



Post Payment System (PPS)

Philadelphia Financial Center

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Fiscal Service Advisory Council (FSAC) – June, 2016

Objectives

- Post Payment Services Review
- Post Payment System (PPS) Primer
- Functionality Review for Release 3.0 and 4.0
- Testing Approach
- Next steps

Post Payment Services Review

The Philadelphia Financial Center is Responsible for managing all TDOs post payment actions, integrity, and reconciliation activities associated with payment issuance, misdirected payments, and funds management.

Functionality Explained:

- **Returns** – Payments that are returned for cancellation, typically for reasons such as bad address, invalid account, death, etc.
- **Cancellations** – Payments that are cancelled due to being stale dated, offset, or cashed after cancellation was requested by agency
- **Reclamations** – Recovery of payments issued to deceased or non-entitled recipients
- **Non-Receipt Claims** – Allegation and associated adjudication of a claim of non-receipt by a recipient
- **Check Reconciliation Exceptions** – Treasury checks that are misread, counterfeit, or altered
- **Detailed Payment Requests** – Requests from entities to satisfy Congressional, FOIAs, and investigative entities

Post Payment By the Numbers – 2015

- 2.9M ACH returns, valued at **\$6.4B+**
- 875K Check returns, valued at **\$4.2B+**
- 1M Expired checks, valued at **\$800M**
- 175K+ Engagement Center Inquiries
- 150K+ ACH non-receipts
- 250K+ ACH reclamations
- 25K+ check reclamations

Post Payment System (PPS) Overview

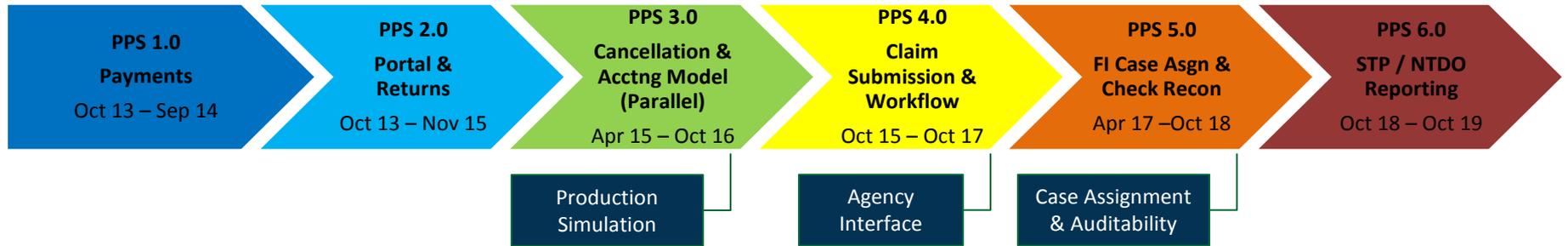
What will PPS do?

- Provide Agencies and Financial Institutions a single, all-inclusive system
- More Effective Delivery of Post Payment Services
- More Efficient Funds Recovery (\$12 Billion+/year)
- Improved Payment Integrity
- Customer-driven Functionality (queries/reports)
- Government wide cost savings, productivity gains
- Elimination of 1.5M+ pages of paper annually
- Enhanced internal controls
- FIPS-199 (High) designation to protect PII

PPS will replace the following legacy systems:

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

PPS Implementation Plan



| <u>Release</u> | <u>Content</u> | <u>Major Business Processes</u> |
|-----------------------|----------------------------------|---|
| 1.0 September 2014 | Payments | <ul style="list-style-type: none"> Payment and Payee objects loaded PFC query and fraud detection capabilities |
| 2.0 November 2015 | Portal & Check Returns | <ul style="list-style-type: none"> Check returns and paper reduction Basic portal functions |
| 3.0 October 2016 | Cancellation & Accounting Model | <ul style="list-style-type: none"> Production simulation & validate accounting model Payee history, research, and analysis |
| 4.0 October 2017 | Claims Submission & Workflow | <ul style="list-style-type: none"> System of record (Payments, Cancellations, Claims) Workflows for claims and paper reduction Decommission TCS, TRACS, Teletrace, TCIS IV |
| 5.0 October 2018 | FI Case Assignment & Check Recon | <ul style="list-style-type: none"> Case assignment for agencies and FIs Major productivity gains and cost savings Decommission TCIS and PACER |
| | | All legacy systems decommissioned |
| 6.0 October 2019 | STP & NTDO Reporting | <ul style="list-style-type: none"> Payment voucher reporting Enhanced case assignment and fraud research |
| | | Steady state after 6.0 |

Review of Release 3.0

1. Cancellation Types and Transactions
2. Common File
3. Portal

Let's address outstanding questions related to
Release 3.0 Functions

3.0 Functional Review – Cancellations

- Cancellation Types:
 - Pre-Payment (Invalids, Holds, Offsets)
 - Post-Payment (Returns, UCC, POC, LPC)
- Daily cancellation transactions are:
 - Grouped by accounting “schedules”
 - Summarized by TAS within schedule
 - Reported to GWA
- Daily transactions provided to agency:
 - Daily Cancellation Schedule Report via Portal
 - Common File for agencies who require downstream processing
 - Standardized Return Reason Codes

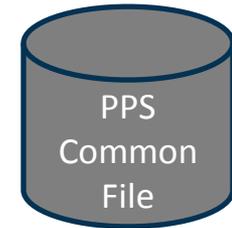
Cancellation Transactions

- ACH Invalids, Holds, Returns
- Check Invalids, Holds, Returns
- Check UCC and LPC Cancellations
- Payment Over Cancel (POC) Debits
- Fed Wire Returns

