PROMOTING PAYMENT INTEGRITY

Payment Integrity Center of Excellence (PICOE)

BUREAU OF THE
Fiscal Service
U.S. DEPARTMENT OF THE TREASURY

Agenda

1 Bureau of the Fiscal Service:
The Payments Business

4 Lessons Learned

2 Payment Integrity Center of
Excellence (PICOE) Background

5 Questions

3 Economic Impact Payment
Support Efforts

Payments Background

The Bureau of the Fiscal Service, the government's central disbursing agency, issues 89 percent of all federal payments, including tax refunds, Social Security benefits, Veteran's benefits, vendor, grants, and other payments.

Securely disbursed 1.4 billion payments totaling more than $5.3 trillion in FY2020
- These payments went to 100 + million people, with 94% disbursed electronically.
- Including **more than 165 million Economic Impact Payments,** worth over $275 billion as part of the CARES Act.

Of the 1.4 billion payments, less than 0.8% resulted in a "post-payment exception", including stimulus / Economic Impact Payments (EIPs):
- **11 million claims and cancellations** including:
  - ✓ 8.9 million returned payments
  - ✓ 1.6 million stale dated checks that were not cashed within one year
  - ✓ 426 thousand payee claims of non-receipt
  - ✓ 306 thousand agency claims of non-entitlement (deceased payees)
  - *Note: In a typical year, the post-payment exception rate is less than 0.5%*

Do Not Pay and the **Payment Integrity Center of Excellence** support the government-wide identification, prevention, and recovery of improper payments.

Payment exceptions are often an *indicator* of an *Improper Payment*

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Payment Integrity Center of Excellence: Community of Experts

VISION

Be a trusted Government-wide partner to provide **actionable business insights and solutions** that transform how agencies approach identification, prevention, and recovery of improper payments.

MISSION

Provide Government-wide **partnership, guidance, and customer centric solutions** that aid in the prevention and recovery of improper payments due to fraud, waste, and abuse.
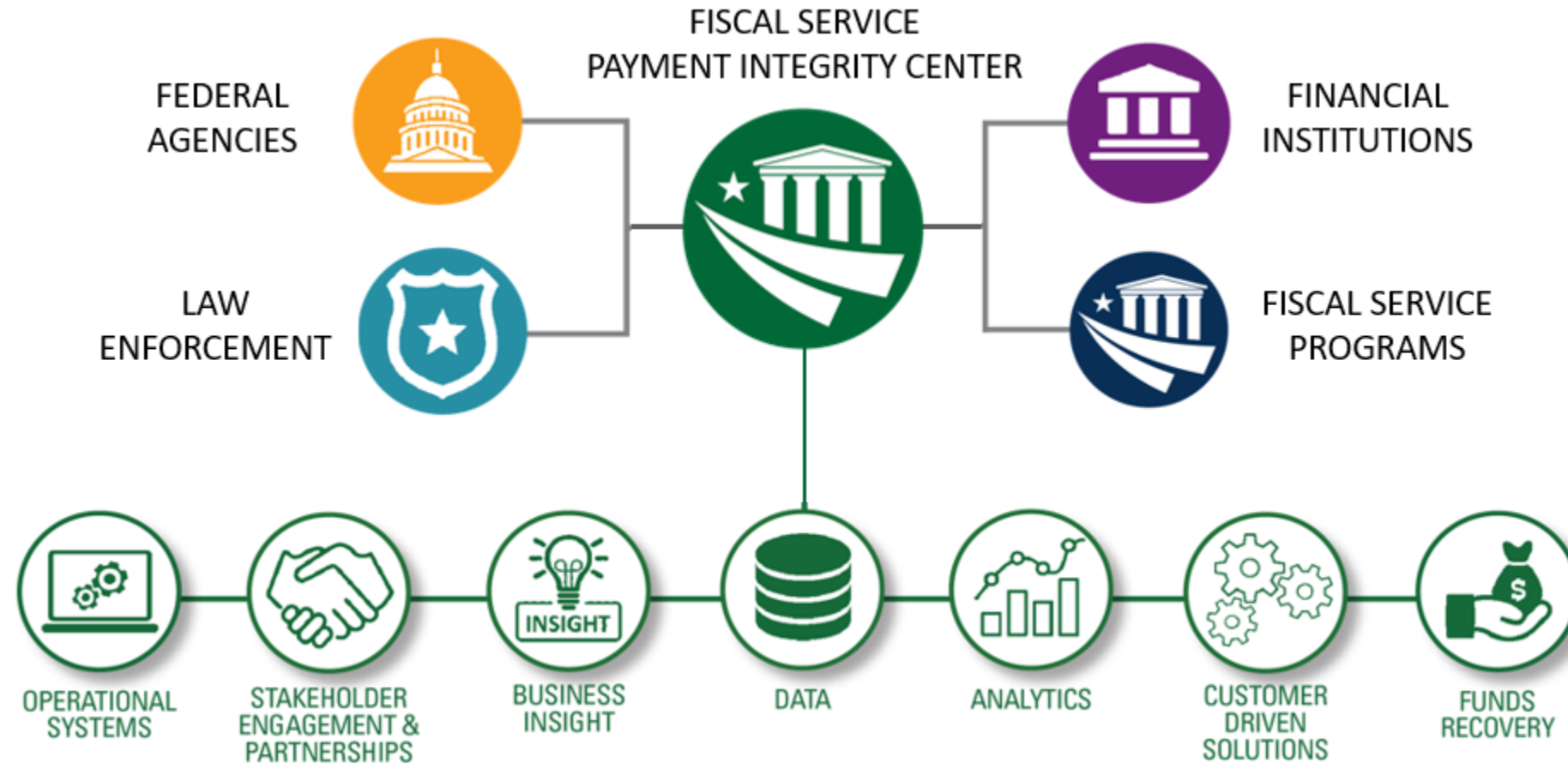
GOAL

