



Customer Advisory Board (CAB) Meeting Minutes Kansas City, Missouri – December 4-5, 2007

CAB AGENCY ATTENDEES

American Battle Monument Commission (ABMC)
Corporation for National & Community Service (CNCS)
Department of Agriculture, Animal & Plant Health Inspection Services (USDA, APHIS)
Department of Agriculture, Farm Service Agency (USDA, FSA)
Department of Agriculture, Farm Service Agency, Credit Commodity Corporation (USDA, FSA, CCC)
Department of Agriculture, Farm Service Agency, St. Louis Farm Loan (USDA, FSA, St. Louis Farm Loan)
Department of Agriculture, National Finance Center (USDA, NFC)
Department of Agriculture, Rural Development (USDA, RD)
Department of Agriculture, Risk Management Agency, Federal Crop Insurance Corporation (USDA, RMA, FCIC)
Department of Commerce, National Oceanic & Atmospheric Administration (DOC, NOAA)
Department of Energy, Oakridge (DOE, Oakridge)
Department of Energy, Southeastern Power Administration (DOE, SEPA)
Department of Health & Human Services, Centers for Disease Control & Prevention (DHHS, CDC)
Department of Health & Human Services, National Institutes of Health (USDA, NIH)
Department of Homeland Security, Immigration Customs Enforcement (DHS, ICE)
Department of Homeland Security, US Coast Guard, Chesapeake (DHS, USCG, Chesapeake)
Department of Homeland Security, US Coast Guard, Topeka (DHS, USCG, Topeka)
Department of Justice, Bureau of Prisons (DOJ, BOP)
Environmental Protection Agency, Research Triangle Park (EPA, RTP)
Federal Reserve Bank of Minneapolis (FRB, Minneapolis)
General Services Administration (GSA)
National Science Foundation (NSF)
Social Security Administration, Baltimore (SSA, Baltimore)

KFC ATTENDEES AND SPECIAL GUESTS

Financial Management Service, Birmingham Debt Management Operations Center (FMS, BDMOC)
Financial Management Service, Check Claims (FMS, Check Claims)
Financial Management Service, Washington (FMS, Washington)
Federal Reserve Bank of Boston (FRB, Boston)
Federal Reserve Bank of Kansas City (FRB, Kansas City)

Tuesday, December 4, 2007

CAB Chairperson Joe Vitale, USDA-National Finance Center, welcomed the participants, speakers, and Judy Tillman to the December CAB meeting and mentioned how great it was to see such a big turnout for the CAB's 15th anniversary.

Kansas City Financial Center (KFC) Director Gary Beets also welcomed the CAB participants on behalf of himself, Susan, and all of the KFC staff. Gary had hoped to brag about the MU Tigers, but that didn't work out. He mentioned maybe in the

next century. Gary appreciated the big attendance turnout. The CAB meetings usually have 40-70 participants; however, this CAB has exceeded all expectations. He mentioned that this CAB meeting is special because it is the 15th anniversary. The first CAB had 12-15 participants. Now it's grown to nearly 100 participants. Gary was also pleased to have Assistant Commissioner Judy Tillman attending the CAB, and announced to the group that Judy will become FMS Commissioner on January 4. Gary reviewed KFC's accomplishments for FY07: 238 million check and EFT payments equaling \$190 billion, 36,000 foreign payments equaling \$278 million, and 10.5 million PAD transactions equaling \$3.5 billion in collections. KFC's disbursements were 100% on time and 99.9% accurate.

Round Table – Introductions – CAB Members

Presentations

FMS Priorities – Judy Tillman, FMS Assistant Commissioner

Judy provided a very informative presentation on the strategic directives/goals for fiscal year 2008.

Judy first mentioned she was happy to see so many attendees at the CAB meeting. She said this was indicative of KFC, which exemplifies customer service. So many people are attending the CAB because they want to participate in what KFC does. KFC started the CAB idea 15 years ago, and now all four Centers have them.

Strategic directives/goals for FY08:

- Maintain very high quality daily operations
- Practice good cost management
- Be a model employer
- Maintain strong systems security, people, and physical security

Collections:

- FMS processes all collections for the U.S. government.
- Processed collections of \$3.1 trillion in FY07.
- Want to increase electronic collections.
- Will convert some IRS lockboxes to electronic payments.
- Will increase Pay.gov collections.
- Want to modernize collection system – simplify and streamline (CCMM).

Governmentwide Accounting:

- Working on GWA modernization project.
- FMS compiles government consolidated financial report. Want to streamline reporting and eliminate material weaknesses and intergovernmental differences in reporting.

Debt Collection:

- increase our collections

Electronic payments:

- About 80% of Social Security/SSI payments are electronic.
- About 78% of overall government payments are electronic.
- It costs 80 cents more to make a check payment than to make an electronic payment.
- Working on universal (mandatory) direct deposit.
- A large number of SSI and VA payments go to recipients who do not have bank accounts. To make electronic payments to unbanked recipients, FMS will begin issuing debit cards (“Direct Express”) next year.
- Working on “Go Direct” campaign to encourage current recipients to go to direct deposit. In April 2007, 1 millionth conversion to direct deposit occurred. Conversions are still increasing.

