



BUREAU OF THE
Fiscal Service
U.S. DEPARTMENT OF THE TREASURY

Post Payment System (PPS) Payment Integrity's Next Generation

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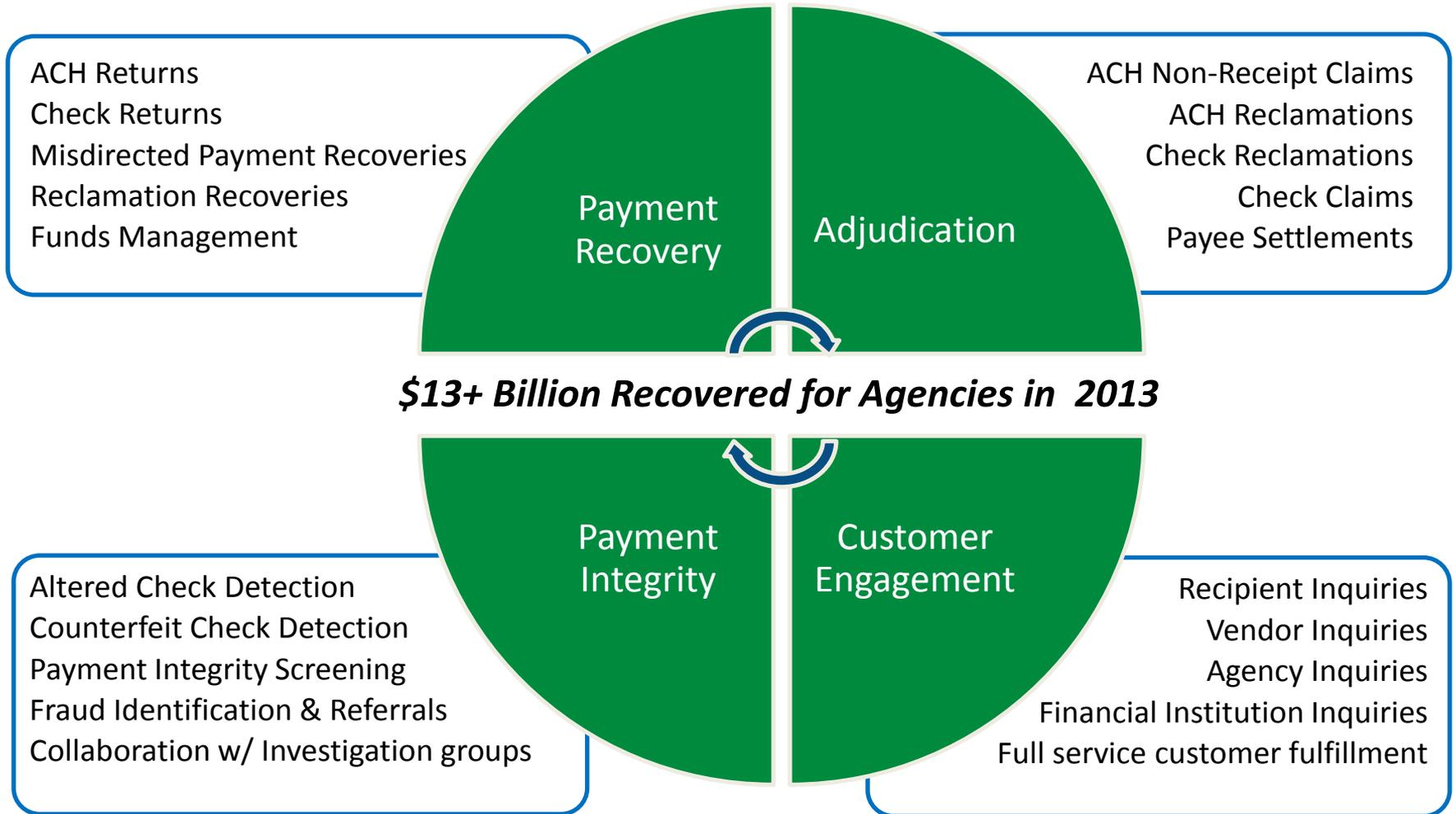
Post Payment Core Competencies

The Fiscal Service in Philadelphia is responsible for managing all aftermath actions and accounting activities associated with payment issuance, misdirected payments, & fiduciary integrity.

Post Payment Functional Competencies & Capabilities include:

- Payment Matching and Verification
- Payment Integrity Assurance and Offset Facilitation
- Returns and Cancellations
- Funds Receipt / Funds Management
- Inquiries, Calls, and Claims
- Research and Reclamations
- Fraud Detection and Integrity Analysis
- Reconciliation and Bookkeeping
- Reporting and Business Analytics
- Customer Service / Engagement / Fulfillment

Post Payment Core Competencies



Post Payment System Objectives

PPS will provide:

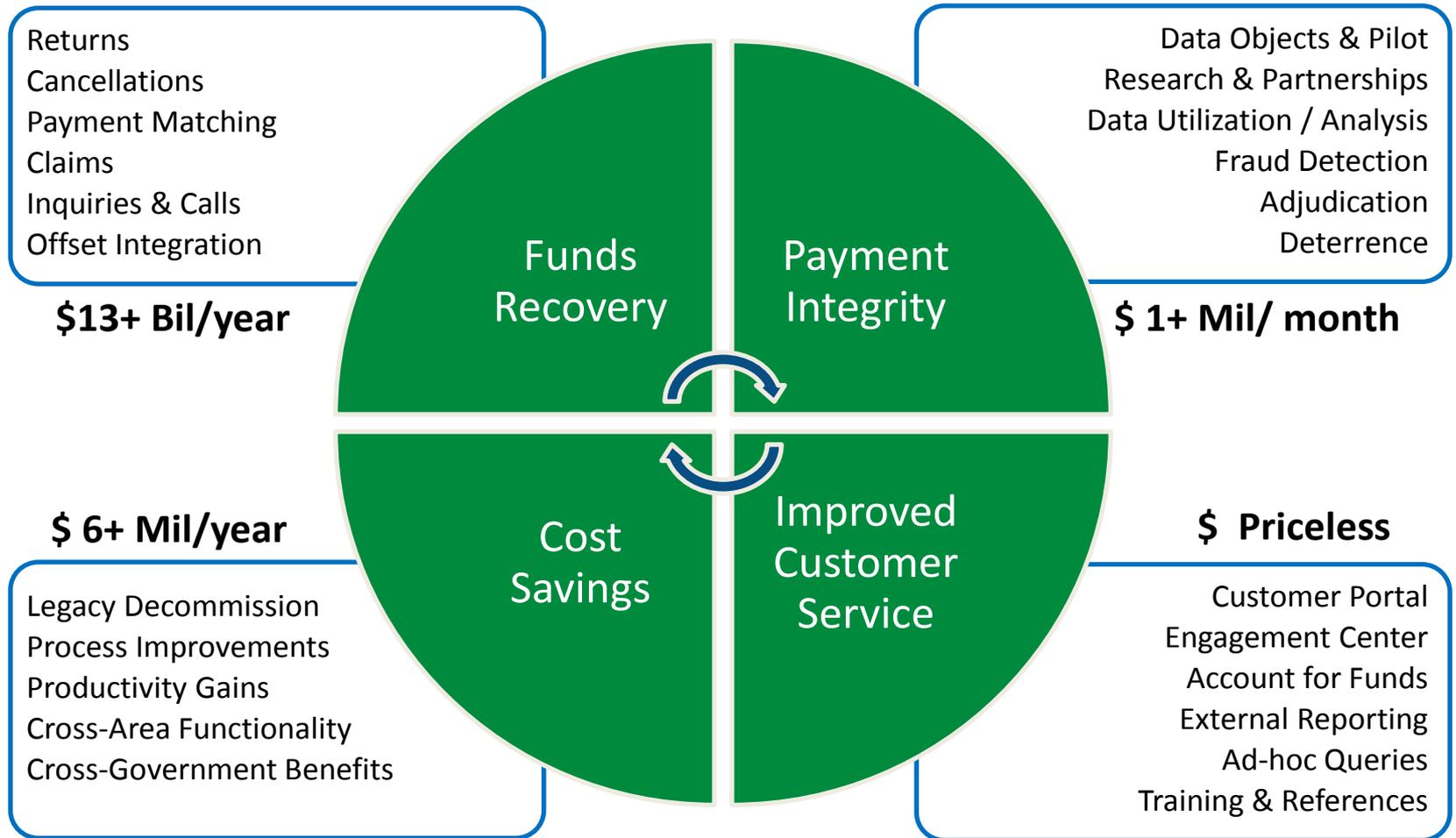
- More effective delivery of Post Payment Services
- More efficient funds recovery (the \$13Bil+/yr)
- Improved Payment Integrity
- Enhanced Customer Service
- Gov't Cost Savings and productivity gains
- Elimination of 1.5M+ pages of paper annually
- Improved compliance with A-123, A-130, internal controls and auditability
- Secure system to protect PII

PPS will replace the following legacy systems:

- TOP Control System (TCS)
- Teletrace
- TRACS
- TCIS
- PACER

The Post Payment System will deliver more 'State of the Art' Payment Integrity, Detection, Adjudication, Funds Recovery, Deterrence, and Customer Service.

Delivery of Value from PPS



PPS Pilot Case Study

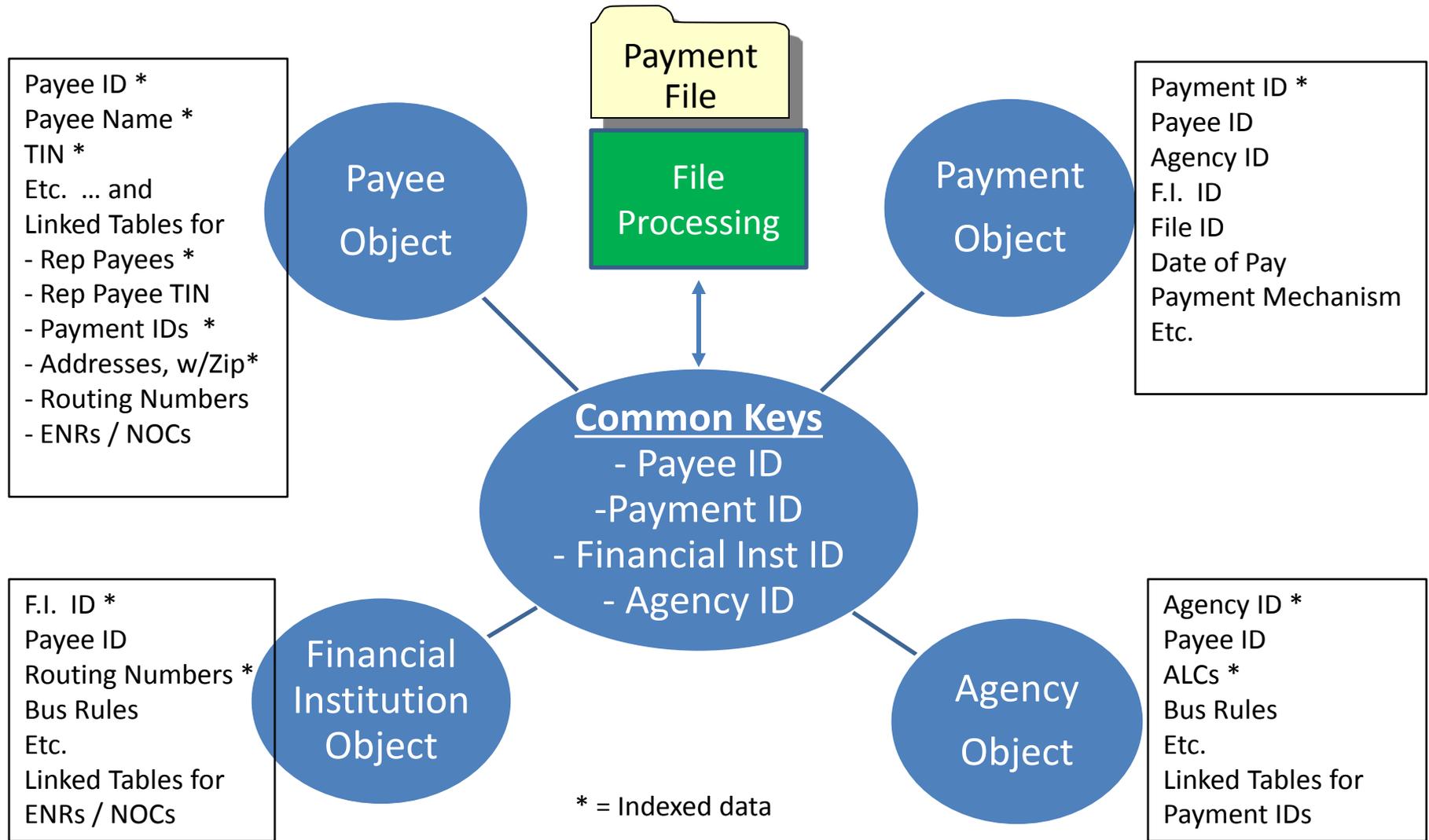
Sequence of Events:

