

2 ACH Payment Processing

Overview

This chapter provides information about how Federal government ACH payments are processed. It also contains valuable information on payment dates and information to assist in identifying Treasury disbursed payments.

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A. Financial Organization Master File (FOMF)

The Financial Organization Master File (FOMF) is a Department of the Treasury master list of financial institutions receiving Federal government Automated Clearing House (ACH) payments. It contains Routing Numbers (RTN) and a single financial institution name and mailing address for each RTN.

The FOMF is derived from the Federal Reserve Bank's (FRB's) ACH Customer Directory (ACD), which contains the RTNs and related information of all valid ACH participants. The FOMF is updated on a monthly basis using information from the most current ACD file.

Purpose

The Financial Management Service (FMS) relies on the FOMF data to validate RTNs used to originate payments and to send financial institutions the following:

- reclamation notices
- trace inquiries
- marketing materials

Financial Institution Responsibility

Changes to Financial Institution Name and Mailing Address

Financial institutions are responsible for keeping their name and mailing address for each RTN up to date with the FRB. Any changes to RTN data should be provided to the FRB as soon as possible so that the ACD and FOMF contain current data. If the financial institution fails to notify the FRB, it may be held liable for information (e.g., reclamation notices) mailed to obsolete addresses.

Changes to Routing Numbers

If a financial institution changes RTNs (e.g., due to merger), it must notify its servicing FRB's ACH Department as soon as possible to have the old RTN to have the ACH reflect the Financial Institution's active ACH routing numbers. Updates to the ACD will update the FOMF. Additionally, financial institutions should send a notification of change (NOC) to each originating Federal agency from which it receives payments affected by the routing number changes.

The following steps should be taken in updating the ACD routing number data:

Confirm that no activity is being received on the obsolete RTN prior to deletion.
Allow at least three months after the update to the ACD before deleting an obsolete RTN.
Delete an obsolete RTN only after all activity has been transferred to the surviving RTN.

New Depository Institutions

Because the FOMF is updated on a monthly basis, a new depository institution may not receive government ACH transactions for up to 30 days after being entered into the Federal Reserve Bank's ACD.

B. Federal Government ACH Processing

General Flow

Federal government ACH payments are initiated by the authorizing Federal agency to a Government Disbursing Office. These include the FMS, Department of Defense Disbursing Offices, and the Bureau of the Public Debt (for TreasuryDirectpayments). The Federal Reserve is the Federal government's ACH Operator.

Prenotification

The Federal government prenotification process is handled in accordance with NACHA Operating Rules. Social Security originates prenotifications for all new Direct Deposit enrollments.

Payment Formats

Federal government ACH payments are originated in the Prearranged Payment and Deposit (PPD) with or without addenda, Corporate Debit or Credit (CCD) with or without addenda, or Corporate Trade Exchange (CTX) formats. Refer to the NACHA Operating Rules for details on payment record formats.

Account Requirements

All Federal government benefit payment enrollments must be established for a deposit account at the financial institution that is in the name of the recipient or beneficiary with the following exceptions:

- Where authorized payment agent has been selected.
- Where the payment is to be deposited into an investment account established through a securities broker or dealer registered with the Securities and Exchange Commission, or an investment account established through an investment company registered under the Investment Company Act of 1940 or its transfer agent. The payment may be deposited into an account designated by the broker or dealer, investment company, or transfer agent.
- Where Treasury has granted a waiver.

Misdirected Payments

On rare occasions, a Federal payment is directed to an account number other than that owned by the entitled payee. These payments may be unpostable, or they may be directed to a valid account owned by someone other than the entitled payee. Financial institutions (FI) may conduct a manual search of their unpostable ACH payments to determine if the payment can be posted. In some cases, the owner of an account to which a Federal payment was erroneously delivered brings the error to the attention of the RDFI. Also, if an RDFI becomes aware that an agency has originated an ACH credit entry to an account that is not owned by the payee whose name appears in the ACH payment information, the RDFI shall promptly notify the agency as required by Code 31 CFR Part 210. If the payee's account number is different from what is contained in the ACH entry, but the FI can identify the correct receiver, the FI may post the payment to the correct account, as long as there is no change in the title of the account or in the interest of the recipient or beneficiary in the account. The FI does this at its own risk and may be liable to the issuing agency if the FI is incorrect and there is a resulting loss by the agency. If the FI does post the payment to an account other than that identified in the transaction, then an appropriate NOC with the correct account number should be sent to the agency. Please see Chapter 6, NOCs, for more information. Alternatively, the FI may return the payment to the agency with an appropriate reason code, rather than deposit it to an account other than that which it believes to be correct.

If a payment cannot be credited to an account, the payment must be returned to the agency with the appropriate return reason code. Please see Chapter 4, Returns, for instructions on returning Federal payments.

Availability of Funds

In accordance with NACHA Operating Rules, consumer payments (i.e., Federal salary and travel payments, benefit payments) must be made available for withdrawal no later than the opening of business on the settlement date (provided the entries are made available to the Receiving Depository Financial Institution (RDFI) by its ACH operator no later than 5:00 p.m. on the business day prior to the settlement date). Corporate payments (i.e., vendor payments, non-benefit payments) must be made available for withdrawal on the settlement date.