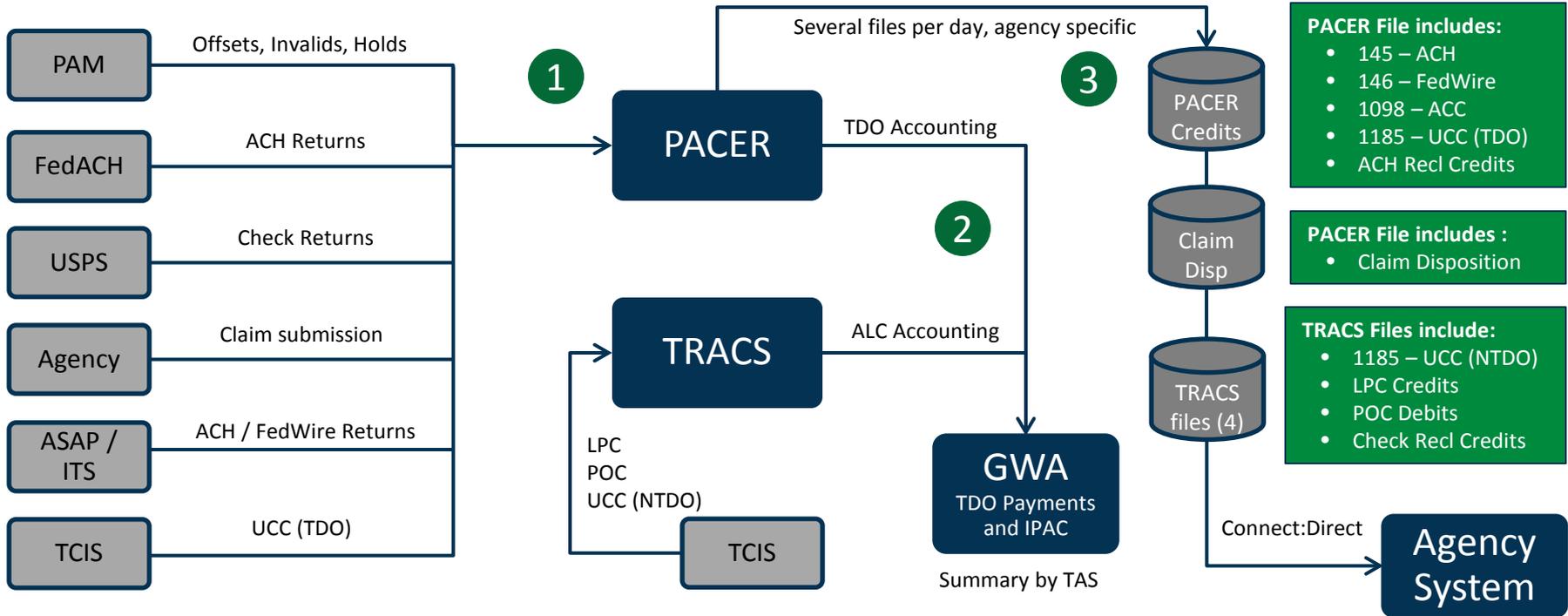
Cancellation Schedule Report

The screenshot displays a software interface for a Cancellation Schedule Report. At the top, it shows the reporting date as 01/22/2013 and the end date as 1/22/2013. Below this, there are two summary tables. The first table, titled 'Cancellation Activity', shows a total of \$148,000.00. The second table, titled 'Cancellation Details for Schedule PPS 010213', lists individual transactions with columns for Date, Amount, and Reason Code.

| Account Code | Amount | Account Code | Amount |
|--------------|------------|--------------|------------|
| 025102021 | 100 | 025102021 | 75 |
| 025102022 | 100 | 025102022 | 10 |
| 025102023 | 100 | 025102023 | 10 |
| 025102024 | 100 | 025102024 | 10 |
| 025102025 | 100 | 025102025 | 10 |
| 025102026 | 100 | 025102026 | 10 |
| TOTAL | 600 | TOTAL | 115 |