Streamline operations: FMS is proud of its record of quality and timeliness. We must stay efficient. Examples of FMS initiatives to stay efficient: PAM project, realignment of work between Centers (claims, reclamations), new technology for check processing.

CAB – 15 Year Anniversary and Slide Show

KFC Director Gary Beets gave an overview of the KFC CAB history:

In 1991, the CAS manager, Bill Needels, came up with the idea for the Customer Advisory Board and presented it to KFC Director Jack Adams. Jack approved the idea, and the first CAB meeting was held in 1992 with 12-15 participants. The CAB has continued and has gotten better each year.

The CAB is a forum for FMS and customer agencies. FMS can share products and services with customer agencies. Agencies can have a say in FMS/KFC operations. Example: Heads of agencies used to have to sign hundreds of TIN cards. At a previous CAB meeting, agencies asked if this procedure could be simplified. FMS/KFC listened to agency concerns and was able to change the procedure.

Gary introduced the CAB anniversary slide show created by Sarah Recob, Management and Program Analyst at KFC. Everyone enjoyed the slideshow and Gary asked for a round of applause for the great job Sarah did creating the slideshow.

Gary explained the CAB logo depicting an American Indian on a horse is based on a monument located in Kansas City's Penn Valley Park. This is a well-known landmark that has been in Kansas City since about 1922.

Gary presented tokens of appreciation to seven agencies that have been members of the CAB since 1991:

- Department of Commerce, National Oceanic & Atmospheric Administration
- General Services Administration
- United States Coast Guard, Topeka
- United States Department of Agriculture, National Finance Center
- United States Department of Agriculture, Rural Development
- Social Security Administration, Baltimore
- Environmental Protection Agency, Las Vegas

KFC Deputy Director Susan Robinson presented one last token of appreciation to Gary Beets on behalf of KFC and the CAB. Gary's continued vision for the CAB has been directly responsible for its success.

Joe mentioned the meeting minutes from the June CAB have been provided in this year's CAB binder. There was a call to review the minutes and the CAB members were asked for any changes or revisions. There were no changes made to the minutes. There was a motion to accept which was seconded and approved.

Presentations Continued

Fed Debt 101 – Juanita Franklin, Scott Spell, FMS, BDMOC

Juanita and Scott provided a high level overview of the Fed Debt system.

- Q. If an agency would like to have Fed Debt training, does BDMOC send staff out to agencies, or is the training done at BDMOC?
- A. Both. Trainers can go to agencies or agency personnel can come to BDMOC for the training. Also, there is no cost for the training.
- Q. If a vendor has a payment that is offset and calls the agency to find out why the payment was offset, what information can the agency access to tell the vendor about the offset?
- A. The vendor will receive a letter explaining why the offset was made. The vendor can call BDMOC (800-304-3107) for more information. Only the debtor with the TIN for the offset payment can request information about what the offset was for.
- Q. What are the future plans for IPAC?
- A. Not known at this time. Will release information when known.
- Q. After an agency has tried to collect a debt, and then turns it over to TOP, what is the success rate on having the debt collected?
- A. Don't have a metric that shows this right now.
- Q. What additional tools are there for collecting debt?
- A. Birmingham puts every effort into collecting debt.

DMS Training Services – Stephanie Anderson, Denise Hammond, FMS, DC

Stephanie and Denise provided an overview of training available on debt collection, TOP, and TROR.

- Q. How long is Debt Collection 101 training?

A. Debt Collection 101 lasts one day. DMS usually tries to hold a 3-day training session that includes DC 101 and TROR.

Q. Is this training available in the Midwest in 2008?

A. The training may be held in Chicago or Kansas City next year.

Judy Tillman commented that Congress is becoming more interested in having debts to the government collected. Private collection agencies (PCA) are one collection tool that is used. There is strong monitoring of PCAs. Judy sees any complaints about PCAs.

Who to Talk to at KFC – Ethan Cole, FMS, Kansas City

Ethan Cole provided an overview of each branch at KFC, their sections, employees, and responsibilities.

Q. ASAP. Do we call KFC or the ASAP helpdesk? Is there a list of questions that KFC covers and a list of questions that the ASAP helpdesk covers?

A. Call KFC first. Call Richmond for password resets.

Kansas City Regional Financial Center Updates

Francie Abbott, Financial Services and Support Branch (FSSB)

FINANCIAL OPERATIONS

Financial Operations Activities

- **Foreign Payments**
 - Processed 37,408 payments totaling \$278.6 million in FY 2007.
- **Preauthorized Debits (PAD)**
 - Processed 10.2 million collections totaling \$3.5 billion in FY 2007.
 - Currently have 23 customers

Special Achievements/Accomplishments During 2007

- **ASAP.gov**
Developing PKI (digital signature) functionality.
 - ASAP.gov team in Washington working to implement PKI (digital signature) functionality.
- **ITS.gov**
Implemented Release 6.2, 6.3, and 6.4.
 - This release fixed various bugs, updated functionality to better reflect user needs, and implemented WebSphere 6.0.

