depth research on case requests. FinCEN estimates that approximately 20 percent of FIU case requests can be improved by conducting more advanced analysis. Additional funding will allow FinCEN to reduce the FIU case request backlog from 128 in FY 2009 to 4 by FY 2011, reduce the average completion time to less than one month, and redirect a portion of resources to expand analytical efforts on applicable FIU cases, beginning with 0 percent in FY 2009 and reaching 20 percent in FY 2011.

Increase Physical Security +\$257,000 / +0 FTE

FinCEN will utilize FY 2009 funds to enhance its Physical Security Program to mitigate vulnerabilities. Currently, FinCEN leases over 240,000 square feet of office space for its Virginia headquarters location. Presently 440 federal employees and other personnel have access to this office space. A recent review of FinCEN's physical security environment by the Federal Protective Service identified security vulnerabilities. This funding will allow FinCEN to procure additional security equipment to enhance its Physical Security Program in order to mitigate some of those vulnerabilities.

2.2 – Operating Levels Table

Dollars in Thousands

Bureau: Salaries and Expenses	FY 2007 Enacted	FY 2008 President's Budget	Cong. Action including Recission	FY 2008 Enacted Level	FY 2009 Requested Level
FTE	326	352		334	343
Object Classification:					
11.1 - Full-time permanent	28,773	31,531	0	31,531	33,092
11.3 - Other than full-time permanent	284	284	0	284	284
11.5 - Other personnel compensation	526	526	0	526	526
11.8 - Special personal services payments	0	0	0	0	0
12 - Personnel benefits	7,414	8,433	0	8,433	9,030
13 - Benefits for former personnel	0	0	0	0	0
21 - Travel and transportation of persons	1,032	1,190	0	1,190	1,216
22 - Transportation of things	0	0	0	0	0
23.1 - Rental payments to GSA	4,800	5,117	0	5,117	5,343
23.2 - Rental payments to others	43	1,328	0	1,328	70
23.3 - Comm, utilities, and misc charges	996	0	0	0	1,364
24 - Printing and reproduction	250	400	0	400	450
25 - Other contractual Services	0	0	0	0	0
25.1 - Advisory and assistance services	522	1,815	0	1,815	1,815
25.2 - Other services	9,354	11,758	0	11,758	13,136
25.3 - Other purchases of goods and services from Govt. accounts	9,454	12,706	0	12,706	14,198
25.4 - Operation and maintenance of facilities	960	960	0	960	960
25.5 - Research and development contracts	0	0	0	0	0
25.6 - Medical care	120	145	0	145	153
25.7 - Operation and maintenance of equip	4,908	4,815	0	4,815	5,003
25.8 - Subsistence and support of persons	0	0	0	0	0
26 - Supplies and materials	369	409	0	409	444
31 - Equipment	3,411	4,427	0	4,427	4,251
32 - Land and structures	0	0	0	0	0
33 - Investments and loans	0	0	0	0	0
41 - Grants, subsidies, and contributions	0	0	0	0	0
42 - Insurance claims and indemnities	0	0	0	0	0
43 - Interest and dividends	0	0	0	0	0
44 - Refunds	0	0	0	0	0
Total Budget Authority	\$73,216	\$85,844	\$0	\$85,844	\$91,335
Budget Activities:					
BSA Administration and Analysis	64,780	76,889	0	76,889	82,157
Regulatory Support Programs	8,436	8,955	0	8,955	9,178
Total Budget Authority	\$73,216	\$85,844	\$0	\$85,844	\$91,335

2.3 – Appropriations Detail Table

Dollars in Thousands

Resources Available for Obligation	FY 2007 Obligations		FY 2007 Enacted		FY 2008 Enacted		FY 2009 Request		% Change FY 2008 to FY 2009	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
BSA Administration and Analysis	302	\$61,386	326	\$64,780	334	\$76,889	343	\$82,157	2.69%	6.85%
Regulatory Support Programs		7,924		8,436		8,955		9,178		2.49%
Subtotal New Appropriated Resources	302	\$69,310	326	\$73,216	334	\$85,844	343	\$91,335	2.69%	6.40%
Other Resources:										
Offsetting Collections - Reimbursable		1,960		2,600		5,251		5,251		0.00%
Available multi-year/no-year funds		5,872		9,418		7,343		2,500		-65.95%
Transfers In/Out		225		225		225		225		
Subtotal Other Resources	0	\$8,057	0	\$12,243	0	\$12,819	0	\$7,976		-37.78%
Total Resources Available for Obligation	302	\$77,367	326	\$85,459	334	\$98,663	343	\$99,311	2.69%	0.66%

