

# **CFO PLAYBOOK TOOLS FOR SUCCESS**



**COMPTROLLER OF THE COMMONWEALTH**

**14<sup>TH</sup> ANNUAL  
CHIEF FISCAL OFFICER**

**CONFERENCE  
THURSDAY NOVEMBER 20, 2014**

**FEDERAL RESERVE BANK  
BOSTON**



# AGENDA



- Recommendations for Managing within State Finance Law - CTR
- Introducing **CFO Playbook** Resource
- Chief Fiscal Officer Panelists
  - William Marchant, Massachusetts Trial Court
  - Marianne Blanchet, Berkshire Sheriff's Department
  - Steve White, Department of Energy Resources
- Open Discussion

# **Recommendations for Managing within State Finance Law**



- This document is meant to be a high level resource of tips, references, reminders and recommended steps to support compliance with State Finance Law when making expenditures of public funds.
- Please feel free to distribute to any staff as appropriate.
- This document will be posted under CFO Resources

# Recommendations for Managing within State Finance Law



- We recommend that CFOs review the Department's **Internal Control Plan** and update accordingly as needed.
- A Department's **Internal Control Plan** will document detailed protocols, based upon the unique statutory mandates of a Department, that support **fiscal accountability** and **risk mitigation**.
- The **Internal Control Plan** is one of the first sources of inquiry when inquiries arise related to Departmental actions.

# 6 TIPS

## Managing within State Finance Law



1. Determine Planned Activity/ Expenditure and Authority (Legal and Fiscal)
2. Identify [Expenditure Classification Handbook](#) object class (subsidiary) and object code
3. Evaluate internal controls, ethics issues, conflicts or risks.
4. Conduct purchase or disbursement in accordance with Department protocols and applicable requirements.
5. Comply with applicable [CTR Regulations](#), [CTR Policies](#), and [job aids](#) for activity or expenditure.
6. Document decision-making and retain all supporting materials

# 6 TIPS

## Managing within State Finance Law



### 1. Determine Purpose and Authority:

- a) **Planned activity or expenditure.** Have a clear outline or plan **documenting** the justification for the activity or expenditure. Include as part of this documentation data or supporting documentation for each of the 6 tips.
- b) **Protect the Department and staff.** Have a documented process for decision making that demonstrates compliance with **Internal Controls**, **Risk Assessments** and **“fiscal responsibility”**. Courts defer to documented good business practices (harder to condemn a flawed but valid documented process)

# 6 TIPS

## Managing within State Finance Law



See page 10. State Finance Law Policy (Contracts Policy)

**1. Determine:**

a) **Planned activity or expenditure.** Have a clear outline or plan documenting the justification for the activity or expenditure

2. Identify the “**Legal**” authority for planned activity or expenditure (statute, line-item, regulation)

3. Identify the “**Funding**” authority sufficient to support planned activity or expenditure.

***All Department activity has BOTH a “Legal” and “Fiscal” component.***

# 6 TIPS

## Managing within State Finance Law



- a) **“Legal” authority** for planned activity or expenditure (statute, line-item, regulation).
- b) **“Funding” authority** sufficient to support planned activity or expenditure (line-item appropriation, federal grant or trust)
  - ✦ This includes:
    - ✦ the duration of the need for the funds (current fiscal year, multiple fiscal years)
    - ✦ the “type of funds” (operating/budgetary (001), capital/bond (002), Trust (003) or federal (004)).
    - ✦ Source of funds (direct department fund, ISA (Interdepartmental Service Agreement))

# 6 TIPS

## Managing within State Finance Law



2. Identify [Expenditure Classification Handbook](#) (ECH) object class (subsidiary) and object code for the planned activity or expenditure.
  - If funding account subsidiarized by Legislature an object code must be selected within that subsidiary.
  - If not subsidiarized, select the most appropriate object code for the activity or expenditure.
  - All Commonwealth expenditures are required to be coded in the object classes and object codes in the ECH.

# 6 TIPS

## Managing within State Finance Law

3. Evaluate internal controls, ethics issues, conflicts or risks.
  - It is critical to review:
    - ✦ your Department's **Internal Control plan** to determine whether identified protocols, priorities are being considered and followed, AND
    - ✦ that **Risk Assessments** identified in the **Internal Control Plan** are being considered and mitigated through whatever action is being taken
4. Conduct purchase or disbursement in accordance with Department **Internal Control Plan** protocols and applicable requirements (including but not limited to: object code guidance, contract boilerplates and supporting documentation).
5. Comply with applicable [CTR Regulations](#), [CTR Policies](#), and [job aids](#) for activity or expenditure.

# 6 TIPS

## Managing within State Finance Law



- 6. Document decision-making**, retain all supporting materials to respond to public information requests/audits in accordance with the [Statewide Disposal Schedules](#) issued by the Secretary of State Records Conservation Board.
- Make sure Department staff are trained on retention policies – including emails.
  - Train on appropriate content to include and not include in emails.
  - Ensure that Personally Identifiable Information (PII) is not sent through email unless encrypted.

