



BUREAU OF THE

Fiscal Service

U.S. DEPARTMENT OF THE TREASURY

Payment Integrity's Next Generation: Post Payment System (PPS)

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Agenda

- Post Payment System Objectives
- Delivery of Value from PPS
- Release 1.0 Case Studies
- Data Structure to File Structure
- PPS Portal
- Implementation Plan
- Next Steps

Post Payment System Objectives

The PPS Investment will provide:

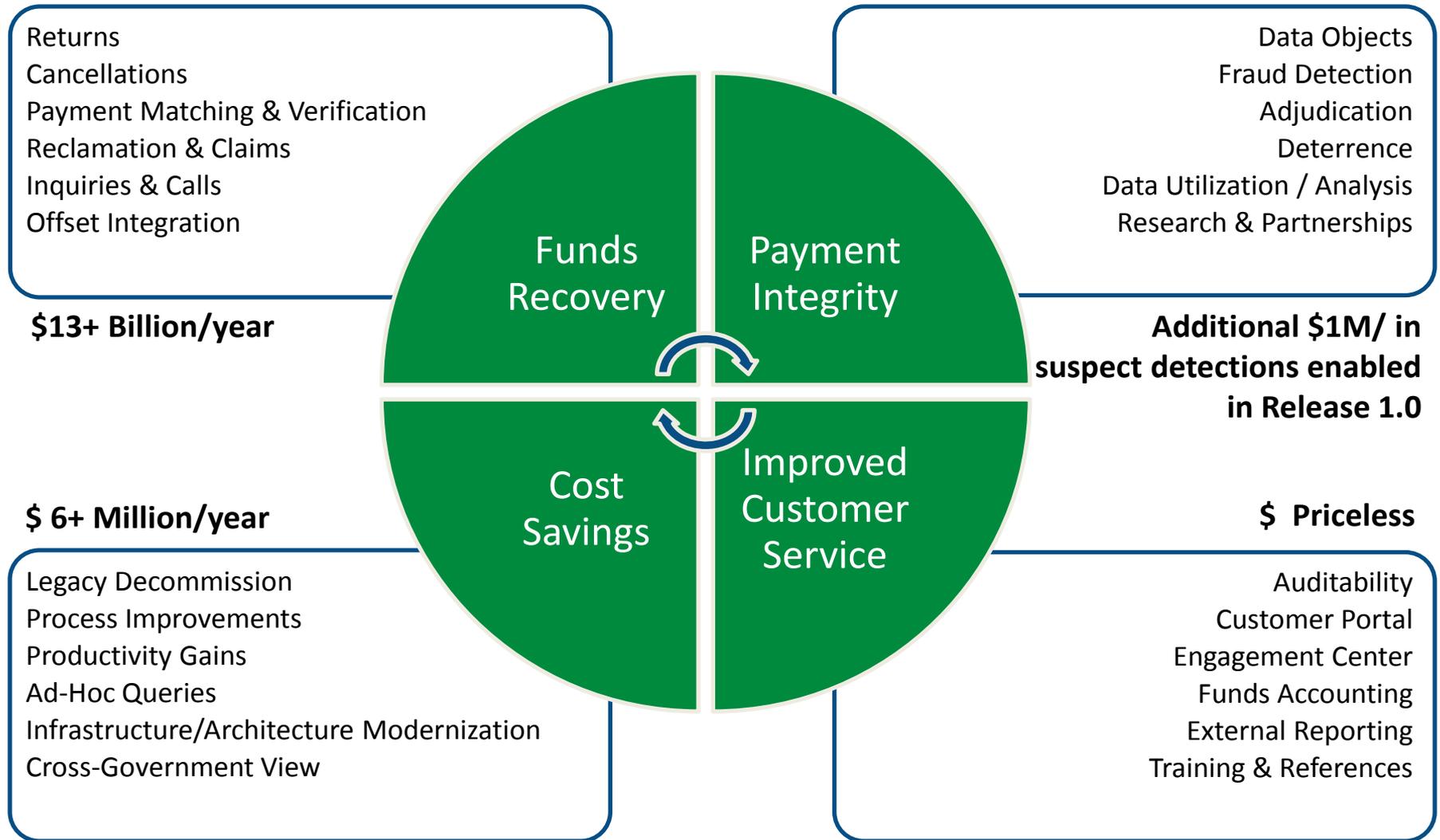
- **More Effective** Delivery of Post Payment Services
- **More Efficient** Funds Recovery (\$12 Billion+/year)
- Improved Payment Integrity
- **Customer-driven** Functionality
- Government Cost Savings and productivity gains
- Elimination of 1.5M+ pages of paper annually
- Improved compliance with A-123, A-130, internal controls and **SSAE-16 auditability**
- Secure system to protect PII

