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# Collections Business Area

# Collections Cycle Memo

Part I

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## ACRONYMS

ACES	Agency Collections Expenses
ACH	Automated Clearing House
ARM	Agency Relationship Management Division
BMF	Business Master File
BMS	Bank Management System
CARS	Central Accounting & Reporting System
CAN	Commercial Account Number
CAS	Card Acquiring Service
CCC	Customer Contact Center
CFR	Code of Federal Regulations
CIR	Collections Information Repository
CIS	Citizenship and Immigration Services
CMIA	Cash Management Improvement Act
DDM	Debt and Disbursement Management
DVS	Direct Voucher Submission
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
FedACH	Federal Reserve Bank's Automated Clearing House
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
GLN	General Lockbox Network
IMF	Individual Master File
IRS	Internal Revenue Service
ISS	Information and Security Services
MG	Office of Management
MICR	Magnetic Ink Character Recognition
MITGA	Mail-In Treasury General Account
NACHA	National Automated Clearing House Association
NSF	Insufficient Funds
NSS	National Settlement Service
OAL	Official Authorization List
OCR	Optical Character Recognition
OFAS	Office of the Fiscal Assistant Secretary
OFF	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
PMS	Public Money Symbol
RCM	Revenue Collections Management
RRM	Revenue and Remittance Management Division
RSS	Retail Securities Services
RTN	Routing and Transit Number
SCCN	Seized Currency Collection Network
SF	Standard Form
SSD	Settlement Services Division
STP	Straight-Through Processing
TAS/BETC	Treasury Account Symbol/Business Event Type Code
TCD	Tax Collection Division
TCMS-DVS	Treasury Cash Management System-Direct Voucher Submission
TCMM	Treasury Collateral Management and Monitoring System
TGA	Treasury General Account
TLH	Translation Hub
TRSO	Treasury Relations Support Office
TWAI	Treasury Web Application Infrastructure
U.S.C.	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 depositories 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 650 million transactions to collect over \$5.8 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 accept multiple methods of payment—referred to as settlement mechanisms—such as cash, check, credit and debit card, Automated Clearing House (ACH), Fedwire settlements, Instant Payments (FedNow), 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 \$5.1 trillion in tax collections, as well as passport fees, student loan repayments, customs duties, user fees, 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 and Disbursement Management (DDM) Assistant Commissioner area.
- The payment of public money by the government. Disbursements are handled by the Fiscal Service's Debt and Disbursement Management (DDM) 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 policymakers 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, depositories, 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 and Disbursement Management (DDM) Assistant Commissioner area, Wholesale Securities Services (WSS) Assistant Commissioner area, Retail Securities Services (RSS) Assistant Commissioner area, and Fiscal Accounting (FA) Assistant Commissioner area 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 two divisions report 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
  - Agency Relationship Management Division
  - Revenue and Remittance Management Division
  - Over the Counter Division
  - Settlement Services Division
  - Business Transformation Division
  - Data Management Reporting and Analysis Division
- Tax and Compliance Group
  - Tax Collections Strategy and Operations Division
  - Tax Collections Product Management and Security Division
  - Division Information Office 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 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.
1. 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 depositories 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 depositories: “A person having custody or possession of public money... shall deposit the money without delay... with a depository 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 depository, 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 Depositories?**

A number of statutes authorize the Secretary to designate commercial financial institutions and Federal Reserve Banks as depositories 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 depositories 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 depositories 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 depositories and Federal Reserve Banks as fiscal agents and depositories. 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 depository 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 depository 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,” 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 depositories. The information flow for these functions is shown below.



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 depositories 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 depository in person or via an electronic terminal.
Mail	The mail channel exists for collection information presented by the public to an agent or depository by mail.
Internet	The Internet channel exists for collection information presented by the public or an agency to an agent or depository over the Internet. It includes online banking transactions initiated by the public through private third-party applications and received by an agent or depository through a defined interface.
Bank	The bank channel exists for collection transactions presented by a member of the public to an agent or depository through closed banking networks. It includes Automated Clearing House credit, Instant Payment/FedNow, and Fedwire collection transactions.

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 Funds Transfer
- FedNow Instant Payments
- 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, Instant Payment/FedNow, 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-resentation 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 depositories, 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 depositories. 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 2024.

<b>Table 1. The Fiscal Service Collections Transaction and Dollar Volumes, FY2024</b>			
	<b>Transaction Volume</b>	<b>Dollar Volume</b>	<b>Responsible RCM Division</b>
OTC Channel	131,982,737	\$106,846,823,856	OTC
Mail Channel	76,146,139	\$454,930,585,178	RRM, TCD
Internet Channel	439,584,885	\$4,843,026,830,438	RRM,TCD

Bank Channel	8,534,231	\$492,235,541,438	SSD, TCD, OTC
<b>Totals</b>	<b>656,247,992</b>	<b>\$5,897,039,780,910</b>	

**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, Mail In TGA Network, and Seized Currency Collection Network)
  - OTCnet
- Collateral Management. This is managed by the Over the Counter 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
- 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 Collections Strategy and Operations Division along with the Tax Collections Product Management and Security Division with the assistance of a financial agent (PNC). 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 cards tendered at agency points-of-sale (“card present”) and card-not-present authorization via the internet (Pay.gov), telephone and mail at the lockbox via 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). The program that primarily serves this business line is:
    - Card Acquiring Service (CAS)
  - Debit Processing (non-tax 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 (non-tax ACH credit and Instant Payment/FedNow receipt; tax and non-tax Fedwire Funds Transfer receipt). This is managed by the Settlement Services Division with the assistance of a financial agent (U.S. Bank). (Note: The funds will settle through an FRB payment settlement service; 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
- Data Formatting and Translation. This is managed by the Business Transformation Division, with the assistance of our fiscal agent (FRB Cleveland). The activity associated with the Translation Hub (TLH) is closely aligned with the FRB Cleveland’s support for the Collections Information Repository business line. The program that serves this business line is:
  - Translation Hub (TLH)

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 Recently?

