



Financial Management Service

Privacy Impact Assessment

The Financial Management Service (FMS) Mission is to provide central payment services to Federal Program Agencies, operate the federal government's collections and deposit systems, provide government-wide accounting and reporting services, and manage the collection of delinquent debt owed to the government.

FMS Privacy Impact Assessments (PIA) <http://www.fms.treas.gov/pia.html>

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Name of System: Paper Check Conversion Over The Counter

SYSTEM GENERAL INFORMATION:

1) System Overview: Describe the purpose of the system.

The Paper Check Conversion Over the Counter (PCC OTC) program converts paper checks received into electronic debits to check writer's account through the Automated Clearing House system, or into a substitute check image that is truncated and cleared under the authority of Check 21. PCC OTC fully automates and improves the collection, reconciliation, research, and reporting processes associated with Federal agency Over the Counter Check collections.

2) Under which Privacy Act Systems of Records Notice (SORN) does the system operate? Provide number and name.

The PCC OTC system is covered under the Systems of Record Notice published for collection systems for Treasury/FMS on February 4, 2003 at 68 FR 5691. The number this Systems of Records Notice is published under is Treasury/FMS.017.

3) If the system is being modified, will the SORN require amendment or revision?

yes, explain.

no

4) Does this system contain any personal information about individuals?

yes

no

a. Is the information about members of the public?

Yes, the Federal agencies that operate this program process checks that may contain information about the individual members of the public.

b. Is the information about employees or contractors?

No.

5) What legal authority authorizes the purchase or development of this system?

Commissioner Richard Gregg sent a letter dated April 18, 2001 to Patrick Baron of the Federal Reserve Bank of Atlanta requesting that he designate a Federal Reserve Bank to act as a fiscal agent of the Treasury for the conversion of checks received in payment for Government services or products. Based on work that the Federal Reserve Bank of Cleveland had been providing for Automated Clearing House (ACH) Debit processing, Mr. Gregg suggested that it may be beneficial to have FRB-C designated for this activity.

Currently, the Financial Agent for the PCC OTC application has been assigned to Citibank. FMS has unique statutory authority to appoint financial institutions (including but not limited to commercial banks and federal reserve banks) to be financial or fiscal agents of the government. See, e.g., 12 U.S.C § 90. Once appointed, a financial agent "shall perform all such reasonable duties . . . as may be required of them" to support FMS' mission. In this

instance, FMS conducted a Financial Agent Selection Process (“FASP”) in 2008 that resulted in the selection of Citibank, N.A. (“Citibank”) to be FMS’ financial agent for the OTC Channel. PCC OTC also operates under the System of Records Notice (SORN) .017 for collections.

DATA in the SYSTEM:

1) Identify the category of individuals in the system

Check all that apply:

Employees

Contractors

Taxpayers

Others (Members of the public, agency user and FRB-C Debit Gateway)

2) Identify the sources of information in the system

Check all that apply:

Employee

Public

Federal agencies

State and local agencies

Third party

a. What information will be collected from employees or contractors?

No information will be collected from employees or contractors.

b. What information will be collected from the public?

Information will only be collected from the public. The public will submit checks to Federal agencies, those checks will then be processed by PCC OTC.

c. What Federal agencies are providing data for use in the system?

There are currently 65 Federal Agencies using the POS client.

d. What State and local agencies are providing data for use in the system?

There are no states or local agencies providing data for this system. The system is only for Federal agencies.

e. From what other third party sources will data be collected?

No data will be collected from any third party source.

3) Accuracy, Timeliness, and Reliability

a. How will data collected from sources, other than FMS records, be verified for accuracy?

No data outside of FMS records is collected into the PCC OTC system.

b. How will data be checked for completeness?

There are image quality edits that aid in capturing a clean check image, which is used to ensure the data needed for check conversion is captured and complete.

c. What steps or procedures are taken to ensure the data is current?

The Federal agencies using the system are required to maintain up to date internal operating procedures which should have steps in place to verify the data is current.

d. In what document(s) are the data elements described in detail?

A document exists that provides detailed descriptions of the data elements.

ATTRIBUTES OF THE DATA:

1) How is the use of the data both relevant and necessary to the purpose for which the system is being designed?

All of the data collected by the system as previously detailed in this document is relevant and deemed necessary for the purposes of converting paper checks into electronic transactions.

2) Will the system derive new data or create previously unavailable data about an individual through aggregation from the information collected? How will this be maintained and filed?

The system will maintain the data for the sole purpose of check conversion and creating an electronic transaction. New data is created that consist of customers check writing history. New data is created when an ACH debit is returned back to the agency from the FRB via the Debit gateway.

3) Will the new data be placed in the individual's record?

If the new data meets certain established criteria by the agency then it is possible that new data can be placed in the individual's verification record.

The new data in the verification record is used at the front end when accepting checks through the point of sale system.

4) Can the system make determinations about employees or members of the public that would not be possible without the new data?

If the agency participates in the verification portion of the application, then determinations regarding the check writer's check cashing privileges will be made using the new data. Depending on the agency check cashing policy the new data can be configured and tailored to meet the specific agency needs. The system will make a determination to process a check based on the agency needs and the new data in the verification record.

5) How will the new data be verified for relevance and accuracy?

The new data will be made available to the cashier and customer at the point of sale and verified by a manager through research. The system has an override feature that allows for the supervisor to force through a transaction that is denied because of the verification system. The agency can view the MVD and research all the negative records that belong to their agency. The system employs a number of ways to verify the accuracy of the new data. PCC OTC has system edits to check for accuracy in the configurable fields. There is also an "edit check" feature that verifies the physical check is in the correct ANSI format.

