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

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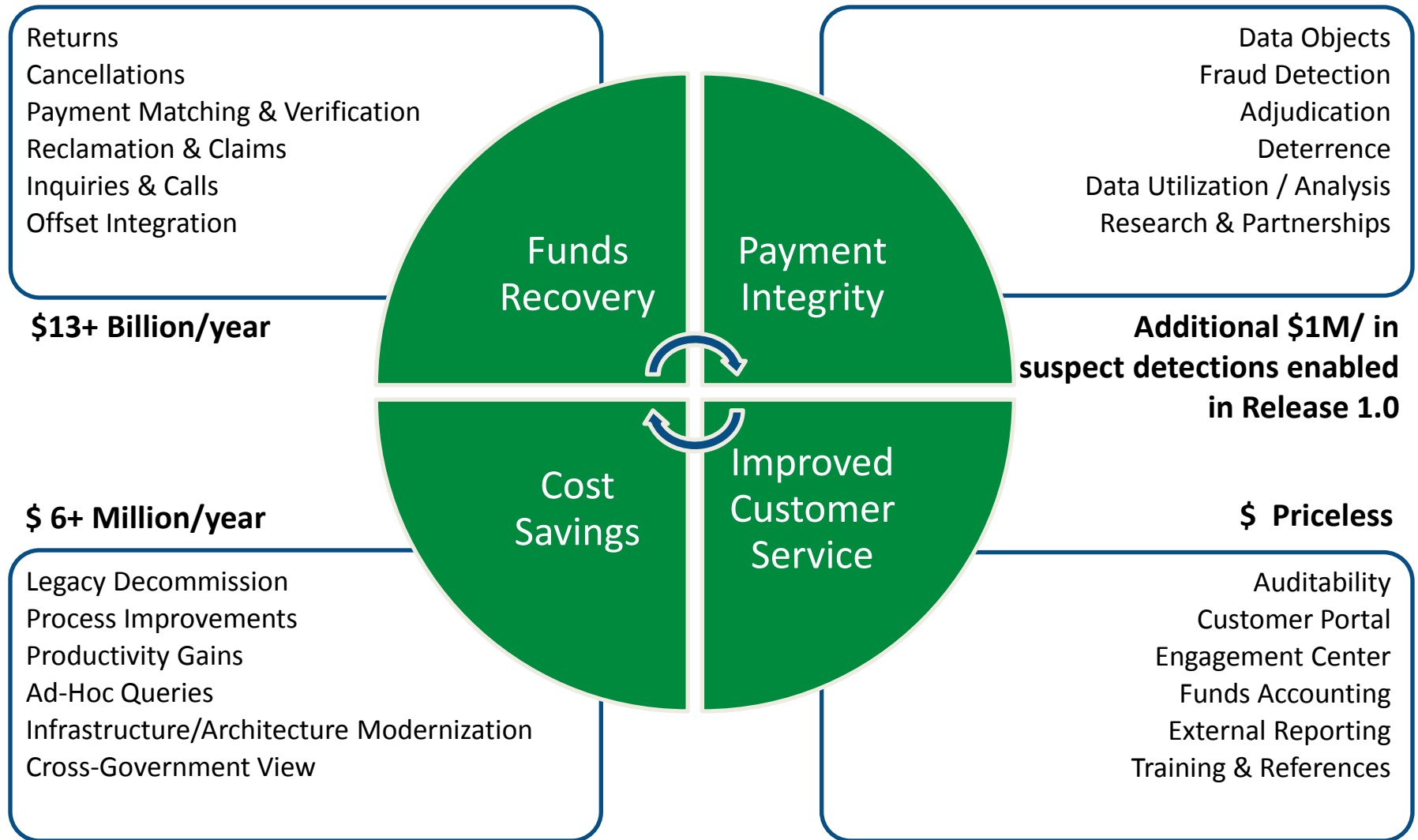# Post Payment System Objectives

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.