- 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 2021 (a Notice of Proposed Rulemaking has been issued to accept Nacha operating rules as of 2024).
- Implemented new agreement for the Card Acquiring Service (CAS)
- Implemented a dollar limit exception process, with reimbursement, for agencies in the credit card acceptance process (CAS)
- Implemented the capability to electronically process insurance claim forms for Indian Health Services and Department of Veterans Affairs
- Developed IRS Digitization Pilot (for processing IRS Forms 940 and 941)
- Conducted Financial Agent Selection Process (FASP) for the Electronic Federal Tax Payment System (EFTPS)
- Implemented Collections Information Repository dashboard user interface for FedNow intra-day transactions
- Migrated the Treasury Collateral Management and Monitoring (TCMM) to the Fiscal Agent Production Cloud (FAPC)
- Migrated various program customer agencies from manual IAA/IPAC processing into G-Invoicing
- Implemented FedNow in collaboration with Disbursing and Debt Management, Fiscal Accounting, and Federal Reserve partners
- Implemented Common Approach to Identity Assurance (CAIA) and Zero Trust Authority (ZTA) in collections programs
- Implemented Indefinite Sustainability Model (ISM) for EFTPS Modernization Initiative
- Implemented changes to support 7-day Financial Institution Reconciliation Data (FIRD) file transmission as part of end-of-day balancing activities
- Implemented Data At Rest (DAR) and Data In Transit (DIT) encryption for ECP, TCMS/DVS, OTCnet, Pay.gov, and Collections Information Repository.

- Implemented the Translation Hub (TLH) as an enterprise-wide utility to consume payment system message formats (e.g., FedNow and Fedwire ISO20022) and translate to Bureau XML-based schema formatting.

## **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 depositories 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 depositories. Most of the depositories that receive deposits are part of this network. The Fiscal Service establishes a depository 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 depository 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 depository, 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 depository that receives only mailed deposits from agencies. This is an exception to the usual rule that deposits are presented over the counter at a depository.

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

### **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, depositories 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

depositories 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 depositories 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 depositories. 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 depository. The CIR is used by commercial depositories, 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 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 depository.

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. 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 two financial agents (currently JP Morgan Chase, and U.S. Bank), 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 accompany 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, as well as batch filer and bulk filer solutions. It is primarily operated by PNC Bank, 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. 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, or in some cases same day, EFTPS originates an ACH debit file for the tax payments to settle the next day or same day. The EFTPS ACH debit file is automatically transmitted 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). The taxpayer's bank delivers the ACH credit file entries to the FRB ACH Operator by 4:45 p.m. ET on the tax due date (for same day eligible transactions) to initiate the ACH credit. The FedACH file, with the taxpayer detail, is transmitted electronically to EFTPS. EFTPS verifies the taxpayer transaction detail, assigns an EFTPS reference number to the transaction in its own records and reports this number and payment information to IRS. FRB Atlanta is responsible for settling the funds in addition to recording and reporting ACH collections and deposits processed by 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 and renegotiated the agreement in 2024. 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. Further, while the clearing costs of most payment settlement mechanisms are largely driven by transaction count and assessed on a per-transaction basis, the primary cost of card transactions is interchange. Interchange is assessed predominantly as a rate of the amount of the card transaction – i.e., the greater the transaction amount, the greater the cost (whereas clearing an ACH, Fedwire, or check costs the same for \$1 vs. a \$1 million transaction). 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 to collect converted and truncated check transactions. The Debit Gateway is operated by FRB Cleveland. The gateway receives transactions from the collection channels, 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 (consolidating tax, specialty and general lockbox check activity), 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 (OTCnet).

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-presentation 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-presentation(s) fails will the transaction be retired, and funds previously credited to the agency taken away through a debit.

The Debit Gateway system is designated by Treasury as a Critical Infrastructure and High-Value Asset.

## **What Programs Comprise the Credit Processing Business Line?**

### **Credit Gateway**

The Credit Gateway is a program used for the receipt of ACH credit, FedNow Instant Payments and Fedwire Funds Transfer transactions. It is operated by U.S. Bank, but the Federal Reserve Banks of Minneapolis, New York, and Atlanta also play roles through the provision of Federal Reserve Financial Services (FRFS) payment settlement mechanisms. 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 and detailed information directly to IRS.

## **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. 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 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 5:30 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 5:15 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 5:30 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.

DVS is also used to process manual voucher entry of Adjustments, Corrections, and Rescissions 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.

## **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.

## **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** 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.

## **Translation Hub (TLH)**

The Translation Hub (TLH) is an enterprise-wide utility to consume payment system message formats (e.g., FedNow and Fedwire ISO20022) and translate to Bureau XML-based schema formatting. The TLH is managed by the Business Transformation Division, with the assistance of our fiscal agent (FRB Cleveland). The activity associated with the TLH is closely aligned with the FRB Cleveland's support for the Collections Information Repository business line.