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY FINANCIAL CRIMES ENFORCEMENT NETWORK</p> <p style="text-align: center;">Federal Funds</p> <p>SALARIES AND EXPENSES:</p> <p>For necessary expenses of the Financial Crimes Enforcement Network, including hire of passenger motor vehicles; travel and training expenses of non-Federal and foreign government personnel to attend meetings and training concerned with domestic and foreign financial intelligence activities, law enforcement, and financial regulation; not to exceed \$14,000 for official reception and representation expenses; and for assistance to Federal law enforcement agencies, with or without reimbursement, [\$85,844,000] \$91,335,000 of which not to exceed \$16,340,000 shall remain available until September 30, [2010] 2011; and of which [\$8,955,000] \$9,178,000 shall remain available until September 30, [2009] 2010: Provided, that funds appropriated in this account may be used to procure personal services contracts.</p>	

2C – Legislative Proposals

FinCEN does not have any legislative proposals for FY 2009.

Section 3 – Budget and Performance Plan

This table lists all FY 2009 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. The Treasury Strategic Plan is a corporate level plan for the Department that provides a description of what the agency intends to accomplish over the next five years.

For detailed information about the FY 2007-2012 Treasury Strategic Plan, please go to: <http://www.treas.gov/offices/management/budget/strategic-plan/>

3.1 – Budget by Strategic Outcome

Dollars in Thousands

TREASURY Strategic Outcome	FY 2008 Enacted AMOUNT	FY 2009 Request AMOUNT	Percent Change AMOUNT
U.S. & intl financial sys	91,095	96,586	6.0%
Total	\$91,095	\$96,586	6.0%

3A – BSA Administration and Analysis (\$82,157,000 from direct appropriations and \$5,251,000 from reimbursable programs): This activity comprises FinCEN’s efforts to administer the BSA, including promulgating regulations, providing outreach and issuing guidance to the regulated industries, providing oversight of BSA compliance, initiating enforcement actions, and, with the IRS, managing the information filed by the regulated industries, as well as analytic activities. Internationally, FinCEN promotes the development of anti-money laundering regimes through training and technical assistance. Analytical programs include support to U.S. law enforcement and international FIUs in combating financial crime by facilitating the exchange of investigative information; identifying foreign and domestic money laundering and terrorist financing trends, patterns, and techniques; and liaison with and support of intelligence initiatives within the intelligence community and within Treasury. This activity also incorporates efforts to support large-scale, complex law enforcement investigations involving terrorist financing, money laundering, and other financial crimes.

FinCEN works closely with federal and state regulatory agencies that examine financial institutions for BSA compliance to ensure consistency across regulated industries. Through these efforts and direct outreach, FinCEN also assists regulated financial institutions in establishing risk-based anti-money laundering programs with appropriate policies, procedures, and internal controls and maintaining certain records and filing reports on certain types of financial activity pursuant to the BSA. As appropriate, FinCEN investigates alleged violations by financial institutions, issues letters of caution or warning, and seeks injunctions; additionally, when required, FinCEN imposes civil monetary penalties for egregious BSA violations, typically in conjunction with partner federal and state agencies.

In the global arena, FinCEN’s activities include: supporting international initiatives to educate other jurisdictions about the BSA regulatory regime; working to establish international anti-money laundering/counter-terrorist financing regulatory standards and norms; and improving the expertise and capabilities of personnel with anti-money laundering/counter-terrorist financing missions.

FinCEN supports law enforcement agencies, intelligence agencies, and foreign FIUs investigating financial crimes by providing specialized and unique analysis of BSA data along with information from law enforcement, intelligence, and commercial sources. FinCEN’s analysis also supports regulatory and other policy decisions. The analysis includes development of threat assessments, industry reports, and technical guides describing financial transaction mechanisms. Additionally, FinCEN identifies individuals and networks involved in suspicious financial activity, referring that information to appropriate law enforcement agencies.

