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MMARS Policy: **Security**

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Department Head Signature Authorization and Electronic Signatures for MMARS Transactions

Executive Summary

In order to take advantage of the efficiencies provided by the use of electronic signatures, we have built the controls within the security of the accounting system beginning in fiscal year 2005 with referenced Department Head security authority implementation options filed as part of each Department's internal control plan. This method was developed in consideration of both efficiencies and risk management.

In summary, the Comptroller has the responsibility to prescribe accounting rules and instructions for all state Departments for the appropriate use of the state accounting system, the official books and records for the Commonwealth's financial transactions. In order for that mandate to be met, the Commonwealth manages its finances based on a series of reliances:

- The Governor submits a warrant to the Governor's Council for approval relying upon the "certification" by the Comptroller;
- The Comptroller relies on certification by a Department Head evidenced by electronic signature within the accounting system,
- A Department Head relies on their Chief Fiscal Officer (CFO) that manages the day to day activity within the Department evidenced by electronic signature within the accounting system;
- The CFO relies on Department employees to make purchases and confirm receipt, delivery and acceptance of commodities and services (including payroll) in accordance with prescribed laws, regulations, policies and procedures.

Department Head delegation of signature authority is captured based upon "Security roles" established as part of the state accounting system (Massachusetts Management Accounting and Reporting System – MMARS). In addition, Department Heads may choose to implement further restrictions with use of Department Head signature authority which will be implemented through Department policy, not by system security. These restrictions must also be documented and referenced in the Department's internal

control plan. The attached MMARS Signature Restrictions and Limitations may be used to document these additional restrictions as part of the Department's Internal Control Plan.
It is our mandate as managers in the Commonwealth, to ensure that fiscal accountability and integrity be integral to managing our Departments.

This policy outlines the requirements for Department Head Signature Authorization delegation and filing as part of a Department's internal controls and the use of Electronic Signatures for MMARS transactions.

Considerations

Delegation of Department Head signature authorization (DHSA) is an efficient administrative tool that allows a Department Head to personally designate key Department employees who can incur obligations, make expenditures and conduct the day-to-day Department activities on behalf of the Department Head. Department Heads are responsible for ensuring that designations to key state finance law compliance roles (Chief Fiscal Officer, Payroll Director, Security Officer, Internal Control Officer, General Counsel, MMARS liaison, GAAP Liaison) are assigned and that notification of designation changes are promptly communicated to the Office of the Comptroller (CTR). A Department Head remains responsible for all activities conducted by the Department.

In order to take advantage of the efficiencies provided by electronic signatures, Department Head Signature Authorization (DHSA) has been aligned with MMARS Security. Security roles will now identify who is an authorized signatory for the Department Head, allowed not only to electronically authorize MMARS transactions on-line but also approve any underlying supporting documentation (such as a contract, purchase order, invoice, payroll etc.).

Policy

Comptroller Implementation of State Accounting System and Internal Controls

The Comptroller has the responsibility to prescribe accounting rules and instructions for all state Departments and the appropriate use of the state accounting system. Pursuant to M.G.L. c. 7A, § 7, M.G.L. c. 7A, § 8, M.G.L. c. 7A, § 9 and M.G.L. c. 29, § 31 the Comptroller is required to implement a state accounting system (including a centralized payroll system) and issue instructions for the accounting practices to be used by all Departments for supplies, materials, assets, liabilities, equity, debt, encumbrances, expenditures, revenues, expenses and obligations of all Commonwealth funds and accounts, including payroll, unless specifically exempted by general or special law. The Comptroller has responsibility to prescribe, regulate and make changes in the method of keeping and rendering accounts and is authorized to direct state Departments to implement changes in their systems to meet these statewide standards.