# STATE FINANCE LAW VIOLATIONS



- Accounting is not a “creative” exercise in which staff merely “find” a way to get something done, irrespective of published policies.
- It is expected that Department actions and decision-making to carry out legislative and policy initiatives are conducted in compliance with state finance law, and accurately reported based upon Government Generally Accepted Accounting Principles (GAAP)

# STATE FINANCE LAW VIOLATIONS



## Remind Managers and Staff about G.L. c. 29, s. 66

- Any officer or employee who ***knowingly violates, authorizes or directs another officer or employee*** to violate any provision of this chapter, or any rule or regulation promulgated thereunder, or any other provision of law relating to the incurring of liability or expenditure of public funds, shall be punished by a fine of not more than one thousand dollars or by imprisonment in a jail or house of correction for not more than one year, or both.

# Public Information and Privacy Concerns

## *FISCAL RESPONSIBILITY TIP*



- Since certain MMARS fields are a matter of public record MMARS doc IDs (encumbrances, payments, etc.), vendor invoice numbers, contract numbers, check descriptions, and any comment fields *MUST NOT contain personal information (such as non-vendor individual's names, SSN numbers, bank account numbers, date of birth, addresses etc.) or other information that could jeopardize privacy or facilitate identity theft.*
- MMARS doc IDs and key comment fields may be printed on checks, sent electronically as part of remittance advice, and will appear on VendorWeb (and may be viewed related to public records requests), therefore care must be taken that individual personal information is not used.

# Department Head Signature Authorization and Electronic Signatures

*FISCAL RESPONSIBILITY TIP \*R\*E\*A\*D\* POLICY*



- To MMARS and Non-MMARS users, please review the [Department Head Signature Authorization Policy](#) which outlines the rules related to authority for anyone other than the Department Head to incur obligations and approve expenditures.
- [New Department Head Checklist/Forms](#)
  - [Checklist for New Department Heads](#)
  - [Department Head Certification](#)
  - [Designation of Department Security Officer](#)

# Department Head Signature Authorization and Electronic Signatures

## *FISCAL RESPONSIBILITY TIP \*R\*E\*A\*D\* POLICY*



- All individuals acting on behalf a Department Head (incurring obligations, approving payroll, approving or signing contracts or other obligations) *must* be designated as Authorized Signatories with a MMARS Security UAID and Authorized Signatory flag even if the individual will never touch MMARS.
  - ✦ Example: If Chief of Staff is authorized by Department Head to sign documents, the Chief of Staff must have a MMARS Security UAID with an Authorized Signatory flag to execute or authorize a Contract or payment.

# Department Head Signature Authorization DHSA



- We recognize that some Departments have DHSA signatories that do not use MMARS, HR/CMS or other applications.
- The DHSA policy recognizes options to enable DHSA signoff in a variety of ways which do not necessitate approval by the Authorized Signatory on-line in MMARS or HR/CMS directly or on screen prints of MMARS or HR/CMS actions
- Departments are NOT required to print screen shots in order to approve transactions unless the signatory requires this step.

# Department Head Signature Authorization DHSA



- Departments can use the [MMARS Document Records Management/Signature Authorization Form](#) to approve one or multiple MMARS transactions.
- Emails from the Department Head (or authorized signatory) identifying the key data elements for approval is sufficient;
- DHSA signature or initials on invoices, spreadsheets or memorandum, or other “evidence” of signoff is also sufficient.

# Department Head Signature Authorization Evidence of DHSA Signoff



- Departments may develop *any internal process* (as part of the Department ***Internal Control Plan***) that efficiently “documents” Department Head signoff and that adequate review of the items being approved is .
  - For “shared processing” models, departments should develop internal process for capturing DHSA from Parent Department (but can not blanket “in advance” approval).
- Once the evidence of DHSA approval is obtained, electronic approval can be made in MMARS, and filed for records management, Quality Assurance and audit. purposes.
- *Electronic evidence* of approval such as emails must be retained electronically (moved to .pst file, printed to .pdf) or scanned into .pdf or other accessible electronic format to retain metadata

# TRANSPARENCY ~ OPEN CHECKBOOK

(At a computer near you!)