Implemented ITS.gov to agencies.

- To date, 28 agencies have been implemented and 4 agencies are currently in the implementation process.

Current Initiatives

- Digital Signature functionality - anticipated deployment is FY 2008.
 - Adding special handling check processing functionality to ITS.gov (FY08).
 - FRB is migrating Low Value payments (ABMC, GSA) from mainframe to ITS.gov. This should be completed by March 2008.
 - Transmitting payment files directly to ITS.gov – implementation date and process still to be discussed.
- **PAD**
 - Currently have 23 customers collecting over \$3 billion/year.

CLAIMS

Teletrace

- 51,539 cases worked and closed so far this year.
- 93% were closed within five days.
- We've been able to recover funds \$3,821,955 in misdirected funds on behalf of SSA this calendar year.

CUSTOMER ASSISTANCE STAFF

Help Desk Unit

- Answered nearly 20,000 calls since the first of the year.

Two most common calls we assisted with:

- 1) Unidentified EFT payment – 6,205
- 2) Request for Payment status – 3,133

- In addition to the Teletrace misdirected payments, we recovered 652 items totaling \$10.3 million on behalf of customer agencies requesting payments to be returned.

Project Unit

- Four employees went to 9 cities in the Midwest to participate in workshops sponsored by Mid-America Payment Exchange (MPX), which are presentations to financial institutions on the Green Book regarding ACH
- Participated in Pandemic Table Top Exercise involving Managers & Supervisors and addressed various questions KFC might encounter in a pandemic situation.
- Complete the FMS Customer Service Survey – thanks to all of the CAB members and those from their agencies who participated – your feedback is very valuable. KFC was rated outstanding by our customer agencies. Next survey will be in spring 2008.
- Working on the TAS-BETC Agency Questionnaire. KFC is the leader among all the RFCs in the number of customer agencies that have responded to date. All agencies have received email notification of the questionnaire and should return the completed form to Mike King.

Randy Brown, Administrative Management Branch (AMB)

The Administrative Management Branch is responsible for a number of areas at KFC:

- Security
- Building and maintenance
- Accounting
- Budgeting
- Purchasing
- Human Resources
- Training
- Time and Attendance
- Travel and credit cards
- Receiving and warehouse
- Supplies
- Check Stock

AMB experienced several personnel changes this past year:

- Susan Johnson, AMB Manager, retired at the beginning of October after 26 years with FMS and over 32 years of total Federal service.
- Randy Brown was selected in November to fill the position of AMB Manager.
- Carole Kelley, the Administrative Officer, retired on June 1st after 19 years with FMS and 33 years of total Federal service.
- Crystal Duckworth was selected to replace Carole. Crystal is currently on maternity leave until February.
- Grant Montney started in November as an additional HR Specialist. Grant will be responsible for staffing, training, and awards administration.

Upcoming projects:

- Electrical systems assessment of KFC as part of preparation for move of HROC to KROC
- Continued involvement in discussions regarding possible building expansion
- OPM review of all official personnel folders
- Filling a number of staffing vacancies

Denise Quirarte, Electronic Operations Branch (EOB)

SPS

- SPS Helpdesk continues to provide on-call support for all SPS payment and certification issues.
- Please remember to notify the SPS helpdesk prior to 4:00 pm Central Time if you require a window extension for SPS Type A payments.
- Included in your binder is a reminder for all SPS users to logon at least once monthly to make sure that:
 - Users remember their password.
 - PC is up to date with the latest configuration.

- User credentials are up to date. (The credential status popup is displayed along with the instructions for updating.)
- Reminder that the Same Day Payments are intended for large dollar payments. Please use ACH when appropriate.

DSSV

- KFC is responsible for DSSV administration actions.
- Currently performing a FMFIA review of the DSSV system.

PROGRAMMING

- **Disaster Recovery:**
 - The October 2007 Disaster Recovery exercise tested the ability to process daily payments/offsets on KROC in the event of an outage at HROC.
 - Participated in the FRB Business Resumption Test (BRT) in November which tests the ability of the FRB to fail over from their primary site to the backup site and receive and process FMS payments.
- **Internet Payments Platform:**
 - KFC programmers assisted in the programming and testing of the IPP payments.
 - Changes were moved to production in November.
- **PAM:**
 - Both the Programming and SPS staff are heavily involved in the PAM project. We have individuals in the following areas.
 - Business Requirements
 - Application development
 - User Acceptance and Interface testing
 - Agency Testing
 - Training Development
- **Offset of CTX payments:**
 - Offset of CTX payments is currently scheduled to move to production for processing on December 17.
 - Agencies are required to make file format changes to include a line code of 'V' or 'M' and an indicator of eligibility for offset 'Y' or 'N'.
 - Please contact Connie Borchers of the programming staff for testing or to coordinate the movement of code for the file format changes.
- **Agency connectivity:**
 - Reminder that all agencies need to ensure that they have connectivity to HROC and KROC.
 - Supports disaster recovery capabilities for payments currently running HROC.
 - HROC scheduled for closure in October 2009. Payments processing will be moving to KROC as the primary processing site.
 - Preferred connectivity document previously provided. If you need additional information contact Eugene Phillips (816-414-2328) or Paul Jackson (816-414-2310).