Improve the integrity of Government-wide financial transactions by providing business insight and solutions that assist Government agencies in identifying, preventing and recovering improper payments.

Do Not Pay

Payment Management

Retail Securities Services

Payment Integrity Center of Excellence

Data Transparency

Revenue Collections Management

__Community of experts__ working towards the shared goal of improving the integrity of Government-wide financial transactions and addressing Improper Payments

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Payment Integrity Stakeholder Community

FISCAL SERVICE PAYMENT INTEGRITY CENTER

FEDERAL AGENCIES

LAW ENFORCEMENT

FINANCIAL INSTITUTIONS

FISCAL SERVICE PROGRAMS

OPERATIONAL SYSTEMS — STAKEHOLDER ENGAGEMENT & PARTNERSHIPS — BUSINESS INSIGHT — DATA — ANALYTICS — CUSTOMER DRIVEN SOLUTIONS — FUNDS RECOVERY

Leveraging Stakeholder Relationships to Bring New Payment Integrity Solutions to Life!

COMMON CROSS-GOVERNMENT THEMES

Identity Validation

(Is the payment going to the right payee?)

- Payee Account Validation
- Risk-Based Evaluations
- Central Source of Compromised Payees and Accounts

Payee Eligibility

(Are they entitled to payment?)

- Payments to the Deceased
- Inter-Agency Benefit Eligibility

Payment Integrity Focus Areas

Data Sharing

Legal agreements that allow data to be cross-referenced across Government while maintaining appropriate privacy protections.

Cross-Government Solutions

Solutions implemented to meet improper payments challenges faced by multiple agencies.

Agency-Specific Solutions

Solutions implemented to meet specific Agency challenges related to improper payments.

Data Analytics

Garnering data insights to identify opportunities that meet improper payment challenges faced across Government.

Access to Data

Providing agencies with centralized access to identified data sources that provide insight to eligibility decisions

Data throughout the payment lifecycle allows Fiscal to work across Government to create new Eligibility and Identity solutions.

The Pandemic Challenge

Scenario:

- Requires accelerated disbursement

- Fiscal Service issued 54M checks in FY19

- Facing potential of up to 100M checks prior to round 1 in addition to normal annual volume

Objective:

- Advance the safe, secure, and timely delivery of stimulus payments during a pandemic

Initiatives

1. Pursue electronic disbursement
2. Mitigate fraud risk

Operational Example: Maximize Check to ACH Conversion

For Check and Debit Card payees:
1. Match with Payment Data
2. Match with Collection Data and AVS
3. Combine results and send to Agency