- **Open Checkbook posts data related to most expenditures**
- **Source of data is MMARS (what you input into MMARS for each expenditure)**
- **The public, press and other Users are able to download multiple items**
  - Create questions related to data
  - draw conclusions or have questions

# TRANSPARENCY ~ OPEN CHECKBOOK

## MMARS DATA INTEGRITY



- **Departments must ensure that data entered into MMARS is accurate for the type of expenditure**
  - **DO NOT use incorrect object codes to avoid having to do a contract or procurement**
  - **Internal controls should be reviewed to ensure data integrity and consistency of data entry**
  - **Anomalies have become readily visible and prompt inquiries and explanations**
    - ✦ **(for example a major shift of expenditures from one object code to another, especially if the other object code is exempt from disclosure)**



## REVIEW PUBLIC RECORDS GUIDANCE

- Department officials and legal staff should be working closely with the “Public Records Officers” to review the Public Records Guidance related to requirements for public records “responses”
  - Note: Departments are NOT required to “create” new records, convert paper to electronic records, create summations of data that do not currently exist (unless by choice).
- Departments should begin to anticipate and discuss the types of questions that may arise once data is posted and the chain of approval for these types of responses

# TRANSPARENCY ~ OPEN CHECKBOOK



## REVIEW PUBLIC RECORDS GUIDANCE

- Departments should evaluate inquiries based upon whether the request is a “public records” request (looking for documents) or an “information request” or press request looking for an explanation of data.
- Staff should be trained to distinguish PR requests that have a 10 day response deadline and fall under the PR law, and information or press requests asking for explanations which do not fall under the PR law
- The Open Checkbook is designed to provide electronic access to data determined to be public records subject to disclosure
- Ensure that all protocols are followed to review responses to PR and information requests through the identified chain of command prior to responding.

# TRANSPARENCY ~ OPEN CHECKBOOK

## DATA INTEGRITY



- Departments should ensure that at least 2 people are reviewing paper or electronic records when responding to public records requests to ensure that NO personally identifiable information (PII) or other legally restricted information is released.
- Check spreadsheets to ensure there are no “hidden” columns containing PII or other restricted information.
- Emails must be encrypted and password protected when sending files with PII or restricted information
- Review internal privacy protocols (such as Executive Order 504 procedures) to ensure that all records produced or created are properly tagged and that any records released in response to public records requests do not contain PII or other restricted information.

# TRANSPARENCY ~ OPEN CHECKBOOK PRIVACY RESTRICTIONS



- **Departments should ensure that staff do not enter any PII or restricted information into any of the data fields that will be posted as part of the Open Check Book**
- **Protocols should be developed to routinely review the data posted on the Open Check Book to ensure data integrity and that no PII or restricted information appears**
- **Protocols should be developed to respond to a data breach**
- **If it is discovered that posted data is inaccurate or needs correction, corrections must be made in the source systems (MMARS, HR/CMS etc.) to correct the data through the normal correction protocols.**

# TRANSPARENCY ~ OPEN CHECKBOOK

## NEW TYPES OF QUESTIONS



- Departments should be prepared to respond to questions related to “why” an expenditure was made, why the particular payee was selected and questions related to what performance or public benefit was “achieved”.
  - Responses that the program or contract has been a “long standing practice” without additional justification may not be considered responsive.
- Departments should be prepared to justify how the Department’s legislative mandate (appropriation) or statutory mandate was met.
- The more Departments prepare now in anticipation of these new types of inquiries the better

# Managing w/in State Finance Law



- **Natural tension between competing interests:**
  - Saving money
  - Spending funds quickly
  - Documenting decision making
  - Duty to taxpayers
  - Legislative intent
  - Prevention of fraud, waste and abuse
  - Constituent pressures

# Caution: Speed Kills

## Managing w/in State Finance Law



- **Speed in action creates higher risk of mistakes and casualties**
- **Start with SFL recommendations**
- **If you at least touch on each and document process, lowers risk of mistakes**
- **Exceptions should be exceptions, not the norm and well documented that exception supports spirit of legislation or exception process followed**
- **Ask for help if you are uncertain. Most situations are not unique and have reasonable solutions**

# Caution: Speed Kills

## Managing w/in State Finance Law



- When something blows up – first questions
  - Why did it happen?
  - Where is documentation?
  - Did Dept follow established protocols?
  - Did Dept follow its own protocols (biggest risk – published protocol that are not followed)
    - ✦ “We’ve always done it this way” and “I was told to do this” are not legitimate responses
  - Lack of resources not allowable reason for cutting corners
  - **Protect the Department and staff. Have a documented process for decision making that demonstrates compliance with Internal Controls, Risk Assessments and “fiscal responsibility”. Courts defer to documented good business practices (harder to condemn a flawed but valid documented process)**
  - Message from the TOP. Good business practices, fiscal responsibility, internal controls and protocols should be routinely communicated from top management

# Settlements and Judgments



## **ONE STOP SHOPPING!**

- **DEDICATED WEB PAGE:** with all key Policies, Forms and Information:  
<http://www.mass.gov/osc/business-functions/payments/settlements-and-judgments.html>
- **DEDICATED MAILBOX.** Send any questions and any settlements and judgments to: [Settlements.Judgments@state.ma.us](mailto:Settlements.Judgments@state.ma.us)

# Settlements and Judgments



- All damages awards, with few exceptions are tax reportable and most are taxable
- ALL employment damages are subject to withholdings and can not be “re-characterized” to avoid tax withholdings.
- It is MORE tax advantageous to claimants to have taxes withheld at time of payment then to take out when filing taxes
  - when most have already spent funds, or
  - penalties and interest are due for failure to file estimated taxes)

# Settlements and Judgments



- **DO NOT NEGOTIATE** taxability, tax reporting or withholdings as part of a claim. CTR does not determine whether a claim is taxable, but only whether the claim is tax reportable and if tax withholdings are required. CTR will process claims in accordance with applicable state and federal tax reporting policies and statutes.
- **DO NOT NEGOTIATE** a payment deadline or the timing of payment for claims paid from the S&J Reserve. Although payments for properly filed claims is guaranteed (subject to any specific legislative restrictions) all payments are subject to appropriation and the timing of payments can not be guaranteed.

