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Financial Management Service (FMS)

OTC Channel

Paper Check Conversion Over the Counter (PCC OTC)

User Manual

Chapter 1
Introduction

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Manual Contents

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Panini Scanner User Guide	POC, Operator
Queue Interface (Military Agencies Only)	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 reference to other chapters or documents.
<i>Bold Italics</i>	Italics are used for notes.

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. It is strongly encouraged to establish procedures that ensure accurate and timely reconciliation of all PCC OTC activity.

POS Software Conventions

Navigation in the POS, SAT, ELVIS 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. Pressing the F12 key when the focus is on any particular POS screen, presents a screen that can be read by assistive technology.

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 Point of Sale (POS) when the consumer presents a physical check to the operator for payment, or as 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 **E**lectronic **V**erification **I**maging **S**ystem. When processing in 'Person (Customer) Present' mode, the operator returns the cancelled check to the consumer on the spot with the transaction information. The check should be stamped "Electronically Processed" either by hand or by the scanner to prevent the check writer from representing the heck. The financial information captured from the MICR line is transmitted to Treasury/FMS. Treasury/FMS processes the transaction either through the ACH network or the Check 21 network, depending on the initial agency set up. Treasury/FMS makes the CASHLINK II entries and provides the deposit ticket and debit voucher for agency retrieval through ELVIS.

PCC OTC resides within the Treasury Web Applications Infrastructure (TWAI). TWAI is a highly secure environment provided by Federal Reserve Information Technology (FRIT) to support several enterprise-wide Treasury applications. The TWAI is compliant with 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 Citibank 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 PCC OTC compatible check scanner. More information about these documents and equipment can be obtained by contacting your representative at Treasury/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. These two components are collectively known as PCC OTC.

The first component, the POS or **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 **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 tickets and 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.

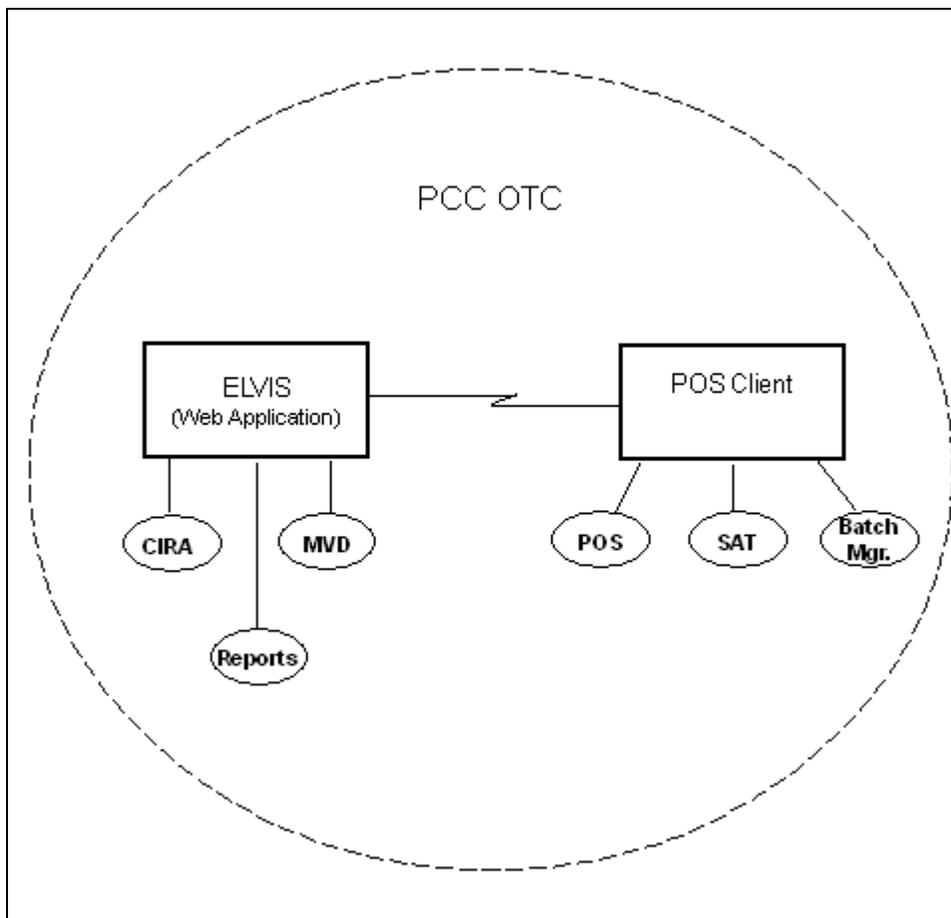


Figure 1.1

Figure 1.2 is an example of the Point of Sale Data Entry Screen.

