

Financial Management Service

PFC Journal

Fighting Terrorism, One Dollar at a Time

Agency Financial Offices Play a Key Role in the War on Terror

An important component to fighting terrorism at home and abroad is preventing financial resources from reaching individuals, organizations, or governments associated with terrorism. To that end, Executive Order 13224 was issued to prohibit transactions with persons who commit, threaten to commit, or support terrorism. The Financial Management Service (FMS) has updated Part 4, Chapter 1000 of its Treasury Financial Manual (TFM) to reflect implementation of Executive Order 13224.

Specifically, Executive Order 13224 blocks the provision of all property and interests in property, as well as donations, to individuals and organizations that commit, threaten to commit, or support terrorism as listed in the Executive Order. It further allows the Secretaries of the Treasury and State, as well as the Attorney General, to consult and add names of individuals and organizations that have committed, or pose a significant risk of committing, acts of terrorism.

Originally, Executive Order 13224 listed 27 entities; however, that list is expanding based on additional consultations between the Departments of the Treasury, State, and Justice. The Department of the Treasury's Office of Foreign Assets Control (OFAC) maintains the Specifically Designated Nationals (SDN) and Blocked Persons list, which provides the names of individuals and organizations with whom financial transaction are prohibited under Executive Order 13224. A list of these individuals and organizations are listed on OFAC's web site at <http://www.treas.gov/offices/enforcement/ofac>.

Federal agencies play an integral role implementing the provisions of Executive Order 13224. Specifically, agencies must not make payments, or draw checks or warrants, payable to an individual or organization listed on OFAC's website. Agencies must consult this list before certifying a payment to Treasury. In doing so, agencies can be assured that payments are not accidentally made to an individual or organization that may use the funds to support terrorism.

Inside this issue:

Tele-TRACE	2
Treasury Check Information System (TCIS)	4
ALC Verification	5
Agency Forum	6

For more information on OFAC and Executive Order 13224, please visit the OFAC website at <http://www.treas.gov/offices/enforcement/ofac>.

Cooperation from the Financial Community is Key for Tele-TRACE Program

Most likely, your financial institution has received calls from the U.S. Department of Treasury's Financial Management Service (FMS) to research Social Security Direct Deposit payments in order to resolve claims of non-receipt by recipients. FMS' Philadelphia Financial Center (PFC) receives and processes an average of 6,500 non-receipt claims a month to support the Tele-TRACE program, which traces "lost" Social Security payments for beneficiaries. Specifically, PFC representatives support the Tele-TRACE program by contacting financial institutions to determine the status of Direct Deposit payments and subsequently informing the beneficiaries of the status. PFC representatives have all pertinent account information relating to each non-receipt claim, and therefore call financial institutions solely for the purpose of confirming that the payment was appropriately credited to the recipient's account. Consequently, PFC representatives will not request any additional financial/personal data on the recipient.

PFC representatives will call to confirm the following information:

- Account number
- Routing Number
- Payment Date
- Payment Amount
- Recipients name

In cases where a payment is posted to an incorrect account or the recipient's name is not on the account, PFC representatives will forward your financial institution a letter requesting that the funds be returned with return code R06 (Returned per Originating Depository Financial Institution's Request), or that you provide the account-owner's information to Social Security for additional research.

We live in a world where identity theft is abound and there are overwhelming concerns about the Privacy Act. It is because of these factors that PFC representatives often meet resistance from financial institution representatives, who are looking to protect the best interest of their customers and their own liability. While the Treasury Department recognizes and respects these concerns, there are various legal and regulatory sources which support the release of information for the purpose of facilitating the Tele-TRACE program:

12 USC 3413: Right to Financial Privacy Act of 1978

There is an exemption to the Right to Financial Privacy Act that allows for the disclosure of information about individuals receiving benefit payments from Social Security and the Railroad Retirement Board, if disclosure of this information is necessary to support critical agency functions. Specifically, the Right to Financial Privacy Act of 1978 states that: "Nothing in this title shall apply to the disclosure by the financial institution of the name and address of any customer to the Department of the Treasury, the Social Security Administration, or the Railroad Retirement Board, where the disclosure of such information is necessary to, and such information is used solely for the purpose of, the proper administration of section 1441 of the Internal Revenue Code of 1954, title II of the Social Security Act, or the Railroad Retirement Act of 1974."

