

Financial Mgmt Service /S&E

Performance Plans for FY2002 and FY2003

Actual Performance Figures are in **bold**, Final Targets are in plain text, and Proposed Targets are *italicized*.
Targets which were not met are shown in red.

Mission: The mission of the Financial Management Service is to provide central payment services to Federal Program Agencies (FPAs), operate the Federal Government's collections and deposit systems, provide governmentwide accounting and reporting services, and manage the collection of delinquent debt. This is accomplished by providing financial services, information, advice, and assistance to customers, including taxpayers, the Department of the Treasury, FPAs, Government policy makers, and Congress.

Budget Activity: Payments

Function: Functions: FMS implements Federal payment policy and procedures, issues and distributes payments, promotes the use of electronics in the payment process, and assists agencies in converting payments from paper checks to electronic funds transfer (EFT). The control and financial integrity of the payments and collections process includes reconciliation, accounting, and claims activities. The claims activity settles claims against the United States resulting from Government checks which have been forged, lost, stolen, or destroyed, and collects monies from those parties liable for fraudulent or otherwise improper negotiation of Government checks.

Performance Goal:

Provide Federal payments timely and accurately, move toward an all-electronic Treasury for payments, and determine the optimal payment processing environment for the future.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation Percentage of payments customers indicating an overall rating of satisfied or better	99.3%	99%	100%	99%	99%
View Definition and Validation FMS will make paper check and EFT payments on time			100%	100%	100%
View Definition and Validation FMS will make paper check and EFT payments accurately			100%	100%	100%

View Definition and Validation					
FMS will adjudicate forgery and non-receipt check claims within 14 days	93.5%	98.2%	96.5%	90%	93%

View Definition and Validation					
FMS will process EFT claims in one day			100%	100%	100%

View Definition and Validation					
FMS will make Treasury payments and associated information electronically	68%	70%	72%	73%	73%

View
Explanation

Budget Activity: Collections

Function: FMS implements collections policy, regulations, standards, and procedures for the Federal government, facilitates collections, promotes the use of electronics in the collections process, and assists agencies in converting collections from paper to electronic media.

Performance Goal:

Provide timely collection of Federal Government receipts, at the lowest cost, through an all-electronic Treasury.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
Performance Measure(s):					
View Definition and Validation					
FMS will collect electronically the total dollar amount of Federal government receipts	72%	75%	75.3%	80%	80%
			View Explanation		

Performance Goal:

Establish policies and processes to facilitate the integration of e-commerce technologies into the payments and collections infrastructure.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
Performance Measure(s):					
View Definition and Validation					
Dollar amount of lockbox collections transacted through Pay.gov				\$2	\$5

Budget Activity: Debt Collection

Function: FMS provides debt collection operation services to Federal program agencies (FPAs). The services include, but are not limited to, collection of delinquent accounts, offset of Federal payments against debts owed the Government, post-judgment enforcement, consolidation of information reported to credit bureaus, reporting for discharged debts or vendor payments, cross-servicing, administrative wage garnishment and the use of private collection agencies.

Performance Goal:

Maximize collection of government delinquent debt by providing efficient and effective centralized debt collection services.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation					
FMS will increase the annual collection of delinquent debt, not including Federal tax debt, by \$120 million above that collected in FY 2001 for a total of \$2.8 billion	\$2.631	\$2.629	\$2.692 View Explanation	\$2.6	\$2.8
View Definition and Validation					
FMS will work to increase the percentage of eligible delinquent debt referred by Federal program agencies to FMS for collection using all available collection tools	71%	83%	89%	75%	85%

Budget Activity: Government-wide Accounting and Reporting

Function: FMS provides financial accounting, reporting, and financial services to the Federal Government and to the Federal governments' agents who participate in the payments and collections process by generating a series of daily, monthly, quarterly and annual Governmentwide reports. FMS provides support, guidance and training to assist Federal program agencies (FPAs) to improve their Governmentwide accounting and reporting responsibilities.

Performance Goal:

Produce accurate, accessible, and timely Governmentwide financial information and reports, which contribute to the improved quality of the Nation's financial decision-making.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation FMS will issue accurate governmentwide accounting reports			100%	100%	<i>100%</i>
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View Definition and Validation FMS will issue governmentwide accounting reports on time			100%	100%	<i>100%</i>
<hr/>					
View Definition and Validation FMS will receive an unqualified audit opinion on FMS' Schedule of Non-entity Assets, Non-entity Costs, Non-entity Custodial Revenues, and Schedule of Non-entity Cash			100%	100%	<i>100%</i>
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Performance Goal:

Facilitate the achievement of a clean audit opinion on the Financial Report of the U.S. Government through our internal operations and support of Government agencies.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation Percentage of reporting Agency Location Codes with central audit differences less than six months old			97%	95%	95%

View Definition and Validation Percentage of agency reports for the Financial Report of the U.S. Government processed by FMS within the established standard range	92% View Explanation	98% View Explanation	View Explanation	100%	100%
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Performance Measure

Percentage of payments customers indicating an overall rating of satisfied or better

Definition and Validation

Definition: This measure directly assesses satisfaction of payments customers (i.e., Federal program agencies) with both checks and electronic payments. It is based on a survey sent to FMS' disbursing customers. It includes measures of levels of service for core businesses: electronic payments, check payments, electronic funds transfer non-receipts, electronic certification system, and overall customer service.

Verification and Validation: The Customer Assistance Staffs at FMS' Regional Financial Centers are asked to review the surveys and to contact their customers who made less than satisfactory comments. They forward the results of their customer validations and comments to Headquarters.

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will make paper check and EFT payments on time

Definition and Validation

Definition: This measure rates the effectiveness of the payments issuance process. "On time" means that FMS releases checks to the U.S. Postal Service and EFT payments to the Federal Reserve Bank such that normal delivery by them will result in timely receipt by the payees.

Verification and Validation: Data on check and EFT volumes are received monthly from the Production Reporting System (PRS) via a report submitted to FMS Headquarters by FMS' Regional Financial Centers (RFCs). RFCs balance the input to the PRS with a payment control file, i.e., the number of check payments certified must match the number of checks mailed. The volume of checks released to the Postal Service is verified against the volume of checks listed on Postal Form 3600, which is the receipt form utilized by the Postal Service to verify large-volume mailings. Form 3600 contains the time and date of release of checks from the RFCs to the U.S. Postal Service. For EFT, the volume of payments released is verified against the volume of payments listed on the transmission report, which also states the time and date of the transmission from an RFC to the Federal Reserve Bank. If an RFC has a payment delay, the RFC prepares and submits a Payment Service Incident report (Flash Report) to Headquarters which explains the nature of the payment delay incident, when it occurred, who was notified, type of payment (check or EFT) and the steps taken to remedy the situation. The RFC Director is also informed of the payment delay incident and separately notifies Headquarters. Both checks and EFT payments are released according to schedules and release dates and times are subject to validation through random sampling of Form 3600 for checks and the data captured in FMS computer files and records.

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will make paper check and EFT payments accurately

Definition and Validation

Definition: The measure is the percentage of check and EFT payments that FMS makes which are not duplicate or double payments.

Verification and Validation: The RFCs submit statistics on duplicate payments and will submit the data for the FY 2002 performance measures. The payments issued through FMS' RFCs are balanced with payment certifications that are certified and submitted to FMS by the Federal program agencies (FPAs). The payment processes are subject to numerous internal controls to assure accuracy tied to the RFCs' accounting systems which are subject to FMFIA review. The RFC managers validate the payment controls through internal control reviews. Reports submitted monthly and systems and accounting reports will independently validate overall payment accuracy and identify the number of duplicate payments.

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will adjudicate forgery and non-receipt check claims within 14 days

Definition and Validation

Definition: This measure assesses the efficiency of claims processing. Adjudication is a segment of the entire process. The

measure records the time it takes a claims analyst to make a determination to settle, deny or to defer a final disposition of the claim pending the receipt of additional information and/or investigative reports.

Verification and Validation: The data projection is based on actual performance in previous years. Actual performance is based on data extracted from the Check Payment & Reconciliation (CP&R) data base file. Reports are reviewed by management on a monthly basis to ensure that we are performing within the established target of adjudicating forgery and non-receipt claims within 14 or fewer days.

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will process EFT claims in one day

Definition and Validation

Definition: FMS downloads EFT trace requests. The claims staff either mails the requests to the financial institutions or contacts the financial institutions by telephone. This contacting process takes place within one day.

Verification and Validation: The trace requests are part of the overall claims process and are included under automated processes that run daily and are thereby subject to overall systems controls and procedures, including on-site reviews. FMS' Regional Financial Centers managers will validate daily the number of EFT trace requests issued to financial institutions and the number of days that it takes to process. Reports will be submitted monthly and will include on-site reviews.

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will make Treasury payments and associated information electronically

Definition and Validation

Definition: This measure shows the portion of the total volume of payments which are made electronically by FMS. Electronic payments include transfers made through the automated clearinghouse and wire transfer payments made through the FEDWIRE system.