# Settlements and Judgments



- **DO NOT NEGOTIATE** retirement or OBRA contributions as part of a claim. The State Board of Retirement has approved retirement contributions only for *back pay* awards which are processed through the state payroll system.
- CTR can not accommodate contribution payments to the State Retirement Board and departments are not authorized to separately pay the State Retirement Board for retirement benefits without prior authorization from the State Retirement Board and CTR.

# Settlements and Judgments



- **DO NOT NEGOTIATE** that a payment of *back pay* or *lump sum* damages for a current employee be made payable jointly to or sent to an attorney or other 3<sup>rd</sup> party payee. HR/CMS can not segregate these amounts from regular pay and claim amounts will be paid in the same manner as the employee's regular pay, less required withholdings.
- If attorneys fees are to be paid from these sums, the attorney should negotiate with the claimant that a separate amount be identified as attorneys fees as part of the settlement or judgment, or make arrangements that the claimant provide a check or electronic payment from the claimant's bank account for the attorneys fees payable at the time the payroll payment will reach the claimant's bank account. The Commonwealth is not responsible for ensuring that claimants honor fee agreements with attorneys or any other 3<sup>rd</sup> party.

# Settlements and Judgments



- **DO NOT NEGOTIATE** that a check will be “pulled” rather than mailed for state accounting system (MMARS) checks. CTR will request pulls from the Treasurer’s Office *only* for exceptional circumstances. Checks processed through HR/CMS are usually delivered/picked up by the Payroll Department and can be hand delivered or mailed as instructed in the claim.
- Please note that Payees (including attorneys) who are set up in MMARS with EFT direct deposit will be paid through EFT unless this feature is turned off for the payment. Multiple payments to the same payee processed at the same time may be consolidated into the same check or EFT payment.

# Settlements and Judgments



- DO NOT ATTACH cover sheets that outline a breakdown of payments that is not so specified in the claim documents. For example, a claim award of *lump sum* damages can not have a portion paid to the claimant's attorney if not so specified in the claim documents.
- All payment instructions should be contained in the **Settlement/Judgment Payment Authorization Form** or claim documents. Cover letters are discouraged. All information required for processing is contained in the Authorization Form and cover letters are not required.

# Settlements and Judgments



- **DO NOT REFER** claimants or attorneys to CTR to determine status of payments or to discuss claim details or tax reporting or withholding issues.
- CTR has no authority to represent the Commonwealth in these matters and will be refer callers back to the Managing Attorney.
- CTR will be happy to assist the Commonwealth Managing Attorney with questions regarding claim negotiation.

# Settlements and Judgments



- **DO NOT CALL CTR to find out if funds are available to pay a claim from the S&J Reserve prior to a claim reaching settlement or judgment.**
- **CTR will verify if sufficient funds are available to pay a claim and the anticipated timing of payment from the S&J reserve ONLY when a claim has been placed in line for payment at CTR.**
- **If funds are unavailable, the payment will be made in the order the claim is in line for payment, when funds are appropriated and allotted.**

# Settlements and Judgments



- **IT IS RECOMMENDED** that settlement documents contain language that the Commonwealth makes no representations as to the tax consequences of a payment, that the Claimant is responsible for all tax liabilities and tax consequences of a payment, and that the Commonwealth is held harmless as to any tax liabilities of the Claimant.
- **IT IS RECOMMENDED** that Managing Attorneys inform claimants and claimant's counsel that payments are subject to [Intercept](#) for outstanding Commonwealth debts and language should be included in any agreement for settlement or judgment that no claim for failure to pay may be made against the Department or the Commonwealth for honoring intercept claims.

# Settlements and Judgments



- Based upon **the Globe v. ANF** case CTR is now required to disclose the name of any payee for a settlement and judgment.
- See **Settlements and Judgments page** for Public Records Requests policy and copy of the case.
- <http://www.mass.gov/osc/business-functions/payments/settlements-and-judgments.html>
- Departments should negotiate settlements with notice to claimants that their name is considered a public record and subject to disclosure.
- CTR will not disclose copies of settlement documents. Departments should negotiate settlements with notice to claimants that documents may be subject to disclosure, with appropriate items redacted due to allowable exemptions.

