

BUREAU OF ENGRAVING AND PRINTING

2009 – 2014 Strategic Plan

MESSAGE FROM THE DIRECTOR

“Accept challenges, so you may feel the exhilaration of victory.” (General George S. Patton)

The next five years will be full of challenges for the Bureau.

We are currently in the first phase of implementing a significant change in our manufacturing process that will affect all aspects of our operation. Over the next five years, the Bureau will retool and retrofit the production process by purchasing new printing and inspection equipment, which will allow the Bureau to migrate to a 50-subject manufacturing environment from the current 32-subject production format.

This Strategic Plan will serve as our roadmap to guide us toward our goal of creating a new environment that will ensure cost-effective and flexible business operations for years to come. While we are committed to meeting the many challenges of implementing innovative technology, we will remain resolute in producing quality currency, controlling costs, being environmental stewards, and working safely as we move towards our vision – to continue to be the preeminent banknote producer worldwide. We want to make sure we get it right – in all respects – the first time, every time. We will rely on the ingenuity, industriousness, and commitment of the Bureau’s employees to meet the challenges of printing currency in the 21st century.

The Bureau has positioned itself to meet these goals from both an operational and financial management perspective. Our established tradition of excellence will be upheld as the Bureau takes advantage of opportunities to maintain a talented workforce, practice a disciplined capital investment strategy, enhance product quality, promote counterfeit deterrence, and streamline manufacturing processes.

At the end of the day, I am confident we will feel the exhilaration of having conquered our challenges.

Larry Felix
Director

EXECUTIVE SUMMARY

The purpose of the Bureau of Engraving and Printing (Bureau) Strategic Plan is to present the strategies that will be used to accomplish its mission over the next five years and to support the Department of the Treasury Strategic Plan.

The Bureau's strategic goal is to produce currency of consistently high quality that deters counterfeiting, contributes to public confidence, and facilitates daily commerce. This Plan defines the Bureau's core business, emphasizes key strategies to achieve business objectives, and provides measures of success.

In order to stay ahead of increasingly sophisticated counterfeiting threats, the Bureau plans to continuously redesign U.S. currency. Toward that end, the Bureau has redesigned the \$5, \$10, \$20, and \$50 notes over the last several years incorporating enhanced security features. Development of a redesigned \$100 note is well underway and is expected to be approved for production in the 2009/2010 time frame. Concurrently, the Bureau conducts research and development to ensure the most advanced and sophisticated counterfeit deterrent technology will be incorporated in future currency redesigns.

The Strategic Plan addresses the resources that are necessary for the Bureau 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.

The Strategic Plan features a multi-year retooling of the Bureau's Washington, DC and Fort Worth, TX production facilities. This initiative will provide the Bureau with the capability to support future currency redesigns that incorporate increasingly complex design features to deter counterfeiting and assist the blind and visually impaired. The Bureau also has a strategic initiative to ensure the continuity of operations of essential functions in the event of an emergency.

Section 1

OVERVIEW OF THE BUREAU OF ENGRAVING AND PRINTING

The mission of the Bureau of Engraving and Printing is to design and manufacture high quality security documents that deter counterfeiting and meet customer requirements for quality, quantity, and performance.

The Bureau began printing currency in 1862. The Bureau operates on the basis of authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321(a) (4) to engrave and print currency and other security documents. Operations are financed by means of a revolving fund established in 1950 in accordance with Public Law 81-656.

The Bureau occupies three government-owned facilities. The Main and Annex buildings, located in Washington, DC produce Federal Reserve Notes and other security products. The Western Currency Facility, located in Fort Worth, Texas produces Federal Reserve Notes. The Main Building became operational in 1914; the Annex Building in 1938 and the Western Currency Facility began operations in 1991. Approximately 2,000 individuals are employed at both facilities.

The Bureau produces currency and many other security documents issued by the Federal Government. Other activities at the Bureau include engraving plates and dies; manufacturing certain inks used to print security products; purchasing materials, supplies, and equipment; and storing and delivering products in accordance with requirements of customers. In addition, the Bureau provides technical assistance and advice to other Federal agencies in the design and production of documents, which, because of their innate value or other characteristics, require counterfeit deterrence. The Bureau reviews cash destruction and unfit currency operations at the Federal Reserve Banks, and it is responsible for the accountability and destruction of internally generated security waste products. As a service to the public, the Bureau also processes claims for the redemption of mutilated paper currency. Free tours of currency operations are offered to the general public in both Washington, DC and Fort Worth, TX. The tours include Visitor Centers with currency manufacturing displays, interactive kiosks and other information about the Nation's currency.