Payees Checks & Debit Cards

Payment Data
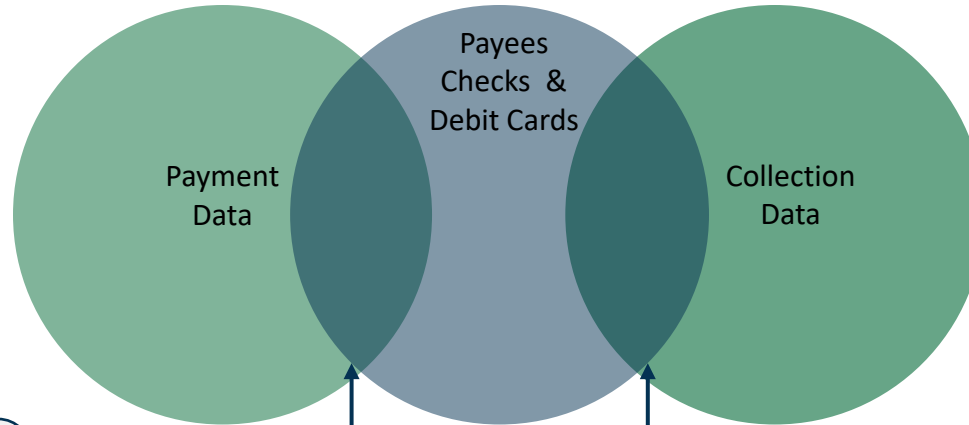
Collection Data

1 Match with Payment Data

- Business Rules
  - Recurring agencies
  - Recent payments
  - Exclude accounts with returns

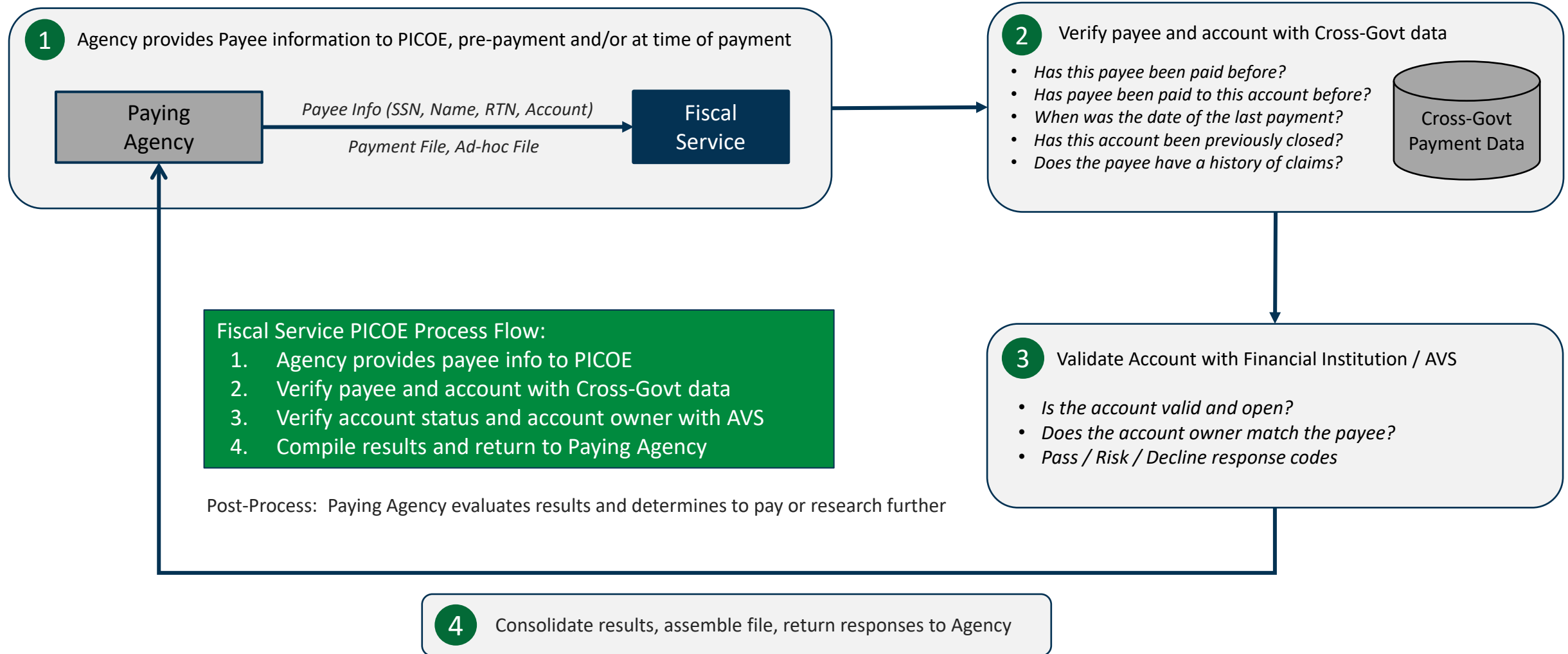**2** Match with Collection Data and Account Verification Service

- Match on data sources
- Verify Account Status and Authenticate Account Ownership

