

The Department of the Treasury

# *Strategic Plan*



*For the fiscal years 2004 – 2009*



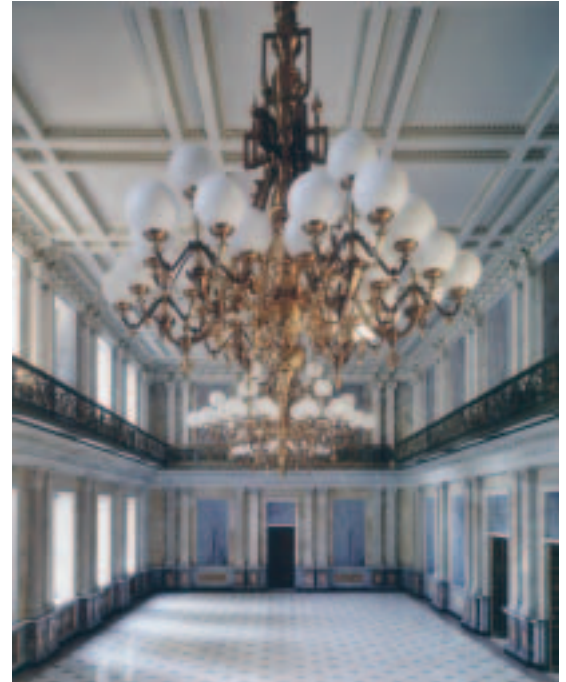
The cover photograph shows the Main Treasury Building, which houses the offices of the United States Department of the Treasury. This magnificent building at 1500 Pennsylvania Avenue, located next to the White House, serves as a symbol of the themes for this strategic plan: prosperity, stability and integrity.

The Treasury Building is the oldest departmental building in Washington. It is the third oldest federally occupied building in Washington, preceded only by the Capitol and the White House. The Main Treasury Building had a great impact on the design of other government buildings. At the time of its completion, it was one of the largest office buildings in the world. It is a monument of continuing architectural and historical significance. The Treasury Building was dedicated as a National Historic Landmark on October 18, 1972.

The Main Treasury Building was built in phases, reflecting the increasing size and importance of Treasury and changing national needs. The original building consisted of the east and center wings. The building was designed by architect Robert Mills, the architect of the Washington Monument, and was completed in 1842. The south wing expanded the building and incorporated new technology to improve the structure and increase the security of the vaults that held the Federal wealth. The original design was provided by Thomas Ustick Walters, the architect of the dome of the U.S. Capitol, and was refined during construction by Ammi B. Young and Isaiah Rogers. Architect Alfred B. Mullett, who subsequently designed the State Department, and the building now known as the Dwight D. Eisenhower Executive Office Building, designed the north wing.

The north wing was completed in 1869, and contains the Cash Room, which was used for the inaugural ball for President Grant's first inauguration on March 4, 1869. This grand but functional room housed the daily financial transactions of the U.S. Government, and still embodies the dignity and tradition with which the Department of the Treasury serves the Nation.

The Main Treasury Building provides a visual image of Treasury's contribution to the stability and prosperity of the Nation since Treasury's beginnings in 1789. The majesty of the building serves as an icon to represent the true wealth that it has contained and will continue to contain in the years to come the men and women who have served and continue to serve the Department of the Treasury since its creation in 1789. These men and women have a long history of meeting the changing needs of the Nation, promoting the Nation's economic prosperity and serving as the stewards of its economic and financial systems.



*The Cash Room*

## MESSAGE FROM THE SECRETARY

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The Department of the Treasury has a long tradition of stewarding the United States economic and financial system. As we have promoted growth and prosperity through our nation's history, Treasury has evolved to meet the nation's changing needs.

This Strategic Plan aims to continue that tradition. It will serve as a guide for modernizing Treasury's capabilities, preserving our standards for excellence while adapting our operations to the challenges of a new century.

One historic change at Treasury in the past year has been the divestiture of most of the Department's law enforcement divisions. The government reorganization creating the Department of Homeland Security has also created an opportunity to focus the Department of the Treasury on its core economic and financial policy missions.

The Strategic Plan seizes this historic moment, highlighting Treasury's three main goals: promoting national prosperity through economic growth and job creation; maintaining public trust and confidence in our economic and financial systems; and ensuring the Treasury organization has the workforce, technology, and business practices to meet the nation's needs effectively and efficiently.

By following this plan, I believe we can achieve those goals, and provide outstanding service and value to the President, Congress, and the American public. The Department of the Treasury is committed to these results.



*John W. Snow*

A handwritten signature in dark ink that reads "John W. Snow". The signature is written in a cursive, flowing style.

*John W. Snow*  
*Secretary of the Treasury*



# TABLE OF CONTENTS

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MESSAGE FROM THE SECRETARY .....	iii
TABLE OF CONTENTS .....	v
MISSION AND ORGANIZATION .....	1
THE ECONOMIC AND FINANCIAL FOCUS .....	2
THE ORGANIZATION OF THE DEPARTMENT OF THE TREASURY .....	4
THE TREASURY STRATEGIC MANAGEMENT SYSTEM .....	6
THE TREASURY STRATEGIC GOALS AND STRATEGIC OBJECTIVES .....	8
Strategic Goal E1- Promote Prosperous U.S. and World Economies .....	9
Strategic Goal E2- Promote Stable U.S. and World Economies .....	14
Strategic Goal F3- Preserve the Integrity of Financial Systems .....	19
Strategic Goal F4- Manage the U.S. Government's Finances Effectively .....	25
Strategic Goal M5-Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of Treasury .....	30
APPENDICES	
A.    CROSSWALK OF TREASURY STRATEGIC GOALS, STRATEGIC OBJECTIVES, AND BUREAU GOALS .....	A1
B.    EXECUTIVE SUMMARIES OF BUREAU PLANS .....	B1
C.    TABLE OF CROSS-CUTTING ISSUES AND LINKAGES TO PARTNERS .....	C1
D.    PROGRAM EVALUATIONS .....	D1
E.    GLOSSARY OF TERMS AND ACRONYMS .....	E1



## MISSION AND ORGANIZATION

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*The mission of the Department of the Treasury is to promote the conditions for prosperity and stability in the United States and encourage prosperity and stability in the rest of the world.*

This mission statement highlights Treasury's role as the steward of U.S. economic and financial systems, and as an influential participant in the international economy. Treasury's commitment to our citizens is to create economic and employment opportunities for all by raising the rate of sustainable growth. To the extent this objective is linked to world economy, Treasury will seek to influence global financial and economic issues whenever possible to promote global economic growth and stability.

The Department of the Treasury is the primary federal agency responsible for the economic and financial prosperity and security of the United States, and as such is responsible for wide range of activities including advising the President on economic and financial issues, enacting the President's growth agenda, and enhancing corporate governance in financial institutions.

In the international arena, the Department of the Treasury works with other federal agencies, the governments of other nations, and the International Financial Institutions (IFIs) to encourage economic growth, raise standards of living, and predict and prevent, to the extent possible, economic and financial crises.



## THE ECONOMIC AND FINANCIAL FOCUS

The Treasury mission focuses on two interrelated areas: economics and finance. Creating the conditions for prosperity requires U.S. and international economic and financial systems that operate at full potential, maintain stable and secure foundations for growth, and preserve the integrity of systems and operations. As managers of the federal Government financial systems, the Treasury must efficiently and effectively provide accountability for federal funds and achieve the best value is gained from available resources.

### The Economic Focus

The Secretary of the Treasury is the principal economic advisor to the President. The Secretary plays a critical role in policy making by bringing economic and government financial policy perspective to issues facing the government. Treasury has both a policy and operational role in promoting prosperous U.S. and world economies; raising standards of living, and protecting this prosperity through secure and stable domestic and international economic and financial systems.

The Department of the Treasury serves as an advisor to the President on measures to promote domestic economic growth and prosperity, and on methods for executing the Treasury elements of the President's economic agenda. These elements include, but are not limited to, increasing coordination between economic and military/political issues, administering of the Jobs and Growth Tax Relief Reconciliation Act of 2003; improving the Fair Credit Reporting Act; increasing economic growth, as measured by improvements in productivity and higher income per capita; and improving economic stability, as measured by a reduction in the severity, length, and frequency of economic

downturns and crises.

Treasury develops policies and provides guidance affecting fiscal matters, financial institutions, financial regulation, and capital markets. Treasury is responsible for the safety and soundness of national banks, federally-chartered savings associations, and federally-chartered savings banks. Treasury provides focused assistance to promote economic growth and raise the standard of living in distressed communities by increasing the availability of business capital and financial services. Treasury also produces the coins and currency needed by the Nation, and guards against counterfeiting and other misuse of our money.



In the international arena, the Department of the Treasury is the principal federal agency responsible for developing policies and guidance in the areas of international monetary and financial affairs, trade in financial services, Customs revenue functions, foreign direct investment in the United States, international debt strategy, and U.S. participation in international financial institutions. In addition, Treasury is a principal agency for developing policies in the areas of trade in goods and non-financial services and

foreign investments abroad.

On these and other issues of international finance and economics, Treasury partners with the Department of State, the Federal Reserve System, the Office of the U.S. Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation, the Commerce Department, and other Executive Branch offices and councils. Treasury also works closely with the international financial institutions, such as the World Bank and the International Monetary Fund (IMF).



## **The Financial Focus**

The Department of the Treasury is the principal fiscal agent for the Federal Government, managing the Nation's finances by collecting money due the United States, making its payments, managing its borrowing, and performing central accounting functions. The Treasury administers the financial system in a way that promotes its use for legitimate purposes, and prevents the system from being used for purposes that support criminal activity. Treasury's role in executing the Nation's financial sanctions policies and countering money laundering and other financial crimes, such as terrorist financing, has become increasingly important in recent years.

The Department of the Treasury is the primary federal agency responsible for collecting taxes and

revenue on other regulated commodities. The Department of the Treasury oversees, accounts for, and reports on government collections and expenditures and is responsible for collecting delinquent federal debt government-wide.

Treasury also determines and executes the strategy to borrow what is necessary to meet the monetary needs of the Federal Government at the lowest possible cost over time. In achieving these financial goals, Treasury ensures liaison and coordination with other agencies on cross-cutting activities. These include almost all federal program agencies for payments, collections, and debt collection activities, and the Federal Reserve System for payments, collections, and operational aspects of the distribution and redemption of government securities.



## **Management Focus and Operations**

Treasury will achieve its strategic goals by building a strong institution, which is citizen-centered, results-oriented, and actively promotes innovation through competition. We will work effectively and efficiently to implement the President's Management Agenda across all Treasury bureaus and continuously improve our internal business operations. Treasury bureaus support these goals through their internal management goals as articulated in their individual bureau strategic plans.

# THE ORGANIZATION OF THE DEPARTMENT OF THE TREASURY



The **Department of the Treasury** is organized into two major components, the Departmental Offices and the Bureaus. **The Departmental Offices (DO)** are primarily responsible for policy formulation, while the bureaus are primarily operating organizations that execute many of the Treasury's goals. The majority of Treasury's workforce and resources are focused in its operating bureaus. **The Departmental Offices** are composed of divisions headed by Assistant Secretaries, some of whom report to Under Secretaries, with primary responsibility for policy formulation and overall management of the Treasury Department.

**Domestic Finance** develops policies and economic guidance which help create the conditions for prosperity at home through advice and assistance in domestic finance, banking, financial institutions, federal debt finance, financial regulation, and capital markets.

**The Office of Economic Policy** is responsible for analyzing and reporting on current and prospective economic developments in the U.S. and world economies and assisting in the determination of appropriate economic policies. Economic Policy's global economic policies strongly influence the conditions for prosperity abroad.

**The Executive Office of Terrorist Financing and Financial Crime (EOTFFC)** develops and implements U.S. Government strategies to combat terrorist financing domestically and internationally, develops and implements the National Money Laundering Strategy as well as other policies and programs to fight financial crimes. EOTFFC implements strategies to administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals through the **Office of Foreign Assets Control (OFAC)** and administers the Treasury Forfeiture Fund through the **Executive Office for Asset Forfeiture (EOAF)**. OFAC enforces economic and trade sanctions based on U.S. foreign policy and national security goals. OFAC implements sanctions programs against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. The Financial Crimes Enforcement Network (FinCEN), OFAC and EOAF report to EOTFFC.

**The Office of International Affairs** advises and assists in the formulation and execution of U.S. international economic and financial policy, including the development of policies for international financial, economic, monetary, trade, investment, bilateral aid, environment, debt, development, and energy programs. International Affairs develops policy for the U.S. participation in international financial institutions.

**Tax Policy** develops and implements tax policies and programs; reviews regulations and rulings to administer the Internal Revenue Code; negotiates tax treaties; and provides economic and legal policy analysis for domestic and international tax policy decisions. Tax Policy also provides estimates for the President's budget, fiscal policy decisions, and cash management decisions.

Internally, the DO is responsible for overall management of the Department. Offices responsible for the internal management and controls include **General Counsel**, the **Assistant Secretary for Management and Chief Financial Officer**, **Public Affairs**, and the **Treasurer of the United States**. Also, inspector general functions provide independent audits, investigations, and oversight to the Department of the Treasury and its programs.

*Treasury Bureaus carry out the operational facets of Treasury's business.*



**The Alcohol and Tobacco Tax and Trade Bureau (TTB)** enforces and administers laws on the production, use, and distribution of alcohol and tobacco products. TTB also collects excise taxes for firearms and ammunition.



**The Bureau of Engraving and Printing (BEP)** designs and manufactures U.S. currency, many stamps, securities, and other official certificates and awards.



**The Bureau of the Public Debt (BPD)** borrows the money needed to operate the Federal Government and accounts for the Public Debt. It administers the Public Debt by issuing and servicing U.S. Treasury marketable, savings, and special purpose securities.



**The Community Development Financial Institutions (CDFI) Fund** expands the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States. (CDFI is not a bureau but has special program emphasis.)



**The Financial Crimes Enforcement Network (FinCEN)** collects, analyzes and shares information needed to combat the financial aspects of criminal activity worldwide.



**The Financial Management Service (FMS)** provides central payment services to federal program agencies, operates the Federal Government's collections and deposit systems, provides government-wide accounting and reporting services, and manages the collection of delinquent debt.



**The Internal Revenue Service (IRS)** is the largest of Treasury's bureaus. It determines, assesses, and collects internal revenue in the United States.



**The U.S. Mint (MINT)** designs and manufactures domestic, numismatic, and bullion coins as well as commemorative medals and other numismatic items. The Mint distributes U.S. coins to the Federal Reserve Banks and maintains physical custody and protection of our nation's silver and gold assets.



**The Office of the Comptroller of the Currency (OCC)** charters, regulates, and supervises national banks to ensure a safe, sound, and competitive banking system that supports the citizens, communities, and economy of the United States.



**The Office of Thrift Supervision (OTS)** charters, examines, and regulates federal thrifts to maintain their safety and soundness. OTS also regulates state-chartered savings associations belonging to the Savings Association Insurance Fund and savings association affiliates and holding companies.

# THE TREASURY STRATEGIC MANAGEMENT SYSTEM

## Strategic Plan as a Communication Device and Management Tool

The Treasury Strategic Plan serves two important purposes: it communicates Treasury’s goals and objectives to Treasury employees, customers, and stakeholders; and it is a management tool to incorporate performance and accountability into the budget process. The President’s Management Agenda provides the framework for tightening the relationship between budgeting and program effectiveness. We established a meaningful set of outcome oriented performance measures and will use them to improve the management of Treasury’s business lines, make further progress toward world-class performance, and continue to create value for the American people.

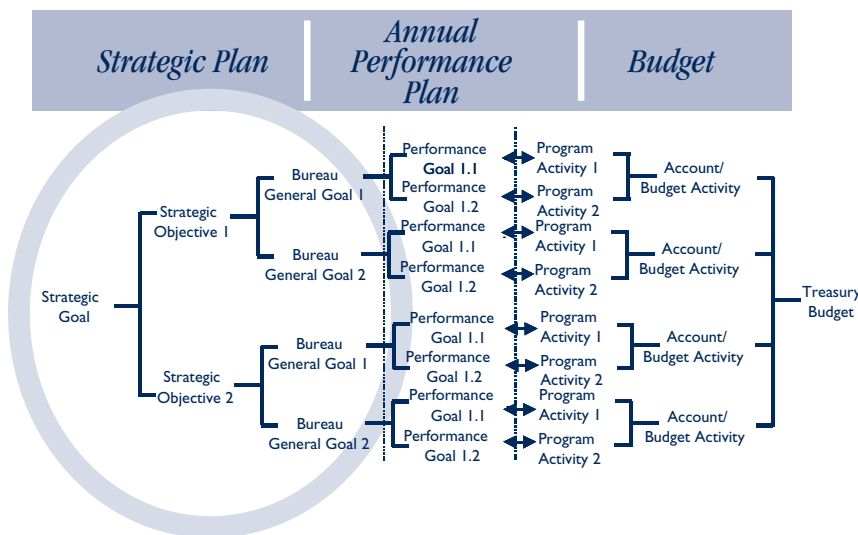
Building our Strategic Plan for FY2003-2008 has given us an opportunity to refocus and redefine our core financial and economic missions. In particular, we defined and established our escalating role in stopping terrorism by dismantling terrorists’ financial infrastructure. Treasury also conducted an extensive review of its current strategic goals and objectives, updating, revising, adding, and eliminating as needed. Departmental and bureau leadership have brought their goals, objectives and measures into alignment with the Treasury Mission, strategic goals and

objectives. We realigned our internal management goals to provide a strong platform on which to address the five areas of the President’s Management Agenda and create the environment for continuous improvement.

Through these efforts we have produced a five-year plan that is outcome oriented; incorporates essential management practices such as performance measurement and accountability; fosters human capital strategies that support agency objectives and mission accomplishment; furthers the integration of budget and performance; and communicates to a broad and varied audience our goals and objectives and the initiatives we have underway to achieve them.

## Strategic Plan Supports the Strategic Management System

As shown in the diagram below, our Strategic Plan provides the foundation for the Treasury Strategic Management System, which links the Treasury Strategic Plan, bureau strategic plans, Annual Performance Plans, the budget submission, and performance management and reporting. We use the Strategic Management System to further integrate budget and performance.



