

U.S. Department of the Treasury

Financial Management Service

Paper Check Conversion Over the Counter
(PCC OTC)



Standard Operating Procedures
Introduction

Release 5.1

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Manual Contents

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Chapter 2 - Installation and Configuration	System Administrator, POC
Chapter 3 - System Administration Tool (SAT)	System Administrator, POC
Chapter 4 - Batch Manager (BM)	POC
Chapter 5 - ELVIS	All Users
Chapter 6 - Daily Processing Step-By-Step User Guide	POC, Operator
Chapter 7 - Reporting and Balancing with CASH-LINK	POC, Operator
Chapter 8 - Troubleshooting	POC, Operator
Chapter 9 - Appendix	POC, Operator
Chapter 10 & 11 – RDM Scanner User Guides	POC, Operator

Manual Conventions

The following typographical conventions are used in this manual:

1., 2., 3.	A numbered list indicates steps in a set of instructions.
Bold font within a procedure	Indicates an instruction to follow such as, Click the 'Edit' button.
<i>Italics</i>	Italics are used for notes and references to other chapters in the SOP.

Please note: These procedures cover the PCC OTC operation only. The Agency is required to incorporate the PCC OTC processes into their own existing internal operating procedures. We strongly encourage you to establish procedures that ensure accurate and timely reconciliation of all PCC OTC activity.

PCC OTC Software Conventions

Navigation in the POS, the SAT and Batch Manager can be achieved with or without a mouse. If using a mouse, buttons and fields can be clicked to activate. If using only the keyboard, the 'Tab' key can move the user from field to field, and any field or menu option with an underlined letter within the command line can be performed by clicking the 'Alt' key plus the underlined letter.

Introduction

What is Paper Check Conversion Over the Counter (PCC OTC)?

Paper Check Conversion Over the Counter (PCC OTC) is the process of converting paper checks presented to agencies into electronic ACH (Automated Clearing House) debits or to image documents that are cleared through the Check 21 network. The process works as a Point of Sale (POS) when the consumer presents a physical check to the operator for payment, or as an Accounts Receivable when the check is received through the mail as payment. The operator takes the completed check and inserts it into the Point of Sale scanner that reads the MICR (Magnetic Ink Character Recognition) line on the bottom of the check and captures the image of the check into the POS computer. The check image is forwarded and stored for 7 years in a central database called the Central Image Research Archive (CIRA), which is part of the ELVIS system. ELVIS stands for **EL**ectronic **V**erification and **I**mage **S**ervice. When processing in a 'Person Present' mode, the operator returns the cancelled check to the consumer on the spot with the transaction information. The financial information captured from the MICR line is transmitted to the Federal Reserve Bank of Cleveland (FRB-C). FRB-C processes the transaction either through the ACH network or the Check 21 network, depending on the initial agency set up. FRB-C makes the CA\$HLINK II entries, and provides the deposit ticket and debit voucher for the agency retrieval through ELVIS.

PCC OTC resides within the Treasury Web Applications Infrastructure (TWAI). TWAI is a highly secure environment provided by the Federal Reserve Information Technology (FRIT) to support several enterprise-wide Treasury applications. The TWAI is compliant with the Federal Information Processing Standard (FIPS) 140-2. All communications between PCC OTC and agencies is conducted using version 3-only Secure Socket Layer (SSL) encryption. PCC OTC has two locations within the TWAI, a production environment and a fully redundant, replicated secondary site for contingency purposes. A test environment is available for agencies to test with PCC OTC. All connectivity to and from the TWAI is supported by TWAI System Administrators. PCC OTC is supported by technicians at the Federal Reserve Bank of Cleveland and System Administrators at TWAI.

To participate in the PCC OTC program, Agencies must submit an Agency Participation Agreement (APA), an Agency Site Profile (ASP) and purchase a scanner. More information about the documents and equipment can be obtained by contacting your representative at FMS.

What are the PCC OTC Components?