## **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**

#### **Digital Payment Solutions**

RCM's digital payment solution 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, 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 in this suite. 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 Program (CMIA)**

The Cash Management Improvement Act Program carries out the provisions of the Cash Management Improvement Act, which ensures the timely flow of Federal financial assistance between the Federal government and the 56 US States and Territories. The objectives of the

Cash Management Improvement Act of 1990 include: (1) efficiency - minimizing the time between the transfer of funds to States and the payout of those funds for program purposes; (2) effectiveness - to ensure that Federal funds are available when requested; and (3) equity - to assess an interest penalty to the Federal government or States to compensate for the lost value of funds.

## **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:

- Launch the Passport Lockbox FASP
- Launch the General Lockbox FASP
- Complete the Translation Hub development that will allow revenue collections for the four “Agency Direct” agencies to be processed through OTCnet, then transition these agencies and decommission Agency Direct
- Sign Interagency Agreements with Passport, US Citizenship and Immigration Service (USCIS), and IRS for full reimbursement of appropriated expenses
- Develop the ability for applicants to upload a PDF form and have it enter the USCIS lockbox process at the scanning phase
- Route payment requests from IRS Online Accounts (individuals) to our EFTPS Cloud
- Complete and implement Image Archive operational storage solution
- Implement new Mobile Point of Sale (mPOS) product
- Absorb Government Automated Clearing House Processing (GAP) functionality within Direct Voucher Submission (DVS)
- Move Treasury Cash Management System, Direct Voucher Submission, Debit Gateway, Collections Information Repository, OTCnet, Electronic Check Processing, and Pay.gov off the TWAI to the Fiscal Service approved cloud environment
- Provide the translation service for the Treasury, Receivable, Accounting, and Collection System (TRACS) to Inter-Governmental Payment and Collection (IPAC) interface to ensure TRACS can support the IPAC’s cloud migration that will require a file in new IPAC format
- Complete the Translation Hub development that will allow revenue collections for the four “Agency Direct” agencies to be processed through Over the Counter Application (OTCnet), then transition these agencies and decommission Agency Direct
- Implement the seamless ACH Refund for Pay.gov Payment through Payment Automation Manager (PAM) and Secure Payment System (SPS), bridging the data gap between collections and disbursements



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# Collections Business Area

# Collections Cycle Memo

Part II

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## ACRONYMS

ACH	Automated Clearing House
ALC	Agency Location Code
AMI	Account Management Information
ATM	Agency Transaction Module
BRB	Budget Reports Branch
BTM	Bank Transaction Module
CAB	Cash Accounting Branch
CARD	Central Accounting and Reporting Division
CARS	Central Accounting and Reporting System
CDG	Collections and Deposits Group
CIR	Collections Information Repository
CRB	Cash Reporting Branch
CSGL	Central Summary General Ledger
DDA	Demand Deposit Account
DMD	Data Management Reporting and Analysis Division
DTS	Daily Treasury Statement
DVS	Direct Voucher Submission
EASy	Enterprise Accounting System
EFT	Electronic Funds Transfer
EFTPS	Electronic Federal Tax Payment System
ET	Eastern Time
FAM	Financial Audit Manual
FA	Fiscal Accounting
FBWT	Funds Balance With Treasury
FedACH	Federal Reserve Bank's Automated Clearing House
FI	Financial Institution
FIRD	Financial Institution Reconciliation Data File
Fiscal Service	Bureau of the Fiscal Service
FPA	Federal Program Agency
FRB	Federal Reserve Bank
GL	General Ledger
GLN	General Lockbox Network
IRS	Internal Revenue Service
NAF	Non-Appropriated Funds
NSS	National Settlement Service
OFAC	Office of Foreign Assets Control
OFAS	Office of the Fiscal Assistant Secretary
OTC	Over the Counter
OTCnet	Over the Counter Channel Application
PIR	Payment Information Repository
PIVOT	Payment Information & View of Transactions
PMS	Public Money Symbol
RCM	Revenue Collections Management
RTN	Routing and Transit Number

SOD	Statement of Difference
SSD	Settlement Services Division
STP	Straight-Through Processing
TAMMI	Treasury Account Management and Maintenance Initiative
TCIRP	Treasury Cash Integrated Reconciliation Process
TCIS	Treasury Check Information System
TCMS	Treasury Cash Management System
TGA	Treasury General Account

## **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 include the following items:

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

### **How Is This Document Structured?**

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

The second part addresses programs and processes associated with cash management. This includes central account processing (i.e., the management of the Treasury General Account), collateral monitoring and management, and bank management.

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 advanced knowledge of the collections business area.

## **The Collections Business Area**

### **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 Revenue Collections Management's Pay.gov and Debit Gateway programs consist of systems, because Revenue Collections Management (RCM) has exclusive control over the information technology that handles data for these programs.

A service refers to work done 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 Treasury General Account (TGA) Network and General Lockbox Network (GLN) as services because the work is primarily manual. Likewise, RCM considers the Credit Gateway to be a service because the information technology is controlled by a bank (and is used to serve many other customers outside of the government).

The definitions of system and service can be confusing at times because it depends in part on the perspective of the program owner. For instance, RCM considers Pay.gov to be a system, 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.