- Detect: Treasury IG approached Philadelphia about a tax preparer that they suspected had received over \$30K in fraudulent tax refunds
- Adjudicate: PPS Pilot / payee object was queried and results analyzed to determine how many other payments have gone to these accounts
- Deter: Built package with data from results – Philadelphia identified:
 - Payee Information ... activity with accounts for pattern discernment
 - Payment Information ... cross-governmental activity review
- Recover: An additional \$60k in potential fraud victims were identified by IG, with \$40K going into one bank account alone . Criminal investigation in progress

Result of PPS Pilot Research:

PPS Pilot detected 26 suspicious payments, valued at \$90+ that were issued to bank accounts in 2014

PPS Primary Data Objects (Notional Logical Structure)



Payee/Payment Object Capabilities

Payee Information

- Number of payees by Agency
- Payees who receive payments from multiple ALCs
- Potentially invalid names ("% N/A", etc.)

Payment Information

- Payment Summary (by Agency, Payer Mechanism, amount grouping)
- ACH Volume by RTN
- Checks mailed to PO Boxes vs Fixed Address

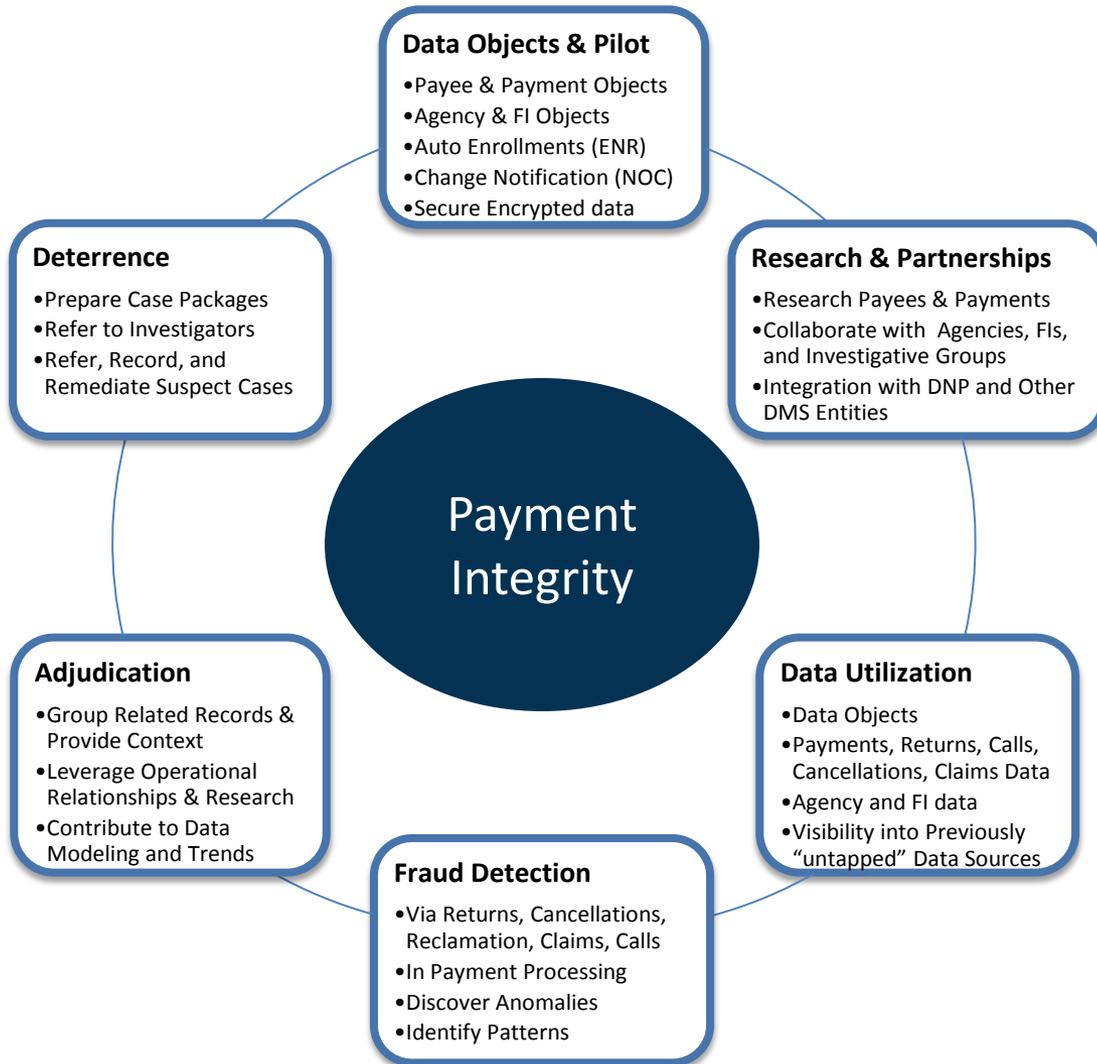
Payment Integrity

- Prepaid Debit Card transactions – high dollar, high frequency
- Accounts with high frequency of ACH payments
- Mailing addresses with high frequency of Check payments

Change Information

- Summary of Automated Enrollments via FI by Agency
- Summary of Notifications of Change by Agency
- High frequency account changes (by RTN, by Payee)
- Changes from ACH to Pre-paid Debit Card

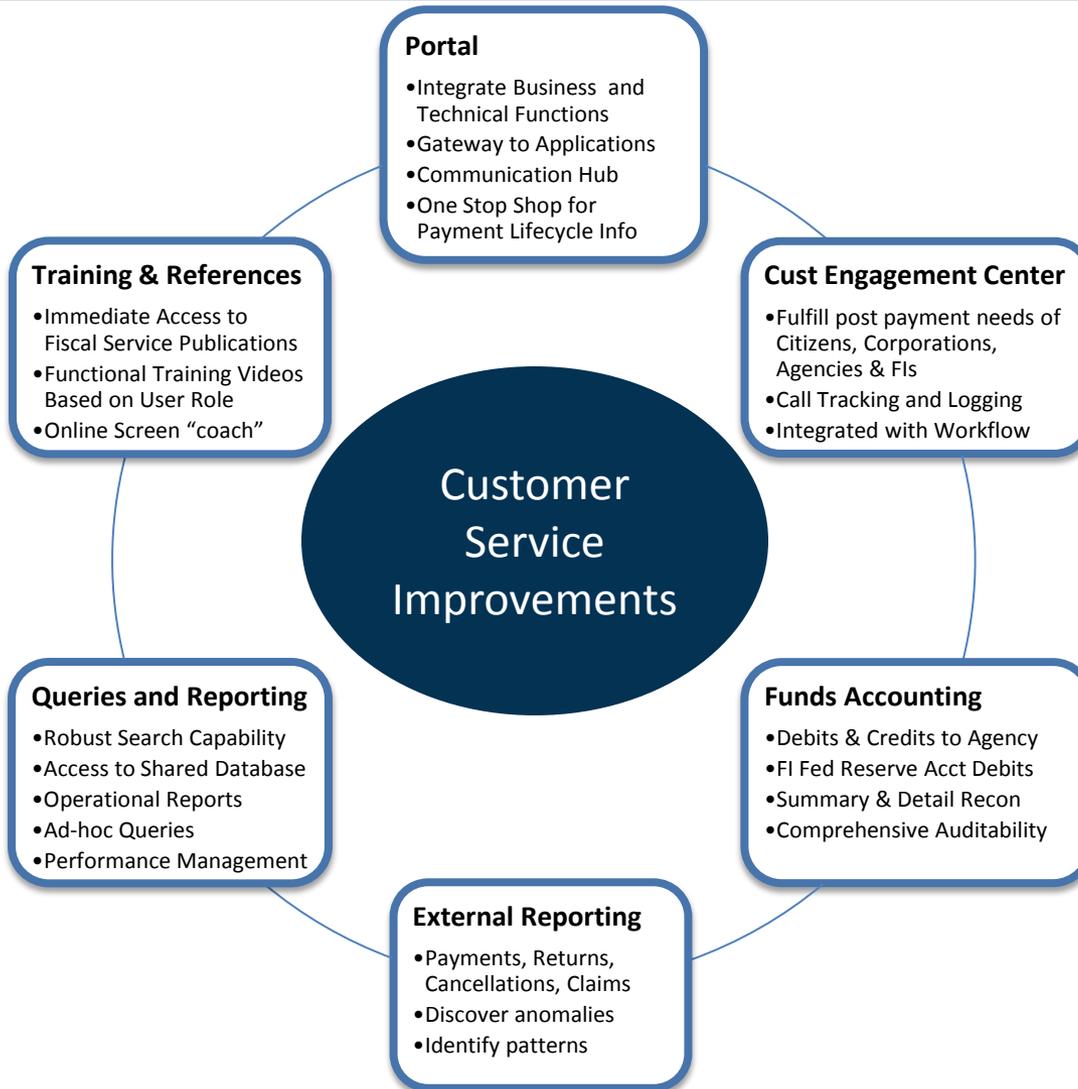
Payment Integrity



\$5+ Million new detections, in 4 months, via capabilities enabled in the pilot

Promoting payment integrity through well nurtured stake holder partnerships, fiduciary integrity, enhanced fraud detection, and superior internal controls.

