

Collections Business Area

**Collections Cycle Memo**

Part I

Published By: Revenue Collections Management

Last Revised: June 2020

Lead. Transform. Deliver Department of the Treasury • Bureau of the Fiscal Service • Washington, DC 20227

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ACRONYMS

ABA American Bankers Association

ACH Automated Clearing House

AFP Association for Financial Professionals

ALC Agency Location Code

AMI Account Management Information

ARM Agency Relationship Management Division

ASAP Automated Standard Application for Payments

ATS Automated Transcript System

BMF Business Master File

BMS Bank Management System

BPO Bank Policy and Oversight Division

BRB Budget Reports Branch

BTD Business Transformation Division

BTM Bank Transaction Module

CAB Cash Accounting Branch

CAFÉ Central Accounting Front End

CARS Central Accounting & Reporting System

CAN Central Accounting Reporting System Account Number

CAS Card Acquiring Service

CBAF Centralized Business Application Function

CCC Commodity Credit Corporation

CCC Customer Contact Center

CDG Collections and Deposits Group

CFR Code of Federal Regulations

CIR Collections Information Repository

CIS Citizenship and Immigration Services

CMIAS Cash Management Improvement Act System

CRB Cash Reporting Branch

CRG Compliance and Reporting Group

CSGL Central Summary General Ledger

DFI Depositary Financial Institution

DI Depositary Institution

DIO Division Information Office

DDA Demand Deposit Account

DMD Data Management Reporting and Analysis Division

DMS Debt Management Services

DW Digital Wallets

DVS Direct Voucher Submission

EASy Enterprise Accounting System

E-Board Bureau of the Fiscal Service Executive Board

eCollections Electronic Collections

eCommerce Electronic Commerce

ECP Electronic Check Processing

EDI Electronic Data Interchange

EFTPS Electronic Federal Tax Payment System

ET Eastern Time

FAM Financial Audit Manual

FA Fiscal Accounting

FASP Financial Agent Selection Process

FBWT Funds Balance With Treasury

FedACH Federal Reserve Bank’s Automated Clearing House FI Financial Institution

FIRD Financial Institution Reconcilement Data File Fiscal Service Bureau of the Fiscal Service

FIT Financial Innovation and Transformation

FPA Federal Program Agency

FRB Federal Reserve Bank

FRIT Federal Reserve Information Technology

FRS Federal Reserve System

GFAB General Fund Accounting Branch (GFAB)

GL General Ledger

GLN General Lockbox Network

GUI Graphical User Interface

IHS Indian Health Services

IMF Individual Master File

IRB Investment Review Board

IRS Internal Revenue Service

ISS Information and Security Services

MG Office of Management

MICR Magnetic Ink Character Recognition

MITGA Mail-In Treasury General Account

NAF Non-Appropriated Funds

NSF Insufficient Funds

NSS National Settlement Service

NTDO Non-Treasury Disbursing Office

OAL Official Authorization List

OCR Optical Character Recognition

OFAC Office of Foreign Assets Control

OFAS Office of the Fiscal Assistant Secretary

OFP Office of Fiscal Projections

OLBP Online Bill Payment

OSS Office of Shared Services

OTC Over the Counter

OTCnet Over the Counter Channel Application

PIR Payment Information Repository

PM Payment Management

PMS Public Money Symbol

RCM Revenue Collections Management

RDFI Receiving Depositary Financial Institution

RRM Revenue and Remittance Management Division

RSS Retail Securities Services

RTN Routing and Transit Number

SCCN Seized Currency Collection Network

SCMA Strategic Cash Management Agreement

SF Standard Form

SOD Statement of Difference

SSD Settlement Services Division

STP Straight-Through Processing

TAMMI Treasury Account Management and Maintenance Initiative TARB Technical Architecture Review Board

TAS/BETC Treasury Account Symbol/Business Event Type Code TCD Tax Collection Division

TCIRP Treasury Cash Integrated Reconciliation Process

TCIS Treasury Check Information System

TCMS-DVS Treasury Cash Management System-Direct Voucher Submission TCMM Treasury Collateral Management and Monitoring System

TGA Treasury General Account

TPI Third Party Interface

TRSO Treasury Relations Support Office

TWAI Treasury Web Application Infrastructure

* + 1. United States Code

WSS Wholesale Securities Services

# Introduction

## What Is the Collections Cycle Memo?

The Collections Cycle Memo focuses on important programs and processes associated with the receipt and management of public monies, also referred to as the collections business area.

In particular, and as set out in section 390.05 of the General Accountability Office’s Financial Audit Manual (FAM), a cycle memorandum should:

* + - 1. identify the cycle transactions, each significant accounting application, and each significant financial management system included in the cycle;
      2. describe interfaces with other cycles;
      3. identify financial statement line items, relevant assertions, and general ledger accounts included in the cycle;
      4. describe the operating policies and procedures relating to the processing of cycle transactions (see FAM 320.03); and
      5. identify major internal controls (overview only).

## Who Is Responsible for the Collections Business Area?

The collections business area is the responsibility of the Bureau of the Fiscal Service (Fiscal Service), a bureau within the U.S. Department of the Treasury. Within the Fiscal Service, the programs described in this document are managed by the Revenue Collections Management (RCM) Assistant Commissioner area. Subject to oversight by RCM, much of the day-to-day work is performed by commercial financial institutions and Federal Reserve Banks (FRBs) designated by the Fiscal Service as financial agents, fiscal agents, or depositaries of the government.

## What Is the Scope of the Collections Business Area?

Collecting the revenue is one of the core activities of the Fiscal Service in its role as the government’s money manager. On behalf of hundreds of Federal agency offices and programs, RCM annually processes more than 600 million transactions to collect over $4 trillion in revenue. RCM provides multiple options to receive transactions—referred to as collection channels—such as over the counter, mail, and internet. Our systems and services also accepts multiple methods of payment—referred to as settlement mechanisms—such as cash, check, credit and debit card, Automated Clearing House (ACH), Fedwire settlements, and Digital Wallets.

Collecting the revenue requires that RCM perform other functions as well. These include providing reports to agencies, centralizing funds in the Treasury General Account (the

government’s checking account), ensuring that banks holding public monies have provided sufficient collateral, and compensating the banks that help run these programs.

Examples of revenue collections handled by RCM include over $3.4 trillion in tax collections, as well as passport fees, student loan repayments, customs duties, National Park entrance fees, commissary retail sales, and coin sales. In many instances, RCM programs handle not only the financial information associated with these transactions (such as the amount of the transaction), but also the agency-specific program information (such as the purpose of the transaction).

## What Is Outside the Scope of the Collections Business Area?

As a rule, the collections business area does not address:

* The collection for the recovery of delinquent debts. Debt collections are handled by the Fiscal Service’s Debt Management Services (DMS) Assistant Commissioner area.
* The payment of public money by the government. Disbursements are handled by the Fiscal Service’s Payment Management (PM) Assistant Commissioner area.
* The accounting of the government’s financial funds, outside of collections of public monies. Fiscal accounting is handled by the Fiscal Service’s Fiscal Accounting Assistant Commissioner area.
* The loaning of excess operating balances. Investments are currently not being made (due to low interest rates) and this responsibility was previously transferred to the Office of Fiscal Projections (OFP) within Treasury’s Office of the Fiscal Assistant Secretary (OFAS).
* The borrowing of public monies. The issuance of securities is performed by the Wholesale Securities Services (WSS) and Retail Securities Services (RSS) Assistant Commissioner areas.

There are exceptions to the above. Debt Management Services uses RCM’s collections programs to collect delinquent debt, similar to other agencies with collections. This is also the case with WSS and funds collected for some securities transactions. RCM programs provide information to Fiscal Accounting for its accounting responsibilities and provide forecasting information to Fiscal Accounting and OFP to help determine how much money the government should loan or borrow.