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Delivery of Value from PPS

Returns
Cancellations
Payment Matching & Verification
Reclamation & Claims
Inquiries & Calls
Offset Integration

$13+ Billion/year

Data Objects
Fraud Detection
Adjudication
Deterrence
Data Utilization / Analysis
Research & Partnerships

Additional $1M/ in suspect detections enabled in Release 1.0

Funds Recovery

Payment Integrity

Cost Savings

Improved Customer Service

$ 6+ Million/year

Legacy Decommission
Process Improvements
Productivity Gains
Ad-Hoc Queries
Infrastructure/Architecture Modernization
Cross-Government View

$ Priceless

Auditability
Customer Portal
Engagement Center
Funds Accounting
External Reporting
Training & References

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Funds Recovery

- **Returns & Cancellations**

  – Enriched <u>payee demographic data</u> (i.e. USPS return information)

- **Payment Matching & Verification**

  – Enhanced Payment Matching & Verification

- **Claims & Reclamations**

  – <u>Unified</u> 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

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Payment Integrity

- **Data Objects**
  - Enriched <u>payee information</u> (i.e. enrollments and change requests)

- **Research & Partnerships**
  - <u>Research Payees, Payments, Agencies and FIs</u>

- **Data Utilization**
  - Visibility into previously untapped data sources

- **Fraud Detection**
  - Via various post payment channels with <u>applicable risk weighting</u>

- **Adjudication**
  - Group Related Records & <u>Provide Context</u>

- **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.

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Improved Customer Service

- **Portal**
  - One Stop Shop for <u>Payment Lifecycle Data</u>

- **Engagement Center**
  - Integration with telephony and case management

- **Funds Accounting**
  - <u>Comprehensive Auditability</u>

- **External Reporting**
  - Identify/report anomalies and patterns

- **Queries & Reporting**
  - <u>Robust</u> search capability

- **Training & References**
  - Roles based functional training

<u>Benefits</u>:
- 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

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Cost Savings & Improvements

- **Legacy Decommissioning**

  – Significant savings in decommissioning of aging legacy systems

- **Process Improvements**

  – <u>Single system of record</u> to access data

- **Productivity Gains**

  – <u>Improved cash management</u>

- **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 <u>leverage information across government</u> (i.e. Agency X pays John Does who is flagged by Agency Y as deceased)

<u>Positive impacts to:</u>
- Fiscal Service
- Federal Agencies
- Financial Institutions

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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.**

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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

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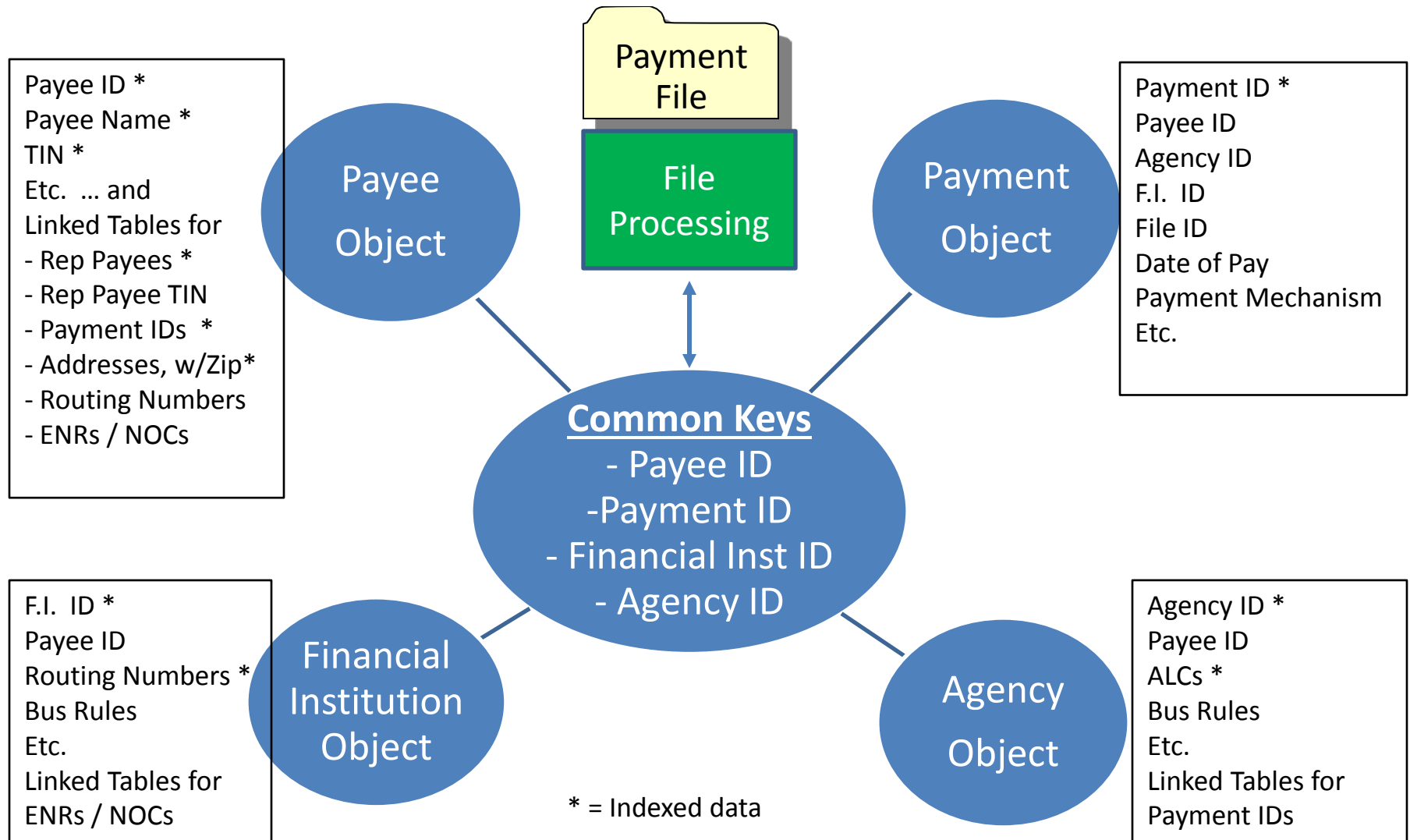Legacy operations and PPS found 38 true payments -- **All 38 were altered.**