Dwight Sage, Electronic Operations Branch (EOB)

Business Continuity Planning (BCP)

- We completed several business continuity exercises this year, ensuring that payment processing can continue smoothly between Regional Financial Centers in the event of a disaster. And we actually got a chance to test this as well, when the Philadelphia Financial Center was closed for three days in July due to a fire and we picked up the processing.

COMBO

- We completed a couple of minor upgrades (VIDEK and RISC systems) to our COMBO printing systems this year, to support advancing technology and improve our printing process.

PAM

- We have been continuing to provide support to the PAM project as needed, participating in user acceptance training, training and documentation.

Payment Processing

- We implemented a new automated accounting process for the monthly Social Security payments, beginning with the payments dated November 2, eliminating the manual accounting entries.

- We began processing payments for the Indian Health Service (part of the U.S. Department of Health and Human Services) in October.
- To date this year, we have processed 50,762,531 check payments, totaling \$54,210,703,460.59, and 175,246,606 EFT payments, totaling \$201,692,337,997.88, for a grand total of 226,009,137 payments, totaling \$255,903,041,458.47.
- We continue to focus on processing all payments accurately and on time, every time.

Irene Huskey, Payment Facilities Branch (PFB)

For the months of June through November, Payment Facilities branch was involved in several projects.

The Prince project is the project to procure new enclosing equipment for the checks; we are involved as subject matter experts in the project and have completed site prep to install the equipment when it arrives.

Mailstream software was introduced for the November SSI payments. This is a finer postal sort than was used before, and it utilized a 5-digit scheme sortation which created a small percentage of additional postage savings.

In June, KFC mailed daily payments for PFC after a fire in their warehouse caused them to be out of business for 3 days.

In August, KFC printed, enclosed, and mailed AFC's portion of the SSI file due to a flooding condition in Texas. KFC also mails FEMA payments for AFC.

PFB employees are participating in the PAM project as subject matter experts in the special handling, enclosing, mailing, preparing postal reports, and accounting fields for check payments.

Using the Pitney Bowes sorter for daily payments created a postage savings of \$195,137.46 was deducted after the cost of labor.

PFB is now exploring the surface visibility intelligent mail barcode that the Postal Service will be requiring on January 1st, 2009.

Reception & Tour of KFC

Meeting Adjourned

Wednesday, December 5, 2007

Presentations

International Terrorism – Mark Randol, DHS

Mark provided a very informative presentation highlighting past instances of international terrorism and discussed the history of terrorism throughout the world.

Governmentwide Accounting (GWA) / IPAC – Mike Norman, FMS, Washington

Mike provided a detailed and informative update on the Governmentwide Accounting Modernization Project and the importance of becoming a GWA player and the changes that it involves.

Q. Is there a deadline for IPAC?

A. Late CY 2010 – all IPAC and collections systems will need to use TAS/BETC.

Q. Is there a waiver if an agency can't be on GWA by mid-CY 2011?

A. OMB may look at these dates as firm – FMS has been planning this for years so agencies should budget for it.

Q. Will there be a suspense account in the drop down menu?

A. Suspense accounts will be eliminated. So far only one agency has requested a waiver for suspense accounts.

Q. Will there be a team to work with agencies on formats?

A. File layouts are on SPS website. PAM will post file layouts soon. RFCs will participate in training. PAM and GWA group will work together with agencies on transition.

Q. Does FMS offer courses to help new employees at agencies understand ALCs, etc.?

- A. There is a “Dollars and Sense” course that gives an overview of government accounting. See the Treasury Agency Services website for other courses.
- Q. Will agencies still report on Section 1 on the 224?
- A. Agencies will still need to provide information on Section 1. GWA will need to build functionality to accommodate unusual transactions.
- Q. How will TOP be handled?
- A. Met with Director of TOP – will set up Trading Partner Agreements with customers. Nothing finalized yet. More information to come.

Payment Application Modernization (PAM) – Jesse Chavez, FMS, Kansas City

Jesse provided presented on the status of the PAM project as well as its impact to agencies.

