

Financial Crimes Enforcement Network

FY 2016
Capital Investment Plan

Investment Name: BSA IT Modernization

Type of Investment: Major IT Investment

Description:

FinCEN's BSA IT Modernization initiative is a Treasury effort to provide and maintain a modernized information technology foundation to collect, analyze, and share Bank Secrecy Act (BSA) data.

Investment Anticipated Outlay: (In Millions of \$):

| Type | PY-1 and Prior | PY 2014 | CY 2015 | BY 2016 | BY+1 2017 | BY+2 2018 | BY+3 2019 | BY+4 and Beyond | Total |
|---|----------------|---------|---------|---------|-----------|-----------|-----------|-----------------|--------|
| DME Sub Total (Including Gov FTE) Costs | 78.99 | 2.50 | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 83.49 |
| Total DME funding | | 2.50 | 1.00 | 1.00 | | | | | 4.50 |
| Unallocated DME funding | | 0.00 | 0.00 | 0.00 | | | | | 0.00 |
| O&M Sub Total (Including Gov FTE) Costs | 30.19 | 23.19 | 26.60 | 26.58 | 27.58 | 27.58 | 27.58 | 27.58 | 216.88 |
| Total O&M funding | | 23.19 | 26.60 | 26.58 | | | | | 76.36 |
| Unallocated O&M funding | | 0.00 | 0.00 | 0.00 | | | | | 0.00 |
| Total Cost (Including Gov FTE) | 109.18 | 25.69 | 27.60 | 27.58 | 27.58 | 27.58 | 27.58 | 27.58 | 300.37 |
| Total Gov FTE Cost | 7.58 | 2.14 | 4.06 | 4.04 | 4.04 | 4.04 | 4.04 | 4.04 | 33.97 |
| Number of FTE represented by costs | 31.00 | 8.00 | 16.00 | 17.00 | 17.00 | 17.00 | 17.00 | 17.00 | 140.00 |

Summary of Purpose, Goals, and Benefits:

FinCEN's BSA IT Modernization is a 10 year investment and began in Fiscal Year (FY) 2010. Under this investment, FinCEN has built a modernized information technology (IT) foundation to collect, analyze, and share Bank Secrecy Act (BSA) data. This investment directly supports FinCEN's mission to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities. FinCEN's mission supports Treasury's strategic goal to protect our national security through targeted financial actions. To successfully fulfill its mission, FinCEN relies on secure, advanced IT to manage the collection, processing, analysis, storage, and dissemination of BSA information that contributes to the soundness and confidence in America's financial system. FinCEN is the administrator of the Bank Secrecy Act, which allows stakeholders to combine this financial intelligence information with other information sources to address issues related securing economic and financial stability, such as detecting mortgage fraud, or instances of insider abuse or market manipulation. Prior to the four-year, development effort that completed in FY 2014, FinCEN faced the challenge of how to enable easier compliance and streamline BSA information capture for FinCEN's financial community stakeholders while maximizing the value and impact of BSA information for its regulator, law enforcement and intelligence community stakeholders. This investment addresses these challenges by providing an enterprise-wide information management and analysis framework that equips law enforcement and financial industry regulators with better decision-making abilities and increased value of BSA information through enhanced data integrity and analytical tools. This allows law enforcement and regulators to focus their limited resources on the areas of shifting illicit criminal activities and vulnerabilities effecting the soundness and stability of the U.S. financial system. In addition, the BSA IT Modernization investment enables easier compliance and streamlines BSA information capture for FinCEN's financial community through its enhancement of electronic filing systems for filers,

standardization of financial data with existing financial community standards, and more timely and useful feedback on BSA information filings and the use of BSA information.

Return on Investment:

In FY 2014, FinCEN completed its four-year, BSA IT Modernization Program, which modernized its entire technical environment, introduced state-of-the-art technology, and is maintained at a Government co-located site, supporting Treasury's data center consolidation efforts. Since FinCEN chose to build a new systems environment using Government Owned Assets as its alternative, the return on investment (ROI) reflects more qualitative benefits, although some quantitative, estimated benefits do apply. As a result, FinCEN successfully assumed all system ownership responsibility from the Internal Revenue Service (IRS), thus significantly reducing the IRS's operations and maintenance costs. In addition, the Program has allowed FinCEN to mandate electronic filing for all Title 31 reports. In FY 2014, 96% of BSA filings were filed electronically. This new environment has provided FinCEN greater flexibility and the ability to more quickly respond to its stakeholder's demands. The new infrastructure has established more effective data security and audit technologies, including two-factor authentication, to maximize BSA data confidentiality and integrity. This initiative has improved time to respond to changes by reducing the number of work days required to develop and implement moderate impact changes to its BSA reports. Now in a steady state environment, FinCEN continues to improve with release planning efforts to address mandated changes to data collection tools, as well as defects and enhancements. In the area of data analysis, FinCEN has introduced more sophisticated web-based, analytical tools to its users. This improves the value of BSA information to law enforcement agencies and regulators by delivering data to its customers in a more timely fashion. This is achieved by decreasing the average number of hours from receipt to availability for query or dissemination to customers by nearly 40 percent. The bureau's capacity to proactively identify trends and patterns in the data has been improved, the number of reusable data sets continues to rise saving time and resources, and sharing of analytical products assists law enforcement in enhancing their anti-money laundering strategies. In FY 2014, FinCEN completed the Broker Information Exchange efforts, which will deploy proven work item management technologies.

Requirements/ Benefits/ Mandates:

Legislative Mandate: 31 U.S.C. 310 establishes FinCEN as a bureau within the Treasury Department and describes FinCEN's duties and powers to include maintaining a government-wide data access service with a range of financial transactions information.

Audit Finding or Material Weakness: N/A

Agency Strategic Plan / Annual Performance Plan: The FY 2014-2018 Strategic Plan for FinCEN illustrates the broad role the bureau plays in safeguarding the financial system from illicit use and combating money laundering and promoting national security. As both the financial intelligence unit (FIU) for the United States and the federal government's primary anti-money laundering/countering the financing of terrorism (AML/CFT) regulator, FinCEN draws on a broad range of capabilities in technology, intelligence analysis, liaison, enforcement, and policy development to perform its work. Additionally, strong public-private sector partnerships are crucial for us to achieve success. They serve as the foundation for protecting the financial system and national security.

Presidential Priority: N/A

Other Requirement: N/A

Accomplishments:

In FY 2014, FinCEN completed the last functionality for BSA IT Modernization on time and

under budget, and obtained Full Operating Capability. As a result, the investment entered Steady State and the focus shifted to post implementation monitoring, addressing defects and requests for change, and enhancing the end user training capabilities.

Planned Objectives and Accomplishments:

In FY 2015 and FY 2016, FinCEN plans to continue supporting the operations and maintenance of the BSA IT Modernization investment with regularly-scheduled maintenance releases addressing any defects and minor requests for change and enhancements. In addition, FinCEN will complete several small, development efforts to enhance the analytical foundation established under the four-year program.

Development, modernization, and enhancement timeframe:

BY+1: The BSA IT Modernization Program will be in steady state (O and M) with regularly scheduled technical refreshes as appropriate. There are no planned projects at this time.

BY+2: The BSA IT Modernization Program will be in steady state (O and M) with regularly scheduled technical refreshes as appropriate. There are no planned projects at this time.

BY+3: The BSA IT Modernization Program will be in steady state (O and M) with regularly scheduled technical refreshes as appropriate. There are no planned projects at this time.

BY+4: The BSA IT Modernization Program will be in steady state (O and M) with regularly scheduled technical refreshes as appropriate. There are no planned projects at this time.

Performance Evaluation and Metrics:

| Metric Description | Measurement Condition | Reporting Frequency | Unit Of Measure | CY Target | Latest Actual Result | Date of Latest Actual Result |
|--|-----------------------|---------------------|-----------------|-----------|----------------------|------------------------------|
| Average number of hours from receipt to availability for query | Under target | Monthly | Hours | 60.00 | 36.00 | 12/31/2014 |
| Number of days to implement changes to BSA data collection tools | Under target | Annual | Days | 175.00 | 137.00 | 08/31/2014 |
| Percent of customers who report overall satisfaction with external-facing, mission-critical search tool (FinCEN Query) | Over target | Annual | Percentage | 70.00 | 68.00 | 09/30/2014 |
| Number of queries generated in FinCEN Query System per month | Over target | Monthly | Number | 560000.00 | 497742.00 | 12/31/2014 |
| Cost per BSA filing transaction (electronically filed) | Under target | Annual | Dollars | 0.11 | | |
| BSA IT Mod mission critical system availability | Over target | Quarterly | Percentage | 99.00 | 99.00 | 12/31/2014 |