## What Are the Advantages of Having a Centralized Collections Business Area?

As opposed to centralizing collections functionality with RCM, an alternative approach to the handling of collections functionality would be to leave this functionality with agencies to implement themselves. However, by centralizing the functionality within RCM, it is possible to build scalable, reusable solutions that multiple agencies can use. This allows for economies of scale and standard, consistent collection systems and practices across the federal government, saving time and money across government requesting a single agency to specialize in reusable government collections solutions should also make for better services generally.

Agencies have much to gain by using RCM’s collection services. Not only do these services spare agencies the hassle of coming up with solutions on their own, in many cases RCM offers its collection services to agencies free of charge.

The Fiscal Service also has much to gain by offering these collection services. In addition to saving money for the government through the avoidance of redundant solutions by agencies, RCM’s services encourage the prompt deposit of funds and lead to the capture of information about transactions, which can be used to optimize the government’s daily cash position and provide reports to agencies and policy-makers about the government’s finances.

## What Are Business Lines, Collection Programs, Systems, and Services?

The collections business area consists of several business lines. A business line is a high-level categorization of functionality, such as the “Internet Channel.”

The business lines are served by one or more programs. A program consists of one or more systems or services managed together in an ongoing fashion.

A system refers to information technology controlled by a program that creates, stores, or processes data. For instance, both RCM’s Pay.gov and Debit Gateway programs consist of systems because RCM has exclusive control over the information technology that handles data for these programs.

A service refers to work performed by manual means (such as lockbox processing) or by information technology that is not controlled by an RCM program and processes information for other customers (such as credit and debit card processing). For instance, RCM categorizes the General Lockbox Network (GLN) a service because the work is primarily manual. Likewise, RCM considers the Credit Gateway and Card Acquiring Service to be services because the information technology is controlled by a financial agent bank (and which they use to serve many other customers outside of the government) or third-party processors used by the bank for the provision of commercial, largely off-the-shelf transaction processing services.

The definitions of system and service can be confusing at times because they depend in part on the perspective of the program owner. For instance, RCM considers Pay.gov to be a system, as mentioned above, because RCM controls the information technology at the heart of this program. However, from an agency’s perspective, Pay.gov is a service, because it provides functionality for an agency through information technology that is not controlled by that agency.

## For Whom Is This Document Intended?

The Collections Cycle Memo is primarily intended for auditors but can be used by anyone seeking to gain a better understanding of the collections business area. This includes those who are relatively unfamiliar with the collections business area as well as those who are familiar with the collections business area but are looking for additional information on specific topics. The audience can range from federal agency representatives to the Fiscal Service business architects.

## How Is This Document Structured?

This memorandum is divided into two parts. The first part provides introductory information on collections programs and processes associated with collections. This includes a discussion of collections channels, settlement mechanisms, and transaction reporting.

The second part addresses these programs and processes at a more detailed level. The first part likely will be of the most use to those who are unfamiliar with the collections business area, while the second part is intended for an audience with more detailed knowledge of the collections business area.

## What Requirements Does This Document Impose?

This document is designed to serve as a reference guide. It is intended to explain certain programs and processes. It is not intended to set out requirements to be met by agencies, agents, depositaries, or the public. Those requirements can be found elsewhere, such as in agency agreements with the Fiscal Service, other parts of the Treasury Financial Manual, and the Code of Federal Regulations.

## Who Are the Stakeholders of the Collections Business Area?

Outside of RCM, the stakeholders of the collections business area include:

* U.S. Treasury’s Office of the Fiscal Assistant Secretary (OFAS) and the Office of Fiscal Projections (OFP) (within OFAS). OFAS and OFP are interested in ensuring that funds are concentrated in the Treasury General Account as quickly as possible and that information regarding completed and in-process transactions is made available to Treasury’s cash forecasting systems.
* The Fiscal Service’s Office of the Commissioner. The Office of the Commissioner has overall responsibility for the Fiscal Service’s role as the government’s financial manager, including the collections business area.
* The Fiscal Service’s Debt Management Services (DMS) Assistant Commissioner area, Payment Management (PM) Assistant Commissioner area, Wholesale Securities Services (WSS) Assistant Commissioner area, Retail Securities Services (RSS) Assistant Commissioner area, and Fiscal Accounting Assistant Commissioner area. DMS, PM, WSS, RSS, and FA receive information from collections programs, provide information to these programs, or have transactions processed by these programs.
* The Fiscal Service’s Information and Security Services (ISS) Assistant Commissioner area. ISS is responsible for enterprise architecture and security generally within the Fiscal Service. They are also responsible for the hosting environment used by several RCM systems.
* The Government Securities Regulations Executive Director area has responsibility over eligibility and valuation regulations for collateral; collateral is needed for collections that RCM oversees.
* The Office of Management (MG) provides efficient and effective support to the Fiscal Service’s staff, customers, and programs.
* The Office of Financial Innovation and Transformation (FIT) aims to be a catalyst for transformation in Federal financial management, by optimizing Federal financial management and inspiring change through innovation and data transparency.
* The Office of Shared Services (OSS) promotes government efficiency by delivering cost effective and quality administrative services through a shared service model.
* Federal Reserve Banks (FRBs). FRBs serve as fiscal agents and depositaries in developing and operating collections programs.
* Federal Reserve Board. The Federal Reserve Board leads the Federal Reserve System and is interested in the monetary policy implications of decisions about business processes implemented by collections programs.
* Treasury Relations and Support Office (TRSO). The TRSO has a leadership role among the Federal Reserve Banks that serve as fiscal agents.
* Federal Reserve Information Technology (FRIT). FRIT has a leadership role in providing technology support for Treasury applications involving Federal Reserve Banks.
* Commercial banks. Commercial banks serve as financial agents and depositaries in developing and operating collections programs.
* Agencies. Agencies use RCM’s systems and services to conduct their business.
* Fiscal Service governing bodies

## How Is Revenue Collections Management Organized to Manage the Collections Business Area?

Revenue Collections Management (RCM) is organized into multiple divisions that are responsible for both operational and developmental responsibilities for its programs. (RCM does not place operations and development into separate divisions, though it has done so in the past.) Some divisions have no operational or developmental responsibilities, but instead support the divisions that do. The divisions fall under two Deputy Assistant Commissioners, though one division reports directly to RCM’s Assistant Commissioner. The three senior executives in RCM are its Assistant Commissioner and the two Deputy Assistant Commissioners.

The Deputy Assistant Commissioner areas, divisions and programs are as follows:

* Collections and Deposit Group (CDG)
  + Agency Relationship Management Division
  + Revenue and Remittance Management Division
  + Over the Counter Division
  + Settlement Services Division
  + Tax Collection Division
* Compliance and Reporting Group (CRG)
  + Bank Policy and Oversight Division
  + Division Information Office Division
  + Business Transformation Division
  + Cash Management Improvement Act Division
  + Data Management Reporting and Analysis Division
* Resource Management Division

## What Are Revenue Collections Management’s Mission and Vision?

The RCM mission is to collect the revenue and associated information that enable the federal government to operate and serve the public.

The vision of RCM is to transform financial management, promote efficiency, and deliver exceptional revenue collection services for the federal government and the public. We will serve as the trusted stewards of public monies by bringing innovation, excellence, and security to the nation’s revenue collection services for current and future generations.

To reach our vision, we plan to revolutionize by offering products and services widely used in the private sector, such as digital wallets, mobile applications, and online bill presentment and payment services. RCM will optimize by sustaining operational excellence, continually improving business processes, and maintaining the convenience, security, flexibility, as well as cost effectiveness with systems and programs. RCM will analyze data by finding patterns and relationships, understanding outcomes through statistical analysis, as well as forecasting collections through predictive modeling. Finally, we will digitize by moving from paper to electronic collections and remittance information through both tax and non-tax initiatives.