MMARS is The Official Record of Fiscal Activities

The uniform system of accounting established by the Comptroller is known as the Massachusetts Management and Accounting System (MMARS). MMARS is a computerized accounting system that has been established as the official record of the Commonwealth's accounting activities. The Comptroller has established a series of fiscal controls in the system to manage financial risks, reduce incorrect and incomplete entries and to prevent the payment of expenditures, which exceed available funding.
What appears in the MMARS system will be considered the "official record" or "record copy" of fiscal activities and will supersede paper or other formats of the same information. Departments must remember that MMARS is an accounting system, used to accurately record and report on fiscal activities. Therefore, it is imperative that everything entered into MMARS is verified as accurate and complete.

Fiscal Activity Based Upon A Series Of Reliances

The Comptroller attempts to strike a balance between Comptrollers statutory responsibilities and minimizing unnecessary oversight of state government fiscal transactions by managing MMARS through a series of reliances.

1. The Governor submits a warrant to the Governor's Council for approval relying upon the "certification" by the Comptroller. (M.G.L. c. 29, § 18)
2. The Comptroller certifies expenditures on a warrant relying upon the "certification" of the Department Head or designee evidenced by an electronic signature approval of a transaction in MMARS. (M.G.L. c. 7A, s. 3, M.G.L. c. 29, § 61; M.G.L. c. 29, § 20)
3. The Department Head certifies expenditures and other obligations in MMARS by relying on the Chief Fiscal Officer and other authorized Department Head signatories to manage the day-to day business of the Department and approve expenditures on behalf of the Department Head;
4. The Chief Fiscal Officer and other Department Head authorized signatories who approve purchases and expenditures, rely on Department employees to make purchases and confirm receipt, delivery and acceptance of commodities and services (including payroll) in accordance with prescribed laws, regulations, policies and procedures.

The Comptroller has set up the state accounting system (MMARS) with a series of checks and balances to balance fiscal risks with administrative and business efficiencies. The Comptroller relies on Department Heads to ensure that all payments and other transactions sent to the Comptroller for certification through MMARS have been approved by the Department Head as being legal, appropriate and properly submitted in accordance with applicable law, policies and procedures.

Although MMARS is an effective management tool, Departments can not rely solely on the MMARS system to manage fiscal responsibility and decisions. MMARS will not always prevent mistakes or incorrect entries. Some transactions will pass all the system tests (edits) and be processed to final status even though the expenditure, underlying procedures, procurement process, or contract documentation is legally deficient or inaccurate. Compliance responsibility remains at all times with the Department that processes transactions to final status. Since MMARS will track the UAID of the Department employee that approves transactions, quality assurance reviews will identify not only the transactions that will be reviewed, but also the security identification of the individual(s) who entered and approved the transactions.

In order to support the series of reliances, the Comptroller establishes the following requirements for the management of Department Head Signature Authorization, Internal Control Plan Updates and Electronic Signatures for MMARS transactions. These policies and any applicable procedures shall apply to all Departments unless specifically exempted. A Department's use of MMARS requires at a minimum, agreement to comply with Comptroller laws, regulations, policies and procedures, even if other general or special laws exempt the Department from compliance with Executive Branch requirements.

Filing of Department Head Signature Authorization (DHSA) as part of Internal Controls

Pursuant to M.G.L. c. 7A, s. 3, M.G.L. c. 29, § 61, M.G.L. c. 29, § 19 and M.G.L. c. 29, § 31 prior to certifying any expenditure for payment on a warrant the Comptroller, in lieu of pre-auditing payments accepts Department Head affidavits that articles have been furnished, services rendered (including payroll) or obligations incurred, as certified.

Since a Department Head cannot personally review and certify all business transactions, the Department Head is responsible for setting up the Department's business operations with a series of checks and balances (known as Internal Controls) to balance fiscal risks with administrative and business efficiencies. A Department Head relies on the delegation of signature authorization to authorized signatories within the Department who conduct the day-to-day business of the Department.

A Department Head delegates signature authority personally to Department employees who will be responsible for conducting business on behalf of the Department Head in accordance with applicable law, regulations, policies and procedures. Delegation of Department Head signature authorization (DHSA) is an efficient administrative tool that allows a Department Head to designate key Department employees who can incur obligations, make expenditures and conduct the day to day Department activities on behalf of the Department Head.

