



DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
P.O. BOX 51318
PHILADELPHIA, PA 19115-6318

To All Federal Agencies For
Which Fedwire Services Are
Provided By The Philadelphia
Financial Center (PFC)

Management Letter No. 07-02
June 29th, 2007

The Financial Management Service (FMS) is notifying its agency payment customers of changes being made to the Same Day Payment Request (SDPR) feature of the Secure Payment System (SPS). SDPR will be subject to offset against delinquent debts beginning on July 23rd, 2007.

The Debt Collection Improvement Act of 1996 (DCIA) requires that eligible Federal payments be offset to satisfy a delinquent debt owed to the Government by a payee (31 U.S.C. 3716). This law centralized the government wide collection of delinquent debt under the responsibility of FMS. FMS established the Treasury Offset Program (TOP), a computer matching program, to collect federal debt using a taxpayer identification number (TIN). The TIN is a nine-digit number, which is either an Employer Identification Number assigned by the Internal Revenue Service (IRS) or a Social Security number assigned by the Social Security Administration (SSA). TOP compares the TINs of delinquent debtors with the names and TINs of recipients of federal payments. If there is a match, the federal payment is reduced (offset) to satisfy the overdue debt. In order to support the TOP program, FMS issued the TIN Policy Directive on November 9, 2000. This directive requires Federal payment certifying officials to include a valid TIN on all Federal payment vouchers certified to Treasury for payment.

Previously, the technical capability was not available for agencies to enter a TIN for SDPR. FMS has recently made changes to SPS and the SDPR process to allow agencies to enter a TIN for SDPR to determine if the payment is for a delinquent debtor.

Agencies making SDPR through SPS will now be required to enter the payee's TIN, unless the payment is exempt from TOP. To determine whether a payment is exempt from TOP, please visit <http://fms.treas.gov/debt/regulations.html>. If the TIN entered for the SDPR matches the TIN of a delinquent debtor in FMS' TOP database, your agency will be expected to re-create the request as an ACH payment or a check payment so the payment can be offset. This is due to the fact that offset capability is not available within the Fedwire system. Agencies should exhibit care when creating an ACH payment to ensure the banking information is correct. Many times, financial institutions will use a different routing number to receive ACH or same day payments. If there is not a match, the agency can continue to process the payment as a SDPR. Detailed instructions on this new functionality will be sent to your respective Data Entry Officers (DEOs) and Certifying Officers (COs). Additionally, the DCIA generally requires that all Federal payments be made by ACH. If you are required to resubmit the payment request, it should generally be made as an ACH payment.

It is important for agencies to comply with this new requirement and process for SDPR. A recent General Accounting Office (GAO) audit found that many payment requests submitted to

Treasury for disbursement lacked a valid TIN, and therefore prevented eligible payments to delinquent debtors from being offset. As a result of this GAO finding, FMS has been monitoring agency TIN compliance and working closely with its customer agencies to ensure that a valid TIN is included in each payment request.

If your agency has any technical questions related to this new process, please contact our SPS Help Desk at (215) 516-8034. Policy questions can be directed to Matt Helfrich, Manager, Customer Service Branch at (215) 516-8022.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Colarusso". The signature is fluid and cursive, with the first name "Mike" and last name "Colarusso" clearly distinguishable.

MICHAEL COLARUSSO
REGIONAL DIRECTOR
PHILADELPHIA FINANCIAL CENTER