

# What's New with Government Payments?

# Bureau of the Fiscal Service

- A bureau of the U.S. Department of the Treasury
- Responsible for:
  - Financing government operations
  - Operating the federal government's collections and deposit systems
  - Providing central payment services to the American public on behalf of government agencies
  - Delivering administrative and information technology services
  - Providing financial services and information

<https://www.fiscal.treasury.gov/>



# Code of Federal Regulations

- **31 CFR 210:**
  - Governs the Federal Government's participation in the ACH Network
  - Binds the Federal Government to the 2021 Nacha Operating Rules
  - Provides the basis for the information found in the Green Book

<https://www.ecfr.gov/current/title-31/subtitle-B/chapter-II/subchapter-A/part-210?toc=1>



# Exceptions to the Operating Rules

Check  
conversion  
rules

Reclamation  
procedures

Timing of  
originations

No audit  
requirement

Exception  
handling

Not subject to  
rules  
violations

Claims for  
compensation

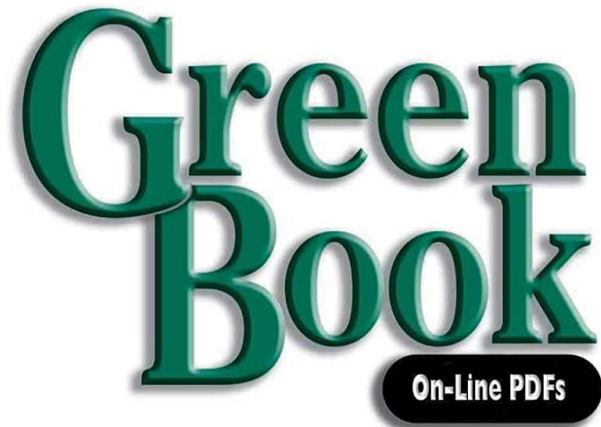
Establishing  
exposure  
limits

Monitoring  
return rates

# Green Book

- A comprehensive guide for financial institutions that receive ACH payments from the federal government
- Designed to deal primarily with exceptions or issues unique to federal government operations
- Online only resource

<https://fiscal.treasury.gov/reference-guidance/green-book/>



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A Guide to Federal Government  
ACH Payments

# Chapters

Chapter 1 Enrollment

Chapter 2 ACH Payment Processing

Chapter 3 Non-Receipt Claims

Chapter 4 Returns

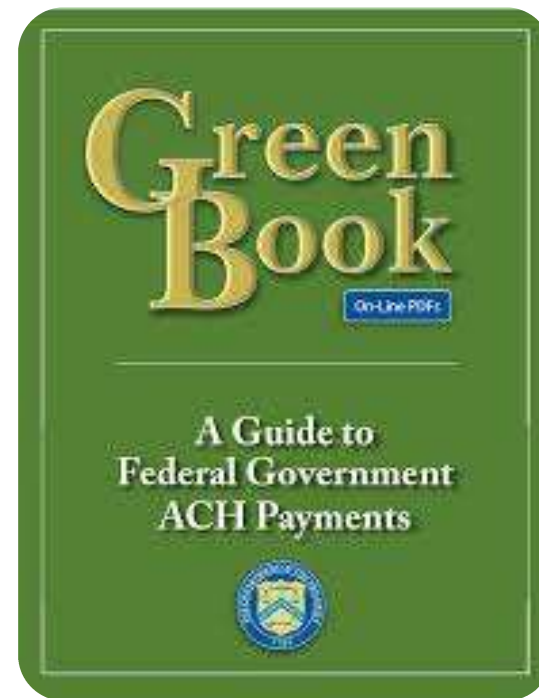
Chapter 5 Reclamations

Chapter 6 Notification of Change

Chapter 7 Contacts

Chapter 8 Glossary

Chapter 9 Forms



# Chapter 1 - Enrollment

- Enrollment Options:
  - Enroll accountholders by submitting ENR enrollments through the ACH Network
  - Financial institutions can enroll accountholders using the Go Direct website
    - <https://godirect.gov/gpw/>
  - Financial institutions can call the U.S. Treasury Electronic Payment Solution Center (EPSC) at 1-800-333-1795 for immediate enrollment of accountholders
  - Enroll using Bureau of the Fiscal Service Direct Deposit Sign-Up Forms
    - FS Form 1200
    - FS Form 1199A
    - ACH Vendor/Miscellaneous Payment Enrollment Form SF 3881

Errors in the Direct Deposit enrollment process are the primary cause of misdirected payments. Financial institutions will be held liable for providing incorrect enrollment information and should, therefore, carefully review all Direct Deposit enrollment procedures.