In order to support the use of electronic signatures, each Department agrees that it will conduct all fiscal business in accordance with state finance law, including but not limited to M.G.L. c. 7A and M.G.L. c. 29, and laws, regulations, policies and procedures of the Office of the Comptroller.

Departments within the Legislative or Judicial Branch, or non-Executive Department or institutions that comply with state finance laws, including Comptroller laws, regulations, policies and procedures will not by implication be agreeing to comply with Executive Orders or other Executive Branch directives that the Department would not normally be subject to, unless the ability to use certain MMARS transactions, system functionality or benefits (such as transaction delegation or incidental purchases) involves compliance with certain minimum requirements (such as the use of standard Commonwealth boilerplate contracts, or compliance with minimum procedures). Any Department that chooses to take advantage of these system benefits agrees to comply with the minimum requirements identified by CTR for these benefits.

All Department employees with Department Head signature authorization to sign or approve transactions, obligations or expenditures will be identified through MMARS security. Department employees processing transactions with this designation will not be required to obtain a signature or any additional authorization prior to processing a transaction to final status in MMARS. MMARS transactions processed with "Administrator" roles without Department Head Signature Authorization will require sign off by an authorized signatory prior to making the transaction final.

Since Administrator roles have the security to incur obligations and make payments, the Security Officer is responsible for ensuring that any Administrator roles are approved personally by the Department Head and that evidence of this approval (signature or initials on Security Form, memorandum, spreadsheet of designations or an email confirmation) are retained as part of the Department's Security files. Changes to Administrator roles must be approved promptly by the Department Head and filed as part of the Department's Internal Controls and will also be communicated to the Comptroller's Security Officer.

Any MMARS transaction submitted to final status and any underlying supporting documentation shall operate as the Department Head's certification that the transactions are accurate and complete and that the expenditure or other obligation is supported by sufficient legislatively authorized funds and is made in accordance with this Department's legislative mandates and funding authority and complies with all applicable laws, regulations, policies and procedures. Please see Policy Chapters on MMARS "Security" for additional information.

Please note that all Authorized Signatories of a Department Head who will be representing the Department Head, approving contracts or any other obligation or expenditure, approving hiring, or making any other legal obligation on behalf of the Department must be assigned a MMARS UAID with a security Administrator role with a DHSA flag even if they will never access MMARS. Audits of DHSA rely on reports from MMARS identifying who are authorized signatories. If individuals are acting as authorized signatories and are not recorded in MMARS with DHSA authorization, the Department may be subject to an audit, quality assurance or internal controls finding for a DHSA irregularity.

Direct Authorization for Department Head and Secretariat Signature Authorization (DHSA) – No Sub-delegation

All expenditures, including payroll, of the Commonwealth must be authorized in accordance with M.G.L. c. 29, § 20, M.G.L. c. 29, § 31, and M.G.L. c. 7A § 3. Pursuant to M.G.L. c. 29 § 31, the Comptroller requires certification from each spending authority that **each employee receiving a salary under the warrant is being paid for duties performed directly for the employing agency and not for duties performed for another state agency.** Expenditures under HR/CMS are paid in arrears based on a centralized time and attendance system, which must be certified by an authorized Department Head signatory as follows:

> *This payroll has been processed in accordance with the Commonwealth's Payroll Policy, State Finance Law and this Department's Internal Control Plan. The amount listed has been certified to the Comptroller through the payroll system for payment. This certifies that time and attendance for each employee is on file in this Department and has been approved by the appropriate manager to support amounts paid. This approval and supporting details will remain on file in this Department for three years for review by the Office of the Comptroller or other auditing entity.*

Each Department Head must directly authorize individuals to be their designee for approval of fiscal documents or other legal obligations on their behalf. **There can be no sub-delegation by designees. An individual granted signature authorization may not in turn sub-delegate Department Head Signatory Authority to other individuals.**

Department Head Signature Authorization may NOT be delegated to a "contract" employee, to any "non-employee" (such as a consultant, or employee of an outside entity, an Authority or quasi-public agency) or to an employee of another Department since these individuals may NOT act as agents of the Department Head.