- Q. When a file contains more than one TAS, does the agency need to put all the TASs in SPS?
- A. Individual payment detail will have to be in a bulk file.
- Q. Is there a difference between Type A and Type B?
- A. No.
- Q. Do we have to list to all TAS/BETC numbers in one schedule?
- A. Yes, up to 100 per schedule.
- Q. Why does information need to be in a bulk summary file?
- A. When the agency certifies in SPS, this is an official record. The detail is in the bulk file.
- Q. Is it possible to increase the 100 TAS/BETC limitations?
- A. Mike Norman recommended the best way to handle this right now is to fill out the survey and let FMS know that there could be issues for your agency to handle this.
- Q. Could the bulk file that is keyed into SPS be uploaded?
- A. Yes, both the certification and summary schedule information can be uploaded.
- Q. If there is not a match, will the agencies be notified and be able to go in and recertify?
- A. Agencies will be notified of invalids.
- Q. After a certifying officer certifies a payment in SPS, it is possible to edit the information or pull it back?
- A. No. Once the certifying officer approves the file in SPS (certifying that it is a valid payment), it can't be pulled back.
- Q. Will email about validation replace pre-edit report?
- A. Yes, but the agencies will determine how they receive this report; email, fax, or Connect: Direct.
- Q. How quickly will we receive this information?
- A. As soon as everything is validated; email will be based on internet, Connect: Direct will remain 20-30 minutes.
- Q. Will the appropriations be shown on the pre edit?
- A. No and they are not shown today.
- Q. If there is a difference in the appropriations will you be notified?
- A. This notification will not come from PAM, if anyone sends a notification it will be from PACER. TAS / BETCs will not stop payments; they are critical to FMS but it is not critical to making the payments. Any corrections will have to be made through GWA.
- Q. What if there is a difference between the bulk file and the summary?
- A. Will go with certified file in SPS.
- Q. Can the file be held if the TAS/BETC information does not match? Then the errors won't have to be reconciled at the end of the month.
- A. No, PAM does not validate TAS/BETC.
- Q. If there is a discrepancy which one will be reported for accounting purposes?
- A. The summary schedule will be reported.
- Q. If the bulk file is wrong, how does the PACER record get corrected?

A. Mike Norman will look into this.

Q. Is there any way to take an agency's TAS/BETCs information uploaded into SPS automatically?

A. A third party upload would be the best option.

Internet Payment Platform (IPP) – Teresa Ricoy, FRB, Boston

Teresa provided an informative presentation on the IPP and the benefits it provides to agencies.

Open Discussion

Agency Updates

GSA is having a problem with Fifth Third Bank. Bank can't provide voucher number, deposit ticket information. USDA APHIS is having the same problem. Susan Robinson will check into this.

National Payments Conference

Francie Abbott asked participants for comments about FMS hosting a National Payments Conference.

Discussion:

- Is three meetings per year (2 CAB, 1 National Conf) too many?
- Could possibly hold this conference every other year.
- Possible topic: Each RFC has different processes dealing with payment files - how to make more consistent.
- How many people would attend the National meeting? Would the meeting be too large to be effective?
- Can a tentative agenda be reviewed before agencies decide if they want to attend? Francie could have some possible topics to send to CAB group after the first of the year.
- Timing of the conference could be an issue. USDA/FSA/CCC could have conflicts depending on the timing.
- Budget constraints could also be an issue.

December CAB Meetings

- Does holding the CAB meeting in December work for everyone? Some past CAB meetings were held in November. However, due to first quarter budget issues the meeting has been moved into December the past several years.
- Possibly the meeting could be moved later in December rather than the first week.
- Holding the meeting in November would not work for some agencies due to financial reconciliation work due in November.
- KFC is flexible about the dates – will do whatever the CAB group thinks is best.
- The December 2008 CAB meeting will be at the new Kansas City FRB.
- Might want to consider moving the CAB out of KC in December due to weather issues. Stay in KC for May/June CAB, but travel to another location for the December CAB.

Closing Remarks

Joe reminded the participants to complete the CAB feedback and evaluation form that is in the back of the binders and for attendees to email their agency updates to Lauren Ray. He also mentioned that the next CAB meeting will be in Orlando, Florida on May 13th and 14th, 2008 at the Embassy Suites, Lake Buena Vista. At that meeting, the attendees will elect a new CAB Vice-Chair and the current Vice-Chair, Debbie Byrd will move up to the CAB Chair person.

Gary thanked Joe and Debbie for their commitment to the CAB. He stated it has been a great 15 years, and he looks forward to the next 15 years. Gary wished everyone a Merry Christmas and Happy Holidays, and hoped everyone has a safe trip home.

Meeting Adjourned

Agency Updates

USDA, APHIS

Tom Grahek

Thanks to the KFC for the continued wonderful service and always being very responsive to our needs here at USDA.

USDA, APHIS has many missions, one of which is emergency response to animal, bird, and plant diseases. Avian Influenza planning and preparation was still an ongoing initiative in FY 07 and other larger scale emergencies included Plum Pox and Citrus Canker. APHIS serves the USDA agencies of APHIS, AMS, and GIPSA in administrative services.

APHIS, AMS, and GIPSA maintained a high 98% commercial EFT rate in FY 07.

In 2007 APHIS processed 341 same day wires (a 50% reduction from last year due to reviewing the emergency nature and dollar thresholds of the payments) for \$137 million and over 2000 foreign currency payments for \$2.5 million. This was a total foreign payment increase of over 29% from last year. We now disburse on 37 different countries.

We have started a pilot payment program using debit cards. We hope to establish a customer or customers that use the debit cards for regular payments. This will then be an excellent tool for emergency response.

For collections through our lockbox in FY 2007 we processed 172,000 payments for over \$795 million.

We processed 194 new debts to FedDebt in FY 07 for APHIS and GIPSA of over \$1.1 million.

TGAnet implemented last year for foreign deposits. This decreased errors and increased speed of deposits.