## **Reconciliation and Controls**

### **What Are the Major Controls Over Collections?**

There are two key controls over the government's cash receipts: Federal agencies' monthly reconciliation of their funds balance with Treasury and the Treasury Cash Integrated Reconciliation Process (TCIRP).

For the Federal agencies' monthly reconciliation of their funds balance with Treasury (FBWT), Fiscal Service compares monthly cash collection data reported by agencies to those reported by the Federal Reserve and commercial banks. When the Fiscal Service identifies discrepancies, it notifies the agencies. Agencies are responsible for investigating and resolving differences and reporting to the Fiscal Service any necessary adjustments to their FBWT accounts.

In the Straight-Through Processing (STP) and TCIRP environments, bank cash information is obtained from the source system, the Federal Reserve's Enterprise Accounting System (EASy). The book cash information sources are the Collections Information Repository (CIR), Payment Information Repository (PIR)/Direct Voucher Submission (DVS), and the Payment Information & View of Transactions (PIVOT).

There are two key sets of data that are reconciled: Book View and Bank View.

The Book View is defined as the cash reported by government entities or Treasury programs reflecting the dollars paid out or collected affected the TGA. The book data is received via the CIR, PIR, DVS, and PIVOT.

The TCIRP process is managed by Fiscal Accounting and oversight is provided by the Treasury Account Monitoring and Management Initiative (TAMMI).

TCIRP compares the Bank View and the Book View of the TGA and has four main components, Balance, Match, Reconcile, and Verify. Each process plays an integral role in ensuring the accuracy of the TGA Cash Balance.

### **Balance**

- Balance is a FRB process that compares transactions both detail and summary, against the TGA balances in EASy prior to the end of the business day. FRB business areas, in support of collection business lines, use FRB payment systems to process transactions. Federal Reserve business areas balance their daily work, which debits/credits the TGA, in EASy. This process is performed intraday and at the end of the day. All balances and transactions processed by business lines are sent to the TGA. FRB business areas will continue to support inquiries by the collection programs and investigate exceptions identified by Treasury once business line post transactions.

### **Match**

- Match is the process by which Book View transaction data, reported by collection programs, and Bank View transaction data reported on the FIRD file from EASy are compared. Matching is performed by CIR at the end of the day, wherein, the CIR matches the Book View subtotal versus Bank View subtotal. The CIR notifies Collection programs if an exception arising through the matching process.

### **Reconcile**

- Reconcile is the analysis of data, identification of errors and the correction of those errors. Collection programs reconcile the Book View transactions versus Bank View transactions intraday and at the end of the day. The desired result is that the Book View transactions equal the Bank View transactions. If there is an exception, the collection program notifies Fiscal Accounting by the next business day and provides a plan of correction.

### **Verify**

- Verify is to confirm the accuracy of data on identified parameters to ascertain a level of certainty of the data. CASH TRACK verifies the TGA Balance, Forecasting and Daily Treasury Statement (DTS) data. Verifying is performed the next day with the expectant

result that the Bank versus Book and Totals versus Details are equal. If a difference occurs, collection programs are contacted to resolve the issue.

## **How Do Collection Programs Support the Cash Reconciliation Process?**

### **Debit Gateway**

Debit Gateway uses Straight-Through Processing (STP) which streamlines the origination settlement process. Funds are settled directly to the TGA.

- Payment Mechanisms settle directly to TGA Sub Account routing numbers. These are the routing numbers that the Debit Gateway uses for Payment Mechanism files. These routing numbers are configured to accept these funds.
- Channels exclusively provide voucher information to the CIR for Debit Gateway origination activity. The Agency Direct Channel represents an exception because there is no central Channel system to receive collection settlement status. Debit Gateway updates the settlement status for this channel via Direct Voucher Submission (DVS).
- FRB Cleveland's reconciliation process changed slightly in the move to STP, but the basic reconciliation tools did not change.
- Debit Gateway staff balances Channel Reports to Debit Gateway Reports to ensure transactions between both systems have been reconciled.
- Debit Gateway staff balances between Debit Gateway output and Payment Settlement Systems to ensure all Channel files are successfully processed.
- Debit Gateway staff reviews credits/debits from Payment Settlement Systems in Account Management Information (AMI).

### **Electronic Federal Tax Payment System**

The Electronic Federal Tax Payment System (EFTPS) uses ACH debits to pull funds from payers' financial institutions. The debits are initiated through FedACH by the commercial bank agent, PNC Bank, though the funds settle with the Federal Reserve Bank of Atlanta. FRB Atlanta receives ACH credits, as well.

PNC Bank receives information about these ACH transactions through FedACH. The FedACH system generates a summary ACH Advice Holder Report to PNC Bank detailing the ACH collections that have occurred. PNC Bank uses this information to perform an automated, detailed comparison of the FedACH information to EFTPS's own records of the ACH debits and credits.

Likewise, FRB Atlanta has access through EASy to the amounts that have settled. FRB Atlanta also receives a voucher report from PNC Bank that FRB Atlanta uses to confirm that the amounts it has received (as reported by EASy) match those of PNC Bank.

## **Credit Gateway**

Another collection program involving the Federal Reserve is the Credit Gateway. As with EFTPS, the program is run by a commercial bank agent, U.S. Bank, while the funds settle at an FRB. The collections consist of ACH credit and Fedwire transactions. In the case of tax Fedwire transactions, EFTPS and its agent, PNC Bank, is involved as well. The Credit Gateway and EFTPS communicate with one another and check Federal Reserve systems to ensure that the programs' databases are in line with settled amounts and properly reported.