## What Authority Does the Fiscal Service Have to Govern How Agencies Collect Public Money?

Exercising his authority under 31 U.S.C. § 321 to delegate duties and powers, the Secretary of the Treasury has delegated his authority over federal government collections, and cash management in general to the Fiscal Service. The functions generally encompass the authority to:

* “prepare plans for improving and managing receipts of the United States Government,” 31

U.S.C. § 321(a)(1);

* “carry out services related to finances that the Secretary is required to perform,” 31 U.S.C. § 321(a)(2);
* “collect receipts” and “receive and keep public money,” 31 U.S.C. §§ 321(a)(6), 3301; and
* “prescribe regulations to carry out the duties and powers of the Secretary.” 31 U.S.C. § 321.

One of the authorities delegated to the Fiscal Service is the Secretary’s authority to enter banking relationships for the deposit or other handling of public money. Subject to a handful of very explicit and narrowly drawn exceptions, only the Secretary of the Treasury is authorized to enter into such banking relationships: “The Secretary of the Treasury designates depositaries of money as provided in this section and under other law.” 31 U.S.C. § 3303(a). Agencies must deposit public money with only these depositaries: “A person having custody or possession of public money… shall deposit the money without delay… with a depositary designated by the Secretary of the Treasury under law.” 31 U.S.C. § 3302(c)(1). Aside from depositing the public money in a designated depositary, an official or agent of the Government may not “deposit the money in a bank.” 31 U.S.C. § 3302(a)(3).

Another authority delegated to the Fiscal Service is the Secretary’s power to prescribe regulations “for the collection and timely deposit of sums owed to [agencies]….” 31 U.S.C. § 3720. The statute sets forth examples of the types of collection and deposit mechanisms the Fiscal Service may prescribe (i.e., “procedures [such] as withdrawals and deposits by electronic transfer of funds, automatic withdrawals from accounts at financial institutions, and a system under which financial institutions receive and deposit, on behalf of the executive agency, payments transmitted to post office lockboxes”) but does not limit the authority to prescribing only those procedures. Moreover, the Fiscal Service may “collect from any agency not complying with the requirements … a charge in an amount the Secretary determines to be the cost to the general fund caused by such noncompliance.” 31 U.S.C. § 3720. Under the Secretary’s delegated

authority, therefore, the Fiscal Service may require agencies to use *any* collection or deposit mechanisms that promotes the timely deposit of public money and may charge agencies for their failure to use those mechanisms.

## What Authority Does the Fiscal Service Have to Designate Agents and Depositaries?

A large number of statutes authorize the Secretary to designate commercial financial institutions and Federal Reserve Banks as depositaries and financial agents of the government. The language of 12 U.S.C. § 90 is typical:

All national banking associations, **designated for that purpose** by the Secretary of the Treasury, **shall be depositaries of public money**, under such regulations as may be prescribed by the Secretary; and **they may also be employed as financial agents of the government**; and they shall perform all such reasonable duties, as depositaries of public money and financial agents of the government, as may be required of them.

In general, when it designates banks as agents, the Fiscal Service refers to commercial financial institutions as financial agents and depositaries and Federal Reserve Banks as fiscal agents and depositaries. However, the meanings of the terms “financial agent and fiscal agent” are generally interchangeable and the Fiscal Service uses both commercial financial institutions and Federal Reserve Banks for various services.

Because these activities are inherently governmental in that they are central to the government’s ability to carry out its functions, the designation of a depositary or agent is not a procurement subject to Federal Acquisition Regulations. See 12 U.S.C. § 90. Nor does a designation create a commercial, arms-length contract between the Fiscal Service and its depositary or agent.

Instead, designations confer a particular status on the financial institution. *U.S. v. Citizens & Southern National Bank,* 889 F.2d 1067, 1070 (Fed. Cir. 1989). When acting with the status of an agent, the financial institution or Federal Reserve Bank must act in accordance with the fiduciary duties of an agent to its principal.

## How Does an Agency Engage with the Fiscal Service to Process Collections?

To engage with the Fiscal Service to process collections, agencies are advised to first contact RCM’s Agency Relationship Management (ARM) division. ARM serves as RCM’s central point of contact for agencies. Using a "holistic approach," an ARM specialist considers statistics on the agency collections cash flows, as well as the agency’s operational needs, to recommend to the agency the best mix of RCM programs to improve the agency’s cash management practices.

Once the agency is engaged with the Fiscal Service, the agency and the Fiscal Service enter into an agreement to improve the agency’s overall cash management practices. This agreement, called the “Strategic Cash Management Agreement” (SCMA), enables agencies to avoid receiving inefficiency charges by implementing electronic cash and collection improvements. These improvements enhance the processing of financial transactions between the agency and its customers, while at the same time expediting the flow of funds into the Treasury General Account (TGA).

In addition to engaging with the ARM division, an agency will often work with representatives from individual programs to determine whether a given RCM program is the right fit for the agency’s needs. To avoid conflicting guidance between ARM and the representatives from the individual programs, RCM has made a concerted effort to coordinate across individual programs as part of its “One Voice” effort. In fact, this effort extends across the Fiscal Service so that an agency should hear a consistent and coordinated message from the Fiscal Service.

In addition to meeting with ARM and representatives from individual programs, agencies can stay up-to-date on Fiscal Service’ s collections and cash management programs, or even influence some of their changes, by attending training sessions and informational webinars. Agencies can also sign up on the Fiscal Service website to receive email updates from Fiscal Service, which will alert them to upcoming forums, webinars, and workgroup sessions.

# The Collections Business Area

## What Functions Comprise the Collections Business Area?

At the heart of the collections business area is the need to **collect** public monies. However, a comprehensive picture requires discussion of additional functions. These functions are to **report** to agencies and other systems the data concerning collections and to **centralize** cash collected by agents and depositaries. The information flow for these functions is shown below.

Collect





Report



Centralize

Collection Channels

* OTC
* Mail
* Internet
* Bank
* Phone

Settlement Mechanisms

* Cash
* Credit Card
* Debit Card
* Paper Check/Check 21 Image
* ACH Debit
* ACH Credit
* Fedwire
* Digital Wallets

Support Functions: Manage Collateral & Manage Banks

The collect function can be further divided into collection channels and settlement mechanisms. “Collection channels” refer to the ways in which the Fiscal Service or its agents and depositaries receive a transaction from the public or from agencies. The channel concept does not necessarily reflect how transactions are initiated by a member of the public, if the information goes through an agency before coming to the Fiscal Service. For instance, if a person mails credit card information to an agency customer service representative and the agency enters this on a Pay.gov web page for settlement, the channel is not “mail” but “Internet.” Below is the list of channels used in the collections business area.

|  |  |
| --- | --- |
| **Channel** | **Description** |
| Over the Counter  (OTC) | The OTC channel exists for collection information presented by the public or an agency to an agent or depositary in person or via an electronic terminal. |
| Mail | The mail channel exists for collection information presented by the public to an  agent or depositary by mail. |
| Internet | The Internet channel exists for collection information presented by the public or an agency to an agent or depositary over the Internet. It includes online banking transactions initiated by the public through private third-party applications and received by an agent or depositary through a defined  interface. |
| Bank | The bank channel exists for collection transactions presented by a member of the public to an agent or depositary through closed banking networks. It  includes Automated Clearing House credit and Fedwire collection transactions. |
| Phone | The phone channel exists for collection transactions which are initiated by a customer call which are entered into an Interactive Voice Response system. Currently phone channel transactions are included in the Internet channel  transactions as reported by the Collections Information Repository. |

If “settlement” refers to the accounting process recording the respective debit and credit positions of the two parties involved in a transfer of funds, “settlement mechanism” refers to the means by which settlement occurs. RCM utilizes settlement gateway systems and services to present or receive collection items. Settlement mechanisms include:

* Cash
* Credit Card
* Debit Card
* Paper check
* ACH Debit
* ACH Credit
* Fedwire
* Digital Wallet (PayPal and Amazon Pay)

In most cases, collection channels and settlement mechanisms are separate concepts. However, this is not true of bank channel transactions. The bank channel refers to those transactions that come to the Fiscal Service directly through closed banking networks without use of any other medium, such as the postal service, the Internet, or human interaction at a point of sale. The same closed banking networks that provide the collection channel also provide the settlement mechanism. The bank channel is unusual among the channel applications because the channel cannot be separated from the settlement mechanism. These collection transactions consist of ACH credit and Fedwire transactions. There are also hybrids, including the Card Acquiring Service (CAS) and Credit Gateway, which are managed settlement mechanisms that, with respect to some aspect of their operations, also perform a collection channel function by receiving collection transactions directly.