Verification and Validation: The amount and number of payments issued by RFCs are also maintained under accounting control. These accounting controls provide verification that the information on number of payments, both checks and EFT, are accurately tracked and reported. The volume of payments issued through RFCs is tracked through the Production Reporting System. Additionally, the payment files are balanced with payment authorizations that are electronically certified and submitted to FMS by the Federal program agencies (FPAs). The Federal Reserve Banks also validate the files.

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will collect electronically the total dollar amount of Federal government receipts

Definition and Validation

Definition: Electronic collections data are retrieved from the CASH-LINK system, which encompasses eight collection systems. The system receives deposit and accounting information from local depositories and provides detailed accounting information to STAR, FMS' central accounting and reporting system. This measure considers the percentage of government collections that are collected by electronic mechanisms (Electronic Federal Tax Payment System, Plastic Card, FEDWIRE Deposit System, Automated Clearinghouse (ACH)) compared to total government collections.

Verification and Validation: The agencies that report collections are responsible for ensuring the deposit reports are correct. Financial institutions and Federal agencies report deposits into the CASH-LINK deposit reporting system using an Account Key which identifies the collection mechanism (lockbox, which is non-electronic or ACH, electronic) through which the collection was made. FMS analysts gather deposit information from CASH-LINK reports and then report totals and percentages on a monthly Collections Summary Report and on the Total Government Collections Report. The Total Government Collections Report totals all deposits divided into electronic/non-electronic mechanisms and tax and non-tax totals within the mechanisms.

Data Accuracy: Reasonable Accuracy

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Performance Measure

Dollar amount of lockbox collections transacted through Pay.gov

Definition and Validation

Definition: Pay.gov is an Internet portal which will offer an electronic alternative to paper check payments to lockboxes by offering Automated Clearing House (ACH) debit authorization over the Internet, thereby increasing Electronic Funds Transfer (EFT) options to remitters. This measure reflects the dollar amount of these ACH debit transactions settled by financial institutions through Pay.gov.

Verification and Validation: Pay.gov retains information about transactions conducted and ensures accuracy by daily proofing and balancing of each agency's collections through Pay.gov. On a daily basis, this includes reconciling amounts authorized for collection, amounts collected, and amounts reported as deposited.

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will increase the annual collection of delinquent debt, not including Federal tax debt, by \$120 million above that collected in FY 2001 for a total of \$2.8 billion

Definition and Validation

Definition: The measure provides information on the total amounts collected through debt collection tools operated by Debt Management Services. The tools include: tax refund offset, administrative offset, private collection agencies, demand letters, and credit bureau reporting. FMS also collects debt through the State debt program and tax levy.

Verification and Validation: The process of collecting and reporting the debt collection data is performed on a monthly basis. The methodology and the origin of the data are consistent from month to month. The collection data is generated by the program systems (TOP and DMSC) and is reported on a monthly basis. The data from the program systems is validated against the data contained in the Debt Management Account System (DMAS).

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will work to increase the percentage of eligible delinquent debt referred by Federal program agencies to FMS for collection using all available collection tools

Definition and Validation

Definition: The Debt Collection Improvement Act of 1996 requires that all Federal program agencies refer (with exceptions) delinquent debt over 180 days old to Treasury for offset and cross-servicing. The measure tracks the percentage of the dollar volume of debt referred to the total dollar volume that is eligible for referral.

Verification and Validation: The process of collecting and reporting the debt collection data is performed on a monthly basis. The methodology and the origin of the data are consistent from month to month. The referral data is contained in the program systems (TOP and DMSC). The referral data is loaded from the files received from FPAs. The agencies are responsible for certifying the debt referrals to Treasury.

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will issue accurate governmentwide accounting reports

Definition and Validation

Definition: All Governmentwide financial data that FMS publishes relating to U.S. Treasury cash-based accounting reports (i.e., the Daily Treasury Statement, the Monthly Treasury Statement, and the Annual Combined Report) will be 100% accurate.

Verification and Validation: There are no errata in any of the published governmentwide financial information. A monthly tracking system reports on the various published statements and monitors errata as it pertains to this data.

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will issue governmentwide accounting reports on time

Definition and Validation

Definition: All Governmentwide financial data that FMS publishes relating to U.S. Treasury cash-based accounting reports (i.e., the Daily Treasury Statement, the Monthly Treasury Statement, and the Annual Combined Report) will be on time 100% of the time.

Verification and Validation: A monthly reporting system is used to track the release dates to the public of all of the various governmentwide statements. Procedures are in place to validate that the statements are released on time to the public 100% of the time.