Customer Service Improvements

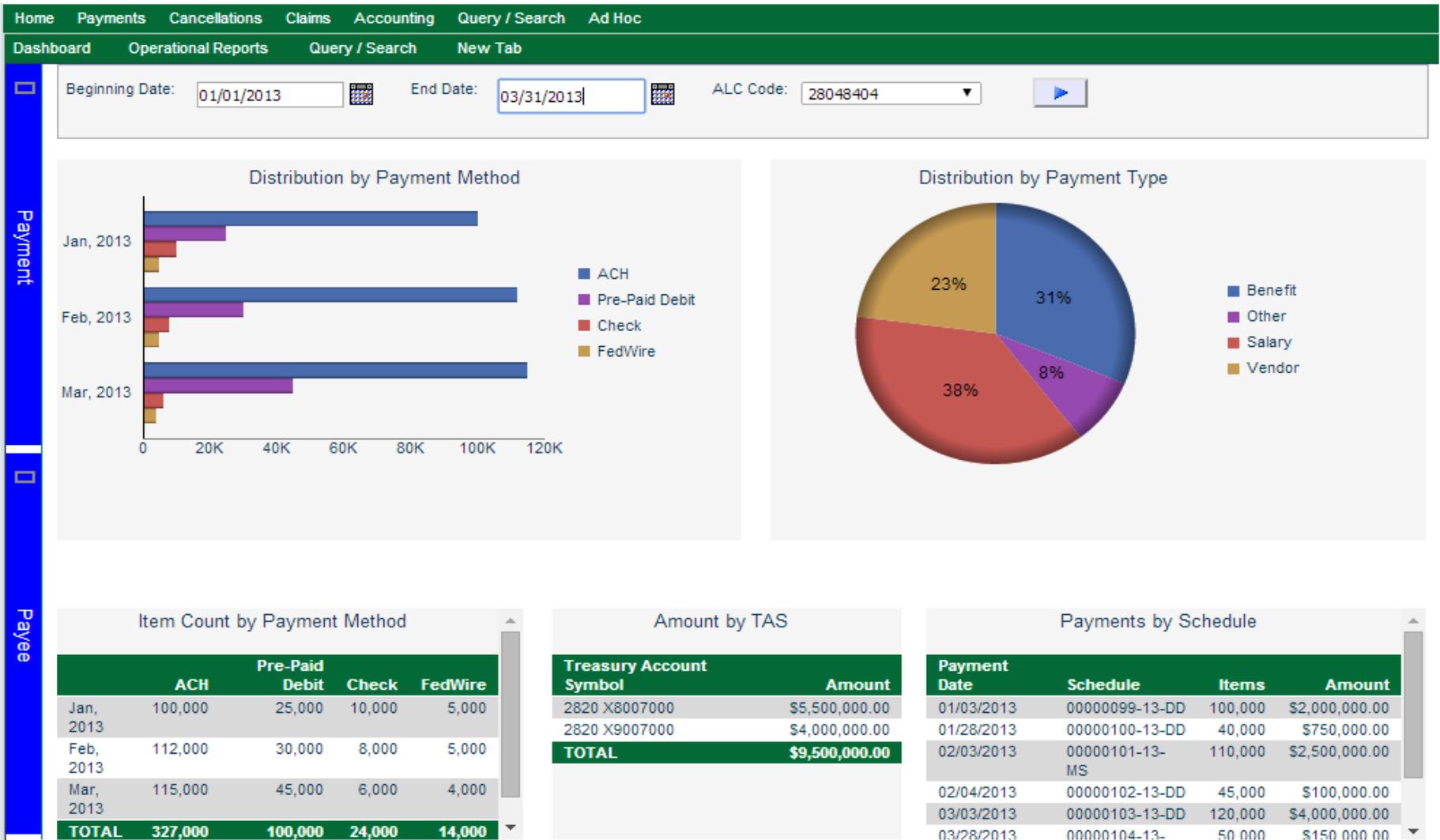


The portal is the communication hub for all post payment stakeholders to exchange information, respond to cases, complete transactions, access reports, and measure performance.

Benefits:

- Improved Customer satisfaction
- Data Driven decision making
- Internal Controls Compliance
- Comprehensive Auditability
- Single authoritative source for payment and post payment info

PPS Portal – Conceptual Depiction



Payments Dashboard

- Several summary metrics
- User supplies date range and ALC
- User can determine sort preferences

What types of payment summary information would be useful to your agency?

PPS Portal – Conceptual Depiction

Home Payments Cancellations Claims Accounting Query / Search Ad Hoc

Dashboard Operation Reports Query / Search New Tab

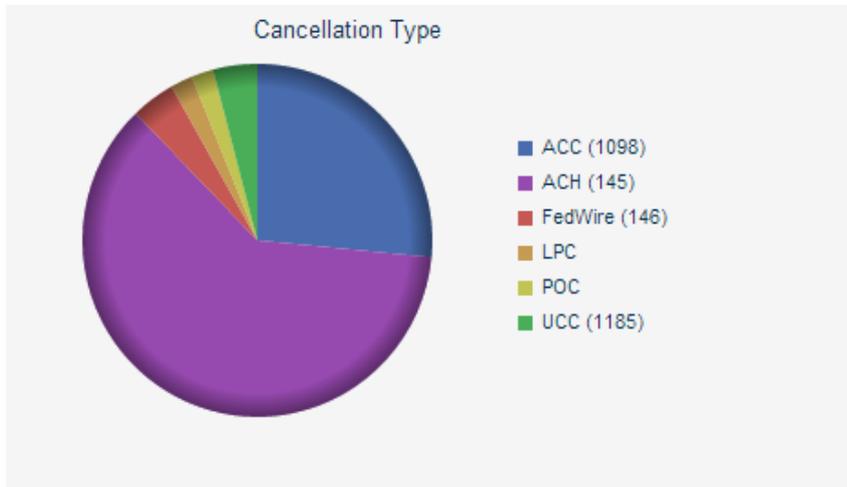
Beginning Date: End Date: ALC Code: 28048404 ▼



Returns by Reason Code

Reason Code	Items
R02 - Account Closed	105
R03 - No Account	145
R04 - Invalid Account	55
R06 - Per ODFI Request	75
R15 - Deceased Payee	90
R16 - Account Frozen	20

What types of cancellation summary information would be useful to your agency?