The Bureau is in the process of implementing many significant changes to support the requirements of 21st century currency manufacturing. The Bureau has begun a multi-year effort to retool its currency manufacturing process with a \$200 million investment initiative to replace current production lines with new state-of-the-art intaglio printing presses, electronic inspection systems, and finishing equipment. The presses feature an improved inking system, the capability to print more complex currency designs and an automated electronic inspection system. Successful implementation of this advanced technology will improve productivity, reduce the Bureau's environmental impact, and enhance counterfeit deterrence of U.S. currency.

The Bureau's quality management system for the production of U.S. currency has been registered as International Organization for Standardization (ISO) 9001 compliant for the past six years. During 2007 the Bureau pursued a companion effort and obtained ISO 14001

certification for its environmental management systems (EMS) at both the Washington, DC and Fort Worth, TX facilities. The ISO certifications are indicative of the Bureau's commitment to continuous process improvement and world-class management practices.

The Bureau has received an unqualified audit opinion on its financial statements from an independent certified public accounting firm for 23 consecutive years. The Bureau has also received an unqualified opinion on the effectiveness of its internal control over financial reporting based on the criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission for the past three years.

As the Government's security printer, the Bureau's customers and stakeholders expect and demand the highest degree of security. The Bureau continues to maintain the highest levels of security at its facilities and seeks to improve wherever possible.

While manufacturing currency and other printed securities is the core business of the Bureau, the production operations are highly dependent on the effectiveness of support processes such as security, supply chain management, information systems, financial management, product accountability, human resources management, engineering, research, product development, and maintenance. Only when these processes work in concert can the Bureau be responsive to the needs of its customers.

Vision Statement

The Bureau of Engraving and Printing is a world-class securities printer providing our customers and the public superior products through excellence in manufacturing and technological innovation.

Mission Statement

The mission of the Bureau of Engraving and Printing is to design and manufacture high quality security documents that meet customer requirements for quality, quantity, and performance, including counterfeiting deterrence.

Core Values

- **Integrity** Adherence to moral and ethical principles.
- **Fairness** Equitable treatment of all employees, free from bias, dishonesty, or injustice.
- **Performance** Efficient, error free, and timely completion of commitments to customers and stakeholders.
- **Respect** Mutual consideration and appreciation of all employees, stakeholders, and customers.

Strategic Goal

To produce currency of consistently high quality that deters counterfeiting, contributes to public confidence, and facilitates daily commerce.

Strategic Objectives

The Bureau has established three strategic objectives to be accomplished in order to attain the strategic goal. These strategic objectives provide direction to the actions needed over the next five years. The strategic objectives are:

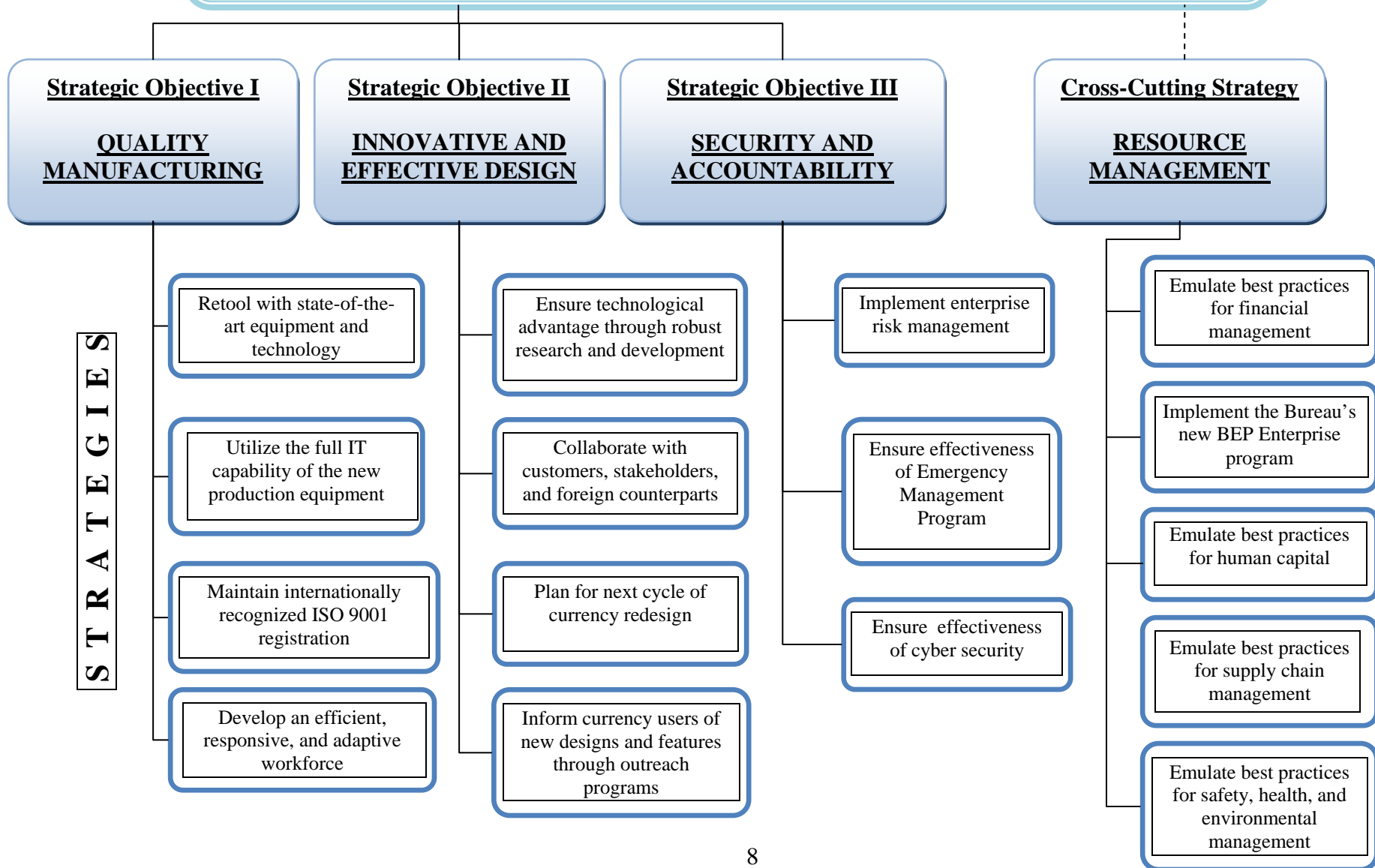
I. Quality Manufacturing – Ensure quality, cost effective, and efficient currency production.

II. Innovative and Effective Design – Protect U.S. currency from increasingly sophisticated counterfeiting threats.

III. Security and Accountability – Maintain the trust and confidence of the American public and stakeholders.

STRATEGIC GOAL

To produce currency of consistently high quality that deters counterfeiting, contributes to public confidence, and facilitates daily commerce.



Strategic Objective I: Quality Manufacturing

Quality, cost effective, and efficient manufacturing serves to maintain the Bureau's stature as a world-class securities manufacturer. Consistent production of high quality currency improves customer satisfaction, and maintains public confidence in U.S. currency. Bureau operating efficiency is also improved through reduced spoilage and increased productivity.

Strategies

Retool the Bureau with state-of-the-art production equipment, which will provide the flexibility, capability, and technology necessary to support the requirements of 21st century currency manufacturing.

The Bureau has initiated a multi-year effort to retool its currency manufacturing process with a \$200 million investment in state-of-the-art printing, electronic inspection and finishing equipment for the Washington, DC and Fort Worth, Texas facilities. The aging manufacturing equipment currently in place in the Bureau no longer meets all the performance requirements demanded in today's dynamic currency printing environment. The new equipment will provide the rapid response, flexibility, productivity, and technology necessary to support the manufacture of increasingly complex currency designs, including an array of possible features for the blind and visually impaired. The Bureau will be prepared to include enhanced tactility on the redesigned \$100 note for the blind and visually impaired, pending a decision by the Secretary of the Treasury. The new equipment will operate more efficiently and will provide improved process control.