6) If the data is being consolidated, what controls are in place to protect the data from unauthorized access or use?

If agencies choose to share information on the verification database, the system access controls will still be applicable. The agency users will only have access to view the data belonging to their specific location to include the consolidated data from the shared agency. The Paper Check Security document details the strong system controls that are in place to protect the data from unauthorized access.

7) If processes are being consolidated, are the proper controls remaining in place to protect the data and prevent unauthorized access? (Explain.)

This is not applicable.

8) How will the data be retrieved? (If personal identifiers are used to retrieve information on the individual, explain and list the identifiers that will be used to retrieve data.)

According to agency specific requirements data may be retrieved by using other agency specific information that is captured at the point of sale.

9) What kind of reports can be produced on individuals? What will be the use of these reports? Who will have access to them?

There are no reports that can be run solely on an individual.

10) What opportunities do individuals have to decline to provide information (i.e., where providing information is voluntary) or to consent to particular uses of the information (other than required or authorized uses)? How can individuals grant consent?

Individuals have the opportunity to opt out of having their check collected and the corresponding information made available to the agency by not submitting their check for collection at the point of sale. Individuals that submit their check through the mail can opt out of ACH check conversion. ACH opt out rules are stated in NACHA ACH rules Article two subsection 2.1.4.

MAINTENANCE AND ADMINISTRATIVE CONTROLS:

1) What are the retention periods of data in this system? How long will the reports produced be kept?

The data will be retained for 7 years in the PCC system but may vary based on the agency requirements.

2) What are the procedures for disposition of the data at the end of the retention period? Where are the disposition procedures documented?

PCC OTC follows the Comprehensive Records Schedule (N1-425-91-1) for disposition of the data at the end of the retention period. The PCC OTC follows all mandated guidelines in accordance with the standard.

3) If the system is operated in more than one site, how will consistent use of the system and data be maintained at all sites?

The data will be stored in one central site on the internet. Data will be collected from more than one site but not accessible to the local site-only.

4) Is the system using technologies in ways that FMS has not previously employed (e.g., monitoring software, Smart Cards, Caller-ID)?

No.

5) How does the use of this technology affect employee or public privacy?

The public is assured that a high degree of security is associated with Paper Check Conversion transactions, and that appropriate controls are in place to mitigate susceptibility to identify theft, hackers attack attempts, phishing attempts, and other potential compromises of their personal and bank account information.

6) Will this system provide the capability to identify, locate, and monitor individuals?

If yes, explain.

No. The system does not allow access to users from the general public. However, the system administrator and end users (Agencies) have system access.

7) What kind of information is collected as a function of the monitoring of individuals?

None.

8) What controls will be used to prevent unauthorized monitoring?

Separation of duties exists at the POS level. The cashier does not have the access to view the MVDB or the CIRA.

ACCESS TO DATA:

1) Who will have access to the data in the system?

Check all that apply:

- Contractors**
 Users
 Managers
 System Administrators
 System Developers
 Others (explain) _____ Federal Agencies/Financial Agent

Only the user that signs on to the system and manager will have access to the data before a batch is transmitted. Once a batch is successfully transmitted to the CIRA all the data is deleted and not accessible. The financial information is only made available to the agency that processed the transaction. Citi, FMS's Financial Agent responsible for the day-to-day operations of the PCC OTC system, and their contractor, has access to all data, images, records, and reports. FMS program officials also have access to the data.

2) How is access to the data by a user determined? Are criteria, procedures, controls, and responsibilities regarding access documented?

The user access to PCC OTC is first approved at the participating agency's organization level via a user access application process. The user access to the data is determined by an administrator in the agency who validates and approves the users' role and responsibilities.

3) Will users have access to all data on the system or will the user's access be restricted? Explain.

No. The access of participating agencies' users is restricted to specific functions and specific data within the system within each agency.

4) What controls are in place to prevent the misuse (e.g., unauthorized browsing) of data by those having access? (Please list processes and training materials)

The PCC OTC system has several controls in place to adequately prevent the misuse of data including:

Security training is provided for users and support personnel.

PCC OTC follows all applicable Security guidelines and provisions.

5) If contractors are/will be involved with the design, development or maintenance of the system were Privacy Act contract clauses inserted in their contracts and were other regulatory measures addressed?

Contractors are involved with the design, development and maintenance of the PCC OTC system. Non-disclosure and confidentiality clauses are a part of the contract.

6) Do other systems share data or have access to the data in the system?

yes

no

If yes,

a. Explain the interface.

The PCC OTC is interconnected and/or shares information with:

Federal Reserve Bank Cleveland (Debit Gateway)

And several special agencies interfaces.

b. Identify the role responsible for protecting the privacy rights of the public and employees affected by the interface.

In accordance with TD P 25-07, the PCC OTC program manager is responsible for assuring the proper use of all data collected through, and maintained by the PCC OTC application.

7) Will other agencies share data or have access to the data in this system?

yes

no

If yes,

a. Check all that apply:

Federal

State

Local

Other (explain) _____ IRS_ and DECA_____

b. Explain how the data will be used by the other agencies.

Interfaces are setup specifically for these agencies.

c. Identify the role responsible for assuring proper use of the data.

In accordance with TD P 25-07, the PCC OTC program manager is responsible for assuring the proper use of all data collected through, and maintained by the PCC OTC application.