The Fiscal Service does not have direct involvement in collecting or handling ACH credits or Fedwire receipts. Credit Gateway staff at U.S. Bank are responsible for monitoring Fedwire transactions to ensure that collections are credited to the correct Agency Location Code (ALC) and that all Fedwire deposit information is sent to the CIR by the end of the day.

When a wire is sent to Treasury in error, the bank initiating the Fedwire will request a reversal wire. There are two types of reversal requests, same day and prior day. The type of request determines which procedure is followed.

Same day reversals are processed immediately and the only support necessary is the Fedwire type code 1001 sent from the bank. When wires are reversed before the daily settlement (same day) the funds have not yet been received by the agency.

Prior day reversals require approval from the agency that received the money. Unlike the same day reversals, the agency has already received the money. Therefore, Credit Gateway Customer Care must contact the agency and obtain authorization to return the funds to the sender. If the financial institution (FI) has sent a Fedwire message type code 1007 (Request for Reversal of a Prior Day Transfer), Customer Care can accept an email from the agency authorizing the return of the Fedwire. If the FI has not sent a Fedwire message type code 1007, the agency must complete a Fedwire Return Form and email it to Customer Care. Processing of reversals in the Credit Gateway is performed by Credit Gateway Operations staff. Execution of a reversal within the gateway requires two operators to complete the transfer. The Credit Gateway transmits all Fedwire receipts and reversals to the CIR.

The CIR maintains a record of all reversal messages. This information can be retrieved through an online query in the CIR.

When wire messages are missing Agency Location Code (ALC) information or contain invalid ALC numbers, they are automatically transferred to the Credit Gateway suspense account, Public Money Symbol 20880001. To clear suspense items each day, the Credit Gateway operations staff reviews Fedwire messages to determine if sufficient information on the Fedwire can be obtained to manually apply the message to a valid account. If a valid account cannot be

identified, the Fedwire is returned to the originating financial institution. Consequently, the suspense account is cleared of the Fedwire transaction. The suspense account should be zero at the close of each business day. All transactions received and returned in the suspense account are transmitted from the Credit Gateway to the CIR. Suspense items can be retrieved through an online query in the CIR.

If a Fedwire is credited to the wrong ALC, the agency contacts the Credit Gateway Customer Care unit at U.S. Bank via phone or email. The agency completes a Gateway Account Correction Form and emails it to Customer Care. Customer Care makes the correction in the Credit Gateway and the correction is transmitted to the CIR. Correction information can be retrieved through a query in the CIR.

Each day Credit Gateway Operations at U.S. Bank reconciles all Fedwire receipts with reports provided by the FRBs that receive the funds. Credit Gateway Operations compares FRB account statements to U.S. Bank deposit system reports as well as the Credit Gateway end of day voucher files. If a difference is identified, Credit Gateway Operations will research the discrepancy with the FRB and U.S. Bank technical staff. Credit Gateway Operations will notify the Fiscal Service and downstream stakeholders (CIR and EFTPS) if any corrective action is required.

### **Treasury Cash Management System**

Transactions that settle to accounts at commercial bank depositaries and financial agents are centralized differently than transactions that settle to accounts at the Federal Reserve Bank (FRB) depositaries and fiscal agents. For the transactions that settle to accounts at commercial banks, the banks report transaction amounts to the CIR, either directly or through collection programs that provide information to the CIR, which, in turn, passes the information to the Treasury Cash Management System (TCMS). Using their internal accounting systems, these banks need to confirm that the amounts deposited to or withdrawn from these accounts match what they report to the CIR and other relevant collection programs.

For instance, the most common method used for commercial banks to report vouchers into the CIR is through the Over the Counter Channel Application (OTCnet). OTCnet is used to (among other things) record deposits of cash and checks presented to commercial bank depositaries across the country and around the world. These banks can access OTCnet to view, update, confirm, and submit vouchers. OTCnet sends this information to the CIR, which passes it to TCMS.

TCMS uses the National Settlement Service (NSS) to transfer funds between the depositary's FRB reserve account and the TGA. After the transfers occur, the depositary can access reports within the CIR to ensure that the proper amounts were transferred, or access more summary-level Federal Reserve reporting systems to confirm the transfers. TCMS also sends an end of day report to the commercial banks via FedMail. These reports provide voucher level detail for the NSS transfers that TCMS made that day. This report helps the bank make the subsequent movement of funds from the correct Treasury Demand Deposit Account (DDA) to offset the

movement of funds from their main reserve account. Information on the vouchers also remains in OTCnet. In addition to reconciliation accomplished by the commercial banks in these cases, Federal agencies can alert the Fiscal Service to any discrepancies between what they believed they deposited and the amount that was actually deposited and reported through OTCnet, CIR, and TCMS.

TCMS sends three concentration files per day to the NSS (8:30 a.m., 12:00 p.m., and 5:30 p.m. ET); NSS checks to ensure that the banks have funds to cover debits to their FRB reserve accounts and then passes the files to EASy.

## **Which Fiscal Service Offices Perform Reconciliation for Central Accounting?**

The Fiscal Service is responsible for the federal government's systems for collections, central accounting and reporting and cash management. There are several organizations within the Fiscal Service that receive and use cash collection information.

