



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

# **Philadelphia Financial Center (PFC)**

## **Philadelphia, PA**

April 7-8, 2015

# Post Payment Services Review

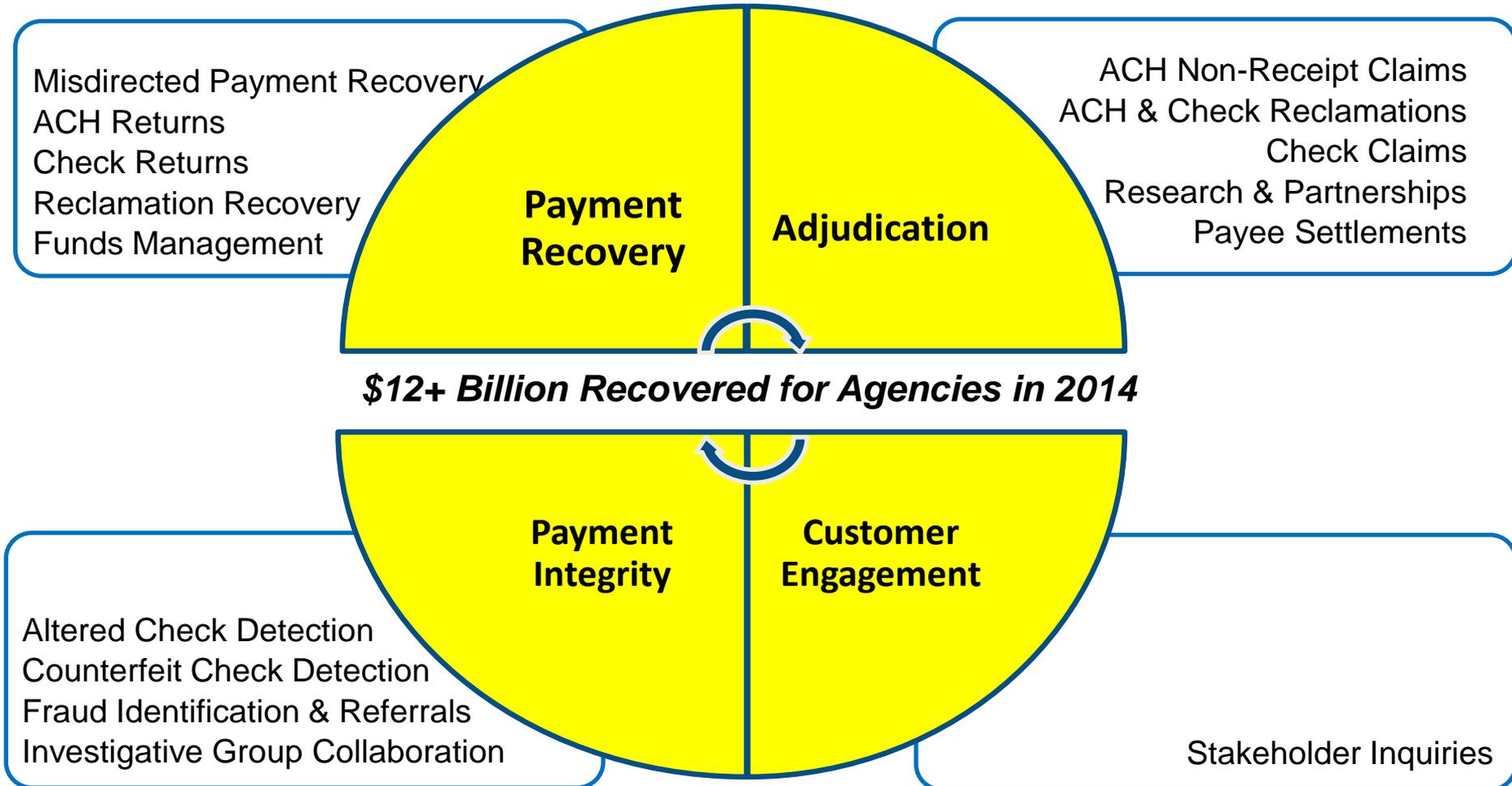
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The Philadelphia Financial Center (PFC) is responsible for managing all aftermath actions and reconciliation activities associated with payment issuance, misdirected payments, & funds management.