## Linkage to Bureau Strategic Plans

The Treasury Strategic Plan incorporates bureau general goals that directly support Treasury strategic objectives. Bureaus articulate in their own strategic plans the full set of goals, initiatives, and performance measures used to achieve their own strategic and general goals, as well as the goals reported in the Treasury plan. DO maintains internal goals and objectives to focus and guide their operations.

This Strategic Plan articulates the mission, strategic goals, and strategic objectives of the Treasury Department as a whole. It also includes the high level means and strategies by which the Treasury and its bureaus achieve the Treasury strategic objectives. Means and strategies describe actions to be taken to achieve stated goals. The bureau general goals in the Strategic Plan provide the framework for, and are included in, the Annual Performance Plan. In the Annual Performance Plan according to OMB Circular A-11, the bureaus and Departmental Offices establish specific, measurable, annual performance goals. We establish performance measures to explicitly gauge the level of success against the performance goals. By defining the performance goals and measures in an objective and quantifiable manner or as precise descriptive statements, we have an accurate, independent determination of actual performance.

## Performance Measures and the Budget Process

Treasury uses the Program Assessment Rating Tool (PART), in conjunction with internal controls, as a bridge between program performance measures and the budget request. We will apply the PART, over five years, to all Treasury programs, bringing funding levels and program performance into better alignment throughout the Department. The linkage of performance and budgeting also has a beneficial impact on the ongoing management of the Treasury's programs. Managers use the internal Performance Reporting System (PRS) to continuously assess progress in achieving desired out-

comes, and adjust actions accordingly. Implementing the Treasury Strategic Management System ultimately impacts the dollars that programs receive and encourages effective ongoing management. This Strategic Plan, as the foundation for bureau goals and measures provides the framework for the system. Using data provided through the PRS, keeping an eye on the results achieved, and using the Strategic Plan as our decision-making tool, Treasury, its customers and stakeholders, become the true beneficiaries of our Strategic Management System.

## Definition of Terms:

**Mission** describes why Treasury exists.

**Strategic Goals** represent overarching statements of aim or purpose used to group the strategic objectives.

**Strategic Objectives** define how the Department of the Treasury will carry out its mission over the strategic planning period of Fiscal Years 2003 to 2008. The Strategic Objectives demonstrate the complex and varied approaches needed to achieve the strategic goals.

**Means and Strategies** describe how Treasury and its operating bureaus and programs will achieve their strategic objectives. These means and strategies cover the major functions and operations, but omit support-type operations and activities.

**Bureau General Goals** are linked to Treasury strategic objectives, and the bureau Performance Plans. The bureau general goals describe how the bureaus will carry out their missions during the strategic planning period.

**Partners** are outside entities that contribute to, influence, and/or regulate activities.

**Key Factors** articulate challenges to achieving desired goals as well as elements that contribute to our success.

# THE TREASURY STRATEGIC GOALS AND STRATEGIC OBJECTIVES

The Treasury Strategic Plan has five strategic goals. Each strategic goal has supporting strategic objectives. The goals and objectives describe how Treasury will manage and influence the U.S. and international economic and financial systems so that they operate at their full potential, maintain stable foundations for growth, and preserve the integrity of their systems and operations. The fifth goal provides Treasury’s corporate guidance for the internal operation of the Department of the Treasury and gives strategic direction for achieving the President’s Management Agenda.

	Strategic Goal	Strategic Objectives
Economic (E)	<b>Promote Prosperous U.S. and World Economies (E1)</b>	Increase economic growth and create jobs (E1A) Provide a flexible legal and regulatory framework (E1B) Improve and simplify the tax code (E1C)
	<b>Promote Stable U.S. and World Economies (E2)</b>	Increase citizens’ economic security (E2A) Improve the stability of the international financial system (E2B)
Financial (F)	<b>Preserve the Integrity of Financial Systems (F3)</b>	Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, and other criminals and isolate their support networks (F3A) Execute the Nation’s financial sanctions policies (F3B) Increase the reliability of the U.S. financial system (F3C)
	<b>Manage the U.S. Government’s Finances Effectively (F4)</b>	Collect federal tax revenue when due through a fair and uniform application of the law (F4A) Manage Federal Debt effectively and efficiently (F4B) Make collections and payments on time and accurately, optimizing use of electronic mechanisms (F4C) Optimize cash management and effectively administer the Government’s financial systems (F4D)
Management (M)	<b>Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of the Treasury (M5)</b>	Protect the integrity of the Department of Treasury (M5A) Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B)

## STRATEGIC GOAL E1- PROMOTE PROSPEROUS U.S. AND WORLD ECONOMIES

The aim of this Strategic Goal is to ensure that the United States and World economies perform at full economic potential. In order to perform at its full potential, the U.S. economy must increase its rate of growth and create new, high quality jobs for all Americans. Additionally, the legal and regulatory framework must support this growth by providing an environment where businesses and individuals can grow and prosper without being limited by unnecessary or obsolete rules and regulations.

Treasury plays diverse roles as to the domestic economy. From serving as the principal economic advisor to the President, to issuing tax refund checks to millions of Americans, the Treasury has a significant influence on creating the conditions for economic prosperity in the U.S.

A prosperous world economy serves the United States in many ways. It creates markets for U.S. goods and services, and it promotes stability and cooperation among nations. For these reasons, the Department of the Treasury will work with other federal agencies and offices to promote international economic growth and raise international standards of living through interaction with foreign governments and international financial institutions.

### *Key Partners in Achieving this Goal:*

On domestic economic affairs Treasury works primarily with the Departments of Agriculture, Commerce, Housing and Urban Development, Interior, Health and Human Services, Transportation, Veterans Affairs, the Small Business Administration, the Social Security Administration, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration (NCUA), the Securities and Exchange Commission, the Federal Financial Institutions Examination Council (FFIEC), State Tax Agencies, the U.S. Postal Service, the Pension Benefit Guaranty Corporation, the Commodity Futures Trading Commission, the White House, Congress, and various advisory committees.

On global economic issues Treasury's key partners include the Department of State, the Federal Reserve System, the Export-Import Bank, the Overseas Private Investment Corporation, the Office of the U.S. Trade Representative, the Organization for Economic Cooperation and Development, the Basel Committee on Banking Supervision, G-7 partners, G-8 partners, G-10 partners, G-20 partners, the International Monetary Fund, the World Bank, and other multilateral development banks.



*Key Factors Affecting Achievement of this Goal:*

Treasury's primary role is to influence and shape U.S. and global policies to create the conditions for growth and improved standards of living.

**Domestically, key factors include:**

- **Multitude of economic influences.** Countless variables impact domestic and foreign economic conditions. From consumer confidence to terrorist acts, a vast array of events and activities influence the course of the U.S. economy.
- **Changes in the financial services industry.** Competitive pressures, consolidation of financial institutions, development of new products and services, and other changes in the market will impact efforts to improve and modernize the U.S. financial system, and consequently have an impact on economic performance.

**Globally, key factors include:**

- **External shocks.** Economic and financial crises are difficult to predict, and the effectiveness of responses to them depends to a significant extent on the adequacy of policies other countries adopt and the reaction of financial markets. In addition, factors such as natural disasters, infectious disease, war, and civil unrest may adversely affect economic performance.
- **Increased globalization and complexity.** The rapid increases in the volume of financial transactions, types of financial instruments, and number of global players challenge the ability of the regulatory community to remain as modern as the market in its efforts to promote financial stability.

- **U.S. trading partners' commitment.** The degree of commitment of major U.S. trading partners to strengthen regional and multilateral trading initiatives and further open domestic markets will have an impact on the achievement of our objectives.
- **Difficulty of consensus.** Failure among officials from many different countries to agree on a flexible approach to economic and regulatory cooperation could delay progress in establishing new or expanding existing arrangements. Moreover, the U.S. must forge agreement with other member countries in the international financial institutions (IFIs) to achieve many of the objectives and strategies noted under this goal.
- **Predominance of private finance.** Private capital flows dwarf official sources. The capacity of the monetary authorities to influence events largely rests on their ability to influence financial markets' expectations.



## Strategic Objective EIA: Increase Economic Growth and Create Jobs

The Department of the Treasury, with other agencies and organizations, works to increase economic growth and raise living standards in the United States and abroad.

Treasury supports U.S. economic growth by developing and implementing policies for domestic economic development, tax programs, banking and financial institutions, and other fiscal matters. Treasury also pays particular attention to improving the economies of distressed communities. The creation of good jobs for Americans is an essential element in a balanced economic plan that will accelerate and sustain our recovery, increase workers' standards of living, and improve the economic performance of our Nation now and for years to come.

Internationally, most of humanity lives in developing and emerging markets with low standards of living and little opportunity for economic advancement. Reducing this extreme poverty can dramatically improve health and welfare worldwide. Furthermore, the U.S. benefits when developing and transitional countries expand their economies and open their markets. Greater economic opportunity in developing and emerging markets can enhance regional stability, advance democracy, reduce the spread of infectious diseases, and provide new opportunities for profitable trade. Treasury, through its responsibility for U.S. money invested in the IFIs as well as international economic policy, plays a role in accelerating growth and improving living standards around the world.

The United States and the world benefit from a strong, integrated international trading system. Opening world markets to increase trade promotes global prosperity, and prosperity promotes peace. As we integrate nations and peoples through trade, we invest in the future security of the U.S. and the rest of the world. Treasury leads the U.S. efforts to liberalize the financial aspects of the international trading system.

## *Means and Strategies*

Domestically, Departmental Offices' (DO) highest priority initiative is to implement the President's growth agenda. Ongoing, long-term initiatives include pressing for tax changes, encouraging efficient savings and investment, designing policies that improve the efficiency and productivity of various sectors of the American economy, and continuing to develop forecasting capabilities to project emerging trends and drive policies.

CDFI promotes job creation by providing financing and technical assistance to financial institutions (e.g., community development banks, credit unions, loan funds, microenterprise funds, community development venture capital funds, and bank community development corporations) that finance businesses and commercial real estate development in underserved communities, and tax credit authority to community development entities (CDEs) whose investments help create jobs and stimulate economic growth in underserved communities.

The CDFI Fund strengthens the capacity of a nationwide network of regulated and non-regulated financial institutions serving distressed communities. The CDFI Fund certifies these institutions, and gives them technical and financial assistance to them. By strengthening this segment of the U.S. financial system, the Fund helps to minimize the potential effects of wide-scale disruptions in the U.S. financial markets, particularly in distressed communities that may not be served by traditional regulated institutions.

On the international front, DO has two main initiatives intended to increase economic growth and raise living standards. First, DO implements U.S. development strategy for the Multilateral Development Banks (MDBs), focusing on improving productivity and social return on investment in MDB lending and grants and specifying and tracking measurable results for all projects. Second, DO advocates for growth in economic bilateral relationships, especially with under-performing industrial nations.

Treasury is also part of a task force responsible for setting up the Millennium Challenge Corporation (MCC) to administer the Millennium Challenge Account (MCA). The MCA, a Presidential initiative, creates incentives for specific measurable results, channeling funds to countries that follow pro-growth policies. MCA operates on the principle that aid is more likely to promote economic growth and raise living standards in countries that pursue the sound political, economic, and social reforms necessary for development to occur.

DO plays a critical role in supporting trade liberalization, the increase in the free trade of financial services, and cross border investment. DO works to incorporate provisions for trade liberalization and financial services liberalization into international trade negotiations, including the Doha round and the Free Trade Area of the Americas (FTAA), as well as other free trade negotiations. By ensuring that the investment chapters of trade agreements, as well as Bilateral Investment Treaties (BITs), include provisions that support the free transfer of capital and other protections for U.S. investors, DO promotes the growth of cross-border investment. DO plays a key role in the development of U.S. trade and investment policy, as well as retaining oversight of Customs' revenue functions. DO supports economic ties through the exchange of tax information and works to initiate, complete, and update bilateral tax treaties and reform U.S. international tax rules to encourage efficient capital flow by removing tax barriers to cross-border investment.

Since the World Trade Organization (WTO) conference in Doha, Qatar, in November of 2002, Treasury has advanced a proposal for the global liberalization of trade in financial services. The United States has completed free trade agreements with Chile and Singapore. Negotiations are underway with the Central American countries, Morocco, the Southern African Customs Union, and Australia. By 2005, the U.S. hopes to complete a free trade agreement for the whole western hemisphere – the Free Trade Area of the Americas (FTAA) – creating the largest free trade zone in history.

### *Measuring Success*

The U.S. Gross Domestic Product (GDP) growth rate and the U.S. unemployment rate will be the measures of our success domestically. Internationally, we will measure the real GDP growth in developing, emerging, and industrial markets, as well as the proportion of people living on less than \$1 a day. For free trade initiatives, we will measure our performance by the increase in U.S. trade (total imports and exports) and the negotiations of agreements on trade, financial services and investment.

### **Strategic Objective E1B: Provide a Flexible Legal and Regulatory Framework**

To achieve its full potential, the U.S. financial sector must be guided by a flexible legal and regulatory framework that allows financial institutions to offer a full array of competitive services. The legal and regulatory framework must ensure a safe and sound national financial system and must promote the growth of financial services, fair access to financial services, and fair treatment of banking and thrift customers.

### *Means and Strategies*

In 2003, the federal financial regulatory agencies, including OCC and OTS, started a three-year effort to obtain suggestions from the industry and public on more streamlined and less burdensome ways to regulate.



Through its licensing and regulatory processes, the OCC supports national banks' efforts to remain competitive and consistent with safety and soundness. The OCC works to streamline its licensing procedures and keep regulations current, clearly written, and supportive of an effective supervisory process. The OCC's program of risk-based supervision focuses on banks' abilities to properly manage and control risks and tailors an individual bank examination to its risk profile activities. Federal-chartered banks operate under a set of uniform national standards.

Without compromising regulatory responsibilities and the risk-based examination approach, OTS works to adjust its operations and budget to ensure no increases in assessment rates. It tailors examinations to the risk profile of individual institutions. It conducts melded safety, soundness, and compliance examinations, and develops streamlined examination procedures for small institutions. OTS ensures that the application process is responsive and streamlined, enabling the thrift industry to provide competitive financial services.

### *Measuring Success*

We will measure the percentage of applications processed within standard timeframes. We will also gauge our success by minimizing the increase in assessment rates.

### **Strategic Objective EIC: Improve and Simplify the Tax Code**

Treasury is committed to improving and simplifying tax laws and administrative guidance in a manner consistent with important tax policy goals such as fairness, efficiency, and effective enforcement. A more fair tax code would treat similarly situated taxpayers the same and provide an equitable distribution of the tax burden among taxpayers with different abilities to pay. A more economically neutral and rational tax system would allocate labor and capital to their most productive uses, reduce interference with economic incentives, and be more conducive to economic growth. A simpler tax system would reduce the significant cost of tax compliance for businesses and individuals and reduce the intrusiveness of tax administration.

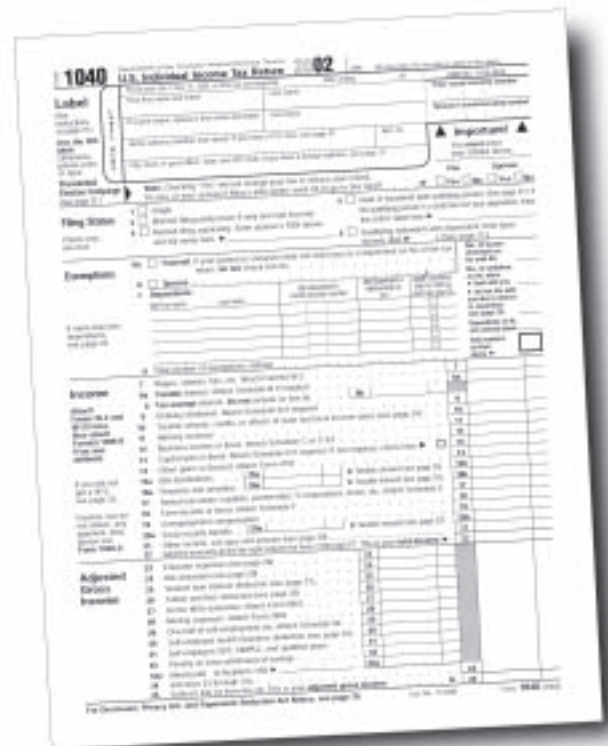
### *Means and Strategies*

DO has primary responsibility for efforts to simplify and reform the tax code to reduce the cost of compliance for businesses and individuals and drive economic growth. DO prepares draft tax reform legislation and works to secure its enactment, while developing the fact base (e.g., time and cost to file) that focuses and supports reform initiatives and helps measure the impact of tax code changes. In addition, DO works to simplify compliance through the administrative guidance process.

IRS will implement tax code reforms as the Congress passes corresponding legislation. IRS will also reduce the cost of compliance by simplifying tax forms, making electronic reporting seamless, and improving pre-filing guidance.

### *Measuring Success*

We will measure the cost of compliance for individuals and small businesses.



## STRATEGIC GOAL E2- PROMOTE STABLE U.S AND WORLD ECONOMIES

The aim of this strategic goal is to create the conditions which allow the American people to feel economically secure because they have the savings and other resources necessary to live as they desire, and are protected from financial frauds and other crimes. Achieving this goal requires a wide range of actions by Treasury, from promoting personal savings to protecting the security of pensions, ensuring the privacy of personal information used in financial transactions, and maintaining the solvency of the government retirement programs many Americans depend on.

This goal promotes stability in the world economic and financial systems to prevent crises. It also aims to ensure that the World economic system is used for legitimate purposes, and to deny access to those who wish to commit financial crimes, such as money laundering and terrorist financing.

### *Key Partners in Achieving this Goal:*

Domestically, Treasury works with, among others, the Federal Reserve System; the Food and Drug Administration; the Bureau of Alcohol, Tobacco, Firearms, and Explosives; the Federal Deposit Insurance Corporation; Customs and Border Protection; the Federal Trade Commission; the U.S. Trade Representative; state agencies; and the banking and thrift industries.

On global economic issues, Treasury's key partners include the Department of State, the Federal Reserve System, the Export-Import Bank, the Overseas Private Investment Corporation, the Office of the U.S. Trade Representative, the Organization for Economic Cooperation and Development, the Basel Committee on Banking Supervision, the Interagency Country Exposure Risk Committee (ICERC), G-7 partners, G-8 partners, G-10 partners, G-20 partners, the International Monetary Fund, and the multilateral development banks.



