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CCMM Makes Great Progress and Readies FPAs for End State Migration

By Kristine S. Conrath, Assistant Commissioner, Federal Finance

My first year as Assistant Commissioner for Federal Finance (FF) was filled with excitement and challenges as we executed critical path functionality for the Collections and Cash Management Modernization (CCMM) Initiative. Implementation of the CCMM effort is vitally important because it will streamline and modernize the way collections will be processed and result in efficiencies and better access to revenue collection data to meet the needs of Federal Program Agencies (FPAs).

(Continued on page 3)



Treasury Celebrates Six Financial Institutions as Go Direct® Champions

By Shirley Hopkins, EFT Strategy Division

On September 15, 2010, in the majestic Diplomatic Room of the Main Treasury building, the U.S. Department of the Treasury, Financial Management Service recognized six financial institutions that have taken top spots in the national program to convert Social Security and other federal benefit check recipients to direct deposit as part of its nationwide **Go Direct®** campaign.

The **Go Direct®** campaign, sponsored by Treasury and the Federal Reserve Banks, motivates Social Security and other federal benefit check recipients to receive

direct deposit payments over checks. Launched nationally in 2005, the campaign has achieved more than five million direct deposit enrollments – representing more than \$503 million in savings to taxpayers over the next 10 years.

“Whether you are receiving a Social Security payment or caring for someone who is, direct deposit is a win-win,” says David A. Lebryk, Commissioner of Treasury’s Financial Management Service. “Direct deposit gives you the peace of mind that comes with knowing your money is

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Pam 3.0 Release Modernizes Payment Processing & Reporting

By Katie Roberts, Kansas City Regional Financial Center

The Payment Application Modernization (PAM) project is important to the United States Government because the current payment process relies upon old technology including aging programming languages. The legacy applications currently support over 30 different file input formats and check faces due to the different needs of the more than 200 Federal Program Agencies (FPA's) serviced by the US Treasury Regional Financial Centers (RFCs). The PAM project is modernizing the technology by building a custom application that will standardize, automate, and streamline the payment process ensuring "on time, every time" payment delivery for the millions of recipients across the United States and beyond, on behalf of the FPA's.

With the original release of PAM, only Supplemental Security Income (SSI) payments were processed through the PAM application. In February 2010, another piece of functionality was added to interface to the Secure Payment System (SPS). This interface permits the streaming of payment certifications to the PAM application. Linking PAM and SPS set the stage for the latest new software release, Pam 3.0, which includes such payment types as daily vendor, salary, travel, and miscellaneous payments. This major new release, which successfully occurred in November 2010, installed significant functionality to the PAM application. Included in the November 2010 release were functionality associated with payment offset processing, ability to accept a standardized agency input payment format, the use of a standardized print check face, and a standardized file receipt notification report that will be electronically delivered to agencies upon receipt of a payment file. Of

particular note is the new standardized payment format, which will accommodate new Government-wide Accounting (GWA) accounting requirements that will require agencies to report Treasury Account Symbols (TAS) and Business Event Type Codes (BETC) for payments.

As there are significant changes occurring within Treasury's payment modernization and new accounting reporting requirements initiatives, there is a critical need to reach out to FPAs so they understand how these

The RFCs will play an integral role in working with customer agencies ensuring proper and timely awareness of the upcoming changes. This is envisioned to be conducted and communicated via conference calls, web conferencing, training and educational sessions, and face-to-face meetings.

Additionally, the RFCs sponsor Customer Advisory Board (CAB) and specialized agency informational forums which will be used to convey and communicate these changes and impacts. The

PAM Project management staff will support the RFCs in these various forums. Outreach efforts have already been underway with many agencies. In fact, some FPAs actively pursued the use of the PAM standard payment format with the intent of being in position to submit their payments in conjunction with the November 2010 PAM software release.

The RFCs and the PAM Project Management Office (PMO) staff will be very busy over the coming months working with

customer agencies to get the word out about the changes and impacts to the payment processing and reporting requirements. On the heels of this communication, the RFCs and PMO staff will begin working with customer FPAs to conduct testing and to coordinate their transition to the new PAM software.

For more information or to download the requirement specification documents of the PAM standard input file format and/or the standard agency notification report, please visit the PAM website at:

www.fms.treas.gov/pam/index.html



Gary Beets, Regional Director, Kansas City Financial Center and PAM Sponsor, addresses PAM Agency Forum attendees recently.

efforts will impact them. The key date to focus on is October 1, 2014—at which time, all FPAs will be required to use the new standardized payment format. The PAM application is now ready to accept the new standard payment format with the November 2010 software release. In May 2012, FPAs using the standard payment format would be eligible to be "GWA Ready" and be fully compliant with the TAS/BETC reporting requirements for their payments. FPAs not ready at that time would have until the October 1, 2014, timeline to become compliant. Providing FPAs with this advance lead time should provide ample time to plan and budget for these new changes.