Department Heads should be careful when assigning titles to "contractors" or "non-employees" that might be perceived as placing these individuals in a decision making role for the Department or in the position of "appearing" to replace or supervise state employees. (See M.G.L. c. 29, § 29A.)

Secretariat Signature Authorization

Direct delegation also applies to secretariat signatories. Cabinet Secretaries must directly authorize individuals within their own Department to be their designee to approve legal obligations, fiscal documents or other legal documents on the Secretary's behalf. Secretariat signoff may be granted to a Department for the limited purpose of enabling Departments within the Secretariat to signoff on consultant service contracts in the "HH" and "NN" subsidiaries pursuant to M.G.L. c. 29, Section 29A, and Human and Social Service contracts in the "MM" subsidiary pursuant to M.G.L. c. 29, Section 29B. Such delegation is made to the Department Head and may be made by letter, memorandum or email. The Secretary will determine who within the Secretariat can provide the secretariat signoff.

However, ***secretariat signoff provided to a Department within the secretariat will NOT authorize the Department designee to sign off on a secretariat contract, invoice, payroll or other obligation***. A Department designee with secretariat authorization can only provide secretariat signoff for ***its own Department obligations, not obligations of the secretariat as a Department, unless otherwise provide by law or approved by the Office of the Comptroller.***

Secretariat signoff is not captured as part of MMARS transaction approvals and therefore, there is no MMARS security role which reflects secretariat signoff delegation. Secretariats and Departments that have secretariat signoff delegation will be required to record this delegation as part of its internal controls. For contracts requiring secretariat signoff, the approval must be obtained ***prior*** to the effective start date of the contract.

CTR and OSD will not verify secretariat signoff as part of prior secondary review of any contract but will verify signoff as part of quality assurance reviews. There is no standard format for secretariat signoff. The Department can obtain secretariat signoff of the RFR or the contract, provided the signoff is obtained prior to the effective start date of the contract and the format for obtaining the secretariat signoff is reliable and verifiable. Processing a contract MMARS transaction to final status will act as a certification to the Comptroller that secretariat signoff has been obtained.

Department Head and Secretariat Signature Authorization Delegation Must Support Department Business Needs

Since Department Head and Secretariat authorized signatories may not sub-delegate their authorization to other individuals, Department Head and Secretariat Signature Authorization should be structured to ensure that there are sufficient Department employees authorized to approve contracts, transactions, payroll and other critical business needs during staff vacations, maternity leave, sick leave or other leave or unavailability.

Department Head Signatory Authority and Internal Controls

The Comptroller publishes internal control guidelines in consultation with the State Auditor's Office. All Departments are required to file an Internal Control Plan and review and update this plan to ensure fiscal responsibility and accountability. M.G.L. c. 7A, § 9A. (See Internal Controls.) MMARS security roles, including roles designated with Department Head Signature Authorization (DHSA) are now filed as part of each Department's Internal Controls. Department Internal Controls are tools that help managers work effectively and efficiently while avoiding serious problems such as overspending, operational failures, fraud, waste and violations of law. Internal controls are the structure, policies and procedures put in place

to provide reasonable assurances that management meets its objectives and fulfills its legal and fiscal responsibilities.

In order to eliminate annual submission of DHSA designation forms to CTR, all individuals who are assigned DHSA by the Department Head will be given a MMARS security UAID which will remain in place until the designation is changed by the Department Head or the employee leaves the Department. All Department employees will be assigned a "User" or "Administrator" security roles in each of the functional area(s) that they perform work. Authorized signatories will be identified through MMARS security. The Department Internal Control Officer should perform risk assessments to ensure that the security roles assigned with Department Head Signature Authorization support internal controls (including segregation of duties or sufficient secondary review).