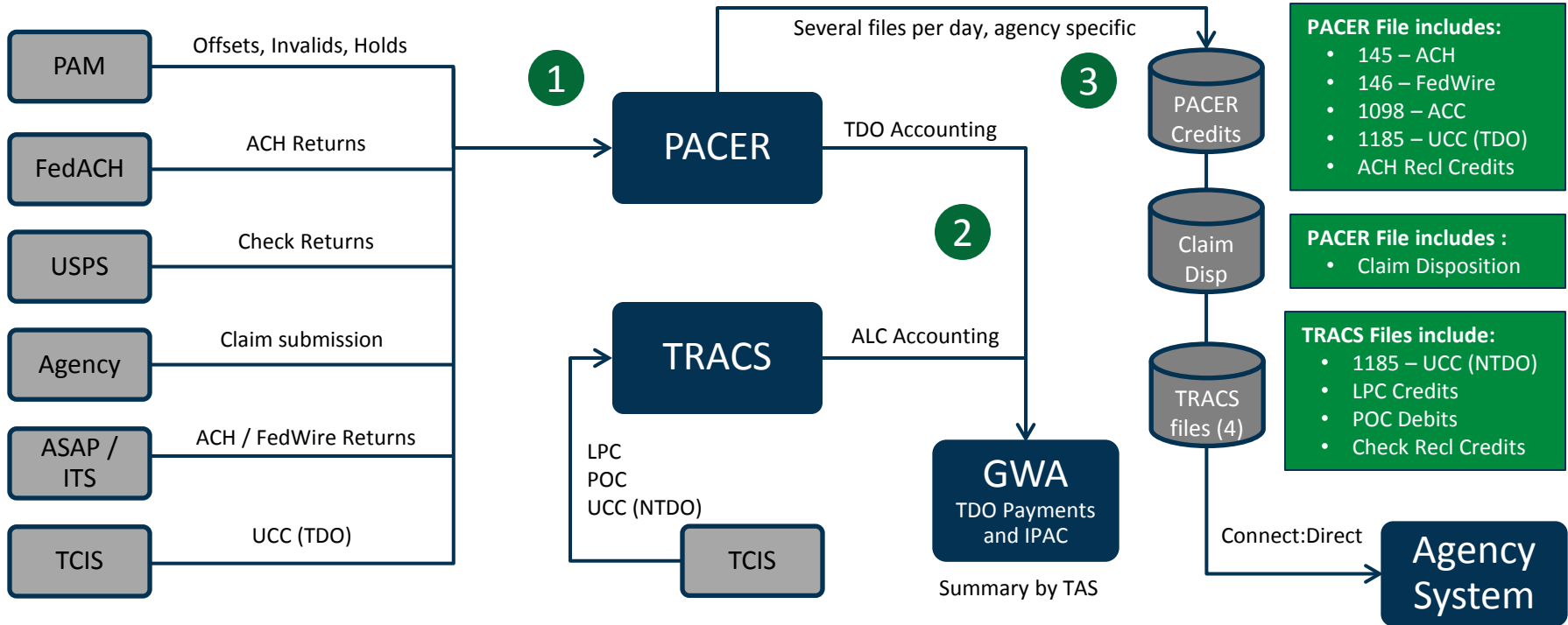http://www.justice.gov/usao-mdfl/pr/orlando-woman-charged-multi-count-indictment-fraudulent-schemes