# CONTRACTS Bureau -P-card Hints



- CFOs of departments that are participating in the P-card program should review the monthly BOA WORKS Billing Statement emails issued by the Office of the Comptroller. In particular, they should pay close attention to the following fields:
  - Payment Due Date
  - MMARS Scheduled Payment Date
  - PAY THIS AMOUNT included Past Due
- P-Card spending information can be downloaded from the Bank of America Merrill Lynch WORKS internet application. The day after a billing cycle has ended, Card reports with summary information and Spend reports including detail information can be run.
- When a CFO or employee with a card leaves or transfers to another department; CTR should be as quickly as possible to cancel cards or set up a new CFO for P-card training purposes.

# Contracts Bureau - Intercept Hint



- If a department makes a payment and is then contacted by the vendor because the vendor had received a reduced payment or a “\$0.00” payment. The department should ask the vendor if the check stub or notice they received has intercept contact information.
  - If funds were intercepted from the payment, the vendor should credit the department with the full amount of the payment. The Vendor should then contact the department initiating the intercept as indicated on the check stub or notice.
- In order to avoid intercepts to a vendor through our Overpayment Cost and Recovery vendor, Gryphon, Department should remember to create a MMARS CEC transaction as soon as possible to ensure they receive the credit, not Gryphon.
  - Gryphon is a vendor hired to conduct accounts payable audits to ensure the Commonwealth has not “overpaid” on invoices, and is paid a contingent fee based upon the amounts recovered.

# Contracts Bureau - Vendors



- **Before creating a new vendor (VCC): Always search MMARS VCUST by TIN (most accurate identifier)**
  - If not located by TIN, search partial of the legal name follow with an asterisk (\*).
  - If the vendor is not found as a result of the search, create a VCC
- **Forms: For VCC and VCM, beside W9 form, any other forms provided (TC, TCHSS and or EFT) must have the same LEGAL NAME, TIN and signature.**

# Contracts Bureau - Vendors



- **3 common Vendor modification Scenarios:**
  - Name or TIN change: Need VCM with new W9 and/or TC/TCHSS (if current vendor code does have one).
  - Vendor change Name & TIN: New VCC is needed, along with appropriate documentation.
  - Vendor moved to new location: New W9 is needed and VCM must update master address, 1099 and business type

# Contracts Bureau - Vendors



- Default boxes not always checked on the Procurement & Payment addresses
- 1099 box not always checked on the 1099 address
- Verify before submitting VCC and VCM transactions that all the document info matches the W9 - all addresses match, TIN matches – no digits transposed or left out.

# Vendor/Customer and W-9 Policy

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## ○ New Vendors

- ✦ Verify that a new VCUST code is needed – another department may have registered it in MMARS already
- ✦ Verify supporting documentation and authentication – it is the department's responsibility to submit accurate information

## ○ Vendor Changes

- ✦ Verify supporting documentation
  - Validate Authority to make change – to protect the Commonwealth from inadvertent or fraudulent attempt to misdirect payments verify the requestor is an authorized signatory of the vendor.
  - Verify information – follow-up e-mail request with a phone call, document actions taken

# VCC/VCM and CHILD SUPPORT INTERCEPTS

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- Encourage VCC and VCM set up process at the time of selection, NOT after Contract execution.
  - Every Friday, DOR conducts a “pre-match” on the VCUST file to match outstanding Child Support Payments with existing vendors (based upon TIN)
  - VCC/VCMs finalized on a Friday will not be pre-matched until the following Friday
  - Departments support the highest level of CSE collections if VCC/VCMs are processed in time to allow a pre-match prior to a payment being scheduled.
  - Departments should not routinely process a VCC or VCM and initiate an immediate payment prior to the DOR pre-match (allow one week from vendor set up to payment) if seeking prompt payment discounts get VCC/VCM set up as soon as possible.

# Contracts Bureau - Vendors

## FRAUD ALERT!!!



- DEPARTMENTS MUST **PERSONALLY VALIDATE** WITH VENDOR AUTHORIZED SIGNATORY ALL TIN, LEGAL NAME, ADDRESS, REMITTANCE AND EFT INFORMATION AND CHANGES
- Thieves attempt to use social engineering and knowledge of state contracts as a means to change VCUST information (including bank account information) to “redirect” payments to another address or bank account.
- PREVENT FRAUD – Validate ALL W-9 and other requests for VCC and VCMs. (once the money gone, there is no guarantee it can be recovered)

# FORMAL MMARS TRAINING NOT JUST INTERNAL



## **Training/policy/E-updates**

- It is not enough to train staff internally. All staff who access and enter transactions in MMARS should be sent to CTR training, access available E-learning, or request on-site training.
- While training staff internally is a normal first step, the CFO and their managers should be mindful of which employees seem to be having issues with the work and ensure staff are “properly” trained to ensure state finance law compliance.
- Some people may be new and are getting trained by those who do not really understand MMARS, or train on “urban legend” and “how it was always done” rather than current standards and Internal Control Plan protocols.
- Training is ongoing and repeat training can help connect the dots that didn’t get connected in the first training, or provide needed updates.