*Key Factors Affecting Achievement of this Goal:*

Key factors for economic security for the American people include:

- **Difficulty of consensus.** We can only achieve significant initiatives regarding private pension reform, Social Security and Medicare in the context of broader political consensus.
- **Changes in the financial services industry.** Competitive pressures, consolidation of financial institutions, development of new products and services, and other changes in the market will impact personal savings rates.
- **Changing demographics.** During the next decades, we expect the retirement of the baby-boomers to put pressure on the Social Security and Medicare systems, particularly affecting retirement security objectives.
- **Difficulty of international consensus.** Failure among officials from many different countries and international institutions to agree on an effective approach to international economic stability could delay progress in establishing new or expanding existing arrangements. Moreover, the U.S. must forge agreement with other member countries in the IFIs to achieve many of the objectives and strategies noted under this goal.
- **Predominance of private finance.** Private capital flows impede official sources. The capacity of the monetary authorities to influence events largely rests on their ability to influence financial markets' expectations.

*Key factors for the international financial system include:*

- **External shocks.** Economic and financial shocks are difficult to predict, and the effectiveness of responses to them depends, to a significant extent, on the adequacy of policies other countries adopt and the reaction of financial markets. In addition, factors such as natural disasters, infectious disease, war, and civil unrest may adversely affect economic performance.
- **Increased globalization and complexity.** The rapid increases in the volume of financial transactions, types of financial instruments, and number of global players challenge the ability of the regulatory community to remain as modern as the market in its efforts to promote financial stability.

## Strategic Objective E2A- Increase Citizens' Economic Security

Economic security includes ensuring that Americans have adequate personal savings to support them in tough times or retirement; guaranteeing that private pension plans will meet their obligations to their beneficiaries; protecting consumers from fraud and deception; and protecting personal information used in financial transactions. It also includes the long-term strategy for managing the Social Security and Medicare programs. Lastly, it addresses financial education, so that Americans are better prepared to manage their personal finances.

### *Means and Strategies*

To increase the personal savings rate and ensure people make informed financial decisions, DO coordinates financial education efforts across the U.S. Government. DO supports pension legislation that properly measures liabilities and aligns funding targets so that all pensions have the resources necessary to support their beneficiaries. Departmental Offices, supported by FMS, ensure that policy makers and the public have accurate measures and a clear understanding of the long-

term fiscal imbalances in the Social Security and Medicare programs. Lastly, DO promotes legislation that safeguards sensitive personal financial information.

TTB will ensure that only qualified applicants enter the alcohol and tobacco industries at the federal level. The Bureau will monitor alcohol beverages in the marketplace to detect contaminated and adulterated products. TTB will also conduct investigations to ensure appropriate label designation and/or product authenticity, and will investigate instances of prohibited trade and distribution practices in the beverage alcohol industry.

### *Measuring Success*

We will measure increases in citizens' economic security by an increase in the wealth-adjusted personal savings rate. We will also measure the increase in the proportion of U.S. adult populations with retirement accounts.



## Strategic Objective E2B- Improve the Stability of the International Financial System

Treasury is committed to improving the stability of the international financial system in order to prevent crises, and to minimize the impact of those that do occur. Financial crises in developing and emerging markets can undo the benefits of years of economic progress, throw millions into poverty, create political instability, and may require expensive international intervention. By continuing to build a more stable international financial system, Treasury will enhance the conditions necessary for growth and improved standards of living through the developing and emerging markets.

International Financial Institutions (IFIs), such as the International Monetary Fund (IMF), the World Bank, and other multilateral development banks (MDBs), play a key role in enabling global economic growth and stability. They must use their resources in the right places, at the right times, and for the right reasons. The U.S. is a major stakeholder in the IFIs and contributes a significant portion of their resources toward the broader objectives of U.S. international economic policy. The Treasury Department has the responsibility for ensuring that the institutions appropriately use the resources the U.S. contributes. The Treasury Department works with other nations and the leaders of these institutions to help strengthen the IFIs' effectiveness by encouraging and guiding implementation of key reforms. Through these reforms, the IFIs can better ensure that they use the funds in the most effective manner, in the countries where they will have the most impact, thereby encouraging the most sustainable and stable development activities and delivering measurable results for their sponsors.



### *Means and Strategies*

DO has the lead in developing and implementing the U.S. Government's emerging markets strategy with the goals of less frequent crises, greater ownership of policy at the local level, increased private capital flows, and higher credit ratings. Several important elements of this strategy include developing a framework for analyzing and resolving currency "mismatch" problems (i.e., overvalued or undervalued currencies) with the goal of avoiding sharp exchange rate fluctuations and potentially expensive interventions; and improving our measures of emerging market vulnerability in order to better predict and prevent crises.

Treasury systematically reviews how the IFIs use the money the U.S. government has invested in them. In addition to this general oversight role, DO leads the effort to reform the IMF, the MDBs, and the Paris Club. Part of the reform agenda includes ensuring that the IFIs incorporate

measurable goals into their activities so they can quantify and assess their progress.

### *Measuring Success*

We will measure our performance by the increase in the dollar volume of capital invested in developing and emerging markets and by the reduction in the number of crises in developing and emerging markets due to default on sovereign loans, currency depreciation, or banking failures. We will also measure the increase in the average Millennium Challenge criteria scores for federal funds going through development banks and the decrease in the number of countries completing Paris Club processes that later have debt sustainability problems.





## STRATEGIC GOAL F3- PRESERVE THE INTEGRITY OF FINANCIAL SYSTEMS

The purpose of this strategic goal is threefold. First, it aims to ensure that the U.S. financial systems will continue to operate without disruption from either natural disasters or manmade attacks. Second, it will keep the system free and open to legitimate users, while excluding those who wish to use the system for illegal purposes. Third, it ensures that the U.S. financial system and access to U.S. goods and services are closed to individuals, groups, and nations that threaten U.S. vital interests.

The terrorist attacks of September 11, 2001 and ensuing world events clearly identified the need to ensure the continuous operation of the U.S. financial system during crisis. It also reinforced the need to eliminate the international flow of funds that finance global terror. At the direction of the President, Treasury launched the financial front in the war on terrorism and took the lead in global efforts to combat the financing of terrorism and other financial crimes.

### *Key Partners in Achieving this Goal:*

Treasury's key partners include the Departments of Justice (DoJ), State (DoS) and Homeland Security (DHS); the National Security Council (NSC); federal law enforcement agencies, including the Federal Bureau of Investigation (FBI), Bureau of Immigration and Customs Enforcement (BICE), and the U.S. Secret Service (USSS); federal financial regulators and supervisors, including the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC), the Securities and Exchange Commission (SEC), the Commodities and Futures Trading Commission (CFTC), and the National Credit Union Administration (NCUA); state and local authorities; private sector financial institutions, including banks, credit unions, money service businesses, and securities broker/dealers; foreign jurisdictions and authorities; and international bodies, including the

Financial Action Task Force (FATF), the G-7, International Monetary Fund (IMF), World Bank, various FATF-Style Regional Bodies (FSRBs), various multi-lateral development banks, the Organization of American States (OAS), the Basel Committee on Banking Supervision, and the Egmont Group of Financial Intelligence Units.

### *Key Factors Affecting Achievement of this Goal:*

- **Federal, state, local and international cooperation.** Controlling the flow of funds to terrorists, enforcing international sanctions, and battling money laundering and other financial crimes will require cooperation at all levels. Achieving such widespread cooperation will be an enormous endeavor.
- **Changes in the financial services industry.** Competitive pressures, consolidation of financial institutions, development of new products and services, and other changes in the market will impact efforts to improve the reliability and maintain the integrity of the U.S. financial system.
- **Advanced technologies.** Advances in re-prographic technology are becoming more affordable and widely used, thereby broadening the counterfeiting threat. Other new technologies, such as electronic cash, electronic purses, Internet electronic payment systems, and Internet banking, increase the ability of individuals to rapidly transfer large sums of money, and could pose a challenge to counter money laundering efforts.

## Strategic Objective F3A-Disrupt and Dismantle Financial Infrastructure of Terrorists, Drug Traffickers, and Other Criminals and Isolate Their Support Networks

The Department of the Treasury leads the U.S. Government's multi-faceted effort to keep the world's financial systems free and open to legitimate users, while excluding those who wish to use the systems for illegal purposes. The broad range of activities in this area includes stopping the flow of money to terrorist groups, drug traffickers, and other criminals, disrupting their support networks.

Stemming the flow of funds to terrorist groups is critical to our national security and the overall war against terrorism. Treasury works closely with other federal government agencies—both as chair of the National Security Council's Policy Coordination Committee (PCC) on terrorist financing and through other relationships—foreign governments, international bodies, and private financial institutions to attack the financial infrastructure of terrorism.

Fundamental components of this effort include identifying, blocking, and dismantling terrorist financial support networks; isolating them from their funding sources; and denying them access to the international financial system. The Executive Office for Terrorist Financing and Financial Crimes (EOTFFC) is at the forefront of these efforts. Through its work with the Office of Foreign Assets Control (OFAC) and the Financial Crimes Enforcement network (FinCEN), and through direct outreach to foreign countries and international bodies such as the Financial Action Task Force (FATF), the EOTFFC works to ensure that all countries are cooperating and implementing appropriate measures in this effort.

Abuse of the financial system, however, is not limited to terrorist financing. Treasury continues to focus on other types of abuses and, in particular, money laundering by organized criminals, narcot-

ics traffickers, and corrupt foreign officials. Treasury will continue efforts to deny money launderers access to the U.S. and international financial systems through law enforcement and appropriate financial regulatory initiatives, as well as cooperation with foreign countries and international bodies such as the FATF. Treasury is dedicated to attacking money laundering and disrupting all abuses of the domestic and international financial systems. To further this effort, Treasury coordinates development of the *National Money Laundering Strategy*; issues and implements money laundering regulations; investigates financial crimes, and collects, analyzes and disseminates financial intelligence to support foreign and domestic law enforcement investigations. Treasury also investigates and enforces compliance with U.S. tax laws.

### *Means and Strategies*

DO is developing and leading the U.S. anti-terrorist financing strategy in order to freeze terrorist assets and block terrorist financing networks. DO is identifying the donors, facilitators and fundraisers for terrorist and cutting the money off at its source. DO is implementing a coordinated, global attack on terrorist financing by engaging international partners and ensuring worldwide compliance on counter-terrorism financing standards. Treasury leads interagency teams overseas to work with foreign central banks, finance ministries, and regulators to tighten their laws and regulatory oversight of terrorist fundraising groups.

In addition to focusing on terrorist financing, Treasury is combating money laundering by organized criminals, narcotics traffickers, corrupt foreign officials, and other criminals. To implement the *National Money Laundering Strategy* domestically, Treasury is expanding the reach of anti-money laundering obligations under the Bank Secrecy Act (BSA) and the USA Patriot Act, ensuring compliance with those laws and regulations.

FinCEN, with DO, issues BSA and USA Patriot Act regulations. FinCEN, working with the financial regulators and supervisors, monitors and ensures compliance. FinCEN supports law enforcement by collecting, analyzing, and disseminating financial intelligence to support investigations. In a modernization effort, FinCEN seeks to collect most BSA information electronically; modernize its BSA database systems; implement a user-friendly data retrieval system; and provide enhanced access to law enforcement through the Gateway process.

The IRS-CID (Criminal Investigation Division) participates in an array of federal law enforcement task forces, including the FBI's Joint Terrorism Task Forces (JTTFs) and U.S. Attorney's Offices' Anti-Terrorism Task Forces (ATTFs). The IRS contributes to the *National Money Laundering Strategy* by assisting in the enforcement of the BSA and USA Patriot Acts through the identification of High-Risk Money Laundering and Related Financial Crimes Areas (HIFCAs).

Internationally, Treasury seeks to secure – both bilaterally and through international bodies such as FATF, IMF, and the World Bank – global compliance with international anti-money laundering standards, developing the capacity of foreign financial intelligence units, and improving its own capacity to assist and act on the information these foreign units provide. DO, OFAC, FinCEN, and IRS play significant roles in this effort.

OFAC, operating primarily under the International Emergency Economic Powers Act (IEEPA) and the Foreign Narcotics Kingpin Designation Act, works to freeze the assets of key individuals and business enterprises of foreign narcotics trafficking organizations. OFAC coordinates with law enforcement and refers leads and background information to support criminal investigations and prosecutions.

FinCEN contributes to the international effort operationally by assisting foreign investigations and structurally by providing training and technical assistance to foreign countries developing their own financial intelligence units.

### *Measuring Success*

We will measure our progress by the percentage increase in the number of drug trafficking and terrorist related financial networks identified and made public, and by the percentage increase in assets frozen under drug and terrorist related sanctions programs.

We will also measure the level of international compliance with the FATF recommendations on money laundering, terrorist financing, and the number of financial crimes cases referred and supported for prosecution.

## Strategic Objective F3B- Execute the Nation's Financial Sanctions Policies

Treasury's Departmental Offices (primarily OFAC and International Affairs) have the responsibility for designing, implementing, and enforcing a variety of statutes, executive orders, and regulations imposing economic sanctions on foreign entities to further the foreign policy and national security objectives of the United States.

Generally, U.S. economic sanctions deprive targets of the use of their assets and/or deny them benefits of trade with the United States. Certain programs remove assets from the control of those that would use them to harm U.S. citizens and interests. The economic sanctions programs are primarily directed against countries and groups of individuals, such as terrorists and narcotics traffickers, who engage in activities that pose an extraordinary threat to the national security, foreign policy or the economy of the United States.

Sanctions programs may be either comprehensive or selective, using the blocking of assets and/or trade or investment restrictions to accomplish administration policy and goals. For certain countries, the sanctions apply to dealings with that nation's government and/or with other countries. The prohibitions extend not only to dealings with the government, but also to its country's citizens, residents, and commercial enterprises. Prohibitions also apply to specific individuals and entities identified as specially designated nationals (SDNs), specially designated

narcotics traffickers and kingpins (SDNTs and SDNTKs), specially designated global terrorists (SDGTs), and foreign terrorist organizations (FTOs).

In administering these programs, OFAC generally relies upon Presidential authority contained in the Trading With the Enemy Act (TWEA) the International Emergency Economic Powers Act (IEEPA), or upon specific legislation to prohibit or regulate commercial or financial transactions with specific foreign countries or groups.

### *Means and Strategies*

DO, in particular, International Affairs and OFAC, develops and implements the U.S. Government's financial sanctions policies. They identify, trace, and freeze sanctioned assets; issue licenses; support prosecutions related to financial sanctions policies; and impose fines for violations of sanctions policies. DO also works with international partners to coordinate global enforcement of sanctions policies.

### *Measuring Success*

Our key performance measure will be the decrease in the estimated flow of funds from the U.S. to sanctioned entities.

## Strategic Objective F3C- Increase the Reliability of the U.S. Financial System

Our Nation's financial system must remain operational at all times. Treasury is responsible for ensuring the strength and resilience of critical U.S. financial markets, and minimizing the potential effects of wide-scale disruptions. Additionally, the recent string of corporate scandals signal the need for better corporate governance to ensure the reliability of the U.S. financial system. Treasury ensures the integrity of the national currency and the safety of funds placed in financial institutions. Treasury also administers a temporary federal program, established by the Terrorism Risk Insurance Act of 2002, which provides for a transparent system of shared public and private compensation for insured losses resulting from acts of terrorism.

### *Means and Strategies*

Treasury's Departmental Offices and bureaus develop and implement critical infrastructure protection policies that strengthen both the U.S. financial system and the fiscal systems of the U.S. Treasury.

DO administers the Terrorism Risk Insurance Program (TRIP), which was enacted by the Terrorism Risk Insurance Act of 2002 on November 26, 2002. The new law establishes a temporary federal program that provides a transparent system of shared public and private compensation for insured losses resulting from acts of terrorism, to protect consumers by addressing market disruptions and ensure the continued widespread availability and affordability of property and casualty insurance for terrorism risk. In addition, TRIP allows a transitional period for the private markets to stabilize, resume pricing of such insurance, and build capacity to absorb any future losses, while preserving state insurance regulation and consumer protections.

DO promotes enhanced corporate disclosure and governance to protect American investors and improve confidence in financial markets.

BEP supervises the design and issuance of new currency to further reduce the opportunity for counterfeiting and supports deposit insurance reform legislation that does not increase taxpayer risk.

BEP designs and manufactures high quality security documents (including currency) that meet customer's requirements for quality, quantity, and performance as well as deter counterfeiting. In the near-term, BEP will issue redesigned currency to further enhance security and deter counterfeiting.

OCC ensures risks to the national banking system are anticipated, understood, addressed, and conveyed to national banks through examinations that review banks' accounting practices and the integrity of their management information systems, business continuity plans, off-balance sheet activities, and other aspects of an institution's corporate governance. The OCC leads efforts to coordinate supervisory activities performed in national banks by the various federal regulators, and chairs the Electronic Banking Group of the Basel Committee to address global electronic banking issues. The OCC also participates on the Financial Banking and Infrastructure Information Committee (FBIIC) that facilitates federal efforts to improve the reliability and security of the U.S. financial system.

OTS ensures that OTS-regulated thrift institutions operate in a safe and sound manner through effective supervision. They assess the financial condition and risk profile of thrift institutions through examinations to identify violations of law and regulation and potential financial and economic problems. OTS monitors capital levels and earnings performance in order to minimize the occurrence of inadequately capitalized thrifts and enable the prompt resolution of risks. During 2002, OTS began the process of combining safety, soundness, and compliance examinations to enhance overall effectiveness.

OTS participates on FBIIC, chaired by the Treasury Department, and works with the Department of Homeland Security and the Office of Cyberspace Security to improve the reliability and security of the financial industry's infrastructure. OTS reviews continuity of operations and emergency preparedness plans during exams.

The U.S. Mint makes a continuous effort to implement new and innovative coin production technology in the context of changing market conditions and legislated requirements for coinage and design.