Electronic Transfer Account (ETASM)

The ETA is a low-cost account designed by Treasury to provide individuals who receive Federal benefit, wage, salary, or retirement payments the ability to receive their payments electronically. Any individual who receives a Federal benefit, wage, salary, or retirement payment is eligible to open an ETA. Financial institutions that choose to offer ETAs (ETA Providers) will enter into a Financial Agency Agreement with Treasury, outlining the duties of the financial institution.

C. Federal ACH Payment Schedule

FMS publishes the Federal ACH Payment Schedule annually in NACHA’s “ACH Rules: A Complete Guide to Rules and Regulations Governing the ACH Network.” This listing provides the actual payment date for recurring Federal payments. The payment date equals the ACH settlement date. This listing is also available for viewing/download on the FMS website: www.fms.treas.gov/greenbook/achpay.html.

D. Identifying Treasury Disbursed Payments

Treasury disbursed payments can be identified using information contained in the Company/Batch Header Record. The Regional Financial Center (RFC)/Routing Number Table on pages 2-7 to 2-8 lists the appropriate information for each FMS RFC. You can identify a payment by locating the following information:

RFC Symbol Number

Field 3, Company Name, of the Company/Batch Header Record

Routing Number

Field 12, Originating DFI Identification, of the Company/Batch Header Record

Sample Company/Batch Header Record (with identifying information highlighted)

```
101 111111111 2222222229812151924B094101DALLAS FRB  AUSTIN DISB CTR  FEDSA001
5220DOJ TREAS 220 333333333CCDMISC PAY 121698981216 2444444444000001
```

RFC Symbol Number: 220 (Austin RFC), 310 (Kansas City RFC), 303 (Philadelphia RFC), and 312 (San Francisco RFCO).

Routing Number: for Vendor/Miscellaneous Payments



Note: A ‘2’ in field 11 of the Company/Batch Header Record identifies the Originator as a Federal government entity or agency.

Questions? Contact the nearest FMS Customer Assistance Staff:

- Austin **(512) 342-7300**
- Kansas City..... **(816) 414-2100**
- Philadelphia **(215) 516-8015**
- San Francisco..... **(510) 594-7300**

Regional Financial Center/Routing Number Table

The table below lists the specific payments distributed by the Regional Financial Centers (RFC).

RFC	Symbol	Class of Payment
Austin <i>Questions?</i> <i>Contact the Austin</i> <i>Customer Assistance</i> <i>Staff: (512) 342-7300</i>	220	VA Retro (Adjustment)
		VA Benefit
		VA EDUCATION CHAPTER 30
		VA EDUC CHAP 1606
		VA SPINA BIFIDA/CHAPTER 18
		VA Public Law Chapt 31
		VA INSURANCE (RESERVED)
		VA (RESERVED)
		VA (RESERVED)
		VA (RESERVED)
		VA (RESERVED)
		VA (RESERVED)
		Federal Salary
		Travel
Vendor/Miscellaneous		
IRS IMF (Tax)		
Birmingham: Debt Management Operations Center <i>Questions?</i> <i>Contact Birmingham:</i> <i>(205) 912-6181</i>	449	Treasury Control System (offset payments)
		Vendor/Miscellaneous
		Tax Refund
		OPM Monthly Annually
Kansas City <i>Questions?</i> <i>Contact the Kansas</i> <i>City Customer</i> <i>Assistance Staff:</i> <i>(816) 414-2100</i>	310	SSA PMA (Adjustment)
		SSA CMA/Recurring
		SSA CMA/Recurring
		Preauthorized Debits
		Prime Pay
		PAD
		Federal Salary
		Travel
		Thrift Savings Plan
		Annuity
		Vendor/Miscellaneous
		IDD
		SSI Monthly
SSI Daily		

Regional Financial Center/Routing Number Table (cont.)

RFC	Symbol	Class of Payment
Philadelphia <i>Questions?</i> <i>Contact the</i> <i>Philadelphia</i> <i>Customer</i> <i>Assistance Staff:</i> (215) 516-8015	303	SSA PMA (Adjustment)
		SSA CMA/Recurring
		SSA CMA/Recurring
		Federal Salary
		Travel
		Vendor/Miscellaneous
		SSA (CMA Recurring/INT'L)
		SSA (PMA/INT'L)
		Branch II Payments
		SSA/CMA Recurring Cycling
		SSA/CMA Recurring Cycling
		SSA/CMA Recurring Cycling
		RRB Daily (Adjustment)
		RRB UI SI
RRB Monthly		
BPD Pensions		
San Francisco <i>Questions?</i> <i>Contact the</i> <i>San Francisco</i> <i>Customer Assistance</i> <i>Staff: (415) 817-7300</i>	312	SSA PMA (Adjustment)
		SSA CMA/Recurring
		Federal Salary
		Travel
		Vendor/Miscellaneous
		OPM Daily (Adjustment)
		OPM Monthly



Note: Current Month Accrual (CMA), Prior Month Accrual (PMA)

Consumer Payment Formats

Consumer payments are designated for deposit into an individual’s account. They are identified by the Standard Entry Class Code (SEC) to be used for consumer entries which is found in the Company/Batch Header Record (Field 6) of the payment file data.