As administrator of the BSA, FinCEN must ensure the effective management, accessibility, dissemination, and use of the highly sensitive confidential information collected under the Act. FinCEN provides direct access to BSA information to authorized law enforcement, regulatory, and intelligence agencies. FinCEN will continue to integrate and modernize the various components of the BSA data collection and sharing systems. These efforts include upgrading the BSA E-Filing system to provide a more robust collection function, improving the quality of BSA data by preventing the omission of critical information, validating the information collected, and upgrading the BSA analytical tools used by FinCEN analysts.

Other Resources: Offsetting collections and reimbursements totaling \$5,251,000 are collected to support joint activities with other agencies such as the Department of State for technical assistance provided to foreign countries and Treasury Forfeiture Fund for special projects to support law enforcement.

3.2.1 – BSA Administration and Analysis Budget and Performance Plan

BSA Administration and Analysis Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Enacted	FY 2009 Request
Appropriated Resources	\$71,922	\$64,458	\$64,780	\$76,889	\$82,157
Reimbursable Resources	\$1,195	\$4,473	\$1,541	\$5,251	\$5,251
Total Resources	\$73,117	\$68,931	\$66,321	\$82,140	\$87,408
Budget Activity Total	\$73,117	\$68,931	\$66,321	\$82,140	\$87,408

BSA Administration and Analysis Budget Activity					
Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
Average time to process enforcement matters (in Years) (E)	1	1	1	1	1
Percentage of Regulatory Resource Center Customers rating the guidance received as understandable	%	94.00%	91.00%	90.00%	90.00%
Percentage of bank examinations conducted by the Federal Banking Agencies indicating a systemic failure of the anti-money laundering program rule.	%	%	5.20%	5.20%	5.20%
Percentage of customers finding FinCEN's analytic reports highly valuable.	%	%	82.00%	79.00%	80.00%
Percentage of customers satisfied with the BSA E-Filing (Oe)	%	92.00%	94.00%	90.00%	90.00%
Number of federal and state regulatory agencies with which FinCEN has concluded memoranda of understanding/information sharing agreements.	41	48	50	52	59

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance

In the regulatory area, FinCEN achieved its FY 2007 targets related to increasing compliance oversight through establishment of information sharing MOUs with regulators and the Regulatory Resource Center customer satisfaction rating. FinCEN also established a baseline for a new performance measure relating to industry compliance for depository institutions.

FinCEN continues to increase activities to monitor financial institutions examined for BSA compliance by state and federal regulators through the establishment of MOUs to exchange compliance information with regulators. In FY 2007, FinCEN executed two additional such agreements and has met its FY 2007 target of 50. With the resources requested in FY 2009, FinCEN can increase the number of compliance MOUs to 59, with an ultimate goal of 73 by 2011. These information exchanges help ensure effective application of the BSA regulations across all regulated financial service industries by providing vital compliance data across all industries subject to BSA regulations.

FinCEN works closely with its regulatory partners to take enforcement action against institutions that systemically and egregiously violate the provisions of the BSA, including through imposition of civil money penalties in appropriate matters. Timely enforcement action communicates urgency to financial institutions, and is paramount to deterring non-compliance. In FY 2007, FinCEN experienced a slight increase in the average processing time, exceeding the 1.0 year average by 21 days, resulting in an average of 1.1 years. This was the result of two enforcement cases that closed in the fourth quarter of FY 2007 after abnormally long periods of time. Each of those enforcement actions was taken on a joint/concurrent basis with both the Department of Justice and the respective financial supervisor(s), which also had to complete their respective investigations. Moreover, the process of coordination with other interested government authorities, which itself is a Departmental priority, will often require longer time periods than unilateral actions. As such, the time periods of these two cases were outliers, and FinCEN will reconsider in the future whether the processing time target is appropriate for joint enforcement actions.

FinCEN established an FY 2006 baseline of 94 percent of Regulatory Resource Center customers rating regulatory guidance received as understandable, and a target of maintaining at least a 90 percent level in FY 2009. In FY 2007, FinCEN met its target with 91 percent rating the guidance received as understandable. Providing understandable guidance to financial institutions is critical to their establishing anti-money laundering programs that comply appropriately with the BSA.