Started phasing in the new credit card provider of Fifth Third Bank. APHIS is done now working on AMS.

USDA has awarded its contract for a new general ledger/financial system to SAP.

USDA overall had a qualified opinion for FY 2007, had clean opinions from FY 2002

USDA, NFC – Controller Operation Division

Lloyd Davis

Analyzing the efficiency of our process using Lean Six Sigma. Lean and Six Sigma are both process improvement methodologies designed to increase the effectiveness and efficiency of an organization.

Experienced a Reduction in Force (RIF) effective October 1, 2007. Iterations of the RIF resulted in personnel moving to different positions.

Congress was notified in September that a contract was awarded to Accenture to replace USDA Financial Management System. The new software will be SAP (Systems Application and Products in data processing). The new system at USDA will be called FMMI. USDA agencies will be implemented into FMMI in phases.

Federal Reserve Bank of Minneapolis

Cindy Trevis

Emphasis in 2007 was on the FRBs' Building and National FedACH application contingency processes. Includes FRB Hotsite and Alternate FRB testing as well as pandemic desk top exercise and application relocation testing with FIs and the Treasury to ensure critical payment flow. The Kansas City Regional Financial Center has coordinated all RFC participation testing. The Federal Reserve System is in the process of converting our largest customers (including the Treasury RFC sites) to a new distributed transmission channel with completion expected 12/08. The Kansas City RFC conversion is well underway. They will be coordinating all RFC conversions. We greatly appreciate their support in both these efforts!

Ellen Nyberg

FedACH will be introducing two new products in early 2008. FedEDI Plus is financial Electronic Data Interchange (EDI) translation and reporting software provided by the Federal Reserve System. RDFI File Alert is the latest addition to the suite of FedACH Risk Management Services, joining risk returns reporting and risk origination monitoring.

Social Security Administration

Paul Levee

ReclaTrace: SSA continues to work with AFC and KFC on the ReclaTrace project. Some of you may recall the ReclaTrace presentations from the St. Louis CAB in June. For those of you who don't, ReclaTrace will streamline SSA's Title II

reclamation process by establishing a dedicated staff at Treasury who will process SSA's reclamation workload which is currently handled by our Processing Centers. Any funds collected by the ReclaTrace staff will be transferred between the agencies using a cancellation file that mirrors the current cancellation file SSA receives from Treasury for returned EFT payments. Implementation is scheduled for the end of 2009. SSA is currently reviewing and adding comments to the MOU.

Secure FMS Email: SSA is currently working with DT to establish a secure email connection between the two agencies that would safely and securely allow PII data transfer in email between the agencies. The system arrangements have already been completed; SSA is awaiting the CIO's approval. We have been working with Joseph Mendez on getting this implemented and expect implementation within the next few weeks.

Automate FMS-3864: OPRP has begun discussions with DT on ways to automate the FMS-3864. This form is a follow-up from SSA to Treasury for status on an outstanding input (i.e., stop payment, nonreceipt, etc.). These forms are supposed to be used fairly rarely but automating the forms will streamline the process and eliminate the paper-based workload. One idea around this involves SSA emailing these forms to a central FMS-3864 email address; however, this cannot be implemented until the secure email is established since PII information is included on the FMS-3864.

Payment Delivery Status Calls Complete: Representatives from SSA, Treasury, USPS, Fed-ACH and sometimes FEMA have been participating in monthly teleconferences, from May through November, to discuss any upcoming events that may cause payment delivery problems. This is the second year (season) of existence for these teleconferences that were started as a result of Hurricane Katrina and the payment arrangements that were needed to cope with the catastrophe. The second season of calls was just been completed last month and will resume in May 2008. As a result of these calls, all of the agencies involved have an up to date Disaster Contact List with work and home phone numbers in case payment delivery arrangements need to be made last minute due to an upcoming storm.

TCIS User Rollout: SSA has successfully completed providing Single Sign-On access to nearly 1300 users for the Treasury Check Information System (TCIS). SSA is now discussing the possibility of rolling out TCIS access to two representatives in each of our field offices which would bring the total user amount to around 4,000 users. SSA Policy and Operations are discussing this issue with representatives from Treasury's TCIS staff. One concern for both agencies would be a likely increase in "homemade" claims packages since TCIS allows users to print photocopies. Homemade claims packages are unable to be processed and rejected by the Treasury Check Claims Branch. This is a major concern for both agencies since valuable time is lost if nonreceipts and stop payments are not input correctly when initially reported to generate claims.

GSA

Jane Pritchett

GSA received an unqualified "clean" opinion on its FY2007 financial statements. GSA also received a positive Statement of Accounting Standards Number 70 (SAS 70) Audit Report prepared by PricewaterhouseCoopers for GSA's National Payroll Center (NPC) and External Services Division.

