

Financial Management Service

PFC Journal

International Treasury Services (ITS.Gov)

ITS.Gov is the Federal government's all inclusive international payment and collection portal. Started in 1987 as the International Direct Deposit (IDD) mainframe application, it initially processed only overseas Social Security benefit payments. In 2002 the system was enhanced to allow for processing foreign vendor, salary and miscellaneous payments and provide agency users with a web-based interface. In 2005, IDD was renamed ITS.Gov to better reflect its additional functionality and ability to deliver payments for vendor, miscellaneous, and salary payments, in addition to benefit payments.

ITS.Gov offers a government-wide common solution for issuing international payments in mature and emerging markets worldwide. ITS.Gov enables Federal agencies to issue foreign currency payments via Direct Deposit, wire transfer, or draft to recipients in more than 150 countries. In addition, ITS.Gov enables agencies to issue international US Dollar wire transfer payments without a corresponding US financial institution in the foreign country. More than 75 Federal agencies including Department of Defense, State Department, Office of Personnel Management, Veterans Affairs and Social Security Administration take advantage of these services made available by FMS and ITS.Gov.

With ITS.Gov, agencies have the option to make payments to international recipients in local currency or in US dollars. Also, agencies can issue international payments on a separate payment file or co-mingle them with their domestic Automated Clearing House (ACH) payments.

Benefits of ITS.Gov include:

- Provides users with an on-line interface to create, correct, and monitor international payments made by their agency.
- Foreign currency amounts can be purchased at the time of payment at the most competitive rate possible, maximizing agency cash management.
- Is the most cost-effective payment mechanism available for international payments.
- Foreign exchange currency purchases are fast and easy-to-use with ITS.Gov.
- Has the capability to process international electronic payments in emerging markets.
- Is compatible with current agency file formats and effectively handles exception processing.
- Employs the latest enhanced security technology, including Public Key Infrastructure (PKI).
- Agencies can enroll their international Federal recipients using the ITS.Gov website, as opposed to paper enrollments.

Agencies can obtain more information about ITS.Gov by accessing the ITS.Gov public website at www.fms.treas.gov/eft/regulations/international.html or by contacting Susan Helm at (202) 874-6873.

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Collections and Cash Management Modernization (CCMM)

Collections and Cash Management Modernization (CCMM) is a new initiative of the Financial Management Service (FMS) to streamline and modernize FMS' and Treasury's collections and cash management programs. When implemented, CCMM changes will enable FMS to provide more efficient services to customer agencies and deliver substantial cost savings to the Federal government.

Today, FMS processes 400 million transactions and collects over \$3 trillion in revenue each year on behalf of hundreds of Federal agency offices and programs. To do so, FMS manages, with the support of nine Federal Reserve Banks and over 9,000 financial institutions, over two dozen collections and cash management systems and programs. The number and complexity of these systems and programs have grown significantly over the course of several decades as FMS and agency business needs have changed and multiplied. While these systems and programs are generally effective, they are not as efficient as they could be. The need to re-evaluate, simplify, and standardize has gradually become apparent and has led to the development of the CCMM initiative.

CCMM is fundamentally an effort to redefine the business lines of collections and cash management and realign the Information Technology (IT) infrastructure to match them. CCMM aims to reduce the number of systems and processes that FMS must support, as well as the number of agents that FMS relies on to conduct its collection and cash management responsibilities. Through the elimination of duplicative data, products, interfaces, and technologies, FMS can become more efficient, minimize costs, and reduce the operational risk to the Federal government. In addition, FMS will be better positioned to meet the evolving needs of agencies for years to come.

To achieve these improvements, CCMM is guided by a number of major goals that will impact agencies. One goal of CCMM is to restructure FMS' collections programs. This includes consolidating collections programs such that each agency collection channel (e.g., mail, over the counter, Internet, and phone) is served by a single IT system. In addition, CCMM will separate collection channel activities from settlement operations (e.g., ACH, card, check, or wire). Each channel system will invoke a shared settlement service rather than performing settlement itself. The result of the reorganization will be fewer systems performing redundant functions.