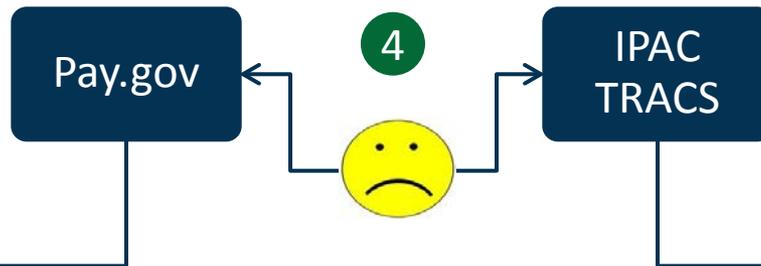
Legacy Cancellation Processing



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

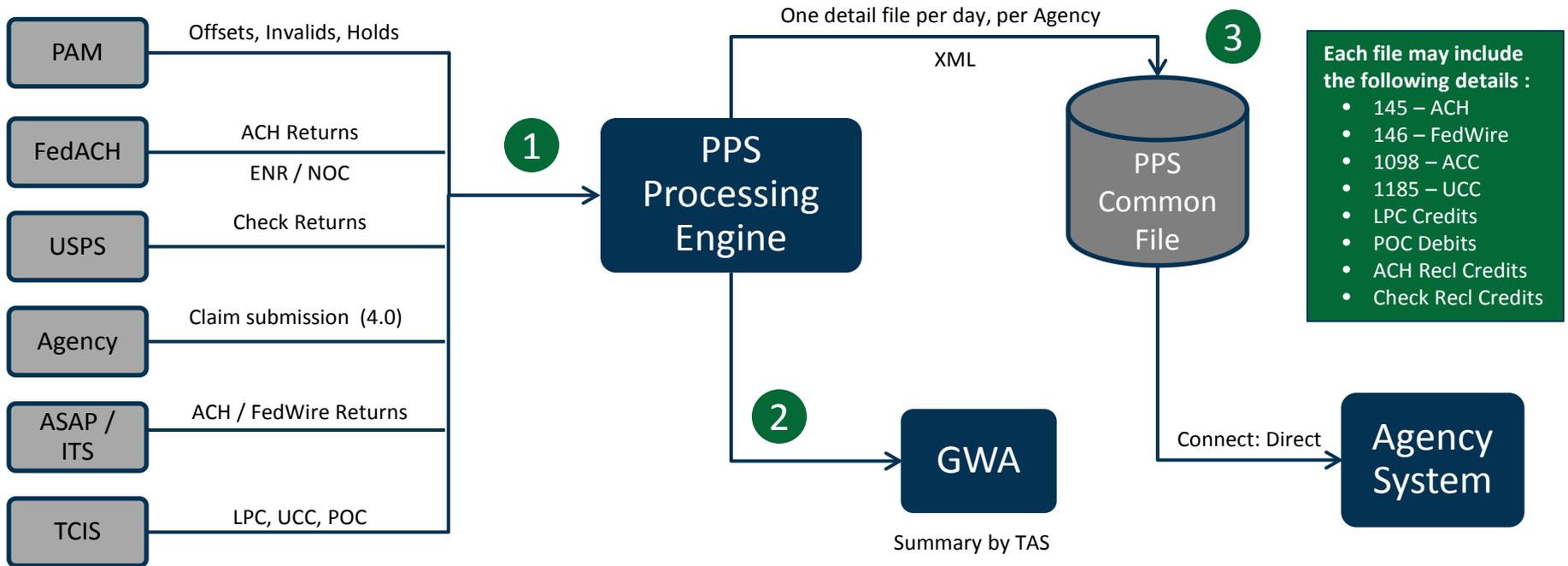
| Account Number | Date Picked | Check Date | Amount Due | Offset Amount | Status |
|--|-------------|------------|-------------|---------------|--------|
| 780954292 Agency Tracking Id: PFCSUMMARY | 07/28/2008 | | \$1,005.29 | | New |
| 780954292 Agency Tracking Id: 935SUMMARYREPORT | | | | | |
| 780954292 Agency Tracking Id: PFCSUMMARY | 07/28/2008 | | \$82.00 | | Viewed |
| 780954292 Agency Tracking Id: 935SUMMARYREPORT | | | | | |
| 780954292 Agency Tracking Id: PFCSUMMARY | 07/28/2008 | | \$82,008.00 | | Viewed |
| 780954292 Agency Tracking Id: 935SUMMARYREPORT | | | | | |
| 780954292 Agency Tracking Id: PFCSUMMARY | 07/28/2008 | | \$1,709.23 | | New |
| 780954292 Agency Tracking Id: 935SUMMARYREPORT | | | | | |
| 780954292 Agency Tracking Id: PFCSUMMARY | 07/28/2008 | | \$48,356.60 | | Viewed |
| 780954292 Agency Tracking Id: 935SUMMARYREPORT | | | | | |
| 780954292 Agency Tracking Id: PFCSUMMARY | 07/28/2008 | | \$193.39 | | New |
| 780954292 Agency Tracking Id: 935SUMMARYREPORT | | | | | |

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



| Select | Bill Number | Transaction Type | Amount | Account/Ref Date |
|--------|-------------|-------------------------------|------------|------------------|
| 0 | 2527928 | Payment Over Cancellation | \$945.85 | 05/02/2010 |
| 0 | 2527927 | Unavailble Check Cancellation | \$1,845.79 | 04/02/2010 |
| 0 | 2528629 | Unavailble Check Cancellation | \$1,638.33 | 04/02/2010 |
| 0 | 2528623 | Unavailble Check Cancellation | \$9,358.82 | 05/04/2010 |
| 0 | 2527916 | Unavailble Check Cancellation | \$1,652.38 | 05/02/2010 |

PPS Cancellation and Claims Processing



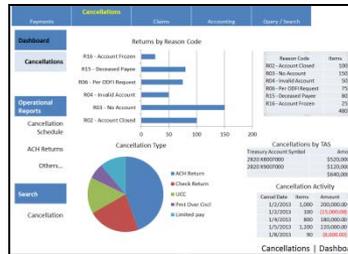
Claims Disposition Report

| Agency | ACH | FedWire | UCC | POC | Other |
|----------|-----|---------|-----|-----|-------|
| Agency 1 | 100 | 200 | 300 | 400 | 500 |
| Agency 2 | 150 | 250 | 350 | 450 | 550 |
| Agency 3 | 200 | 300 | 400 | 500 | 600 |
| Agency 4 | 250 | 350 | 450 | 550 | 650 |
| Agency 5 | 300 | 400 | 500 | 600 | 700 |

Cancellation Schedule Report

| Agency | ACH | FedWire | UCC | POC | Other |
|----------|-----|---------|-----|-----|-------|
| Agency 1 | 100 | 200 | 300 | 400 | 500 |
| Agency 2 | 150 | 250 | 350 | 450 | 550 |
| Agency 3 | 200 | 300 | 400 | 500 | 600 |
| Agency 4 | 250 | 350 | 450 | 550 | 650 |
| Agency 5 | 300 | 400 | 500 | 600 | 700 |

Cancellation Dashboard



PPS Portal

4

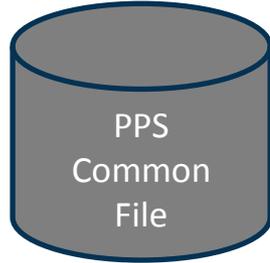
Agency users view reports via PPS portal

Agencies will utilize common file and portal output to validate results.

3.0 Functional Review – Daily Common File

Cancellation Transactions

- ACH Invalids, Holds, Returns
- Check Invalids, Holds, Returns
- Check UCC and LPC Cancellations
- Payment Over Cancel (POC) Debits
- Fed Wire Returns
- ACH Reclamation Credits (Rel 4.0)
- Check Reclamation Credits (Rel 4.0)



- Daily credits, detailed records
- Multiple accounting schedules per file
- Feeds agency downstream systems
- Used with portal to reconcile activity
- Replaces TRACS and PACER files

- **Common File Specification:**

<https://www.fiscal.treasury.gov/eda/docs/PPS%20Common%20Cancellation%20Format%20Specification.docx>

