



PFC Journal

As a *Certifying Officer*, What Do I Need to Know?

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The role of a Certifying Officer dates back to the establishment of the Treasury Department in 1789. While the role has evolved from a paper-intensive process to an automated one, the responsibility remains the same. Certifying officers are responsible for certifying payments that are legal, proper, and correct. Although systems evolve and offer greater conveniences, the responsibility to certify legal, proper, and correct payments remains intact. For example, the Secure Payment System (SPS) was recently enhanced to provide for the reuse of schedule numbers when schedules and/or payment files must be corrected (see Page 6 for more information on this SPS change). It is important to recognize that while this enhancement offers new convenience to Certifying Officers, this does not relieve them of their inherent responsibilities to ensure the payments they certify are correct.

Certifying Officers play a critical role in the issuance of \$1.7 trillion dollars worth of payments on an annual basis, and it is therefore imperative that they stay abreast of the Treasury rules, policies, and applications related to the Federal payment process. While the Treasury Financial Manual (TFM) and other Treasury directives provide guidance on how to properly process Federal payments, the information below describes the most prevalent issues impacting Certifying Officers today.

Misdirected Payments

It is important that Certifying Officers understand the importance of assuring that the payment data they certify is correct. This is especially critical in the case of Automated Clearing House (ACH) payments, commonly referred to as Electronic Funds Transfers (EFT). The inclusion of erroneous information in an ACH payment entry may result in the payment being misdirected to an incorrect bank account, thereby delaying payment to the intended recipient. Per the ACH Rules, financial institutions are only obligated to post ACH payments based on the account number and routing number contained within the payment record; in other words, they are ***not obligated*** to verify that the name on the account matches the name on the payment record. In the event that a payment is certified with incorrect information and consequently misdirected to an incorrect account, a Regional Financial Center (RFC) ***can request*** that a financial institution return the misdirected payment, but the institution is ***not obligated*** to do so. Additionally, while the ACH rules provide for payment and file reversals, the limited window available and complexities of the Federal payment process restrict the circumstances in which this process can be utilized. It is critical that agencies are exercising due diligence and performing thorough checks of their payment files to ensure accurate payments are made. Misdirected

payments often result in unnecessary losses and additional collection efforts that could have been averted by proper controls over the payment process.

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Minimum Dollar Value for Fedwire Payments

Fedwire is a same-day payment mechanism offered to Federal agencies making payments through the Financial Management Service (FMS). This payment mechanism is intended for high dollar, low volume payments which must be paid the same day the payment is requested. Given that Fedwire is a more costly payment mechanism for both FMS and the payment recipients, the TFM (Volume I, Part 6, Chapter 8000, Section 8040) states that agencies should only use Fedwire for payments of \$100,000.00 or greater. Over the past year, the Philadelphia Financial Center (PFC) has been actively monitoring agency usage of Fedwire



and found several agencies utilizing Fedwire to make payments far below the \$100,000.00 threshold. In fact, PFC was aware of several Fedwire payments made for below **\$5.00** in 2009. As PFC continues to monitor Fedwire usage, it will work closely with the agencies to help them comply with the TFM guidelines on Fedwire usage and assist them in utilizing more cost-effective payment methods, such as ACH or the International Treasury Services (ITS.gov).

Office of Foreign Asset Control (OFAC) Compliance

Certifying Officers also carry responsibility for ensuring that they are making payments in compliance with OFAC. Executive Order 13224 was issued to prohibit funds transfers to persons who commit, threaten to commit, or support terrorism. Agencies are prohibited from making payments and/or drawing checks or warrants that are payable to an individual or organization listed on OFAC's Specifically Designated Nationals (SDN) and Blocked Persons list. The TFM Part 4, Chapter 1000 includes comprehensive guidance on how to implement the requirements in Executive Order 13224. Cooperation with OFAC through Executive Order 13224 is vital to ensure that payments are not inadvertently made to an organization or individual associated with terrorist activities. Agencies are required to consult the SDN list prior to certifying a payment; the list is available online at <http://www.treas.gov/offices/enforcement/ofac>.