As funds are collected, Treasury needs to **report** the fact of these collections to agencies and to other Fiscal Service systems. Transaction reporting can be through many means, but especially via electronic files or viewing information online. Reporting can occur at various times during a transaction’s life cycle, from receipt of the transaction through settlement or re-presentment or reversal. Reporting can include both data and images (especially check images).

If funds have been deposited at commercial financial institutions with various agents and depositaries, there is a need to **centralize** these funds into the government’s checking account at the Federal Reserve Bank of New York. This is the central account out of which the Fiscal Service also makes disbursements. Fiscal Accounting manages this central account.

These business functions are supported by two additional business functions. These functions are to **manage collateral** and to **manage banks**. Collateral management is needed when collateral and other security is posted, including when funds are collected by or invested with agents and depositaries. Collateral is used in these situations to ensure that public monies are properly secured. Bank management is necessary to ensure, among other things, that commercial financial institutions and Federal Reserve Banks are properly compensated for the services they provide to RCM.

## The remainder of this part primarily discusses the collection and reporting functions. The centralization function, as well as the support functions of managing collateral and managing banks, are addressed in Part 2.

**Overview of Collection Activity**

Table 1 gives a summary of collections activity by channel from Fiscal Year 2019.

|  |  |  |  |
| --- | --- | --- | --- |
| **Table 1. The Fiscal Service Collections Transaction and Dollar Volumes, FY2019** | | | |
|  | **Transaction Volume** | **Dollar Volume** | **Responsible RCM Division** |
| OTC Channel | 110,396,622 | $101,167,003,713 | OTC |
| Mail Channel | 95,805,961 | $473,725,396,712 | RRM, TCD |
| Internet Channel | 366,864,760 | $3,238,405,051,684 | RRM,TCD |

|  |  |  |  |
| --- | --- | --- | --- |
| Bank Channel | 13,522,788 | $448,955,186,672 | SSD, TCD, OTC |
| **Totals** | **586,590,131** | **$4,262,252,638,781** |  |

## How Are These Processes Organized into Business Lines and Programs, and Who Is Responsible for Them?

Revenue Collections Management (RCM) has organized the processes described above into a series of business lines. In some cases, related processes are brought together under one business line. For instance, under the business line of “Credit Processing” is functionality for processing the receipt of both ACH credit and Fedwire transactions; these are highly related processes and it is advantageous to treat them together. The implementation of functionality within a business line tends to be the responsibility of a single RCM division. To assist in this regard, each business line has a lead fiscal or financial agent associated with it.

Each business area may have multiple programs, but ideally each business line will be served by a single system or service for each program specific mission. Most business area programs are supported by settlement mechanisms managed by the Settlement Services Division (SSD).

Interfaces with SSD systems and services facilitate the settlement and reporting of program area collections. The lead agent is responsible for building and operating the system or service, according to requirements and direction given by RCM.

Exceptions to this exist for IRS tax functionality in the mail channel and Internet channel. In these cases, the tax functionality is managed by one division, while the non-tax functionality is managed by another. Furthermore, in the case of the Internet Channel, there are separate lead agents and systems for tax and non-tax purposes.

The list of business lines, divisions, agents, and programs is as follows:

* OTC Channel. This is managed by the Over the Counter Division, with the assistance of a financial agent (Citibank). (Note: There are multiple banks involved with this channel, but Citibank has responsibility for the business line.) The programs that primarily serve this business line are:
  + Treasury General Account (TGA) Network (including (Domestic) TGA Network, IRS TGA Network, and Seized Currency Collection Network)
  + OTCnet
* Mail Channel. This is managed by the Revenue and Remittance Management Division and the Tax Collection Division, with the assistance of multiple banks including separate networks of banks for tax and non-tax purposes, and a separate financial agent responsible for the ECP business line.) The programs that primarily serve this business line are:
  + General Lockbox Network (GLN)
  + Internal Revenue Service (IRS) Lockbox Network
  + Electronic Check Processing (ECP)
  + Specialty Lockboxes
  + EDI Lockbox
* Internet Channel. This is managed by the Revenue and Remittance Management Division with the assistance of a fiscal agent (FRB Cleveland) and the Tax Collection Division with the assistance of a financial agent (Bank of America). The programs that primarily serve this business line are:
  + Electronic Federal Tax Payment System (EFTPS)
  + Pay.gov
* Card Processing (credit, debit, branded stored value, and electronic benefit transfer (EBT) cards tendered at agency points-of-sale and card-not-present authorization via the internet (Pay.gov), telephone and mail at the lockbox via of Pay.gov). This is managed by the Settlement Services Division with the assistance of a financial agent (Comerica Bank) and the financial agent’s acquirer/processor (WorldPay from FIS). The program that primarily serves this business line is:
  + Card Acquiring Service (CAS)
* Debit Processing (ACH debit origination & electronic check transactions received from the collection channels). This is managed by the Settlement Services Division with the assistance of a fiscal agent (FRB Cleveland). The program that primarily serves this business line is:
  + Debit Gateway
* Credit Processing (ACH credit & Fedwire receipt). This is managed by the Settlement Services Division with the assistance of a financial agent (U.S. Bank). (Note: The funds will settle at an FRB; the financial agent processes the information about the settlements.) The program that serves this business line is:
  + Credit Gateway (including online bill payment – OLBP -- via ACH credit)
  + Electronic Data Interchange
* Transaction Reporting and Cash Concentration. This is managed by the Data Management Reporting and Analysis Division, with the assistance of fiscal agents (FRB Kansas City and Cleveland). The programs that serve this business line are:
  + Collections Information Repository (CIR)
  + Treasury Cash Management System – Direct Voucher Submission (TCMS-DVS)
  + Image Archive
* Bank Management. This is managed by the Bank Policy and Oversight Division, with the assistance of a fiscal agent (FRB St. Louis). The program that serves this business line is:
  + Bank Management System (BMS)
* Collateral Management. This is managed by the Bank Policy and Oversight Division, with the assistance of a fiscal agent (FRB St. Louis). The program that serves this business line is:
  + Treasury Collateral Management and Monitoring (TCMM) system

Some of the programs above currently overlap more than one business line. This is true of the Electronic Lockboxes, Debit Gateway, Credit Gateway, CAS, and CIR. The extent of this overlap is discussed in the sections that follow. Eventually, these areas of overlap will be eliminated.

