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ADM: Federal Finance’s Mission Critical Collection Bridge

By Tamara Whitaker, Director, Accounting and Data Management Division

The Accounting and Data Management Division (ADM) is responsible for a variety of accounting, imaging and, reporting systems that bridge Federal Finance’s (FF) collection and deposit systems to other government-wide accounting and bank management systems. The Division oversees the federal government’s deposit reporting, transaction reporting, and cash concentration systems that support revenue collection. It oversees the imaging systems that store data on paper checks and

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FMS Implements Middle East Sustainment and Optimization Program

By Teri Hoehn, Editor

When FMS first realized there was a critical need for a Sustainment and Optimization Program to strengthen the execution of the EagleCash Stored-Value Card (SVC) and Paper Check Conversion (PCC) applications used by the U.S. military at peace-keeping and forward operating bases, it evaluated multiple courses of action.

five primary theatres of operation in Afghanistan, Iraq (north and south), Kuwait, and Qatar, the decision was made to implement a Sustainment Program, which would be managed by the U.S. Department of the Treasury, and funded by the U.S. Army and Air Force.

Recognizing the need to provide on-site operational support, training and proactive software/hardware maintenance for these programs in

EagleCash is a cash management tool designed to support U.S. military personnel deployed in combat zones and on peace-keeping missions. The program uses

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ITS.gov Readies for New 2009 NACHA IAT Format

By Susan Helm, EFT Strategy Division

A change is coming to international payment processing in September 2009 and ITS.gov will be ready. Based on a request from the Office of Foreign Assets Control (OFAC), a new rule for international electronic payments was developed by NACHA – the Electronic Payments Association, to classify certain payments as International ACH Transactions (IAT). When the rule change goes into effect in September 2009, ITS.gov payments that flow through the Federal Reserve Automated Clearing House International Services (FEDACH) network will be sent using the new IAT format. This new format will include additional payee and payor information and provide the capability to identify all parties to an international ACH transaction.

The new IAT format will also provide related information which supports data requirements needed for analysis of a potential match to the Specially Designated Nationals (SDN) list of individuals and



organizations identified as a threat to the national security of the United States. If a payment is identified as a potential match to SDN (as a result of the OFAC screening) the agency will be contacted for further information about the payment recipient or to provide research assistance.

Enhancements to the ITS.gov application to facilitate the new format and to accept additional payment data is planned for the 2009 release. Additionally, the ITS.gov staff at the Kansas City Financial Center (KFC) is the point of contact to support agencies during the transition period, providing assistance on format and technical details. Thorough planning and analysis has ensured that by the September deadline international payments that touch the ACH network will include all the required information and be sent in NACHA's new IAT format.

To learn more about the ITS.gov implementation of the NACHA IAT format, please contact: Dwight Sage at 816-414-2129.

The Department of Veterans Affairs Officially Joins Go Direct

By Diane Johnson, Payment Management

The Department of the Treasury's, Financial Management Service (FMS) is pleased to announce the addition of the Department of Veterans Affairs (VA) as one of its Go Direct partners.

Since 2007, VA has been participating in Go Direct through a limited pilot with Treasury that allowed recipients of VA Compensation & Pension (C&P) to sign up for direct deposit. By partnering with VA, FMS can now begin to promote and market

Go Direct to veterans.

Beginning in December 2008, back-of-envelope messages promoting Go Direct were printed on all VA C&P checks which resulted in much higher than normal levels of VA enrollments for December.

Beneficiaries entitled to receive VA C&P payments can enroll in direct deposit by calling 1-800-333-1795, through the web at www.GoDirect.org, or by mailing FMS's Form 1200 to the Go Direct Processing Center in Dallas, Texas.

Go Direct is a national campaign sponsored by the U.S. Department of the Treasury and the Federal Reserve Banks to motivate people who receive federal benefit checks to use direct deposit. Now in its fourth year, Go Direct has converted an estimated 2.4 million payments to electronic funds transfer (EFT) which

will result in an approximate savings of \$228.5 million to the federal government over the next 10 Years (statistics as of November 2008).

Direct deposit is simply the best way for people to get their Social Security, Supplemental Security Income, Railroad Retirement Board, Office of Personnel Management and VA (C&P) payments because it eliminates the risk of stolen checks, reduces fraud and gives them more control over their money. Plus, direct deposit allows immediate access to funds from virtually anywhere.

