



Federal Financial Management Business Use Cases for Apply-to-Repay

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PURPOSE

Treasury’s Office of Financial Innovation and Transformation (FIT) is the Line of Business (LoB) Managing Partner for the Federal Financial Management (FFM) service area. FIT has developed a library of FFM Business Use Cases which reflect the business needs of the financial management community. The library consists of the ***Federal Financial Management Business Use Case Library Overview***, that provides the framework for understanding and using the business use cases, and a series of documents containing the business use cases organized within end-to-end business processes. A list of the available documents can be found in Appendix A.

This document contains the FFM business use cases associated with the Apply-to-Repay Business Process and should be used in conjunction with the ***Federal Financial Management Business Use Case Library Overview***.

BUSINESS USE CASE STRUCTURE

The sections of the FFM business use cases are described below.

Business Use Case Identifier: includes information about the key underlying components. The notation for a business use case identifier is shown below.



Business Scenario(s) Covered: identifies differing situations or conditions that occur when executing an end-to-end business process and reflect the scope and complexity of federal government agency missions.

Business Actor(s): identifies the typical offices or roles performing events in the business use case.

Synopsis: provides a summary of the events that take place within the business use case.

Assumptions and Dependencies: includes context information about events that have occurred prior to the first event identified in the business use case or outside of the business use case and dependencies on events accomplished in other business use cases. There are several common assumptions that are established for all business use cases. Additional assumptions or dependencies are included if needed for the specific business use case.



FFMSR ID Reference(s): includes a list of the Federal Financial Management System Requirements (FFMSR) that apply for the business use case.

Initiating Event: identifies the event that triggers the initiation of the business use case.

Typical Flow of Events: includes the Federal Financial Management (FFM) and non-FFM events that may occur to complete the business scenario(s) included in the business use case. The non-FFM events are provided for business context. Also included are the inputs and outputs or outcomes that one would expect to occur during or as a result of the event.



APPLY-TO-REPAY BUSINESS USE CASES

110.FFM.L2.01 Federal Government Direct Loans Subject to Credit Reform
End-to-End Business Process: 110 Apply-to-Repay
Business Scenario(s) Covered
<ul style="list-style-type: none"> • Disbursement of a Loan • Establishment of Principal Receivable • Interest Accrual • Collection of Interest and Principal
Business Actor(s)
Finance Office, Federal Agency Lender; Non-Federal Borrower (e.g., a small business)
Synopsis
A Federal Agency Lender makes an unsecured direct loan to a Non-Federal Borrower. The Federal Agency Lender disburses the loan, accrues interest and collects principal and interest from the Non-Federal Borrower. The Federal Agency Lender provides loan-related information and reports and issues the Non-Federal Borrower a Form 1098 for the amount of interest paid on the loan, if applicable.
Assumptions and Dependencies
<ol style="list-style-type: none"> 1. There may or may not be automated (near/real-time or batch) interfaces between service areas/functions/activities or between provider solutions/systems. 2. There is no presumption as to which activities are executed by which actor, or which activities are automated, semi-automated, or manual. 3. Supporting information for general ledger transactions includes sub-ledger entries when sub-ledgers are used. 4. Appropriate attributes (e.g., object class and project) are included as part of the accounting string. 5. Relationships between use cases are described in the Framework for Federal Financial Management Use Cases found in the related overview document. 6. All predecessor activities required to trigger the Initiating Event have been completed. 7. Funds availability checks are performed against appropriations/fund accounts for obligating funds, and against obligations for disbursing funds in accordance with OMB A-11, Section 150.2. 8. The loan approval and loan documentation contain the terms and conditions of the principal, interest, and administrative fees. 9. The borrower has already been set up in the FM system. 10. The loan transactions are provided to the FM System on a per loan basis. 11. The borrower's loan repayments are processed through a Treasury central service (e.g., lockbox or online payment system). 12. The loan is subject to the Federal Credit Reform Act. 13. The federal agency has received borrowing authority to cover the loan. 14. The federal agency has already calculated loan value, subsidy cost and administrative expense.



110.FFM.L2.01 Federal Government Direct Loans Subject to Credit Reform	
<p>15. The federal agency has received appropriated funds for initial subsidy cost and administrative expense.</p> <p>16. The periodic subsidy re-estimate activity and FM impacts are performed by a different business process.</p> <p>17. The federal agency has already borrowed the necessary funding from Treasury or Federal Financing Bank.</p> <p>18. The federal agency has already obligated the funds for the loan program including the obligation for the subsidy expense.</p> <p>19. Money borrowed to cover the loan and the subsidy expense are already in the financing account.</p>	
FFMSR ID Reference(s)	1.1.2; 1.1.3; 1.1.4; 1.1.5; 2.1.1; 2.1.2; 2.2.1; 2.2.2; 2.2.4; 2.2.5; 2.2.6
Initiating Event	A Federal Agency Lender disburses a direct loan to a Non-Federal Borrower.