Mint designs cost-effective marketing, advertising, and promotion programs to provide quality products and services to expand and maintain its customer base. The redesigned coins, as exemplified by the new nickel to commemorate the 200th anniversary of the Lewis and Clark expedition, mark the importance the Mint places on creating beautiful coin designs that reflect America's diversity.

### *Measuring Success*

We will measure the:

- *Number and degree of negative shocks to the U.S. capital markets*
- *Strength of the national banks and thrifts through composite CAMELS scores (a measure incorporating many aspects of a financial institution's health)*
- *Ability of key financial institutions to recover clearing and settlement activities in event of disruption.*
- *Estimated counterfeiting rates of new bills.*



## STRATEGIC GOAL F4- MANAGE THE GOVERNMENT'S FINANCES EFFECTIVELY

As the primary fiscal agent for the Federal Government, Treasury manages the Nation's finances by collecting money due the United States, making its payments, managing its borrowing, performing central accounting functions, and producing coins and currency to meet demand. The Department of the Treasury serves as the primary federal tax collecting agent and collector of revenue on regulated commodities.

Treasury oversees, accounts for, and reports on government collections and expenditures, is the chief disbursing officer of federal payments, and collects delinquent federal debt governmentwide. The Department determines and executes the federal borrowing strategy to meet the monetary needs of the Government at the lowest possible cost. The goal of all these activities is to provide the American public with cost-effective, efficient, and secure management of federal finances, while employing modern technology and providing quality customer-centered service.

### *Key Factors Affecting Achievement of this Goal:*

- **Changes in the Internal Revenue Code.** Changes made for various policy reasons to the Code often pose challenges for tax administration. Furthermore, changes intended to simplify the Code depend on a political consensus.

- **Electronic commerce.** The speed of adoption of electronic commerce will have an effect on the administration and collection of taxes.
- **Market conditions.** Market conditions affect demand and interest rates. Increases in interest rates generally result in increased consumer awareness of investment alternatives.
- **Statutory limit on amount of debt.** The debt limit could potentially restrict the ability to borrow.

### *Key Partners in Achieving this Goal:*

Treasury works with, among others, the Departments of Transportation, Education, Agriculture, Veterans Affairs, Labor, Justice, Transportation, Homeland Security, Housing and Urban Development, Health and Human Services, the U. S. Postal Service, the Pension Benefit Guaranty Corporation, the Federal Bureau of Investigation, U.S. Secret Service, State Tax Agencies, National Credit Union Administration, Practitioner and Preparer Associations, Community-Based Coalitions, Low-Income Tax Clinics, the banking and thrift industry, Tax Software professionals, the Federal Reserve System, the Joint Financial Management Improvement Program (JFMIP), and international financial institutions.



## Strategic Objective F4A- Collect Federal Revenue When Due, Through a Fair and Uniform Application of the Law

The Department of the Treasury must collect the revenue due to the Federal Government in a manner that is not only timely but also fair. In the context of tax collection, fairness is primarily a product of compliance. Treasury works to educate all Americans and help them meet these obligations. Treasury also works to increase the electronic collection of payments and improve the ease of payment.

### *Means and Strategies*

DO is working to increase compliance with tax laws by supporting IRS compliance initiatives and initiating, completing and updating tax information exchange treaties with other nations. DO is also implementing a variety of procedures to enhance the timeliness and quality of administrative guidance to ensure that taxpayers understand their responsibilities, and to administer the tax laws appropriately and fairly. On the legislative front, DO is seeking enactment of Treasury proposals to combat abusive tax shelters. It is also seeking legislation authorizing the use of private collection agencies.

IRS works to improve compliance through better and more targeted taxpayer education, enhanced reporting, more voluntary agreements, improved regulations, earlier intervention, and a reduction in the length of the appeals process. IRS is maximizing the collection of delinquent debts and referring delinquent debt owed by commercial vendors, separated employees, and non-government agencies to FMS for collection.

IRS is working to enhance and expand the availability of its electronic services, including the IRS website, electronic filing, and electronic payments. IRS will expand electronic document repositories and develop a multilingual centralized database.

IRS is enhancing its pre-filing guidance in order to reduce tax law complexity. IRS is modernizing its work processes and expanding its partnership with

individuals and organizations by helping taxpayers file returns, increasing electronic filing options, making notices and letters are more understandable, expanding multi-lingual customer assistance, and paying refunds faster.

TTB is working to increase compliance by applying state-of-the-art statistical methods to measure and analyze compliance with tax laws, and identify any gaps in tax payments. TTB will also move from random selection of audit targets to risk-based selection, and will investigate and assist with the prosecution of business entities suspected of being involved in tax evasion schemes, including diversion and smuggling of taxable commodities. TTB will forge partnerships with, and provide training to, federal, state, and other governmental entities to enforce tax laws.

TTB will enhance online information for taxpayers and other industry members to make complying with regulations easier. TTB will provide regulations, forms, and other information in plain language format, and continue to create alternative excise tax return filing methods through e-Government.

Legislation is proposed to establish a permanent and indefinite appropriation to reimburse financial institutions for services they provide as depositories and financial agents to the Federal Government. These services support FMS programs that “collect revenue” electronically, including the Electronic Federal Tax Payment System (EFTPS), the Lockbox Network, plastic cards, Electronic Transfer Accounts (ETA) and CA\$HLINK.

FMS and the IRS, along with the small business community, are working on strategies to significantly increase the number of EFTPS enrollments. Additionally, FMS will continue to explore methods for reducing the costs of its banking services, using less expensive electronic mechanisms such as Paper Check Conversion at lockbox sites.



### *Measuring Success*

We will measure the:

- *Reduction in the potentially collectable inventory*
- *Proportion of tax returns filed electronically*
- *Closure to receipt ratios*
- *Coverage rates*
- *Levels of service*
- *Tax compliance rates through the National Research Program*
- *Fairness of the tax system administration as measured by scores on the IRS's customer satisfaction survey*

### **Strategic Objective F4B- Manage Federal Debt Effectively and Efficiently**

Treasury is responsible for borrowing what is necessary to meet the Government's financing needs. The sum of all borrowing is called the gross federal debt. Treasury's goal is to provide government financing at the lowest cost over time. Issuing debt regularly and in predictable quantities fulfills this mission. The risks to regular and predictable issuance include unexpected changes in our borrowing requirements, the demand for our securities, and anything that inhibits timely sales of our securities. To reduce these risks, Treasury closely monitors economic conditions, fiscal policy, and market activity and, when necessary, responds with changes in debt issuance based on thorough analysis and discussions with market participants. We also seek to lower our borrowing costs by ensuring timely, reliable sales of securities through continuous improvement in the auction process.

### *Means and Strategies*

DO works to effectively finance government operations, including efficiently meeting the Government's borrowing needs. In order to measure success and focus further efforts, DO is developing and using metrics to track the relative cost of financing the U.S. Government. Treasury is also working to secure a long-term legislative solution to the debt ceiling issue.

BPD is working to effectively finance government operations, and efficiently meet the borrowing needs of the Federal Government. As part of that effort, it is, with the support of DO, moving to a 100% paperless savings bond program, and aiming to achieve "two minute auction" performance.

FMS is working to maximize the collection of delinquent debts. FMS establishes and maintains alliances with customer agencies and stakeholders that promote effective debt collection policies and procedures. FMS utilizes all available cross-servicing tools and is expanding the offset program, barring delinquent debtors from obtaining federal loans and loan guarantees. FMS is increasing the referral of eligible, legally enforceable debts for its offset and cross-servicing systems.

### *Measuring Success*

We will measure success by the cost per dollar of debt issued, divided into operational and financing costs.

## Strategic Objective F4C- Make Collections and Payments on Time and Accurately, Optimizing use of Electronic Mechanisms

Treasury collects approximately 95 percent of total federal receipts, such as individual and corporate income and other taxes, duties, fees, debts, and other money owed to the U.S. Government. The Department devotes the bulk of resources to collecting taxes. Each year the IRS collects more than \$1.5 trillion primarily through the EFTPS. FMS administers the world's largest collection system, including EFTPS, and facilitates efficient collections by promoting electronic collections to federal agencies. The purpose of this objective is timely, complete collection of all monies due the government consistent with good customer service and "best practice" business efficiency.

### *Means and Strategies*

FMS will continue to concentrate efforts on converting remaining check payments to electronic funds transfers (EFT). FMS is currently working with the Federal Reserve System and the Social Security Administration on initiatives involving EFT research, marketing, and education campaigns. FMS will work with the IRS to meet the Congressional mandate for IRS to collect 94 percent of business taxes electronically. They will accomplish this through expansion of electronic collections such as Pay.gov, EFTPS-On Line, and Paper Check Conversion. FMS will also use Paper Check Conversion at its Lockbox sites to reduce paper processing at Lockbox banks and improve the efficiency of the Lockbox system.

FMS has undertaken efforts to modernize its payment system, incorporating new technologies, and the Internet. In FY 2003, FMS will implement the Secure Payment System, a more efficient and secure, web-based replacement for the current Electronic Certification System used by Federal Program Agencies to certify payments. Additionally, FMS initiated projects to consolidate, improve, and replace its 35 payment applications and to replace and upgrade its check payment and

reconciliation system. These two efforts are known as Payments Application Modernization and the Treasury Check Information System.

FMS will also continue to maintain a leadership role in the Automated Clearing House (ACH) and efforts to upgrade and expand the application for one of two grants payment systems, Automated Standard Application for Payments (ASAP).

### *Measuring Success*

We will measure the percentage of payments and collections made electronically, on-time, and accurately.

## Strategic Objective F4D- Optimize Cash Management and Effectively Administer the Government's Financial Systems

Treasury manages the Government's cash position to ensure that funds are available on a daily basis to cover federal payments. Managing the Government's cash flow with the most up-to-date and accurate information benefits the taxpayer by enabling Treasury to maximize investment earnings and minimize borrowing costs within established policy objectives. To accomplish this objective, Treasury must closely monitor the Government's receipts and payments and accurately forecast the Government's current and future daily cash requirements. In addition, Treasury must execute its borrowing operation in an efficient and reliable manner.

Treasury plays a key role in strengthening the Federal Government's financial infrastructure. This infrastructure provides government-wide accounting and reporting services; compiles and publishes government-wide financial reports; operates the Government's collection and deposit systems; provides central payments services for Executive Branch agencies; processes and resolves claims on all lost, stolen, and forged payments; oversees the Federal Government's daily cash flow; manages government-wide debt collection services; and provides government-wide policy and assistance for cash and credit management.

Treasury is also responsible for providing accurate and timely financial statements of the Federal Government, principally through the publication of the *Daily Treasury Statement*, the *Monthly Treasury Statement*, the *Annual Report of the U.S. Government* (formally the *Combined Statement of Receipts, Outlays, and Balances of the United States Government*), and the *Financial Report of the U.S. Government*.

### *Means and Strategies*

DO, working with FMS, will make the management of the Federal Government's cash program more efficient and effective by continually enhancing the government's cash management systems and improving and formalizing models for projecting the government's cash position.

FMS will continue to place increased emphasis on improving the quality, timeliness and integrity of the Federal Government's financial data. FMS' Government-wide Accounting Modernization Project will improve the reliability, timeliness, and exchange of financial information between FMS, Federal Program Agencies (FPAs), the Office of Management and Budget, and the banking community. This new system will improve the reliability and timeliness of the Government's financial information and provide FPAs and other users with better access to that information.

FMS will continue its work with the FPAs to adopt uniform accounting and reporting standards and systems. FMS will develop a government-wide infrastructure to standardize definitions of federal accounting terms and their usage, and provide to agencies an interactive U.S. Standard General Ledger website and database. During FY 2002, the Federal Government's cash position, budget surplus, and deficit information on schedule and accurately 100 percent of the time. FMS is working to continue that consistency.

DO leads the effort to establish best practices for U.S. Government financial reporting, and to make the U.S. Government financial report a model for

forward-looking financial reporting. Treasury is exploring ways in which to issue a guide to government financial reports that would help citizens interpret and understand U.S. Government financial reporting.

FMS, with OMB and GAO, is developing a new process for preparing the consolidated Financial Report of the U.S. Government. The new process, which it will use for the FY 2004 Financial Report, will prepare the Financial Report from agency financial statements and other relevant financial information, and strengthen control over intra-governmental transactions. FMS will continue to work cooperatively with GAO, OMB, and program agencies to eliminate the issues that prevent an unqualified opinion on the Financial Report of the United States Government.

Although some issues are outside the scope of FMS, FMS will continue to assist agencies by providing guidance and support and enhancing processes it oversees. FMS is developing a new process for preparing the Financial Report to meet the new accelerated timeframe set forth by OMB, and enhance the integrity of the Report. When implemented, the new process and new intra-governmental business rules will mitigate the material weaknesses in the current process.

BPD will improve the clarity, utility and availability of federal debt financial information; support and influence the FMS initiative to modernize government-wide accounting; and actively participate in the development of federal debt and loans receivable accounting standards.

### *Measuring Success*

We will measure the:

- *Net cost of cash balances*
- *Readability and accessibility of financial statements (via outside, independent assessment)*
- *Timeliness of financial statements*

## STRATEGIC GOAL M<sub>5</sub> – ENSURE PROFESSIONALISM, EXCELLENCE, INTEGRITY AND ACCOUNTABILITY IN THE MANAGEMENT AND CONDUCT OF THE DEPARTMENT OF TREASURY (M<sub>5</sub>)

The Department of the Treasury strives to promote national prosperity through economic growth and job creation; maintains public trust and confidence in our economic and financial systems and ensures that it has the workforce, technology, and business practices to meet the nation's needs effectively and efficiently.

We will realize our Strategic Goals by building a strong institution, which is citizen-centered and results-oriented, and actively promotes innovation through competition. Treasury will work effectively and efficiently to implement the President's Management Agenda and continuously improve our internal business operations.

All Treasury bureaus have means, strategies, and success metrics to drive their performance, achieve their performance goals, and become world class in management practices. The means and strategic describe a Treasury-wide framework that provides guidance to our policy offices, operating bureaus, and our most important asset, our employees.

The Department of the Treasury has a diverse portfolio of products and services. We are strength-

ening the communication and relationships between our policy offices and the operating bureaus to focus on meaningful business results, with an emphasis on improving financial management.

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We are strategically aligning Treasury policies, business plans, programs and resources to achieve meaningful business results. The Treasury Strategic Plan for FY2003 – 2008 and its implementation reflects this alignment. From senior leadership to management levels to line staff, Treasury workforce was engaged to develop an integrated plan in which policies and operations aligned. Continuing efforts to further align these elements is accomplished through regular meetings, integrated performance and budgeting, and a refocusing on our core businesses.



*Key Partners in Achieving this Goal:*

All bureaus, external evaluators, and other agencies are partners with Treasury in achieving the President's Management Agenda and driving Treasury to achieve world class performance.

*Key Factors Affecting Achievement of this Goal:*

The alignment of policies, business plans, programs and resources will present opportunities to strengthen the corporate management of Treasury.

**Strategic Objective M5A – Protect the Integrity of the Department of the Treasury**

Treasury is committed to preserving and protecting the integrity of the Department, its programs, policies and initiatives. The independent efforts of an inspector general to ensure fairness, integrity, independence, objectivity, proficiency and due care in performing our work in all of Treasury, including its bureaus serve to detect and prevent misconduct and mismanagement by personnel and programs. Their audits, inspections and oversight are continuously addressed and contribute to taking corrective actions and improving our efforts. The Treasury Bureaus rely on independent audits, inspections and oversight in their ongoing program evaluations.

We will ensure fairness, integrity, independence, objectivity, proficiency, and due care in performing our work. We will protect the integrity of our programs, our operations and our management.

*Means and Strategies*

All Treasury entities rely on the advice, guidance, and counsel of a variety of independent audits and auditors, evaluations and evaluators, both internal and external to point out weaknesses, recommend improvements, and provide oversight. We will continue to act appropriately and efficiently, making changes and adjustments as needed.

**Strategic Objective M5B – Manage Treasury Resources to effectively to Accomplish the Mission and Provide Quality Customer Service**

The President's Management Agenda (PMA) provides a viable framework upon which to achieve this objective, achieve world-class excellence, and deliver on results that matter. We will:

- Strengthen workforce management to provide the leadership capacity, people tools and technology to ensure a diverse workforce committed to excellence
- Achieve efficient and effective competition from all sources to achieve our mission in the most cost effective manner;
- Improve financial performance;
- Expand electronic government; and
- Integrate budget decisions with performance assessment to ensure Treasury is cost effectively delivering results for the American people.

**❖ Strengthen Workforce Management to Provide the Leadership Capacity, People, Tools, and Technology to Ensure a Diverse Workforce Committed to Excellence**

Treasury will strategically manage its workforce by aligning human capital strategies to agency mission, core values, goals, and objectives. We will use strategic workforce planning and flexible tools to recruit, retain, and reward employees, thus developing a diverse, high-performing workforce. We will inventory the core competencies needed to meet our goals and objectives and determine the best resources to achieve desired results. We will be flexible in our options, including competitive sourcing to provide the best value to American citizens. We acknowledge as an organization that all managers are responsible and accountable for the effective management of human capital.

## *Means and Strategies*

Treasury is actively working to enhance the diversity and skills of its workforce through several initiatives:

- *Realign human capital to provide optimal service at the best value to taxpayers*

Treasury corporate Human Resources (HR) is taking steps to align Treasury's workforce with its objectives and meeting its performance goals in a cost effective manner. HR is optimizing its workforce by consolidating HR services and redesigning corporate HR to move to a more strategically focused operation and increase the span of control. We continually evaluate opportunities to improve efficiency and performance by opening activities to competition, and potentially outsourcing them to the private sector.

- *Provide professional development opportunities and assure continuity of leadership and knowledge through succession planning*

Treasury continues to make progress in the area of executive development as we work to further develop an effective leadership cadre with the competencies necessary to lead the Department. Among other initiatives, we have implemented an OPM-approved Candidate Development Program for the merit-based selection of individuals with leadership potential, expanded the Treasury Executive Leadership Program to include GS-15 employees, and begun to develop Individual Development Plans for leadership and staff. Treasury will create a comprehensive succession planning program that will incorporate and integrate these existing initiatives with other HR systems.

- *Implement an effective performance management system*

Treasury is committed to providing employees with challenging work, honest feedback, and opportunities for growth, and recognizing and

rewarding delivered results. A key element is building a performance management system that effectively differentiates between high and low performance, and links individual and team performance to organizational goals.