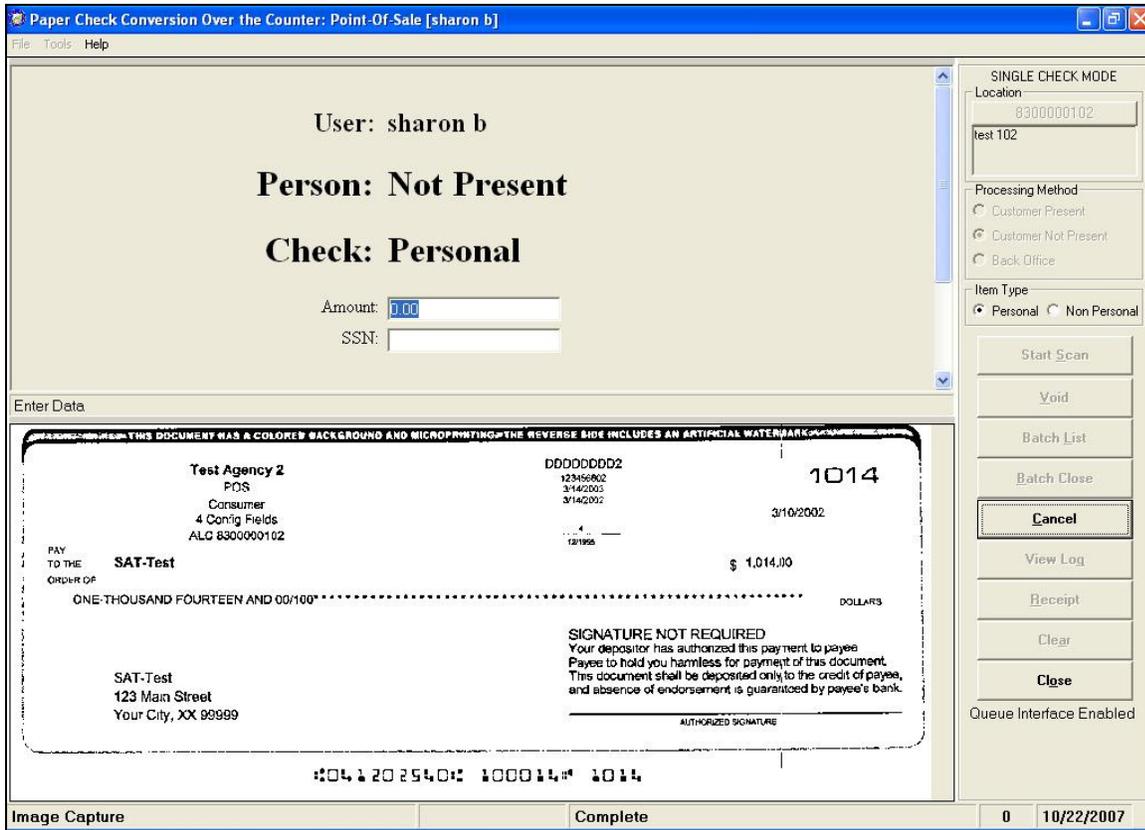


Figure 1.2

Figure 1.3 is an example of the ELVIS (Electronic Verification Imaging System) Logon screen.