Large Dollar Notifications

Agencies are obligated under the TFM (Part VI, Chapter 8500) to notify FMS of any disbursements totaling \$50 million dollars or greater. Large dollar notifications are necessary for FMS to project the available cash-flow of the Federal government and the potential value available for investments. The standard notification for disbursements totaling between \$50 million and \$499 million is a minimum of two business days advance notice, prior to disbursement. If a disbursement is greater than \$500 million dollars, there is a minimum of five business days advance notice required. In the event final disbursement amounts are not available in advance, you must report to FMS daily (by 9:30 a.m. eastern time) the approximate amount(s) and approximate deposit date(s). Upon contacting FMS about a large dollar disbursement, the following information should be provided:

- Name and address of the agency, department, bureau, or administration
- Name and telephone number of contact
- Agency location code (ALC)
- Account title and account symbol number
- Description of transaction
- Transaction settlement date
- Amount of the disbursement
- Payment mechanism (wire transfer or check)
- Check number for check payments

Agencies can report their large disbursement information to FMS Funds Control at (202) 874-9790, or via fax at (202) 874-9945 or (202) 874-9984.

EFT Compliance

31 CFR Part 208 requires that all Federal payments be made by EFT. Payments by EFT are safe, secure, efficient, and less expensive than check payments. For more information on the EFT requirement, including specific agency guidelines and exemptions to the rule, please visit <http://fms.treas.gov/eft/regulations.html>.

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Taxpayer Identification Number (TIN) Compliance

The Debt Collection Improvement Act (DCIA) requires agencies to offset eligible Federal payments to satisfy a delinquent non-tax debt owed to the Government by a payee (31 U.S.C. 3716). FMS utilizes the Treasury Offset Program (TOP) to conduct offset of eligible payments by matching the TINs submitted in agency payment requests with the TINs of delinquent debtors. In order to facilitate the offset of delinquent debtors, agencies are required to submit a valid TIN in all payment requests submitted to Treasury for payment. For more information about this requirement, please visit FMS' TIN Policy website at <http://www.fms.treas.gov/tinpolicy/regulations.html>

Fedwire Payments Subject to Offset

As of July 23, 2007, Fedwire payments are reviewed for offset eligibility prior to payment certification. This status is determined by the TIN you provide on the SPS same-day payment request. In the event you enter a TIN that matches the TIN of a delinquent debtor, you will receive a warning in SPS that you are certifying a payment that should be offset. If you receive this warning, your agency should resubmit the payment request as an ACH or check payment so that the payment can be offset through TOP. Given the large dollar value associated with Fedwire payments, this TIN-matching tool provides agencies with an excellent opportunity to recoup significant amounts of delinquent debt for the Federal government.

Payment Application Modernization (PAM)

PAM is an FMS effort to modernize the current mainframe-based software applications that are used to disburse approximately 1 billion federal payments annually. PAM is in the process of developing a standardized application which streamlines several applications into one standard system, and makes use of more current technologies. FMS expects to begin implementing PAM in 2010 for vendor/miscellaneous payments, and will continually keep agencies abreast of the PAM implementation dates.

Currently, agency payment requests are processed by an RFC at the end of the day, which allows the Certifying Officer the convenience of correcting or stopping the issuance of a potentially erroneous payment file if it is detected within a few hours of certification. However, the PAM process will perform all edits and processing immediately after the request is certified. This change will have a major impact on agencies, as the window available to make corrections to an erroneous certified payment file will be eliminated. As a result, it will be even more critical for agencies to ensure, with absolute certainty, that the payments they are certifying are legal, proper and correct, after the implementation of PAM for vendor/miscellaneous payments.