## Post Payment Core Functionality Includes:

- Payment Matching and Verification
- Returns and Cancellations
- Funds Receipt / Funds Management
- Inquiries, Calls, and Claims
- Research and Reclamations
- Fraud Detection and Integrity Analysis
- Reconciliation and Bookkeeping
- Reporting and Analysis
- Customer Engagement

# Post Payment Services - Core Functions



# Post Payment Services - Stakeholders



Issuing Agencies

Recipients / Beneficiaries

Investigative Agencies

Financial Institutions / Industry

Internal Customers / Partners

Interfacing Systems

# Post Payment Service Highlights

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- PFC recovered about \$12 billion last year on behalf of the Federal Program Agencies from post-payment recovery activities or in other words **1/2% of each \$ spent**
- PFC has long standing relationships with the Federal and Financial Institution community
- PFC manages the Systems of Record (one authoritative source for payment DATA) for 1.2 billion payments worth \$3 trillion dollars annually

## PFC's Core Mission

Expertise to efficiently resolve payment aftermath

# Contact Information

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# Post Payment System (PPS)

April 7-8, 2015

# Post Payment System Objectives

## The PPS Investment will provide:

- **More Effective** Delivery of Post Payment Services
- **More Efficient** Funds Recovery (\$12 Billion+/year)
- Improved Payment Integrity
- **Customer-driven** Functionality
- Government Cost Savings and productivity gains
- Elimination of 1.5M+ pages of paper annually
- Improved compliance with A-123, A-130, internal controls and **SSAE-16 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.

# Funds Recovery

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- **Returns & Cancellations**

- Enriched payee demographic data (i.e. USPS return information)

- **Payment Matching & Verification**

- Enhanced Payment Matching & Verification

- **Claims & Reclamations**

- Unified Case Management System

- **Inquiries & Calls**

- More effective reporting and recovery of fraud in Engagement Center

- **Offset Integration**

- Improved Reconciliation

Over \$12 Billion  
Recovered in 2014 on  
Behalf of Federal  
Agencies

# Payment Integrity

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- **Data Objects**
  - Enriched payee information (i.e. enrollments and change requests)
- **Research & Partnerships**
  - Research Payees, Payments, Agencies and FIs
- **Data Utilization**
  - Visibility into previously untapped data sources
- **Fraud Detection**
  - Via various post payment channels with applicable risk weighting
- **Adjudication**
  - Group Related Records & Provide Context
- **Deterrence**
  - Prepare case packages to assist in prosecution

Over \$5+ Million in detections, via capabilities enabled in the pilot and Release 1.0

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

# Improved Customer Service

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- **Portal**
  - One Stop Shop for Payment Lifecycle Data
- **Engagement Center**
  - Integration with telephony and case management
- **Funds Accounting**
  - Comprehensive Auditability
- **External Reporting**
  - Identify/report anomalies and patterns
- **Queries & Reporting**
  - Robust search capability
- **Training & References**
  - Roles based functional training

## Benefits:

- Data Driven decision making
- Single authoritative source for payment lifecycle and post payment information
- Expanded communication across agencies, FIs and Fiscal Service through PPS portal

# Cost Savings & Improvements

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- **Legacy Decommissioning**
  - Significant savings in decommissioning of aging legacy systems
- **Process Improvements**
  - Single system of record to access data
- **Productivity Gains**
  - Improved cash management
- **Ad-Hoc Queries**
  - Extensible data model that supports queries across data objects
- **Infrastructure/Architecture Modernization**
  - Simplified Infrastructure Model with Reduced Interfaces
- **Cross-Government View**
  - Utilization of payee and FI object to reduce improper payments (i.e. deceased payees)