FinCEN established a baseline for the new performance measure “percentage of bank examinations conducted by federal banking agencies indicating a systemic anti-money laundering program failure” in FY 2007. This measure provides an indicator to FinCEN of trends in regulatory compliance and examination efforts. FinCEN will continue to work toward developing additional improved outcome measures to address the impact of program activities on preventing the misuse of the financial system by those engaged in illicit activities.

In the analytical area, FinCEN supports domestic law enforcement and international FIU partners by providing analyses of BSA information, and measures the percentage of customers finding FinCEN’s analytic reports highly valuable, as well as progress toward achieving the bureau’s long term goal of increasing the percentage of advanced analytical products produced by FinCEN analysts.

In FY 2006, FinCEN revised its value of analytical products measure to more accurately target its disparate audiences as well as its different products. The reformulated measure more closely ties to how BSA information is used by law enforcement, regulators and international partners to identify, investigate, and prevent abuse of the financial system. In FY 2007, FinCEN surpassed its target of 78 percent with 82 percent of its customers finding the analytic products highly valuable.

FinCEN has also reevaluated its long term goals for increasing the percentage of advanced analytical products and revised the methodology based on the increased support provided to foreign FIU counterparts. FinCEN found that continuing to measure the percentage of complex analytic products in the manner originally developed will result in an apparent decrease in complexity beginning in FY 2007. The reason for this is the significant projected increases of FIU cases. Since FIUs are prohibited from receiving direct access to BSA information, FinCEN performs the required research and analysis on these cases. The significant projected increase in the number of FIU cases, which are non-discretionary and non-complex, skews the complexity measure. FinCEN originally projected a target of 50 percent in FY 2007 and a sustained rate of 75 percent complexity by FY 2008. The goal for FY 2009, with the additional resources requested, is to achieve 50 percent, with an ultimate long-term goal of 70 percent by 2011.

In the management, use, and security of BSA information, FinCEN conducted a baseline survey of the users of the BSA E-Filing system to determine the overall satisfaction level and to identify where improvements are needed. The FY 2007 target was to maintain at least a 90 percent satisfaction level. In FY 2007, FinCEN exceeded its target with 94 percent of respondents being satisfied with the BSA E-Filing system. This measure ties

to the FinCEN goal of enhanced management, use, and security of BSA information. The information and the technology used to facilitate analysis are at the core of FinCEN's mission to deter and detect criminal activity, and safeguard financial systems from abuse by promoting transparency in the U.S. and international financial systems. FinCEN will continue to satisfy E-filing customer expected service levels with at least a 90 percent satisfaction level in FY 2009. FinCEN developed a survey to further assess customer satisfaction by authorized law enforcement, regulatory, and intelligence agencies that directly access BSA information. The 2007 survey result of 74 percent establishes the baseline for this measure.

3B – Regulatory Support Programs (\$9,178,000 from direct appropriations): This activity supports implementation, strengthening and clarification of the programmatic (anti-money laundering, Customer Identification Program, and suspicious activity reporting), recordkeeping, and reporting requirements of the BSA for financial institutions subject to those requirements. FinCEN will continue efforts with the IRS, especially related to the money services business (MSB) industry to ensure compliance, respond to public inquiries, distribute forms and publications, and support collection and maintenance of BSA information. This may include enhancing the capability to correct identified data quality issues, enhance electronic filing, potentially explore overall forms design, and other related enhancements to the BSA collection and dissemination systems. These resources also fund IRS BSA compliance activities for non-bank financial institutions, especially related to the money services business industry.

3.2.2 – Regulatory Support Programs Budget and Performance Plan

Regulatory Support Programs Budget					
Activity	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Resource Level	Obligated	Obligated	Obligated	Enacted	Request
Appropriated Resources	\$0	\$8,436	\$8,436	\$8,955	\$9,178
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0
Total Resources	\$0	\$8,436	\$8,436	\$8,955	\$9,178

Budget Activity Total	\$0	\$8,436	\$8,436	\$8,955	\$9,178
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Regulatory Support Programs Budget					
Activity	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Measure	Actual	Actual	Actual	Target	Target

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance.