- In RCM, these include the Data Management Reporting and Analysis Division (DMD) and the Collections and Deposits Group (CDG).
- In the Fiscal Accounting Assistant Commissioner area, Fiscal Accounting Operations, Central Accounting and Reporting Division which includes the Budget Reports Branch (BRB), Cash Reporting Branch (CRB), and Cash Accounting Branch (CAB).

### **Responsibilities of the Data Management Reporting and Analysis Division**

The Data Management Reporting and Analysis Division (DMD) verifies that collections reported in the CIR have been credited to the TGA, helps users navigate the CIR, sets up new accounts for users, and performs database management. To help ensure that collections are properly credited to the TGA, DMD staff monitors the differences identified through automated comparisons of TGA collection data and CIR reported collections. The following describes DMD's control procedures:

- Reconciliation of ALC 20181874 – the CIR submits data settled by NSS to FA, using PMS 20801874.

### **Responsibilities of the Collections and Deposits Group**

The Collections and Deposits Group (CDG), which includes the Settlement Services Division, maintains a number of transit accounts for specific purposes that are primarily used by the Debit Gateway (A general description is provided in part I.). The Cash Accounting Branch (CAB) provides CDG with an electronic copy of transit entry details once a week. These records should be in agreement. The reports provide information by the following Public Money Symbols:

- a) Reconciliation of PMS 20801870 – Transit Account – Check Conversions – POS [OTC NET]

- b) Reconciliation of PMS 20801871 – Transit Account – Pay.gov
- c) Reconciliation of PMS 20801872 – Transit Account – Check Conversions – Lockbox [ECP]
- d) Reconciliation of PMS 20801873 – Transit Account – Check Conversions – OTC
- e) Reconciliation of PMS 20801875 – Transit Account – PAYPAL
- f) Reconciliation of PMS 20801876 – Transit Account – DG-OTCnet NAF
- g) Reconciliation of PMS 20801878 – Transit Account – Check Conversions – Agency Direct [Debit Gateway]

### **Responsibilities of the Budget Reports Branch**

The Budget Reports Branch (BRB) prepares the *Monthly Treasury Statement of Receipts and Outlays of the United States Government (MTS)* and the *Combined Statement of Receipts, Outlays and Balances of the United States Government* that reports governmentwide cash collections to the citizens of the United States of America.

### **Responsibilities of the Cash Reporting Branch**

The Cash Reporting Branch (CRB) collects and analyzes cash collection information daily from reports received from the FRBs, FPAs, IRS Service Centers, DVS, CIR, FIRD and EFTPS. The division provides the receipt and disbursement information to the Office of Fiscal Projections at Treasury's Office of the Fiscal Assistant Secretary (OFAS). These offices use the information to make daily cash management decisions concerning the investment of excess operating balances. Book and bank information reported to the CASH TRACK system is used for the authoritative reconciliation of the TGA to confirm the actual balance in the TGA account held at FRB New York. CRB also prepares the *Daily Treasury Statement*.

### **Responsibilities of the Cash Accounting Branch**

The Cash Accounting Branch (CAB) is responsible for maintaining and monitoring the collection of data and accounting for all public monies reporting as well as monitoring the receipts and disbursements between the Federal Reserve Bank of New York, financial institutions, and the Treasury. The division also maintains the Central Summary General Ledger (CSGL), thereby reflecting the receipt, custody, and expenditure of all public monies. The division maintains the CSGL for all cash assets and liabilities of the government and maintains the various control accounts used to monitor the movement of cash and certain other major U.S. monetary assets.

## How Do the Fiscal Service Offices Perform Reconciliation for Central Accounting?

### Daily Recording of Collections

The Fiscal Service records the federal government’s cash balances in its central accounting and reporting system on the basis of public money symbols and account balances maintained at the Federal Reserve Banks.

CARS receives the FIRD File which provides bank information of activity impacting the TGA. The FIRD file is also sent to CIR and Payment Information Repository (PIR).

CARS is the system of record for the U.S. Government’s central accounting and reporting activities developed by Fiscal Service. CARS consists of several integrated modules/systems. The Bank Transaction Module (BTM) is the primary staging area for bank and book data being reported by the Federal Reserve Bank, CIR, PIR, and TCIS. CARS has the capability to accept summary reporting at the PMS as well as the RTN level. CARS accepts the FIRD file from the Federal Reserve Bank as a single entity. RTN transactions reported on the FIRD file are mapped to PMS’s in BTM, PIR, CIR, and TCIS. They will continue to report at the PMS level until each determines that they are ready to report the transaction data for posting to the General Ledger (GL) system that supports both CSGL and the General Fund. In addition, the BTM is the central location to monitor the TGA balance, manage the Reporting Entities (Federal Reserve Bank, CIR, PIR, TCIS, and others as needed), and manage RTN/PMS mapping.

The CIR and PIR consolidate information reported on the FIRD file (Bank View) and voucher information submitted by Treasury Programs/Channels by PMS and report to CARS. PMS’ are used as system controls that allow CARD to reconcile and accurately account for Governmentwide Cash. This is done within CARS/BTM, which performs a matching process each business day of activity received from the Bank View (FIRD file) with activity received from the Book View (CIR, PIR, and TCIS). The following PMS’ identify a specific collection or payment activity under the Treasury Cash Integrated Reconciliation Process (TCIRP) of the Treasury General Account (TGA), including PMS’ that may fall outside TCIRP.

