



DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE
WASHINGTON, DC 20227

April 21, 2016

MEMORANDUM FOR ALL CFOs, DCFOs and CIOs

FROM: Sheryl R. Morrow
Commissioner

SUBJECT: Annual Fiscal Service Innovations - Upcoming Service Changes and Timelines

By successfully partnering with your organization, we have advanced federal financial management and administrative services across the Federal Government. We have made great strides to improve federal government accounting and reporting, made our collection and payment processes more efficient, and modernized the federal financial management infrastructure. Examples of 2015 accomplishments include:

- Implemented the Central Accounting and Reporting System (CARS) as the central accounting system of record for the Federal Government, with nearly 90% of Treasury-disbursed agencies migrated to full CARS reporting.
- Established the General Fund of the U.S. Treasury as a significant reporting entity and began quarterly reconciliations with agencies of General Fund intragovernmental transactions.
- Migrated the reporting of trial balance data by all federal entities to the Government-wide Treasury Account Symbol (GTAS) Adjusted Trial Balance System.
- Established the initial data standards for federal spending transparency.
- Implemented eCommerce pilots across more than 30 agencies - Digital Wallets (PayPal and Dwolla) generated over 30,000 transactions totaling more than \$5,000,000; Online Bill Payment had over 370,000 transactions totaling more than \$100,000,000.
- Implemented Executive Order 13681 – Replaced or retired 3,435 standalone point-of-sale payment card terminals with Europay, MasterCard, and Visa (EMV) chip and PIN-enabled terminals.
- Fully or partially converted nine Non-Treasury Disbursing Organizations or Entities to Treasury Disbursed – this includes alternative payment methods, international services, and phased conversions.

Please review the attachment, which summarizes important upcoming initiatives, with key dates, agency action items, and points of contact. For agencies that are moving to shared services for federal financial management, our Office of Financial Innovation and Transformation, working in collaboration with the new Unified Shared Services Management Office, is available to provide guidance, strategic direction, and information on the Federal Agency Migration and Evaluation framework, which facilitates an agency's ability to assess and implement a shared service.

For federal agencies interested in discussing the next phase of Fiscal Service's financial management strategy, we meet with CFOs, Deputy CFOs, and CIOs to engage at the executive level. Through these meetings, we also solicit continued input on financial management initiatives. For more information, contact our Director of Agency Outreach, April Battle (april.battle@fiscal.treasury.gov). The Office of Agency Outreach focuses on improving strategic agency partnerships and enhancing the customer experience.

Thank you for your hard work in promoting the integrity and operational efficiency of financial management.

A copy of this memo, along with points of contact for each initiative, is available on our website at <http://fiscal.treasury.gov>.

Attachment

Financial Management Innovations

Improving Transparency of Federal Spending Data. By May 2017, federal agencies must report financial and payment information data in accordance with the data standards established by Treasury and OMB under the Digital Accountability and Transparency Act of 2014 (DATA Act). When fully implemented, the DATA Act will make federal spending data more accessible, searchable, and reliable, and will make it easier for citizens to understand how the Federal Government spends taxpayer dollars. The Federal Funding Accountability and Transparency Act of 2006, as amended by the DATA Act, requires federal agencies to report federal award-level and agency-level financial data for posting on USASpending.gov or a successor system. Consistent with OMB Memorandum M-15-12 (Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable), agencies are required to use a unique award ID in order to establish a linkage between federal award-level and agency-level financial data. We recognize that this is a "financial management game changer." Treasury, in collaboration with OMB, provides various tools to assist agencies in the implementation process, and continues outreach efforts to keep public and private stakeholders informed of DATA Act implementation issues and progress.

Due to the transformative nature of the DATA Act, challenging statutory deadlines, the need to consider ongoing and evolving stakeholder interests, and other factors, Treasury made the decision to use a recognized agile (and iterative) approach, and user-centered design principles, to implement the DATA Act. Accordingly, Treasury is releasing information iteratively, providing agencies an opportunity to test using real data, and continues to consider stakeholder input to improve implementation. Treasury launched openbeta.usaspending.gov, which provides stakeholders the opportunity to view, provide input on, and test features and functions of the new DATA Act website. This process allows Treasury to consider iterative feedback and suggestions as development continues. In addition, we continue to maintain current federal spending information on USASpending.gov. To learn more about our efforts, or to participate in future outreach activities specifically targeted to federal agencies, please email datapmo@fiscal.treasury.gov. By working in partnership with federal agencies and continuing to consult with public and private stakeholders, we will continue to improve and expand federal financial transparency.