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…From Data Structure to File Structure

PPS Primary Data Objects (Notional Logical Structure)

Payee ID *
Payee Name *
TIN *
Etc. … and
Linked Tables for
- Rep Payees *
- Rep Payee TIN
- Payment IDs *
- Addresses, w/Zip*
- Routing Numbers
- ENRs / NOCs

Payee Object

Payment File

File Processing

Payment Object

Payment ID *
Payee ID
Agency ID
F.I. ID
File ID
Date of Pay
Payment Mechanism
Etc.

Common Keys
- Payee ID
- Payment ID
- Financial Inst ID
- Agency ID

F.I. ID *
Payee ID
Routing Numbers *
Bus Rules
Etc.
Linked Tables for
ENRs / NOCs

Financial Institution Object

Agency Object

Agency ID *
Payee ID
ALCs *
Bus Rules
Etc.
Linked Tables for
Payment IDs

* = Indexed data

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Legacy Agency Interfaces

PAM — Offsets, Invalids, Holds

FedACH — ACH Returns

USPS — Check Returns

Agency — Claim submission

ASAP / ITS — ACH / FedWire Returns

TCIS — UCC (TDO)

(1) PACER

PACER — TDO Accounting

TRACS — ALC Accounting

LPC
POC
UCC (NTDO)

TCIS

(2) GWA
TDO Payments and IPAC

Summary by TAS

Several files per day, agency specific

(3)

PACER Credits

Claim Disp

TRACS files (4)

Connect:Direct

Agency System

PACER File includes:
- 145 – ACH
- 146 – FedWire
- 1098 – ACC
- 1185 – UCC (TDO)
- ACH Recl Credits

PACER File includes :
- Claim Disposition

TRACS Files include:
- 1185 – UCC (NTDO)
- LPC Credits
- POC Debits
- Check Recl Credits

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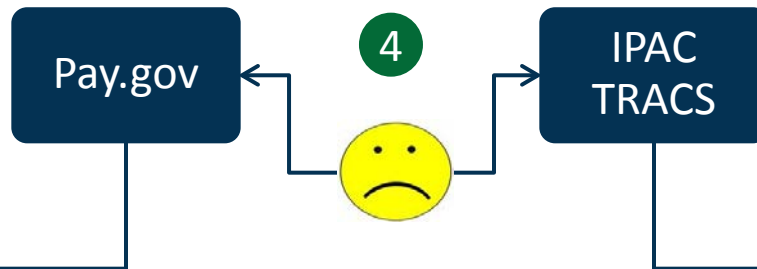
Pay.gov

(4)

IPAC TRACS

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PPS Common File End State Vision

One detail file per day, per ALC

XML

3

Source	Label
PAM	Offsets, Invalids, Holds
FedACH	ACH Returns
USPS	Check Returns
Agency	Claim submission (non-XML)
ASAP / ITS	ACH / FedWire Returns
TCIS	LPC, UCC, POC

1 → PPS Processing Engine

PPS Common File

Each file may include the following details :
- 145 – ACH
- 146 – FedWire
- 1098 – ACC
- 1185 – UCC
- LPC Credits
- POC Debits
- ACH Recl Credits
- Check Recl Credits
- Claim Disposition

2 → GWA

Summary by TAS

Connect: Direct

XML Transport

Agency System

Claims Disposition Report

Cancellation Schedule Report
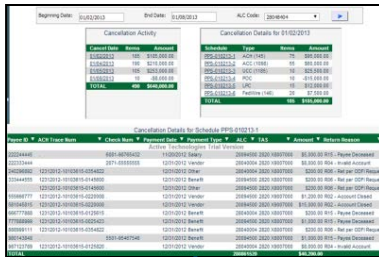
Cancellation Dashboard

PPS Portal

4
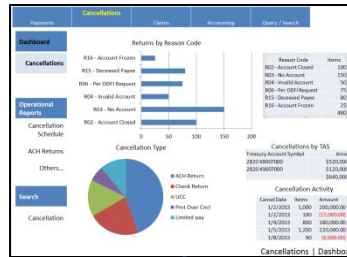
Agency users view reports via PPS portal

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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 Rang

