

Financial Management Service

PFC Journal

Philadelphia Financial Center Agency Forum

On November 14, 2006, the Philadelphia Financial Center (PFC) sponsored an Agency Forum at the National Constitution Center in Philadelphia. The Forum provided agencies with insight into several new Financial Management Service (FMS) products and initiatives that improve Federal Government cash management. More than 60 attendees from various Federal agencies were in attendance. Given its location on Philadelphia's Historic Independence Mall and its modern and accommodating facilities, the National Constitution Center served as an excellent venue for the event.

Peter Moore from Federal Finance discussed FMS' efforts to improve agency collections through the holistic approach, which assists agencies in identifying and implementing efficient and automated collection mechanisms. Peter also provided agencies with an overview of several prominent electronic collection products, including Pay.gov, Paper Check Conversion, and TGANet.

Dawn Johns from Financial Operations educated the attendees on the new Treasury Check Information System (TCIS), which serves as a replacement for the Check Payment and Reconciliation (CP&R) system by recording and reconciling the worldwide issuance and payment of U.S. Treasury checks. This system also allows end users to query the Payments, Claims & Enhanced Reconciliation (PACER) system for claim status on Automated Clearing House (ACH) payments.

Michael Norman from Government-wide Accounting (GWA) discussed the details and status of the GWA modernization project. He explained that the GWA modernization is a massive redesign of the Federal Government Central Accounting process that affects every Federal agency, domestic and foreign, and changes over 40 years of agency business practices. The redesign will eliminate monthly reconciliation by capturing all necessary data at the initial transaction and will have all accounting data available to agencies within 24 hours.

Joseph Devitis from PFC concluded the Forum by discussing the Payment Application Modernization (PAM) project. PAM will standardize the 30+ applications currently employed to process payment requests into one single payment application that meets the needs of agency users and FMS owners.

Inside this issue:

Electronic Collections Improve Government Cash Management	2
ASAP.GOV	3
Advances in Technology Improve Agencies Continuity of Operations for Payments	4

The topics addressed at the Forum were not only consistent with FMS' strategic goals, but also reflected FMS' commitment to improving Government financial operations and cash management through automation and the latest in technological developments. PFC will be scheduling subsequent Agency Forums in the future to continue to keep agencies abreast of new FMS products and initiatives.

For more information on the projects and topics discussed at the Forum, please visit <http://www.fms.treas.gov/pfc/training.html>.

Electronic Collections Improve Government Cash Management

In the financial world today, the importance of cash management cannot be overemphasized. In the context of Government operations, cash management primarily consists of timely collections and disbursements. Authority has been delegated to the Financial Management Service (FMS) to facilitate and support Government-wide collections. FMS encourages Government agencies to use, as much as possible, electronic fund transfer (EFT) to process collections. Electronic collections result in a considerable reduction of idle funds, increases accuracy, and makes timely and accurate collections in a cost-effective way.

EFT is the transfer of funds electronically rather than by cash, check, or other paper instrument. EFT is initiated through an electronic terminal, telephone, computer or similar device and authorizes a financial institution to debit or credit an account. The administrative costs of collecting funds electronically are considerably less than the administrative costs of collecting funds by paper-based methods.

EFT is primarily achieved by the Automated Clearing House (ACH), which is a nationwide payment and collection system used to settle electronic debits and credits between financial institutions. ACH clears debits and credits electronically rather than through the physical movement of checks. EFT can also be achieved through the credit and debit card networks.

FMS makes several different electronic collection mechanisms available to agencies. The most prominent are described briefly below:

Pay.gov

Pay.gov is a Government-wide transaction portal managed by FMS that offers a suite of electronic financial services to assist agencies. Pay.gov facilitates various electronic collection methods over the internet including ACH and credit card payments. Consequently, it meets the e-commerce needs of many agencies by providing the infrastructure for achieving on-line collections. The collection service is invoked in conjunction with Pay.gov's forms acceptance and direct billing service or separately by an agency. For more information on Pay.gov, please visit www.pay.gov.

Paper Check Conversion

In certain circumstances, it is difficult for agencies to reduce or eliminate checks from their incoming cash flows. Paper check conversion provides agencies with the ability to scan check payments and convert them into ACH debits. In doing so, funds are posted to the Government's account on the next business day, as opposed to the three to five days generally associated with check processing.

Specifically, Paper Check Conversion uses a scanner to capture the account and routing number from the MICR line of each check to prepare an ACH debit file. An image of each check is captured to provide agencies with an automated audit trail. Paper Check Conversion can be used for checks received at the Point of Purchase, such as a check-out counter, and for checks received through the mail. For more information on Paper Check Conversion, please visit <http://fms.treas.gov/pccotc>.