There are two major components in PCC OTC that are used to process a check from presentment to collection. POS is the software used on the Agency's computer to process check transactions and ELVIS is used for researching check images. The entire family of products consisting of the POS and ELVIS is known as PCC OTC.

The first component is the POS — **P**oint **O**f **S**ale. The POS is a software package that is installed on the Agency's computer. The POS contains its own components in the form of separate modules. 1) The SAT stands for System Administration Tool. This component is used by the Agency's Point of Contact (POC) to grant access to individual users. Other security type functions are also performed within the SAT. 2) The POS is the PC-based software used to capture images of the check along with transaction data. The transactions are collected in a batch and transmitted to ELVIS via a secured transmission over the internet. 3) Batch Manager is a component to monitor and manage batches. 4) Tray Manager is a component that runs in the background and controls all functionality within the POS/SAT/Batch Manager.

The second component is ELVIS — **E**lectronic **V**erification and **I**mage **S**ervices. ELVIS is the Host application where all check images are stored in the subsystem called the Central Image Research Archive (CIRA) for 7 years or longer. ELVIS also houses the Master Verification Database (MVD) which is a listing of returned PCC OTC transactions. ELVIS is also used for retrieving deposit/debit voucher reports, viewing/editing the MVD, and generating various reports necessary for balancing. In addition, ELVIS creates files that are needed to complete the item collection process.

Figure 1.1 illustrates how the components within PCC OTC are related. Figure 1.2 is an example of the Point of Sale Data Entry Screen, and Figure 1.3 is an example of the ELVIS (**E**lectronic **V**erification and **I**mage **S**ervice) Logon screen.