FinCEN achieved the following quantifiable results in FY 2007 and plans to enhance these results with the FY 2009 funding requested above:

- Increased the number of registered MSBs to 38,379 as of December 19, 2007. FinCEN plans to maintain or exceed this level by FY 2009;
- Continue to analyze SARs on a monthly basis for indications of possible unregistered MSBs, coordinating with law enforcement and state regulatory agencies on

appropriate outreach, and continue efforts to educate MSBs regarding requirements for registration by publishing guidance and participating in industry outreach events.

From September 2002 through August 2007, 4,770 individuals/entities suspected of being engaged in unregistered MSB activity have been identified through a review of SARs filed by depository institutions; and

- Continue to investigate methods for measuring the extent of BSA compliance among MSBs.

For detailed information about each performance measure, including definition, verification and validation, please go to:

<http://www.treasury.gov/offices/management/dcfo/accountability-reports/2007-par.shtml>

Section 4 – Supporting Materials

4A – Human Capital Strategy Description

FinCEN's strategic human capital objective to attract, develop and retain a high-performing diverse workforce includes efforts to improve workforce planning and deployment, leadership and knowledge management, establish a results-oriented performance culture, promote diversity, recruit and retain a talented workforce, and improve accountability.

The FinCEN FY 2008-2012 Strategic Plan includes areas that require employees with enhanced skills. Additionally, the Strategic Plan has a management goal of a properly staffed and fully developed organization capable of providing the highest quality public service.

In terms of competitive sourcing, FinCEN submitted its FY 2007 FAIR Act Inventory to the Department in April 2007, and continues to rely upon the private sector to perform commercial activities, especially in the information technology environment.

FinCEN recently completed several organizational realignments throughout the bureau to more closely align functions and support the mission of the organization. For example, FinCEN's regulatory division has established an office to provide outreach to institutions that are subject to the BSA programmatic, recordkeeping, and reporting requirements. Additionally, the information technology division is establishing a customer service center that provides FinCEN employees with the support to better serve external customers.

FinCEN leaders and managers effectively manage people and sustain a learning environment that drives continuous improvement in performance. In FY 2007, FinCEN continued its aggressive training strategy for managers and trained the majority of managers in executive leadership competencies. In addition, seven employees participated in government-sponsored leadership development programs.

FinCEN estimates that 25 percent of the current workforce will be eligible for retirement between now and FY 2011. To confront this management challenge, the bureau is emphasizing leadership development activities at all levels. In FY 2007, FinCEN leaders participated in a competency assessment that resulted in the development of a bureau leadership competency model. That model defines what FinCEN values in its leaders and identified the critical competencies required to be successful, and formed the basis for FinCEN's Leadership Development Program. FinCEN will focus initial development efforts on three of the eight competencies included in the Leadership Competency Model: Managing Change, Communicating Effectively, and Developing Others. Components of the Leadership Effectiveness through Active Development (LEAD) program will include an annual skills assessment, a minimum of 24 hours of leadership/management training each year, books and journal articles, and a curriculum for high potentials. In March 2007, FinCEN initiated a monthly newsletter entitled "SMART" (Stimulate Managers'

Reflective Thinking); this newsletter highlights articles that discuss the latest, most innovative thinking on leadership and leadership development. As part of leadership development, FinCEN offered “Leadership Skills for Non-Supervisors” training to 40 employees.

In order to create a results-oriented, high performing workforce, FinCEN abolished the pass/fail performance system in FY 2005 and established a new five-tier performance management system. The new performance system requires that each employee be placed on performance standards that include three individual commitments linked directly to the strategic plan. The new performance system allows managers to differentiate performance levels among employees and hold employees accountable for meeting specified performance goals and targets. In addition, each employee is also placed on an annual Individual Development Plan to identify areas for further growth and development.

Subsequently, FinCEN implemented the Awards and Recognition Program, including the Director’s Awards and Recognition Program. In FY 2006, 67.5 percent of the workforce was rated above the fully successful level and were appropriately recognized, while 1.3 percent was rated below fully successful and appropriate remedial actions were taken.