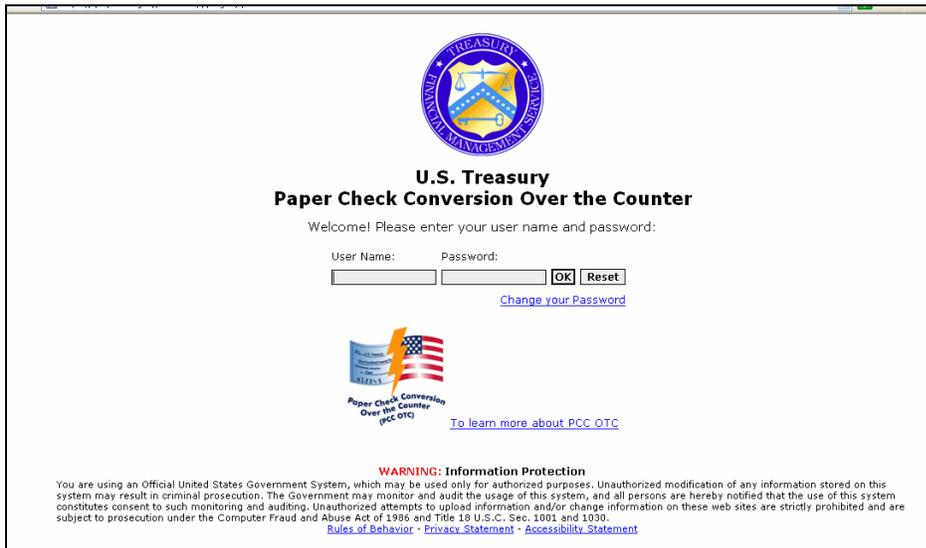


Figure 1.3

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 Treasury OTC Support Center 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, a substitute check 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.

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

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>

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 connects to the PCC OTC information website, pictured 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 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. The site can be accessed outside of ELVIS at <https://www.pccotc.gov/pccotc/index.htm>.

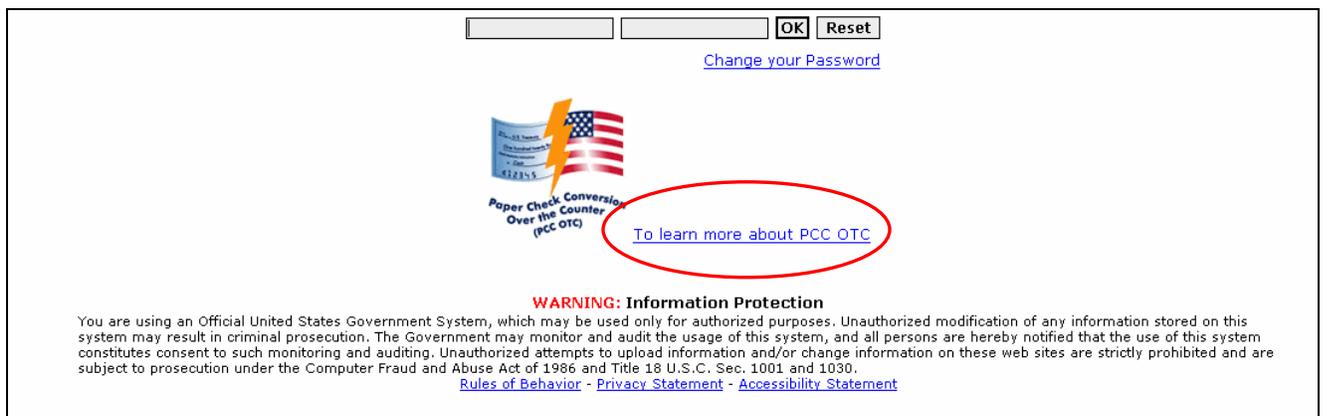


Figure 1.4

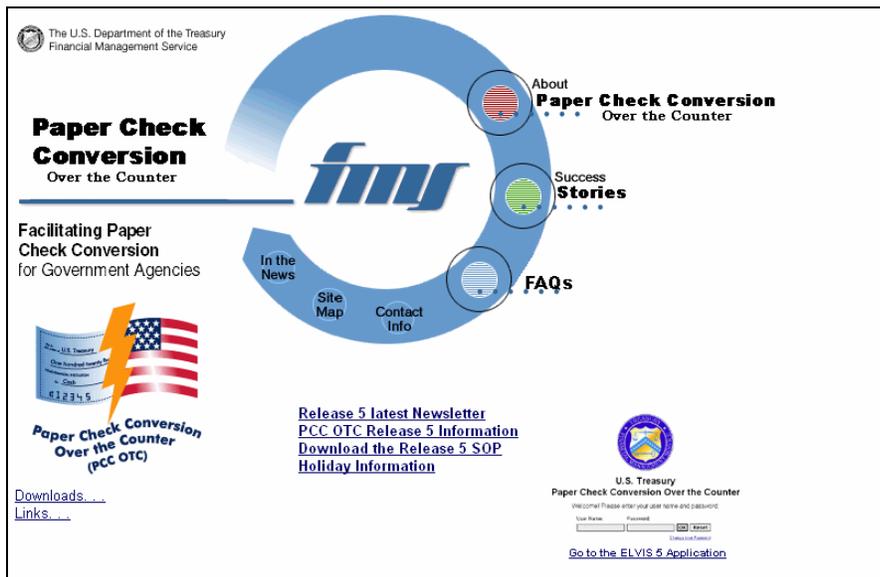


Figure 1.5

What's New for PCC OTC Release 5.4?

