Commonwealth of Massachusetts

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MMARS Policy: **Procurement/Contracts**
Issue Date: **July 1, 2004**
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Open Order Encumbrance

Executive Summary

Accounting Event Types PR51, PR54 and PR56 have been created to replace the Open Order and MSAVENDOR vendor codes.

- Event Types PR51 and PR54 are Open Order event types used to encumber funds on current budget fiscal year accounting lines.
- Event Type PR56 is an Open Order event type used to encumber funds on future fiscal year accounting lines.

Document Code	Current Year Event Type	Out-Year Event Type
CT	PR51	PR56
PH	PR51	N/A
GAE	PR54	N/A

Considerations

In addition to the policies in this Chapter, departments are also responsible for the policies in **Contracts - State Finance Law and General Requirements, Contracts - Encumbrance Management** and any other related contract policies issued by CTR.

Policy

The event types PR51, PR54 and PR56 are accounting methods only and do not replace procurement or other contract requirements. With the exception of incidental purchase payments, evidence of an appropriate procurement, executed contracts or other applicable documentation, must exist in the department's procurement file to support payments that reference open order encumbrances. When a

department creates an encumbrance using Event Type PR51 and does not reference a Departmental Master Agreement, a department's authorized signatory must sign and date "A CT With Event Type PR51 Request For Approval Form". This must be kept as part of the required documentation for this type of request. In addition, if the CT document requires CTR secondary approval, a copy of this form must be submitted to the CTR Contracts Unit for processing.

Open Order Event Types PR51 and PR56 ("MSAVENDOR TYPE")

A department should set up an RQS that may be referenced by multiple CT's. These CT's should also reference the applicable Departmental MA. The RQS does not require a vendor/customer code.

The CT Open Order "MSAVENDOR Type" should only be used when business requirements warrant. **NOTE:** The Open order "MSAVENDOR Type" is not allowed with encumbrances that reference a Statewide Master Agreement.

The following guidelines for using the Open order event types PR51 and PR56 on a CT referencing a Departmental Master Agreements must be adhered to:

- Maintaining Departmental Master Agreements as an auditable list of vendors approved under the Master Agreement(s);
- Only one object class per encumbrance document will be allowed. This does not limit the number of accounting lines that are necessitated by various appropriation accounts;
- Event type PR51 CT encumbrances that are tied to a Departmental MA, may be set up for multiple fiscal years in cases when the supporting contract is multi-fiscal year. Event Type PR56 is the event type that must be used on all future fiscal year accounting lines;
- Event type PR51 CT encumbrances that are tied to a Departmental MA, must have the Departmental Master Agreement Number in the "Document Name" field located in the header section of the CT. This requirement will allow departments to extract Departmental Master Agreement information from the Commonwealth Information Warehouse (CIW).

Departments will be responsible under terms of department Internal Controls to maintain the proper evidence of a vendor's eligibility for any MA established by the department. This information must be included in the departments "procurement file". This information along with the MA in MMARS will be an auditable record against which Open order encumbrances and referenced payment requests can be validated for compliance with procurement laws and policy and procedures of the Office of the Comptroller.

Open order Event Type ("Non MSAVENDOR Type")

- Event type PR51 CT encumbrances that do not reference a Departmental MA in the header Document Name field may only be set up for a **single** fiscal year;

- When a department creates an encumbrance using Event Type PR51 and does not reference a Departmental Master Agreement, a department's authorized signatory must sign and date "A CT With Event Type PR51 Request For Approval Form".

Event Type PR54

- Event Type PR54 is only allowed with the GAE (Miscellaneous Encumbrance)
- Event type PR54 may only be set up for a single fiscal year.

Internal Controls

Under Construction. Please see Policy Chapter "Contracts – Internal Controls for Purchasing, Procurement and Contracting".

Information Sources

- Related Procedure: Contracts – Line Types
- Related Policy:
  - Contracts - State Finance Law and General Requirements
  - Key State Finance Law Compliance Roles And Responsibilities.
  - Department Head Signature Authorization and Electronic Signature for MMARS Documents
  - Contracts – Goods and Services (Including Health and Human Services, Leases, TELPS, Consultant Contracts, Incidental Purchases)
  - Contracts – Quality Assurance
  - Contracts – Delegation of MMARS Document Processing
  - Contracts – Encumbrance Management
  - Contracts – Records Management
- Legal Authority:
  - Expenditure Classification Handbook;
  - M.G.L. c. 7A (Office of the Comptroller); M.G.L. c. 29 (State Finance Law);

- Attachments:
  - CT With Event Type PR51 Request For Approval Form

- Contacts - CTR Help Desk

- **November 1, 2006** – Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.