Shared Administrative Processing Does Not Mean Shared Department Head Signature Authorization

Each Department is legislatively mandated to perform duties as outlined in enabling legislation and the General Appropriation Act. Although Departments have flexibility to fulfill these mandates by "contracting" out for performance with outside contractors and with other state agencies (Interdepartmental Service Agreements (ISAs) and Interdepartmental Chargebacks under 815 CMR 6.00 , the Department Head remains obligated for fulfilling these mandates. Responsibility for these legislative obligations can not be "transferred" to another state agency without legislative authorization. ISAs are authorized only to enable two Departments to fulfill a joint mandate, not to transfer a program or responsibility for performance to another state agency. Therefore, a Department Head can not transfer their decision making authority (signature authorization) to an employee of another Department or a non-employee.

In addition, under M.G.L. c. 29 § 31, the Comptroller requires certification from each spending authority that **each employee receiving a salary under the warrant is being paid for duties performed directly for the employing agency and not for duties performed for another state agency.** Some Departments are moving towards consolidating processing of administrative functions, such as payroll and MMARS transaction processing using a "shared processing" model. Either by legislative authorization or through the use of Interdepartmental Service Agreements (ISAs) Departments are designating employees to "process" transactions in MMARS or HR/CMS on behalf of multiple Departments.

However, shared "processing" does not mean shared "approvals". Department Head Signature Authorization can not be delegated to employees in another Department, therefore, each Department is fully responsible for managing its business and signing off on all obligations, contracts, payroll, payments, etc.

- An employee of Department A can not assume the role of signing off or managing the business operations of Department B and can not act as a legal representative of Department B. Departments can work cooperatively to conduct joint procurements, and other administrative processes, but decision-making, supervision of employees or operations, and the act of "incurring a legal obligation" such as signing contracts, approving expenditures and other documents, remains with the authorizing Department and can not be "assumed" by another Department.

- Therefore, if Department A has MMARS Administrator security roles that allow "processing" transactions to "final" status on behalf of Department B, these transactions may not be processed to final status without signoff of the transaction by an authorized signatory of Department B. Signoff can be made in a variety of ways and does not necessitate approval in

MMARS or HR/CMS directly or screen prints of MMARS or HR/CMS screens. Emails from the Department Head (or authorized signatory) with the key information for approval; signature or initials on invoices, spreadsheets or memorandum, or other "evidence" of signoff is sufficient. Departments may develop any internal process that efficiently "documents" Department Head signoff. Electronic evidence of approval such as emails must be printed and retained in order to document approval, since emails are not yet a sufficient electronic format to retain records.

Therefore multiple departments may not consolidate functions across agencies and share personnel who will be approving obligations on behalf of another department other then their employing department absent specific legislative authorization or an ISA approved for this purpose as prescribed by CTR. The limited exception occurs when staff in an executive office performs administrative services on behalf of departments within the secretariat. Centralized administrative services do not include Department Head approval of transactions, encumbrances, payroll, etc. which still must be performed by each department. But once approved the transactions or processes needed to implement the approved transactions may be implemented by secretariat staff. ISAs may be used to fund these centralized services provided the ISAs and funding mechanisms are approved in advance by CTR. In this circumstance the secretariat has broad authority over its departments and may provide such services centrally. In all cases ISAs must be voluntary and reflect the actual costs attributable to the services actually performed.

CTR will periodically review DHSA and MMARS Security as part of Quality Assurance and Internal Control reviews.

Key State Finance Law Compliance Appointments

CTR maintains a database of Department employees, formally appointed by a Department Head, who are responsible for the Department's compliance with various aspects of state finance law. CTR uses this database to communicate information and relies on these employees as the knowledge base of the Departments in their areas of expertise.

The Internal Control Officer should be responsible for ensuring that the DHSA, MMARS security, and Key Appointments are up to date, both at the Department and at the Comptroller's Office. These responsibilities are vital for maintaining the series of reliances CTR uses to approve the warrant. It is critical that Departments notify CTR promptly of any changes so that we can accurately communicate information to your Department.

Payroll Director	Chief Fiscal Officer
Security Officer	Internal Control Officer
GAAP Liaison	MMARS Liaison
Single Audit Liaison	General Counsel

Department Heads should review the list of personnel who coordinate policy and procedures on their behalf and appoint individuals to these roles. Please review the current list within your Department and forward any changes. For a description of the responsibilities of each appointee, please go to Key State Finance Law Compliance Appointments and Responsibilities. Each employee listed requires access to the Internet in order to retrieve and process transactions and information posted by the Office of the Comptroller. CTR will communicate important information to these individuals and will rely on these individuals as the knowledge base of the Departments in their areas of expertise.