CCMM Makes Great Progress and Readies FPAs for End State

By *Kristine S. Conrath, Assistant Commissioner, Federal Finance*
(Continued from page 1)

The next two years for CCMM will be focused on completing the final steps of system development and migrating FPAs to the new end state systems. Before I outline the expectations for declaring a successful implementation of CCMM, I would like to reflect on the significant accomplishments that were achieved in fiscal year 2010.

Fiscal year 2010 was pivotal for implementing the systems that settle the revenue collection transactions via check, Automated Clearing House (ACH) and wires. The Debit Gateway, which processes check and ACH debit transactions, and the Credit Gateway, which processes wire transactions and ACH credit transactions, went into production. Specifically, FF transitioned Electronic Check Processing (ECP), Paper Check Conversion Over-The-Counter (PCC OTC), and Pay.gov to the Debit Gateway, and transitioned the Fedwire Deposit System (FDS) and Remittance Express (REX) to the Credit Gateway. These changes mean that most transactions are now settled through shared services, as opposed to each collection program separately (and expensively) building and operating its own settlement processes.

During the past fiscal year, FF was also able to de-commission the legacy systems of FEDTAX II, Pre-Authorized Debit, FDS, and REX.

Even though we made momentous advances towards the CCMM end state systems last year, it is imperative that we gain the FPA's support to move to the new CCMM end state architecture by the end of calendar year 2012. Many of the existing systems that FPAs use today will be de-commissioned, with FMS working closely with FPAs for a seamless transition.

The list below shows the projects that are now, or soon will be, underway.

(replacing reports provided through CA\$HLINK II) by December 31, 2012

- Convert all other over the counter deposits to OTCnet from the direct submission of paper deposit tickets into CA\$HLINK II by December 31, 2012
- Transition from PCC OTC to OTCnet by December 31, 2012
- Decommission CA\$HLINK II by December 31, 2012

FPAs should already be aware of these changes based on our extensive CCMM outreach efforts and should be incorporating them into their financial management and information technology plans.

Under the new CCMM architecture, FPAs will

benefit from this streamlined approach by:

- Maintaining an easier-to-understand mix of revenue collection programs;
- Consolidating transaction and deposit reporting;
- Eliminating daily reconciliations to deposit reports (CA\$HLINK II);
- Capturing Treasury Account Symbol/Business Event Transaction Code (TAS/BETC) information at the time of transaction;
- Standardizing the file format for transaction details;
- Improving access to collateral data; and
- Receiving better service while spending less time, effort, and money to do business with FMS.

"Even though we made momentous advances towards the CCMM end state systems last year, it is imperative that we gain the FPA's support to move to the new CCMM end state architecture by the end of calendar year 2012. Many of the existing systems that FPAs use today will be de-commissioned, with FMS working closely with FPAs for a seamless transition."

- Transition over the counter deposits to OTCnet, the new web-based system for electronic check capture and deposit reporting, from the TGA net application by June 30, 2011
- Transition FPAs from using TT&L Plus for collateral monitoring to the new Treasury Collateral Management and Monitoring System by December 31, 2011
- Convert Fedwire and ACH credit electronic lockbox transactions to the Credit Gateway by December 31, 2012
- Enroll FPAs in the Transaction Reporting System, the one-stop centralized revenue collection data repository, so FPA users can view detailed and summarized collection transaction information

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CCMM Makes Great Progress and Readies FPAs for End State Migration

By Kristine S. Conrath, Assistant Commissioner, Federal Finance

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While many challenges and much hard work still lies ahead, the cooperation and support that FMS has received from FPAs has been extraordinary and has allowed for great progress to be made on the CCMM project this year. Upon completion of the CCMM initiative, FMS will have fewer collection programs – more logically organized, and better suited to meet the needs of the FPAs.

Since communication with our customers is so important, FMS will continue to provide regular updates in the *Financial Connection* and on the CCMM website at www.fms.treas.gov/ccmm. FMS has hosted two CCMM Webinars, and we will continue to involve FPAs through these means as we proceed with the

CCMM implementation schedule. Additionally, FMS has the structure (customer service support, various training models, automated conversion tools, agency user testing, etc.) to support FPA customers in achieving the conversions and implementations of CCMM end state systems in accordance with the transition timeline highlighted above. We look forward to working with our FPA partners over the next two years to complete the conversion to the new CCMM systems and implement this important and cost-saving initiative.