FinCEN completed several efforts to ensure a diverse workforce is maintained. Major efforts are listed below:

- Continued participation in the Treasury Diversity Council and its support group;
- Maintained a Diversity Advisory Committee; and
- Continued a mandatory Equal Employment Opportunity (EEO)/Diversity element in all supervisory performance plans to address EEO principles, workplace conflict, supporting EEO plans and diversity hiring requirements.

FinCEN is committed to developing defined paths for career progression, mentoring and coaching programs to identify and grow talent, and enhancing the skills of existing employees. In FY 2007, FinCEN’s Information Technology (IT) Specialists participated in the IT Workforce Capability Assessment. Results of that assessment determined the specialized skills training for FinCEN’s IT Specialists. FinCEN conducted a skills gap assessment for its mission critical Intelligence Research Specialists. Results of that assessment will target training needs for the remainder of the fiscal year. FinCEN will also complete similar skills gap assessments for its mission critical Regulatory Specialists and Law Enforcement Liaison Specialists in FY 2008. In FY 2007, specialized training was provided on improving job performance in these occupations. FinCEN’s leadership actively encourages employees to take advantage of available training opportunities.

Additionally, FinCEN took advantage of various hiring authorities and flexibilities within the last year. For example, in FY 2007, four students were hired under the Student Temporary Employment Program (STEP); 16 in FY 2006, and 10 in FY 2005. In FY 2007, two students were hired under the Student Career Employment Program (SCEP). FinCEN utilized both the Veterans Employment Opportunity Act (VEOA) and the Veteran Rehabilitation Act (VRA) by making two appointments over the past two years.

As reported in the Quarterly Hiring Timeline Report over the last four quarters, FinCEN averaged 40.25 days, which is under the 45 day hiring timeframe.

Results from the 2006 Federal Human Capital Survey indicated that 80 percent of FinCEN employees know how their work relates to the agency's goals and priorities and 76 percent feel that they are held accountable for achieving results. FinCEN continues to clearly show distinctions of and consequences in levels of performance. FinCEN is following up on some issues from the latest Federal Human Capital Survey to identify ways to increase scores by improving employee satisfaction. FinCEN continues to review the performance management system to identify areas for improvement.

4.1 – Summary of IT Resources Table

Dollars in Thousands

Information Technology Investments								
	Budget Activity	FY 2006 Enacted	FY 2007 Enacted	% Change from FY06 to FY07	FY 2008 Enacted	% Change from FY07 to FY08	FY 2009 Request	% Change from FY08 to FY09
Non-Major IT Investments	BSA Administration and Analysis	10,378	11,424	10.1%	17,273	51.2%	18,108	4.8%
Infrastructure Investments	BSA Administration and Analysis	8,295	8,474	2.2%	9,711	14.6%	9,800	0.9%
FinCEN EA Investment	BSA Administration and Analysis	100	203	103.0%	237	16.7%	385	62.4%
Total IT Investments	BSA Administration and Analysis	18,773	20,101	7.1%	27,221	35.4%	28,293	3.9%

4B – Information Technology Strategy

Information and the technology used to facilitate its analysis are at the core of FinCEN's mission to deter and detect criminal activity, and safeguard financial systems from abuse by promoting transparency in the U.S. and international financial systems. However, FinCEN is currently facing a critical need to improve the quality and accessibility of its data and increase responsiveness to stakeholders by introducing flexible and innovative technical solutions.

In 2006, the number of BSA reports filed rose by 12 percent to approximately 17.6 million, with more than one million SARs for all covered industries. FinCEN recognizes the enormous obligation on one of its critical stakeholders—regulated financial institutions. Feedback from financial institutions, obtained through a recent survey on e-filing, indicated that FinCEN needs to streamline how it captures information through the various forms and simplify means to submit information.

Based on the growing need to reduce the obligation on the financial institutions while increasing the quality and timeliness of the information provided to the bureau's stakeholders, FinCEN has launched an information technology modernization vision and transition strategy (IT Modernization V&S). This strategy spans all of the bureau's lines of business and will serve as the organization's roadmap for aligning its IT portfolio with its business objectives and processes.