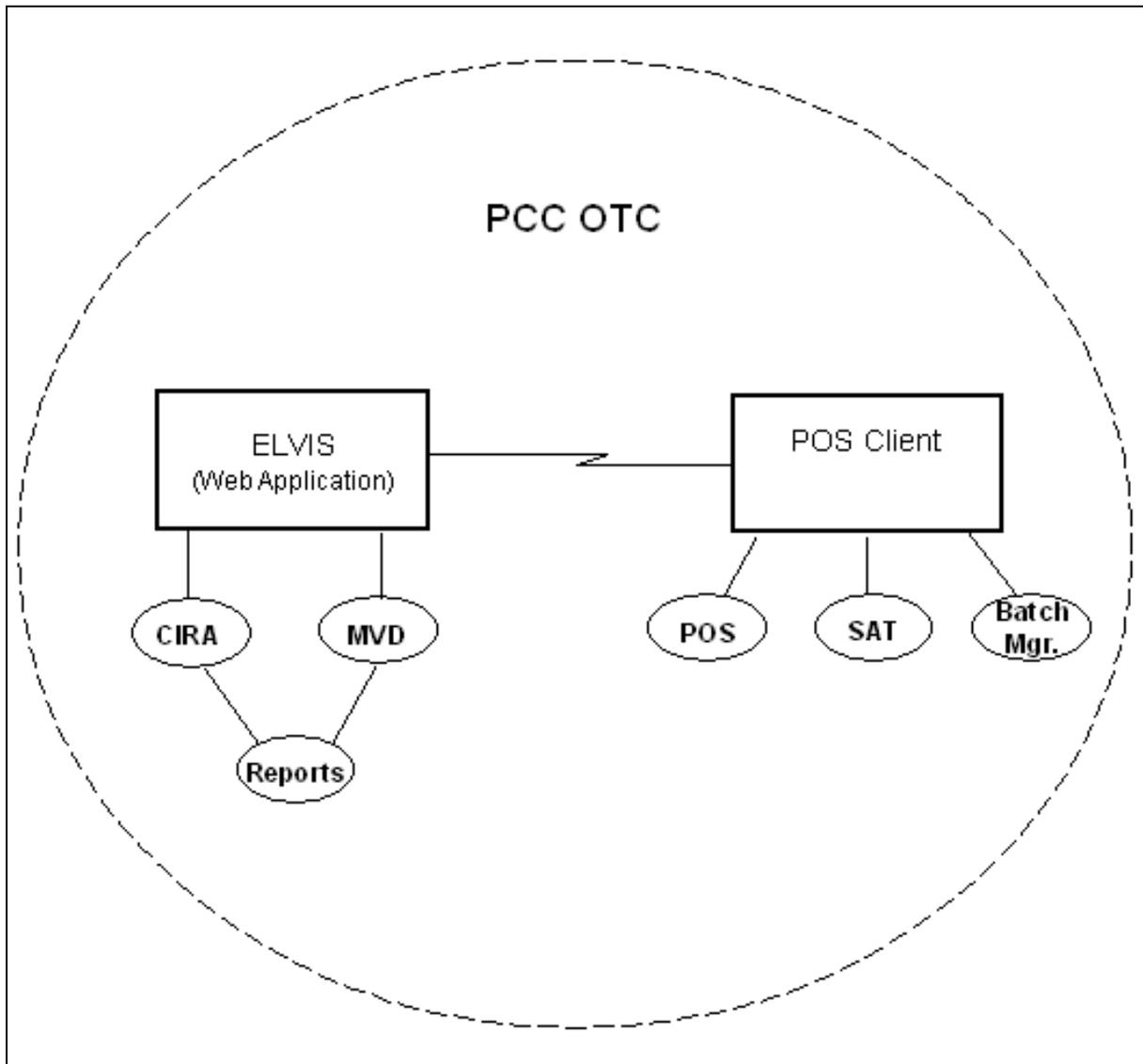


Figure 1.1

Point-Of-Sale Standard Operating Procedures

Paper Check Conversion Over the Counter: Point-Of-Sale [sharon b]

User: sharon b
Person: Present
Check: Personal

Amount: 377.70
SSN: 999-99-9999

Enter Data

DATE 3-14-06

D094339PWC

DAY TO THE ORDER OF [signature] \$ ****377.79

Check Standardization

SAMPLE - NOT NEGOTIABLE

04331013905228362*

0000037779*

Waiting for back of check

Scan back of check

4 3/14/2006

SINGLE CHECK MODE

Location: 0000789501
test1

Person: Present Not Present

Item Type: Personal Non Personal

Start Scan
Void
Batch List
Batch Close
Cancel
View Log
Receipt
Clear
Close

Figure 1.2

TREASURY DEPARTMENT
U.S. DEPARTMENT OF THE TREASURY

U.S. Treasury
Paper Check Conversion Over the Counter

Welcome! Please enter your user name and password:

User Name: Password:

[Change your Password](#)

[To learn more about PCC-OTC](#)

WARNING: Information Protection
You are using an Official United States Government System, which may be used only for authorized purposes. Unauthorized modification of any information stored on this system may result in criminal prosecution. The Government may monitor and audit the usage of this system, and all persons are hereby notified that the use of this system constitutes consent to such monitoring and auditing. Unauthorized attempts to upload information and/or change information on these web sites are strictly prohibited and are subject to prosecution under the Computer Fraud and Abuse Act of 1986 and Title 18 U.S.C. Sec. 1001 and 1030.
[Rules of Behavior](#) - [Privacy Statement](#) - [Accessibility Statement](#)

Figure 1.3

Master Verification Database (MVD)/Local Verification Database (LVD)

The Master Verification Database (MVD) provides the POS system information to ensure a presented check is acceptable. It aids the Agency in determining the history of a particular check writer. The verification database is an optional online database that maintains the agency hierarchy check cashing policy, dishonored check information, and manually entered blocked items based on an agency's policy. The Master Verification Database (MVD) provides downloads of prior negative PCC OTC check information and blocked items to the POS via the Local Verification Database (LVD) on a daily basis. The LVD is a verification database that resides on each POS terminal. The information in the LVD prevents checks from being cashed on accounts, or other agencies specified criteria, that are in violation of the agency's policy. Verification information is available online. The MVD can be manually updated by the Federal Reserve Bank of Cleveland (FRBC) and selected agency personnel as determined by each agency. If the agency utilizes the MVD and LVD, refer to the Master Verification Database section for more information.

What is ACH?