Treasury issues over 700,000 checks per month to recipients of VA C&P payments, and since October, over 4,000 VA C&P payments have been processed through Go Direct.





Middle East Sustainment and Optimization Program Implemented

By Teri Hoehn, Editor

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smart card technology and batch processing to reduce the amount of U.S. currency in circulation overseas, and to take workload out of the base Finance Office, thus freeing up military personnel for other essential duties.

EagleCash cards are issued at selected pre-deployment sites in the U.S. and at Finance Offices in contingency areas of operation where the program has been deployed.

In existence since 1999, EagleCash has issued over 455 thousand cards to date which have been used to process more than 24 million transactions valued at over 1.5 billion dollars. Active in 11 countries (primarily in the Middle east) with 3,800 Point of Sale (POS) Terminals, 300 self-service kiosks and 400 personal computers (PC) (which support PCC and deployed disbursing system [DDS]), the need for an outside the continental United States (OCONUS) Sustainment Program arose due to challenges of inside the continental United States (CONUS)-based support, extreme operating environments, high transaction volumes and off-line processing which made hardware management and training a critical function.

A key element of the Sustainment and Optimization Program included extending offers to qualified candidates for the new OCONUS EagleCash/PCC OTC Sustainment Program. "We were really fortunate to find Nick Boateng, Doug Empson, and Tony Taylor. Each of these individuals has in-depth knowledge of the EagleCash/PCC OTC programs, knows our customers needs, have served extensively in a 'battlefield'-

environment, and were excited about joining the team. Doug and Nick have only been in the field for a short period of time and have already made significant contributions," said Graham Mackenzie, Manager of the Stored

Value Card Program at FMS. received assistance from nineteen individuals—each of whom helped us satisfy some important requirement. We also received similar assistance from a comparable number of individuals in the US Army, Air Force, and at the Federal Reserve Bank of Boston," Mackenzie noted.



(From Left) Judy Tillman, Commissioner, FMS; Sheryl Morrow, Assistant Commissioner, Federal Finance; Douglas Empson (stationed in Iraq); Ronda Kent, former Director, Agency Enterprise Solutions Division (now with Office of Chief Counsel); Tony Taylor, Team Leader; Dave Lebyrk, Deputy Commissioner, FMS; Graham Mackenzie, Manager, Stored Value Card Program; (Center Back) Nicholas Boateng (stationed in Afghanistan). (FMS Photo/David W. Burgess)

Team Leader, Tony Taylor, will be the next employee to start at FMS with the Sustainment and Optimization Program beginning in March 2009.

"This is the single most significant improvement we could make to a cash management application used everyday by tens of thousands of members of the U.S. Armed Forces serving our nation in remote and often dangerous locations. Knowing who our customers are and how much they rely on us, motivates everyone on the team to deliver their best effort. This program will allow us to deliver that effort consistently and in a way we have only been able to provide on an ad hoc basis until now," Mackenzie remarked.

Value Card Program at FMS.

With goals of optimizing operations, conducting preventative maintenance, improving service response time, and keeping costs low; without compromising quality, the first two FMS sustainment specialists: Nicholas Boateng and Douglas Empson reported to their assigned duty stations in Afghanistan and Iraq, respectively, in January 2009.

The selected specialists were trained in program applications in Washington, D.C. and Boston, MA with the military providing additional training at Fort Benning, GA. "Building and implementing the Sustainment Program was truly a 'team effort.' Within FMS alone we

Thank you, Nick, Doug and Tony for your valued commitment to embark on a mission critical to the success of the Treasury, Army and Air Force cash management strategies and objectives. We're extremely proud to have you as new members of the FMS team.





ADM: Federal Finance's Mission Critical Collection Bridge

By Tamara Whitaker, Accounting and Data Management Division

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and remittance documents for FMS's government-wide check collection systems. The Division is responsible for ensuring that all collection systems comply with government-wide accounting rules. Drawing on its various accounting and reporting systems, the Division produces the authoritative reports on federal revenue collection used by the Treasury to measure and manage the business line. It oversees financial and fiscal agent banks engaged in revenue collections reporting. It also coordinates the accounting functions of the collections business line with FMS's other business lines and the Governmentwide Accounting (GWA) Assistant Commissioner area.

promote and expand the use of electronic collection of receipts.