20801870	11900006/ 81790001 (20A1870)	TRANSIT ACCOUNT, CHECK CONVERSION-POS	Collection
20801871	11900006/ 81790001 (20A1870)	TRANSIT ACCOUNT, PAY.GOV	Collection
20801872	11900006/ 8179001 (20A1870)	TRANSIT ACCT,CHECK CONVERSION LOCKBOX	Collection

20801873	11900006/ 81790001 (20A1870)	TRANSIT ACCOUNT, CHECK CONVERSION-OTC	Collection
20801874	11900008/ 81810001 (20A1874)	Commercial Cash Transfers (TCMS)	Collection
20801875	11900006/ 81790001 (20A1870)	Transit Account, PayPal	Collection
20801876	11900006/ 81790001 (20A1870)	Transit Account, DG-OTCNET NAF	Collection
20801878	11900006/ 81790001 (20A1870)	TRANSIT ACCOUNT, CHECK CONVERSION-SSA	Collection
20808084	11900012/ 82660001 (20A8084)	SUSPENSE ITEMS, INVALID ALC'S	Payment/Collection
20808119	11900016/ 82720001 (20A8119)	CIR, FRB BOOK TRANSFERS (Collection Information Repository)	Collections
20808120	11900020/ 82730001 (20A8120)	Federal Reserve – Electronic Tax Application Settlement	Collection
20808121	119000022/ 82870001 (20A8121)	Payment Information Repository(PIR)	Payment
20808122	11900023/ 82880001 (20A8122)	Unclassified FRB Transactions (For future processing under STP)	Collection/Payment
20808130	11900024/ 82890001 (20A8130)	IRS-Online Bill Payment ACH	Collection

20808131	11900017 /82740001 (20A8131)	ACH Credits (Credit Gateway)	Collection
20808134	11900025/ 82900001 (20A8134)	Treasury Retail Investment Manager	
20880001	29900012 /81780001 (20A1869)	DEPOSITS IN SUSPENSE, EFT	Collection

02880002	29900011 /81770001 (20A1868)	DEPOSIT IN SUSPENSE, EFT (OFAC)	Collection
20880202	11900007/ 81800001 (20A1871)	T A-UNCLAS RECPTS ELEC FUND TRANSFER	Collection
20880208	11900009/ 82590001 (20A8060)	T A-UNCLAS CHARGES, ELEC FUND TRANSFER	Collection
20808011	11090008/ 82440001 (20A8015)	DO'S CHKS OUTSTD UNFND ACCT 4 DGT SYMB	Payment
20808016	29900006/ 82450001 (20A8016)	T A-PYMT US TREAS CHKS ACHIVE RETRV	Payment
20808017	11090002/ 82460001 (20A8017)	T A-ADJ US TREAS CHK PYMT FED RES BK	Payment
20808021	11090003/ 82500001 (20A8021)	T A - U.S. TREASURY CHECK DISCREPANCIE	Payment
20808073	11090006/ 82630001 (20A8073)	TRANSFER OF US TREAS CHK DATA	Payment

The following PMS' are strictly for cash related transactions and the movement of cash:

00017222	11010003/ 81070001 (20A1009)	Short-Term Cash Investments	Investment
20801006	11030003 /81030001 (20A1006)	SUPPLEMENTARY FINANCING PROGRAM	Cash Asset

20801007	11010004 /81050007 (20A1007)	REPURCHASE AGREEMENT ACCOUNT	Investment
20801008	11010005 /81060001 (20A1008)	TERM INVESTMENT ACCOUNT	Investment
20801011	81220001 (20A1011)	OTHER US TREAS MONETARY ASSETS	Monetary Asset
20801012	81600001 (20A1012)	U.S. TREASURY MISCELLANEOUS ASSETS	Monetary Asset
20801021	81240001 (20A1021)	T A-OTHER US TREASURY MONETARY ASSETS	Transit
20801043	81660001 (20A1043)	T A-US TREASURY OWNED GOLD	Monetary Asset
20801053	81670001 (20A1053)	US TREASURY - OWNED GOLD	Monetary Asset
20808056	11090004/ 82580001 (20A8056)	TRANSFER UNPROCESSED TREAS CHK-UNCLAS	Transit
20808063	11090005 /82610001 (20A8063)	T A-CHKS ON US TREAS CASHED,UNCLAS	Transit

### System Controls

CARS has certain programmed checks and balances to ensure the integrity of the accounting data received through the Transcripts and FIRD file and other data maintained in CARS. The following are some of the systems edit checks programmed into CARS:

- Data element edits check for invalid PMS/ALC numbers;
- Edit checks to identify duplicate transcripts and FIRD files;
- Edit checks to identify missing transcripts and transcripts and FIRD files as well as those in out of date sequence; and
- Balancing edits which show that total daily debits and credits are equal.

When errors are identified, the system flags the error. The system also stores a status report that can be run at any time to identify if any transcripts or FIRD files are missing. CARD staff monitors the system for error indicators daily and resolves any problems identified. In addition, the system creates a log that identifies error messages for transcripts received and the status.