Cancellations by TAS

Treasury Account Symbol	Amount
2820 X8007000	\$520,000.00
2820 X9007000	\$120,000.00
TOTAL	\$640,000.00

Cancellation Activity

Cancel Date	Items	Amount
01/02/2013	185	\$185,000.00
01/04/2013	190	\$210,000.00
01/05/2013	105	\$253,000.00
01/08/2013	10	-\$8,000.00

- Cancellation Dashboard
- Several summary metrics
 - User supplies date range and ALC
 - User can determine sort preferences

Beginning Date: End Date: ALC Code:

Cancellation Activity		
Cancel Date	Items	Amount
01/02/2013	185	\$185,000.00
01/04/2013	190	\$210,000.00
01/05/2013	105	\$253,000.00
01/08/2013	10	-\$8,000.00
TOTAL	490	\$640,000.00

Cancellation Details for 01/02/2013			
Schedule	Type	Items	Amount
PPS-010213-1	ACH (145)	75	\$95,000.00
PPS-010213-2	ACC (1098)	55	\$60,000.00
PPS-010213-3	UCC (1185)	10	\$25,500.00
PPS-010213-4	POC	10	-\$15,000.00
PPS-010213-5	LPC	15	\$12,000.00
PPS-010213-6	FedWire (146)	20	\$7,500.00
TOTAL		185	\$185,000.00

Cancellation Details for Schedule PPS-010213-1

Payee ID	ACH Trace Num	Check Num	Payment Date	Payment Type	ALC	TAS	Amount	Return Reason
Active Technologies Trial Version								
222244445	.	6081-98765432	11/20/2012	Salary	20094500	2820 X8007000	\$5,000.00	R15 - Payee Deceased
222333444	.	2071-55555555	12/31/2012	Vendor	28040004	2820 X9007000	\$8,000.00	R04 - Invalid Account
240296892	12312012-10103615-0354822	.	12/31/2012	Other	28040004	2820 X8007000	\$200.00	R06 - Ret per ODFI Request
333444555	12312012-10103615-0145600	.	12/31/2012	Benefit	20094500	2820 X8007000	\$200.00	R06 - Ret per ODFI Request
	12312012-10103615-0145600	.	12/31/2012	Other	20094500	2820 X8007000	\$200.00	R06 - Ret per ODFI Request
555666777	12312012-10103615-0220008	.	12/31/2012	Vendor	20094500	2820 X9007000	\$1,200.00	R02 - Account Closed
581045815	12312012-10103615-0220008	.	12/31/2012	Vendor	20094500	2820 X9007000	\$15,000.00	R02 - Account Closed
666777888	12312012-10103615-0125615	.	12/31/2012	Benefit	28040004	2820 X8007000	\$200.00	R15 - Payee Deceased
777888999	12312012-10103615-0025423	.	12/31/2012	Benefit	20094500	2820 X8007000	\$1,000.00	R15 - Payee Deceased
888999111	12312012-10103615-0354822	.	12/31/2012	Benefit	28040004	2820 X8007000	\$200.00	R06 - Ret per ODFI Request
980143848	.	5501-95467546	12/31/2012	Benefit	20094500	2820 X8007000	\$1,000.00	R15 - Payee Deceased
987123789	12312012-10103615-0125820	.	12/31/2012	Vendor	28040004	2820 X9007000	\$8,000.00	R04 - Invalid Account
TOTAL					280861520		\$40,200.00	

Cancellation Schedule Reconciliation:

- Daily schedule summary and detail
- Drilldown for details
- Downloadable

What types of cancellation summary and detail information would be useful to your agency?



Payment



Payee

Search for payment by:

- Check Number
- ACH Number
- FedWire IMAD
- Payee ID and Payment Date Range
- Bank RTN and Acct
- Payment Amount and Payment Date Range

Check Number: -

or

ACH Trace Number:

or

FedWire IMAD:

or

Payee ID:

Payment Date From:  To: 

or

Bank RTN and Account Number:

or

Payment Amount:

Payment Date From:  To: 

Submit

Reset

- Payment and Payee Search**
- Several search methods
 - Payee ID or TIN
 - RTN and Account #
 - Check / Trace / IMAD
 - Amount and Date Range

Are there other search parameters useful to your agency?
How do you search for payees and payments?

PPS Portal – Conceptual Depiction

Home Payments Cancellations Claims Accounting Query / Search Ad Hoc

Dashboard Operational Reports Query / Search New Tab

Payment

Payee ID: 1234456789A1
 TIN: 123456789
 Payee Name: John Smith Other Names Used:
 Bank RTN: 323070380 and Account #: 123456789

ALC	Check Item Cnt	Check Amt	ACH Item Cnt	ACH Amt
28040004	0	.00	1	2,000.00
28044700	0	.00	6	6,000.00
TOTAL	0	.00	7	8,000.00

Payment History

Date	Description
07/29/2014	Return payment
06/03/2014	Payment
12/02/2013	Payment
11/01/2013	Payment
10/01/2013	Payment
09/03/2013	Payment
08/01/2013	Payment
07/15/2013	Payment
07/02/2013	ENR Claim
07/01/2013	Payment
05/15/2013	ACH enrollment
05/01/2013	Payment
04/01/2013	Payment
03/01/2013	Payment
02/15/2013	ACH enrollment
02/01/2013	Payment
01/02/2013	Payment