At end-state, the CCMM initiative will enable FMS to become more efficient, minimize costs, and reduce the operational risk to the federal government by



Stan Frye and Kay Gilley, PNC members of the TRS Team, lead an opening session on CCMM and TRS for agencies at FMS's Liberty Center in Washington, D.C. recently. (FMS Photos/Teri Hoehn)



Frances Jones-Tobin, of the Department of Housing and Urban Development, and Brenda Dickerson, of the Minerals Management Service, discuss upcoming collection changes and exchange notes.

addressing all collections and settlement mechanism, transaction reporting, cash concentration, cash forecasting and investment practices.

There are 4 primary systems developed and/or managed in the ADM Division: CASHLINK II, the Foreign Currency Accounting System, the Treasury Cash Management System (TCMS), and the Transaction Reporting System (TRS).

assists the Treasury in managing depositary services provided by financial institutions and monitoring the cash position of the U.S. Government. With the implementation of CCMM, CASHLINK II will be decommissioned, and its functionality will be replaced by other systems, including TCMS and TRS.

The Foreign Currency Accounting

ADM's systems play a key role in FF's Collections and Cash Management Modernization (CCMM) Initiative. CCMM is a comprehensive, multi-year enterprise architecture initiative to streamline, modernize, and improve the services, systems, and processes supporting FMS's collections and cash management programs.

CCMM's three main objectives are to streamline the collection processes and eliminate duplicative functionality; provide agencies with detailed, centralized access to collections information; and to

CASHLINK II is an electronic cash concentration and information system used to manage the collection of U.S. Government funds throughout the world. It links agencies, commercial banks, Federal Reserve Banks (FRB), and Treasury through an electronic network. CASHLINK II receives deposit information, initiates funds transfers, and concentrates daily deposits made through multiple collection mechanisms. It provides agencies with real-time information to reconcile their accounts. In addition, CASHLINK II



Customer Relationship Manager, Gregory Crawford speaks with Rose Kline of the Department of Homeland Security/TSA during a session break about her agency's current collection needs.

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System (FCAS) was designed as an automated method of monitoring, consolidating and reporting collections and expenditures of foreign currency acquired, without expenditure of dollars, for goods sold and repayment of loans. This function is a requirement of the Secretary of the Treasury, who has legislative mandate to exercise control over the foreign currency held by the U.S. Government. The FCAS system is designed to enhance the posting and reporting of foreign currency information. The primary objectives of FCAS are to: (1) improve the timeliness and accuracy of foreign currency reporting; (2) automate the posting and error correction process; (3) streamline the report generation process; and (4) comply with Department of the Treasury accounting policies, principles, and standards as documented in the

CASHLINK II and FRB CASH-LINK systems.

The Transaction Reporting System (TRS) will be a foundational element for FMS efforts to modernize government cash management. TRS will provide a centralized data warehouse containing detailed and summarized records of all revenue collection transactions of the federal government. Central to the creation of TRS will be a transaction reporting capability that replaces the current ad hoc, multi-point to multi-point communications network between Financial Institutions (FIs) and Federal Program Agencies (FPAs) with a communications hub that provides revenue collection transaction details to FMS and to

FPAs. TRS will also provide the capability for FMS and FPA users to access check images via the Enterprise Image Platform.

Lastly, TRS will provide a wide range of business information and business analytical tools that will: (1) help FMS reduce the cost of collections; (2) help FMS manage the quality of incoming financial transaction information from the FIs; (3) provide more detailed information for deposit reporting and cash

concentration purposes (4) provide more real-time information for cash forecasting; (5) reduce the burden and costs of reconciliation between FPA Core Financial Systems and the Governmentwide Accounting system (STAR or the new GWA); and (6) provide more real-time status information for purposes of budget execution management.

As part of its agency outreach project, the TRS team held 3 Agency User Group sessions in the first two



Debbie Holt, from the Department of Housing and Urban Development, and Andu Aklog, from the U.S. Patent and Trademark Office, discuss their agency's transition to TRS.

months of 2009. Approximately 60 participants representing about 40 agencies were in attendance. Meeting participants were excited to hear about TRS, and curious about the differences between CASHLINK II and TRS. The TRS Agency Transition and Communications Plans are currently being developed.

To learn more about TRS visit www.fms.treas.gov/trs, for CASHLINK, visit www.fms.treas.gov/cashlink. For additional information about ADM contact, Tamara Whitaker at 202-874-7132.