31 CFR Part 210.3(c): Federal Government Participation in the Automated Clearing House (ACH)

By accepting Federal Government ACH payments, your financial institution agrees to the provisions in 31 CFR Part 210 and the procedures in the Green Book. Specifically, 31 CFR Part 210.3(c) states that: "Any person or entity that originates or receives a Government entry agrees to be bound by this part and to comply with all instructions and procedures issued by the Service under this part, including the Treasury Financial Manual and the Green Book."

(Continued on Next Page)

Tele-TRACE Program (Continued)

Green Book, Chapter 3, Tele-TRACE Non-receipt Claims Process

Chapter 3 of the Green Book outlines the Tele-TRACE process, stating that: “Social Security and FMS have implemented a telephone non-receipt process (Tele-TRACE) for Social Security payments. This process eliminates the paper processing of trace forms (i.e., FMS 150.2 and FMS 150.1) required under the manual non-receipt process. Instead, FMS representatives will call Receiving Depository Financial Institutions (RDFIs) and recipients directly to resolve claims of non-receipt. Once the reason for non-receipt has been determined, FMS will telephone the recipient to inform him/her of the resolution. FMS will mail a letter if unable to reach the recipient by telephone. Keep in mind that RDFIs can be held liable for ACH payments not processed timely or correctly. If the Federal government sustains a loss as a result of a financial institution's improper handling of an entry, the financial institution is liable to the Federal government for the loss, up to the amount of the entry.”

Green Book, Chapter 4, Returns

The Green Book Chapter on Returns describes a financial institution's responsibility to return Government ACH payments that cannot be posted to an account at their institution. Specifically, this Chapter states that: “Un-postable payments must be returned so that they are received by the Government Disbursing Office (Originating Depository Financial Institution — ODFI) no later than the opening of business on the second banking day following the settlement date of the original entry. Under no circumstances should a financial institution hold payments indefinitely in a suspense account, or by any other means, nor should payments otherwise be held if any of the conditions apply on when to return a payment. Holding payments may constitute a breach of the financial institution's warranty for the handling of Federal government ACH payments under regulations codified in 31 CFR Part 210.”

ACH Rules, Article One, Section 1.6.1: Records of Entries

Article One of the ACH Rules provides for a six year retention period for ACH payments. Consequently, financial institutions are responsible for a printout or reproduction of the information relating to an ACH entry, provided that the individual requesting this information is the customer or a participating depository financial institution. This requirement applies to Tele-TRACE inquiries because FMS is an originating depository financial institution in the ACH network.

These various rules, regulations, and procedures support the validity of the Tele-TRACE program and provide your financial institution with the regulatory foundation to confirm or verify information about your account holders receiving Social Security payments. It is also important to recognize that the Tele-TRACE program is designed to assist your account holders in locating their Social Security payments, and therefore your cooperation with the Tele-TRACE program and PFC representatives enhances customer service for your account holders.

If you have any questions about the Tele-TRACE Non-Receipt process, please feel free to contact Monique Goodwin, Manager, Claims Branch at (215) 516-8067 or at Monique.Goodwin@fms.treas.gov. Additional information can also be accessed at the FMS website at <http://www.fms.treas.gov>.

One Stop for Payment Information

In January 2001, the Department of the Treasury, Financial Management Service (FMS) began working with the Federal Reserve Bank (FRB) of Philadelphia to assess the Check Payment & Reconciliation (CP&R) system and explore new technologies and approaches that could modernize and improve system efficiency for the check aftermath activities. To signal that the new system would enhance processing, not just continue it "as is", a new name was selected – Treasury Check Information System (TCIS).

TCIS affords FMS the opportunity to move from paper to electronic communication with the agencies, as their processes allow. The file formats that agencies use to submit or receive information from CP&R will not change with TCIS. TCIS will record and reconcile the worldwide issuance and payment of U.S. Treasury checks. This system will also allow end users to query the Payments, Claims & Enhanced Reconciliation (PACER) system for claim status on Automated Clearing House (ACH) payments using the Integrated View component.

The Integrated View module of TCIS was implemented on May 1, 2006 for FMS users and agency access began on June 1, 2006. Consequently, TCIS will allow agencies to access all payment and claim information in one system. Additionally, agencies will no longer have to use SecurID Cards and dial-in to gain access to the system. Instead, TCIS may be accessed in one of the two following secure ways:

- Via the 'extranet' (a private network similar to an agency's 'intranet' that can be shared with select business partners to conduct secure transactions) using User ID and Password (trusted partner). This method capitalizes on an existing trusted network-to-network connection between the agency and HROC.
- Via the 'internet' using Public Key Infrastructure (PKI) credentials.