## CONTRACT BUREAU – See CLOSE/OPEN INSTRUCTIONS for MMARS downtimes during Spring and Fall Contract Rolls



- **Review the Close/Open** People sometimes call the Help desk with calls about:
  - why the system is down prior to the Rolls; and
  - after the Rolls on how to make corrections or where to send requests
- **Realistically, department users do not memorize the Close Open instructions, but using the search feature is an easy way to find specific information that a department might need.**
- **If users think that our Close/Open instructions or e-Updates are not clear, they should let us know what they find confusing so we can improve them.**

# Standard Contract Form: Payments

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- Electronic Funds Transfer (EFT) (required for vendors with multiple payments)
- Legal Payment Date identified as when the payment is issued by the Commonwealth via EFT (Electronic Funds Transfer) when issuance file is transmitted to the bank or for checks when the check is sent to the post office by the State Treasurer's Office.
  - This is the methodology for triggering Prompt Payment Discount dates.

# Standard Contract Form: Payments

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- **Intercept.** All payments due the Contractor shall be subject to intercept pursuant to [G.L. C. 7A, § 3](#) and [815 CMR 9.00](#). (Language part of T&C)
- Contractor may not penalize any state Department or assess late fees, or cancel a Contract or other services if funds are intercepted due to outstanding taxes, child support, or other overdue debts of the Contractor.

# Standard Contract Form: Payments

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- Invoices.
  - Final invoices in any fiscal year must be submitted no later than August 15th
    - ✦ Department may make payment based upon the terms and prices of the contract for the goods or services that are accepted by the Department, and the Contractors acceptance of payment shall release the Commonwealth from further claims for payment.
    - ✦ If the Contractor disputes the final payment and refuses payment, available funds may revert and may be delayed
    - ✦ **Standard Contract Form allows Departments to deduct up to 10% from final payment if vendor is late in submitting invoices and the Department is forced to pay using a Prior Year Deficiency.**

# Contracts Bureau - /Encumbrances



- **E12 - SUBSCRIPTIONS, MEMBERSHIPS AND LICENSING FEES**
- Note that monthly cable or DIRECTV fees or other satellite services are not exempt from state sales and use tax exemptions contained in G.L. c. 64H, § 6, and G.L. c. 64I, §7, which are taxable by providers under G.L. c. 64M.
  - Additional taxes must be budgeted for and paid. Services may be shut off or late fees imposed if taxes are not paid.

# CONTRACTS BUREAU

## Tracking Contract Settlements



- **Contract Settlements** – We are now tracking department’s practice of contract settlements that support payments made outside the contract dates of service (before the contract started or after the contract ended)
- **Contract settlements for “performance disputes”** made within the dates of service and funding authorization are treated as a Contract Settlement and can be processed using the same object code for a regular payment.
  - Departments can outline the settlement information in the brief description of the standard contract form and include language in the budget and scope outlining the terms, or
  - Departments can also execute a separate Contract Settlement and Release Form.
- **Contract settlements or judgments made “outside”** the dates of service and funding authorization are treated as a **Settlement and Judgment** and must be reviewed by CTR Legal prior to payment to determine the appropriate source of funding and settlement object codes.

# CONTRACTS BUREAU – SPRING ROLL CLEAN UP



- **The biggest issue for the spring Roll is not correcting the PR08 rejects.**
  - until the corrections are made, the 'PR08/Yes' configuration prevents these accounting lines from being copied forward to a payment document, and in the case of the RPO, cause the PRM payment document to reject, preventing the scheduled payment from disbursing.
  - Also, the encumbered amount for a PR08 accounting line is not included in the Encumbered field on BQ81 or BQ89 screens, overstating the Uncommitted amount.
- **In June 2014, we notified the depts. that had rejected Roll docs with the doc ids #s and advice on correcting them;**
- **on 10/1, we still had 36 depts. that hadn't corrected 121 encumbrances. (After another round of e-mail notices, the number was down to 6 depts. and 9 encumbrances this past week.)**

# CONTRACTS BUREAU – FALL ROLL CLEAN UP



- For the Fall Roll, we get questions on why things did or did not Roll/Lapse.
- CFOs should monitor pre-Roll reviews to reduce the number of rejects and lapses.
  - We don't get as many rejects in the Fall Roll because we do a lot of Pre Roll correction work. CFOs greatly assist in managing this process.

# PAYROLL TIPS



- Reconcile payroll before payroll runs. Don't wait until Monday night!
- Open lines of communication – make sure HR / Payroll / Budget / Fiscal people are on the same page
- Remind all staff to keep **virus and malware protection and scans** up-to-date on personal PCs and devices BEFORE accessing Self Service Time and Attendance (SSTA)
- Review HR/CMS Knowledge Center frequently for key information and requirements
  - Intentionally misclassified or improperly entered payroll entries may be considered a breach of state finance law.