Kay Gilley, of the PNC TRS Team, provides opening remarks and introductions to the TRS Agency User Group Meeting attendees.

Treasury Financial Manual (TFM) and other government directives.

TCMS, as one of the critical elements within the Collections and Cash Management future architecture, will be the FMS application managing the settlement of inflows to and outflows from the Treasury's operating cash account at the FRB. TCMS will be developed as the sole provider of cash concentration from Depository Financial Institutions (DFI) and FRBs. TCMS will modernize, streamline and improve the processes and IT systems currently supporting collections business line by eliminating the duplicative cash concentration processes within the current



Linda Howard, of the PNC TRS Team, shares information with Deborah Thompson, of U.S. Customs and Border Protection, during the day-long TRS meeting.



FI Guide to Limiting Your Liability on ACH Treasury Reclamations

By Vendetta Patterson, Philadelphia Regional Financial Center

Reclamation is a procedure used by the federal government to recover benefit payments made through the Automated Clearing House (ACH) to the account of a recipient who died or became legally incapacitated or a beneficiary who died before the date of the payment(s). The government's right to reclaim funds is established in Title 31 of the Code of Federal Regulations Part 210, Subpart B, Section 210.10(a). By accepting a recurring benefit payment from the government, a receiving depository financial institution (RDFI) agrees to the provisions of 31 CFR 210, including the reclamation actions and debiting of the RDFI's Federal Reserve Bank (FRB) account for any reclamation for which it is liable.

Under 31 CFR Part 210, financial institutions (FI) are fully liable for all federal benefit payments received through the ACH after death. FIs can limit their liability for payments subject to reclamation if they had no actual or constructive knowledge of death at the time of deposit or withdrawal of post death payments, and adhere to the following guidelines outlined below:

- Immediately return any post death payment(s).
- The FI should immediately determine if the account balance is sufficient to cover the amount of the Notice of Reclamation (NOR) and return any remaining balance up to the amount of the reclamation. This minimizes the risk of incurring any liability for the withdrawal of any post-death payments. When returning a partial payment, the financial institution must return a check to the Regional Financial Center (RFC) specified in the notice.
- The FI should check for other types of federal benefit payments received by the deceased and take steps to

ensure these post-death payments are returned promptly. If the account remains open and additional payments are credited to the account, these payments become a part of the amount that must be returned in response to the NOR.

- The FI must mail the Notice to Account (owners copy of the reclamation form) to the last address of the account owners, notifying the owners of any action it plans to take against the account and certify on the form (in certification #1) that the account owners copy was mailed.
- The FI must also provide the name and address of any account owners or persons with access to the account if returning less than the full amount of the NOR for federal

benefit payments received from the Railroad Retirement Board, Social Security Administration, and Veterans Affairs. The Right to Financial Privacy Act prohibits FIs from releasing account holder information for all other Federal benefit payments subject to reclamation. FIs should enter "*Federal Law Prohibits the release of this information – refer to Title 31, CFR Part 210 and the Green Book*" for these payments, if attempting to limit their liability.

- The FI must certify (certification #2) the date it received the reclamation and the date it first learned of the death or incapacity of the recipient. When any of the above information cannot be provided, the FI should include a written statement explaining why the information cannot be furnished.
- Respond to the NOR timely so that it is received by the RFC within 60 days from the date of the notice. If the financial institution fails to limit its liability by the 61st day after the original notice, their Federal Reserve account will be debited for the full amount of the reclamation.

For more information on reclamations policy questions, please contact the Philadelphia RFC Education and Marketing staff at (215) 516-8154 or philly@fms.treas.gov.

Please note questions on specific reclamations, however, should be directed to the San Francisco RFC at (510) 594-7183 or the Austin RFC at (512) 342-7300.

Tips for FIs from the Regional Financial Centers

Reclamation Tip: Account for mail float and processing time when mailing a Notice of Reclamation. It can take an RFC 1-3 days to process a response.

IRS Non-Receipt Fact: Out of the 23,544 IRS Non-Receipts processed in FY2008, 89% were posted on the payment date.



Where's My Refund? An FI's Guide to IRS Non-Receipts

By Vendetta Patterson, Philadelphia Regional Financial Center

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

Because it is inevitable that certain customers will approach their FI about their IRS payment or other federal benefit payment made by Direct Deposit, it is important that FI personnel are properly trained in locating payments for their customers, especially payments that are memo posted or posted prior to settlement date. Statistics captured by Treasury's Financial Management Service (FMS) reveal that over 60% of all missing payments were posted to the FI when the recipient called to inquire about their payment.