- **One file per agency, per day**
 - Multiple ALC “stacked” file groupings are configurable
- **File naming standard:**

| Node 1 | Node 2 | Node 3 | Node 4 | Node 5 | Node 6 | Node 7 |
|-----------------------------|--------|---------------------------|--------------------|--------|------------------------|-------------------------|
| Environment QA, FT, PROD | PPS | Endpoint (Agency) Name | File Sequence # | CPPF | Date of send DYMMDD | Time of send THHMMSS |
| PROD | PPS | SSA | S01 | CPFF | D160308 | T220135 |

“Big 5” Agencies Impacted by Common File

| Agency | ALC(s) | Payment Types | Common File? |
|-------------------------------|-----------------|--------------------------------------|--------------|
| SSA Admin | 28040001 | Vendor, Misc | N |
| SSI (Title 16) | 28040004 | Benefit, Allotment, Misc | Y |
| SSA (Title 2) | 28043000 - 5900 | Benefit, Allotment, Misc | Y |
| VA – Hines (C&P) | 36000201 | Benefit, Education, Vendor, Misc | Y |
| VA – Financial Service Center | 36001200 | Vendor, Misc | Y |
| VA – VAD | 36000102 | Vendor | Y |
| VA – VAA | 36000200 | Misc | N |
| VA – Insurance | 36000310 | Insurance, Misc | N |
| VA – Admin | 36000785 | Travel, Vendor | N |
| IRS – Admin | 20090002 | Travel, Vendor, Misc | N |
| IRS – Service Centers | 20090700 - 8900 | Refund, Misc, Vendor | Y |
| OPM – Admin | 24000001 | Travel, Vendor, Misc | N |
| OPM | 24000002 | Benefit, Child Support, Misc, Vendor | Y |
| RRB | 60009301 | Benefit, Child Support, Misc, Vendor | Y |

“Big 5” Agencies may participate in the following tasks:

- Requirements and design validation, Use Case Review
- Ad-Hoc tests, Compartmentalized system tests, and End-to-End integration test

Miscellaneous Agencies Impacted by Common File

| Agency | ALC(s) |
|---------------------------|---|
| DFAS (TDO) DFAS (NTDO) | 21004332 Various DO and Reporting ALCs |
| GPO | 04000001 |
| NFC | Various ALCs |
| USDA – CCC | 1236000 – 0037 12800001 |
| USDA – FMH | 12200408 |
| NBC | 14019999 |
| DOJ | Various ALCs 1501 - 1518 |

| Agency | ALC(s) |
|-------------------|----------------------------------|
| USC (Interior) | 14100099 69025356 70060002 |
| BPD | 20550860 |
| TSP | 26000002 |
| DFS | 31208094 |
| GSA | 47000016, 0018 |
| NLR | 63000001 |
| EPA | 68014922 |

| Agency | ALC(s) |
|--------|-----------------|
| SBA | 73000001 |
| PHS | 75010098 |
| CMS | 75050080 |
| HUD | 86090300 |
| CNCS | 95550001 |
| WHS | 97008003 |
| DLA | 97008050 |
| DOL | 16010002 – 2018 |

“Misc” Agencies may participate in the following tasks:

- Requirements and design review
- Ad-Hoc tests, Compartmentalized system tests, and End-to-End integration test

3.0 Functional Review – Portal

User specifies ALC(s) and Date Range

| Cancellation Date | Item Count | Summary Amount |
|-------------------|------------|----------------|
| 3/1/2016 | 125 | 125,000.00 |
| 3/2/2016 | 110 | 110,000.00 |
| 3/3/2016 | 120 | 120,000.00 |
| 3/4/2016 | 100 | 100,000.00 |
| 3/7/2016 | 150 | 150,000.00 |
| 3/8/2016 | 200 | 200,000.00 |

| Cancellation Schedules for: | | 3/3/2016 |
|-----------------------------|------------|----------------|
| Schedule # | Item Count | Summary Amount |
| K16N0145W001 | 10 | 10,000.00 |
| K16O0145W001 | 75 | 75,000.00 |
| K16I1098W001 | 10 | 10,000.00 |
| K16V1185W001 | 20 | 20,000.00 |
| K16L3813W001 | 5 | 5,000.00 |
| Total: | 120 | 120,000.00 |

| Sub-totals for Schedule #: | | K16L3813W001 |
|----------------------------|------------|----------------|
| Credit Category | Item Count | Summary Amount |
| TAS1234 | 2 | 2,000.00 |
| TAS5678 | 3 | 3,000.00 |
| Total: | 5 | 5,000.00 |

Credit Category:
TAS

Other summary options available in dropdown

Details for Schedule #: K16L3813W001

Credit Category: ALL



| Payee ID | Payment Date | Check / ACH # | Payment Amount | Reason Code | Payment Type | TAS |
|-------------|--------------|------------------|----------------|-------------|-----------------|---------|
| 123456789A | 1/2/2016 | C 1234-12345678 | 1,000.00 | POC | Daily Benefit | TAS5678 |
| 123456789B | 12/1/2015 | C 1234-23456789 | 1,000.00 | POC | Monthly Benefit | TAS5678 |
| 123456789C1 | 12/1/2015 | C 1234-345678901 | 1,000.00 | POC | Monthly Benefit | TAS1234 |
| 789123456 | 11/1/2015 | C 1234-87654321 | 1,000.00 | POC | Allotment | TAS1234 |
| 234567890 | 12/1/2015 | C 1234-12378945 | 1,000.00 | POC | Monthly Benefit | TAS5678 |

Detailed item listing :

- Sort by any column
- Expand for additional columns
- Exportable to excel or PDF
 - Excel may include more info
 - PDF used for printing
- Select items for additional details
- Replaces cancellation report in Pay.Gov and IPAC TRACS

Need to establish practical limits of items and columns displayed via the browser

Actual design and function may differ from this example

Review of Release 4.0

1. Claim Submission

- Batch Claims
- Online Claims Submission
- Claims Disposition File

2. Workflow

- ACH Non-Receipt Claims
- ACH Non-Entitlement Claims
- ACH Deceased Reclamations
- Check Claims
- Other exceptions