CMIA Notice to States and FPAs

The Cash Management Improvement Act (CMIA) Program is currently preparing for submission of 2010 Annual Reports and the subsequent review and interest exchange activity. This process begins with the submission of Annual Reports from 50 states, five territories (American Samoa, the Northern Mariana Islands, Guam, Puerto Rico and the U.S. Virgin Islands) and the District of Columbia by December 31. The appropriate federal program agencies (FPAs) and the CMIA staff will review the Annual Reports to determine if the interest liability claims contained in the annual reports are reasonable. Finally, the exchange of interest will take place on March 31, 2011, in accordance with Department of Treasury Regulations 31 CFR Part 205.28 (a). The Annual Reports contain the federal and state interest liabilities that accrue when federal funds are disbursed subsequent to state expenditure or a state draws federal funds prior to expenditure. In addition, states are entitled to submit claims for reimbursement of interest calculation costs (costs incurred to implement CMIA).

The CMIA Program is the “cornerstone of cash management policy” for the payment of federal financial assistance to states, which totals more than \$550 billion annually. The CMIA requires proper cash management by both FPAs who distribute federal payments and the state recipients of federal assistance. CMIA has been a tremendous success as it has resulted in tangible savings to the federal government of about \$40 million annually and more than \$610 million since the first interest exchange in 1994.

For more information about CMIA results, please contact Victor Poore at 202-874-6751.

CCMM Webinars Outreach to FPAs Worldwide

By Peter O’B. Moore, Agency Relationship Management Division

As part of Federal Finance’s (FF) modernization outreach efforts this past year, a webinar series was conducted entitled *CCMM 2010 and Beyond: Preparing Your Agency for the Road Ahead*. Over 1,600 Federal Program Agency (FPA) personnel from as far away as Hawaii, England, Spain, Germany, Egypt and Kuwait participated. For those FPAs that missed the live series, both CCMM webinars are available to view, or download, as archived media files on the FMS website at:

www.fms.treas.gov/ccmm/outreach.html. Also included on the website are answers to participants’ questions.

Part I of the webinar series, held in January 2010, covered the “As-Is” and “To-Be” states of CCMM for collection programs impacted (OTCnet, CASHLINK II, Transaction Reporting System [TRS], Remittance Express and

Fedwire). It also discussed the important benefits and improvements for FPAs, along with providing high-level implementation timeframes and strategies.



Part II, held in June 2010, helped FPAs prepare for the direct impact. It provided a roadmap/crosswalk with specific conversion and implementation dates for OTCnet, TRS, the Government-wide Accounting Modernization Program (GWAMP) and the

Credit Gateway.

In July 2010, the Over the Counter Revenue Collection (OTC) Division also held a webinar for Treasury General Account (TGA) and International Treasury General Account (ITGA) banks on CCMM and conversion to OTCnet. To view that media, visit www.fms.treas.gov/otcnet/events.html.



FMS Co-Hosts International Colloquium on Financial Management

By Tom Longnecker, Office of Legislative and Public Affairs

The Financial Management Service (FMS) joined the Treasury Board of Canada Secretariat in co-hosting the 22nd International Colloquium on Financial Management for National Governments in Boston, MA, Oct. 5-8. The annual event provides a forum for countries to share ideas on common financial management challenges facing national governments. In addition to FMS, the U.S. Government was represented by attendees from the U.S. Department of Treasury, the Office of Management and Budget, the Government Accountability Office and the Bureau of Public Debt.

The theme of this year's conference was *Best Practices and Benchmarking in Government Financial Management*.

Key topics for 2010 included:

- Effective Use of Performance Measures, Performance Reporting, Standardization and Benchmarking of International Financial Management
- Managing Accounting Receivables and Centralized Collection of Delinquent Debt Owed to National Governments – Best Practices
- Consolidated Financial Statements, Intra-governmental Transactions, and Audit Standards
- Use of Discount Rates Relating to Public Sector Employee Benefit and Retirement Plan
- U.S. and Global Economic Outlook
- Transparency in Government Reporting
- Social Media
- Shared services
- Fiscal sustainability of social entitlement programs

In addition, each nation provided country reports on key issues facing their country.