ELVIS

Back Office Conversion Processing Mode

ELVIS accepts and displays checks scanned with a processing mode of Back Office Conversion (BOC). The Back Office processing method should be used by Agencies that receive payments in person at the point-of-sale location, then scans the payments at a later time in a controlled, back office environment.

Environmental Upgrades

Internet Explorer 7 is now a supported browser.

Password Policy

A password cannot be reused if it has been used in the past 10 days. For complete information on password requirements, please see *Appendix R – Password Requirements* in the Appendix chapter of this User Manual, or contact the Treasury OTC Support Center.

Note: *POS Releases lower than 5.0 have not been tested and are not guaranteed to work with ELVIS Release 5.4.*

POS

Back Office Conversion

The Back Office processing method allows customers to convert payments received at the point-of-sale locations to ACH entries in a controlled, back-office environment.

The POS includes a new “Back Office Conversion” mode to capture check items. The new mode requires the following updates:

- CIRA query results and detail screens display the words ‘Back Office’ for the processing mode for all Back Office items.
- On the CSV Agency detailed item report, the check type and processing mode are indicated as ‘personal/non personal’ and ‘Back Office’ respectively.

Panini scanners

Updates have been made to correct some known issues with the Panini scanners:

- The Panini was unable to scan additional checks once the hopper was empty and caused an error condition.
- When a computer went into a power save mode, the Panini scanner would lose connection with the POS causing an error condition. Now whenever the computer goes into power save mode, the user is logged out of the system.

Queue Interface

The ability to configure and send information via the Queue Interface has been added. The Queue Interface provides the ability for a Military Agency's Application to interface with the Paper Check Conversion Over the Counter (PCC OTC) application, to accommodate a single transaction input for both applications, and provides the ability to store information so that both applications can share common transaction data.

- During the POS installation, a question is posed to install the Queue Interface. The user must respond with either 'Yes' or 'No'.
- If 'Yes' is chosen, a new permission, 'Configure Queue Interface' is added but not assigned to a role.
- Adding the permission to a role creates a new tab on the SAT System Configuration screen labeled 'Queue Interface' which allows Agency customization and enables the Queue Interface.
- Once enabled, a 'Queue Interface Enabled' message appears at the bottom right side of the POS data entry screen.
- The 'Help', 'About' screens in the POS, SAT, and Batch Manager states, "Queue Interface Installed" if the Queue Interface is installed.

Updated Password Policy

Modifications have been made to the password policy for both the POS and ELVIS. They now use the same password policy. For information on password requirements, please see *Appendix R – Password Requirements* in the Appendix chapter of this User Manual, or contact the Treasury OTC Support Center.

Web Service Interface

The Web Service Interface can be used by Agencies to retrieve deposit ticket numbers from ELVIS using the A L C+2 and effective date. A Web Service Interface guide is available to assist with setup. Agencies who are interested in using the Web Service Interface should contact Treasury OTC Support Center.

Settlement and Reporting

Treasury/FMS converts the financial information captured from each check that is forwarded to ELVIS to an electronic Automated Clearing House (ACH) item or a Check 21 item.

Batch Size Limitation

The maximum number of items that should be included in one batch is 6,000 items, and the maximum dollar amount per batch is \$9,999,999,999.99.

Note: The max number of items is also limited by the TIFF file.

Location Group Management

The MVD restricts the display of data based on the location of the user. A user only sees 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 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 reflects 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 logs on to ELVIS and requests 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 User Manual.