The ACH Network is a nationwide batch-oriented electronic funds transfer system governed by the NACHA (National Automated Clearing House Association) OPERATING RULES which provide for the interbank clearing of electronic payments for participating depository financial institutions. The Federal Reserve and Electronic Payments Network act as ACH Operators, central clearing facilities through which financial institutions transmit or receive ACH entries.

ACH payments include:

- Direct Deposit of payroll, Social Security and other government benefits, and tax refunds;
- Direct Payment of consumer bills such as mortgages, loans, utility bills and insurance premiums;
- Business-to-business payments;
- E-checks;
- E-commerce payments;
- Federal, state and local tax payments.

What is Check 21?

Check 21, also known as ‘Check Clearing for the 21st Century’ Act, was signed into law on October 28, 2003. Provisions of the law took effect on October 28, 2004. It is important to understand the effects of Check 21 on PCC OTC. Check 21 provides the legal framework for the creation of substitute checks, which can be used in place of the original paper document, without an agreement in place with other financial institutions. A substitute check is a paper reproduction of the original check. To meet legal requirements it must:

- Contain an image of the front and back of the original check.
- Bear a legend that states, “This is a legal copy of your check. You can use it the same way you would use the original check.”
- Display a MICR line containing all information appearing on the MICR line of the original check.
- Conform in paper stock, dimension, and otherwise, with generally applicable industry standards for substitute checks.
- Be suitable for automated processing in the same manner as the original check.
- Check 21 provides one seamless deposit and reporting stream. Check 21 has brought the following changes:
 - Possible elimination of TGA accounts and expenses.
 - Consolidated image archive, reporting, verification, settlement, customer service and representation for every agency point-of-presence worldwide.
 - Better accounting, security, privacy and management controls.

Overall, this legislation has modernized the nation’s check payments system. Check 21 is designed to foster innovation in the payments system and to enhance its efficiency by reducing some of the legal impediments to check truncation. ALL payment instruments are eligible for processing under PCC OTC, including Business Checks, Money orders, Treasury checks, Credit card checks, Traveler’s checks, Cashier’s checks, Official checks, Third-party checks, Payroll checks and checks drawn on state or local government.

Check 21 requires financial institutions to accept a substitute check from a presenting institute and grant it equivalent status as the original check, if the substitute check meets prescribed requirements. It also requires a reconverting bank to meet the warranties and indemnities enacted through the legislation and subsequent regulations. Check 21 requires financial institutions to provide education to individual consumers on substitute checks and consumer recredit rights. For more information on Check 21, visit:

<http://www.frbservices.org/Retail/Check21.html>

Note: All non-personal items are processed via Check 21.

Learn More about PCC OTC

There is a link at the bottom of the ELVIS Login Screen to learn more about PCC OTC (Figure 1.4). This link will take you to the PCC OTC information website that you see below in Figure 1.5. A password is not needed to access the informational site.

The PCC OTC website is an informational site that can be used to find answers to your questions about using PCC OTC. It is updated often with new information on upcoming changes, FAQ's, News, etc. It can also be used to download the latest bulletins and newsletters. You can access the site outside of ELVIS at <https://www.pccotc.org/pccotc/index.htm>.