## Positive impacts to:

- Fiscal Service
- Federal Agencies
- Financial Institutions

# Miami Vice

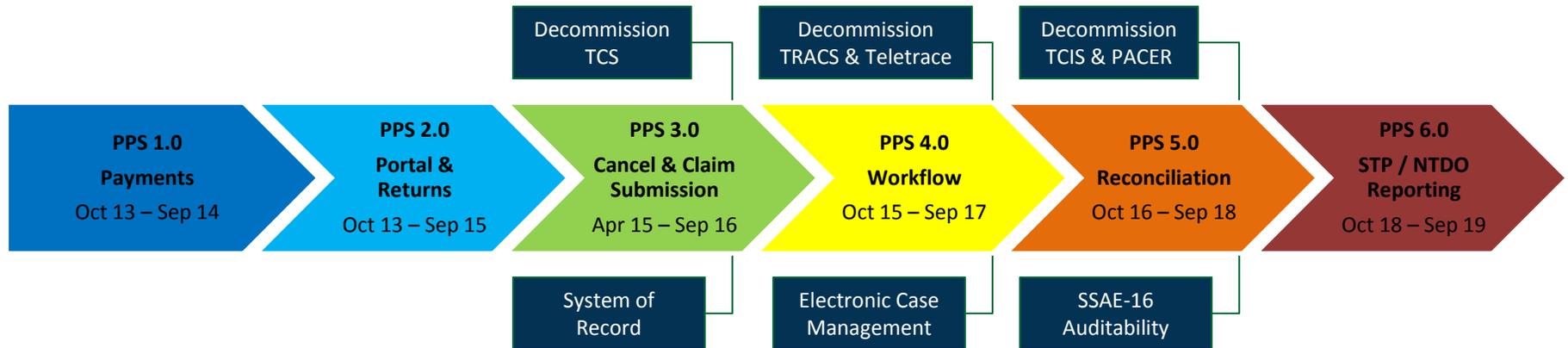
## Sequence of Events:

- Detect: Leveraging legacy ACH non-receipt claims, PFC identified a small sampling of addresses to be tested as part of the “suspect” list
- Adjudicate: PPS Pilot was leveraged to identify payments going to those potentially suspicious mailing addresses one address was particularly interesting
- Deter:  
Built package of data – identifying:
  - Payment Information
  - Payee Information
- Result:  
Agency confirmed that PFC had detected \$32k+ in ID theft

Result of PPS Pilot Research:  
PPS Pilot detected 15 suspicious payments, valued at \$32k+ that were to this address 2011-2014. **All confirmed by agency to be identity theft.**



# Implementation Approach



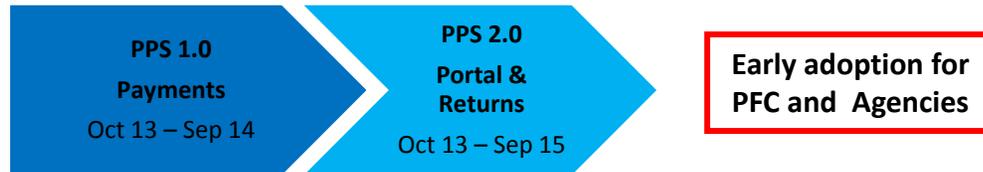
One major release per year allows for:

- 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



## Business Processes

### Portal

- Begin transition TCIS users to PPS
- **Enhanced search capability**
- Search for Payment and Payee information

### Process Check Returns

- Scan returned checks and correspondence at PFC
- Link images with check number and cancellation schedule via Portal
- Reconcile cancellation info with scanned images
- **Cost savings for PFC and agencies**

### Process ENR and NOC

- Incorporate automated enrollment (ENR) data stream for fraud detection and payment integrity into daily operations
- **Enables recovery of funds for SSA due to fraudulent enrollments**

# Implementation Approach



## Business Processes

### Cancellations

- Returns, Offsets, Invalids, UCC, LPC, and POC transactions
- Standardized detail file to agencies via PPS “Common File”
- **Cancellation Credits through a single GWA channel**
- Online reconciliation via PPS portal
- **Transition functions from PACER and TRACS**