Below are the steps an FI should take before referring the recipients to the IRS, or another authorized federal agency:

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

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



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

If all efforts to locate the payment have failed, the FI should instruct the recipient to file a non-receipt claim with the IRS, or the appropriate federal agency.

Upon notification from the recipient that a payment has not been received, the authorizing agency will notify FMS. FMS will research the claim via Follow-Up Trace Request (FMS 150.1) or Initial Trace Request (FMS 150.2) forms to determine the status of the payment. FMS will initiate contact with the FI by telephone or by mailing the FMS-150.1 or FMS 150.2 forms to the appropriate FI in an attempt to locate or resolve the non-receipt claim. The FMS 150.2 form is used to trace payments dated the current or previous month. Upon receipt of the FMS 150.2, the FI should follow these steps:

- Make all attempts to locate the payment.
- Credit the customers account if they have not done so already.

- Return the payment if for any reason the FI cannot credit the customer account.
- Use the customer's copy of the FMS 150.2 form to notify the recipient of the status of the payment.

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

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

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

For more information, please refer to Chapter 3 (Non-Receipts) and Chapter 4 (Returns) of the Green Book at: www.fms.treas.gov/greenbook. For specific questions, contact the Philadelphia RFC Education & Marketing staff at (215) 516-8154 or philly@fms.treas.gov.



New Assistant Commissioner Named for Payment Management

On January 12, 2009, Rita Bratcher was appointed as the Assistant Commissioner for Payment Management at the U.S. Department of the Treasury's Financial Management Service (FMS). Assistant Commissioner Bratcher is responsible for disbursing nearly one billion direct deposit and check payments each year, including Social Security, Veterans, Railroad Retirement and tax refunds. She also is responsible for managing four regional financial centers which make 85 percent of all federal payments totaling \$1.8 trillion annually, mostly by electronic transfer.

Prior to this assignment, Ms. Bratcher served as the Assistant Commissioner for Debt Management Services where she was responsible for the collection of delinquent debt owed to the federal government.



Rita Bratcher, Assistant Commissioner, Payment Management and Chief Disbursing Officer

Ms. Bratcher has worked at the U.S. Department of the Treasury's Financial Management Service (FMS) for more than 37 years and has been a pioneer in the field of Banking and Cash Management. Her first 23 years of government service was spent in the area now known as the Office of the Assistant Commissioner for Federal Finance at FMS. During that time, Mrs. Bratcher was responsible for developing many FMS firsts, including: the lockbox network, the credit card network, CASHLINK, Fedwire Deposit System, and Electronic Benefit Transfer. She was also involved in the development of the Credit Management Division which was the predecessor to FMS's Office of the Assistant Commissioner for Debt Management Services.

Mike Burnum Named Director of AES Division



Federal Finance recently announced Mike Burnum as the new Director of the Agency Enterprise Solutions (AES) Division. Mike has served as the

Director of the Settlement Services Division for the past few years. In that position, he led the major conversion of the Card Acquiring Service to a new financial agent; began implementation of the new ACH Debit and Check Gateway; and conducted the Financial Agent Selection Process for the Fedwire and ACH Credit Gateway.

Prior to joining FMS, Mike worked at Compass Bank and RBC Centura Bank. He has experience managing debit and credit card operations, Automated Clearing House transactions, check processing, image statement development and processing, as well as a number of other banking products. Mike has more than 20 years of management experience. He has also served in the (active duty) Army and the Army Reserve as a Finance Officer. He has personally used FMS's Stored Value Card program and is very familiar with the military's financial needs in the field.

Upcoming Events

Check Claims Agency Conference

April 14-15, 2009
9:00 a.m. - 4:00 p.m.

Mariott Inn & Conference Center
University of Maryland,
University College
3501 University Boulevard, East
Adelphi, Maryland
Register: www.fms.treas.gov/heckclaims/conf2009.html

Philadelphia RFC Agency Forum

April 29-30, 2009
8:30 a.m. - 4:00 p.m.

Smithsonian Institution/African
American Museum
Washington, D.C.
Register: www.fms.treas.gov/pfc/registration.html