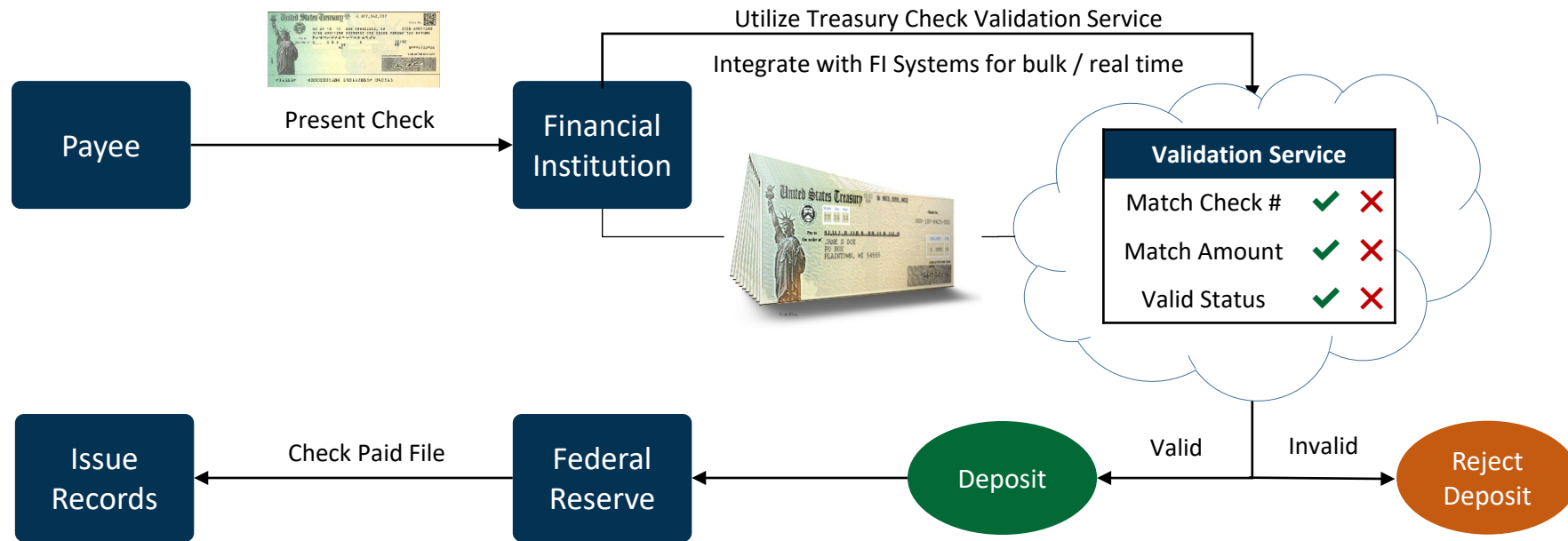**3** Combine results and send to Agency

- Combine banking information
- Send payee file to Agency
- Agency issues ACH payments instead of checks

Will pursue application of model in future

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Operational Example – Account Verification Service

1   Agency provides Payee information to PICOE, pre-payment and/or at time of payment

Paying Agency	*Payee Info (SSN, Name, RTN, Account)* → **Fiscal Service**
	Payment File, Ad-hoc File

2   Verify payee and account with Cross-Govt data

- *Has this payee been paid before?*
- *Has payee been paid to this account before?*
- *When was the date of the last payment?*
- *Has this account been previously closed?*
- *Does the payee have a history of claims?*

Cross-Govt Payment Data

Fiscal Service PICOE Process Flow:
1. Agency provides payee info to PICOE
2. Verify payee and account with Cross-Govt data
3. Verify account status and account owner with AVS
4. Compile results and return to Paying Agency

Post-Process: Paying Agency evaluates results and determines to pay or research further

3   Validate Account with Financial Institution / AVS

- *Is the account valid and open?*
- *Does the account owner match the payee?*
- *Pass / Risk / Decline response codes*

4   Consolidate results, assemble file, return responses to Agency

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- From October 2018 through February 2020, Fiscal Service disbursed approximately 70M checks. TCVS was queried 2.2M times.
- From March 2020 to current, Fiscal Service disbursed approximately 165M checks. TCVS was queried 82M times.

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Fraud / Improper Payment Mitigation
- Complete Account Verification Service Pilot and pursue long term implementation
- Expand use of Fiscal Service Records as a data source
- Explore feasibility of collecting & sharing potentially compromised accounts
- Implement Deceased Verification Service
- Partner with and support Do Not Pay and Improper Payment / Fraud Risk Community

Payment Method
- Support Treasury Agency Priority Goal of reducing checks

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Questions ?
Thank you for your time!

STAY CONNECTED:

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