### Claim Submission

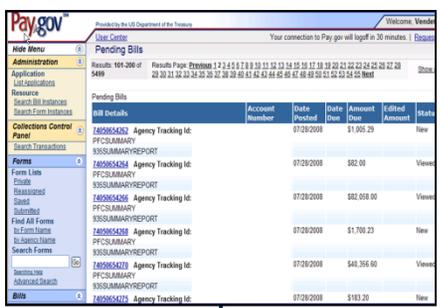
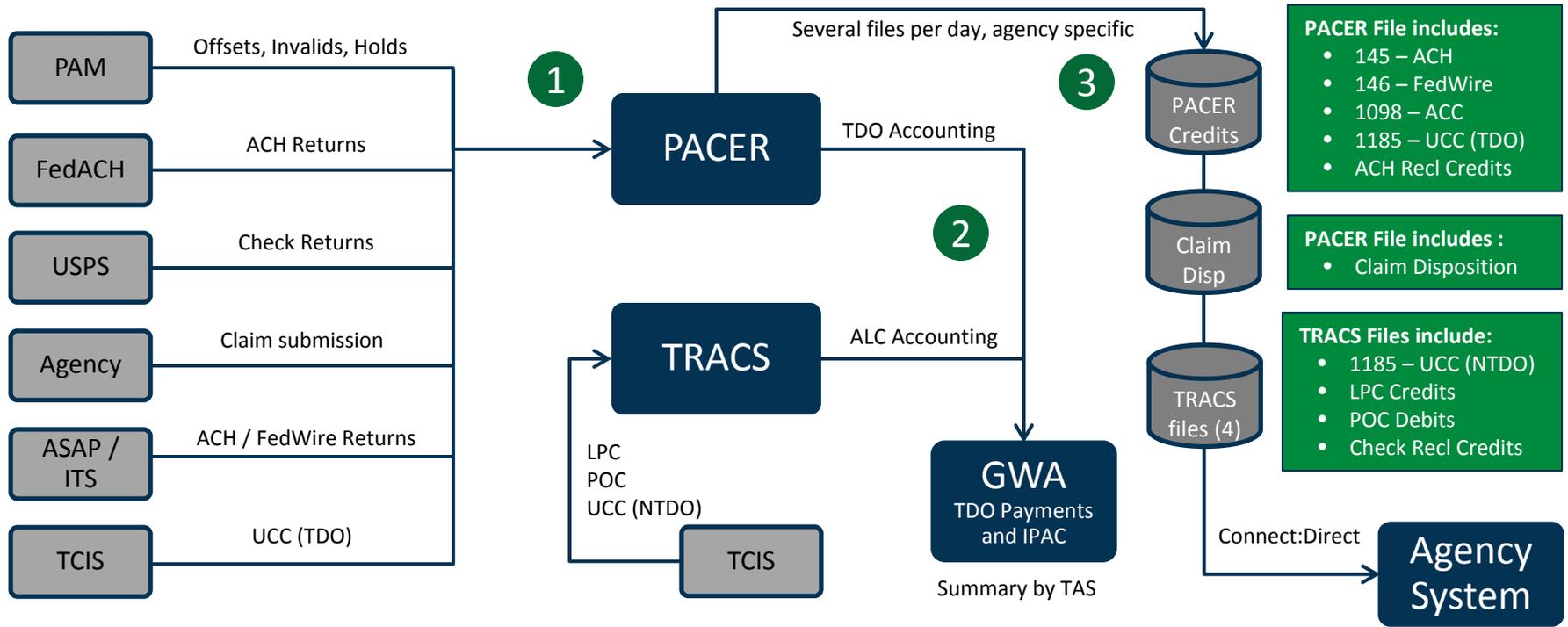
- Standard claim submission and disposition files
- Same day response to agencies
- Decommission TCS

### Accounting

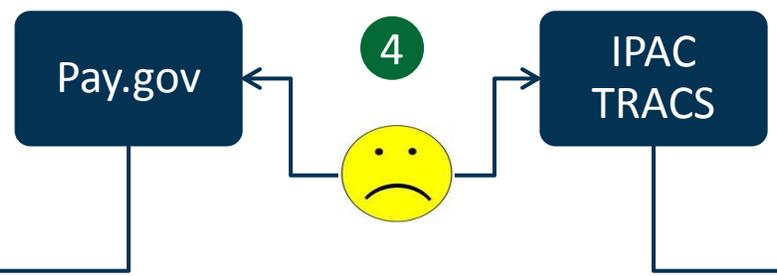
- Utilize new accounting model for payments and cancellation transactions