Workflow Changes and Improvements

- Outcomes generally the same, but the processes to get there are improving
- Consistent rules for Non-Receipts
- Automated R06 requests
- Eliminate Check Claims paper CDNs
 - Daily CDN file avail by request
- Portal visibility to case history and status
- Agency and FI's part of the workflow through case assignment (in Rel 5.0)
- Reduced paper and elimination of forms for FI correspondence (150s, 133s) in Release 5.0

PPS Workflow Storyboard (ACH Non-Receipts)

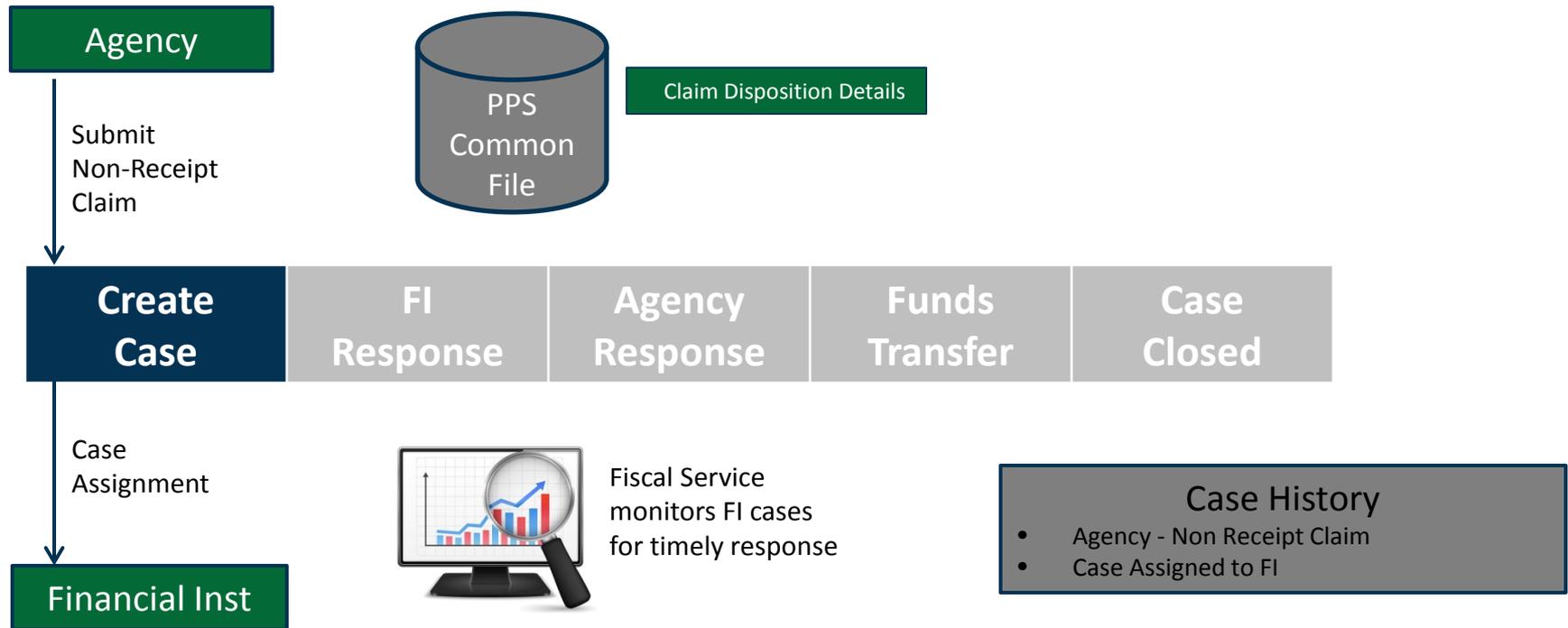
PPS Storyboard – ACH Non-Receipt

- Sequence of events
 1. Agency submits Non-Receipt Claim to Treasury
 2. FI Responds funds posted on payment date, however name on account does not match the beneficiary, e.g. Misdirected
 3. Funds are available
 4. Agency requests FI to return funds through PPS (new functionality)
 5. FI returns funds via R06 ACH Return
 6. Funds sent to Agency via credit to Agency TAS
 7. Agency receives details via Report

Highlight:

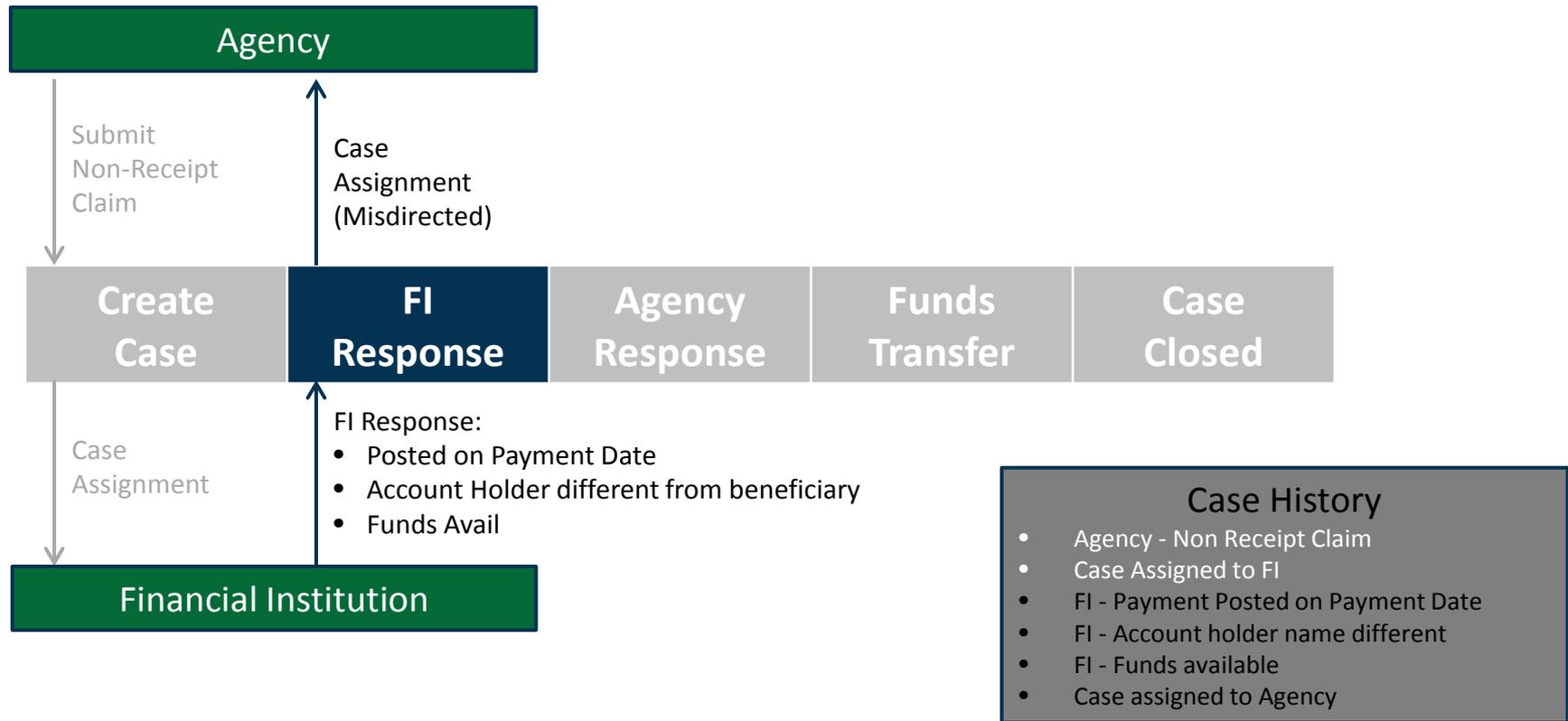
- Case Assignments and Alerts
- Recovery Request
- Online reports