Check Number: [____] - [____]

or

ACH Trace Number: [_____]

or

FedWire IMAD: [_____]

or

Payee ID: [_____]

Payment Date From: [_____] To: [_____]

or

Bank RTN and Account Number: [323070380] [123456789]

or

Payment Amount: [_____]

Payment Date From: [_____] To: [_____]

Submit   Reset

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

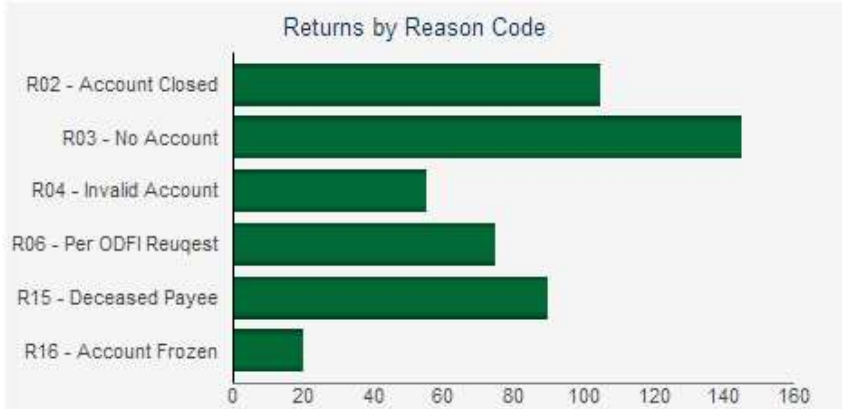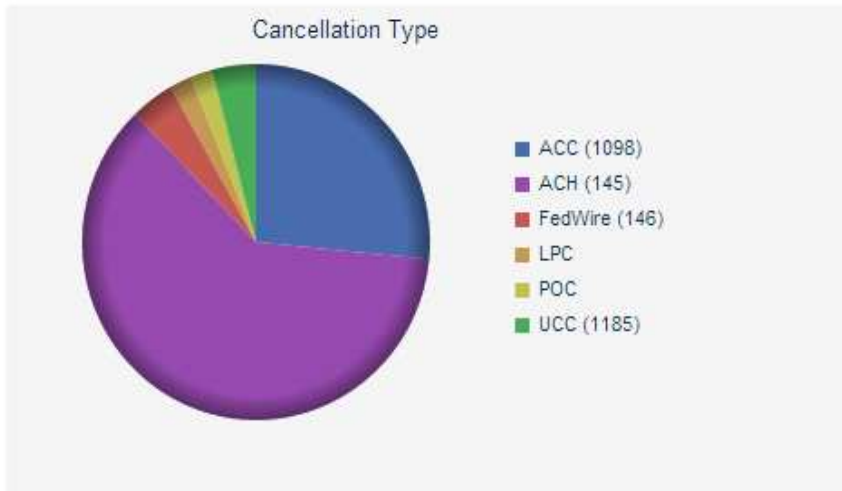Are there other search parameters useful to your agency?

How do you search for payees and payments?

PPS Portal – Conceptual Depiction

Cancellation Schedule

Beginning Date:	End Date:	ALC Code:
01/02/2013	01/08/2013	28048404 ▼	▶

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 | |

Payment

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

Payee

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
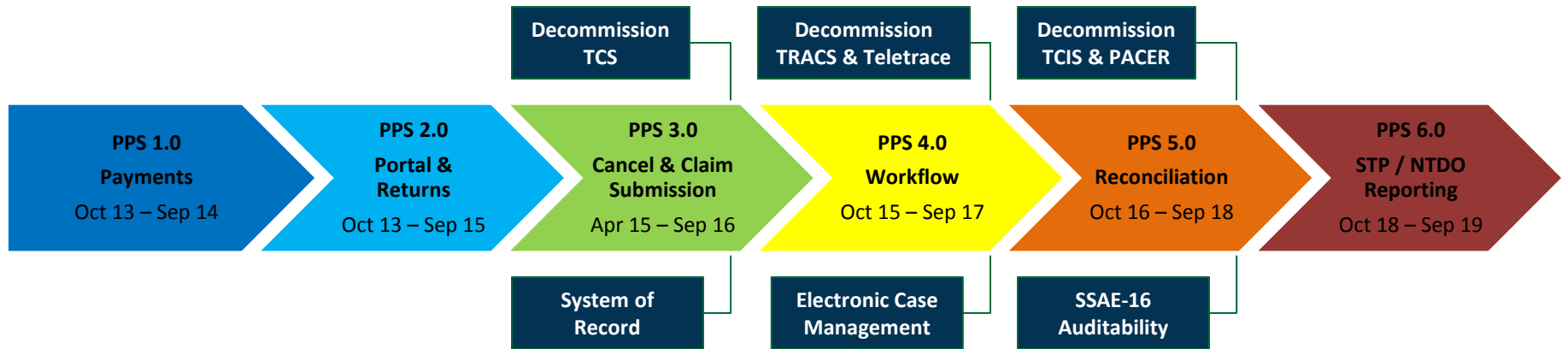 - Claims
  - Returns
- Drilldown for details