## What Program Changes Have Occurred In 2019?

* Launched several Financial Agent Selection Processes across RCM.
* Issued final regulation 31 CFR Part 210 – Federal Government Participation in the Automated Clearing House, accepting Nacha ACH Network operating rules in place as of 2019.
* Began supporting a higher transaction dollar limit for “same-day” ACH settlement ($100,000) for Credit Gateway and EFTPS ACH credit and debit processing.
* Implemented Financial Agent Oversight Program.
* Implemented new agreement for the EDI Lockbox.
* The Debit Gateway purged over 1.2 billion records/over 200 million transactions older than 7 years excluding DOI (Department of Interior).
* The Debit Gateway updated return reason codes R10 and R11 per 31 CFR Part 210/Nacha rule changes.
* Consolidating the GLN to a single provider.
* Implemented new agreement for the Credit Gateway
* Implemented the provisions of the National Defense Authorization Act specifying the collection of user fees, with remittance to the Treasury, for the use of credit and debit cards by an expanded patronage group at Defense Commissaries.
* Implemented soft rollout of Salesforce CRM Card Acquiring Service Application pilot for agency onboarding.
* Established program benchmarking validation and cost reduction strategy development for card network advocacy.
* Established DVS as a replacement for CIR manual voucher entry, including commercial vouchers.
* The CIR implemented the use of Single Sign On through Fiscal Service Lightweight Directory Access Protocol (LDAP). Single Sign On provides a consistent experience for over 4400 CIR users who are assigned to the Fiscal Service LDAP.

## What Programs Comprise the Over the Counter Channel?

### Treasury General Account Network

While RCM encourages and promotes electronic collection solutions, it provides solutions for agencies that need to deposit cash and checks. The Treasury General Account (TGA) Network facilitates cash and paper check deposits made by agency representatives at financial institutions. These are depositaries that the Fiscal Service has designated throughout the United States and internationally to accept these deposits. It consists of several component services.

The TGA Network consists of commercial financial institutions that receive deposits throughout the United States and United States based or foreign depositaries. Most of the depositaries that receive deposits are part of this network. The Fiscal Service establishes a depositary based on a request from a Federal agency and an evaluation of the efficiencies offered by such a relationship. If there is an existing TGA Network depositary located near the agency, the agency can be added to that arrangement. A financial institution interested in accepting deposits must meet certain eligibility requirements and, if designated as a depositary, may market its services to other agencies in its area.

The Seized Currency Collection Network (SCCN) consists of commercial financial institutions that specialize in receiving deposits of funds seized by law enforcement agencies.

The Mail-In TGA (MITGA), which is part of the TGA Network, is a commercial depositary that receives only mailed deposits from agencies. This is an exception to the usual rule that deposits are presented over-the-counter at a depositary.

The Federal Reserve Bank of St. Louis assists RCM staff in providing oversight of commercial depositaries.

### Over the Counter Channel Application, Collections Information Repository, Debit Gateway, and Card Acquiring Service

The Over the Counter Channel Application (OTCnet) is a web-based application that automates the over-the-counter deposit process, captures detailed accounting information, and facilitates the classification of Treasury collections. It is operated by Citibank. Agency users report receipts through a secure web-based application, rather than by using paper-based credit vouchers (i.e., deposit tickets). In addition to the summary deposit information currently required on the paper-based credit voucher, OTCnet collects sub-total accounting information that is required by the agency’s administrative accounting systems as well as the Fiscal Service’s Fiscal Accounting systems. Because OTCnet stores the data entered by the agency deposit preparer, depositaries no longer have to re-key this data into other systems. OTCnet automatically provides this information to these systems instead. (Based on received credit voucher information, the Treasury Cash Management System (TCMS) transfers funds from accounts at commercial depositaries to the TGA. This is described in greater detail in part II. OTCnet has an automated connection of information to the CIR for agency and Fiscal Service reporting purposes.

It is also possible for depositaries to bypass OTCnet and enter deposits directly into CIR and DVS. CIR is operated by FRBs Kansas City and Cleveland, and DVS is operated by FRB Cleveland. To do so, agencies prepare paper-based credit vouchers, which are then confirmed by the depositaries. There are multiple copies of the credit vouchers that are created in this process, for sharing with the agency, the Fiscal Service, and retention by the depositary. The CIR is used by commercial depositaries, while DVS is used by FRBs. There are two types of credit vouchers: The SF 215 is used for most deposits, while the SF 215A is used for IRS tax deposits.

OTCnet also facilitates the electronic deposit of checks by agencies. These transactions are initiated when an agency representative processes a check through a check reader that captures the information about the scanned check and subsequently sends the information to OTCnet electronically. From there, OTCnet sends the information to RCM’s Debit Gateway for settlement. Whenever possible (i.e., when the agency has disclosed to the checkwriter and consistent with NACHA ACH Network Rules), Debit Gateway converts check images received from OTCnet to less expensive and more efficient ACH debits. Agencies that receive cash can convert the cash to a counter check from a local bank and then capture the check information electronically, thus allowing for an all-electronic solution for both cash and paper checks.

Agencies are encouraged to use the electronic check functionality in OTCnet, as opposed to physically presenting cash and checks to a TGA Network depositary.

In a handful of scenarios and due to special requirements, four agencies interact directly with the Debit Gateway for electronic check processing instead of sending those transactions to OTCnet or Electronic Check Processing (ECP) (See Debit Gateway). The component of the Debit

Gateway that handles this functionality is known as Agency Direct. Eventually, this functionality will be eliminated and electronic check information from these agencies will flow through OTCnet or ECP.

Lastly, RCM’s Card Acquiring Service (CAS) facilitates the electronic collection of credit and debit card transactions that originate with standalone agency point-of-sale card terminals and card readers integrated with agency-specific electronic cash register systems.

## What Programs Comprise the Mail Channel?

A lockbox is represented by a post office box established by a financial agent for receipt of payments to an agency. By having funds come into a lockbox directly rather than from an agency, the process accelerates the deposit of funds into the Treasury's account, improves the accuracy and efficiency of the data capture, establishes better internal controls, and provides an interest savings to the federal government. Lockbox sites are selected for locations that will minimize mail time or “float.”

Lockbox processing includes the mail collection, opening envelopes, extracting and sorting contents, scanning or key-entering of check and form information, capturing of electronic images of checks and forms and data transmission. Data created can include document locator numbers, check encoding with magnetic ink character recognition (MICR) lines, and check endorsements and tracking information (placed on the back of checks for legal and research purposes). Data capture is performed by key entry or by utilizing Optical Character Recognition Software (OCR) or Intelligent Character Recognition (ICR). Quality reviews are performed on each transaction the level of which is established based on the criticality of the data captured.

### General Lockbox Network

The sole General Lockbox Network (GLN) financial agent is US Bank. Remitters send their payment instruments and remittance documents by mail to the specified post office box maintained by US Bank on behalf of federal agencies. The bank opens the envelopes, extracts the contents, processes and images the checks, and captures required data from remittance documents. Then the required accounting data is reported to agencies and other Fiscal Service systems. The vast majority of transactions involve the receipt of paper checks, although a small percentage of the transactions include forms authorizing credit or debit card payments. These card payments are entered into Pay.gov and processed by the Card Acquiring Service (CAS).

There are two main types of paper GLN lockboxes: retail and wholesale. A retail lockbox uses optical character recognition (OCR) and machine-readable coupon-type documents for automated processing. This type of lockbox is best suited for low-dollar, high annual item volume payments. A wholesale lockbox involves the manual processing of traditional invoice documents and is best suited for high-dollar, low annual item volume payments. A wholesale lockbox requires more manual effort and detailed processing than a retail lockbox. Once received at the lockbox processing facility, these payment documents are processed using key entry to capture accounting information.

In addition to checks, the paper lockboxes also accept some credit card transactions. These are entered at the lockbox processing facility to RCM’s Pay.gov application for processing, using the same services that Pay.gov offers directly to agencies. Pay.gov invokes CAS to settle these transactions.