Requires detailed end-to-end testing with agencies and downstream / feeder systems

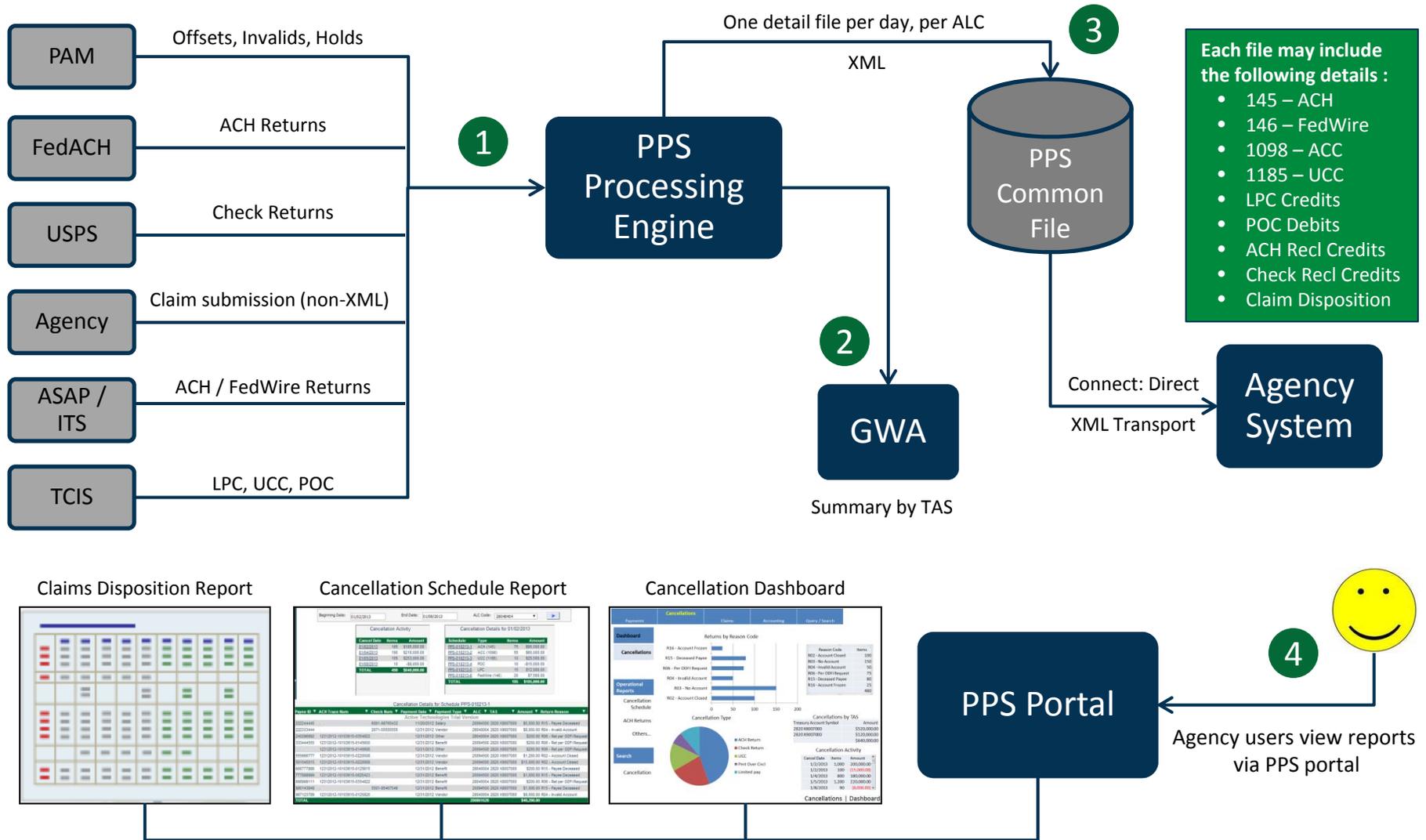
# Legacy Agency Interfaces



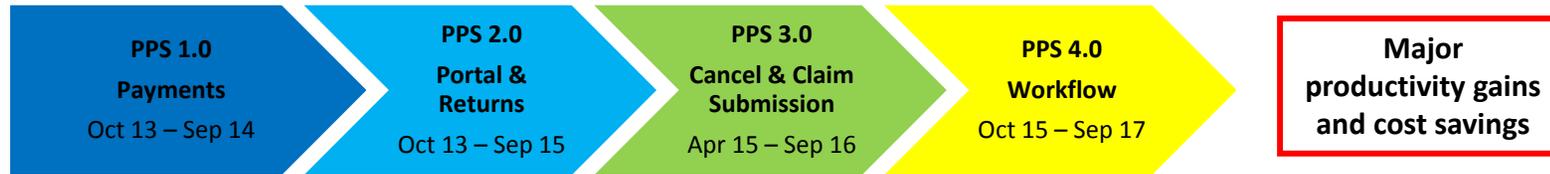
Agency users view summary reports via Pay.gov for some, IPAC for others



# PPS Common File End State Vision



# Implementation Approach



## Business Processes

### ACH Claims and Reclamations

- Case assignment and workflow for FIs and Agencies
- Eliminate 1.5 million pages of paper each year
- Use Fed Reserve Account debits instead of checks (**Improve cash management for agencies**)
- Decommission Teletrace