### **Reconciliations with the Federal Reserve Bank**

Monthly, the Cash Accounting Branch (CAB) reconciles Account 11010003/8107001 (20A1009) - Short-Term Cash Investments and, whenever applicable, Accounts 11010004/81050001 (20A1007) - Repurchase Agreement, 11010005/81060001 (20A1008) - Term Investment, and 11030003/81030001 (20A1006) - Supplementary Financing Program Account to the main account balance reported in CASH TRACK as of the last day of the month. Differences between the CASH TRACK amounts and GL balances are generally timing differences. The CAB also reconciles Accounts 11010002/81010001 (20A1010) - Federal Reserve Account/TGA, 11010006/81020001 (20A1019) - FRB NY Special Purpose Account and 11900002/81620001 (20A1016) - FRB Deferred Items to the Daily CASH TRACK Transmittal balance at month-end. Accounts 11010004/81050001 (20A1007), 11010005/81060001 (20A1008), and 11010003/81070001 (20A1009) are not processing transactions at the current time because interest rates are too low for investment purposes.

CAB also confirms account balances with the FRB. Each month, CARD sends a confirmation letter to FRB New York reporting the TGA balance, and any PMS/RTN balances only reported via the FIRD file.

### **Reconciliation and Confirmation of Cash Account Balances**

Reconciliation of PMS 20808119 – Collection Information Repository (CIR): This PMS account is one of several PMS' used for deposits at FRBs. It is credited for the deposits reported to CARS on the FIRD file. PMS 20808119 is debited for the deposits reported to CARS by the CIR. CAB monitors any balances in this PMS account. Differences in this account often are a result of timing issues.

CAB confirms account balances with the Fiscal Service offices responsible for monitoring the daily activity in certain cash accounts. For example, to confirm the balances in the accounts related to collections, CAB sends a confirmation letter to RCM/Data Management Division

(DMD) to verify the balance in account 11900016/82720001 (20A8119) - CIR FRB Bank Transfers.

### **Reconciliations of Deposits in Transit**

CAB performs reconciliations (called “Deposits in Transit” audits) to ensure that agencies are notified of differences revealed from these audits. The Fiscal Service uses the term "Deposits-in-Transit" to refer to a component of CARS. This component provides an automated monthly comparison of net deposits reported by agencies on its Statement of Transactions, FMS 1218s and FMS 1219s, Statement of Accountability (by ALC) with the net deposit data CARS receives daily from the CIR. The difference between these two sets of reports often is due to over or under reporting to the source system by the agency.

CARS receives deposit information daily from depository banks using the CIR system. The source documents for the CIR system are Credit Vouchers and Debit Vouchers. At the beginning of the month, the agencies prepare and certify the Statement of Transactions, Form 1219/1220 or Form 1218/1221 (Statement of Accountability and Transactions) via the Agency Transaction Module (ATM) or transmit the data directly to CARS using Connect: Direct for the prior month’s activity. The agency reports show the total net deposits, disbursements, and interagency transactions by ALC by month.

Every day, CARS compares the information it has collected through the CIR with the agency reported deposit information. When CARS identifies differences between the daily bank data received and the agency reported amounts, CARS generates a Statement of Differences. Agencies can access the Statement of Difference in the CARS Statement of Difference (SOD) Module.

Differences occur because incorrect deposit information (such as incorrect ALCs or amounts) was entered into the CIR or via agencies’ monthly reporting. Timing differences occur often when agencies report deposit data for a different month than do the banks, which can sometimes happen at the end of the month. A large portion of these timing differences are corrected by the end of the second month.

Agencies, not the Cash Accounting Branch, are responsible for researching and resolving the differences. Agencies should report to Treasury any resulting adjustments to their general ledgers on their monthly Statement of Transactions, FMS1219s, or FMS1218s, Statement of Accountability.

### **Reconciliation of Automated Clearing House Credit and Fedwire Transactions**

After month end, RCM’s Settlement Services Division (SSD) reviews the CIR Financial Transaction Summary report for the Fedwire suspense account 20880001 and the Fedwire Office of Foreign Assets Compliance (OFAC) suspense account 20880002. SSD verifies that the net monthly balance is zero for both accounts. If an account is not zero, SSD will work with Credit Gateway Operations to resolve the discrepancy. ACH processing and reconciliation in the Credit

Gateway follows the same path as Fedwires. The ACH suspense account is 20180049001 and the ACH OFAC suspense account is 820180049002.

Following month end, CAB sends SSD an email requesting the balance for suspense accounts 20880001 and 20880002. SSD sends CAB an email with the balance as reflected in the CIR. If there are any discrepancies, an explanation is provided to CAB. Then the CAB sends a letter to RCM's SSD to verify the balances in 29900012/81780001 (20A1869) – Deposit in Suspense Electronic Funds Transfers, 29900011/81770001 (20A1868) - Deposit in Suspense EFT (OFAC), 11900007/81800001 (20A1871) - Transit Account for Unclassified Receipts, Electronic Funds Transfer (EFT), and 11900009/825900001 (20A8060) – Transit Account Unclassified Charges.

CAB reconciles Fedwire collections reported to the FA's CARS/Bank Transaction Module (BTM) system by the RCM's CIR file (book data) and FRB's FIRD file (bank data). The data used in the reconciliation is reported to CARS/BTM by the CIR as net debits/credits to PMS' 20880202 and the FRB New York FIRD file as net credits/debits by RTNs to PMS 20880202. CAB notifies SSD if the CIR and FRB file totals do not match if FA had not been previously notified by RCM of an out of balance condition for the RTN mapped to PMS 20880202.

#### **Monthly Reconciliation of Treasury General Account Balances**

The FRB New York receives a monthly confirmation from CAB that includes two major items (1) Confirmation of the TGA balance, and (2) Confirmation of PMS accounts 20801872, 20801870, 20801878, 20801871, 20801876, and 20808063.