PPS will replace the following legacy systems:

- TOP Control System (TCS)
- Teletrace
- TRACS
- TCIS
- PACER

The Post Payment System will deliver more 'State of the Art' Payment Integrity, Detection, Adjudication, Funds Recovery, Deterrence, and Customer Service.

Delivery of Value from PPS



Funds Recovery

- **Returns & Cancellations**

- Enriched payee demographic data (i.e. USPS return information)

- **Payment Matching & Verification**

- Enhanced Payment Matching & Verification

- **Claims & Reclamations**

- Unified Case Management System

- **Inquiries & Calls**

- More effective reporting and recovery of fraud in Engagement Center

- **Offset Integration**

- Improved Reconciliation

Over \$12 Billion
Recovered in 2014 on
Behalf of Federal
Agencies

Payment Integrity

- **Data Objects**
 - Enriched payee information (i.e. enrollments and change requests)
- **Research & Partnerships**
 - Research Payees, Payments, Agencies and FIs
- **Data Utilization**
 - Visibility into previously untapped data sources
- **Fraud Detection**
 - Via various post payment channels with applicable risk weighting
- **Adjudication**
 - Group Related Records & Provide Context
- **Deterrence**
 - Prepare case packages to assist in prosecution

Promoting payment integrity through well nurtured stake holder partnerships, fiduciary integrity, enhanced fraud detection, and superior internal controls.

Improved Customer Service

- **Portal**
 - One Stop Shop for Payment Lifecycle Data
- **Engagement Center**
 - Integration with telephony and case management
- **Funds Accounting**
 - Comprehensive Auditability
- **External Reporting**
 - Identify/report anomalies and patterns
- **Queries & Reporting**
 - Robust search capability
- **Training & References**
 - Roles based functional training

Benefits:

- Data Driven decision making
- Single authoritative source for payment lifecycle and post payment information
- Expanded communication across agencies, FIs and Fiscal Service through PPS portal

Cost Savings & Improvements

- **Legacy Decommissioning**
 - Significant savings in decommissioning of aging legacy systems
- **Process Improvements**
 - Single system of record to access data
- **Productivity Gains**
 - Improved cash management
- **Ad-Hoc Queries**
 - Extensible data model that supports queries across data objects
- **Infrastructure/Architecture Modernization**
 - Simplified Infrastructure Model with Reduced Interfaces
- **Cross-Government View**
 - Utilization of payee and FI object to leverage information across government (i.e. Agency X pays John Does who is flagged by Agency Y as deceased)

Positive impacts to:

- Fiscal Service
- Federal Agencies
- Financial Institutions

PPS Release 1.0 Case Studies

Miami Vice

Sequence of Events:

- Detect: Leveraging legacy ACH non-receipt claims, PFC identified a small sampling of addresses to be tested as part of the “suspect” list
- Adjudicate: PPS was leveraged to identify payments going to those potentially suspicious mailing addresses one address was particularly interesting
- Deter:
Built package of data – identifying:
 - Payment Information
 - Payee Information
- Result:
Agency confirmed that PFC had detected \$32k+ in ID theft

Result of PPS Research:
PPS detected 15 suspicious payments, valued at \$32k+ that were to this address 2011-2014. **All confirmed by agency to be identity theft.**



Moon Over Miami

Sequence of Events:

- Detect: PFC detected 17 ACH payments going to one bank account through non-receipt investigation analysis valued at over \$19k
- Adjudicate: Escalated within the PFC, and leveraging PPS and existing FI relationships, were able to gather additional data (including ATM footage)
- Deter:
Built package of data – identifying:
 - Payment Information
 - Payee Information
- Result: Case is under investigation by T-OIG



Leveraging legacy operations and PPS, case referred to
OIG valued at \$19,503 for investigation

It's A Small World After All

Sequence of Events:

- Detect: Multiple altered checks to single payee were discovered by Philadelphia staff
- Adjudicate: PPS and legacy data were analyzed, leveraging Payment History. Staff identified multiple check payments going to a single payee, which were then altered in amount and payee name
- Deter: Philadelphia staff compiled data – substantiating link analysis, enabling the enforcement case with:
 - Payee Information
 - Payment Information

Result:

- 38 true Check Payments in the amount of \$15,552 were altered to a total of \$49,982
- **2 arrests, multi-count indictment**

Result of PPS Research:

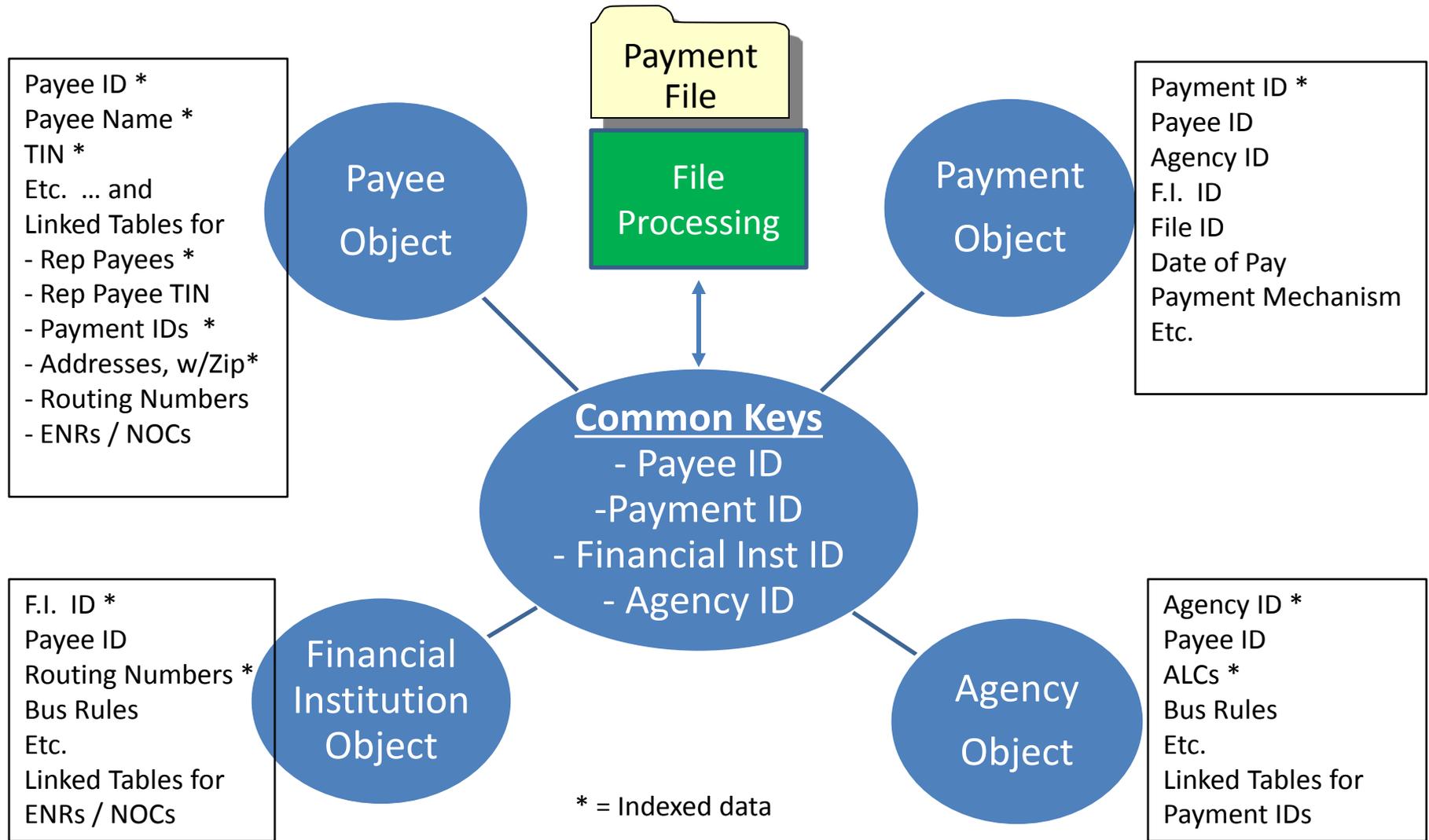
Legacy operations and PPS found 38 true payments --
All 38 were altered.