Given that most of these roles includes significant responsibility for managing Department business operations and assisting the Department Head with state finance law compliance, appointments to these roles cannot be made to contract employees, non-employees or employees of another Department. Given employee reporting structures, the limits of M.G.L. c. 29, s. 31 requiring employees to perform work solely for their hiring Department, and potential conflicts of interest, these roles should not be "shared" between multiple Departments.

Live Signatures And Dates Required On Contracts And Other Legal Obligations:

Electronic signatures are authorized only for the electronic accounting transactions in MMARS, which support a Department's business and legal obligations. Therefore, electronic signatures are authorized only to encumber funds, authorize payments or other fiscal transactions necessary to support contracts (grants, Interdepartmental Service Agreements (ISAs), leases, subsidies, etc.) and other legislatively authorized activities.

This restriction does not apply to RFRs and responses to RFRS that are submitted electronically through Comm-PASS, provided that contracts, amendments and other documents requiring signatures (W-9s etc.) are submitted in hard copy with a wet signature. Therefore, Departments may negotiate a contract, an amendment or communicate electronically, but any contract or amendment must be finalized with written (wet) signatures by authorized signatories of the Department and contractor.

Under M.G.L. c. 110G, the Uniform Electronic Transactions Act (added by St. 2003 c. 133), an "electronic signature" is defined as "an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record." An electronic signature will be treated as if the authorized individual executed a written signature and date.

Live signatures and dates are entered in pen by the Department Head or authorized signatory, and a contractor or other party (if applicable). The date of a signature is an inseparable part of the signature, which documents the actual date of a signatory's authorization. Date stamps, typed or any other method of pre-filled dates do not comply with this requirement.

When CTR, OSD or other oversight Department must perform a secondary review in order for a transaction to be completed to final status in MMARS, a Department should submit photocopies (not originals) of the transactions and supporting documentation to the oversight Department. Any original transactions and transactions (including duplicate originals if not clearly marked duplicate original) submitted for processing will be returned to the Department. Contracts, payments and other documents must reference applicable electronic accounting transactions (by document reference or identification number). Photocopies reviewed by CTR, OSD or other oversight Department will not be considered record copies and will be disposed of after use.

The only exception to these instructions will apply when the Comptroller or another oversight Department is responsible for contracting or making payments on behalf of a Department, such as for Statewide Contracts, Settlements or Judgments, Tort Claims, Prior Year Deficiencies, or when the original of a document is required to be filed at the oversight Department (such as IRS Form W-9s for Vendor or Customer registration, the Commonwealth Terms and Conditions, or the Commonwealth Terms and Conditions for Human and Social Services filed at the Office of the Comptroller). Departments will be responsible for submitting the original or a certified copy of the original contract or other document. A certified or attested copy is a copy that has been reviewed and compared with the original documentation, and is certified by the reviewer as a true copy of the original documentation. The Comptroller or other oversight Department will be responsible for retaining and archiving the record copy of these documents in accordance with the requirements of the Records Conservation Board and 815 CMR 10:00.

Departments will be responsible for maintaining and archiving the record copies of contracts and other legal obligations in accordance with records retention requirements of the Records Conservation Board and 815 CMR 10:00. MMARS financial records will be maintained by the Comptroller with the assistance of the Information Technology Division in accordance with records retention requirements of the Records Conservation Board, the Information Technology Division and M.G.L. c. 110F.