"The Colloquium provides a unique forum for financial managers from the leading economic nations to discuss important financial management issues and challenges facing their governments," said FMS Commissioner David Lebryk. "This year's theme, *Benchmarking and Best*

Practices in Government Financial Management, was especially timely and relevant given the heightened interest governments across the world have in providing better stewardship of public monies."

The U.S. and Canada plan to co-host the 2011 International Colloquium in Edmonton, Canada. Topics under consideration for next year's colloquium include modernization and reform plans, strategic financial management, public/private partnerships and internal control best practices.



FMS Commissioner, David Lebryk, appears forefront with Bill Matthews, Assistant Comptroller General of Canada, Treasury Board of Canada Secretariat (to the right), and attendees of the 22nd International Colloquium on Financial Management in Boston, MA.

Participating Countries and Organizations

Australia
 Canada
 Italy
 Spain
 South Korea
 Sweden
 United Kingdom
 United States of America

United States Federal Reserve
 European Commission
 International Federation of Accountants



Treasury Celebrates Six Go Direct® Champions

By Shirley Hopkins, EFT Strategy Division

safe, and it also saves millions of taxpayer dollars every year."

This year's 19 **Go Direct®** Champions program participants included banks and credit unions with a minimum of 100 branches. In all, the financial institution participants represented more than 25,000 branches nationwide and were evaluated based on their percentage increase in Social Security and Supplemental Security Income (SSI) direct deposit payments over an eight month period ending May 31, 2010. Participating banks and credit unions were grouped into two tiers according to size, with the top three performers in each tier becoming **Go Direct®** Champions.

Tier One Champions

First Place – Chase, New York, NY

Second Place – BB&T, Winston-Salem, NC

Third Place – PNC Financial Services Group, Pittsburgh, PA

Tier Two Champions

First Place – Woodforest, The Woodlands, TX

Second Place – First National Bank Texas/First Convenience Bank, Killeen, TX

Third Place – State Employees' Credit Union, Raleigh, NC

Overall, more than 1,300 financial institutions have joined more than 400 national and local non-profit and community-based organizations throughout the country to inform federal benefit check recipients about the safety and benefits of direct deposit as **Go Direct®** campaign partners.

For more information about **Go Direct®**, visit www.GoDirect.org or contact Tepricka Morgan at 202-874-6786.



To the left **1st Place Tier One**: (from the left) Dave Lebryk, FMS Commissioner; Eva Robinson and Joshua Davis, Chase; Richard Gregg, Fiscal Assistant Secretary, Treasury; and Michael Barr, Assistant Secretary for Financial Institutions, Treasury.



To the right **2nd Place Tier One**: (from the left) Dave Lebryk, FMS Commissioner; Kathleen Kordek, BB&T; Richard Gregg, Fiscal Assistant Secretary, Treasury; and Michael Barr, Assistant Secretary for Financial Institutions, Treasury.



To the left **3rd Place Tier One**: (from the left) Dave Lebryk, FMS Commissioner; Theresa Crunkleton, PNC Financial Services Group; Richard Gregg, Fiscal Assistant Secretary, Treasury; and Michael Barr, Assistant Secretary for Financial Institutions, Treasury.



To the right **1st Place Tier Two**: (from the left) Dave Lebryk, FMS Commissioner; Robert Rabuck and Judy Davis, Woodforest National Bank; Richard Gregg, Fiscal Assistant Secretary, Treasury; and Michael Barr, Assistant Secretary for Financial Institutions, Treasury.



To the left **2nd Place Tier Two**: (from the left) Dave Lebryk, FMS Commissioner; James Chiti, First National Bank Texas/First Convenience Bank; Richard Gregg, Fiscal Assistant Secretary, Treasury; and Michael Barr, Assistant Secretary for Financial Institutions, Treasury.



To the right **3rd Place Tier Two**: (from the left) Dave Lebryk, FMS Commissioner; Sandra Jones, State Employees' Credit Union; Richard Gregg, Fiscal Assistant Secretary, Treasury; and Michael Barr, Assistant Secretary for Financial Institutions, Treasury.



It's Official: Federal Tax Deposit Coupons End on December 31

On December 2, TD 9507 (Reg-153340-09), the final rule to end paper Federal Tax Deposit (FTD) coupons, was filed with the Federal Register. The published version is available at: www.regulations.gov.

Financial institutions (FIs) must not accept coupons after December 31, 2010. The final day for processing coupons via the Treasury Tax & Loan (TT&L) system will be January 3, 2011. The last day to submit an adjustment request will be February 28, 2011.