<http://www.justice.gov/usao-mdfl/pr/orlando-woman-charged-multi-count-indictment-fraudulent-schemes>

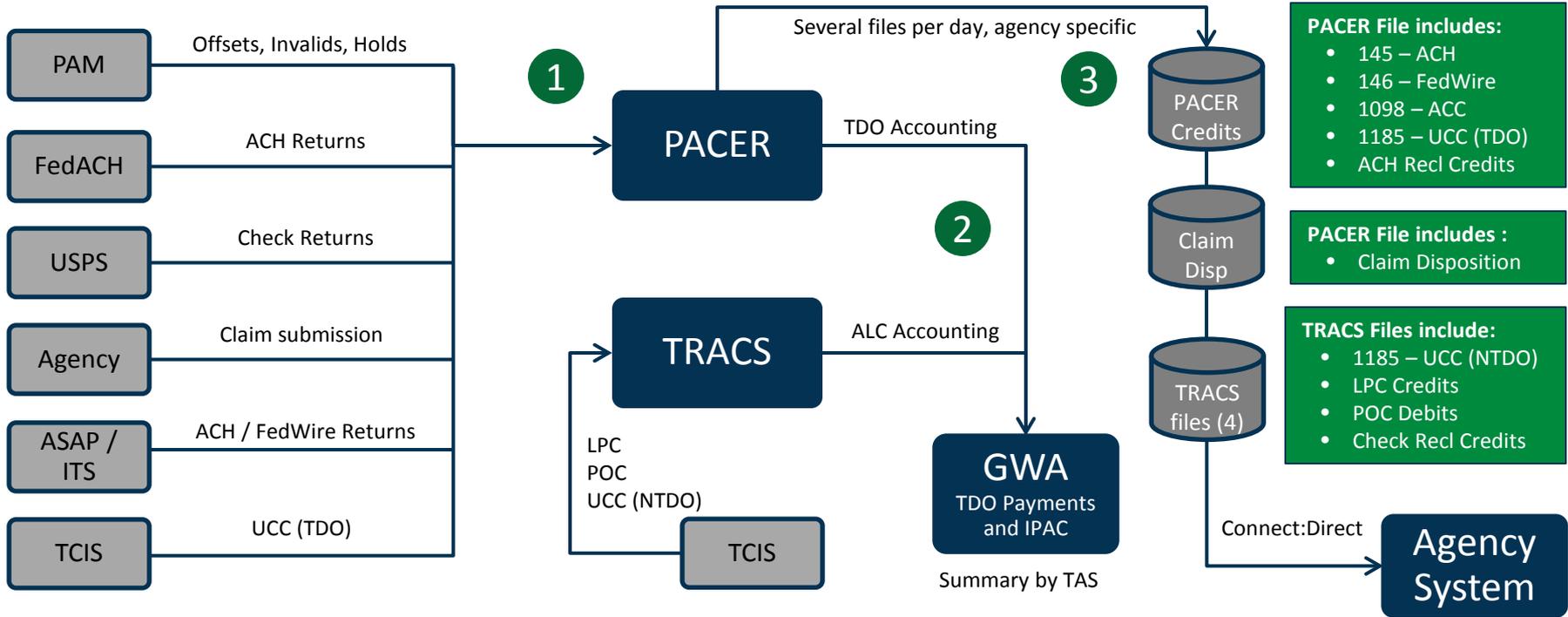


...From Data Structure to File Structure

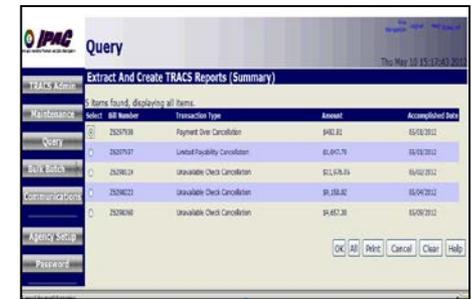
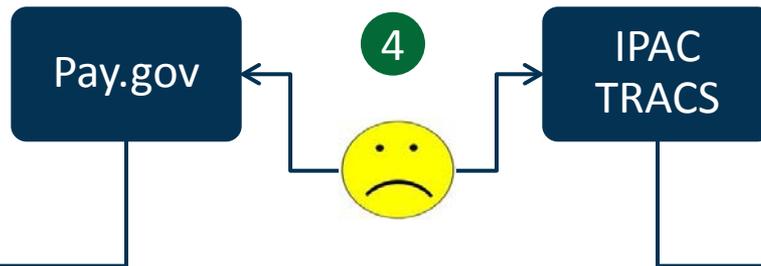
PPS Primary Data Objects (Notional Logical Structure)



Legacy Agency Interfaces



Agency users view summary reports via Pay.gov for some, IPAC for others



PPS Portal: A Preview

PPS Portal – Conceptual Depiction

Home Payments Cancellations Claims Accounting Query / Search Ad Hoc

Dashboard Operational Reports Query / Search New Tab

Search for payment by:

Check Number ACH Number FedWire IMAD

Payee ID and Payment Date Range Bank RTN and Acct Payment Amount and Payment Date Range

Check Number: -

or

ACH Trace Number:

or

FedWire IMAD:

or

Payee ID:

Payment Date From:  To: 