Another major goal of CCMM is to consolidate transaction reporting into a single system called the Transaction Reporting System (TRS). Today, agencies must interact with a myriad of collections programs to receive transaction and deposit reports. When implemented, TRS will provide agencies with a daily, consolidated view of all collections activity. As part of the initiative, FMS has developed an XML schema for all revenue collection transactions. The use of XML will facilitate the standardization of financial reporting, reduce data redundancy, and improve reporting consistency and data quality.

In addition, the CCMM initiative will consolidate deposit reporting with transaction reporting. As TRS will also contain deposit reports, agencies will no longer have to reconcile transaction reports received from various FMS collections systems with the deposit details currently in CA\$HLINK II. TRS will become the single touch-point for all agency reporting needs, whether transaction details or summary deposit information.

In summary, the current number and complexity of FMS collections and cash management systems are a growing operational risk to the government. The changes implemented under the CCMM initiative will allow FMS to meet the evolving needs of agencies, ensure proper cash management, and maximize the efficiency of government financial operations.

For more information about CCMM, contact Gregory Till, Director of Modernization Planning, at (202) 874-6935 or Andrew Ganahl, Enterprise Architect, at (202) 874-6835.

PFC Agency Meeting — April 2008

The Philadelphia Financial Center (PFC) sponsored an Agency Meeting on April 23, 2008, at the Social Security Administration (SSA) Training Facility in Philadelphia, PA. The meeting provided agencies with insight on important program and policy changes that will have a significant impact on their financial management operations. There were more than 40 representatives from various Federal agencies in attendance at PFC's first agency meeting of the fiscal year.



Michael Norman (FMS/GWA)

Michael Norman from Government-wide Accounting (GWA) discussed the details and status of the GWA modernization project. He explained that the GWA modernization is a massive redesign of the Federal Government Central Accounting process that affects every Federal agency, domestic and foreign, and changes over 40 years of agency accounting practices. The redesign will eliminate monthly reconciliation by capturing all necessary data at the initial transaction and will have all accounting data available to agencies within 24 hours. Michael discussed some of the recent successes of the project, such as providing agencies with the ability to classify IPAC transactions at the time they are initiated and piloting the inclusion of the Treasury Account Symbol (TAS) and Business Event Type Code (BETC) at the individual payment level.

Gregory Till discussed the Collections and Cash Management Modernization (CCMM) initiative. CCMM is a Financial Management Service (FMS) initiative to streamline and modernize FMS' and Treasury's collections and cash management programs. Gregory detailed how FMS' current collection and reporting processes will be streamlined through CCMM by eliminating redundant collection programs and consolidating deposit reporting functions. He also provided an overview of the Transaction Reporting System (TRS), which is being developed as a repository for all agency collection information. Charles Dixon from Federal Finance also addressed agency collections by presenting FMS' holistic approach to working with agencies from a consultative standpoint to improve their cash management practices by using the most cost-effective collection methods available.

The Internet Payment Platform (IPP) was presented by Teresa Ricoy from the Federal Reserve Bank of Boston (FRB). IPP is a free, Web-based payment information service provided by FMS that allows both agencies and their vendors to exchange billing, invoice, and remittance information electronically between the parties. FMS owns and manages the service, while the FRB is responsible for development, operations and maintenance.

Keith Salter of the Postal Inspection Service discussed the pervasive crime of identity theft. Identity theft is a crime which affects not only the individual whose identity is stolen, but consumers at large. Identity theft occurs when one or more pieces of personally identifiable data is stolen, such as a social security number or date of birth. According to Keith, statistics have shown that most identity theft is committed electronically, with less than 2% of all identity theft related to the mail. Keith discussed how citizens can protect themselves against identity theft and shared what the Postal Inspection Service is doing to combat such crimes.

During an open discussion segment, Matthew Helfrich discussed PFC's interest in developing a Customer Advisory Board (CAB). The CAB will provide our customers with a venue to voice their concerns and provide feedback on FMS programs, policies, and procedures. The CAB will also play a pivotal role in customer education on upcoming FMS initiatives, such as GWA and CCMM, which will have a major impact on the way agencies conduct business with FMS. If your agency is interested in being a CAB member, please contact Lisa Andre at (215) 516-8142 or lisa.andre@fms.treas.gov.