If you have any questions regarding your responsibilities as a Certifying Officer, please visit http://www.fms.treas.gov/tfm/vol1/CertifyingOfficer_29nov07.pdf. Otherwise, if you have any questions regarding FMS' payment policies or applications, please contact Lisa Andre, Education and Marketing Section Supervisor at (215) 516-8142 or Lisa.Andre@fms.treas.gov.



Secure Payment System: What's New?

On June 22, 2009, the Financial Management Service (FMS) deployed a new software release of the Secure Payment System (SPS). This release provided several enhancements that will impact Data Entry Operators (DEO's), Certifying Officers (CO's), and/or all SPS users. These changes will be evident to those in the DEO and CO role upon their access of SPS. The changes are detailed below and categorized by the role the SPS user maintains:

<u>All SPS Users</u>	<u>Impact</u>
Change to "Rules of Behavior"	An enhancement has been made to the existing "SPS Rules of Behavior" functionality. A new button has been added to the main screen that allows users to review and print the "SPS Rules of Behavior" agreement.
Java Plug-in version support for SPS	Java release 1.6.0_11 is the preferred version for SPS Web Installations. Current SPS Web Installation users who have Java Plug-in version 1.5.x_y will see a popup during their login process informing them of the newer version of Java Plug-in that can be used. Please note that SPS no longer supports the Java Plug-in versions 1.3.x_y or 1.4.x_y.
Visual boundaries for row data in table displays	An enhancement has been made to improve the appearance of the SPS table display by implementing an alternating row-color scheme. This will serve as a visual aid for users to identify data in table rows. An example is displayed below.

Schedule Number	Type/Sub-type	Office Number (ALC)	State	State Date	Date Created Last Edited	Number of Payments	Total Amount
00000000TEST1	Check Vendor	00008280	Editable	01/22/2008	01/22/2008	2	\$1,000.00
00000000TEST2	Summary	00008280	Editable	01/22/2008	01/22/2008	20,000	\$10,500.00
000000AS-LS10	ACH Salary	00008283	Editable	05/24/2007	05/24/2007	2	\$4.98
000000AS-LS12	ACH Salary	00008283	Editable	01/22/2008	01/22/2008	2	\$4.98
000000AS-LS13	ACH Salary	00008283	Editable	01/22/2008	01/22/2008	2	\$4.98
000000AS-LS14	ACH Salary	00008283	Editable	01/22/2008	01/22/2008	2	\$4.98
000000AS-LS15	ACH Salary	00008283	Editable	01/22/2008	01/22/2008	2	\$4.98
000000AS-LS16	ACH Salary	00008283	Editable	01/22/2008	01/22/2008	2	\$4.98
000000AS-LS17	ACH Salary	00008283	Editable	01/22/2008	01/22/2008	2	\$4.98
000000AS-LS18	ACH Salary	00008283	Editable	01/22/2008	01/22/2008	2	\$4.98
000000AS-LS19	ACH Salary	00008283	Editable	01/22/2008	01/22/2008	2	\$4.98
000000AS-LS20	ACH Salary	00008283	Editable	01/22/2008	01/22/2008	2	\$4.98
000000SS-LS11	Summary	00008283	Editable	01/22/2008	01/22/2008	1,000	\$1,000.00
000000SS-LS12	Summary	00008283	Editable	01/22/2008	01/22/2008	1,000	\$1,000.00
000000SS-LS13	Summary	00008283	Editable	01/22/2008	01/22/2008	1,000	\$1,000.00