Improving the Management of Government Receivables. Fiscal Service's Centralized Receivables Service (CRS) pilot improves agencies' management of their current receivables portfolio, reduces the percentage of delinquent receivables, and refers delinquent receivables to Treasury's Cross-Servicing Program for collection. CRS also improves data quality and compliance, promotes efficiency, and enables agencies to focus on their core missions. Currently, there is no cost to federal agencies for using this service. We are reviewing the CRS pilot and developing a plan to determine how to move CRS from a pilot to a program. To learn more, please contact CRSOutreach@fiscal.treasury.gov.

Strengthening Compliance to Increase Recoveries on Delinquencies. The DATA Act directs Treasury to report to Congress on agency noncompliance with a new administrative offset referral requirement. This new requirement states that agencies must refer to Treasury for the purpose of administrative offset legally enforceable, non-tax debts that are over 120 days delinquent. Previously, agencies were required to refer such debts when they were over 180 days delinquent. To support compliance and the timely collection of delinquent non-tax debts, we have modified the Treasury Report on Receivables (TROR) to automatically capture referral information. Agencies began reporting to the TROR their first quarter 2016 data in January 2016. We request that agencies participate in efforts to create data standards, review their internal regulations and processes, and consult with their legal counsel to determine what actions must be taken to comply with the new requirement.

Improving Citizen and Business-Facing Transactions. We are working with agencies to increase electronic collections and to provide a suite of next generation electronic payment alternatives, offering greater convenience, ease, and a better overall customer experience. Agencies are encouraged to take advantage of innovative eCommerce solutions such as Online Bill Payment, Digital Wallets (PayPal and Dwolla are currently available, and Amazon Payments will be available later in FY 2016), and the Mobile

App Program, which allows agency personnel and the public to use mobile applications on agency issued or personal smartphones, respectively, for federal agency revenue collections.

Last year, we requested agencies to convert their agency Pay.Gov applications from the Open Collections Interface (OCI) non-interactive interface to the Trusted Collection Service (TCS) by September 2015. While we accommodated flexibility in completing the conversion, there are risks associated with continued use of the OCI non-interactive interface. Therefore, all remaining OCI non-interactive applications will be disabled beginning December 2, 2016. To learn more or if you have any questions or concerns, please contact Pay.Gov Customer Service at 1-800-624-1373 or pay.gov@clev.frb.org.

Following issuance of Executive Order 13681 (Improving the Security of Consumer Financial Transactions), the initial focus was the conversion of all stand-alone card terminals at Point of Sale (POS) locations Governmentwide, to new POS terminals that comply with the Europay, MasterCard, and Visa (EMV) standard. The next focus is to convert agency POS systems, Electronic Cash Registers, and integrated front end systems that process card transactions to the EMV standard. If your agency employs such a system(s) we will be contacting you, prior to June 2016, to ascertain your EMV upgrade planning status and assist where possible to support seamless transition within the Card Acquiring Service (CAS) processing environment. Protecting those who opt to transact business with the Government via credit or debit card from identity theft and fraud is an urgent matter. To learn more, please contact Angela Smith (angela.smith@fiscal.treasury.gov).

Additionally, we provide electronic invoicing services, through the Invoice Processing Platform (IPP), to over 74 federal agencies, including 75% of the government's federal financial shared service providers. To assist agencies' compliance with OMB Memorandum M-15-19, we are currently working with all remaining federal agencies to achieve all-electronic procurement invoicing by FY 2018. Contact us early and you will be assigned to a program specialist to guide you through our streamlined process. To learn more, please visit our website www.ipp.gov or contact Pavita Murthi (pavita.murthi@fiscal.treasury.gov).

Increasing Quality and Value in Core Payment Operations. The Bureau of the Fiscal Service (Fiscal Service) disburses most of the Government's payments (approximately \$3.2 trillion annually, on behalf of most federal entities). In addition to issuing payments via ACH, Fedwire, and check, we operate the US Debit Card Program, the Direct Express® Prepaid Card Program, International Treasury Services (ITS.gov), and the Automated Standard Application for Payments (ASAP), which are free of charge to federal agencies.