The GSA National Payroll Center and the Heartland Financial Systems Division worked together with Treasury's Financial Management Service to implement a Foreign Allotment program at the request of one of our customers. This customer agency has several employees working in remote locations in several foreign countries. It was difficult for these employees to get to large cities where they could convert American dollars into the local currency. Effective Pay Period Ending November 10, 2007, employees located in these foreign countries had the ability to set up an allotment to be sent to their local bank and paid out in the local foreign currency. These employees have expressed their appreciation for this service. The GSA Heartland Finance Center extends a special thank you to Ethan Cole and Walker Woods for their assistance to make this happen.

The GSA is working toward a conversion from Mellon Bank to Fifth Third Bank for credit card collections. One obstacle is that Fifth Third Bank cannot currently provide us with the voucher number/deposit ticket number on the activity file. This will create a major cash reconciliation issue for GSA, since the dollars involved are so large. FMS is talking with Fifth Third Bank and will be getting back with GSA. Are there any other agencies in attendance at the CAB meeting with this same issue? There was one other agency with this issue. Susan Robinson offered to work with me and the other agency and FMS to find a resolution.

USDA, National Finance Center – GESD (Payroll)

Joe Vitale

Dual Data Center Project

- In September NFC moved its primary computing facility (PCF) to the Denver Federal Center.
- Cutover was accomplished in only 8 hours...with less customer downtime than a normal maintenance weekend.
- Thanked FMS for their involvement during in testing, and also our customers for their work to ensure a smooth transition
- We're in the process of implementing a backup computing facility (BCF) at NFC, which will mirror the PCF. Target date of March 2008.
- This will eliminate the need for subscription service, presently with SunGard.

Alternate Work Site

- In September USDA leased a building in Shreveport, LA
- It will provide for 750 workstations, and will allow NFC to fully deploy staff during a long-term disaster event.
- It will be available for NFC to use as an Alternate Work Site beginning with the 2008 hurricane season and thereafter.

GWA

- Last July NFC met with FMS GWA Project leaders (Mike Norman and other staff) to discuss NFC IPAC, payment and collection processes and rollout strategy issues that must be resolved prior to migrating to the "GWA Way"
- In August I briefly discussed with FMS Deputy Director, Ms. Judy Tillman, the issues posed by FMS's limitation of 100 TASs per payment schedule. She understands that we fully support the GWA Project, and are eager to develop processes that will not be as burdensome on e-Payroll providers with many customers, like NFC
- We're researching other migration options to determine a method that would reduce the operational issues caused by this limitation.

PP25 EFT Salary Payments

- Delay in posting EFT salary payments to employee bank accounts from Monday, December 31, 2007 to Wednesday, January 2, 2008 so that all salary payments are received in the same tax year as the official Thursday payday of January 3, 2008. Paper checks will still be dated with the official Thursday payday
- Thanked KFC for their support and work to delay the processing of these payment files in PP25

Personal Identifiable Information (PII)

- Major effort to eliminate SSNs, DOB, address, and other PII info from hardcopy reports and statements
- NFC's Employee Personal Page will no longer require SSN, but an issued account number

NFC has begun work on identifying a new pay engine to replace our legacy system, with no target date at this time

Social Security Administration

Kathy Moore

For FY2007, we certified \$576 billion in benefit payments and \$42 billion in withholdings such as Medicare, Garnishments and Taxes.

Currently working with Treasury to receive pre-audit reports electronically that will roll into our automated accounting system to ensure that all payment files fully transmit.

Began a metrics process for our payment exception operation in early 2007. As a result we have seen a drastic decrease in aged exceptions resulting from unnegotiated checks, payment history corrections, return checks and duplicate check negotiations. Also resulted in staff thinking outside the box to develop system or process changes to reduce the number of exceptions occurring.

DHS/Immigration and Customs Enforcement

Becky Schorr

The ICE Office of Financial Management received a clean opinion on our audit this year.

We requested a waiver for the 70F3875 and 70F3885 accounts for ICE and CIS. We do the books for six DHS entities, and ICE has the largest volume of IPACs, and CIS has the largest volume of fees and entry application collections. We will need some time to work out how we will apply the IPACs and fees without an "F" account.

USDA, Farm Service Agency/Commodity Credit Corporation (FSA/CCC)

Beverley Anderson, Jim McAfee

FSA/CCC reported the following:

- The Department has purchased SAP Commercial Off The Shelf software package for implementation in the Financial Management Line of Business (FMLoB).
- FSA/CCC is continuing its efforts to prepare for the FMLoB implementation through our Financial Management Modernization Initiative (FMMI). There are multiple teams (e.g. Payments, Receivables, Funds Management, etc.) taking actions to prepare our legacy systems for the Departmental implementation.
- The Payment Management Project of FMMI has several key projects underway that will allow the agency to increase the number of payments disbursed through Treasury. One major task is to consolidate the multiple payment systems and centralize the payment process. Currently there are approximately 2400 county offices that disburse payments in their local offices. The centralization process, scheduled for implementation in CY 2008, will route almost all of CCCs paper checks through Treasury. A future enhancement will provide for ACHs to also be processed through Treasury.
- The third year of internal control reviews for the OMB A-123 is underway and progressing well.
- An increased emphasis is being placed on Personally Identifiable Information (PII). Efforts are underway to identify privacy protected data on reports and in systems. Modifications are being made to help safeguard the information.
- In the June 2007 CAB meeting FSA reported that it would be rolling out a nationwide release of the Online Payment (OLP) application in July 2007. That release has been postponed due to problems that were identified during the beta test conducted in May and June and changes in agency priorities. OLP is a web-based system that will replace the existing AS400/System 36 Check Writing applications. Focus will now be placed on the Centralization of Payments which will replace the AS400/System 36 Check Writing functionality for all automated and non-automated program payments initiated by more than 2400 FSA field Offices. Once implemented (Target Date: April 2008), FSA Field Offices will no longer have the capability to produce checks. All check payments will be issued via Treasury FMS.
- FSA/CCC is participating in the GWA Payment Pilot. It has gone very well. Agency training on the Partial 224 was completed the last week in November and FSA/CCC expects to become a GWA Player for Payments by January 2008.
- FSA/CCC worked with St. Louis FRB to establish a Primary Local Administrator for SAM, but has not completed an agency profile. Will work with Treasury and St. Louis to complete this process before becoming a live GWA Reporter in January 2008.
- FSA/CCC has successfully gained access to TCIS.
- There has been several personnel changes affecting FSA/CCC Treasury Check Claims activities:
 - Celestine Muhammad transferred to the Financial Accounting Office (FAO) effective November 11. Celestine was responsible for coordinating and implementing Check Claims activities within FSA/CCC. The Payment Operations Group is in the process of recruiting for a replacement.
 - Rhonda Quinlan joined the Payment Operations Group as new Data Entry Operator and Check Claims processor in October 2007, replacing Terrence McDonald who left the agency in June 2007.
 - Beverley Anderson, Chief of the Payment Operations Group will transfer to the Fund and Commodity Management Office in February 2008.
 - With the increase of new employees, FSA/CCC will be seeking Check Claims training in the near future to train new staff.
- FSA/CCC has been working with the FRB of Kansas City to establish an Official Authorization List. This was done in preparation for the transition from BDT to Connect Direct. FRB of KC needed to know who to contact about making decisions regarding software and hardware equipment purchases to complete the project.
- For more than a year, FSA/CCC has had an outstanding issue regarding TOP Offset and how this process would work for assigned payments in a Treasury Disbursing environment. In September 2007, FSA stakeholders met and agreed on a resolution. This involved a change in agency regulation to remove references to the offset of other agency debt prior to making an assigned payment. The revised regulation CFR Part 1404 is being reviewed by the regulation review board and is expected to be published in the Federal Register for comment by January 2008.
- The next big Treasury check cycle for FSA/CCC is January 2008 when Tobacco Transition Program Payments begin.
- The USDA/FSA/FMD/FSC Receivables Management Office (RMO) currently uses four methods for collecting funds from its customers:

- 1) Deposits to a local bank via our concentration banking system;
- 2) Mailing of deposits to a centralized lockbox;
- 3) Paper Check Conversion--Over the Counter (PCC-OTC);
- 4) Wire payments

FSA-RMO is moving towards eliminating two of those mechanisms, local bank deposits and mailing of deposits. The remaining two methods allow for faster collections of customer payments and more timely financial reconciliations. The deployment of PCC-OTC nationwide (to 2400 county offices) will reduce FSA borrowings from Treasury and improve our overall customer service. FSA/CCC anticipates that PCC-OTC will be fully deployed in late FY 2009.

USDA, Farm Service Agency - Farm Loan Program

Carolyn Lane

DCIA Accomplishments - FSA Farm Loan Programs is in compliance on eight of the nine DCIA provisions. The ninth provision's, Wage Garnishment, implementation is pending publication of the USDA regulations. FSA's delinquency rate in Farm Loan Programs (FLP) continues to drop due to our aggressive debt collection programs, which are in compliance with DCIA.

Direct Loans: FLP direct loan programs continue to be 100% compliant with the Treasury Offset Program (TOP) and the Treasury Cross Servicing program. Over \$267 million was collected for delinquent debt in fiscal year 2007 through various debt collection programs.

Guaranteed Loans: The number of eligible FSA FLP guaranteed debts referred to TOP continued to increase during the 2007 fiscal year, totaling over \$22.8 million to date. Collections for the 2007 fiscal year totaled over \$700 thousand through TOP, the Internal Administrative Offset program, DOJ, voluntary payments and Lender Recovery collections.

Major initiatives include: No major initiatives were implemented since the last CAB report in June.

EFT Disbursements: EFT disbursements for the Direct and Guaranteed loan programs of FSA have averaged 92% of all disbursements for the past fiscal year.

Remittance Express Account: We continue to increase the use of our REX account that was established for our direct and guaranteed loan programs collections. We would like to establish an account that more of our direct farm loan borrowers could utilize for electronic payment of their account installments.

A-123- We completed the last test cycle with minimal deficiencies of no material value. Our risk assessment has been completed and received in house approval. We are waiting on approval from our consultants Price Waterhouse.

Clean Audit- FSA Farm Loan's financial audit is part of USDA's consolidated financial statement. For FY 07 we had no significant findings and received a clean audit opinion on our financial statements.