- *Work to sustain a diverse workforce, especially in mission-critical occupations and leadership positions*

Treasury continues to reduce diversity gaps in critical occupations. We have created a new on-line workforce analytical tool that gives managers and leaders direct access to a variety of standard reports on race, sex, national origin, and disability data on Treasury employees.

- *Become a competency-based organization, especially in the area of financial performance*

We are working to enhance required competencies for mission-critical occupations, identifying skill gaps, and working to fill them. We are pursuing this effort at both a corporate level and within the bureaus. Our next critical steps will be to identify training opportunities to support competency development, and institute annual bureau gap analysis and plans.

- *Manage our human capital by data-driven measurable outcomes*

Treasury is developing the tools and processes necessary to measure and rate our performance on achieving our workforce goals. The Department's Human Capital Action Plan serves as the agency's human capital accountability system. The expectations of the Assistant Secretary for Management and CFO for human capital communicates accountability and management's role in achieving success. To further track our successes, we developed a web-based tracking dashboard for monitoring agency progress. We will incorporate OPM measures in our process and explore partnership opportunities with the IRS to

develop Treasury specific standards. We will link SES performance standards with human capital accountability and develop tools to assess leadership effectiveness.

- *Promote safety, health and environmental protection for our workforce*

The health of our workforce is an important concern. We communicate to our workforce procedures promoting safety and health and for preventing environmental issues. We conduct physical site assessments of office building and other locations as well as behavior operations evaluations; and develop programs to reduce the frequency and severity of illness/injury, property, and tort claims losses.

### *Measuring Success*

We will measure our success by the:

- *Effectiveness of our performance management system*
- *Number of positions having succession plans*
- *Diversity and skills of our workforce*
- *Reduction in the number of lost production days*
- *Reduction in the lost time injury and illness rates*

### ❖ ***Achieve Efficient and Effective Competition From all Sources to Achieve Our Mission and Goals in the Most Cost Effective Manner***

To deliver services effectively and at the lowest cost possible to American taxpayers, Treasury will look both internally and externally for the most efficient ways to achieve its mission, opening up for competition our processes and activities as appropriate.

### *Means and Strategies*

Treasury has developed processes and infrastructure to support our competitive sourcing program and will continue to refine these processes in the future. We will also continue to assist in creating a government-wide infrastructure for competitive sourcing. Treasury's largest bureau, IRS, will increase its competitive sourcing staff in order to expand the number of competitions that it conducts. Other Treasury bureaus will leverage the growing capacity of the Department for guidance and assistance to implement their programs and supervise their related competitions.

We will continue to reduce the time necessary to complete competitions as we incorporate the lessons learned from previous competitions, and develop an experienced cadre of procurement and competitive sourcing program managers. Treasury will measure and track the cost and productivity implications of completed competitions to focus our efforts, improve competition structuring and management, and ensure that completed competitions achieve their stated objectives.

### *Measuring Success*

We will measure the percentage of full-time equivalent employees (those listed on the approved FAIR Act inventories) who have been subject to public-private competitions. We will also measure the number of annual competitions, as well as the estimated savings and productivity implications from the completed competitions.

### ❖ ***Improve Financial Performance***

Treasury will build or procure financial systems that produce accurate and timely information to support operating, budget, and policy decisions. Treasury is taking a government-wide lead in accelerating financial reporting and will continue to lead the Administration's effort to improve monthly, quarterly, and year-end accounting close

process and procedures. As part of this effort, Treasury has made, and is continuing to make significant improvements in the performance of its Franchise and Working Capital Funds.

### *Means and Strategies*

- *Meet accelerated November 15 deadline for audited financial statements*

Treasury has already met this goal as identified in the FY2002 Performance and Accountability Report. We will further streamline our financial reporting processes and strengthen our accounting practices in to continue to meet this goal in future years.

- *Use financial and performance information consistently during operational evaluation and decision-making*

Treasury is pursuing several opportunities to expand its performance management system to collect and link with financial data from Treasury's financial system. In addition, Treasury is working with bureaus to develop cost centers that would collect and consolidate financial data by program. Treasury will use these improved sources of financial and performance information to support effective operational evaluations and decision-making.

- *Track and report monthly performance metrics, and make them available on-line*

Treasury will implement the government-wide metrics for measuring performance in each of several financial performance areas, including travel and purchase card programs, delinquent accounts receivable, non-credit card invoices, and electronic payments. We will use metrics to evaluate performance against goals in these areas, helping to focus operational improvement efforts and hold managers accountable.

- *Maximize the effectiveness and efficiency of the*

### *Treasury Franchise and Working Capital Funds*

In its Franchise and Working Capital Funds, Treasury is promoting efficiencies in the delivery of products and services by introducing competition among service providers, while increasing the breadth of our competitive area across the Federal Government. We are examining our service providers and product offerings and consolidating or eliminating those that are redundant. We are holding each business line accountable for revenues and expenses, and full cost/self sufficiency, reporting product costs. We are enhancing customer satisfaction by measuring results from our customers, stakeholders, and employees and holding managers accountable for their performance.

- *Other initiatives*

Treasury will continue to encourage bureaus to monitor and control the level of improper payments. To further this effort, we will survey Treasury bureaus for risk assessments, results, and action plans to reduce improper payments.

Treasury will build on its success at receiving clean audit opinions, and will ensure that the processes and systems (e.g., the three-day close) stay in place to maintain clean audit opinions in the future.

Treasury will continue its aggressive efforts to close both auditor-identified and Integrity Act weaknesses, and to maintain integrated financial systems that provide timely and reliable financial information.

Treasury will enhance the processes and controls to disburse agency funds in strict accordance with appropriations law.

### *Measuring Success*

The consistency of clean audit opinions on our annual financial statements is a key metric of



success. We will measure the number of days it takes to close our monthly statements, and our ability to deliver on the accelerated deadline for audited financial statements. Our evaluation of our financial performance metrics will be used to influence management decision-making and operational improvements. We will measure success through our efforts to:

- *Use financial and performance information consistently during operational evaluation and decision-making*
- *Track and report monthly financial performance metrics*
- *Maximize the effectiveness and efficiency of the Treasury Franchise and Working Capital Funds*

• **Expand Electronic Government (M5B.4)**

Treasury-wide IT governance is the CIO's highest priority. With rigorous IT governance enterprise-wide, Treasury will be able to allocate resources effectively and deploy the IT infrastructure and enterprise services needed for an integrated, reliable, secure, and easy-to-use suite of Treasury e-Government services.

The refined Treasury IT governance framework consists of four pillars:

- **Structure.** A cornerstone of the governance framework is the newly established Technology Investment Review Board (TRIB) that sets Treasurywide IT priorities, evaluates prospective IT investments, tracks past investments, and makes recommendations to the Capital Investment Review Board (CRIB).
- **Process.** Working closely with the CFO, the CIO is increasing the level of the OCIO's engagement in the budget process. This will ensure that the Treasury CFO reviews the highest quality business cases possible.
- **Technology.** The CIO is seeking to deploy a limited number of simple, cost-effective, and highly practical portfolio management tools to

improve investment program visibility, tracking, and manageability.

- **Culture.** Promoting the necessary cultural changes associated with IT governance is vital, and will continue to be a high priority in the Department.

*Means and Strategies*

Treasury has several initiatives underway to expand its use of electronic government:

- *Focus IT spending on high priority modernization initiatives*

Treasury's mission and objectives are the foundation for our IT strategy and guide our IT spending. Treasury's ongoing plan for technology modernization supports the mission of the Department, including financial management, economic policy, and initiatives to disrupt terrorist financing. We will identify high priority enterprise solutions to eliminate duplicative and overlapping assets. Treasury has numerous IT initiatives underway to deliver new and improved e-Government services.

1. *Ensure major IT projects are within 10 percent of cost/schedule/performance objectives. To ensure cost effective management of the Treasury IT portfolio, the Department will refine its IT governance system. The new IT governance system will achieve four key goals:*
2. *Develop projects in manageable units. Treasury will promote modular, performance-based contracts that offer flexibility in expanding or reducing projects as outcomes require.*
3. *Include an Earned Value Management System (EVMS) in all contracts. Treasury will require vendors to provide this data as part of the project management and implementation process.*
4. *Deploy a portfolio management system to track major IT projects. Refining the tools supporting portfolio management is a CIO priority. The*

*focus will be on ensuring the most appropriate mix of IT Assets to address Departmental mission; infrastructure compatibility; and managing to cost, schedule and performance.*

5. *Use project metrics to indicate when corrective actions are required. Treasury will rely on agreed-upon performance measures tracked by the “Executive Dashboard,” to determine when the Department should force remediation of a project, to terminate it, or to allocate additional funding.*
6. *Meet OMB IT security performance measures. Treasury’s IT Security Office has initiated a new management process to achieve the high performance measures expected of the Treasury, and will aggressively certify and accreditate systems.*
7. *Contribute to, and participate in, government-wide e-Gov initiatives. Treasury will continue to be a significant partner in the Federal E-Gov initiatives, both contributing its experience and expertise and participating in the development of government-wide initiatives when appropriate.*

### *Measuring Success*

We will measure the proportion of projects that operate within 10 percent of cost and performance targets. We will track the number of duplicative and overlapping systems we have eliminated, the percentage of systems we have certified and accredited, and the number of government-wide e-Gov initiatives we contribute to or participate in.

#### **❖ Integrate Budget Decisions with Performance Assessment to Ensure Treasury is Cost Effectively Delivering Results for the American People**

The Department of the Treasury has an enormous responsibility and a diverse portfolio of products and services. Therefore, we must systematically assess the performance of the different programs we are managing for the American people. We must clearly identify those that provide a greater or lesser “return on investment,” in terms of cost-

effective results, and make our resource allocations decisions appropriately.

### *Means and Strategies*

Treasury has several strategies to further integrate performance assessment into the budget process:

- *Complete Program Assessment Rating Tool (PART) ratings for all programs, and expand use of Treasury’s internal PART-like tool*

PART is a tool OMB uses to gauge program performance. OMB is continuing to “PART” Treasury programs. In addition, the Treasury has developed and uses a PART-like approach to evaluate all its programs. Treasury first implemented this tool during the [FY 2004] performance budget process to evaluate bureaus’ performance budget requests, and is aggressively rolling it out to all programs.

Treasury’s Office of Performance Budgeting is conducting training for the bureaus on how to develop strategic and performance goals, measures, and targets that meaningfully reflect the mission of the program. We also provide guidance on OMB’s PART process at monthly Treasury-wide CFO, budget and planning meetings. The Treasury will meet individually with “at-risk” bureaus that need greater assistance with improving goals and measures and/or integrating budget with performance.

- *Make performance measures more focused and useful to policy makers*

Treasury will continue efforts to reduce the number of its workload metrics, having in place the existing and new outcome oriented and efficiency measures that will improve focus and effectiveness. We will continue aggressively working with our bureaus to establish high-level, meaningful performance measures for each program.

- *Require managers at all levels to regularly use performance measure information when making decisions*

Treasury has implemented a reporting system to track the results of bureaus' performance and will continue its initiative to require managers to use monthly performance data and month-end financial reports to assess Treasury's progress in achieving its goals and detect performance issues and trends requiring senior management intervention.

In addition, Treasury will require senior managers to meet quarterly to discuss their assessments of the financial and performance information and identify issues requiring further action. Managers, however, will be accountable for immediately notifying senior management of significant performance issues to ensure timely resolution of any issues or problems.

- *Improve ability to accurately report the full cost of achieving performance goals, and the marginal cost of changing performance goals*

Treasury has taken significant steps to restructure its budget office and processes, and will continue to build on this initiative to consolidate strategic planning, budget formulation, and budget execution staff and functions under one office. The integration of these functions has significantly improved Treasury's ability to collectively establish a performance-based budget and coordinate the review and reporting of our financial and performance data.

To improve Treasury's accuracy of reporting costs by program, the Department is pursuing opportunities to expand its existing performance system to collect and/or link it with Treasury financial data. In addition, Treasury is working with bureaus to establish cost centers that will collect and consolidate financial data by program.

- *Incorporate the impact of PART ratings into budget submissions and justifications, and ensure all Treasury programs use PART evaluations to direct program improvements*

Treasury bureaus must reference PART in justifying resources for PARTed programs. Treasury will continue to use its PART-like criteria and process to review bureaus performance budget requests.

Treasury's review process will include rigorous review of bureaus' capital investment plans. In addition, Treasury's reviews of bureau performance and financial data will enable timely detection of management action and/or legislative proposals needed to effectively direct program improvements.

### *Measuring Success*

We will measure the:

- *The results of programs PARTed by OMB and the Treasury internal PART-like tool*
- *Number of outcome and efficiency performance goals and measures.*
- *Number of budget submissions and justifications that effectively incorporate performance and budget data*
- *Accuracy of our ability to report the full and marginal cost of achieving or changing our performance goals*



## APPENDICES

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- A. Crosswalk of Treasury Strategic Goals, Strategic Objectives, and Bureau Goals
- B. Executive Summaries of Bureau Plans
- C. Table of Cross-Cutting Issues and Linkages to Partners
- D. Program Evaluations
- E. Glossary of Terms and Acronyms



## A. CROSSWALK OF TREASURY STRATEGIC GOALS, STRATEGIC OBJECTIVES, AND BUREAU GOALS

### Economic Focus

<b>Treasury Strategic Goal: Promote Prosperous U.S. and World economies (E1)</b>	
<b>Treasury Objective</b>	<b>Related Bureau Goals</b>
Increase economic growth and create jobs (E1A)	<p><b>Community Development Financial Institutions Fund (CDFI)</b></p> <ul style="list-style-type: none"> <li>• Improve the economic and living conditions of underserved communities by providing an array of community development financial services through a nationwide network of regulated and nonregulated CDFIs and CDEs.</li> </ul> <p><b>Departmental Offices (DO)</b></p> <ul style="list-style-type: none"> <li>• Promote economic growth world-wide.</li> <li>• Increase free trade and cross-border investment.</li> </ul>
Provide a flexible legal and regulatory framework (E1B)	<p><b>Office of the Comptroller of the Currency (OCC)</b></p> <ul style="list-style-type: none"> <li>• A flexible legal and regulatory framework that enables the national banking system to provide a full competitive array of financial services.</li> </ul> <p><b>Office of Thrift Supervision (OTS)</b></p> <ul style="list-style-type: none"> <li>• A flexible legal and regulatory framework that enables the thrift industry to provide a full competitive array of financial services.</li> </ul>
Improve and simplify the tax code (E1C)	<p><b>Departmental Offices (DO)</b></p> <ul style="list-style-type: none"> <li>• Reduce the cost of compliance for business and individuals through simplifying, rationalizing and streamlining the tax code.</li> <li>• Improve the tax code to make it simpler, more economically neutral, fairer, and more conducive to economic growth.</li> </ul>
<b>Treasury Strategic Goal: Promote Stable U.S. and World Economies (E2)</b>	
<b>Treasury Objective</b>	<b>Related Bureau Goals</b>
Increase citizens' economic security (E2A)	<p><b>Alcohol and Tobacco Tax and Trade Bureau (TTB)</b></p> <ul style="list-style-type: none"> <li>• Prevent consumer deception, ensure that regulated alcohol and tobacco products comply with Federal commodity, safety, and distribution requirements, and provide high quality customer service.</li> </ul> <p><b>Departmental Offices (DO)</b></p> <ul style="list-style-type: none"> <li>• Protect personal financial information.</li> <li>• Ensure that Americans have access to financial education programs that help them obtain practical knowledge and skills to make informed financial choices throughout their lives.</li> </ul>
Improve the stability of the international financial system (E2B)	<p><b>Departmental Offices (DO)</b></p> <ul style="list-style-type: none"> <li>• Ensure responsible stewardship of federal funds invested by international financial institutions.</li> </ul>

Financial Focus

Treasury Strategic Goal: <b>Preserve the Integrity of Financial Systems (F3)</b>	
Strategic Objectives	Related Bureau Goals
Disrupt and dismantle financial infrastructure of terrorists, drug traffickers and other criminals and isolate their support networks (F3A)	<p><b>Departmental Offices (DO)</b></p> <ul style="list-style-type: none"> <li>Identify, trace and freeze financial assets of terrorists and other financial criminals.</li> </ul> <p><b>Financial Crimes Enforcement Network (FinCEN)</b></p> <ul style="list-style-type: none"> <li>Collect, analyze, and share information needed to combat the financial aspects of criminal activity worldwide.</li> </ul> <p><b>Internal Revenue Service (IRS)</b></p> <ul style="list-style-type: none"> <li>Top quality service to all taxpayers through fair and uniform application of the law.</li> </ul>
Execute the Nation's financial sanctions policies (F3B)	<p><b>Departmental Offices (DO)</b></p> <ul style="list-style-type: none"> <li>Strengthen coordination and cooperation to effectively enforce financial sanctions policies globally.</li> </ul>
Increase the reliability of the U.S. financial system (F3C)	<p><b>Bureau of Engraving and Printing (BEP)</b></p> <ul style="list-style-type: none"> <li>Satisfy the Federal Reserve Board and the public by providing responsive service and quality products.</li> <li>Manufacture state-of-the-art currency of consistently high quality while improving productivity and cost performance.</li> <li>Produce state-of-the-art currency that deters counterfeiting, contributes to public confidence, facilitates daily commerce and extends the useful life of notes in circulation.</li> <li>Ensure an environment of comprehensive security and accountability for the Bureau's personnel, facilities and products.</li> </ul> <p><b>Departmental Offices (DO)</b></p> <ul style="list-style-type: none"> <li>Administer and evaluate the Terrorism Risk Insurance Program.</li> <li>Implement critical infrastructure protection policies.</li> </ul> <p><b>U.S. Mint (MINT)</b></p> <ul style="list-style-type: none"> <li>Design, sell and deliver quality products.</li> </ul> <p><b>Office of the Comptroller of the Currency (OCC)</b></p> <ul style="list-style-type: none"> <li>A safe and sound national banking system.</li> <li>Fair access to financial services and fair treatment of bank customers.</li> </ul> <p><b>Office of Thrift Supervision (OTS)</b></p> <ul style="list-style-type: none"> <li>A safe and sound thrift industry.</li> <li>Fair access to financial services and fair treatment of thrift customers.</li> </ul>