With tightening budgets, many agencies that once performed their own disbursing have chosen to become Treasury Disbursed. If you believe that Treasury Disbursing is appropriate for your agency or program areas in your agency, we will work with your staff to determine the most efficient means to transition your payments, while satisfying all reporting requirements. To learn more, please contact Margot Kaeser (margot.kaeser@fiscal.treasury.gov).

Improving the Integrity of Federal Payments. Fiscal Service took significant steps in 2015 to strengthen the integrity, security, and efficiency of the federal payment process. Improved procedures have enhanced funds recovery efforts and returned nearly \$12 billion in misdirected disbursed funds to federal payment agencies. Our extensive efforts in fraud detection and deterrence led to the recovery of millions of dollars and 138 convictions. To broaden awareness of enhanced Post Payment support activities, there will be a Post Payment System presentation at the annual Financial Service Advisory Council (FSAC), June 14-15, 2016; and the annual Government Financial Management Conference, August 15-17, 2016. To learn more, please contact Lisa Andre (lisa.andre@fiscal.treasury.gov).

Likewise, the Improper Payment Elimination and Recovery Improvement Act of 2012 mandates that a review of all payments and awards be conducted through Treasury's Do Not Pay Business Center, which partners with federal agencies to prevent, reduce, and stop improper payments, and identify potential fraud, waste, and abuse. We will continue to enhance the Do Not Pay Analytics Center by deploying a long term analytics solution and working collaboratively with agencies to identify opportunities to expand the services offered to the user community. By the end of FY 2016, we will have implemented a Payment Integrity

analytics solution and working collaboratively with agencies to identify opportunities to expand the services offered to the user community. By the end of FY 2016, we will have implemented a Payment Integrity Program to assist in the prevention, detection, and remediation of improper payments and the reduction of fraud, waste, and abuse within the payments lifecycle. For additional information, please visit www.donotpay.treas.gov or contact Doreen Sheppard (doreen.sheppard@fiscal.treasury.gov).

Transforming Accounting and Financial Reporting. Fiscal Service has several initiatives underway aimed at improving the quality and integrity of governmentwide financial data and reporting, including:

- Leveraging capabilities of both the Intragovernmental Payment and Collection (IPAC) system and the Invoice Processing Platform (IPP) to introduce a new ‘G-Invoicing’ solution aimed at improving the quality of intragovernmental buy/sell transactional data. Please visit the “What’s New” area of the IPAC website (http://www.fiscal.treasury.gov/fsservices/gov/acctg/ipac/ipac_home.htm) for the latest updates or contact us through our Intragovernmental Transaction (IGT) mailbox (igt@fiscal.treasury.gov).
- Expanding the use of GTAS data in the compilation of the Financial Report of the U.S. Government (FR). This effort should not only improve Treasury’s FR compilation process, but also reduce agency reporting burden in the process. However, for this to be successful it will be imperative that agencies audited financial statements tie back to their certified GTAS data submission. For additional information, contact Jaime Saling (jaime.saling@fiscal.treasury.gov).
- Aggressively pursuing auditability of the FR. We have established an extensive plan to remediate several material weaknesses contributing to the longstanding disclaimer of opinion on the FR. Successful execution of this plan will require strong support from agencies in several areas over the coming year, including: 1) identifying root cause and implementing corrective action plans to address intragovernmental differences, 2) supporting the reconciliation of intragovernmental transactions and balances with the General Fund of the U.S. Treasury, and 3) determining the appropriate consolidation and/or disclosure entities within your agency to ensure proper implementation of SFFAS 47: Reporting Entity. For additional information, contact Jaime Saling (jaime.saling@fiscal.treasury.gov).

Delivering Smarter Shared Services. Contact us to discuss our Shared Services, which provide superior reimbursable administrative and information technology services to over 80 agencies. To learn how we can reduce your operational costs, please visit http://www.fiscal.treasury.gov/fsprograms/fs_sharedservices.htm or contact Michael Satterfield (michael.satterfield@fiscal.treasury.gov).