**Internal Revenue Service Lockbox Network**

The Internal Revenue Service (IRS) Lockbox Network consists of a few financial agents (currently Bank of America, JP Morgan Chase, and U.S. Bank; but plans are in place to remove Bank of America from the Network), that serve as collection points for various IRS taxes. The IRS Lockbox Network handles business master file (BMF) and individual master file (IMF) tax transactions. The financial agents process the tax receipts and transmit information to IRS service centers. The financial agents also send the IRS the original tax forms that accompanied the transactions.

### Electronic Check Processing

Because the vast majority of mail transactions involve paper checks, the Electronic Check Processing (ECP) system helps the GLN and IRS Lockbox Network automate deposits through the capture and conversion or truncation of checks. ECP is operated by Citibank.

Under the ECP process, lockbox banks receive mail on behalf of the federal agencies, open the envelopes, digitally scan checks to capture the electronic image of checks (and forms) and associated data, and send image and data files to ECP. After receiving information from the lockbox financial agents, ECP forwards the payment file and check images (if necessary) to RCM’s Debit Gateway application, which settles the transactions electronically. Whenever possible (i.e., when the agency has disclosed to the checkwriter and consistent with NACHA ACH Network Rules), Debit Gateway converts check images received from OTCnet to less expensive and more efficient ACH debits. If for any reason ECP or the Debit Gateway is unavailable, the lockbox agents may settle checks themselves. ECP has an automated connection of information to the CIR for agency and Fiscal Service reporting purposes; however, for tax transactions, ECP sends only summary data without taxpayer information.

### Specialty Lockboxes

The mail channel also includes two specialty (wholesale) lockboxes that provide complex remittance processing services for the State Department (passports) and Citizenship and Immigration Services (immigration benefits). These lockboxes are deemed specialty due to the significant number of business rules and processes needed to capture and process complex remittances and accompanying identification documents. Two financial agents (Citibank and JPMC), one for each specialty lockbox, provide these specialty services.

### Electronic Data Interchange Lockboxes

Electronic Data Interchange (EDI) is a program that accepts both checks and ACH credits from health care insurance companies along with information formatted in a standardized format PNC Bank is the current designated financial agent. Key functions performed by PNC include enrolling the insurance companies, matching the payments with the EDI transaction sets, and reporting the deposit and accompanying data. The EDI program supports Veterans Affairs and Indian Health Services.

## What Programs Comprise the Internet Channel?

### Electronic Federal Tax Payment System

The Electronic Federal Tax Payment System (EFTPS) is a system that allows businesses, individuals, and federal agency taxpayers to pay taxes electronically. This can be through payments authorized via the Internet (web pages and files) and by phone. EFTPS also allows for certain online banking transactions, most notably through an interface called the Third-Party Interface (TPI), as well as batch filer and bulk filer solutions. It is primarily operated by Bank of America, though the Federal Reserve Bank of Atlanta plays a role by holding routing and transit numbers (RTNs) used for receipt of ACH credits and debits. The Federal Reserve Bank of St.

Louis also plays a role in handling the assessment of interest upon financial institutions in limited cases. EFTPS has automated connections to the CASH TRACK application for daily cash management purposes and to the CIR for agency and Fiscal Service reporting. Both data feeds are limited to summary information; no taxpayer information is transmitted.

ACH debits and credits for EFTPS work as follows: For ACH debits, the taxpayer initiates the tax payment by asking EFTPS to originate a debit entry to the taxpayer's bank account and crediting the Treasury. The taxpayer supplies the tax payment information to EFTPS at least one day prior to the due date. EFTPS validates reported data in accordance with IRS instructions and provides the taxpayer with an acknowledgment number. EFTPS provides the tax payment details electronically to IRS.

On the day before the tax payment date, EFTPS originates an ACH debit file for the tax payments to settle the next day. The EFTPS ACH debit file is automatically transmitted by Bank of America to the FedACH system. FRB Atlanta is responsible for settling the funds in addition to recording and reporting ACH collections and deposits processed by EFTPS.

For ACH credits, the taxpayer requests its bank to originate an ACH credit (crediting the Treasury and debiting the taxpayer’s bank account) at least one day in advance of the tax due date. The taxpayer’s bank delivers the ACH credit file entries to the FRB ACH Operator by 2:15

* 1. ET on the tax due date to initiate the ACH credit. The FedACH file, with the taxpayer detail, is transmitted electronically to EFTPS. EFTPS verifies the taxpayer transaction detail, assigns a reference number to the transaction in its own records and reports this number to IRS. FRB Atlanta is responsible for settling the funds in addition to recording and reporting ACH collections and deposits processed by EFTPS.

With the adoption of new payments system industry rules, same-day ACH capability (settlement on the day the transaction is received or originated) became an additional option to existing next-day settlement for ACH credits received and ACH debits originated through EFTPS.

### Pay.gov

Pay.gov is a secure, web-based government-wide collections portal. It allows users to electronically fill out and submit forms, view bills, and make payments by ACH debit and credit, credit card, PayPal, or Amazon Pay. It also provides reporting to agencies. Pay.gov accepts payments over the Internet via web pages submitted by users on Pay.gov. It also accepts electronic payments files forwarded by agencies on behalf of their users. It is run by the Federal Reserve Bank of Cleveland. It uses the Debit Gateway to process ACH debit transactions, the Card Acquiring Service (CAS) to process credit and debit card transactions, and has interfaces with Digital Wallet providers PayPal and Amazon Pay, and with the Credit Gateway for ACH

credits. Pay.gov has an automated connection of information to the CIR for agency and Fiscal Service reporting purposes.

## What Programs Comprise the Card Processing Business Line?

### Card Acquiring Service

The Card Acquiring Service (CAS) is the sole collections solution for settling Federal agency credit and debit card (both “signature debit” transaction over credit card networks, and “PIN debit” over debit card networks) collection transactions. CAS converted to a new financial agent, Comerica Bank in 2017. Comerica is supported in the card acquiring/processing role by WorldPay from FIS. CAS receives card transactions from (a) agency point-of-sale terminals, (standalone terminals and card readers integrated with agency-specific integrated electronic cash register systems commonly known as “VARs” or “integrated POS” (iPOS) systems, (b) from agency software (such as servers processing transactions received from the public over the Internet) and from (c) Pay.gov and mobile terminals. Pay.gov card transactions can include transactions with credit and debit card information included on forms sent to the GLN and the specialty lockboxes. Funds typically settle on a next-day basis. CAS provides information to the CIR and to Pay.gov via WorldPay.

Card transactions, in particular credit card transactions, tend to be a very expensive form of payment to process relative to other payment settlement systems like the ACH Network and even checks. As a result, a maximum per-day, per-cardholder limit is set by the Bureau for credit card transactions. That limit is currently set at $24,999.99. Certain types of collections – in particular loan repayment and other debt-related payment obligations – are also not eligible for payment by credit card (though debit cards are acceptable since a debit card transaction does not represent an extension of credit to the cardholder).

## What Programs Comprise the Debit Processing Business Line?

### Debit Gateway

The Debit Gateway is used to originate ACH debit entries, and for converted and truncated check transactions. The Debit Gateway is operated by FRB Cleveland. The gateway receives transactions from the collection channels (ECP/lockboxes, OTCnet, Pay.gov, determines the best clearing method (ACH vs. Check21), settles, and then reports the transactions (along with a credit voucher number) to the collection channel that provided the transaction. Converted check transactions involve the process of taking information from a check and settling the check as an ACH debit entry. Check truncation is the process of using an electronic image of the check for settlement, rather than a paper version as enabled by the Check21 Act. The Debit Gateway contains business logic to determine whether to use conversion or truncation for a given check. Settlement typically occurs in the morning on the next banking day.

The Debit Gateway performs this functionality for OTCnet, ECP, and Pay.gov. The Debit Gateway also receives check transactions directly from some agencies—the Social Security Administration, United States Postal Service, Veterans Affairs Debt Management, and Justice’s Federal Bureau of Prisons—but in the long run these agencies will interact with an RCM collection channel.