Figure 1.4

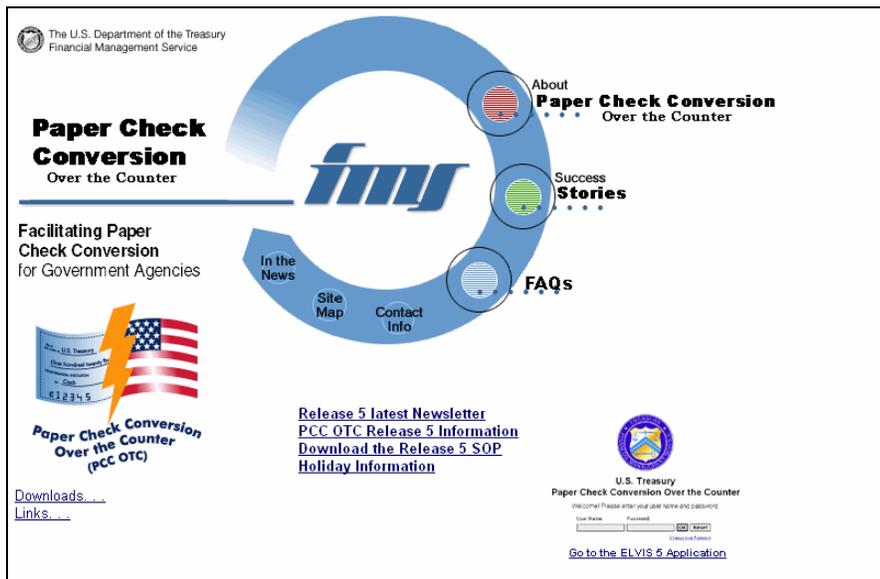


Figure 1.5

What's New for PCC OTC Release 5.1?

Release 5.1 includes functionality enhancements to both the POS software and ELVIS (Electronic Verification and Image System). They include:

POS:

- Batch scanning capability for the EC7000i scanners. Checks are continuously scanned into the check scanner without inputting the data information until the last check is scanned. Once the last check is scanned into the system the operator will input the corresponding data for each check.
- Franking capability for EC7000i scanners. As with the EC6000i scanners with Release 5, 5.1 expands this capability to the EC7000i scanners allowing checks to be automatically stamped with the words, “Electronically Presented” at the end of the transaction.
- MICR codeline correction for erroneous scans. For authorized users only, codeline correction allows for characters within the MICR line of the check to be corrected when interpreted incorrectly by the scanner.
- Image quality edits are performed on each check. If the check passes the image quality test, item processing continues. If the check fails the image quality test, i.e., (too dark, too light, etc.) the operator has the opportunity to rescan the check, accept the check as is (this option is not advisable), or cancel the transaction.
- Enhanced duplicate check detection. If the POS detects a duplicate item within a batch, or between batches (based on previously processed and stored batches on the same PC), a prompt appears requesting that the operator resolve the issue. Duplicate checks are determined and detected if the MICR and the check amount match those of another check. Retention of batches allows duplicate check detection for many batches instead of just one batch.
- Batch control/balancing options. Authorized individuals can choose configuration settings to make batch control optional or mandatory at either the start of the batch, or at batch close.
- Keyboard navigation providing the ability to maneuver through the application without using a mouse.

ELVIS:

- Floating menu bar that can be hidden allows for a larger work area.
- Ability to work with screen reader applications for the visually impaired.
- Supports the use of the browser’s ‘back’ button in reports.
- Date fields can be typed or selected from the calendar icon.
- Online acceptance of the Rules of Behavior eliminates the need for the Rules of Behavior paper form. Automatically prompts the new user to read and agree to the terms. All users are prompted on an annual basis.
- The Check Number, Batch ID, Settlement Date, Debit Voucher Number, Deposit Ticket Number, and up to 24 configurable fields have been added to the CSV report
- Keyboard navigation – providing the ability to maneuver through the application without using a mouse.

Settlement and Reporting

The Federal Reserve Bank of Cleveland will convert the financial information captured from each check that was forwarded to ELVIS to an electronic Automated Clearing House (ACH) item or a Check 21 item.

Location Group Management

The MVD restricts the display of data based on the location of the user. A user will only see records which are associated with locations at or below the user’s location in the hierarchy or at locations specified in the Location Group. Depending on the type of data being requested, different rules will apply, as appropriate. Refer to the Master Verification Database section for more information.

CA\$HLINK II

The CA\$HLINK II system is used to settle and report transactions for the U.S. Government and its agencies. This system will reflect deposits for all checks processed as well as debits for checks that are returned to an agency. Each day, the Disbursing Officer, or designated personnel will log on to ELVIS and request a report that details transactions that have posted to CA\$HLINK II. For more information on requesting reports, please refer to the ELVIS chapter of this SOP.