# HR/CMS Knowledge Center



## Knowledge Center 9.0

Human Resources Compensation Management System HR/CMS

### Quick Links

[Best Practices](#)

[Policies and Procedures](#)

[HR/CMS Payadvice](#)

[Security](#)

[Department Security Officers](#)

[HR/CMS Tips & Reminders](#)

[MassHR Continuity Plan - Self Service](#)

[HR/CMS Frequently Asked Questions](#)

[Retired/Archived Documents](#)

### Schedules

[HR/CMS Availability](#)

[Pay Calendar 2015](#)

[Pay Calendar 2014](#)

[Leave Accrual Schedule 2014](#)

[Leave Accrual Schedule 2013](#)

[Deduction Schedule](#)

[HR/CMS Calendar of Events](#)

[HR/CMS Archived Schedules](#)

### Welcome to the HR/CMS Knowledge Center 9.0

The goal of this site is to keep HR/CMS end users connected and informed about the Human Resources Compensation Management System. We invite you to return frequently to enhance your knowledge and skills in the application.

### Communications



#### Weekly eBulletin

To automatically receive the Weekly eBulletin announcement and emergency HR/CMS bulletins via email, send us a blank email by clicking on the following link: [Subscribe to Weekly Emails](#)

### Training and Support Tools

- [HR/CMS V9 Job Aids and Reference Materials](#)
- [Guide to Using Online Simulations \(Read First\)](#)
- [Online Training Simulations](#)
- [Trainer's Toolkit](#)
- [Training Database](#)



[Login Instructions](#)

### News & Updates

[HR/CMS 9.2 Upgrade](#)

[Agency Requests for Self Service Time and Attendance \(SSTA\)](#)

[SSTA System Requirements](#)

### Related Links

[Human Resources Division \(HRD\)- Internet](#)

[Human Resources Division HRD-Intranet](#)

[Human Resources Division - Mass HR](#)

[Group Insurance Commission \(GIC\)](#)

[Information Technology Division \(ITD\)](#)

[Mass.gov](#)

[Office of the Comptroller \(CTR\)](#)

[Public Employee Retirement Commission](#)

[Mass General Laws](#)

[State Retirement](#)

# HR and Payroll Policies and Procedures

## Mandatory Compliance by HR and Payroll Staff



### Knowledge Center 9.0

Human Resources Compensation Management System HR/CMS

Home  
Return to  
Knowledge Center 9.0

#### Policies/Procedures

HR/CMS-related policy and procedure documents published by OSC and HRD can be found here. Click on the links below to view the documents.

- **Human Resources Division**
  - [Most recent Collective Bargaining Agreements](#)
  - [Current HR/CMS related Policies/Procedures](#)
  - [Archived HR/CMS related Policies/Procedures](#)
- **Office of the Comptroller**
  - [Current HR/CMS related Policies/Procedures](#)
  - [Archived HR/CMS related Policies/Procedures](#)

**\*\*\*NOTICE\*\*\***

This site is being updated frequently. Please check back often for updated documents and newly added links and topics

Judicial Branch employees should use the [AOTC website](#) or call 877-994-7267 for assistance.

# QUALITY ASSURANCE

## Most important elements for effective internal controls



- **Tone at the Top** – covered in the Internal Control Guide, which is the basis for department Internal Control Plans
- **Segregation of Duties** – too much control in a single person/area = high risk for fraud or error
- **Assessment of Risks** (including fraud)
- **Monitoring Controls** – testing procedures for effectiveness, as well as continued relevance (do they still make sense for your objectives and risk mitigation)
- **Use Available Tools (Website)**
  - Mass. and AGA Fraud Prevention Toolkits
  - NASC Control Self-Assessments

# Financial Reporting Bureau Items



## **Contact the Financial Reporting Bureau when involved with:**

- ✦ Environmental remediation
- ✦ Loan agreements / Loan program arrangements – to correctly record assets and repayment Accounts Receivables

## **Comply with Acquisition Policy and Fixed Assets policies:**

- ✦ Receivable and payable reporting
- ✦ Receivable aging and write-offs (policy should be in place and process be documented )
- ✦ Asset acquisitions (purchase, grant, gift or internal design e.g., software development)
- ✦ Retirement of assets or disposal

## **Financial Audits and Reporting:**

- ✦ Tone from top - Internal Controls and training reminders
  - MMARS entries must be accurate in compliance with published policies
  - Inaccuracies result in inaccurate financial reports and may trigger audits and findings
- ✦ Complete GAAP package on time – any delay affects publication of financial reports
- ✦ Respond to management letter comments promptly with details

# Accounting - Non-Tax Revenue



- **REVENUE HANDBOOK** – **START HERE** if your Department collects revenue, or wants to collect revenue
  - Authority – must have legislative authority to BOTH “receive” and “expend” funds. (Just because you can collect, does not mean you can spend)
  - Type of revenue and receipt account depends on how long the funds are available (budgeted account vs. continuing or non-budgeted account)
  - **Non-Tax Revenue Policies**
  - **Non-Tax Revenue Forms**