USE CASE 110.FFM.L2.01 FEDERAL GOVERNMENT DIRECT LOANS SUBJECT TO CREDIT REFORM				
Typical Flow of Events				
	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
1		a. Execute loan documents and calculate the loan disbursement amount b. Request funds availability check (LNM.020.030 Loan Closing)	<ul style="list-style-type: none"> Approved and validated loan application Loan disbursement information, outstanding principal balance and repayment terms 	<ul style="list-style-type: none"> Calculated loan disbursement amount Request for funds availability check
2	Receive and process request for funds availability check (FFM.010.020 Funds Allocation and Control)		<ul style="list-style-type: none"> Request for funds availability check 	<ul style="list-style-type: none"> Funds availability response
3		a. Approve loan b. Request disbursement (LNM.020.030 Loan Closing)	<ul style="list-style-type: none"> Funds availability response Validated loan application 	<ul style="list-style-type: none"> Request for disbursement



USE CASE 110.FFM.L2.01 FEDERAL GOVERNMENT DIRECT LOANS SUBJECT TO CREDIT REFORM

Typical Flow of Events

	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
4	a. Receive and process loan payment request (FFM.030.090 Payment Processing - Loan Payments) b. Liquidate obligation (FFM.030.020 Obligation Management) c. Initiate payment (FFM.030.090 Payment Processing - Loan Payments) d. Generate disbursement schedule (FFM.030.110 Payment Disbursement) e. Certify payment of disbursement schedule (FFM.030.110 Payment Disbursement) f. Receive confirmation of disbursement (FFM.030.120 Payment Confirmation)		Request for disbursement	<ul style="list-style-type: none"> • Appropriate obligation liquidation entry created with reference to source information • Appropriate disbursement-in-transit entry created with reference to source information • Certified disbursement schedule • Disbursement confirmation information • Appropriate disbursement-in-transit entry liquidated with reference to source information • Appropriate disbursement entry created with reference to source information • Borrower receives payment



USE CASE 110.FFM.L2.01 FEDERAL GOVERNMENT DIRECT LOANS SUBJECT TO CREDIT REFORM

Typical Flow of Events

	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
5	Post appropriate budgetary, proprietary, and/or memorandum entries to the general ledger (GL) (FFM.090.020 General Ledger Posting)		<ul style="list-style-type: none"> GL entries 	<ul style="list-style-type: none"> Appropriate GL accounts updated
6		a. Request recording of loan asset information b. Request recurring entry for principle and interest receivables (LNM.020.030 Loan Closing)	<ul style="list-style-type: none"> Loan amortization schedule 	<ul style="list-style-type: none"> Request for recording of loan asset Request for principle and interest receivable recurring entry



USE CASE 110.FFM.L2.01 FEDERAL GOVERNMENT DIRECT LOANS SUBJECT TO CREDIT REFORM

Typical Flow of Events

	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
7	a. Receive and process request for recording of loan asset information (FFM.020.020 Financial Asset Information Processing - Loans) b. Receive and process request for recurring entry to invoice principle and interest payments (FFM.060.020 Public Receivable Set-up and Invoicing) c. Issue invoice for loan payment (FFM.060.020 Public Receivable Set-up and Invoicing) d. Accrue interest (FFM.090.030 Accrual and Liability Processing)		<ul style="list-style-type: none"> Request for recording of loan asset Request for principle and interest receivable recurring entry Loan amortization schedule 	<ul style="list-style-type: none"> Appropriate loan asset entry created with reference to source information Appropriate receivable entries created with reference to source information Appropriate interest accrual entry with reference to source information
8	Post appropriate budgetary, proprietary, and/or memorandum entries to the general ledger (GL) (FFM.090.020 General Ledger Posting)		<ul style="list-style-type: none"> GL entries 	<ul style="list-style-type: none"> Appropriate GL accounts updated