Utilize the full IT capability of the new production equipment and optimize the use of all available IT data by fully implementing the BEP Enterprise Network (BEN).

The technological sophistication of the manufacturing platforms being acquired will require a commensurate investment in information technology. Over the next five years, nearly all of the Bureau's production related business decisions will be driven by near real-time manufacturing performance metrics.

The centerpiece of the Bureau's IT investments over the next five years is implementation of BEN. BEN will provide an integrated platform that will simplify and standardize the integration of disparate information technology systems and applications used in the Bureau to optimize the timely collection and reliability of all available data.

Maintain and upgrade the Bureau's International Organization for Standardization (ISO) certification for quality and ensure that currency functions in machine transactions.

The Bureau's quality management system for currency production has been registered as ISO 9001 compliant for the past six years. The ISO certification is indicative of the ongoing commitment to continuous process improvement and world-class management practices.

To ensure that currency is accepted the first time, every time, the Bureau will continue outreach efforts to the original equipment manufactures (OEMs) for cash accepting/processing machines.

Identify and remediate employee competency/skill gaps to develop a well-trained, adaptive, and productive workforce to enhance the quality and cost effectiveness of the Bureau's manufacturing processes.

Proficiency in the use of the new equipment requires employees that are highly skilled and adaptable. To ensure the availability of this type of workforce, the Bureau has implemented a competency/skill assessment and training program. The objective of the program is to elevate the skill and proficiency levels of the Bureau's workforce. A direct benefit of improved competency/skill levels will be enhanced staffing flexibility to support the Bureau's mission critical objectives under a variety of production scenarios.

Indicators/Measures

- Currency meets all Federal Reserve quality, counterfeit deterrent, and delivery requirements.
- Availability of enhanced tactility on the redesigned \$100 note.
- Accurate, timely, and reliable information available at all times for decision-making.
- Continuous ISO 9001 quality certification.
- All employees have individual development plans that link to the Bureau's Strategic plan and have been developed using a competency/skill assessment process.
- OEMs for cash accepting/processing machines are provided with new currency designs at least six months prior to their entry into circulation.

Strategic Objective II: Innovative and Effective Design

Counterfeiting of U.S. currency is an international issue due to the world wide use and acceptance of the dollar. Total circulation of United States currency exceeds \$770 billion, and as much as two-thirds of that is outside the U.S. The Bureau seeks to instill confidence in the integrity of U.S. currency by developing and incorporating state-of-the-art counterfeit deterrent features in new currency designs.

Strategies

Conduct robust research and development to ensure a continued technological advantage is maintained over evolving counterfeiting threats.

U.S. currency stands for two things around the world: Trust and Acceptance. These attributes of U.S. currency are the result of three interrelated and equally important activities:

- Continuous improvements in currency design and counterfeit deterrent features;
- Aggressive law enforcement to protect U.S. currency against counterfeiters; and
- A worldwide public education program to inform domestic and international users of currency design changes and new counterfeit deterrent features.

In order to stay ahead of increasingly sophisticated counterfeiting threats, the Bureau regularly redesigns U.S. currency. Toward that end, the Bureau redesigned the \$5 banknote in 2008 with enhanced security features, to be followed in 2009/2010 by a new \$100 Federal Reserve Note. In the last four years, the Bureau has redesigned and the Federal Reserve has issued new \$5, \$10, \$20, and \$50 notes.

Collaborate with the Federal Reserve, United States Secret Service, other partners and stakeholders to identify, evaluate, and improve features in new currency designs and extend its life, while ensuring acceptance in the marketplace.

Working closely with the Federal Reserve, the U.S. Secret Service, other partners, and stakeholders, the Bureau conducts research and development (R&D) to ensure the most advanced and sophisticated technology is incorporated in currency design and development. This has put the Bureau in the forefront of incorporating counterfeit deterrence features in new currency. In conjunction with these R&D efforts, the Bureau is testing various compatible materials intended to prolong the useful life of currency. In addition, the Bureau is working with its partners to develop an array of potential features to assist the blind and visually impaired in denominating currency.

Develop ongoing plans for future cycles of currency redesigns to retain security and trust in U.S. currency.