# Collecting Overdue Debts – Accounts Receivables



- Departments billing customers for fees or others bills (accounts receivables) must track billings and collections
- **Overdue bills** can be referred for collection and intercept once invoiced 30, 60, 90 and final 120 notice (with opportunity to dispute and notice of debt collection and intercept)
- Departments must diligently pursue collection of Commonwealth debts
  - [Debt Collection Services](#)
  - [Intercept and Intercept Web Application](#)

# E-REVENUE – Industry Requirements



- If Department accepts electronic payments  
Department must comply with E-revenue  
Policies
  - ✦ Electronic Revenue and Payment Collection (accepting electronic payments) and Associated Data Security

# Upcoming changes in Electronic Payments



- **New PCI Data Security Standard 3.0 mandatory 1/1/15**
  - New Self Assessment Questionnaires (SAQs) with Version 3.0
  - Review [Payment Collection Data Security Policy](#) for data security obligations for Department collections
    - ✦ If Department has conducted initial validation or has an ongoing QSA or ASV contracting relationship (Statewide Contract PRF56 Designated OSC Data Security) contact vendor to determine any required updates or responsibilities

# Upcoming changes in Electronic Payments



- **EMV (EuroPay, Mastercard, and Visa) is coming:**
  - Card issuers in process of reissuing chip cards (dip not swipe, with PIN) to customers
  - Improves security (at point of sale) against fraud compared to mag stripe
  - Chip carries security credentials, business rules, and authentication methods
  - Hardware changes or peripherals required to accommodate processing and associated liability shift on October 1, 2015
  - Additional information forthcoming

# New Credit Card Processing Contract PRF59 Designated OSC



- Joint procurement currently underway for credit and debit card processing to replace merchant services under the Statewide contract PRF44 designated OSC
- Web and IVR hosting currently supported by HP will be bid separately in the next few months
- Leverages combined transaction volume of MBTA and Commonwealth merchant entities
- Goal is to further reduce per item costs for all participants
- Target contract award in January 2015

# CFO Playbook – CFO Resources Page



**We listened!**  
**THIS ONE'S FOR YOU!!**

# Chief Fiscal Officer Panelists



- William Marchant, TRC
- Marianne Blanchett, SDB
- Stephen White, ENE

# Massachusetts Trial Court Office of Court Management



**WILLIAM MARCHANT**



# Internal Controls



- **Conduct Training**
- **Provide Internal Control & Risk Assessment Templates to Court/Office Leadership Team**
- **Translate Internal Controls from Theory to Reality (Link to Dept. Mission)**

# Professional Development



- Pursue Certifications
- Executive Education
- Networking
- Professional Organizations
- Succession Planning

# Berkshire Sheriff's Department



**MARIANNE BLANCHET**



# Information Warehouse



**UTILIZE IT TO THE  
FULLEST EXTENT**

# Information Warehouse Knowledge Required



- **Access**
- **Tables in MMARS, HRCMS, LCM, etc.**

# Good Information

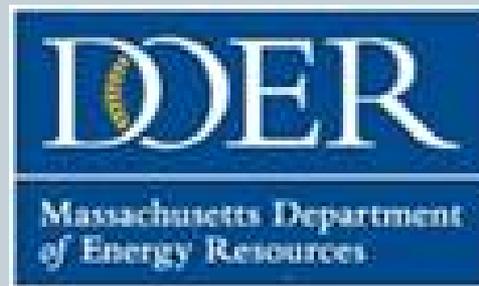


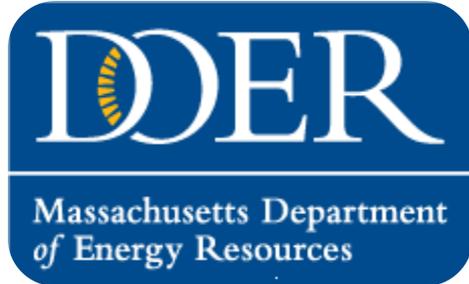
- **Where do I find that Field?**
- **What is the information needed for?**
- **Have I asked for the information correctly?**

# Department of Energy Resources



**STEPHEN WHITE**





**Annual CFO Conference:  
Best Practice Panel:  
DOER Living Controls**

# Internal Control Checklists



- Brings Value to Controls as Business Process
- Checklists Make all Employees responsible for internal controls
- Emphasizes Program “Objectives” and Success as a connection to all transactions
- New Best Practices are Documented and Checklists are updated continuously
- Templates are Utilized to Make Transaction Management More streamlined

# Customer Service Comments and Questions



- We value your comments and feedback
- Please send comments about this guidance or questions to the Comptroller Helpdesk at:  
[comptroller.info@state.ma.us](mailto:comptroller.info@state.ma.us)