Claims Summary

Claim Date	Claim Reason
07/02/2013	Non-receipt of ACH

Returns Summary

Claim Date	Return Reason
07/29/2013	R06

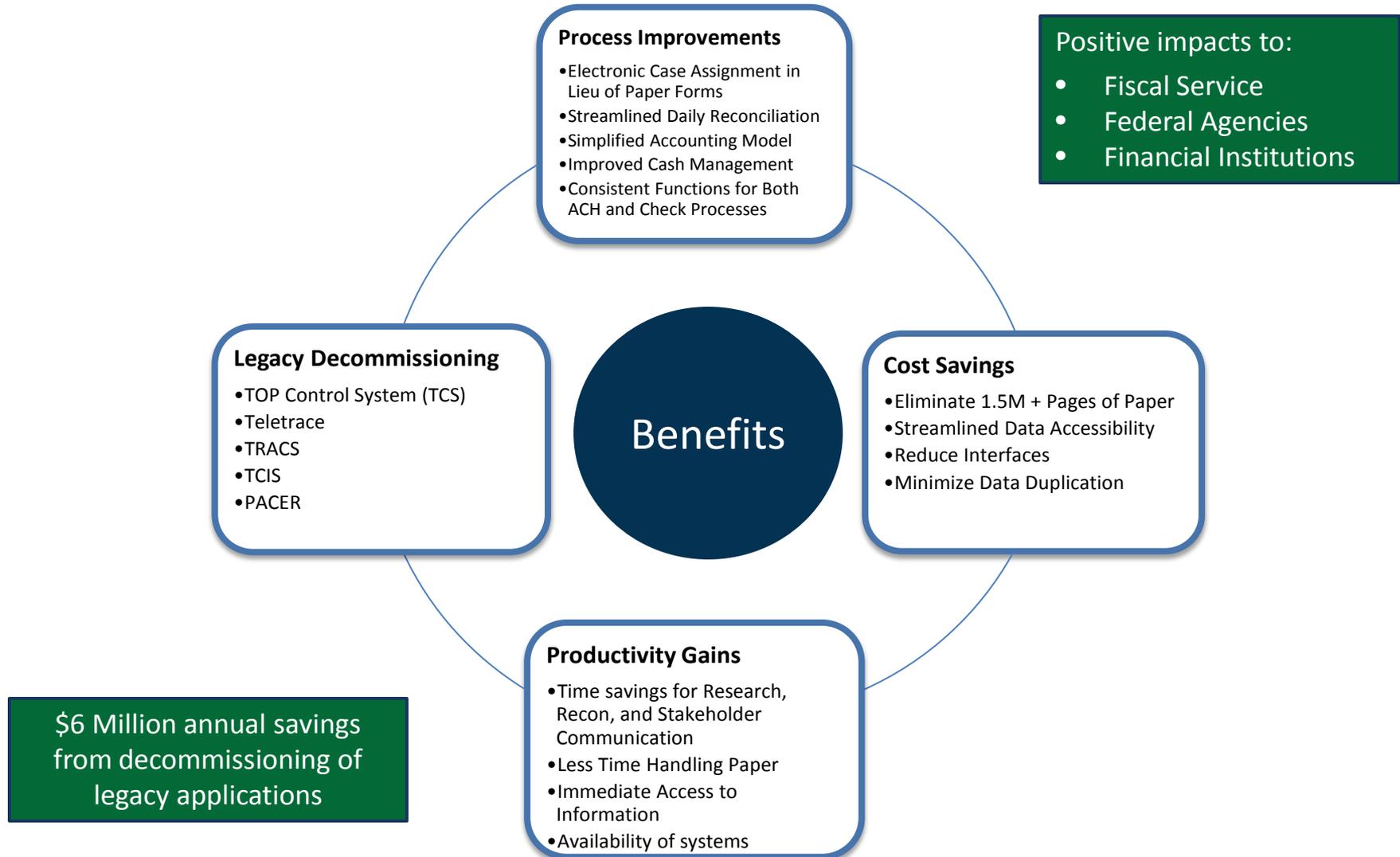
Payee

360 Degree view of the Payee

- Payment Summary
- Name / Address changes
- History
 - Payments
 - Claims
 - Returns
- Drilldown for details

What types of payee summary and detail information would be useful to your agency?

Cost Savings & Improvements



Implementation Approach



One major release per year allows for:

- Comprehensive integration testing with agencies and downstream / feeder systems
- Overlap development and O&M activities
- Minor releases every other six months
- Legacy data conversion
- Coordinate interface changes
- Adequate time for required SA&A activities

Phased approach:

- Logical progression of functions
- Orderly transfer of functions from legacy
- Early adoption and realization of benefits

FIPS-High requires full SA&A with validation of over 1,250 individual security controls

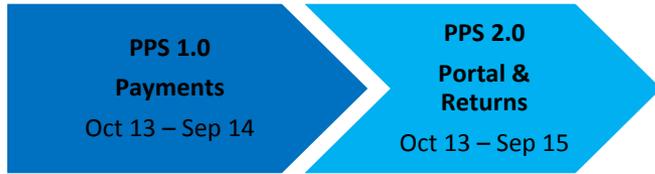
Implementation Approach

PPS 1.0
Payments
Oct 13 – Sep 14

<u>Business Processes</u>	<u>Benefits</u>
Load enriched (SRF) payment data: <ul style="list-style-type: none"> • PAM • ASAP • ITS • PACER (for legacy payments not yet in PAM) 	<ul style="list-style-type: none"> • PAM, ASAP, ITS to provide daily SRF payment data • 7 years (at least) of payment data converted from PACER
Maintain Payee History <ul style="list-style-type: none"> • Load ENR, NOC, and IRS returns for Payee Analysis 	<ul style="list-style-type: none"> • Improved payment integrity
Reporting and Analysis <ul style="list-style-type: none"> • Reconciliation with PACER • Payment and Payee Queries and Reports 	<ul style="list-style-type: none"> • Improve data quality and compliance • Payment Integrity Queries