PPS Storyboard – ACH Non-Receipt



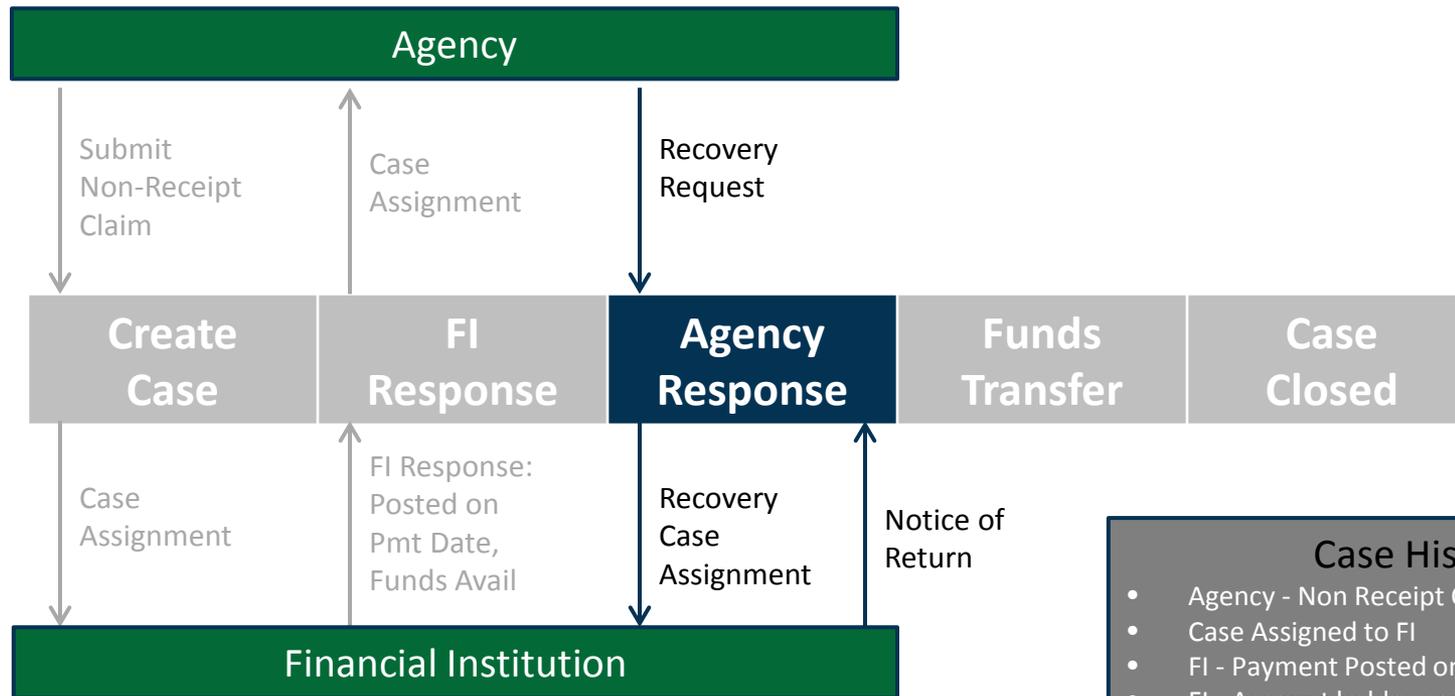
- Agency Claim creates a case assignment to the FI
- Agency systems receive claim disposition file (optional)
- Case History is visible to Agency, FI, and Fiscal Service
- Fiscal Service monitors case throughout the process and follow up with the FI as needed

PPS Storyboard – ACH Non-Receipt



- As the case proceeds, the case history is updated
- Users can be notified via alerts as cases come back to Agency
- Fiscal Service monitors case throughout the process and follow up with the FI as needed