# Chapter 2 - ACH Payment Processing

- FOMF
- Federal Government ACH Processing
- Federal ACH Payment Schedule
- Identifying Treasury Disbursed Payments
- Identifying Non-Treasury Disbursed Payments
- Garnishment of Federal Benefits

# Financial Organization Master File (FOMF)

Master list of financial institutions receiving federal government ACH payments

Contains RTN, financial institution name and mailing address

Updated monthly

Fiscal Service uses this data to send reclamation notices, trace inquiries and marketing materials

# Account Requirements

All Federal government benefit payment enrollments must be established for a deposit account at the financial institution that is in the name of the recipient or beneficiary with the following exceptions:

- Where an authorized payment agent (Rep Payee) has been selected
- Where the payment is to be deposited into an investment account
- Where the payment is disbursed to a resident of a nursing facility
- Where the payment is disbursed to a member of a religious order who has taken a vow of poverty
- Where the payment is to be deposited to an account accessed by the recipient through a prepaid card
- Where Treasury has granted a waiver

# Misdirected Payments

- If the financial institution can identify the correct receiver, the financial institution may post the payment to the correct account.
- The financial institution does this at its own risk and may be liable to the issuing agency if the financial institution is incorrect and there is a resulting loss by the agency.
- If the financial institution does post the payment to an account other than that identified in the transaction, then an appropriate NOC with the correct account number should be sent to the agency.



# Misdirected Payments

It is important to note that an FI is NOT required to manually verify that the name on the ACH entry matches the name on the account at the time the payment is posted.

An RDFI is only liable for posting the payment to the account in the ACH credit entry.

# Chapter 3 - Non-Receipt Claims

If the RDFI determines that it did not receive a payment:

1. The benefit recipient may contact the issuing agency to open a claim of non-receipt.
2. The issuing agency notifies the Fiscal Service.
3. Fiscal Service will initiate contact with the RDFI in an attempt to locate or resolve a claim of nonreceipt. They will most likely use the traditional FS Form 150.1, Trace Request Form.

**Any RDFI can be held liable for ACH payments not processed timely or correctly.**

If the federal government sustains a loss as a result of the financial institution's improper handling of an entry, the financial institution is liable to the federal government for the loss, up to the amount of the entry.



# Introducing the Exception Resolution Service (ERS)

- A new portal for FIs to receive inquiries regarding non-receipt claims and respond
- For more information, reach out to Fiscal Service at:  
[PFC.Teletrace@fiscal.treasury.gov](mailto:PFC.Teletrace@fiscal.treasury.gov)





# Chapter 4 - Returns

- An ACH payment must be returned if:
  - An enrollment has been terminated
  - The death or legal incapacity of a recipient, including a representative payee
  - The recipient's account has been closed
  - There is no current account for the recipient
  - For any other reason the financial institution is unable to credit the payment to the account
- All ACH Payments must be returned in accordance with Nacha Operating Rules & Guidelines.



The government is able to accept all Nacha-approved return reason codes.

Any returned payment automatically revokes the Direct Deposit authorization and may stop further payments from the federal agency to a recipient's account.



# Chapter 5 - Reclamations

- By accepting a recurring benefit payment from the government, an RDFI agrees to the provisions of 31 CFR part 210, including the reclamation procedures and the debiting of the RDFI's FRB account for any reclamation for which it is liable.
- An RDFI is liable for ALL benefit payments received after the death or legal incapacity of a recipient or death of a beneficiary, unless the RDFI meets the qualifications for limiting its liability.
- An RDFI will not be held liable for post-death benefit payments sent to a recipient acting as a representative payee or fiduciary on behalf of a beneficiary in the event that the beneficiary dies.
- It is up to each RDFI to consider its policy as an institution as to what steps it may wish to take, if any, upon learning of the death of a recipient in order to preserve funds in the account pending receipt of a Notice of Reclamation.

# Knowledge of Death

- Actual or Constructive knowledge of death:
  - Information, by whatever means, of the death or incapacity and has had reasonable opportunity to act
  - The federal agency or RDFI would have learned of the death if it had followed commercially reasonable business practices
- Can include:
  - Receipt of DNE or Notice of Reclamation
  - Any contact from an Estate, Executor, Administrator, etc.
  - Any contact from a probate court or funeral home
  - Credible information from other RDFI internal processes or personal awareness by an RDFI employee

# Death Notification Entry (DNE)

- A non-value ACH entry notifying an RDFI of the death or legal incapacity of a beneficiary or representative payee
- Contains one addenda record with:
  - Date of death
  - Social Security Number of the deceased
  - Amount of next scheduled payment
- Only originated by:
  - Social Security Administration
  - Railroad Retirement Board
  - Office of Personnel Management

# R14 and R15

- FI is encouraged to use R14/R15 to notify government agencies of the death if the RDFI learns of the death from a source other than the agency
  - Satisfies requirements to notify agency and return all post-death benefit payments received after knowledge of death





“When an RDFI receives actual or constructive knowledge of the death of a recipient, it must return all subsequent post-death benefit payments, meaning all post-death payments received after the FI learns of the death, to the government disbursing office using return reason code R15 or R14. The RDFI must also notify the sending agency of the recipient’s death. An ACH return using return reason code R15 or R14 constitutes proper notification to the federal agency of the recipient’s death. **An RDFI can, if they so choose, return by ACH any post-death benefit payments that were already posted to the recipient’s account before the RDFI received actual or constructive knowledge of death, by ACH, without waiting for a Notice of Reclamation, but the RDFI is not required or directed to do so.”**