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<u>Both Data Entry Operator & Certifying Officer</u>	<u>Impact</u>
Inclusion of schedule state when schedule details are printed	Includes the state of the schedule when “print details” is selected. An example of the enhancement is shown below.
<div style="border: 1px solid black; padding: 10px;"> <pre> SPS Printout SDR Detail FPA: SRFC User: RAGHU3 KFC CO (CO) Time/Date of this Print: 03/09/2009 13:25 EDT ----- CO Phone Number: 12121212 ALC: 00068283 Sched Num: 0000TEST052207 Number of Payments: 1 Total: \$100,000,000.00 Schedule State: Auto Extracted Payment Date: 05/22/2007 Agency Name: SANFRAN FPA FOR Agency Billing Address 1: RFC TRAINING Agency Billing Address 2: LINE 2 Agency Billing Address 3: LINE 3 Agency Phone Number: ***** Last DEO Action Details Last CO Action Details Action: Pending Certify Action: Certified Name: DEO RAGHU Name: RAGHU3 KFC CO Time/Date: 06/05/2007 14:10 EDT Time/Date: 03/09/2009 12:45 EDT ***** Approp Remarks 1: </pre> </div>	
Ability to print details for multiple schedules from the main SPS screen	This change has been made to allow users to print details for multiple highlighted schedules. This is accessible from both the DEO and CO Main Screens.
Extracted schedules screen filtering	This change allows users to select the date range when viewing schedules in the Extracted state. The default display for this screen will default to schedules extracted on the current date.
“Save to file” option from “View Extracted Schedules” Screen	An enhancement has been made to allow agencies to save the summary details from the View Extracted Schedules screen onto their hard drive. The content will be saved in Adobe PDF format in the C:\SPS\logs directory and a confirmation popup is presented to identify the location and the name of the saved file.

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<u>Certifying Officer Only</u>	<u>Impact</u>
<p>Addition of a warning to the CO of large dollar notification responsibilities for Same Day Pay Requests (SDPR)</p>	<p>An alert window appears when a CO certifies any schedule-type with a total dollar value exceeding \$50,000,000.00. This alert instructs the CO that, given the high dollar value of the payment, they must contact FMS Funds Control Division at (202) 874-9798 for cash forecasting purposes. The CO must acknowledge the alert by clicking the “OK” button before completing the certification process.</p>
<p>Schedule Number Reuse for <i>Summary-type</i> Schedules</p>	<p>This enhancement has been created to enable the Federal Program Agencies (FPA) and FMS to more efficiently address problems caused by <i>Summary-type</i> schedules containing incorrect information”, such as the payment amount in the SPS certification not matching the payment amount of the file. A new button has been added to the “View Extracted Schedules” screen to allow a CO to “Request Removal of Schedule Number Use (SNU) Entry” on a <i>Summary-type</i> schedule that has been certified within the last five days.</p> <p>RFC personnel will review the request and determine its appropriateness. If the RFC Personnel accepts the request, the FPA can create a new SPS schedule with the same schedule number and complete the certification with the correct information in the schedule. Approvals for this option will be made on a case by case basis. <i>It is important to note that changes can only be made on future dated schedules, where the payment date has not passed. Payments already issued cannot be reversed.</i></p>
<u>Data Entry Operator Only</u>	<u>Impact</u>
<p>Removal of large dollar notification responsibility warning for Same Day Pay Requests (SDPR)</p>	<p>This release removes the alert to notify FMS Funds Control Division to individual payment amounts exceeding \$50,000,000.00. This warning now appears to the CO.</p>
<p>Constraints on payment date field value for <i>Summary-type</i> schedules</p>	<p>When creating or editing a <i>Summary-type</i> or <i>Summary Prenote</i> schedule, the “Payment Date” field cannot contain a date value in the past nor more than 25 days in the future.</p>
<p>Constraints on payment remarks field values for SDPR Schedules</p>	<p>When creating or updating a SDPR payment, the “Payment Remarks One” and “Payment Remarks Two” fields are now validated for their values. If there is an annotation in “Payment Remarks Two” there must also be an annotation in “Payment Remarks One” field.</p>
<div data-bbox="548 1696 1073 1808" style="border: 1px solid black; padding: 5px;"> <p style="margin: 0;">SPS Error Message</p> <p style="margin: 0;">Payment Remarks Line 1 can not be blank if remarks are entered into Payment Remarks Line 2.</p> <p style="text-align: center; margin: 0;"><input type="button" value="OK"/></p> </div>	

For additional information regarding enhancements detailed above, please visit: <http://www.fms.treas.gov/spc>, or contact the Philadelphia Financial Center (PFC) SPS Help Desk at (215) 516-8034.