TCIS is accessible through a standard web-browser, Internet Explorer 5.5 or higher, and will provide:

- A single front end to TCIS, the Check Payment and Reconciliation System, and PACER On-Line databases, thus eliminating the need for a user to sign-on and query each system separately.
- Ability to view payment and claims information relating to U.S. Treasury checks and ACH payment information.
- Ability to query by a specific Check Number, by Payee ID (when agencies provide payee identification information as part of the payment request) within a range of Issue Dates, or ACH Trace Number.
- Ability to initiate a stop request and to request/view digital images of negotiated U.S. Treasury checks.

For ease of transition from the current systems to TCIS, the Integrated View screens were designed with a common look and feel for the screens that are being utilized today on other systems. Therefore, the system will be intuitive and not require training in a classroom setting. Training on application functionality will be provided in the form of a Computer Based Training (CBT) CD. The CBT CDs will be provided to end users.

One Stop for Payment Information (Continued)

In addition to the above capabilities, agencies with legislative or delegated disbursing authority, referred to as Non-Treasury Disbursing Offices (NTDOs), will have the ability to:

- Track the status of the files they have submitted for processing.
- View all authorized check ranges established for their use in disbursing U.S. Treasury check payments.
- View all issue transmittals received and accepted by TCIS for a particular authorized range.

This functionality is provided in the Transmittal Control and Disbursing Office Maintenance Subsystem (TCDOMS). TCDOMS training for NTDOs will also be provided by CBT CDs.

Existing Check Payment and Reconciliation (CP&R) system users were the first group of individuals to gain access to TCIS. Existing PACER online users and new users will be enrolled at a later date by the TCIS Enrollment Team.

For more information on TCIS, please visit the TCIS website at <http://www.fms.treas.gov/tcis>.

Need to Make Changes to your ALC Information?

The Agency Location Code (ALC) information contained on the Treasury Central Accounting System (STAR) is essential, as this allows Treasury to have current contact data on file for all agencies. Therefore, the Financial Management Service (FMS) requests that all agencies review and verify this data to ensure it is accurate and up-to-date. This information can be viewed in GOALS or CA\$HLINK. The person responsible for submitting the FMS 224 can view the data in GOALS by selecting the FMS Form 224, highlight reports on the tool bar and select ALC Query. To view data in CA\$HLINK, change the drop down box on the upper right corner from MY CA\$HLINK to REX/PAD Manager, then highlight inquiry on the tool bar and select STAR ALC Information Query.

If your agency needs to change the information, please submit changes in writing on agency letterhead via fax to (202) 874-8887 or mail to the addresses below:

For 3 and 4 digit ALCs:

Financial Management Service
Check Reconciliation Branch
Financial Processing Division
Financial Operations
3700 East-West Highway, Room 709A
Hyattsville, MD 20782

For 8 digit ALCs:

Financial Management Service
Cash Accounting Division
Cash Accounting & Reporting Directorate
Governmentwide Accounting
3700 East-West Highway, Room 500E
Hyattsville, MD 20782

If you have any questions or need assistance, please contact the Cash Accounting Division staff (Kenneth Johnson (202) 874-6985 or Margie Neville (202) 874-8891).

Agency Forum

When: Tuesday, November 14, 2006
9:00 a.m. to 4:00 p.m.

Where: National Constitution Center
Independence Mall
525 Arch Street
Philadelphia, PA 19106

Topics: Payment Application Modernization (PAM) Project
Treasury Check Information System (TCIS)
Government-wide Accounting (GWA) Modernization Project
Business Event Type Codes (BETC)
Treasury Account Symbols (TAS)
Office of Foreign Assets Control (OFAC) Guidance
Collections

Registration: The Philadelphia Financial Center (PFC) will post an on-line registration form in the near future on its website at <http://www.fms.treas.gov/pfc/training.html>.



P.O. Box 51317
Philadelphia, PA 19115-6317
Phone: 215-516-8000
Fax: 215-516-8010
Email: philly@fms.treas.gov

The Philadelphia Financial Center Newsletter entitled PFC Journal is presented by the Customer Assistance Staff and addresses a variety of topics of interest to individuals in the Federal financial community.

The PFC Journal is available exclusively on our website.

<http://www.fms.treas.gov/pfc>