- Run parallel with PACER to ensure daily reconciliation of payment data.
- Utilize payment and payee objects for new payment integrity operational queries.
- Opportunity for Payment Management to review and monitor quality of payment data

Implementation Approach



Early adoption for
PFC and Agencies

<u>Business Processes</u>	<u>Benefits</u>
<p>Portal</p> <ul style="list-style-type: none"> • Query ACH, Check, and Fedwire payments • Query Payee and Return Information • Alternate query parameters (Name, RTN / Account, etc) • Online reports 	<ul style="list-style-type: none"> • Begin transition of TCIS IV users • Enhanced search capability • Simplified access to payment and payee information
<p>Process Check Returns</p> <ul style="list-style-type: none"> • Scan returned checks and correspondence at PFC to ECM • Link images with check number and cancellation schedule • Display scanned images via Portal • Reconcile cancellation info with scanned images 	<ul style="list-style-type: none"> • Eliminate paper mailing and manual reconciliation at PFC and Agencies • Immediate access to information
<p>Process ENR and NOC</p> <ul style="list-style-type: none"> • Provide ENR and NOC data to agencies • Retain data for research and follow-up 	<ul style="list-style-type: none"> • Enrich payee object with ENR info • Improve agency responses to NOC transactions • Enhanced fraud detection and payment integrity

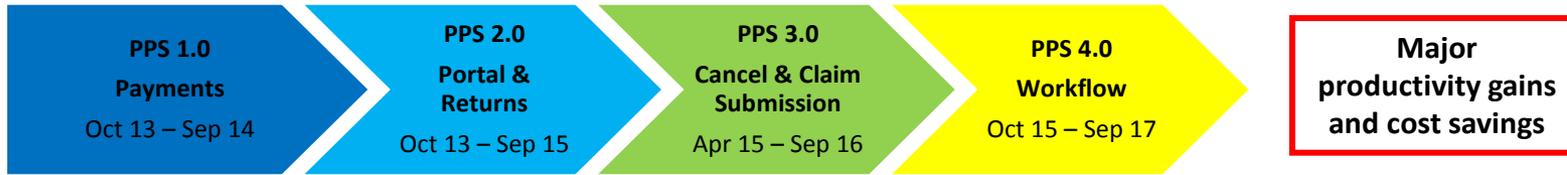
Implementation Approach



<u>Business Processes</u>	<u>Benefits</u>
Cancellations <ul style="list-style-type: none"> Returns, Offsets, Invalids, UCC, LPC, and POC transactions Standardized detail file to agencies Credits through a single GWA channel Online reconciliation via PPS portal 	<ul style="list-style-type: none"> Transition Cancellation functions from PACER and TRACS Streamlined reconciliation for agencies
Claim Submission <ul style="list-style-type: none"> Standard claim submission and disposition files Feed valid claims to PACER, TCIS, Teletrace 	<ul style="list-style-type: none"> Transition Claims Submission function from PACER Same day response to Claims Decommission TCS
Accounting <ul style="list-style-type: none"> Utilize new accounting model for payments and cancellation transactions 	<ul style="list-style-type: none"> Significant milestone in post payment accounting simplification

Improve and reduce functions performed by PACER and TRACS.

Implementation Approach



<u>Business Processes</u>	<u>Benefits</u>
ACH Claims and Reclamations <ul style="list-style-type: none"> • Case assignment for FIs and Agencies • Online actions respond to Non-Receipt and Reclamations • Use Fed Reserve Account debits instead of checks • Fraudulent ENR Recovery 	<ul style="list-style-type: none"> • Eliminate +1.5 million pages of paper exchanged between PFC, FIs, & Agencies • Improve cash management between PFC, FIs and Agencies • Continue to transfer functions from PACER • Decommission Teletrace
Check Claims and Reclamations <ul style="list-style-type: none"> • Standard claim submission and disposition files • Feed valid claims to PACER, TCIS, Teletrace 	<ul style="list-style-type: none"> • Simplified check claims process • Eliminate bank settlement checks • Decommission TRACS
Customer Engagement Center <ul style="list-style-type: none"> • Integrated Call Center framework • Online chat and messaging capability 	<ul style="list-style-type: none"> • Improved efficiencies for PFC Call Center • Improved customer service and communication across PPS stakeholders

Significant improvements to information exchange between agencies, Fiscal Service, and Financial Institutions.

Implementation Approach



<u>Business Processes</u>	<u>Benefits</u>
<p>Check Reconciliation</p> <ul style="list-style-type: none"> • Workflow for check recon and adjustments • Altered checks, paid but not issued, duplicate paid • Accounting for Public Monies Accounts 	<ul style="list-style-type: none"> • Integrated case management for all post payment activities • Decommission TCIS and PACER
<p>Research and Analysis</p> <ul style="list-style-type: none"> • Self service analysis tools for investigative users • Case assignment for exceptions and research • Performance Measurement for fraud recovery 	<ul style="list-style-type: none"> • Improved research for fraud detection and prosecution • Find problems, take action, and measure performance • Quantify and manage outcomes

- Integrated Case Management, Research, and Analysis capabilities will:
 - Improve detection of fraud and anomalies
 - Allow PFC to research, group records, and provide an automated case “package” for investigators
 - Allow investigators to provide feedback and results to a single system of record
 - Track and monitor effectiveness of referrals and prosecutions

Complete transfer of functions from legacy systems.

Contact Information



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