Financial Focus

Treasury Strategic Goal: <b>Manage the U.S. Government's finances effectively (F4)</b>	
Strategic Objectives	Related Bureau Goals
Collect federal tax revenue when due, through a fair and uniform application of the law (F4A)	<p><b>Alcohol and Tobacco Trade and Tax Bureau(TTB)</b></p> <ul style="list-style-type: none"> <li>• Provide the most effective and efficient system for the collection of all revenue that is rightfully due, eliminate or prevent tax evasion and other criminal conduct, and provide high quality service while imposing the least regulatory burden.</li> </ul> <p><b>Departmental Offices (DO)</b></p> <ul style="list-style-type: none"> <li>• Ensure fair administration of the tax code.</li> </ul> <p><b>Financial Management Service (FMS)</b></p> <ul style="list-style-type: none"> <li>• Provide timely collection of Federal Government receipts, at the lowest cost, through an all-electronic Treasury.</li> <li>• Maximize collection on government delinquent debt by providing efficient and effective centralized debt collection services.</li> </ul> <p><b>Internal Revenue Service (IRS)</b></p> <ul style="list-style-type: none"> <li>• Top quality service to all taxpayers through fair and uniform application of the law.</li> <li>• Top quality service to each taxpayer in every transaction.</li> </ul>
Manage federal debt effectively and efficiently (F4B)	<p><b>Bureau of Public Debt (BPD)</b></p> <ul style="list-style-type: none"> <li>• Effectively finance government operations.</li> </ul> <p><b>Departmental Offices (DO)</b></p> <ul style="list-style-type: none"> <li>• Achieve “lowest cost” financing over time.</li> </ul> <p><b>Financial Management Service (FMS)</b></p> <ul style="list-style-type: none"> <li>• Provide timely collection of Federal Government receipts, at the lowest cost, through an all-electronic Treasury.</li> </ul>
Make collections and payments on time and accurately, optimizing use of electronic mechanisms (F4C)	<p><b>Financial Management Service (FMS)</b></p> <ul style="list-style-type: none"> <li>• Provide federal payments in a timely and accurate manner, move toward an all-electronic Treasury for payments, and determine the optimal payment processing environment for the future.</li> <li>• Provide timely collection of Federal Government receipts, at the lowest cost, through an all-electronic Treasury.</li> </ul>
Optimize cash management and effectively administer the government's financial systems (F4D)	<p><b>Bureau of Public Debt (BPD)</b></p> <ul style="list-style-type: none"> <li>• Effectively account for the debt of the Federal Government.</li> </ul> <p><b>Departmental Offices (DO)</b></p> <ul style="list-style-type: none"> <li>• Make accurate, timely financial information on U.S. Government programs readily available.</li> </ul> <p><b>Financial Management Service (FMS)</b></p> <ul style="list-style-type: none"> <li>• Produce accurate, accessible, and timely government-wide financial information and reports which contribute to improve quality of the Nation's financial decision making.</li> <li>• Facilitate the achievement of a clean audit opinion on the <i>Financial Report of the U.S. Government</i> through FMS's internal operations and support to government agencies.</li> </ul>

Internal Management Focus

Treasury Strategic Goal: Ensure Professionalism, Excellence, Integrity and Accountability in the Management and Conduct of the Department of Treasury (M5)	
Strategic Objectives	Related Bureau Goals
Protect the integrity of the Department of Treasury (M5A)	<ul style="list-style-type: none"><li>• Ensure fairness, integrity, independence, objectivity, proficiency, and due care in all functions and responsibilities. Audits, investigations and independent oversight are the mechanisms through which Treasury, including the bureaus, ensure that we operate in an appropriate manner.</li></ul>
Manage Treasury resources effectively to accomplish the mission and provide quality customer service (M5B)	<ul style="list-style-type: none"><li>• Strengthen workforce management to provide the leadership capacity, people, tools and technology to ensure a diverse workforce committed to excellence.</li><li>• Achieve efficient and effective competition from all sources to achieve our missions in the most cost effective manner.</li><li>• Improve financial performance.</li><li>• Expand electronic government.</li><li>• Integrate budget decisions with performance assessment to ensure Treasury is cost effectively delivering results for the American People.</li></ul>

## B. EXECUTIVE SUMMARIES OF BUREAU PLANS

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These Executive summaries capture the Bureau’s mission, goals, objectives and major programs.

Alcohol and Tobacco Tax and Trade Bureau (TTB) .....	www.ttb.gov
Bureau of Engraving and Printing (BEP) .....	www.moneyfactory.com
Bureau of the Public Debt (BPD) .....	www.publicdebt.treas.gov
Community Development Financial Institutions (CFDI) .....	www.cdfifund.gov
Financial Crimes Enforcement Network (FinCEN) .....	www.fincen.gov
Financial Management Service (FMS) .....	www.fms.treas.gov
Internal Revenue Service (IRS) .....	www.irs.gov
U. S. Mint (Mint) .....	www.usmint.gov
Office of the Comptroller of the Currency (OCC) .....	www.occ.treas.gov
Office of Thrift Supervision (OTS) .....	www.ots.treas.gov

# ALCOHOL AND TOBACCO TAX AND TRADE BUREAU (TTB)

## *Mission*

TTB's mission is to collect alcohol, tobacco, firearms and ammunition excise taxes, to ensure that alcohol beverages are labeled, advertised, and marketed in accordance with the law, and to administer the laws and regulations in a manner that protects the revenue, protects the consumer, and promotes voluntary compliance.

## *Overview/Background*

The Alcohol and Tobacco Tax and Trade Bureau (TTB) is the newest agency in the Department of the Treasury, created when the Homeland Security Act of 2002 divided the Bureau of Alcohol, Tobacco and Firearms into two agencies. TTB will retain responsibility for administering alcohol and tobacco laws and implementing regulations, as well as the statutes that impose federal excise tax on firearms and ammunition. While the agency has a new name, the history of TTB's regulatory responsibility dates back to creation of the United States Department of the Treasury and the first federal taxes being levied on distilled spirits in 1791.

## **Bureau Strategic/General Goals**

*(Bolded goals are incorporated in the Corporate Treasury Strategic Plan.)*

- ***Collect the Revenue – Provide the most effective and efficient system for the collection of all revenue that is rightfully due, eliminate or prevent tax evasion and other criminal conduct, and provide high quality service while imposing the least regulatory burden***
- ***Protect the Public – Prevent consumer deception, ensure that regulated alcohol and tobacco products comply with Federal commodity, safety, and distribution requirements, and provide high quality customer service.***
- *Refine Management Practices - Ensure that all TTB programs operate at optimum efficiency and effectiveness and with full accountability, by providing high quality management and administrative support.*

## *Bureau Means and Strategies*

TTB administers federal tax laws on alcohol, tobacco, firearms, and ammunition. The entities that produce and import the taxable commodities regulated by TTB include major contributors to the U.S. economy. TTB must be responsive to their customers' needs by reducing delays and regulations that impede business and do not improve TTB's ability to collect the revenue.

TTB enforces federal laws related to the production and distribution of alcohol and tobacco products through education, inspection, laboratory testing, and investigation. TTB works with industry, state governments, and other interested parties to facilitate compliance with regulatory requirements. TTB provides technical expertise, training, information, and research results to industry members, government agencies, and others in order to better protect and serve the public.

## *Major Programs*

*Application Program* - Keeping ineligible persons from entering the industry is key to TTB's mission. The tobacco and alcohol industries have the potential to be highly lucrative through illicit activity in these commodities, and therefore, terrorists and organized crime must be kept out of these industries. TTB's National Revenue Center receives over 3,000 original applications for various permits annually. To ensure that only eligible persons enter into the business, TTB conducts personnel and financial background investigations, and inspects the premises to be used for the operations are inspected.

*Revenue Collection Program* – A field approach that uses analysis to target non-compliant industry members and establishes an identifiable presence within industry that encourages voluntary compliance is key to collecting revenue that is due (TTB collects approximately \$15 billion annually). TTB is developing several electronic-filing strategies to enable regulated industry members to conduct business with TTB via the Internet. TTB keeps industry members and the public informed

on laws and regulations and pending issues through a variety of media, including the Internet, seminars, and surveys.

*COLAs Online* - TTB enforces the Federal Alcohol Administration Act, which requires importers and bottlers of beverage alcohol to obtain certificates of label approval or certificates of exemption from label approval (COLAs) for most alcoholic beverages prior to introducing them into interstate commerce. TTB acts on these COLAs to ensure that producers label products in accordance with federal laws and regulations aimed at protecting the consumer. In 2003, TTB launched a web-based and entirely paperless system called COLAs Online that gives alcohol industry members and third party filers the option to file these applications via the TTB web site. This system will also provide a way for TTB to process the application, return approved or rejected COLAs to applicants, and provide notification of approval or rejection electronically.

*Alcohol Beverage Sampling Program* - TTB collects hundreds of alcohol product samples annually from the marketplace for laboratory analysis. The sampling program includes samples collected directly from producers and bottlers. Through this program, we randomly sample products and have discovered that some products selected and tested are non-compliant for various reasons.

*Trade Practices Program* – The Federal Alcohol

Administration Act imposes extensive trade practice requirements on the alcohol beverage industry. TTB investigates anti-competitive business practices between alcohol beverage suppliers and retailers to preserve the retailer's economic independence and protect the consumer.

*International Trade Assistance* – TTB works with other federal agencies and the Office of the United States Trade Representative (USTR) to provide technical expertise on regulatory issues involving international trade in alcoholic beverages and resolve alcohol trade issues by both monitoring and facilitating U.S. trade. TTB does this by representing the Department of the Treasury in technical discussions with various international trade organizations. Discussions usually focus on issues of mutual concern to the U.S. and the European Union as well as to other alcohol producing countries.

# THE BUREAU OF ENGRAVING AND PRINTING (BEP)

## *Mission*

BEP's core mission is to design and manufacture high quality security documents that meet customer's requirements for quantity, quality, and performance and deter counterfeiting.

## *Overview/Background*

The Bureau of Engraving and Printing has been in operation for more than 139 years. Created by an Act of Congress in 1861, the Bureau came into existence a year later to print federal paper currency starting with one dollar and two dollar currency notes.

The Federal Reserve is the Bureau's primary customer and, with the phase out of postage stamp production in 2005, will account for approximately 97 percent of all revenue. The current manufacturing facilities in Washington, D.C. and Forth Worth, Texas employ approximately 2600 individuals.

## **Bureau Strategic/General Goals**

*(Bolded Goals are included in the Corporate Treasury Strategic Plan)*

- ***Satisfy the Federal Reserve Board, the Postal Service and the public by providing responsive service and quality products.***
- ***Manufacture state-of-the-art currency of consistently high quality while improving productivity and cost performance.***
- ***Produce state-of-the-art currency that deters counterfeiting, contributes to public confidence, facilitates daily commerce, and extends the useful life of notes in circulation.***
- ***Ensure an environment of comprehensive security and accountability for the Bureau's personnel, facilities and products.***
- *Manage the Bureau's resources to increase efficiency and effectiveness in support of the other strategic goals.*

## *Bureau Means and Strategies*

BEP is building and acquiring the resources needed to meet the projected design, quality, and quantity requirements for its products over the next five years. This includes security and accountability, asset management, information technology, and human resources. BEP's Strategic Plan emphasizes modernizing and streamlining the Bureau's infrastructure through facility renovations, including the addition of a tour at the Western Currency Facility, expansion for process modification, production equipment upgrades and replacement, and environmental control system upgrades, and expansion. The Bureau also has a strategic initiative to ensure the continuity of operations of essential functions in the event of an emergency.

BEP's Strategic Plan emphasizes on two resource areas critical to success in today's competitive environment information technology (IT) and human resources. The Bureau will leverage technology and employ appropriate government and Treasury e-Gov initiatives to increase the efficiency and effectiveness of the Bureau's production, financial, and accountability systems and to enhance BEP's service to our customers and business partners. As a prerequisite for the achievement of all these goals, the Bureau must have a capable, motivated workforce with the skills required for 21st century manufacturing. The human resources components of the plan ensure that the Bureau maintains such a workforce.

## *Major Programs*

Manufacturing

Protection and Accountability of Assets

Resource Management

## BUREAU OF THE PUBLIC DEBT (BPD)

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### *Mission*

BPD's mission is to borrow the money needed to operate the Federal Government and to account for the resulting debt.

### *Overview/Background*

The job of Public Debt is large and varied. BPD effectively regulates the primary and secondary Treasury securities markets; ensures that reliable systems and processes are in place for purchasing and transferring Treasury securities; annually auctions and issues, \$2 trillion of marketable securities, issues and redeems more than 100 million savings bonds each year; maintains more than \$400 billion in securities accounts directly for investors; and provides timely and accurate information on the public debt.

### **Bureau Strategic/General Goals**

*(Bolded Goals are incorporated in the Corporate Treasury Strategic Plan)*

- ***Effectively finance government operations***
- ***Effectively account for the debt of the Federal Government***
- *Fulfill customer expectations*

### *Bureau Means and Strategies*

BPD uses the following strategies to achieve Bureau Strategic Goals:

- Effectively educate our customers and the securities market on the terms, conditions, and risks of Treasury securities.
- Simplify the regulations and procedures that our customers must follow to conduct business with us.

- Make and receive as many of our payments electronically as possible.
- Encourage investors to purchase securities, access their accounts, and conduct transactions electronically.
- Expand our use of the Internet to inform and communicate with customers and allow them to communicate with us.
- Use the Internet to market securities to retail customers.
- Establish a single account relationship with our customers for all of our retail securities products.
- Minimize the impact of high workload volumes on our operations and customer service.
- Deploy technology in support of our operations using an open architecture, emphasizing business process reengineering, and applying the principles of rapid application development.
- Accomplish administrative transactions electronically.

### *Major Programs*

BPD has five major program areas:

- Wholesale Securities Services
- Government Agency Investment Services
- Retail Securities Services
- Summary Debt Accounting
- Franchising

# COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND (CDFI)

## *Vision*

The vision of the CDFI Fund is a United States in which all people have access to credit, capital, and affordable financial services.

## *Mission*

The mission of the CDFI Fund is to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States.

## CDFI Fund Strategic Goal:

*(Bolded goals are incorporated in the corporate Treasury Strategic Plan.)*

- ***Improve the economic and living conditions of underserved communities<sup>1</sup> by providing an array of community development financial services through a nationwide network of regulated and non-regulated CDFIs and CDEs.***

The United States has one of the best banking and financial market systems in the world. Yet, millions of low-income Americans and countless distressed communities are not adequately served by these systems. They lack convenient access to

affordable financial services and financing. If the conditions for prosperity and stability for all Americans we must address these gaps in financial service availability.

CDFIs and CDEs are specialized, regulated, and non-regulated financial service providers whose primary mission is to fill credit gaps in underserved communities. CDFIs and CDEs also provide business counseling, financial education, or other technical assistance that teach borrowers to manage credit responsibly and help counter predatory lending. In addition to promoting the sustainability of community development financial institutions, the Fund provides incentives to traditional insured depository institutions to invest in the most underserved communities in the country.

By supporting the network of financial institutions that serve underserved areas, the Fund increases economic growth and creates jobs, creates a flexible legal and regulatory framework for its certified institutions, and increases the reliability of the U.S. financial system. The CDFI Fund is an integral part of Treasury's strategy for promoting a prosperous U.S. economy and preserving the integrity of financial systems.

## (Footnotes)

<sup>1</sup> Underserved communities are communities that qualify as CDFI Program Target Markets (which include a specific geography called an Investment Area, or a specific community of people with demonstrated lack of access to credit, equity or financial services called a Low-Income Targeted Population or an Other Targeted Population), New Markets Tax Credit Program Low-Income Communities, or Bank Enterprise Award Program Underserved Communities. Many American Indian Areas and similar entities qualify as underserved communities. The definition of American Indian Areas and similar entities includes American Indian Reservations (federal and state), Off-Reservation Trust Lands; Oklahoma Tribal Statistical Areas; Alaska Native Regional Corporations or Village Statistical Areas; and Hawaiian Homelands.



*CDFI Fund Major Programs*

*Community Development Financing Institutions (CDFI) Program*

The purpose of the CDFI Program is to improve the financial position of CDFIs — particularly those that create community development impact in the most economically distressed areas of the country, — increase private sector investment in these institutions, and promote their institutional development. The program accomplishes its purposes by providing to CDFIs financial assistance awards that must be matched \$1:\$1 by non-federal funds, and by providing technical assistance awards and training to CDFIs and CDFIs in formation.

*Bank Enterprise Award (BEA) Program*

The BEA program recognizes the key role of traditional financial institutions in community development lending and investing. It provides incentives for these regulated banks and thrifts to invest in CDFIs and to increase their lending and financial services in distressed communities. Providing monetary rewards for community investment activities leverages the Fund's dollars and puts more capital to work in distressed communities throughout the nation.

*New Markets Tax Credit (NMTC) Program*

The NMTC Program is designed to spur \$2 billion of private investments in a range of privately managed investment vehicles called Community Development Entities (CDEs). These privately managed investment vehicles make loans and equity investments, purchase loans, or provide financial counseling in low-income communities.

# FINANCIAL CRIMES ENFORCEMENT NETWORK (FinCEN)

## *Mission*

FinCEN's mission is to collect, analyze, and share information needed to combat the financial aspects of criminal activity worldwide.

## *Overview/Background*

The U.S. Department of the Treasury established FinCEN in 1990 to provide a government-wide, multi-source intelligence and analytical network. FinCEN's operation was broadened in 1994 to include regulatory responsibilities. In October 2001, the USA Patriot Act elevated FinCEN to bureau status and emphasized its role in fighting terrorist financing.

FinCEN works to accomplish its mission in two ways. First, as administrator of the Bank Secrecy Act (BSA), our nation's comprehensive anti-money laundering statute, FinCEN is responsible for expanding the regulatory framework to industries vulnerable to money laundering, terrorist financing, and other crimes. Second, FinCEN adds value to the BSA data by analyzing and sharing information on money laundering and terrorist financing trends and patterns with law enforcement to assist their efforts in combating the financial aspects of criminal investigations. FinCEN seeks to strike a balance between meeting law enforcement's information needs, minimizing the burden on regulated industry, and protecting individual privacy.