PPS Storyboard – ACH Non-Receipt

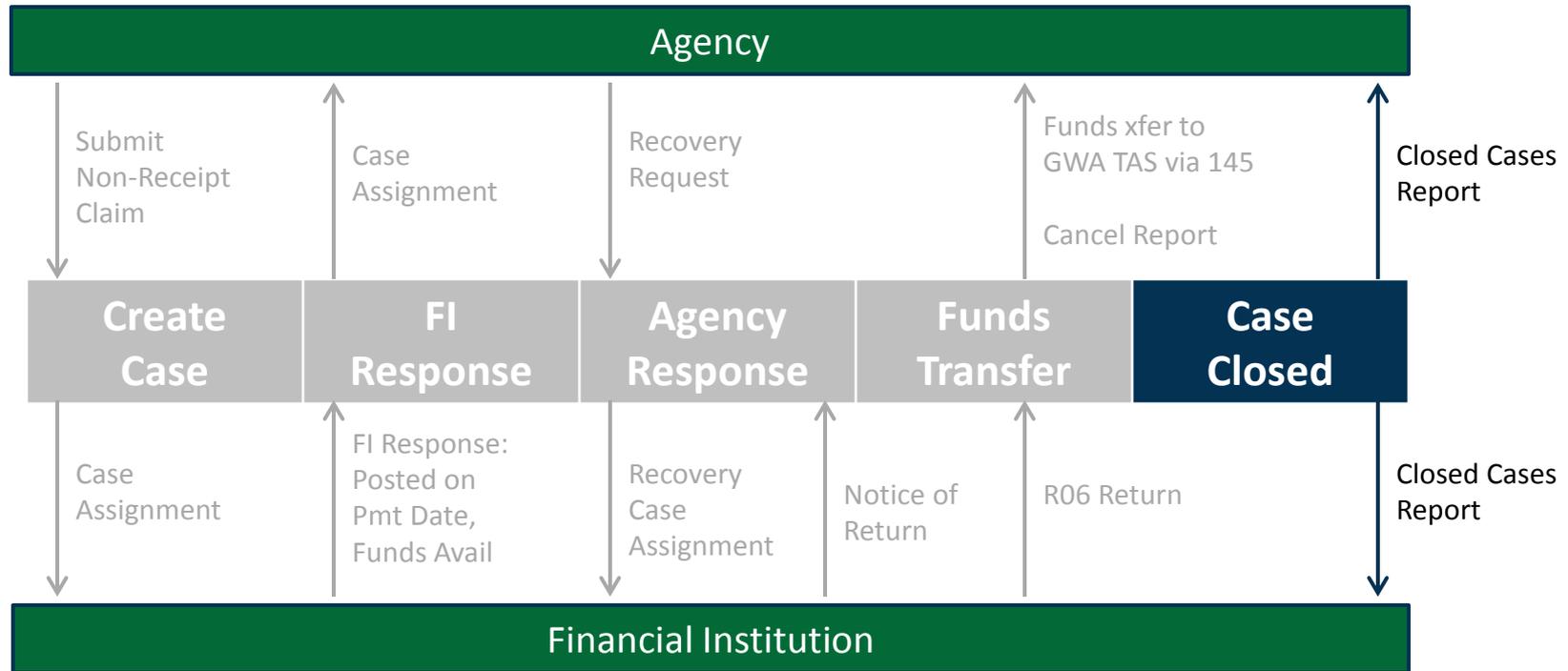


Case History

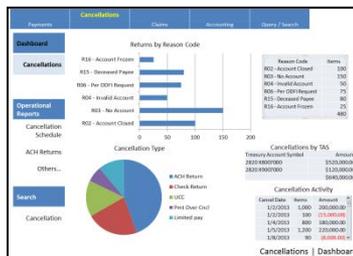
- Agency - Non Receipt Claim
- Case Assigned to FI
- FI - Payment Posted on Payment Date
- FI - Account holder name different
- FI - Funds available
- Case Assigned to Agency
- Agency - Recovery Request
- Case Assigned to FI
- FI - Notice of Return

- Once Agency requests recovery of funds (if available), the FI will update the case with their intent to submit ACH Return (R06)
- Fiscal Service monitors case throughout the process and follow up with the FI as needed

PPS Storyboard – ACH Non-Receipt



Dashboard



Claims Cases Report

Claims Cases Report

| Case ID | Agency | FI | Status | Reason Code | Amount |
|---------|--------|-----|--------|-------------|--------|
| 1001 | ABC | DEF | Open | R01 | \$100 |
| 1002 | ABC | DEF | Open | R02 | \$200 |
| 1003 | ABC | DEF | Open | R03 | \$150 |
| 1004 | ABC | DEF | Open | R04 | \$300 |
| 1005 | ABC | DEF | Open | R05 | \$250 |
| 1006 | ABC | DEF | Open | R06 | \$400 |
| 1007 | ABC | DEF | Open | R01 | \$120 |
| 1008 | ABC | DEF | Open | R02 | \$180 |
| 1009 | ABC | DEF | Open | R03 | \$140 |
| 1010 | ABC | DEF | Open | R04 | \$280 |
| 1011 | ABC | DEF | Open | R05 | \$230 |
| 1012 | ABC | DEF | Open | R06 | \$350 |
| 1013 | ABC | DEF | Open | R01 | \$110 |
| 1014 | ABC | DEF | Open | R02 | \$170 |
| 1015 | ABC | DEF | Open | R03 | \$130 |
| 1016 | ABC | DEF | Open | R04 | \$270 |
| 1017 | ABC | DEF | Open | R05 | \$220 |
| 1018 | ABC | DEF | Open | R06 | \$330 |
| 1019 | ABC | DEF | Open | R01 | \$105 |
| 1020 | ABC | DEF | Open | R02 | \$165 |