Over the last several months, the integrated team dedicated to this initiative has documented the current business operating model and future business transformation goals and objectives, identified capability gaps, and created an actionable, five-year enterprise transition strategy with near-term (0-2 years) and long-term (3-5 years) business process reengineering and IT initiatives.

As a result of the IT Modernization V&S effort, FinCEN has developed its five-year strategic vision, which focuses on two keys aspects—information management and analysis, and stakeholder relations and collaboration. By establishing an enterprise-wide information management and analysis framework, FinCEN will be equipped with better decision-making ability and control of BSA data collection and processing, as well as improved data quality and integrity. FinCEN also envisions implementing emerging technology that provides the capability to securely manage stakeholder contact information and provide a proactive mechanism to identify stakeholder needs and continuously improve customer service.

As next steps, FinCEN will use the results of the IT Modernization V&S effort to develop a new IT Strategic Plan (to be released in FY 2008) and realign its IT initiative portfolio by enhancing existing systems and introducing proven shared services and infrastructure. In addition, as FinCEN moves forward, it will continue to collaborate with the IRS on how best to partner on new technologies and explore opportunities that reduce the overall cost to the Department, while still meeting the needs of its various stakeholders.

This five-year IT Modernization V&S supports FinCEN's goal to enhance the management, use and accessibility of BSA information and the Department's goal to prevent terrorism and promote the nation's security through strengthened international financial systems. Specifically, by increasing the timeliness and quality of the BSA information, FinCEN will enable stakeholders to more quickly identify terrorist and criminal threats.

4.2 – PART Evaluation Table

PART Name: Bank Secrecy Act Data Collection, Retrieval and Sharing

Year PARTed: 2005

Rating: Moderately Effective

OMB Major Findings/Recommendations

- The program has long-term performance measures that focus on the program's purpose and strategic goals, but more work is needed to measure data quality.
- Federal Managers are held accountable for cost, schedule and performance results. However, some activities are managed by another entity and are outside the scope of the performance measures.
- The program can show improved efficiencies and cost effectiveness for collecting and sharing data. The program has been able to show substantial increases in the number of users directly accessing data, and the share of filings submitted electronically.

Bureau Actions Planned or Underway

- FinCEN created a measure and targets to track the number of top 650 filers who file reports electronically. FinCEN will continue to monitor the progress and tracking of this measure and identify where improvements can be made. This will be a critical project as this measure is linked to the long-term E-Filing goals.
- FinCEN will survey BSA users to systematically find out if users are receiving the information they need in a timely manner, if the information they are receiving is helpful, and if there are any problems with the information, format, etc. A survey of BSA E-Filers was completed, and FinCEN began surveying the Secure Outreach and WebCBRS users. FinCEN plans to examine both surveys and determine appropriate improvements.
- FinCEN has taken steps to create a performance measure to measure the quality of information provided on Suspicious Activity Reports. In FY 2006, FinCEN established a measure, including a target rate, that tracks the critical field omission rate of E-Filed SARs to measure the quality of information provided on SARs. FinCEN will continue to monitor duplicate SAR data for filers with systemic duplicate filings, implement established referral procedures on all filers with systemic omission rate problems, and monitor future duplicate SAR data to verify referred institutions have corrected their systemic problems.
- Increase the quality of BSA data by correcting data quality issues. In FY 2007, FinCEN, in collaboration with IRS, initiated a BSA Data Management framework process to increase the quality of BSA data. This initiative identified issues that

affect the quality of BSA data, which were prioritized. FinCEN and IRS have established a process for updating and tracking these issues. In FY 2008, FinCEN and IRS plan to implement a minimum of two releases of system changes to address between 20 percent – 25 percent of the issues prioritized as of July 2007. FinCEN and IRS will meet quarterly to review their progress toward improving BSA data quality. FinCEN will also evaluate the BSA Information framework process established to measure the overall progress and identify ways to simplify or improve the process.

- FinCEN will look at ways to reduce filing burden on the financial community, including streamlining reporting obligations and increasing feedback and notices to filers. Progress will be tracked and reported to stakeholders/published by FinCEN.
- FinCEN will work with stakeholders, through a formal partnership established in 2007, to identify additional steps on how to increase efficiency in completing and filing required reports. In order to highlight and track progress, FinCEN will quantify and publish the reduction in filing burden.