Card Acquiring Services program

The Card Acquiring Services program, formally known as the Plastic Card Network (PCN), is a Government-wide network that allows agencies to accept credit or charge cards and debit cards in payment for goods, services, and debts. Allowing credit and debit card collections reduces deposit operations, eliminates returned checks, and enhances administrative savings by reducing cash or check handling. For more information, please visit <http://www.fms.treas.gov/pcn>.

If your agency currently operates a paper-intensive cash flow that it would like to convert to EFT, please call the Customer Assistance Staff at 215-516-8022.

ASAP.GOV

Each year, thousands of organizations and state entities are designated to receive grant payments for programs mandated by Congress. For example, Federal legislation provides specific allotments of money to States to fund Food Stamp programs. In order to provide a seamless and efficient transfer of grant money from the Federal Government to States and organizations, the Department of Treasury's Financial Management Service (FMS) developed the Automated Standard Application for Payments (ASAP) system in 1995.

ASAP is an electronic payment and information system through which grantee organizations receiving Federal funds can withdraw money from accounts pre-authorized by Federal agencies. ASAP provides Federal agencies with an electronic interface to authorize, review, and approve grant money; while also providing grantee organizations with the capability to request grant payments from pre-defined accounts. ASAP allows grant recipients to receive payments by Automated Clearing House (ACH) and by Fedwire.

In its infant stages, ASAP was a DOS-based system that required specialized communication software and an extensive amount of administrative processing by FMS' Regional Financial Centers in Philadelphia, Kansas City, and San Francisco. Although grantee organizations could request grant funds electronically, other significant administrative processes were completed by paper, including new enrollments and updates to organization profiles. These paper-based processes were time-consuming for both the grantee organizations and FMS to complete and furthermore were associated with a greater risk of erroneous transactions.

In order to limit paper-based processing and improve system efficiencies, FMS began developing ASAP.gov in 2003. ASAP.gov allows agencies, grantee organizations, and FMS to complete ASAP-related transactions over the Internet, as opposed to using a DOS-based terminal associated with the previous system. Development of Internet access for ASAP was a massive undertaking and therefore is being implemented in phases over the next few years. The first release in 2004 allowed users to establish and fund accounts, initiate payments, and make adjustments between accounts on a secure website. A second and significant phase was released over the summer of 2006 that allows organizations to enroll for ASAP on the Internet, as opposed to submitting a paper enrollment form. In the fall of 2006, a third release of ASAP.gov was implemented that provided the financial community with the ability to notify grantee organizations and Federal agencies of changes to banking information (Notification of Change). FMS' Regional Financial Centers were significant contributors for each of these respective releases by completing user acceptance testing, extensive research, and various administrative support tasks. Additionally, the Regional Financial Centers worked closely with new users to help them comprehend the new functionality associated with each of the ASAP.gov releases.

A fourth release of ASAP.gov, which will allow Federal agencies to complete enrollments on the Internet, is expected to be implemented next year. ASAP.gov will continue to be enhanced over the next few years until all manual processes have been automated and improved. The Regional Financial Centers will continue to work closely with Federal agencies, grantee organizations, and the ASAP.gov development team to support the implementation of these enhancements.

Advances in Technology Improve Agencies Continuity of Operations for Payments

Establishing the continuity of operations to payment processing has become a major focus for the Financial Management Service (FMS), as well as its customer agencies. To ensure there is an adequate plan for payment processing, the Philadelphia Financial Center (PFC) has been working closely with its customer agencies to identify how agencies connect to FMS to send payment files.

We have recently reviewed the telecommunications arrangements that we have with our customer agencies. The review was conducted to determine if the agency connections were adequate to continue operations at our back-up site at the Kansas City Financial Center. PFC learned that several agencies maintain only a single connection to FMS via the Hyattsville Regional Operations Center (HROC). In the event that HROC was unavailable, these agencies would be unable to submit payment files to FMS. Agencies with only a single connection to HROC should, at a minimum, establish a back-up connection to the Kansas City Regional Operations Center (KROC).

FMS' preferred method of agency connectivity is via the Private Internet Protocol (PIP) network. By using a PIP network connection, agencies will automatically have access to both HROC and KROC to submit payment files. PIP network connectivity provides agencies with a seamless and transparent rerouting of transmissions to the back-up site, in the event that the primary operations center was unavailable. Some agencies with dual connections to HROC and KROC will require programming revisions to reroute their data files to the back-up site under these circumstances.

PIP connectivity will also prove beneficial to agencies because FMS will be decommissioning HROC in the future and replacing it with KROC as the primary processing site and the Bureau of Public Debt (BPD) as the back-up. When this transition occurs, agencies with a PIP network connection will automatically gain access to the new primary and back-up operations centers, whereas agencies with direct connections to HROC and/or KROC will need to manually reconfigure their connection to the new primary processing site and establish a direct connection to the new backup site.

FMS will be contacting your agency shortly to discuss these issues in more detail.



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>