Case History

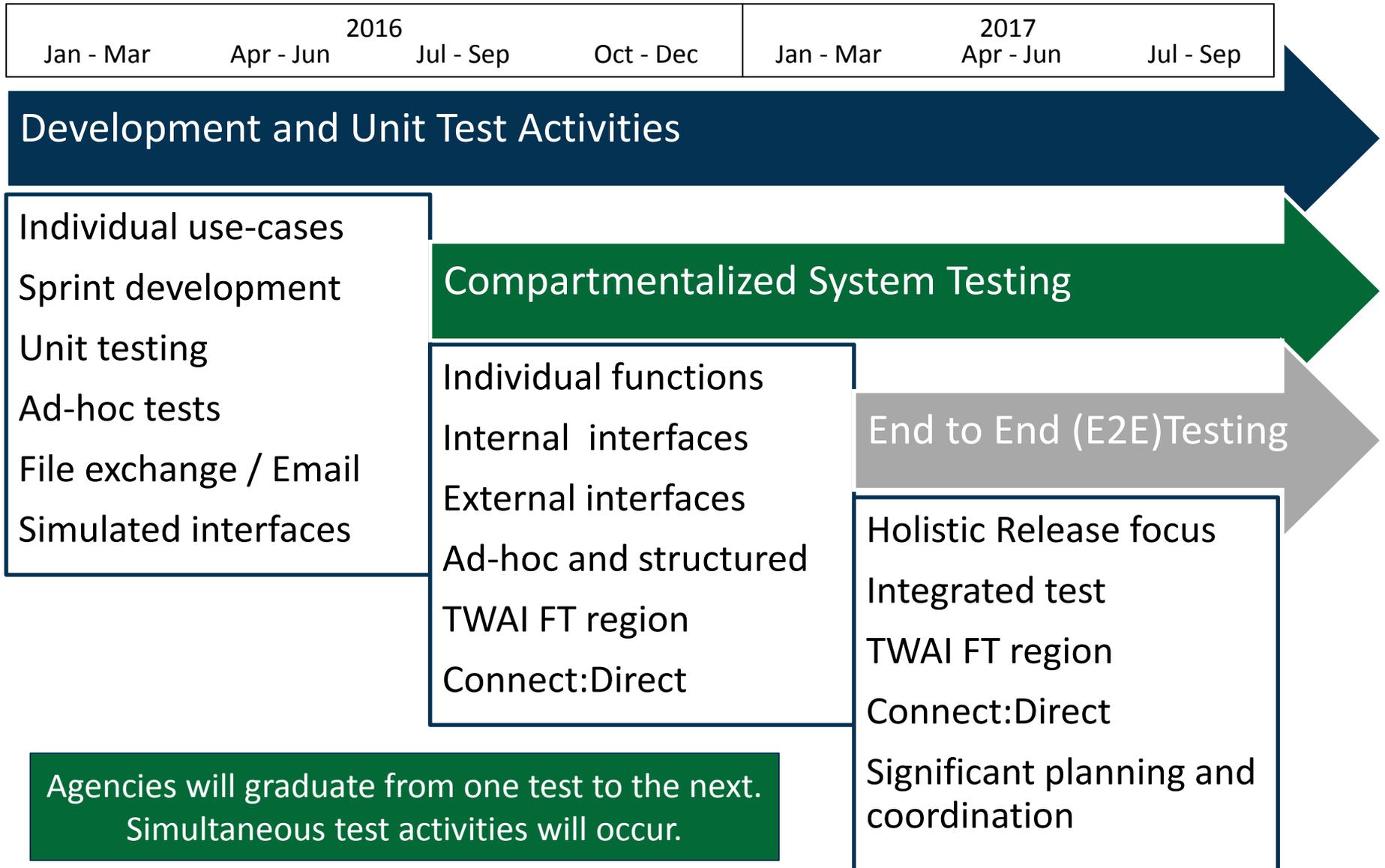
- Agency - Non Receipt Claim
- Case Assigned to FI
- FI - Payment Posted on Payment Date
- FI - Account holder name different
- FI - Funds available
- Case Assigned to Agency
- Agency - Recovery Request
- Case Assigned to FI
- FI - Notice of Return
- R06 Return
- Credit Agency via 145 Sched (ACH Return)
- Case Closed

- Portal dashboard and reports capture the closed case
- Significant reduction in paper and calls, with bonus of immediate access to information

Testing Discussion

- Review Testing Objectives and Approach
 - Unit Test
 - System Test
 - End-to-End Integration Test
- Test Mechanics
 - Data Staging
 - Interface Files
 - User Access to Portal

Testing Approach - PPS 3.0 and 4.0



Agency Test Objectives

- Demonstrate the following:
 - Payments are received from agencies through PAM to PPS
 - Accounting to GWA, results in portal
 - Cancellation transactions, for different payment types
 - ACH and check returns, using relevant return codes for each agency
 - Offsets, reversals
 - LPC, UCC, POC
 - Exceptions
 - Accounting to GWA and FedACH, results in portal
 - Heavy focus on the common file and portal
 - Agencies validate pass-thru data - very meaningful!
 - Agencies reconcile summary schedules with details
 - Integration with agency backend systems

Gradually introduce different flavors of cancellations through the common file

Test Mechanics in TWAI FT Region

- Start with a clean slate
- Load a baseline of payment data from agencies
 - Test data, production like values but no PII
 - Maintain inventory of records for all to see
 - Assign specific actions to specific records
 - Reserve plenty of records for re-do's
 - Allow subsequent submissions as testing progresses
 - Records will live through all of 3.0 and 4.0 testing
- Start small, gradually increase volume and complexity
 - Expect superficial syntax errors at the beginning

Things We Need from Each Agency

- For PPS FT access:
 - Memorandum of Understanding (MOU)
 - Interconnection Security Agreement (ISA)
 - Connect:Direct information (for common file agencies)
 - List of test users (for portal access)
 - IP address ranges (for portal access)
- For PPS Release 3.0 Production access:
 - List of users and who can approve them
 - Connect:Direct information
 - Technical contact for PIV questions
 - Who issues your PIV (GSA, Treasury, Verizon, etc.)
 - Note - PPS may not be able to support all PIV issuers by 3.0

Gerry Duffey will coordinate with agencies to collect this information

Next Steps

Ensure your agency is informed!

- Attend PPS webinars offered monthly...Common File, Portal, Test Planning, User Provisioning
- Attend in-person training – Denver (June), DC (August)
 - https://www.fiscal.treasury.gov/fstraining/training/fs_pmtmanagementnew.htm
- Begin defining test scenarios, test data requirements, and expected results
- Complete MOUs and ISAs for TWAI FT (Test) access
- Establish connectivity to TWAI FT region
- Set up recurring calls and touch-points

Thank you for your time today!

Contact Information



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