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)

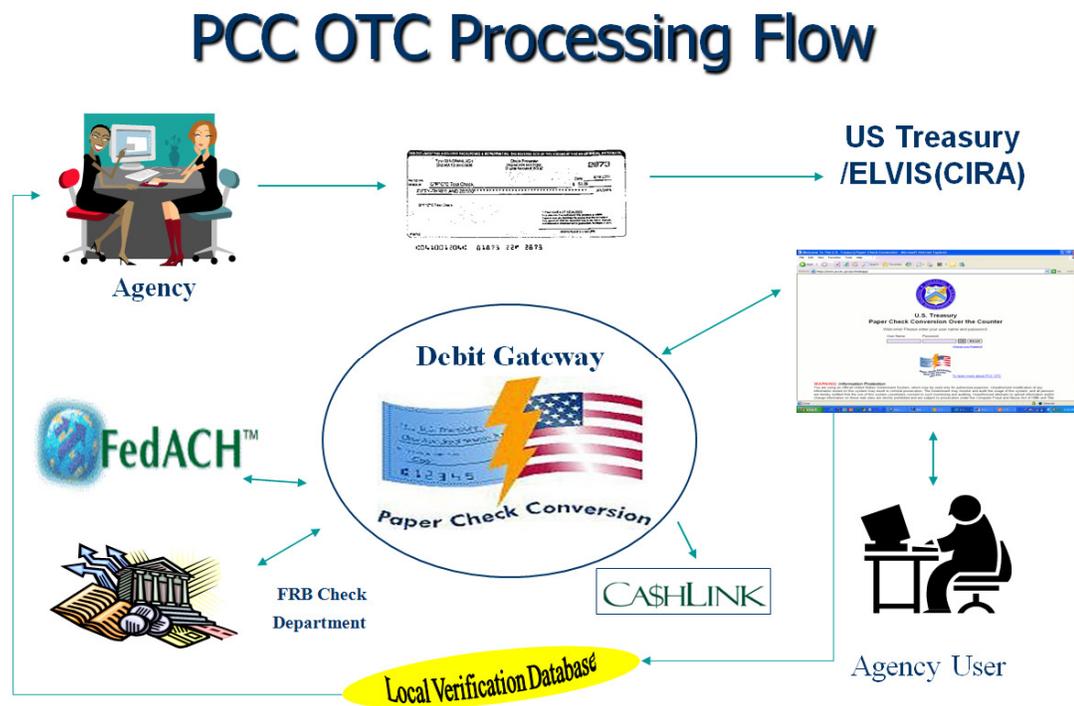


Figure 1.6

Getting Started with PCC OTC

Cost

The Agency's cost for participating in the program is limited to the purchase of hardware. Scanners, scanner cables and USB. Flash drives can either be purchased from the Treasury/FMS, or a vendor of the Agency's choice. The RDM POS check scanner model supported is the EC7000i or the Panini My Vision Batch scanner models X-30, X-60, or X-90. Older scanner models (RDM EC5000i, EC6000i) are supported but may not be available for purchase. All other computer hardware is purchased through another vendor. The Treasury/FMS pays all other fees associated with the program so there are no hidden software purchase costs or transaction fees.

Minimal Paperwork

Agencies need to submit a signed Agency Participation Agreement, an Agency Site Profile for each location, and an interagency agreement if purchasing hardware using IPAC. Once agreements are signed and received, the Agency can be up and running on the software within 2 weeks.

User Training

The program offers a comprehensive User Manual. We recommend that each person who will use the system participates in a tailored training sessions; your Treasury OTC Support Center Deployment Specialist will work with you to determine training type and schedule. To get the most out of the training session, it should be scheduled within 2 weeks of the Agency's conversion date.

Customer Support Hours

All PCC OTC related inquiries should be directed to the Treasury OTC Support Center at (866)945-7920, or 302-324-6442, or military DSN at 510-428-6824, option 4, option 5, option 4, or via email at FMS.OTCChannel@citi.com. Customer support is available 24 hours a day, 7 days a week.

Look up Phone Numbers for Financial Institutions

Go to www.fededirectory.frb.org.

Contact the Treasury OTC Support Center at (866)945-7920, or 302-324-6442, or military DSN at 510-428-6824, option 4, option 5, option 4 or via email at FMS.OTCChannel@citi.com

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 A M - 6 A M E T.

If the application has a planned period of downtime, such as hardware or software upgrades, advance notice is provided to PCC OTC customers via e-mail with the timeframe of the planned downtime. Contact the Treasury OTC Support Center if additional names need to be added to the distribution list for these notifications. Should the PCC OTC application experience any unplanned outages (on rare occasions), e-mails are sent to the same distribution list to notify Agencies of the outage and to provide the expected time of resolution.