The Debit Gateway uses a transit account for each collection channel to remove some accounting complexity from agencies. The transit account is linked to the TGA and is associated directly with the Fiscal Service, rather than any particular agency. In some cases, when ACH debit and check transactions fail to settle initially and are returned, the transactions can successfully settle if they are later re-presented. For instance, this is often the case for transactions returned for insufficient funds (NSF). In these cases, when the transaction fails and can be re-presented, the Debit Gateway debits the transit account, rather than the affected agency. If the re-presentment is successful, the transit account is then credited. This way, the agency does not have to process multiple vouchers caused by transactions failing and then being re-presented. Instead, only if the re-presentment(s) fails will the transaction be retired and funds previously credited to the agency taken away through a debit.

## What Programs Comprise the Credit Processing Business Line?

### Credit Gateway

The Credit Gateway is a program used for the receipt of ACH credit and Fedwire transactions. It is operated by U.S. Bank, but the Federal Reserve Banks of Minneapolis, New York, and Atlanta also play roles. U.S. Bank has operational responsibility for the program and captures all information about the transactions, but the transactions themselves settle at Treasury Routing Numbers at FRBs.

The transactions are initiated by individuals and businesses through their financial institutions. Both ACH credits and Fedwire transactions involve funds that are “pushed” to the Credit Gateway by payers. The Credit Gateway takes no action to collect these funds; the transfers are initiated by payers through their financial institutions. However, there are differences between these settlement mechanisms. ACH is a low-cost, batch-driven mechanism that typically requires overnight processing, while Fedwire is a high-cost, transaction-driven mechanism that provides final settlement in real time. With the adoption of new payments system industry rules (through 31 CFR Part 210), the Credit Gateway began supporting the receipt of same-day ACH credits, in addition to existing next-day ACH credits. An interface between the Credit Gateway and Pay.gov facilitates the exchange of transaction data in support of Pay.gov customers that choose to use the Pay.gov ACH credit option. All settlement and deposit reporting to CIR for Pay.gov ACH credits is performed by the Credit Gateway.

When dealing with taxpayers making Fedwire tax payments, the Credit Gateway is referred to as the Federal Tax Collection Service.

There are differences between non-tax and tax transactions regarding how information is reported to the CIR. For non-tax transactions, the Credit Gateway transmits detail transaction data to the CIR on a near real-time basis for wire transfers, and at the end of each day, the Credit Gateway sends all wire transfer and ACH credit transaction data to the CIR with voucher information included. For Fedwire tax transactions, the Credit Gateway sends all information to EFTPS. In turn, EFTPS sends only summary data to CIR; no taxpayer information is delivered. EFTPS also is responsible for sending the information to CASH TRACK for cash forecasting purposes.

## What Programs Comprise the Transaction Reporting and Cash Concentration Business Line?

### Collections Information Repository

The Collections Information Repository (CIR) is a reporting system that consolidates detailed and summary-level information on collections transactions and reports this information to federal agencies and other Fiscal Service and Treasury systems. It is currently operated by FRBs Kansas City and Cleveland. It is intended to generally be the single touch point for information on collections transactions. Programs that capture information on individual transactions are expected to provide this information to the CIR, with the exception of certain tax information from ECP and EFTPS that (due to tax privacy reasons) is limited to summary-only data.

The CIR provides transactional activity and summary information from the majority of the Collections Channels. The CIR captures Treasury Account Symbol and Business Event Type Code (TAS/BETC) information and makes this information available to Fiscal Accounting’s (FA) Central Accounting Reporting System (CARS). The CIR provides certain reporting to FA systems that is done at the Public Money Symbol (PMS) level, which FA uses to reconcile dollar totals reported from the collections programs to dollar amounts separately reported by systems that manage the actual accounts into which the collection programs deposit funds. The CIR provides certain reporting to the Fiscal Service’s and Treasury’s forecasting system, CASH TRACK. CASH TRACK uses this information to reconcile the TGA and to produce the Daily Treasury Statement.

The CIR generally uses a standard, published XML file format for its information exchanges. This is designed to eliminate the many proprietary file formats that have been developed over the years for sharing information, especially with agencies.

The CIR has greatly improved the way federal agencies collect, analyze, and redistribute financial transaction information, and has eliminated some redundancies that agencies faced in the past.

### Treasury Cash Management System-Direct Voucher Submission

Almost all of the government’s funds are centralized in a single account known as the Treasury General Account (TGA), which exists on the books of the Federal Reserve Bank (FRB) of New York. Although agencies have responsibility for the accounting and use of the funds in the TGA, the TGA itself is controlled by Treasury. Funds move between the TGA and accounts of depositaries and agents of the government. As depositaries and agents receive monies on behalf of the government, funds move from the accounts maintained by the depositaries to the TGA, and as they make payments (issuing electronic disbursements or clearing checks) on behalf of the government, funds move from the TGA to these accounts. At the end of the day, the transfers are designed to zero out all available funds from the relevant accounts at the depositaries and agents.

The TGA is at the heart of the Fiscal Service’s financial manager responsibilities. Through its agents and depositaries, the Fiscal Service moves trillions of dollars into and out of the TGA each year. The financial manager responsibilities go beyond just transferring funds into and out of the TGA; information about these transfers must be reported on a timely basis to various entities, as described below. The use of the single TGA yields significant advantages, including reduced operational costs, improved control over funds, and better control over the government’s daily and long-term financial position.

Revenue Collections Management provides systems to move funds to and from the TGA and provide reports about the transfers. Collections made via FRB payment systems concentrate funds directly into the TGA, but collections made via commercial banks use the Treasury Cash Management System (TCMS), currently run by FRB Cleveland.

Treasury Cash Management System (TCMS) is an application which performs the daily movement of government deposits from the Treasury’s accounts at commercial Depository Financial Institutions (DFIs) to the Treasury General Account (TGA) at FRB New York.

TCMS receives notifications of funds that have been deposited by agencies into Treasury’s network of commercial banks and transfers these funds into the Treasury General Account (TGA), the Treasury’s main operating account. OTCnet, Pay.gov, Digital Wallet, Card Acquiring Service and Navy Cash report deposits to the CIR. The CIR passes any commercial deposit activity to TCMS on a flow basis, as voucher files are received. With each voucher file received from CIR, TCMS examines the content and combines like vouchers by Commercial Account Number (CAN) and deposit dates in order to determine whether these records will be settled on the current business day (expedited) or the next business day (next banking day). Settlement of combined records happens three times per day (Monday thru Friday: 8:30a.m., 12:00 p.m., and 4:30 p.m. ET) through the National Settlement Service (NSS).

* + - Non-Expedited – Transfers for non-expedited CANs are held and then released the next banking day, typically at 8:30 a.m. ET. If a bank is late by one or more days in reporting a deposit, TCMS may transfer the funds on an expedited basis even though it is normally a non-expedited CAN.
    - Expedited – When voucher information is received for an expedited CAN prior to 4:15

p.m. ET, the NSS transfer of funds occur that banking day. The standard transfer times are 8:30 a.m., 12:00 p.m., and 4:30 p.m. ET. Otherwise the transfer occurs at 8:30 a.m. the next banking day.

The NSS processes settlement instructions from TCMS and forwards them to the Federal Reserve accounting system, where the reserve accounts of the Depository Institutions are debited and the TGA is credited. While the TGA is typically credited because of TCMS entries, it is also possible for the TGA to be debited when the amounts of the reported debit vouchers for a particular CAN exceed the amount of the credit vouchers in a given file received by the CIR. Direct Voucher Submission (DVS) is a module within TCMS that facilitates the reporting of book view deposit activity by FRB business lines, whose activities on behalf of the Treasury result in deposits to or withdrawals from the TGA. The vouchers entered into DVS facilitate the reporting of information into the Collections Information Repository (CIR) and/or the Payments Information Repository (PIR). This is considered miscellaneous voucher activity since these transactions are not processed through any of the Treasury’s core systems. Without DVS, there would be no vouchers reported into the CIR and PIR for the dollars settled to the TGA by these FRB activities. Currently, access to TCMS-DVS is limited to the FRB and does not directly impact federal agency users.