About \$770 billion in U.S. currency circulates worldwide, and the Federal Reserve estimates that as much as two-thirds of that is held outside the United States. To maintain the confidence and trust in U.S. currency, continuous improvements in currency design and counterfeit deterrent features are required. Enhanced security features are investigated on an ongoing basis with development partners to stay at the cutting edge of security technology. The resulting unique security design of each new banknote series protects the integrity of U.S. currency.

Implement channels of communication and outreach programs to all currency users to inform them of new currency designs and features.

U.S. currency is so widely used outside the United States, it is imperative that business and financial communities, foreign exchange companies, law enforcement groups, banking officials, other cash handlers and, ultimately, the general public around the world know about the new bill designs and counterfeit deterrent features. International outreach is essential to ensuring a smooth introduction and ready acceptance of the new \$100 notes and other future redesigned denominations. As part of the introduction of the redesigned currency, an extensive public education strategy has been developed to inform target industries and key stakeholder groups about the new designs.

International interest and activity in the redesigned \$100 note is anticipated to be far greater than that experienced for any previously redesigned note. This will require the development of an unusually large assortment of communications tools in support of educational efforts abroad. Foreign Service personnel, State Department officials, and law enforcement agencies will play a vital role in the public education program. Garnering the support of foreign central banks will also be instrumental in securing strong stakeholder awareness and support in key countries.

Indicators/Measures

- Counterfeiting rates remain at less than 0.5% of the total notes in circulation as measured by U.S. Secret Service statistics.
- Viable design options for possible inclusion in future currency redesign offered to the Advanced Counterfeit Deterrent (ACD) Steering Committee for review and ultimate decision by the Secretary of the Treasury.
- Approved design features implemented on schedule.
- Continued worldwide acceptance of U.S. currency.

Strategic Objective III: Security and Accountability

In order to maintain the trust and confidence of the American public and stakeholders, the Bureau has a responsibility to safeguard its property, funds, and other assets against waste, fraud, loss, unauthorized use, or misappropriation.

Strategies

Implement enterprise risk management. Conduct multi-level, risk-based accountability testing to identify and prioritize risks and vulnerabilities.

The Bureau has a responsibility to the American public to safeguard its property, funds, and other assets against waste, fraud, loss, unauthorized use, or misappropriation. The Bureau has traditionally employed comprehensive security and product accountability control programs. These policies and procedures have been developed and implemented to minimize risks and vulnerabilities throughout the Bureau.

To augment and improve these programs, the Bureau is implementing an enterprise risk management program. This will be specifically designed to identify and prioritize risks and vulnerabilities that will ensure commensurate attention and resource allocation to the most vulnerable areas. The risk-based accountability and testing programs will assess, test, and monitor the adequacy of internal controls; the physical security of property, products and employees; the adequacy of operating management oversight and monitoring; and the adequacy of the Bureau's physical security infrastructure. Using risk management will improve the efficiency and efficacy of our management programs.

Ensure the ongoing effectiveness of the Emergency Management Program by conducting tests and drills. Update the program as required based on test results and organizational changes.

Presidential Directive 67 stresses the importance of having in place a comprehensive and effective program to ensure the continuity of essential Federal functions under all circumstances. The Bureau has implemented comprehensive succession plans and emergency delegations of authority in accordance with applicable law, safekeeping of essential resources, facilities, and records, and establishment of emergency operating capabilities.

Ensure the ongoing effectiveness of cyber security.

The Bureau understands the importance of maintaining a robust and comprehensive cyber security posture. A major emphasis is placed on IT security and accountability. All Bureau IT systems have been evaluated, certified, and accredited to meet all applicable federal requirements. Technologies to encrypt laptop computers and removable hard drives to prevent the compromise of information have been implemented. Patch management and active

vulnerability scanning and feedback programs have resulted in a more resilient operational capability and a reduction in vulnerabilities.

Indicators/Measures

- Meet goal for established currency shipment discrepancy rate.
- Succession planning and authority delegations in place; essential resources, facilities, and records safeguarded; emergency operating procedures complete.
- Maintain a green Federal Information Security Management Act (FISMA) scorecard and continue to improve cyber security scores.

