

## Financial Crimes Enforcement Network

### Program Summary by Budget Activity

(Dollars in thousands)

Appropriation	FY 2009 Enacted	FY 2010 Enacted	Request	FY 2011 \$ Change	% Change
BSA Administration and Analysis	\$82,287	\$101,694	\$91,151	(\$10,543)	(10.4%)
Regulatory Support Programs	\$9,178	\$9,316	\$9,268	(\$48)	(0.5%)
<b>Subtotal, Financial Crimes Enforcement Network</b>	<b>\$91,465</b>	<b>\$111,010</b>	<b>\$100,419</b>	<b>(\$10,591)</b>	<b>(9.5%)</b>
Offsetting Collections - Reimbursables	\$6,000	\$20,000	\$20,000	\$0	-
<b>Total Program Operating Level</b>	<b>\$97,465</b>	<b>\$131,010</b>	<b>\$120,419</b>	<b>(\$10,591)</b>	<b>(8.1%)</b>

### Explanation of Request

The Financial Crimes Enforcement Network (FinCEN) FY 2011 President's Budget request includes funding to safeguard the nation's financial system from the abuses of financial crime, including terrorist financing, money laundering, and other illicit activity.

Total resources required to support FinCEN activities for FY 2011 are \$120,419,000 including \$20,000,000 from offsetting collections and reimbursable agreements.

### Purpose of Program

The mission of FinCEN, a bureau within Treasury's Office of Terrorism and Financial Intelligence, is 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. FinCEN fulfills its mission, goals and priorities by: administering the Bank Secrecy Act (BSA); supporting law enforcement, intelligence, and regulatory 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 FY 2011 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
<b>FY 2010 Enacted</b>	<b>111,010</b>
Changes to Base:	
Maintaining Current Levels (MCLs):	\$1,656
FERS % Change	104
Non-Pay Inflation Adjustment	804
Pay Annualization	192
Pay Inflation Adjustment	556
Non-Recurring Costs:	(\$8,250)
Non-Recur Funding	(8,250)
Efficiencies Savings:	(\$3,997)
Efficiency Savings	(2,083)
IT and Procurement Savings	(1,914)
Subtotal FY 2011 Changes to Base	(\$10,591)
<b>Total FY 2011 Base</b>	<b>100,419</b>
<b>Total FY 2011 Budget Request</b>	<b>100,419</b>

### FY 2011 Budget Adjustments

#### FY 2010 Enacted

The FY 2010 enacted direct appropriation for FinCEN is \$111,010,000.

#### Maintaining Current Levels (MCLs)

*Adjustments Necessary to Maintain Current Levels +\$1,656,000 / +0 FTE*

Funds are requested for: FERS % Change of +\$104,000; non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of +\$804,000; FY 2011 cost of the January 2010 pay increase of +\$192,000; and proposed January 2011 pay raise of +\$556,000.

## Non-Recurring Costs

*Non-Recur Funding -\$8,250,000 / +0 FTE*

Non-recur funding received in FY 2010 for the Information Technology (IT) Modernization initiative. FinCEN will seek alternate funding from the Treasury Forfeiture Fund to fully implement the planned IT Modernization.

## Efficiencies Savings

*Efficiency Savings -\$2,083,000 / -4 FTE*

Reductions were identified as the result of business process efficiencies from consolidation of IT Infrastructure; expansion of shared services for administrative functions; reduction of discretionary travel and training; employee attrition savings; and other related savings.

*IT and Procurement Savings -\$1,914,000 / +0 FTE*

Savings were identified from a consolidation of commercial database contracts; spreading out investments for non-critical IT systems over a longer period; and reduction of other non-critical contractual services.

## Explanation of Budget Activities

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### Salaries and Expenses

*BSA Administration and Analysis (\$91,151,000 from direct appropriations and \$20,000,000 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 Internal Revenue Service (IRS), managing the information filed by the regulated industries, as well as analytic activities. Analytical programs include support to U.S. law enforcement and international Financial

Intelligence Units (FIUs) in combating financial fraud and crime by facilitating the exchange of investigative information; identifying foreign and domestic financial fraud, money laundering, and terrorist financing trends, patterns, and techniques; and liaison with and support of intelligence initiatives within the intelligence community and Treasury. This activity also incorporates efforts to support large-scale, complex law enforcement investigations involving financial fraud, terrorist financing, money laundering, and other financial crimes. Finally, this activity includes FinCEN's IT Modernization initiative, which will ensure the effective management, accessibility, dissemination, and use of the highly sensitive confidential information collected under the BSA. This effort will improve government-wide efforts to detect criminal activity, including tax and financial fraud.

*Regulatory Support Programs (\$9,268,000 from direct appropriations)*

This activity supports implementation, strengthening and clarification of the Anti-Money Laundering (AML) program, recordkeeping, and reporting requirements of the BSA for financial institutions subject to those requirements. FinCEN will also 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 the BSA data. These resources support IRS BSA compliance activities for non-banking financial institutions, especially related to the MSB industry.

### Legislative Proposals

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FinCEN does not have any legislative proposals for FY 2011.

## FinCEN Performance by Budget Activity

Budget Activity	Performance Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
		Actual	Actual	Target	Actual	Target Met?	Target	Target
BSA Administration & Analysis	Average time to process enforcement matters (in Years) (E)	1.1	0.7	1	1	Y	1	1
BSA Administration & Analysis	Percentage of FinCEN's Regulatory Resource Center Customers rating the guidance received as understandable (Oe)	91	94	90	94	Y	90	90
BSA Administration & Analysis	Percentage of customers satisfied with the BSA E-Filing (Oe)	94	93	90	94	Y	90	90
BSA Administration & Analysis	Percentage of domestic law enforcement and foreign financial intelligence units finding FinCEN's analytical reports highly valuable (Oe)	82	83	80	81	Y	81	82

Key: Oe - Outcome Measure, E - Efficiency Measure, and Ot - Output/Workload Measure

### Description of Performance

In the regulatory area, FinCEN's goal to provide financial institutions with understandable guidance is critical to institutions establishing AML programs that comply with the BSA. FinCEN exceeded its goal of 90 percent with 94 percent of its customers rating the guidance received as understandable. FinCEN also works closely with its regulatory partners to take enforcement action against financial institutions that systemically and egregiously violate the provisions of the BSA, including imposing civil money penalties when appropriate. Timely enforcement action is essential to deter non-compliance with the BSA. In FY 2009, FinCEN met its target to process enforcement matters within 1 year.

In the analytical area, FinCEN supports domestic law enforcement and international FIU partners by providing analyses of BSA information. To assess the effectiveness of this analysis, FinCEN

measures the percentage of customers that find these analytic reports highly valuable. This measure closely ties to how BSA information is used by law enforcement and international FIUs to identify, investigate, and prevent abuse of the financial system. In FY 2009, FinCEN met its target of 80 percent with 81 percent.

In the efficient management, safeguarding, and use\_of BSA information, FinCEN conducts a 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 2009 target was to maintain at least a 90 percent satisfaction level, and FinCEN surpassed its target with 94 percent.