### Check Claims and Reclamations

- Case assignment and workflow for FIs and Agencies
- Simplified check claims process
- **Decommission TRACS**, transition most PACER functions

### Customer Engagement Center

- Integrated Call Center framework with online chat and messaging capability
- **Improved customer service and communication**

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

# Implementation Approach



## Business Processes

### Check Reconciliation

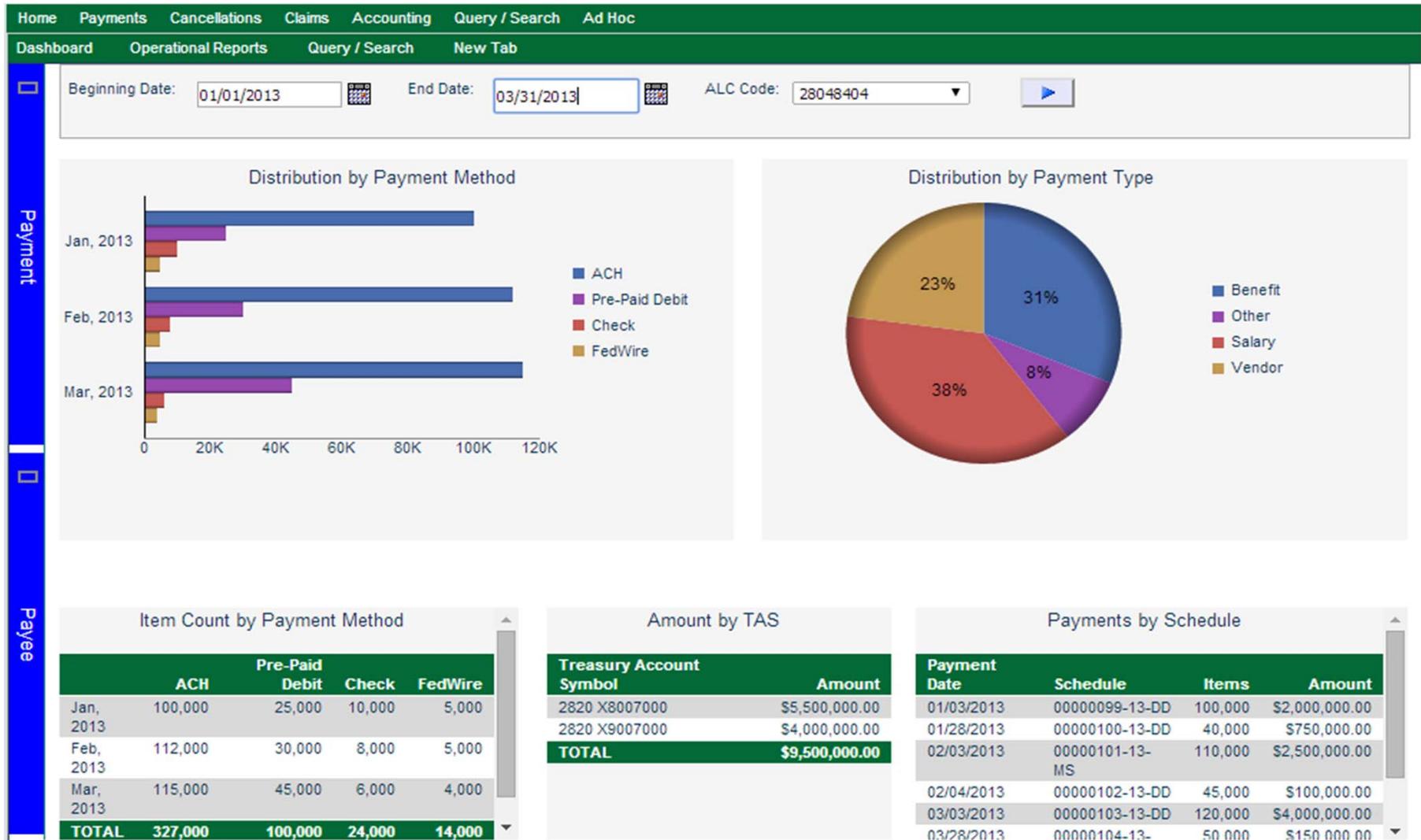
- Workflow for check reconciliation and adjustments
- Accounting for Public Monies Accounts
- Integrated case management for all post payment activities
- **Decommission TCIS and PACER**