or

Bank RTN and Account Number:

or

Payment Amount:

Payment Date From:  To: 

Payment

Payee

Payment and Payee Search

- Several search methods
 - Payee ID or TIN
 - RTN and Account #
 - Check / Trace / IMAD
 - Amount and Date Range

Are there other search parameters useful to your agency?

How do you search for payees and payments?

PPS Portal – Conceptual Depiction

Home Payments Cancellations Claims Accounting Query / Search Ad Hoc

Dashboard Operation Reports Query / Search New Tab

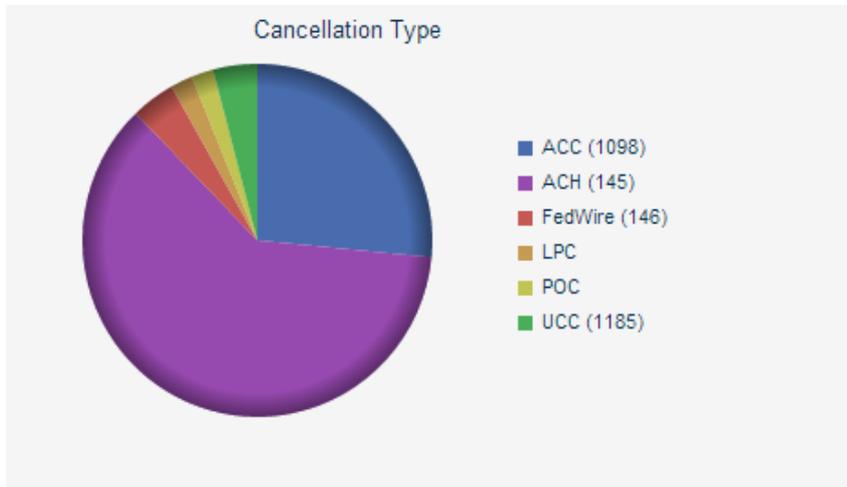
Beginning Date: End Date: ALC Code: ▼



Returns by Reason Code

Reason Code	Items
R02 - Account Closed	105
R03 - No Account	145
R04 - Invalid Account	55
R06 - Per ODFI Request	75
R15 - Deceased Payee	90
R16 - Account Frozen	20

What types of cancellation summary information would be useful to your agency?