USE CASE 110.FFM.L2.01 FEDERAL GOVERNMENT DIRECT LOANS SUBJECT TO CREDIT REFORM

Typical Flow of Events

	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
9		a. Receive loan payment b. Request processing of loan payment (LNM.030.010 Loan Servicing)	<ul style="list-style-type: none"> • Loan payment information 	<ul style="list-style-type: none"> • Request for processing of loan payment
10	a. Receive and process loan collection (FFM.060.020 Public Receivable Set-up and Invoicing) b. Recognize revenue for interest payments, as earned (FFM.040.010 Revenue Processing) c. Liquidate interest liability accrual (FFM.040.010 Revenue Processing)		<ul style="list-style-type: none"> • Request for processing of loan collection information • Loan collection information 	<ul style="list-style-type: none"> • Appropriate receivable entry liquidated with reference to source information • Appropriate revenue entry created with reference to source information • Appropriate liability accrual reversal entry created with reference to source information
11	Post appropriate budgetary, proprietary, and/or memorandum entries to the general ledger (GL) (FFM.090.020 General Ledger Posting)		<ul style="list-style-type: none"> • GL entries 	<ul style="list-style-type: none"> • Appropriate GL accounts updated



USE CASE 110.FFM.L2.01 FEDERAL GOVERNMENT DIRECT LOANS SUBJECT TO CREDIT REFORM

Typical Flow of Events

	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
12	Generate report of loan collections (FFM.060.050 Public Receivable and Collection Reporting)		<ul style="list-style-type: none"> Loan collection information 	<ul style="list-style-type: none"> Reports on loan collection including Form 1098



110.FFM.L2.02 Federal Government Guaranteed Loans Subject to Credit Reform
End-to-End Business Process: 110 Apply-to-Repay
Business Scenario(s) Covered
<ul style="list-style-type: none"> • Aggregated Loan Portfolio • Default on Government Guaranteed Loan
Business Actor(s)
Finance Office, Federal Agency; Lender, Borrower
Synopsis
Loans made to private sector borrowers (Borrower) by a private sector lender (Lender) are guaranteed by a federal agency (Guarantor). One guaranteed loan is subsequently found to be in default. A guaranteed loan default claim is filed with the federal agency and a default claim payment is made to the Lender. The Borrower's pledged asset is foreclosed, and is purchased at the foreclosure sale and pledged as collateral for the federal agency's guarantee of the portfolio. The difference between the value of the asset and the guarantee outlay is not collected from the Borrower after a failed attempt by the Guarantor. The debt is referred to the Treasury for collection.
Assumptions and Dependencies
<ol style="list-style-type: none"> 1. There may or may not be automated (near/real-time or batch) interfaces between service areas/functions/activities or between provider solutions/systems. 2. There is no presumption as to which activities are executed by which actor, or which activities are automated, semi-automated, or manual. 3. Supporting information for general ledger transactions includes sub-ledger entries when sub-ledgers are used. 4. Appropriate attributes (e.g., object class and project) are included as part of the accounting string. 5. Relationships between use cases are described in the Framework for Federal Financial Management Use Cases found in the related overview document. 6. All predecessor activities required to trigger the Initiating Event have been completed. 7. Funds availability checks are performed against appropriations/fund accounts for obligating funds, and against obligations for disbursing funds in accordance with OMB A-11, Section 150.2.



110.FFM.L2.02 Federal Government Guaranteed Loans Subject to Credit Reform

8. The Lender is in good standing under the laws of its state of origination, an approved lender qualified to issue federal guaranteed loans, and is not in default under any agreements with the Federal Agency Loan Guarantor.
9. The Lender has qualified Borrowers for guaranteed loans and has completed loan settlements and disbursements and is qualified to issue federal government guaranteed loans.
10. The federal agency has already obligated the funds for the default claim for the guaranteed loan program.
11. Financial information is provided to the FM system on a loan portfolio level (i.e., not on a per loan basis).
12. The periodic re-estimation of liability and subsidy expenses is performed periodically in a different business process.
13. On default, a loan is removed from the pool and managed individually for guaranteed loan default claims.
14. An initial liability and subsidy expense for the guaranteed loan portfolio has already been posted in the FM system.

FFMSR ID Reference(s)	1.1.2; 1.1.3; 1.1.4; 1.1.5; 1.2.1; 2.2.1; 2.2.2, 2.2.4, 2.2.5; 2.2.6
Initiating Event	The Lender provides updated guaranteed loan portfolio information to the federal agency.