### Research and Analysis

- Self service analysis tools for PFC and investigative users to manage the fraud detection, research, adjudication, and prosecution life cycle (integrated with PFC operations)
- Performance Measurement for fraud recovery

Complete transfer of functions from legacy systems

# 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

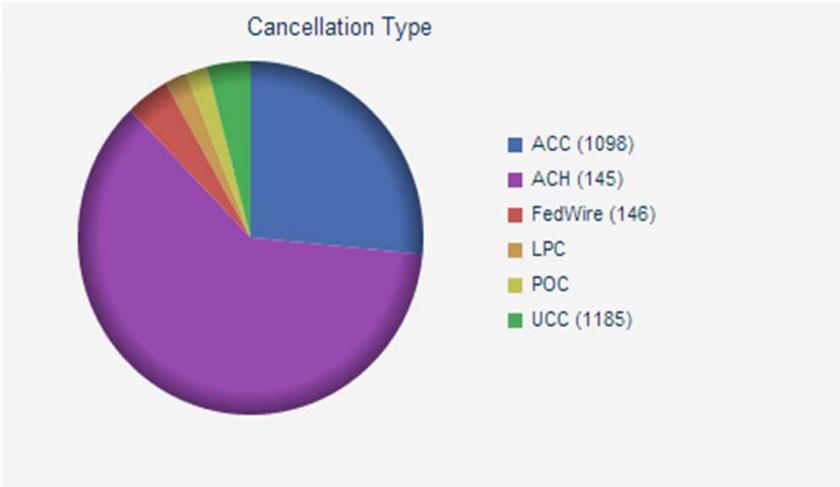
Beginning Date:  End Date:  ALC Code: 28048404



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
<b>TOTAL</b>	<b>\$640,000.00</b>

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

Cancellation Schedule

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
<b>TOTAL</b>	<b>490</b>	<b>\$640,000.00</b>

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
<b>TOTAL</b>		<b>185</b>	<b>\$185,000.00</b>

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
<b>TOTAL</b>					<b>280861520</b>		<b>\$40,200.00</b>	

- 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?

# Contact Information

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## Primary Contact

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