POS Diagram

The following diagram depicts the flow of transactions through the Paper Check Conversion Over the Counter process conducted through the POS: (Figure 1.6)

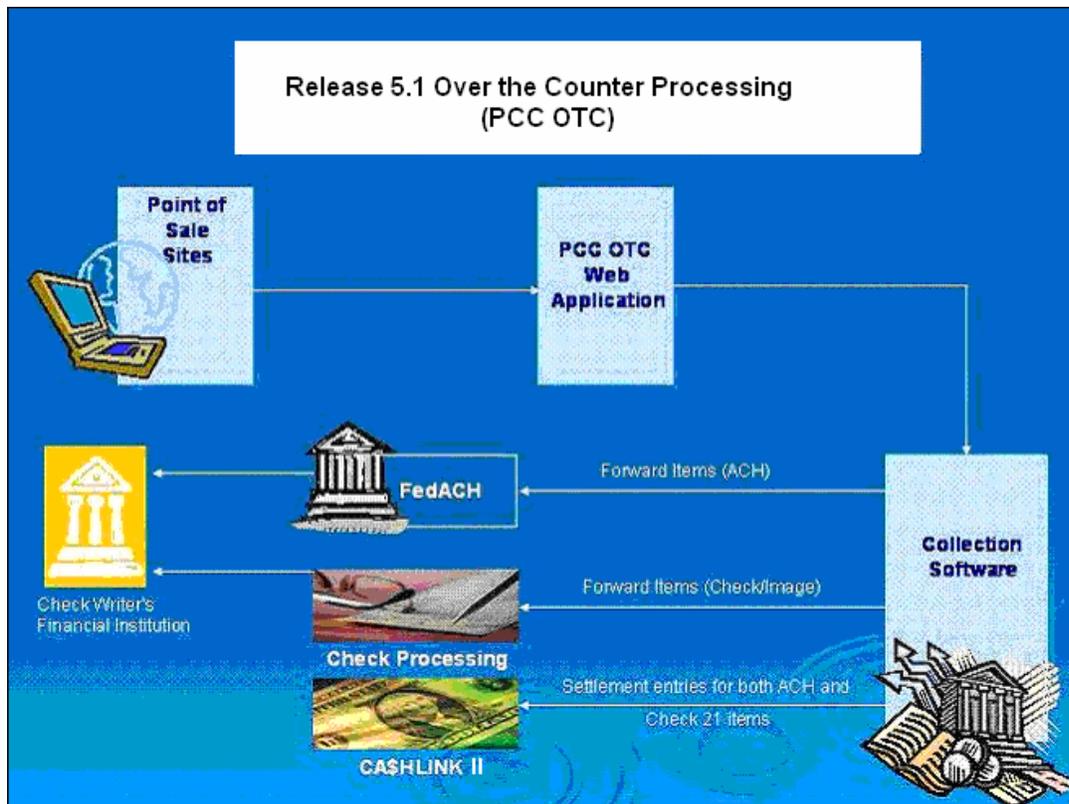


Figure 1.6

Customer Support Hours

All PCC OTC related inquiries should be directed to the FRB-C Customer Service at 216-579-2112, or 1-800-624-1373, or military DSN at 510-428-6824, option 4, option 5, option 4, or via email at pccotc@clev.frb.org. Customer support hours are from 6:00 a.m. ET until 8:00 p.m. ET Monday through Friday. Outside of these hours you can leave a voice mail message or send an email and our customer service staff will assist you as soon as they are available.

PCC OTC System Availability

The PCC OTC application is available for queries and batch processing through ELVIS 24 hours a day, 7 days a week with the exception of our maintenance window every Sunday morning from 2 AM - 6 AM ET. If the application has a planned period of downtime, such as hardware or software upgrades, advance notice will be provided to PCC OTC customers via e-mail with the timeframe of the planned downtime. Contact customer service if you need to add names to the distribution list for these notifications. Should the PCC OTC application experience any unplanned outages (on rare occasions), e-mails will be sent to the same distribution list to advise them of the outage and the expected time of resolution.