Electronic signature and Department Head Authorization of MMARS transactions

With the implementation of the MMARS accounting system the Office of the Comptroller aligned Electronic Security with Department Head Signature Authorization (DHSA) beginning in fiscal year 2005 to take advantage of electronic signatures for MMARS processing. Every MMARS action must be confirmed/authorized by the Department Head or an authorized signatory. Department Head authorization can be accomplished in one of two ways:

- **Administrator Security with DHSA**. If the employee (Administrator - system processor) who submits a transaction to final status is a Department Head authorized signatory, the data in the MMARS system will be sufficient documentation of the transaction approval. What appears in MMARS will be the record copy of the transaction.
    - ***Recording Doc Id on all supporting documentation***. Since there is ***no paper copy required for the MMARS transaction*** the Department will be required to include the MMARS Document Identification number (Doc ID) on all supporting documentation to "match" the supporting documentation with the electronic record of the MMARS transaction which will reside on MMARS. Recording the Doc Id on all supporting documentation can be accomplished by entry of the MMARS Doc Id on the first page of the supporting documentation, or by entering the Doc Id on a **MMARS Document Records Management/Signature Authorization Form** that will act as the cover sheet to the supporting documentation for records management purposes.
- **Administrator Security without DHSA.** If the employee (Administrator - system processor) who will be submitting a transaction to final status is not a Department Head authorized signatory, the Administrator must obtain a live ("wet") signature from an authorized signatory approving the transaction ***PRIOR*** to submitting the transaction to final status in MMARS.
    - ***Review of transaction and supporting documentation***. Since a Department Head is required to authorize the official record of a MMARS transaction, which is what **actually appears in the MMARS system**, Departments must ensure that whoever authorizes the transaction has reviewed the transaction (or key data from the transaction) and related supporting documentation prior to authorization.
    - ***Evidence of DHSA***. MMARS functionality is designed to support extensive use of electronic signatures for DHSA purposes. Departments are encouraged to use this functionality to electronically document DHSA by encouraging signatories to access and view transactions on-line and apply approvals. However, Department Head signoff can be made in a variety of ways and does not necessitate approval in MMARS or HR/CMS directly or screen prints of MMARS or HR/CMS screens. 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) with the key data elements for approval; signature or initials on invoices, spreadsheets or memorandum, or other "evidence" of signoff is also sufficient. Departments may develop any internal process as part of the Department Internal Control Plan that efficiently "documents" Department Head signoff. Once the evidence of DHSA approval is obtained, electronic approval can be made in MMARS, and the approval evidence can be filed for Records Management, Quality Assurance and Audit purposes.

- ***Filing of authorization with supporting documentation***. Authorization documentation must be kept on file at the Department along with the record copy of the contract or other supporting documentation related to the MMARS transaction. Emails must be printed since emails are not a satisfactory electronic storage mechanism for electronic records. Email header information and dates are not always retained upon archival and there is a greater risk that these emails will be inadvertently deleted during storage maintenance purges.

What does electronic signature of a MMARS transaction mean?

When a Department electronically submits a transaction to final status in MMARS, the Department Head is certifying to the Comptroller that the individual, on behalf of the Department Head, understands that their UAID (universal access identification) is being recorded for any entries made in the MMARS system **and that** individual certifies under the pains and penalties of perjury that:

- it is their intent to attach an electronic signature approval and date to the MMARS transaction, **and that**
- they are either an authorized signatory of the Department Head who is authorized to approve the MMARS transaction as part of the Department Internal Control Plan, **OR**
- that the transaction they are processing and any supporting documentation have been approved by an authorized signatory of the Department Head, secretariat and any other required prior approval (including secretariat signoff if required) and a copy of these approvals are available at the Department referencing the MMARS transaction number, **and that**
- any expenditure or other obligation is supported by sufficient available legislatively authorized funds and is in accordance with the Department's enabling legislation and funding authority; **and that**
- the MMARS transaction and any underlying supporting documentation are accurate and complete and comply with all applicable general and special laws, regulations and policies including public record intention and disposal requirements.

The MMARS transaction itself will be retained electronically on behalf of departments in MMARS. Therefore, MMARS transactions do not have to be printed and saved with supporting documentation, provided the Doc ID is identified on the back up documentation to match with the MMARS transaction. The same types of documentation used in the past to support payments/expenditures are required in MMARS. Reviewers, auditors, oversight agencies, etc., will access MMARS to review the accuracy, authorizations, and set-up of transactions. Departments must continue to maintain files with documentation to support these transactions. Departments are encouraged to use the e-signature functionality in MMARS to continue to eliminate paper where possible.