Cross-Cutting Strategies

The Bureau has a long history of effectively managing the financial, information technology, human resources, and acquisition operations in support of achieving its strategic goal and objectives. All these processes are vital elements of the Bureau's infrastructure, and thus provide essential support to the manufacturing mission.

Resource Management Strategies

Emulate the best applicable financial management practices utilized by the public and private sectors.

The Bureau places a high priority on quality financial information. The ongoing organizational emphasis on timeliness and reliability of financial reporting has resulted in an unqualified audit opinion on the Bureau's financial statements for 23 consecutive years. Further, for the last three years the Bureau has received an unqualified audit opinion on management's assertion that the Bureau maintained effective internal control over financial reporting based on the criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Implement the BEP Enterprise Network (BEN)

Information systems provide support in product accountability and costing, security, and facilitate the overall achievement of the Bureau's strategic goal and objectives. The implementation over the next five years of BEN will integrate the separate IT systems and applications used in the Bureau. BEN will facilitate the full utilization of all performance metrics available from the new production equipment going on-line over the next five years.

Emulate the best applicable human capital management practices utilized by the public and private business sectors.

Effective human resource management is a priority at the Bureau. Continual effort is put forth to hire, develop and retain the most adaptive and effective workforce possible. New initiatives are being implemented to assess skill gaps and provide necessary training. This will have a significant impact on future hiring and staffing realignments

Emulate the best applicable supply chain management practices utilized by the public and private sectors.

An efficient and proactive supply chain will play a vital role in the successful implementation of the Bureau's strategic goal and objectives. The Bureau will develop capital investment and acquisition plans in coordination with its principal customer, the Federal Reserve, and major stakeholders. The Bureau will also work closely with vendor partners to achieve supply chain management efficiencies that will result in timely deliveries of equipment and raw materials that meet Bureau standards. These operational imperatives will necessitate the hiring of the best and

brightest specialists and the implementation of new systems to ensure that the Bureau's supply chain successfully supports the Bureau's transition to 21st century manufacturing technology.

Emulate the best safety, health, and environmental management practices utilized by the public and private business sectors.

The Bureau has demonstrated a strong commitment to maintaining outcome-oriented safety, health, and environmental management. In 2007, the Bureau achieved a long-term objective by achieving ISO 14001 registry on the effectiveness of the Bureau's environmental management system for all facilities and operations.

A new environmental, health, and safety (EHS) strategic plan was established in 2007 that will integrate continuous improvement methodology throughout the Bureau operations. The fundamental objectives of reducing injuries and pollution will be the focal point of activities. As part of this effort, mandatory EHS performance standards have been established for all Bureau employees.

Indicators/Measures

- Unqualified opinions on financial and internal control audits and superior performance evaluations.
- BEN fully implemented by 2013.
- Near real-time data driven business decisions.
- Competency/skill gap closure and improved federal human capital survey results.
- Improved inventory turnover rates for critical raw materials.
- Continuous ISO 14001 EHS certification.
- Reduced environmental impact.

Appendix 1

EXTERNAL FACTORS AFFECTING THE BUREAU'S STRATEGIC PLAN

This section discusses the most significant external factors affecting the Bureau.

Any change in economic trends, political imperatives, or Federal Reserve requirements can have a pervasive effect on Bureau operations. It is imperative that the Bureau devotes the necessary resources to track and assimilate changes in these parameters. Success in these endeavors is evidenced by the Bureau's ability to employ the right equipment, materials, and personnel to satisfy any change in currency delivery requirements.

The Bureau does not receive appropriations, operating instead on a revolving fund; however, it is subject to Congressional, Office of Management and Budget (OMB), and Treasury oversight through the budget process. The Government Accountability Office (GAO), OMB and Office of Inspector General (OIG) program reviews and audits strengthen the oversight process. The Federal Reserve annually reviews the Bureau's pricing structure and capital acquisition plans.