Agency Reminder! – Check Address Formatting

The majority of agency check payments processed by FMS are presorted to obtain postage savings from the Post Office. In order to assist FMS in this effort, we are requesting agencies to comply with the Postal Service address format and not enter data after city, state and zip code on the last line. Any information after the zip code on the last line designates the mail piece as a foreign mail piece and manual intervention is required to presort the mail piece properly.

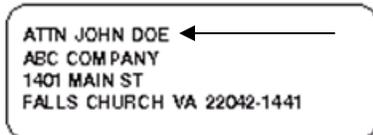
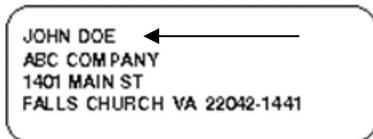
Below are excerpts from the United States Postal Service Publication 28 - Postal Addressing Standards, July 2008 Postal Service Stock Number (PSN) 7610-03-000-3688:

211 Standardized Delivery Address Line and Last Line

The Delivery Address Line and the Last Line of the address should be complete with a valid City, State, and ZIP Code or ZIP+4 Code, respectively.

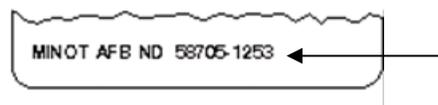
214 Attention Line

The Attention Line should be placed above the Recipient Line, that is, above the name of the firm to which the mail piece is directed. Below are acceptable examples of appropriately formatted Attention Lines:



225.2 Domestic Locations

Use the approved city name and appropriate state abbreviation, along with the ZIP Code or ZIP+4 Code as pictured below:



Agencies should implement procedures to ensure that check payment files include valid addresses and that recipient address changes are processed timely. Failure to do so may result in a higher incidence of return mail and/or lost postage discounts for FMS. If you have any questions regarding address hygiene, please contact the Customer Service Branch at 215-516-8154. The United States Postal Service (USPS) address standards are available at <http://pe.usps.gov/cpim/ftp/pubs/Pub28/pub28.pdf>.



Presort Milestone

On July 22, 2009, the Philadelphia Financial Center (PFC) achieved a significant milestone by reaching the \$2 million plateau in daily presort savings using its Pitney Bowes Olympus II Sorter. PFC, as well as the regional centers in Austin and Kansas City, purchased the Olympus II Sorter in December 2004 to presort its daily checks and letters to obtain significant postage savings from the Post Office. PFC began using the Olympus II to presort its daily mail in April 2005, with the other centers implementing the equipment shortly thereafter. PFC's Payment and Mail Operations Branch (PJOB) is responsible for presorting the daily checks and letters on the sorter.

The incorporation of presort equipment into daily operations at PFC has been a challenging undertaking. However, PFC's PJOB employees exhibited teamwork, vigilance, and creativity to implement a new business line that has provided for significant taxpayer savings and improved check payment controls. Congratulations to all those who contributed to this significant achievement.



PFC Presort Team: Joe Marshall, Matthew Moore, Joe Dugan, Sharon Johnson, James Bullock (not pictured—Randy Fowler)

PFC Agency Meeting

October 27, 2009 ~ Federal Reserve Bank of Philadelphia ~ 8:00am—4:30pm

Agenda:

- Collections & Cash Management Modernization (CCMM)
- Transaction Reporting System (TRS)
- FMS Systems Enrollment/Recertification Process
- Government-wide Accounting (GWA)
- Judgment Fund
- Payment Application Modernization (PAM)

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You can enroll for the meeting online at <http://www.fms.treas.gov/pfc/training.html>.

Space is limited, so sign up today!

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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.

<http://www.fms.treas.gov/pfc>