The Federal Reserve Bank (FRB) of St. Louis, which operates the TT&L system on behalf of the Financial Management Service (FMS), is sharing additional closeout procedures with all depositories. All depositories will receive an e-mail with this information by December 17.

FIs should not accept coupons for any tax type or under any circumstance after the cutoff date. If a coupon is accepted in error, it should be returned immediately to the taxpayer.

For many taxpayers, the Electronic Federal Tax Payment System (EFTPS), a free service of the U.S. Department of the Treasury, will be the best option. With EFTPS, the customer schedules ACH Debit payments via EFTPS.gov or the phone (800.555.3453). All coupon users without an existing EFTPS enrollment were pre-enrolled via U.S. Mail in late October and early November. Note: to use EFTPS, the customer must first enter banking information along with his or her Employer Identification Number (EIN) and EFTPS Personal Identification Number (PIN) by calling 800.555.3453. Customers who cannot locate their PIN should call 888.434.7338.

Other options for taxpayers include:

- Automated Clearing House (ACH) Credit (if their FI offers this service;

EFTPS enrollment still is required, but does not involve providing the federal government with the taxpayer's banking information)

- Using another trusted third party, such as a tax professional or payroll service, to make the payment
- Same-day wire (if their financial institution offers this service)

FIs that are ACH originators and would like to add federal tax functionality should contact their vendor. Record layouts are available in the NACHA Rulebook or at www.EFTPS.gov >Help&Information> Downloads.

A worksheet with the information taxpayers need to provide for a same-day wire payment is available at www.EFTPS.gov >Help&Information> Downloads. For more information, call 800.382.0045.

Very small employers—typically, those with a quarterly federal tax liability of less than \$2,500—can mail a check to the Internal Revenue Service (IRS) with their quarterly or annual return. For more information, employers should call their tax professional or visit www.irs.gov (search for Tax Topic 757) or call the IRS at 800.830.5215.

FIs will find helpful information about the transition available for download at www.fms.treas.gov/eftps/transition_materials.html. Statement stuffers, a brochure for staffers, a lobby poster, and a cling to help tellers are available for ordering at no charge at www.fms.treas.gov/eftps/marketing.html. Note: Quantities of all items are limited and will be fulfilled on a first come, first served basis. Ordering functionality will be removed when quantities are depleted. We estimate shipping time at two weeks.

Article from Tax Collection Division, FMS

QUESTIONS?

If you have questions about...

- the transition and customer notification and outreach, contact FMS Electronic Collection Marketing Coordinator Melanie Rigney at TTLTransition@fms.treas.gov or 202.874.3530.
- ACH Credit and federal tax payments, contact your vendor or the EFTPS FI Helpline at 800.605.9876.
- sending same-day tax wires, call 800.382.0045.
- TT&L closeout procedures, contact the FRB Treasury Support Center at TTL_Plus@stls.frb.org or 888.568.7343.
- If your customers have questions about using EFTPS, they should call 888.434.7338.

AFFECTED TAX TYPES

These tax types could be paid with a coupon but now will be paid electronically by most businesses:

- **941**, Employer's Quarterly Federal Tax Return
- **945**, Annual Return of Withheld Federal Income Tax
- **1120**, U.S. Corporation Income Tax Return
- **1042**, Annual Withholding Tax Return for U.S. Source Income or Foreign Persons
- **943**, Employer's Annual Federal Tax Return for Agricultural Employees
- **990-T**, Exempt Organization Business Income Tax Return
- **720**, Quarterly Federal Excise Tax Return
- **990-PF**, Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation
- **CT-1**, Employer's Annual Railroad Retirement Tax Return
- **944**, Employer's Annual Federal Tax Return
- **940**, Employer's Annual Federal Unemployment Tax Return



FMS SPONSORED EVENT—OPEN AND FREE TO ALL FEDERAL AGENCIES



**Is Your Agency
Up-to-Date on the
Latest GWA Efforts
to Streamline
Agency's Financial
Reporting ?**

OPENING REMARKS



David Rebich
Assistant Commissioner, GWA

PRESENTER



Michael Norman
Government-wide Accounting
Modernization Program
(GWAMP)

And more. . .

**Don't Miss the 4th Annual
Government-wide Accounting
Conference!**

GWA DAY

**January 26-27, 2011
Washington, D.C.**

8:00 a.m.—4:00 p.m.

**GSA Auditorium
7th & D Streets, SW
Washington, DC 20407**

**For more information or to register, visit fms.treas.gov/gwa/training.html
or contact luz.davila@fms.treas.gov at (202) 874-8599.**