USE CASE 110.FFM.L2.02 FEDERAL GOVERNMENT GUARANTEED LOANS SUBJECT TO CREDIT REFORM

Typical Flow of Events

	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
1		a. Determine the government program’s loan guarantee liability for the portfolio of guaranteed loans b. Request processing of portfolio liability information (LNM.040.010 Loan Portfolio Management)	<ul style="list-style-type: none"> • Face value of guaranteed loans outstanding and the amount guaranteed 	<ul style="list-style-type: none"> • Guaranteed loan portfolio liability information • Request for processing of loan portfolio liability information



USE CASE 110.FFM.L2.02 FEDERAL GOVERNMENT GUARANTEED LOANS SUBJECT TO CREDIT REFORM

Typical Flow of Events

	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
2	Receive and process request for processing of loan portfolio liability information (FFM.020.020 Financial Asset Information Processing - Loans)		<ul style="list-style-type: none"> Guaranteed loan portfolio liability information Request for processing of portfolio liability information 	<ul style="list-style-type: none"> Appropriate liability adjustment entry created with reference to source information
3	Post appropriate budgetary, proprietary, and/or memorandum entries to the general ledger (GL) (FFM.090.020 General Ledger Posting)		<ul style="list-style-type: none"> GL entries 	<ul style="list-style-type: none"> Appropriate GL accounts updated
4		<ul style="list-style-type: none"> a. Receive and process lender's guaranteed loan default claim b. Request funds availability check (LNM.030.040 Loan Insurance Claim Processing) 	<ul style="list-style-type: none"> Notice of default claim from lender Guaranteed loan terms and collateral information 	<ul style="list-style-type: none"> Validated notice of default claim from lender Request for funds availability check
5	Receive and process request for funds availability check (FFM.010.020 Funds Allocation and Control)		<ul style="list-style-type: none"> Request for funds availability check 	<ul style="list-style-type: none"> Funds availability response



USE CASE 110.FFM.L2.02 FEDERAL GOVERNMENT GUARANTEED LOANS SUBJECT TO CREDIT REFORM

Typical Flow of Events

	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
6		a. Approve loan default claim b. Request for processing of approved loan default claim (LNM.030.040 Loan Insurance Claim Processing)	<ul style="list-style-type: none"> Funds availability response Validated notice of default claim from lender 	<ul style="list-style-type: none"> Approved loan default claim Request for processing of approved loan default claim
7	a. Receive and process approved loan default claim (FFM.030.070 Payment Processing – Commercial Payments) b. Liquidate obligation (FFM.030.020 Obligation Management)		<ul style="list-style-type: none"> Approved loan default claim 	<ul style="list-style-type: none"> Appropriate obligation liquidation entry created with reference to source information Appropriate payable entry created with reference to source information
8		a. Request guaranteed loan default claim disbursement (LNM.030.040 Loan Insurance Claim Processing)	<ul style="list-style-type: none"> Approved loan default claim 	<ul style="list-style-type: none"> Request for guaranteed loan default claim disbursement



USE CASE 110.FFM.L2.02 FEDERAL GOVERNMENT GUARANTEED LOANS SUBJECT TO CREDIT REFORM

Typical Flow of Events

	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
9	a. Receive and process request for guaranteed loan default claim disbursement (FFM.030.090 Payment Processing - Loan Payments) b. Initiate disbursement (FFM.030.090 Payment Processing - Loan Payments) c. Generate disbursement schedule (FFM.030.110 Payment Disbursement) d. Certify payment of disbursement schedule (FFM.030.110 Payment Disbursement) e. Receive confirmation of disbursement (FFM.030.120 Payment Confirmation)		<ul style="list-style-type: none"> Request for guaranteed loan default claim disbursement 	<ul style="list-style-type: none"> Appropriate payable entry liquidated with reference to source information Certified disbursement schedule Appropriate disbursement-in-transit entry created with reference to source information Disbursement confirmation information Appropriate disbursement-in-transit entry liquidated with reference to source information Appropriate disbursement entry created with reference to source information Lender receives payment
10	Post appropriate budgetary, proprietary, and/or memorandum entries to the general ledger (GL) (FFM.090.020 General Ledger Posting)		<ul style="list-style-type: none"> GL entries 	<ul style="list-style-type: none"> Appropriate GL accounts updated