# Liability

- Full Liability- RDFI is liable for ALL benefit payments received after the death or legal incapacity of a recipient or death of a beneficiary
- Limited Liability- RDFI may qualify to limit its liability if it:
  - Certifies it did not have actual or constructive knowledge of death at the time of the deposit of any post-death payments
  - Returns all post-death payments after learning of the death
  - Adequately responds to the Notice of Reclamation (form FS 133)

# Calculating Limited Liability

- If an RDFI qualifies for limited liability, the RDFI will only be debited for the ACH 45-day amount
- The ACH 45-day amount is the dollar amount of the post-death benefit payments received within 45 calendar days following the death

# Payments Coinciding with Death

An RDFI is not liable for any benefit payment dated whereas the effective date is the same as the date of death.

Coincidence?

## No Holding of Payments

- **Under no circumstances** should an RDFI hold benefit payments indefinitely in a suspense account, or by any other means, nor should benefit payments otherwise be held if any of the conditions apply on when to return a benefit payment
- Holding benefit payments may constitute a breach of the RDFI's warranty for the handling of federal government ACH payments under 31 CFR part 210 and could result in an RDFI's inability to limit its liability



# Collection from Withdrawers

If all or part of post-death payments have been withdrawn before RDFI learns of death, and RDFI responds to Notice of Reclamation and is qualified to limit its liability, the reclamation process will be suspended while agency attempts to collect outstanding total from withdrawer(s)

- If unsuccessful, RDFI will be debited for ACH 45-day amount



# Automated Reclamation Processing System

- Effective January 1, 2023: All reclamation responses must be submitted through the Automated Reclamation Processing System (ARPS) located in Treasury's Pay.gov web portal
  - except for responses by DFAS and any Treasury-approved exceptions
- Exceptions must be approved on a case-by-case basis by Bureau of the Fiscal Service and requests may be sent to:  
[pfc-reclamations@fiscal.treasury.gov](mailto:pfc-reclamations@fiscal.treasury.gov)

# ARPS Registration

- <https://www.pay.gov/public/form/start/840100754>
- Financial institutions must enroll by creating a profile for the financial institution
  - This is a self-enrollment process
- Financial Institutions are responsible for designating authorized personnel to establish Pay.gov user credentials
- Fiscal Service has published a resource for the Automated Reclamation Processing System – ARPS User Guide
  - Updated in November 2023
- Financial institutions will continue to receive their Notices of Reclamation via their current delivery method



## Time Limits

- Initiation of Reclamation: 120 days
- Scope of Reclamation: 6 years
- RDFI Reaction Time: 1 business day
- RDFI Response Deadline: 60 calendar days



# Reclamation Responses

- If the RDFI has not responded to the original NOR within 30 days, a follow-up notice will be sent as a reminder
- If the RDFI's response is inadequate, the government will send the RDFI a rejection via email, indicating the reason for the disapproval
- If no adequate response is received from the RDFI within the allotted timeframe, the government will initiate a debit action for the outstanding amount
- **ALL DEBIT ACTIONS ARE FINAL!**

# Debiting Fed Account

If federal account is debited, reclamation ticket number will appear on the FI's Statement of Account for reconciliation purposes

- Ticket number found on original Notice of Reclamation

9914 (215) 516-8154 57190 Treas ACH Rec Auto

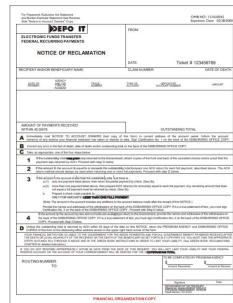
BR	BATCH	REF	OFFSET	FI	DEBIT
	03884	7502	051000033	<b>0000003456</b>	500.00
	03890	7503	051000033	<b>0000003459</b>	250.00
	03892	7504	051000033	<b>0000003181</b>	367.00

Reclamation  
Ticket  
Numbers

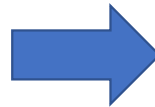
# NOR Retention

Green Book states FIs should retain a copy of a Notice of Reclamation for a minimum of three years or until the associated case is closed

FS Form 133



The image shows a sample of FS Form 133, titled "NOTICE OF RECLAMATION". The form includes fields for "NAME", "ADDRESS", "CITY", "STATE", and "ZIP", as well as "DATE OF DEPOSIT" and "DATE OF NOTICE". It also contains several numbered sections (A, B, C, D) with detailed instructions and a signature line at the bottom.



# Notice to Accountholder

Promptly mail Notice to Account Owners (Part 5) to last known address

- Include RDFI notice of action taken or plans to take against the account (not included)

If RDFI is returning less than the outstanding amount:

- RDFI must provide name, address, and phone number of person(s) who withdrew from the account
  - If sole account owner, RDFI must provide the same information for the deceased recipient



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