Standard Entry Class Code

The Prearranged Payment and Deposit (PPD) is the SEC code used for identifying Federal agency consumer payments. The payment entries may be accompanied by a PPD addenda record (PPD+) which further identifies the reason for the payment.

Payment Types

Types of payments that utilize fall into the PPD standard entry class category include the following:

- benefit
- annuity
- travel
- salary
- allotment
- IRS tax refund
- Public Debt payments.

Identifying the Paying Agency/Payment Type for Treasury Disbursed Payments

Field 7 “Company Entry Description” (Company/Batch Header Record)

Paying Agency/Payment Type	Field 7 Contents
Bureau of the Public Debt/TreasuryDirect	
Federal Housing Administration Debenture Payments	FHA/HUD_ _ _
Marketable Securities (Bills, Notes, and Bonds)	PAR_AMOUNT PAR_ & _INT_ INTEREST_ _ REFUND_ _ _ _
Savings Bond Agent’s Fee Payments	AGENT_FEES Series HHH
Savings Bond Interest Payments	H/HH_INTST State and Local
Government Series Security Payments	SLG_PAYMNT
Central Intelligence Agency	
CIA Annuity	CIARDSANNU
Department of Veterans Affairs	
Compensation and Pension	VA_BENEFIT
Federal Salary	FED_SALARY
Federal Travel Payments	FED_TRAVEL
Office of Personnel Management	
Civil Service Retirement (Annuity)	CIVIL_SERV
Railroad Retirement Board	
Railroad Retirement/Annuity	RR_RET_ _ _ _
Unemployment/Sickness	RR_UISI
Social Security Administration	
Social Security	SOC_SEC_ _ _
Supplemental Security Income	SUPP_SEC_ _

Identifying the Payee for Treasury Disbursed Payments

Field 7 Contents (Entry Detail Record)

IF the payment type is...	THEN Field 7 (Individual ID field) contents identify the payee by...
Bureau of the Public Debt/TreasuryDirect	
Marketable Securities (Bills, Notes, and Bonds)	Account Number
Central Intelligence Agency	
CIA Annuity	Individual's SSN Positions 1-6 of the agency location code
Federal Salary	Individual's SSN or Employee's Identification Number and agency location code
Federal Travel	Individual's SSN or Employee's Identification Number and agency location code
Office of Personnel Management	
Civil Service Retirement (Annuity)	File Type = A or F Blank Claim Number Claim Number Suffix Type of Payment
Railroad Retirement Board	
Railroad Retirement/Annuity	Beneficiary Symbol Beneficiary Prefix Claim Number Blank Payee Code
Railroad Unemployment/Sickness	Social Security Number
Social Security Administration	
Social Security	Claim Number
Supplemental Security Income	Claim Number
Department of Veterans Affairs	
VA Compensation and Pension	Claim Number Payee Code
Department of Labor	
Miners Benefit/Black Lung	Type of Payment

E. Identifying Non-Treasury Disbursed Payments

Identifying the Paying Agency/Payment Type for Non-Treasury Disbursed Payments

Field 7 “Company Entry Description” (Company/Batch Header Record)

Paying Agency/Payment Type	Field 7 Contents
Air Force	
Active Duty	AF_PAY_J_ _
Active Duty Allotments	AF_MP_ALLT
Annuity	AF_RET_PAY
Retirement	AF_RET_PAY
Retirement Pay Allotments	AF_RP_ALLT
Army	
Active Duty	ARMYACTIVE
Annuity	ARMY_BEN_ _
Reserve	ARMY_RC_ _
Retirement	ARMY_RET_ _
Marine Corps	
Active Duty	Mar_Active
Active Duty Allotments	MCACTALLOT
Annuity	MarCorAnn_
Retirement	MarCorRet_
Retirement Pay Allotments	MCRETALLOT
Reserve	MarCorRes_
Navy	
Active Duty	NAVY_ACT_ _
Active Duty Allotments	NAVY_ALT_ _
Annuity	NAVY_ANN_ _
Retirement	NAVY_RET_ _
Retirement Pay Allotments	NAVY_RPA_ _
Reserve Drill Pay	NAVY_RDP_ _

Identifying the Payee for Non-Treasury Disbursed Payments

IF the payment type is...	THEN Field 7 contents identify the payee by...
<p>Air Force</p> <ul style="list-style-type: none"> Active Duty Active Duty Allotment Annuity Reserve Retirement Retirement Pay Allotment 	Individual's SSN
<p>Army</p> <ul style="list-style-type: none"> Active Duty Annuity Reserve Retirement 	Individual's SSN
<p>Marine Corps</p> <ul style="list-style-type: none"> Active Duty Letters "KR" Active Duty Allotment Annuity Retirement Retirement Pay Allotment Reserve 	Individual's SSN
<p>Navy</p> <ul style="list-style-type: none"> Active Duty Active Duty Allotment Annuity Retirement Retirement Pay Allotment Reserve 	Individual's SSN