PART Name: Bank Secrecy Act (BSA) Analysis
Year PARTed: FY 2006
Rating: Adequate

OMB Major Findings/Recommendations

- FinCEN currently administers a survey to its customers to evaluate the impact and usefulness of its analytic products. The response rate for 2006 was significantly increased for financial institutions and foreign intelligence units (FIUs), but more work is needed to increase the response rate for domestic law enforcement customers.
- FinCEN currently administers a survey to its customers to evaluate the impact and usefulness of its analytic reports, but more work is needed to develop a method for better assessing the law enforcement impact of FinCEN's analytic products.
- FinCEN has developed plans to expand the percentage of advanced analytic products that it produces, but significant effort will be required to achieve its long-term target of 75 percent in FY 2008. FinCEN has increased the percentage of advanced analytic products from 1.6 percent in FY 2004 to 39 percent in FY 2006.

Bureau Actions Planned or Underway

- Developing a plan to improve the survey response rate from domestic law enforcement. FinCEN has devised a plan to improve its survey response rate and will continue to monitor the response rates and make adjustments as necessary.
- Evaluating the feasibility of better assessing law enforcement impact of FinCEN's products. During FY 2007, FinCEN took numerous steps, including meeting with internal and external stakeholders, to evaluate the options for better assessing the law enforcement impact related to the utility of BSA data. In FY 2008, based on the information collected, FinCEN will draft a recommendation on the next steps to implement a process to collect information that would quantify the impact of utilization of BSA data to law enforcement.
- Developing measures of the impact of FinCEN's efforts to strengthen anti-terrorist financing and anti-money laundering programs worldwide. In FY 2007, FinCEN determined that an annual customer survey would be the most appropriate mechanism for measuring the impact of FinCEN's efforts to strengthen anti-terrorist financing and anti-money laundering programs worldwide. In the remainder of FY 2007, FinCEN: identified international liaison activities that could be utilized to measure impact, drafted a survey to solicit customer input, and created a database to capture requisite contact information for potential respondents. In FY 2008, FinCEN will administer the survey and review and analyze the response rate.

PART Name: Bank Secrecy Act (BSA) Administration

Year PARTed: 2006

Rating: Results Not Demonstrated

OMB Major Findings/Recommendations

- Questions have been raised concerning compliance and burden issues relating to the regulations FinCEN issues, and more time is needed to examine the costs and benefits of the reporting requirements.
- Although FinCEN has made progress in executing memoranda of understanding (MOUs) governing the exchange of information with federal and state regulatory agencies, additional time is needed to ensure BSA compliance in more vulnerable industries, particularly the money services business industry.
- The program has annual performance measures that focus on the implementation of the BSA, such as the number of MOUs that have been entered into, but more work is needed to measure the impact of program activities on preventing the misuse of the financial system by those engaged in illicit activities.

Bureau Actions Planned or Underway

- Expanding outreach efforts to certain targeted industries to augment their understanding of the value of BSA data. FinCEN has developed a BSA value presentation for standard outreach presentations and training sessions targeted toward depository institutions presented by FinCEN. In FY 2008, FinCEN will continue including the BSA value presentation in standard outreach presentations, with a focus on expanding use of presentations to involve other covered industries.
- Developing a long-range plan to expand compliance oversight and reporting by state regulators for newly covered industries. FinCEN is currently in discussions with the IRS, the federal banking agencies, and state regulatory agencies and their associations to develop a long-range plan for compliance oversight over the money services business industry.
- Developing measures of the impact of program activities on preventing the misuse of the financial system by those engaged in illicit activities. In FY 2007, FinCEN developed a working group to examine options and data available to create a meaningful performance measure to assess the impact of project activities on preventing the misuse of the financial system by those engaged in illicit activities and determined a survey of its regulatory partners will best capture the performance. In FY 2008, FinCEN will develop and conduct the survey and establish a baseline and future targets.

- FinCEN will meet with staff from the Office of Information and Regulatory Policy (OIRA) to discuss the tools and methods they employ when making cost/benefit decisions related to regulations.

For a complete list of PART results visit the following website:
<http://www.whitehouse.gov/omb/expectmore/all.html>