### Image Archive

The Image Archive stores all images, including scanned checks and remittance documents. The Image Archive is a service provided by the Treasury Web Application Infrastructure (TWAI).

The users of the Image Archive are OTCnet, ECP and the Debit Gateway.

DVS will be enhanced to replace the CIR Graphical User Interface (GUI) to include the capability for manual voucher entry of Adjustments, Corrections, and Rescissions (ACRs) to

upload commercial voucher information from trading partners. DVS includes a mechanism to upload commercial voucher information from trading partners for the review, approval and submission to the CIR using the DVS GUI.

### Routing Transit Number Oversight

As part of the Treasury’s Straight-Through Processing (STP) initiative, most of the government’s routing transit numbers (RTNs) on file with the Federal Reserve System (FRS) were rearranged to reside within the TGA structure. The TGA RTN 0210-3600-8 serves as the master level RTN on file with FRB New York. The remaining Treasury and other government agency RTNs accounted for by Treasury are listed as second and third tier RTNs within the TGA structure.

The FRS manages account settings and financial services through their Official Authorization List (OAL) process. Some examples of when an OAL signature is required include:

* + - RTN setups and maintenance
    - FRB Services setups and maintenance
      * FedLine Access Solutions
      * FedACH Services
      * Account Services

Before the consolidation of RTNs under the TGA structure, government agencies maintained their own OAL on file with the FRS for account related setups and maintenance. After the transition to STP and the new TGA structure, second and third tier RTN changes require the signature of someone on the TGA Master RTN.

When agencies need to perform RTN related maintenance and FedLine Access requests, they should complete all sections of the form (available at frbservices.org) and submit them to the [**TreasuryOAL@fiscal.treasury.gov**](mailto:TreasuryOAL@fiscal.treasury.gov) group e-mail box. Treasury OAL personnel will verify the request, complete the form with their OAL signature, and submit the original form to the Federal Reserve Customer Contact Center (CCC) on the agency’s behalf. Fiscal Accounting handles this responsibility.

## What Programs Comprise the Bank Management Business Line?

### Bank Management System

The Bank Management System (BMS) is responsible for documenting the expenses owed to agents and depositaries providing services on behalf of the federal government. BMS is operated by FRB St Louis. Each month, by the seventh business day following the billing month, agents and depositaries report expense volumes to BMS, either manually through the BMS website or by automated file upload. BMS uses these expense volumes to calculate the totals owed to each bank and flags those that are in significant variance of recent averages or other established parameters. Personnel from the various business areas in RCM, Payment Management, and Debt Management Services then approve the expense totals through BMS. BMS sends payment instructions to the Office of Administrative Services to make payment through ACH Credits from the Fiscal Service Regional Financial Centers.

BMS also produces the Agency Collections Expenses (ACES) report. The ACES process compiles collection expenses by agency and produces a report detailing each agency’s share of the total cost of collections.

## What Programs Comprise the Collateral Management Business Line?

### Treasury Collateral Management and Monitoring System

The Treasury Collateral Management and Monitoring System (TCMM) provides collateral management for securing public funds on deposit with a commercial financial institution for collateral pledged in lieu of a surety bond and as assets to secure an individual surety. TCMM also supports government agencies accepting assets by individual sureties to secure contracts or contract bids.

Federal agencies can establish a collateral account or add new users to an existing collateral account by filling out the TCMM Agency Access form available on the Fiscal Service website and submitting it to FRB St. Louis. For new collateral accounts, the TCMM operations staff will assist the Federal agencies and the financial institution in getting the initial amount to be collateralized and entered in TCMM, and the securities pledged via the Federal Reserve System. If the value of the securities is insufficient to meet the Federal agency’s collateral requirement, the TCMM operations staff will work with the financial institution to resolve the deficiency.

FPAs should access TCMM on a regular basis to ensure that the collateral requirement is correct and current, and to view or download reports.

## Other RCM Systems, Services, and Programs

### Electronic Commerce (eCommerce)

RCM’s electronic commerce (eCommerce) vision is to provide a suite of electronic payment options aligned with industry standards to achieve the long-standing goal of an all-electronic Treasury by offering citizens online options to make payments to the government. The eCommerce strategy has three pillars: Digital Wallets (DW), Online Bill Payment (OLBP), and

the Mobile Program.

A Digital Wallet processes payment on behalf of an institution or person. RCM has implemented Digital Wallets with PayPal and Amazon Pay as payment mechanisms on Pay.gov.

Online Bill Payment is a convenient way for consumers to pay federal government bills through their banks’ online websites. RCM’s Credit Gateway program area helps agencies set up their biller profiles on the Online Payment network. Consumers can then include agencies in their list of valid billers on their banks’ bill payment websites. They can pay these bills online from their bank account in the same way they pay other bills online.

Mobile is one of the quickest changing areas of eCommerce. RCM has implemented an agency facing app and a public facing app, through which federal agencies and the public, respectively, can use a mobile device for federal government collections.

### Cash Management Improvement Act System (CMIAS)

The Cash Management Improvement Act Division manages the Cash Management Improvement Act System (CMIAS), which provides an efficient and effective cash management program that ensures the timely flow of federal financial assistance between the federal government and the states. The objectives of the Cash Management Improvement Act of 1990 include: (1) efficiency - minimizing the time between the transfer of funds to the States and the payout for program purposes; (2) effectiveness - to ensure that federal funds are available when requested; and (3) equity - to assess an interest to the federal government and/or the States to compensate for the lost value of funds.

### Electronic Collections (eCollections)

The eCollections initiative emerged out of the all-electronic Treasury vision and is focused on increasing electronic collections volume throughout the entire government. This is accomplished by partnering with federal government agencies to find ways to implement tools to increase electronic non-tax collections and remittances and reduce paper-based transactions.

Using electronic channels such as Pay.gov and other private-sector technologies, including online bill pay (OLBP), digital wallet tools, and mobile solutions, eCollections is a critical element in the next step toward transforming government financial management. Reducing the number of paper-based transactions, which are inefficient for federal agencies and taxpayers, means improved accuracy and increased security for all parties involved.

## What Changes Are Expected in the Collections Business Area in Coming Years?

Some of the changes that are expected to the collections business line in coming years include:

* Transition of agency cash flows from paper to electronic processing (ongoing)
* Implement new payment options for the public (ongoing)
* Engage with customer agencies to sign Strategic Cash Management Agreements. (ongoing)
* Streamline IRS lockbox.
* Reduce the lockbox footprint and digitize paper processes (transform the Passport Services and CIS lockbox operations)
* Build and implement High Value Asset Next Generation Tax Collection System (T2C)
* Implement releases for BMS which support Financial Agent Oversight.
* Implement Credit Gateway resiliency enhancement recommendations with the financial agent.
* Implement Pay.gov’s Continuous Availability project to move required Pay.gov infrastructure and services to the cloud to support 24/7/365 uptime to meet agency needs.
* Separate the TCMS and DVS application and move to the Cloud.
* Rewrite the TCMS and DVS User Interface framework.
* Implement next phases of the Data Movement Strategy to standardize technologies, reduce architectural complexity, and enhance data processing within the CIR.
* Develop and implement the RCM Single Touch Point vision for agency reporting.
* Partner with DMS as an enterprise approach to increase adoption of the Centralized Receivables Service program across government.
* Participate as a key stakeholder in developing the framework for the enterprise hub architecture for the Bureau.