Left to Right: Peter Moore (FMS/Federal Finance) & Teresa Ricoy (FRB)

Where's My Refund?: A Financial Institution's Guide to Internal Revenue Service (IRS) Non-Receipts

Most financial institutions have recently received inquiries from their customers about the status of their IRS tax return payments. Properly handling these inquiries on behalf of your customer not only facilitates good customer service, but also prevents many unnecessary Non-Receipt claims from being filed by the IRS.

Because it is inevitable that certain customers will approach their financial institution about their IRS payment or other Federal benefit payment made by Direct Deposit, it is important that financial institution personnel are properly trained in locating payments for their customers, especially payments that are memo posted or posted prior to settlement date. Statistics captured by Treasury's Financial Management Service (FMS) reveal that over 60% of all missing payments were posted to the financial institution when the recipient called to inquire about their payment. Thorough research of these payments by financial institutions will help to eliminate unnecessary Non-Receipt claims that must be processed by IRS and FMS. Financial institution employees should be aware of the various techniques and procedures utilized by their institution to post payments in order to aptly assist their customer with the status of their Direct Deposit payment.

Below are the steps a financial institution should take before referring the recipients to the IRS, or another authorized Federal agency:

- Determine if the payment was posted late
- Determine if the payment was memo posted
- Determine if the payment was posted early
- Determine if a third party processor is used. If so, confirm the funds are available and notify the customer of the outcome
- Determine if the payment was an exception item

The financial institution should be aware that payments could have been posted incorrectly, posted manually, or returned to FMS due to incorrect banking information being used. In cases where the financial institution did not receive the payment for the recipient, the financial institution should ask the recipient the following questions:

- Were there any changes to their banking information, such as account number or type of account?
- Did they change financial institutions?
- Did they verify entitlement for their payment with IRS, or the authorizing agency?

If all efforts to locate the payment have failed, the financial institution should instruct the recipient to file a Non-Receipt claim with the IRS, or the appropriate Federal agency.

Upon notification from the recipient that a payment has not been received, the authorizing agency will notify FMS. FMS will research the claim via Follow-Up Trace Request (FMS 150.1) or Initial Trace Request (FMS 150.2) forms to determine the status of the payment. FMS will initiate contact with the financial institution by telephone or by mailing the FMS-150.1 or FMS 150.2 forms to the appropriate financial institution in an attempt to locate or resolve the non receipt claim.

Where's my Refund? (Continued)

The FMS 150.2 form is used to trace payments dated the current or previous month. Upon receipt of the FMS 150.2, the financial institution should follow these steps:

- Make all attempts to locate the payment
- Credit the customers account if they have not done so already
- Return the payment if for any reason the financial institution cannot credit the customer account
- Use the customer's copy of the FMS 150.2 form to notify the recipient of the status of the payment

The FMS 150.1 form is used to trace payments with an issue date two months or older or as a follow-up notice for previous Non-Receipt claims. Upon receipt of the FMS 150.1, the financial institution should follow these steps:

- Make all attempts to locate the payment
- Credit the customers account if they have not done so
- Return the payment if for any reason the financial institution cannot credit the customers account
- Complete the Financial Institution Action section within three (3) business days of the receipt of the FMS 150.1
- Return the Disbursing Office Copy to the FMS office identified on the form
- Use the Customer's Copy to notify the recipient of the status of the payment

The financial institution must respond to FMS within three (3) days by completing and returning the FMS 150.1 form to the Regional Financial Center indicated on the form. If no reply is received from the financial institution, FMS will call the financial institution and pursue the case until it is resolved. If FMS cannot resolve the case by either method, a letter will be sent to the Vice President of the financial institution requesting assistance.

For more information, please refer to Chapter 3 (Non-Receipts) and Chapter 4 (Returns) of the Green Book at www.fms.treas.gov/greenbook. For additional information or specific questions, please feel free to contact Lisa Andre, Accredited ACH Professional (AAP) at (215) 516-8142 or via email at Lisa.Andre@fms.treas.gov.



The Philadelphia Financial Center Newsletter entitled PFC Journal is presented by the Customer Service Branch and addresses a variety of topics of interest to individuals in the Federal financial community.

The PFC Journal is available exclusively on our website.

www.fms.treas.gov/pfc

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