Cancellations by TAS

Treasury Account Symbol	Amount
2820 X8007000	\$520,000.00
2820 X9007000	\$120,000.00
TOTAL	\$640,000.00

Cancellation Activity

Cancel Date	Items	Amount
01/02/2013	185	\$185,000.00
01/04/2013	190	\$210,000.00
01/05/2013	105	\$253,000.00
01/08/2013	10	-\$8,000.00

- Cancellation Dashboard
- Several summary metrics
 - User supplies date range and ALC
 - User can determine sort preferences

Beginning Date: End Date: ALC Code:

Cancellation Activity		
Cancel Date	Items	Amount
01/02/2013	185	\$185,000.00
01/04/2013	190	\$210,000.00
01/05/2013	105	\$253,000.00
01/08/2013	10	-\$8,000.00
TOTAL	490	\$640,000.00

Cancellation Details for 01/02/2013			
Schedule	Type	Items	Amount
PPS-010213-1	ACH (145)	75	\$95,000.00
PPS-010213-2	ACC (1098)	55	\$60,000.00
PPS-010213-3	UCC (1185)	10	\$25,500.00
PPS-010213-4	POC	10	-\$15,000.00
PPS-010213-5	LPC	15	\$12,000.00
PPS-010213-6	FedWire (146)	20	\$7,500.00
TOTAL		185	\$185,000.00

Cancellation Details for Schedule PPS-010213-1

Payee ID ▼	ACH Trace Num ▼	Check Num ▼	Payment Date ▼	Payment Type ▼	ALC ▼	TAS ▼	Amount ▼	Return Reason ▼
Active Technologies Trial Version								
222244445	.	6081-98765432	11/20/2012	Salary	20094500	2820 X8007000	\$5,000.00	R15 - Payee Deceased
222333444	.	2071-55555555	12/31/2012	Vendor	28040004	2820 X9007000	\$8,000.00	R04 - Invalid Account
240296892	12312012-10103615-0354822	.	12/31/2012	Other	28040004	2820 X8007000	\$200.00	R06 - Ret per ODFI Request
333444555	12312012-10103615-0145600	.	12/31/2012	Benefit	20094500	2820 X8007000	\$200.00	R06 - Ret per ODFI Request
	12312012-10103615-0145600	.	12/31/2012	Other	20094500	2820 X8007000	\$200.00	R06 - Ret per ODFI Request
555666777	12312012-10103615-0220008	.	12/31/2012	Vendor	20094500	2820 X9007000	\$1,200.00	R02 - Account Closed
581045815	12312012-10103615-0220008	.	12/31/2012	Vendor	20094500	2820 X9007000	\$15,000.00	R02 - Account Closed
666777888	12312012-10103615-0125615	.	12/31/2012	Benefit	28040004	2820 X8007000	\$200.00	R15 - Payee Deceased
777888999	12312012-10103615-0025423	.	12/31/2012	Benefit	20094500	2820 X8007000	\$1,000.00	R15 - Payee Deceased
888999111	12312012-10103615-0354822	.	12/31/2012	Benefit	28040004	2820 X8007000	\$200.00	R06 - Ret per ODFI Request
980143848	.	5501-95467546	12/31/2012	Benefit	20094500	2820 X8007000	\$1,000.00	R15 - Payee Deceased
987123789	12312012-10103615-0125820	.	12/31/2012	Vendor	28040004	2820 X9007000	\$8,000.00	R04 - Invalid Account
TOTAL					280861520		\$40,200.00	

Cancellation Schedule Reconciliation:

- Daily schedule summary and detail
- Drilldown for details
- Downloadable

What types of cancellation summary and detail information would be useful to your agency?