## Bureau Strategic/General Goals

*(Bolded Goals are incorporated in the Corporate Treasury Strategic Plan)*

- **Collect, analyze and share information needed to combat the financial aspects of criminal activity worldwide.**
- Support efforts to eliminate safe havens for money laundering and terrorist financing worldwide.
- Modernize the collection, maintenance, and retrieval of BSA information.
- Enhance the value of FinCEN's analytical services and products.

## *Major Functions:*

- *Extending the Regulatory Framework*

FinCEN is the nation's central clearinghouse for broad-based financial intelligence and information sharing. The BSA authorized Treasury to require covered financial institutions to file certain reports and keep records of certain types of financial transactions (e.g., suspicious activity reports and currency transaction reports). As the administrator of the BSA, FinCEN promulgates regulations, provides outreach and guidance to the regulated industries, and initiates regulatory enforcement actions in certain circumstances. FinCEN relies on its federal regulatory partners to examine financial institutions within their respective jurisdictions regarding compliance with the BSA.

- *Collecting and Sharing Information*

As the administrator of the BSA, FinCEN manages the information the regulated industries file. FinCEN relies on the IRS as the primary service provider for the collection, processing, and retrieval of BSA information. FinCEN is working with IRS to modernize the systems and processes used to collect, maintain, and access BSA information. These systems include the new Patriot Act Communication System (PACS), which allows financial institutions to file BSA reports electronically, and the Gateway process, which provides authorized law enforcement direct, on-line access to records filed under the BSA.

- *Providing Analytical Services and Products*

FinCEN adds value to financial investigations in several ways. First, FinCEN provides case support to U.S. law enforcement at the federal, state, and local levels, and to international counterparts, by preparing reports based on data collected under the BSA, and other commercial and law enforcement information. Second, FinCEN analysts use BSA information and other financial intelligence to identify trends, patterns, and techniques associated with money laundering, terrorist financing, and other financial crimes, worldwide. Third, under the USA PATRIOT Act, FinCEN has initiated a program that allows law enforcement to query financial institutions, through FinCEN, on money laundering or terrorism investigations.

## FINANCIAL MANAGEMENT SERVICE (FMS)

### *Mission*

The mission of the FMS is to provide central payment services to federal program agencies, operate the Federal Government's collections and deposit systems, provide government wide accounting and reporting services, and manage the collection of delinquent debt.

### *Overview/Background*

FMS is the Federal Government's financial manager and, as such oversees a daily cash flow in excess of \$50 billion; disburses 85 percent of the Federal Government's payments, including income tax refunds, social security, veterans' benefits, and other federal payments to individuals; administers the world's largest collection system which collects over \$2.2 trillion annually; provides cash management guidance to federal program agencies; gathers and publishes government-wide financial information used to monitor the government's financial status; and, serves as the government's central debt collection agency for delinquent debt.

### **Bureau Strategic/General Goals**

*(Bolded goals are incorporated in the Corporate Treasury Strategic Plan.)*

- ***Produce accurate, accessible, and timely government wide financial information and reports that contribute to improved quality of the Nation's financial decision making.***
- ***Provide federal payments timely and accurately, move toward an all-electronic Treasury for payments, and determine the optimal payment processing environment for the future.***
- ***Provide timely collection of Federal Government receipts, at the lowest cost, through an all-electronic Treasury.***

- ***Facilitate the achievement of a clean audit opinion on the Financial Report of the U.S. Government through FMS' internal operations and support to government agencies.***
- ***Maximize collection on government delinquent debt by providing efficient and effective centralized debt collection services.***
- ***Establish policies and processes to facilitate the integration of e-commerce technologies into FMS' business programs and infrastructure.***

### *Bureau Means and Strategies*

FMS' Strategic Plan emphasizes the importance of our internal day-to-day operations, which touch the lives of hundreds of millions of U.S. citizens. FMS recognizes fully its obligation to continuously improve the reliability and timeliness of the government's financial information. FMS will maintain quality standards for financial services, expand consultative services to agencies in the resolution of issues related to financial accounting and reporting, and provide user-friendly and efficient automated tools to obtain, provide, and process information to and from customers and stakeholders. By attending to and managing basic business responsibilities, FMS will have the opportunity to undertake new, challenging, and exciting initiatives in support of the Treasury's overall management of the Federal Government's finances.

The key to FMS achieving long-term goals and objectives lies in the teamwork, support and commitment of its most valued resource — the dedicated and talented workforce. FMS will provide a work environment that values training, where employees can maintain the knowledge, skills and abilities needed to accomplish today's program and performance goals and develop those needed to meet the challenges of tomorrow. To

achieve its strategic goals, FMS is pursuing other strategies that:

- Provide incentives and reduce barriers for agencies and customers to increase use of electronic payments and collections;
- Use sound management practices to oversee IT investments and ensure they operate in a secure environment;
- Maximize Internet business activity;
- Provide agencies with easy and secure access to FMS systems and information;
- Increase agencies' knowledge of financial management and accounting;
- Minimize redundant operations and systems;
- Work collaboratively with federal, state and local agencies to identify issues and opportunities to improve financial management;
- Support and fund pilots and prototypes to quickly assess emerging technologies and approaches and to evaluate the business case;
- Provide incentives and reduce barriers for stakeholders to take action in support of improved accounting, cash management and debt collection;
- Take a leadership role to identify and resolve issues even though responsibility may be shared with other agencies;
- Serve as a model for other federal agencies by

providing good financial management and maintaining effective internal controls;

- Foster a learning organization with a supportive work environment where all employees can maintain the knowledge, skills, and tools to succeed and are valued and respected for their shared contributions;
- Recruit and develop talented employees from diverse backgrounds to provide all employees with challenging work, honest feedback, and opportunities for growth; and,
- Provide timely, useful, and accurate cost accounting data and performance information to aid in decision making.

### *Major Programs*

- Payments
- Collections
- Debt Collection
- Government-wide accounting and reporting

## INTERNAL REVENUE SERVICE (IRS)

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### *Mission*

IRS's mission is to provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

### *Overview/Background*

The IRS deals directly with more Americans than any other institution, public or private. It also is one of the world's most efficient tax agencies. In 2002, the IRS collected more than \$2 trillion in revenue and processed nearly 227 million tax returns. It cost taxpayers 45 cents for each \$100 collected by the IRS. In 2002, the agency also assisted nearly 95 million taxpayers who called the toll-free automated telephone line, wrote letters or visited one of the more than 400 offices Taxpayer Assistance Centers (TACs) the IRS maintains nationwide.

### **Bureau Strategic/General Goals**

*(Bolded goals are included in the Corporate Treasury Strategic Plan)*

- **Top-quality service to each taxpayer in every interaction**
- **Top-quality service to all taxpayers through fair and uniform application of the law**
- Productivity through a quality work environment

### *Bureau Means and Strategies*

IRS will use major strategies to achieve progress on their strategic goals. The IRS has developed these strategies based on senior management's consideration of internal research and analysis, external stakeholder input; independent inspector general audit and oversight; and and General Accounting Office (GAO) recommendations, and employee input on the key trends, issues, and problems that

most affect the IRS. The major strategies provide practical guidance as to how IRS should allocate and focus management to achieve the strategic goals.

The current IRS Strategic Plan covers the period for FY 2000-2005. IRS is updating its Strategic Plan to better align IRS goals with Department of Treasury's goals and will have a draft plan by September 30, 2003. This plan will link IRS' increased enforcement of the tax laws with its current high level of customer service. In addition, IRS is in the process of developing more outcome and efficiency related measures to better assess the achievement of its goals.

The major strategies in the IRS Strategic Plan, [FY 2000-2005] are to:

- Address key areas of noncompliance;
- Meet the needs of taxpayers;
- Reduce taxpayer burden;
- Broaden the use of electronic interactions;
- Stabilize traditional compliance activities;
- Deal effectively with the global economy;
- Meet the special needs of the tax-exempt community;
- Recruit, develop, and retain a quality workforce;
- Provide high-quality, efficient, and responsive information services and shared support services; and
- Promote effective asset and information stewardship.

### *Major Programs*

The IRS Restructuring and Reform Act of 1998 resulted in the IRS reorganizing itself into four major operating divisions, aligned by types of taxpayers:

- Wage and Investment: This division serves approximately 116 million taxpayers who file individual and joint tax returns.
- Small Business and Self-Employed: This division serves the approximately 45 million small businesses and self-employed taxpayers.

- Large and Mid-sized Businesses: This division serves corporations with assets of more than \$10 million.
- Tax Exempt and Government Entities: The division serves employee benefit plans and taxexempt organizations such as nonprofit charities and governmental entities.

Other divisions include Appeals, Chief Counsel, Communications and Liaison, and Criminal Investigation, and the Taxpayer Advocate Service.

# THE UNITED STATES MINT (MINT)

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## *Mission*

The primary mission of the Mint is to produce an adequate volume of circulating coinage for the nation to conduct its trade and commerce. In addition, the Mint produces and markets numismatic coins and coin products and to safeguard the nation's silver and gold reserves.

## *Overview/Background*

Since Congress created the United States Mint in 1792, it has grown to a world-class metal manufacturing and marketing enterprise with operations in five states and the District of Columbia. The agency produced 14.4 billion coins in 2002, fulfilling the Mint's mission to produce the nation's circulating coinage for trade and commerce. Today, the Mint also ranks among the most technologically advanced enterprises in the country and is the world's 30th largest online retailer.

## **Bureau Strategic/General Goals**

*(Bolded goals are included in the Corporate Treasury Strategic Plan.)*

- *Be a model government agency that matches world class business practices.*
- *Value and communicate with the American People.*
- ***Design, sell and deliver quality products.***
- *Respect and value our co-workers.*

## *Bureau Means and Strategies*

The Mint has adopted several strategies to be a model government agency: streamline processes; maximize investment return through competitive sourcing, financial planning, and integrating budget and performance; and maximize technology and systems functionality to achieve strategic goals and objectives in a cost effective and efficient manner. To ensure the security of the Mint, we are pursuing innovative threat assessment strategies

and collaborating with other law enforcement agencies.

The Bureau is developing a Mint-wide educational outreach program to better communicate with the American people. To achieve our third goal of designing, selling, and delivering quality products, we are going to: expand our customer base by providing quality products and services that respond to our customers' needs; design cost effective marketing programs; benchmark against best-in-business standards for customer service; adopt state-of-the-art manufacturing techniques; and create beautiful designs that depict the diversity of America.

Finally, we will continue to respect and value our coworkers through the following strategies: require personal accountability at all levels for workforce and workplace safety; strengthen our internal communications and ensure project collaboration across the organization; effectively use the intranet; expand Mint career, training, recruitment, and retention opportunities; and make the Mint a learning organization.

## *Major Programs*

**Circulating Coinage:** Produce coins to satisfy the needs of commerce in a cost efficient and safe manner with state of the art manufacturing technology and equipment.

**Numismatics:** Foster the health of numismatics by producing outstanding products and service, expanding markets, and supporting the long-term value of our products, while making a reasonable return for the American taxpayer.

**Protection:** Maintain a highly professional police force with the tools and resources to respond to changing threats in our environment.



# THE OFFICE OF THE COMPTROLLER OF THE CURRENCY (OCC)

## *Mission*

Congress created the OCC to charter national banks, oversee a nationwide system of banking institutions, and assure that national banks are safe and sound, competitive, and profitable, and capable of serving in the best possible manner the banking needs of their customers.

## *Overview/Background*

The OCC licenses, regulates, and supervises the Nation's system of federally-chartered banks. Approximately 2150 national banks and 53 federal branches or agencies of foreign banks operate throughout the U.S. Although national banks account for only 27 percent of the number of commercial banks nationwide, they hold 56 percent of the total commercial banking assets in the U.S.

## **Bureau Strategic/General Goals**

*(Bolded goals are incorporated in the Corporate Treasury Strategic Plan.)*

- ***A safe and sound national banking system.***
  - ***Fair access to financial services and fair treatment of bank customers.***
  - ***A flexible legal and regulatory framework that enables the national banking system to provide a full competitive array of financial services.***
  - *An expert, highly motivated, and diverse workforce that makes effective use of OCC resources.*
- Bureau Means and Strategies*
- Some of OCC's key means and strategies are to:
- Assess the effectiveness of problem bank supervision and develop and apply, as needed, new strategies for addressing and resolving supervisory issues and problem banks;
  - Achieve effective compliance with the examination schedule requirements of the Federal Deposit Improvement Act;
  - Refine the OCC's analytical processes and tools and expand their use in bank supervision activities;
  - Conduct examinations to determine compliance with the USA Patriot Act;
  - Enforce anti-money laundering and antiterrorism statutory and regulatory requirements;
  - Work to further leverage the use of technology in bank supervision activities and to expand accessibility and capabilities of the OCC's National BankNet;
  - Identify new products and services, and emerging risk areas, including those related to operational and technology-related vulnerabilities, and adjust supervisory strategies and activities as appropriate;
  - Support the ability of national banks to be involved in community and economic development activities;
  - Take a lead role in addressing predatory lending practices;
  - Foster fair treatment of customers of national banks through OCC guidance and supervisory enforcement actions where appropriate;
  - Provide an avenue for customers of national banks to resolve complaints;
  - Expand the availability of the "e-Corp" automated application for banks to file licensing applications electronically;

- Participate in the interagency Economic Growth and Regulatory Paperwork Reduction Act project to review regulations for unnecessary burden; and
- Support continued recognition of the preemptive attributes of the national bank charter through appropriate opinions, regulations, and participation in litigation where warranted.

### *Major Programs*

The OCC organizes its activities around three major programs: [Supervise, Charter, and Regulate.]

The **Supervise** program consists of those ongoing supervision and enforcement activities undertaken to ensure that each national bank is operating in a safe and sound manner and is complying with applicable laws, rules, and regulations for the bank and the customers and communities it serves. This program includes bank examinations and enforcement activities; resolution of disputes through the National Bank Appeals process; ongoing monitoring of banks; and analysis of systemic risk and market trends in the national banking system or groups of national banks, the financial services industry, and the economic and regulatory environment. Bank Secrecy Act/anti-money laundering, the scrutiny of accounting practices, integrity of management information systems, business continuity plans, and off-balance sheet activities will be prominent issues we will address in the supervision of national banks.

The **Charter** program involves those ongoing activities that result in the chartering or liquidation of national banks as well as the evaluation of the permissibility of structures and activities of national banks and their subsidiaries. This includes the review and approval of new national bank charters, mergers, acquisitions, conversions, business combinations, corporate reorganizations, changes in control, operating subsidiaries, branches, relocations, and subordinated debt issues.

The **Regulate** program consists of those ongoing activities that result in the establishment of regulations, policies, operating guidance, and interpretations of general applicability to national banks. These regulations, policies, and interpretations may establish system-wide standards, define acceptable banking practices, provide guidance on risks and responsibilities facing national banks, or prohibit (or restrict) banking practices deemed to be imprudent or unsafe. This program also includes the establishment of examination policies, handbooks, and interpretations for examiners.

## OFFICE OF THRIFT SUPERVISION (OTS)

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### *Mission*

OTS's mission is to supervise savings associations and their holding companies in order to maintain their safety and soundness and compliance with consumer laws and to encourage a competitive industry that meets America's financial services needs.

### *Overview/Background*

OTS dedicates over 85 percent of its resources and revenues to examine and supervise savings associations and their holding companies to ensure that they remain safe, protect consumers, and promote competitiveness. The financial condition of the thrift industry is strong. As of March 2003, 958 thrifts were in existence with more than \$1 trillion of assets. Over 99 percent of the industry was well capitalized, and no thrift was less than adequately capitalized. A strong economy, a generally hospitable interest rate environment, sound lending and investment practices, and effective regulation, including strengthened capital standards, aided this strong performance. Thrifts reported record earnings and capital for 2002.

### **Bureau Strategic/General Goals**

*(Bolded goals are incorporated in the Corporate Treasury Strategic Plan)*

- ***A safe and sound thrift industry.***
- ***A flexible legal and regulatory framework that enables the thrift industry to provide a full competitive array of financial services.***
- ***Fair access to financial services and fair treatment of thrift customers.***
- *A professional and motivated workforce that provides exceptional service to its customers and supports achievement of OTS business goals.*

### *Bureau Means and Strategies*

Through examinations, OTS assesses the financial condition and risk profile of thrift institutions and identifies violations of law and regulation and potential financial and economic problems. To combat fraud, money laundering, and financial crimes, OTS reviews thrifts during exams for compliance with the requirements of the Bank Secrecy Act, the USA Patriot Act, and other anti-money laundering laws. Examinations help to prevent development or continuation of unsafe operating practices and to resolve problems or weaknesses timely, including those related to consumer protection and the Community Reinvestment Act (CRA). To improve the stability of the international financial system, OTS participates in matters before the Basel Committee for Banking Supervision.

### *Major Programs*

OTS's single program is to supervise the thrift industry.



## C. TABLE OF CROSS-CUTTING ISSUES, AND LINKAGES TO PARTNERS

Treasury depends on other federal agencies and private partners for information, data, guidance and support to accomplish its mission and achieve desired results.