Data Accuracy: Reasonable Accuracy

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Performance Measure

FMS will receive an unqualified audit opinion on FMS' Schedule of Non-entity Assets, Non-entity Costs, Non-entity Custodial Revenues, and Schedule of Non-entity Cash

Definition and Validation

Definition: FMS receives an unqualified opinion when the Schedule of Non-entity Assets, Non-entity Costs, and Non-entity Custodial Revenues and the Schedule of Non-entity Cash present fairly, in all material respects, the activity of the Treasury Managed Accounts that make up the schedules. The management of the Treasury accounts that make up the schedule is critical to obtaining a clean/unqualified audit opinion on the Department-wide financial statements as well as the Financial Report of the U.S. Government. For this reason, FMS established a performance measure for the audit opinion on FMS' financial audit.

Verification and Validation: Independent auditors will verify and validate data quality.

Data Accuracy: Reasonable Accuracy

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Performance Measure

Percentage of reporting Agency Location Codes with central audit differences less than six months old

Definition and Validation

Definition: This measures the extent to which ALC reports on deposits and payments differ from FMS data.

Verification and Validation: The ALC assigned by FMS identifies an agency, bureau or other reporting source. The ALC is used only for reporting collections, receipts, and income as well as disbursements, outlays, and spending. When a reporting ALC collects or disburses funds, it must send FMS a statement of its monthly collections and disbursements. FMS has two streams of data (agencies and banks/FMS' Regional Financial Centers) which provide a means to verify the accuracy of data. FMS' core accounting system, STAR, generates monthly reports. These reports show which reporting ALCs submit month end statements that include amounts that contradict control totals maintained by FMS. Each month, FMS informs the reporting ALC that a discrepancy in deposits or disbursements exists and must be cleared. FMS also provides training and technical assistance on reconciling outstanding differences.

Data Accuracy: Reasonable Accuracy

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Performance Measure

Percentage of agency reports for the Financial Report of the U.S. Government processed by FMS within the established standard range

Definition and Validation

Definition: FMS collects and compiles the agency financial statements for the Financial Report of the U.S. Government.

The reports are processed with specified data validity checks. FMS measures its processing performance against the established standard range.

Verification and Validation: FMS tracks this measure by first establishing the number of reports that it requires Federal program agencies to submit in order to produce a complete and accurate Financial Report of the U. S. Government. FMS then notifies the reporting agencies of the reporting requirements and the due date. As the agency reports are received, they are logged in and the date the report is processed into the accounting system is noted. The number of reports processed more than three days after the established due date is calculated. Our measurement data is then calculated by dividing the number of reports processed within three days after the due date by the total number of reports agencies are required to submit. As part of the routine audit of the Financial Report of the U. S. Government by GAO, this data is independently verified by them for accuracy and the establishment of performance by the submitting Federal agencies.

Data Accuracy: Reasonable Accuracy

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Explanation:FY2001

Performance Measure:

FMS will collect electronically the total dollar amount of Federal government receipts

The FY 2001 goal was not met because economic conditions and the events on September 11 resulted in the current users of the Electronic Federal Tax Payment System (EFTPS) making smaller tax payments by Electronic Funds Transfer (EFT) than expected. It should be noted that during FY 2001, approximately 500,000 taxpayers signed up to use EFTPS.

Next Steps: On September 6, 2001, Treasury launched EFTPS On-line which will enable taxpayers to make payments over the Internet. It is expected that this will increase EFTPS usage in the future.

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Explanation:FY2001

Performance Measure:

FMS will increase the annual collection of delinquent debt, not including Federal tax debt, by \$120 million above that collected in FY 2001 for a total of \$2.8 billion

This figure does not include the collections received through the Advance Refund Credit Payments ("Tax Rebate") which totalled \$470,713,301. The total collections for FY 2001 were \$3,163,203,460.

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Explanation:FY2001

Performance Measure:

Percentage of agency reports for the Financial Report of the U.S. Government processed by FMS within the established standard range

"Actual" performance data is not available until April 2002.

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Explanation:FY2000

Performance Measure:

FMS will make Treasury payments and associated information electronically

FMS predicated its FY 2000 percentage targets on a waiver policy that was more restrictive than the one finally adopted by Treasury. As a consequence, more payment recipients elected to continue with check payments than was originally anticipated.

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Explanation:FY2000

Performance Measure:

Percentage of agency reports for the Financial Report of the U.S. Government processed by FMS within the established standard range

The results for this measure will not be available until April, 2001, not in time for inclusion in this report. FY 2000 results will be reported in the FY 2001 report.

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Explanation: FY1999

Performance Measure: Percentage of agency reports for the Financial Report of the U.S.

Government processed by FMS within the established standard range

Of 132 Federal departments and independent agencies, commissions, boards, etc. that report information to FMS for inclusion in the Financial Report for the U.S. Government, only 122 (92%) were on time and met FMS standards for

consistency.