PPS Portal – Conceptual Depiction

Home Payments Cancellations Claims Accounting Query / Search Ad Hoc

Dashboard Operational Reports Query / Search New Tab

Payee ID: 1234456789A1
TIN: 123456789
Payee Name: John Smith Other Names Used:
Bank RTN: 323070380 and Account #: 123456789

ALC	Check Item Cnt	Check Amt	ACH Item Cnt	ACH Amt
28040004	0	.00	1	2,000.00
28044700	0	.00	6	6,000.00
TOTAL	0	.00	7	8,000.00

Payment History

Date	Description
07/29/2014	Return payment
06/03/2014	Payment
12/02/2013	Payment
11/01/2013	Payment
10/01/2013	Payment
09/03/2013	Payment
08/01/2013	Payment
07/15/2013	Payment
07/02/2013	ENR Claim
07/01/2013	Payment
05/15/2013	ACH enrollment
05/01/2013	Payment
04/01/2013	Payment
03/01/2013	Payment
02/15/2013	ACH enrollment
02/01/2013	Payment
01/02/2013	Payment

Claims Summary

Claim Date	Claim Reason
07/02/2013	Non-receipt of ACH

Returns Summary

Claim Date	Return Reason
07/29/2013	R06

360 Degree view of the Payee

- Payment Summary
- Name / Address changes
- History
 - Payments
 - Claims
 - Returns
- Drilldown for details

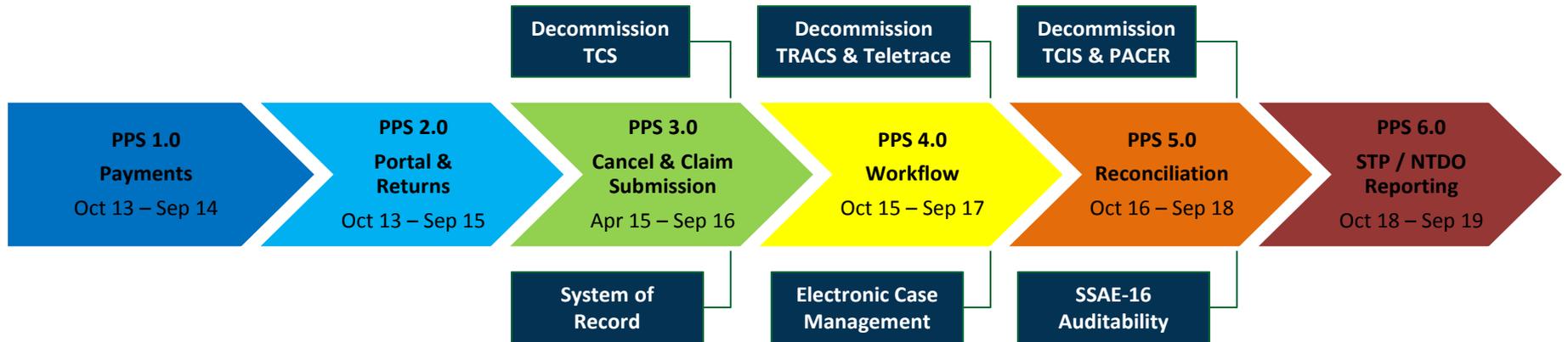
What types of payee summary and detail information would be useful to your agency?

Payment

Payee

PPS Implementation Plan

Implementation Approach



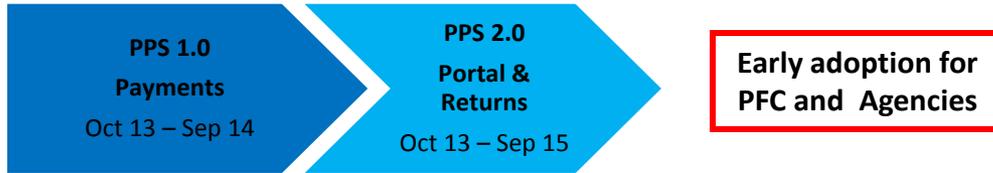
One major release per year allows for:

- Comprehensive integration testing with agencies and downstream / feeder systems
- Overlap development and O&M activities
- Minor releases every other six months
- Legacy data conversion
- Coordinate interface changes
- Adequate time for required SA&A activities

Phased approach:

- Logical progression of functions
- Orderly transfer of functions from legacy
- Early adoption and realization of benefits
- FIPS-High requires full SA&A with validation of over 1,250 individual security controls

Implementation Approach



Business Processes

Portal

- **Enhanced search capability**
- Begin transition TCIS users to PPS
- Search for Payment and Payee information

Process Check Returns

- Scan returned checks and correspondence at PFC
- Link images with check number and cancellation schedule via Portal
- Reconcile cancellation info with scanned images
- **Cost savings for PFC and agencies**

Expose ENRs and NOCs

- Incorporate automated enrollment (ENR) data stream for fraud detection and payment integrity into daily operations
- **Enables recovery of funds for SSA due to fraudulent enrollments**

Implementation Approach



Business Processes

Cancellations

- **Cancellation Credits through a single GWA channel (TDO Payments) including:**
 - ACH/Check Returns, Offsets, Invalids, UCC, LPC, and POC transactions processed by PPS
- Standardized detail file to agencies via PPS “Common File”
- Online reconciliation via PPS portal
- **Transition functions from PACER and TRACS**

Claim Submission

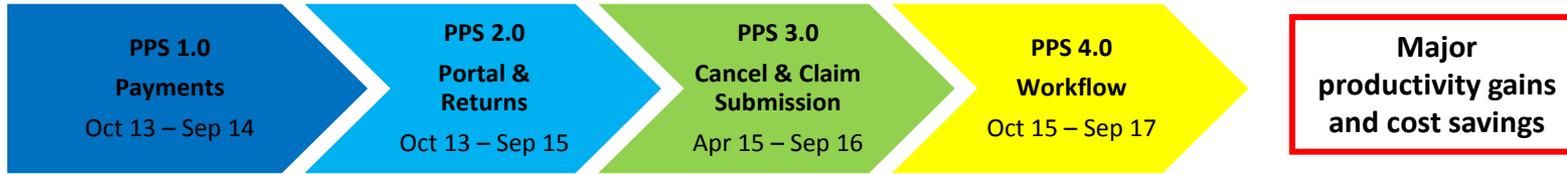
- Standard claim submission and disposition files
- Same day response to agencies
- Decommission TCS

Accounting

- Utilize new accounting model for payments and cancellation transactions

Requires detailed end-to-end testing with agencies and downstream / feeder systems

Implementation Approach



Business Processes

ACH Claims and Reclamations

- Case assignment and workflow for FIs and Agencies
- Eliminate 1.5 million pages of paper each year
- Use Fed Reserve Account debits instead of checks (**Improve cash management for agencies**)
- Decommission Teletrace

Check Claims and Reclamations

- Case assignment and workflow for FIs and Agencies
- Simplified check claims process
- **Decommission TRACS**, transition most PACER functions

Customer Engagement Center

- Integrated Call Center framework with online chat and messaging capability
- **Improved customer service and communication**

Significant improvements to information exchange between agencies, Fiscal Service, and Financial Institutions.

Implementation Approach



Business Processes

Check Reconciliation

- Workflow for check reconciliation and adjustments
- Accounting for Public Monies Accounts
- Integrated case management for all post payment activities
- **Decommission TCIS and PACER**

Research and Analysis

- Self service analysis tools for PFC and investigative users to manage the fraud detection, research, adjudication, and prosecution life cycle (integrated with PFC operations)
- Performance Measurement for fraud recovery

Complete transfer of functions from legacy systems

Next Steps

- Ensure your agency is informed:
 - Encourage colleagues to attend an Introductory Session webinar
 - Attend a Common File Format walkthrough webinar (if applicable)
 - Attend a PPS What's Next? Webinar
 - Direct any questions to the PPS Staff

Learn more and sign up for webinars here!

http://www.fiscal.treasury.gov/fsservices/gov/pmt/pps/pps_home.htm

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