	<b>Economic</b>		<b>Financial</b>		<b>Management</b>
	Promote prosperous U.S. and World Economies	Promote Stable U.S. and World Economies	Preserve the Integrity of Financial Systems	Manage the Government's Finances Effectively	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of Treasury
Central Intelligence Agency			X		
Civilian Agency Acquisition Council					
Commodity Futures Trading Commission	X				
Department of Agriculture				X	
Department of Commerce	X			X	
Department of Defense			X	X	
Department of Interior				X	
Department of Justice			X	X	
Department of Labor	X	X		X	
Department of State	X	X	X	X	
Department of Transportation				X	
Department of Health & Human Services	X	X			
Department of Homeland Security			X		
Department of Housing & Urban Development	X	X			
Elect. Processes Initiative Comm.					
Environmental Protection Agency	X				
Export-Import Bank	X				
Federal Chief Information Officers Council					X
Federal Credit Policy Working Group	X			X	

	Economic		Financial		Management
	Promote prosperous U.S. and World Economies	Promote Stable U.S. and World Economies	Preserve the Integrity of Financial Systems	Manage the Government's Finances Effectively	Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of Treasury
Federal Deposit Insurance Corp.		X			
Federal Housing Finance Board		X			
Federal Reserve	X	X	X	X	
General Services Administration				X	X
Govt. Chief Fin. Officers Council					X
Joint Financial Management Improvement Program			X	X	
National Security Council			X		
Office of National Drug Control Policy			X		
Office of Personnel Management					X
Overseas Private Investment Corp.	X				
Pension Benefit Guaranty Corp.		X			
President's Working Groups	X				
Procurement Executive Committee					X
Securities & Exchange Commission	X	X	X		
Securities Technical Institute		X			
Small Business Administration	X		X		
U.S. Trade Representative	X				

## D. PROGRAM EVALUATIONS

Major programs continuously assess progress through systematic program reviews and evaluations. A list of program evaluations is provided below. The list is not intended to capture each and every program evaluation. However, the major program evaluations conducted in the Bureaus are represented below.

	<b>Program/Initiative</b>	<b>Evaluation</b>
<b>BEP</b>	Manufacturing	Internal reviews, ISO Quality Audits
	Protection and Accountability of Assets	Internal reviews, U.S. Secret Service Reviews Independent Auditor (Ernst & Young)
	Resource Management	Independent Auditor (Ernst & Young)
<b>BPD</b>	Wholesale Securities Services	Internal reviews, Internal BPD and FRB evaluations and periodic an inspector general audits
	Government Agency Investment Services	Internal reviews, periodic an inspector general audits and an annual an inspector general/IPA financial statement audit
	Retail Securities Services	Internal reviews, Internal evaluations and periodic an inspector general audits
	Summary Debt Accounting	Internal reviews, and an annual GAO/ IPA audit of financial statements and electronic data processing systems
	Franchising	Internal reviews, periodic an inspector general and OPM audits and annual an inspector general and IPA audits and reviews
<b>CDFI</b>	CDFI Fund Program	An inspector general or an independent contractor will evaluate the effectiveness of the CDFI Program
	New Markets Tax Credits	Multi-year evaluation of program effectiveness by GAO
	Bank Enterprise Awards (BEA)	Effectiveness of the BEA Program evaluated by an inspector general or independent contractor
<b>FinCEN</b>	Regulatory Framework - Options to reduce low value currency transaction reports	FinCEN will chair a public-private working group to identify workable mechanisms, in partnership with the regulated industry, to achieve the desired 30 percent reduction in CTR filings.

<b>FinCEN</b>	Analytical Services and Products - Investigative Case Support Work Processes	A work process review will be completed in FY 2004 in the anticipation of the development of an electronic management system. FinCEN is currently following up on that effort with a detailed requirements analysis that will be the basis for modernized case and product tracking system.
	Customer Satisfaction	Conduct customer satisfaction surveys on investigative case reports and regulatory support annually.
	Employee Satisfaction	Follow-up on baseline employee satisfaction survey conducted in 2001 Conduct a follow up survey in 2003
	Internal Control Reviews of credit cards and other vulnerable areas	Conduct a follow-up review on the controls over credit cards, acquisition processes, and other identified areas
	Program Reviews	Review at least one program annually to identify areas that may need improvement to improve the efficiency and effectiveness of the delivery of its programs. Generally, these will be team efforts including members of the program.
<b>FMS</b>	Computer Security/All Programs	Entity-wide security program to address weaknesses in computer security planning and management as identified by GAO.
	Self-Assessments & Certification/Accreditation/All Programs	NIST Self-Assessments and Certification/Accreditation Reviews of C&A documents by FMS IT Security Oversight & Compliance Staff and C&A facilitators. Review of the FMS IT Security Program by the Treasury Enterprise IT Security Planning and Assurance Staff.
	Effective Cash Controls	Audit of Financial Management Service's Fiscal Years 2002 and 2001. Schedules of Non-Entity Government-wide Cash
	Improved Financial Information/Government-wide Reporting and Accounting	Management Letter for Fiscal Year 2002 Audit of Schedule of Non-Entity Assets, Non-Entity Cost and Custodial Revenue



FMS	Program Review/All Programs	Determined optimum organizational structure for development of web-based systems under the government wide commerce initiative.
	IT Internal Controls/All Programs - Physical and Environmental IT Reviews	IT specialist, security specialists and program office representatives conduct reviews to determine the adequacy of internal controls related to IT and physical securities at the various FMS sites and servicing banks that act as our financial agents.
	Checks Outstanding Reconciliation Procedures Assessment	Independent assessment by a public accounting firm to determine whether system reconciliation procedures were adequate and controls were in place to correctly identify the amount of outstanding checks. Maintenance of an independent audit trail.
	Program Analysis/Debt Collection then all remaining programs	Use of Program Assessment Rating Tool (PART)
IRS	Tax Law Complexity	Annual Report of the National Taxpayer Advocate submits an to Congress listing the top problems taxpayers face in complying with their tax obligations as well as a list of suggested legislative changes to correct issues driven by specific tax code sections.
	Taxpayer Burden	IRS National Research Program measures voluntary compliance and identifies ways of reducing the burden of compliant taxpayers. The National Taxpayer Advocate's Annual Report to Congress lists the most significant problems taxpayers face in meeting their obligations and makes suggestions for IRS to implement improvements.
	Customer Satisfaction	As required by RRA 98, IRS monitors the satisfaction of taxpayers.
IRS	Tax Law Compliance	The IRS National Research Program measures voluntary compliance: Filing Compliance – percent of returns timely filed, Payment Compliance – percent of tax timely paid, and Reporting Compliance – accuracy of timely filed tax returns. (Ongoing)

	Employee Satisfaction	Annual through a Servicewide survey of all employees (includes the Gallup Q12 and internally developed questions).
<b>Mint</b>	Benchmarking manufacturing performance	New initiative being spearheaded by the Director of the United States Mint within the International Mint Director community to begin a forum for discussion of issues at their annual conference. Informal benchmarking on several different production-related issues with private sector.
<b>Mint</b>	Customer Service	Independent survey to assess customer satisfaction with Mint numismatic products and services.
	World class administration and cost containment	Mint's Office of Management Services will independently review Mint programs, major initiatives, and finance functions, including review of standard operating procedures, policies and internal management controls.
	Program performance	Partnering with universities or contractors to evaluate Mint programs FY 2003 - FY 2008.
<b>OCC</b>	Supervise Program	<p>The Office of the Ombudsman: The Ombudsman, through its administration of the National Bank appeals process, the customer assistance program, and ongoing examination questionnaires, provides feedback on the quality of OCC supervision. Program evaluation activities are continuous.</p> <p>Quality Assurance Program: The OCC's quality assurance (QA) program is designed to ensure that the objectives for bank supervision are achieved. The QualityThe Office of the Ombudsman: The Supervise Program Management Unit of Management Accountability Division coordinates the programs.</p> <p>An inspector general conducts reviews of various aspects of OCC operations every year and also conducts material loss reviews due to bank failures. The schedule of reviews is issued each year.</p> <p>General Accounting Office (GAO) conducts targeted reviews of OCC regulation and supervision of national banks. The schedule of reviews is issued each year.</p>

OCC	Supervise Program	The OCC was included in the first twenty percent of federal programs reviewed during Fiscal Year 2002 by OMD and was evaluated as on program.
	Charter Program	<p>Licensing Customer Satisfaction Feedback Program: Customer feedback on the licensing process is analyzed for enhancing program delivery on a continuous basis.</p> <p>Inspector general and GAO as previously described.</p>
	Regulate Program	Inspector general and GAO as previously described.
	Resource Management	<p>Program Analysis Unit: The Program Analysis Unit (PAU) is responsible for analyzing the major components of the OCC's organization and programs to recommend ways to ensure more efficient use of OCC resources. Annually, the Comptroller and PAU determine the specific reviews to be conducted.</p> <p>Management Accountability Program: The Management Accountability Program (MAP) is an ongoing initiative with the primary objective of ensuring a sound system of internal controls at all levels of the organization. Key MAP elements include</p>
	Program Analysis Unit: The Program	<p>an annual risk assessment, a control-testing program, and an executive management certification program.</p> <p>Inspector General and GAO as previously described.</p> <p>Independent Public Accountant: Every year, the OCC commissions the services of an accounting firm to conduct a financial statement opinion audit and to provide an assessment of the OCC's program of financial controls.</p>
OTS	Mandatory Audit Firm Rotation	Section 207 of the Sarbanes-Oxley Act of 2002 (Public Law 107-204): U.S. General Accounting Office will conduct a study on the potential effects of mandatory rotation of registered public accounting firms.

<b>OTS</b>	Bank Secrecy Act Examinations	An inspector general is evaluating the effectiveness of OTS's Bank Secrecy Act examinations, including its efforts to detect money-laundering activities.
	Financial Statement	An independent certified public accounting firm performs an annual financial statement audit.
<b>TTB</b>		<p>TTB is a new bureau, created earlier this year when Treasury's Bureau of Alcohol, Tobacco and Firearms was divided into two agencies. TTB has not yet established a formal internal program review process. Once it does so, all of these programs will be reviewed and evaluated periodically.</p> <p>TTB plans to contract out for a complete process review and reengineering of the major programs, in particular the Application Program and the Revenue Collection Program processes at our National Revenue Center.</p> <p>An inspector general plans to evaluate specific activities in TTB's Revenue Collection Program.</p>

## E. GLOSSARY OF TERMS AND ACRONYMS

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**ACH – Automated Clearing House**

**ASAP – Automated Standard Application for Payments**

**ATF - Alcohol, Tobacco and Firearms:** A Bureau within Treasury before the Creation of the Department of Homeland Security. Some of its functions were divested to the Department of Justice; the functions that remained within Treasury comprise the **Alcohol and Tobacco Tax and Trade Bureau (TTB)**.

**ATTF – Anti-Terrorism Task Force:** part of the U.S. Attorney’s Office

**BSA – Bank Secrecy Act:** authorizes the Treasury Department to require financial institutions to maintain records of personal financial transactions that “have a high degree of usefulness in criminal, tax and regulatory investigations and proceedings.” It also authorizes the Treasury Department to require any financial institution to report any “suspicious transaction relevant to a possible violation of law or regulation.”

**BIT – Bilateral Investment Treaty:** universally accepted instrument for the promotion and legal protection of foreign investments.

**BEP - Bureau of Engraving and Printing:** designs and manufactures U.S. currency, many stamps, securities, and other official certificates and awards.

**BPD - Bureau of the Public Debt:** borrows the money needed to operate the Federal Government and accounts for the Public Debt. It administers the public debt by issuing and servicing U.S. Treasury marketable savings and special securities.

**CAMELS:** Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, Sensitivity to Market risk used to evaluate bank programs.

**CDE -Community development entities:** organizations that serve and maintain accountability to low-income communities and their residents. They are often administered locally, and have the goal of improving the economic prosperity and standard of living in their community.

**CDFI -Community Development Financial Institutions Fund:** expands the availability of credit, investment capital, and financial services in distressed urban and rural communities.

**CIRB – Capital Investment Review Board**

**COLA – Certificate of Label Approval:** issued by TTB in accordance with the Federal Alcohol Administration Act which requires importers and bottlers of beverage alcohol to obtain certificates of label approval or certificates of exemption from label approval for most alcoholic beverages prior to their introduction into interstate commerce.

**DO - Departmental Offices:** The offices within Treasury primarily responsible for the formulation of policy (as distinct from the Bureaus, that are primarily operational).

**DHS – Department of Homeland Security**

**DOJ – Department of Justice**

**EFT – Electronic Funds Transfer**

**EFTPS - Electronic Federal Tax Payment System:** a free service offered by the U.S. Department of the Treasury to help business and individual taxpayers conveniently pay all their federal taxes electronically.

**EOTFFC – Executive Office of Terrorist Financing and Financial Crimes:** part of Treasury’s Departmental Offices leading the effort to stop the flow of money to terrorists and terrorists’ organizations.

**ETA – Electronic Transfer Accounts**

**EVMS – Earned Value Management System**

**FATF – Financial Action Task Force:** an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering. The Task Force is a “policy-making body” that works to generate the necessary political will to bring about national legislative and regulatory reforms to combat money laundering.

**FBI – Federal Bureau of Investigation**

**FBICC – Financial Banking and Infrastructure Information Committee:** facilitates federal efforts to improve the reliability and security of the U.S. financial system.

**FDIC – Federal Deposit Insurance Corporation**

**FinCEN - Financial Crimes Enforcement Network):** is responsible for collecting, analyzing and sharing information needed to combat the financial aspects of criminal activity worldwide.

**FMS - Financial Management Service:** provides central payment services to Federal program agencies, operates the Federal Government’s collections and deposit systems, provides government-wide accounting and reporting services, and manages the collection of delinquent debt.

**FPA – Federal Program Agencies**

**FTO - Foreign terrorist organizations:** A designation of the U.S. Government that identifies a foreign entity as a terrorist organization.

**FTAA - Free Trade Area of the Americas:** A proposed free trade area incorporating all the nations in the Americas.

**GAO – Government Accounting Office**

**GDP – Gross Domestic Product**

**HIFCA – High Risk Money Laundering and Related Financial Crime Areas**

**IRS - Internal Revenue Service:** Treasury’s bureaus responsible for determining, assessing, and collecting internal revenue in the United States.

**IRS-CI - Internal Revenue Service:** investigates potential criminal violations of the Internal Revenue Code and related financial crimes in a manner that fosters confidence in the tax system and compliance with the law.

**IEEPA - International Emergency Economic Powers Act:** a part of Presidential authority upon which OFAC relies to administer economic sanctions and embargo programs directed primarily against specific foreign countries and individuals posing a threat to the national security, foreign policy, and economy of the United States.

**IFI - International financial institutions:** Institutions owned and funded by governments, charged with a variety of tasks related to the international financial and economic system, including promoting growth and maintaining stability. Examples include the International Monetary Fund, and the World Bank.

**IMF - International Monetary Fund:** an international organization of 184 member countries. It promotes international monetary cooperation, exchange stability, and orderly exchange arrangements; fosters economic growth and high levels of employment; and provides temporary financial assistance to countries to help ease balance of payments adjustment.

**JFMIP – Joint Financial Management Improvement Program:** a cooperative undertaking of the U.S. Department of Treasury, GAO, OMB and OPM working in cooperation with each other and other agencies to improve financial management practices in government.

**JTTF – Joint Terrorism Task Force:** part of the FBI

**MCA - Millennium Challenge Account:** U.S. Government developed initiative focuses on channeling funds to countries that follow pro- growth policies and on structuring our bilateral contributions to create incentives for specific measurable results. MCA operates on the principle that aid is more likely to promote economic growth and raise living standards in counties that are pursuing the sound political, economic and social reforms necessary for development to occur.

**MCC – Millennium Challenge Corporation:** a small government corporation, administering the MCA and designed to support innovative strategies and to ensure accountability for measurable results.

**MDB - Multilateral development banks:** lending institutions with many member governments. Members are either donors that provide investment capital or poorer, developing countries that borrow from MDB's. MDB's are charged with increasing growth and raising living standards in the developing and emerging markets.

**Mint - U.S. Mint:** designs and manufactures domestic, numismatic and bullion coins as well as commemorative medals and other numismatic items. The Mint distributes U.S. coins to the Federal Reserve banks and maintains physical custody and protection of our nation's silver and gold assets.

**NMLS – National Money Laundering Strategy**

**NCUA – National Credit Union Administration**

**NSC – National Security Council**

**OCC - Office of the Comptroller of the Currency:** charters, regulates, and supervises national banks to ensure a safe, sound, and competitive banking system that supports the citizens, communities, and economy of the United States.

**OFAC - Office of Foreign Assets Control:** administers economic sanctions and embargo programs against specific foreign countries or groups to further U.S. foreign policy and national security objectives.

**OMB – Office of Management and Budget**

**OTS - Office of Thrift Supervision:** the primary regulator of all federal and many state-chartered thrift institutions, which include savings banks and savings and loan associations.

**PART - Program Assessment Rating Tool:** a systematic, consistent process for developing program performance ratings and then using that information to make budget decisions. Developed by OMB, the PART is composed of assessment criteria on program performance and management. The PART establishes a high, “good government” standard of performance and will be used to rate programs in an open, public fashion.

**PCC – Policy Coordinating Committee:** part of the National Security Committee

**PMA - President’s Management Agenda:** a strategy for improving the management of the Federal government. It focuses on five areas of management weakness across the government where improvements and the most progress can be made. Those areas are: Strategic Management of Human Capital, Budget and Performance Integration, Competitive Sourcing, Expanded E-government, and Improved Financial Management.

**PRS – Performance Reporting System:** an internal reporting system capturing data on a regular basis to inform management of trends, progress, and concerns in major program areas. The PRS provides data and information on which the Annual Performance and Accountability Report is based.

**SDGT - Specially designated global terrorist:** individual designated by by the President, the Secretary of the Treasury, or the Secretary of State as being involved in terrorist activities.

**SDN - Specially designated national:** an individual group or entity identified by the President or the Secretary of the Treasury that is acting for or on behalf of, countries targeted for U.S. financial and economic sanctions. SDNs are also individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Their assets are blocked and U.S. persons are generally prohibited from dealing with them.

**SDNTK - Specially designated narcotics kingpin/SDNT- Specially designated narcotics trafficker:** individual designated by the Secretary of the Treasury as being significantly involved in narcotics trafficking.

**TIRB – Treasury Investment Review Board**

**TRIP – Terrorism Risk Insurance Program:** a temporary Federal program that provides for a transparent system of shared public and private compensation for insured losses resulting from acts of terrorism.

**TTB - Alcohol and Tobacco Tax and Trade Bureau:** is responsible for enforcing and administering laws covering the production, use, and distribution of alcohol and tobacco products. TTB also collects excise taxes for firearms and ammunition.

**TWEA - Trading With the Enemy Act:** a part of Presidential authority upon which OFAC relies to administer economic sanctions and embargo programs against specific foreign countries.

**USSS – United States Secret Service:** a bureau in the Department of Homeland Security; formerly part of the Department of the Treasury.

**WTO - World Trade Organization:** the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world’s trading nations and ratified by their parliaments.