USE CASE 110.FFM.L2.02 FEDERAL GOVERNMENT GUARANTEED LOANS SUBJECT TO CREDIT REFORM				
Typical Flow of Events				
	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
11		a. Determine value of foreclosed asset b. Request invoice for balance needed to recover guarantee paid out, offset by value of foreclosed asset (LNM.030.040 Loan Insurance Claim Processing)	<ul style="list-style-type: none"> Estimated net recovery from foreclosed asset 	<ul style="list-style-type: none"> Request for recording of value of foreclosed asset Request for invoice for balance to recover guarantee paid out
12	a. Receive and process request to record value of foreclosed asset (FFM.020.010 Financial Asset Information Processing-Property, Plant, and Equipment) b. Receive and process request for invoice to recover guarantee paid out, offset by value of foreclosed asset (FFM.060.020 Public Receivable Set-up and Invoicing)		<ul style="list-style-type: none"> Request for recording of value of foreclosed asset Request for invoice for balance to recover guarantee paid out 	<ul style="list-style-type: none"> Appropriate asset value entry created with reference to source information Appropriate receivable entry created with reference to source information



USE CASE 110.FFM.L2.02 FEDERAL GOVERNMENT GUARANTEED LOANS SUBJECT TO CREDIT REFORM				
Typical Flow of Events				
	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
13	Post appropriate budgetary, proprietary, and/or memorandum entries to the general ledger (GL) (FFM.090.020 General Ledger Posting)		<ul style="list-style-type: none"> GL entries 	<ul style="list-style-type: none"> Appropriate GL accounts updated
14		a. Monitor age of receivable and determine accrued interest b. Request recording of accrued interest (LNM.030.040 Loan Insurance Claim Processing)	<ul style="list-style-type: none"> Receivable for balance to recover guarantee paid out 	<ul style="list-style-type: none"> Request for recording of accrued interest
15	Receive and process request for recording of accrued interest (FFM.040.010 Revenue Processing)		<ul style="list-style-type: none"> Request for recording of accrued interest 	<ul style="list-style-type: none"> Appropriate revenue entry created with reference to source information
16	Post appropriate budgetary, proprietary, and/or memorandum entries to the general ledger (GL) (FFM.090.020 General Ledger Posting)		<ul style="list-style-type: none"> GL entries 	<ul style="list-style-type: none"> Appropriate GL accounts updated



USE CASE 110.FFM.L2.02 FEDERAL GOVERNMENT GUARANTEED LOANS SUBJECT TO CREDIT REFORM				
Typical Flow of Events				
	FFM Event	Non-FFM Event	Input(s)	Output(s) / Outcome(s)
17		a. Request referral of debt to Treasury for collection (LNM.030.040 Loan Insurance Claim Processing)	<ul style="list-style-type: none"> Delinquent debt for balance to recover guarantee paid out 	<ul style="list-style-type: none"> Request for referral of delinquent debt to Treasury
18	Receive and process request for referral of delinquent debt to Treasury for collection (FFM.070.010 Delinquent Debt Collection)		<ul style="list-style-type: none"> Request for referral of delinquent debt to Treasury 	<ul style="list-style-type: none"> Referral to Treasury for collection Appropriate receivable entry created with reference to source information Appropriate interest accrual entry created with reference to source information
19	Post appropriate budgetary, proprietary, and/or memorandum entries to the general ledger (GL) (FFM.090.020 General Ledger Posting)		<ul style="list-style-type: none"> GL entries 	<ul style="list-style-type: none"> Appropriate GL accounts updated
20	Report on delinquent debt (FFM.070.030 Delinquent Debt Reporting)		<ul style="list-style-type: none"> Delinquent debt for balance to recover guarantee paid out 	<ul style="list-style-type: none"> Delinquent debt information



Appendix A LINKS TO FIT BUSINESS USE CASE LIBRARY DOCUMENTS

Library Document Content

Linked Document Name

FFM Business Use Case Library Overview	FFM Business Use Case Library Overview
010 Budget Formulation-to-Execution	FFM Use Cases 010 Budget Formulation-to-Execution
020 Acquire-to-Dispose	FFM Use Cases 020 Acquire-to-Dispose
030 Request-to-Procure	FFM Use Cases 030 Request-to-Procure
040 Procure-to-Pay	FFM Use Cases 040 Procure-to-Pay
050 Bill-to-Collect	FFM Use Cases 050 Bill-to-Collect
060 Record-to-Report	FFM Use Cases 060 Record-to-Report
070 Agree-to-Reimburse	FFM Use Cases 070 Agree-to-Reimburse
080 Apply-to-Perform	FFM Use Cases 080 Apply-to-Perform
090 Hire-to-Retire	FFM Use Cases 090 Hire-to-Retire
100 Book-to-Reimburse	FFM Use Cases 100 Book-to-Reimburse
110 Apply-to-Repay	FFM Use Cases 110 Apply-to-Repay