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

PPS Implementation Plan

Implementation Approach

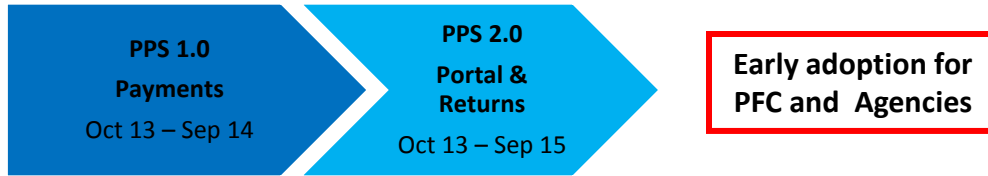|					
		Decommission TCS	Decommission TRACS & Teletrace	Decommission TCIS & PACER	
PPS 1.0 Payments Oct 13 – Sep 14	**PPS 2.0** Portal & Returns Oct 13 – Sep 15	**PPS 3.0** Cancel & Claim Submission Apr 15 – Sep 16	**PPS 4.0** Workflow Oct 15 – Sep 17	**PPS 5.0** Reconciliation Oct 16 – Sep 18	**PPS 6.0** STP / NTDO Reporting Oct 18 – Sep 19
		System of Record	Electronic Case Management	SSAE-16 Auditability	

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

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Implementation Approach

PPS 1.0
Payments
Oct 13 – Sep 14

PPS 2.0
Portal &
Returns
Oct 13 – Sep 15

Early adoption for
PFC and Agencies

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**

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Implementation Approach

| PPS 1.0 Payments Oct 13 – Sep 14 | PPS 2.0 Portal & Returns Oct 13 – Sep 15 | PPS 3.0 Cancel & Claim Submission Apr 15 – Sep 16 | PPS becomes System of Record |

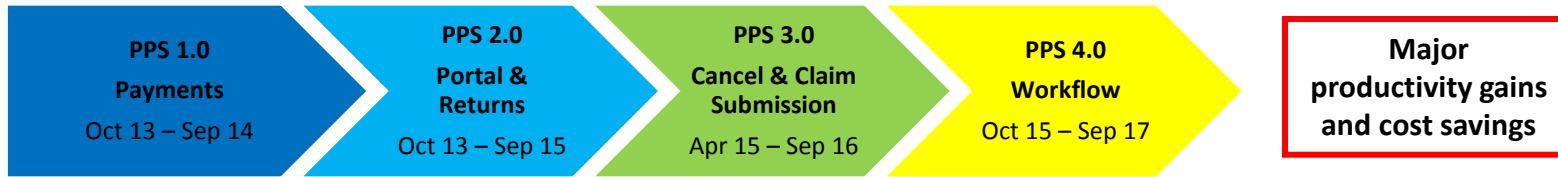| **Business Processes** |
|---|
| **Cancellations**
• **Cancellation Credits through a single GWA channel (TDO Payments) including:**
 - ACH/Check Returns, Offsets, Invalids, UCC, LPC, and POC transactions processed by PPS
• Standardized detail file to agencies via PPS "Common File"
• Online reconciliation 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

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Implementation Approach

PPS 1.0 **Payments** Oct 13 – Sep 14	PPS 2.0 **Portal & Returns** Oct 13 – Sep 15	PPS 3.0 **Cancel & Claim Submission** Apr 15 – Sep 16	PPS 4.0 **Workflow** Oct 15 – Sep 17	**Major productivity gains and cost savings**

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.

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Implementation Approach

PPS 1.0 Payments Oct 13 – Sep 14	PPS 2.0 Portal & Returns Oct 13 – Sep 15	PPS 3.0 Cancel & Claim Submission Apr 15 – Sep 16	PPS 4.0 Workflow Oct 15 – Sep 17	PPS 5.0 Reconciliation Oct 16 – Sep 18	Legacy Functions Completed

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

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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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