The Bureau operates currency manufacturing facilities in Washington, DC and Fort Worth, Texas. Both cities are in EPA non-attainment areas for ozone and nitrogen pollutants. Introduction of new presses or processes that are necessary to meet customers' needs are subject to rigorous regulatory review, and must incorporate the best available control technologies. Although the Bureau has satisfied regulators to date regarding the installation of new equipment and processes, and has significantly upgraded environmental controls of existing equipment, these areas are subject to constant monitoring. The Bureau monitors existing and new environmental laws and regulations, both on the local and the national level, and works closely with regulatory bodies in the District of Columbia and the Fort Worth/Dallas metropolitan area to ensure that construction and operating permits are current. Planning for environmental controls for equipment and building systems is part of the Bureau's strategic and capital planning process.

Rapid developments in reprographic technologies and computer-driven printing present increasing counterfeiting challenges to the Bureau. The Bureau regularly joins forces with other Federal Agencies to identify emerging technological threats and to develop strategies to meet these anticipated threats. The transition of conceptual counterfeiting deterrents into viable note features is challenging, requiring the Bureau to accurately assess internal and external factors. Internal factors can include equipment capability, materials suitability, and personnel competencies, while external factors can include continued public trust and confidence in the currency, compatibility with user requirements, (i.e. acceptance in vending devices, automatic teller machines (ATM) machines, and currency readers, and ease of verification) and the useful life of currency. In some cases, the Bureau is "pushing the technological envelope" in designing or acquiring and integrating these complex technologies. The Bureau collaborates world wide to develop design features which thwart counterfeiting.

As new features and technologies are developed for use in U.S. currency, the issue of intellectual property rights (potential patent infringement) in the U.S. and abroad becomes more

of a concern. The Bureau has already been party to a patent infringement lawsuit related to a counterfeit deterrent feature, and more such litigation is likely as new features are developed and implemented. Such litigation could delay the introduction of new features and/or considerably increase their cost.

Currency is the Bureau's major business and accounted for approximately 96% of its annual revenue in 2007. The volume and denomination mix of the annual currency order are influenced primarily by the destruction rates of notes that are not fit for further recirculation and growth rates for payments of currency made to circulation and receipts of currency from circulation. Many of the factors influencing the annual order, whether controllable or not, can be predicted. The Federal Reserve Board and the Federal Reserve's Cash Product Office collaborate to estimate the demand for currency. They consider factors such as expected public demand for currency, probable changes in currency usage, and the useful life of currency. Other factors considered are recurring cycles in the economy, both long-term and seasonal, issue dates of new currency designs, signature changes, and the amount of currency currently available. Based on a composite of all of these factors, the Federal Reserve formulates an annual currency order.

United States currency is a world currency. As of August 2009, the total circulation of U.S. currency exceeds \$798 billion, and as much as two-thirds of that is outside of the United States. Over the last ten years, there has been an increase in currency being shipped overseas. Although some studies suggest that electronic payments are substituting for cash, the nominal value of currency in circulation continues to grow. The Federal Reserve calculated that payments of currency to international markets grew more than 13 percent last year, indicating a continued strong demand for U.S. currency. Counterfeiting threats increase the need to continue to redesign currency and ensure that "old" currency is replaced in the domestic and international markets as quickly as possible.

The Bureau, in conjunction with the Department of the Treasury, the United States Secret Service and the Federal Reserve System, is actively working to improve the nation's currency to better serve the needs of all Americans and others, including the blind and visually impaired. The Department of the Treasury has recently contracted for a comprehensive three-phase study toward this end. The study's purpose is to gather additional data, and perform research and analysis to support the Bureau's desire to help the blind and visually impaired denominate currency. The results of this study will be available in 2009. The transition over the next five years to state-of-the-art production equipment could facilitate the implementation of new features.

Other external factors that can influence the Bureau, while not directly affecting its core business processes, include changes in personnel ceilings and pay/benefit programs that are set by Congress or the Executive Branch. These have morale and personnel retention implications, particularly for an organization that relies heavily on a highly trained, specialized, and uniquely skilled workforce.

Appendix 2

CROSS-CUTTING ISSUES

Cross-Cutting Counterfeit Deterrence Program

The Bureau works in conjunction with the U.S. Secret Service (USSS), Federal Reserve Board (FRB), the Department of the Treasury, and the Advanced Counterfeit Deterrent (ACD) Steering Committee (consisting of representatives from the Bureau, the Federal Reserve, the USSS and the Department of the Treasury) to design and produce banknotes with advanced counterfeit deterrent features. The Bureau works to develop and incorporate currency features that will provide safeguards against emerging technologies in order to prevent the input, manipulation, and/or output of illegal or unauthorized banknote images. In conjunction with the FRB, USSS, and the ACD Steering Committee, the Bureau works to enhance public awareness of security features as redesigned currency is introduced.

Cross-Cutting Management Initiative

The Bureau's security products, particularly currency, represent the integrity of the Federal Government, and therefore directly involve other Federal Agencies that are also concerned with security. The Bureau's research into counterfeit deterrent features directly impacts efforts of the Federal Reserve Board and the U.S. Secret Service to accomplish their missions. The Federal Reserve for example, was founded "to provide the nation with a safer, more flexible, and more stable monetary and financial system." Since 1865, one of the main functions of the U.S. Secret Service has been to "suppress the counterfeiting of U.S. currency."

Counterfeit deterrence activities represent the major focus of the Bureau's research and development activities, requiring the expenditure of significant capital and human resources in manufacturing. The Strategic Plan proposes to directly address the effectiveness of these measures in meeting the needs of external parties.

Appendix 3

CONSULTATION WITH STAKEHOLDERS

The Bureau consulted with a variety of stakeholders to garner input for the Strategic Plan and comments on the draft document. These stakeholders include the general public, Congress, the Federal Reserve Board, Bureau customers and vendors, and Bureau employees.

Public – The Bureau effectively communicates with and seeks input from stakeholders through the Bureau website, which is designed to be an easy-to-use resource for information on security documents and is currently accessible in two languages, English and Spanish. The site includes the Facts & Trivia section, information on the Washington, DC and Fort Worth, TX public tours, information on currency, a collector’s forum, and a section which allows the user to conveniently send comments or requests to the Bureau. The website also provides a link to the “New Color of Money” website, which provides information about the Bureau’s latest redesigns to United States currency in 22 different languages. In addition, the website has direct links to the Department of the Treasury, the Federal Reserve, the U.S. Secret Service, and the U.S. Mint.

Congress – The Bureau has briefed the appropriate Congressional committees and their staffs on Bureau strategic objectives and initiatives as described in the plan.

Customers and vendors – The Bureau has a well-developed process of obtaining input on both policy and operational matters from our major customers. Bureau officials hold regular meetings with officials from the Federal Reserve Board (FRB). These meetings discuss Bureau policies, strategies, and performance goals. Furthermore, communication with customers such as the FRB and currency processing equipment manufacturers provides continuous feedback on the quality of the Bureau’s product and how well it is meeting its production goals.

Since October 2000, the Bureau has been working with currency processing machine manufacturers to provide information about the redesign of currency and to facilitate testing of the new currency designs with their equipment. Outreach to this group has resulted in more efficient and effective new currency design introductions.

As part of every currency redesign education program, regular meetings involving the Bureau, the Federal Reserve Board, the Federal Reserve Banks’ Currency Technology Office, and the U.S. Secret Service have been conducted to review and discuss all components of the global program. To that end, the global public education and awareness program is a vital part of the introduction process of the redesigned currency to make the public aware of the changes being made to the notes and to ensure the new currency’s acceptance around the world. It is crucial that currency users worldwide are aware of the changes so there is no confusion when the redesigned currency is issued by the Federal Reserve, and so that people will be able to authenticate Federal Reserve Notes when they receive it. Additionally, the Bureau’s Office of External Relations regularly discusses issues with Treasury’s Office of Public Affairs and meets with the Advanced Counterfeit Deterrent Steering Committee to discuss milestones and initiatives regarding redesigned currency.

Other methods of obtaining feedback from customers include customer surveys, focus groups, conferences, individual contact, e-mail, fax, and telephone. All of these techniques are valuable devices for ensuring that the Bureau maintains customer-oriented goals.

Employees – The Bureau has a variety of methods for ensuring employee input into the Strategic Plan and performance measures. Associate Directors and Office Chiefs are involved in the development of the Strategic Plan. Bureau management also seeks input in developing appropriate performance measures and data requirements. The Bureau’s bargaining units also play a particularly significant role in this process. The Bureau’s union-management partnership continues to provide a forum to improve communication for all employees. Key to this partnership is the open communication between senior management and labor.