MMARS is designed to support extensive use of electronic signatures and review and approvals by users accessing MMARS. Screen printing MMARS screens, while allowable, does not support the functionality available to users. Department employees charged with approving MMARS documents are capable of accessing MMARS and viewing documents on-line. Departments are encouraged to use the e-signature functionality in MMARS to continue to eliminate paper where possible.

The fact that the MMARS system "allows" a transaction to process to final status does not mean that the transaction is automatically legal, in compliance with legislative or funding authority, or properly authorized by a Department Head. Therefore, Department employees must be trained that merely finding a systemic way to process a transaction to final status is insufficient, and that they will be held responsible and accountable for all activity under their UAID. Individuals unsure of proper processing or required approvals have an obligation to obtain guidance and approvals from their Chief Fiscal Officer prior to processing a transaction to final status.

Therefore, a CFO and Security Officer should not grant electronic security Administrator access to allow submission of MMARS transactions to "final" status unless the Department can maintain sufficient internal controls, oversight and quality assurance (post audit) reviews to ensure that individuals exercise such electronic security authorization in accordance with applicable laws, regulations, policies and procedures.

Public Information and Privacy Concerns

It is important to provide payees with remittance information that will facilitate proper payment application to their receivables. When negotiating a contract establish a mutually agreeable data structure to communicate goods delivered or services rendered. Since these 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 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 viewable as part of public records requests, therefore care must be taken that individual personal information is not used.

Delegation of MMARS Transaction Processing (Transaction Delegation)

MMARS transaction processing (transaction) delegation enables Departments to process MMARS encumbrance transactions for goods and service contracts within certain dollar limits to final status without prior review by CTR, OSD or another state agency, provided the Department complies with CTR and other identified laws, policies and procedures and the use of specified Contract Forms. CTR and OSD conduct comprehensive Quality Assurance (QA) reviews on selected procurements and contracts which are also subject to post audit by SAO, IGO, ETH and AGO.

Departments are afforded greater responsibility and accountability as a result of the delegation of high volume/low risk transaction encumbrance processing. Delegation means that a Department will have more authority and responsibility in processing financial transactions and filing contracts. Increased authority includes the ability to:

1. Process encumbrance transactions up to a certain dollar limit within the Department.
2. Make incidental purchases up to a certain dollar limit without a structured procurement process or contract.
3. Eliminate individual payments up to a certain dollar limit by using the Commonwealth's credit card.

Increased responsibility includes creating and maintaining a management environment that:

1. Provides the appropriate level of review and approval of encumbrance transactions processed within the Departments.
2. Provides a framework to achieve best value for incidental purchases without a structured procurement or contract.
3. Trusts and empowers employees to use Commonwealth credit cards for Commonwealth business, thus eliminating multiple processes for incidental transactions.

CTR and OSD conduct comprehensive Quality Assurance (QA) reviews on selected procurements and contracts. Contracts are also subject to post audit by SAO, IGO, ETH and AGO. Please see Policy Chapter "**Contracts – Delegation of MMARS Processing Authority**" for additional information.

Internal Controls

The following are key elements of Internal Controls that Departments need to put in place related to Department Head Signature Authorization and the use of electronic signatures in MMARS.

- Department Head Signature Authorization Delegation
- Electronic Security Access
- Update Key Contacts with Comptroller
- Training
- Oversight
- Quality Assurance Reviews (pre-approval reviews, reports, queries, review of documents processed)
- Records Management

Establish internal controls to ensure that MMARS Security roles and designated authorized signatories are strictly managed and updated contemporaneously with staff changes.

Establish internal controls to ensure that whenever new a Department employee is hired (including a new Department Head) or current staff has a significant change in duties that MMARS security roles are evaluated and all Administrator roles are reviewed and approved by the Department Head.

Appointment of New Department Head

When a new Department Head is appointed several duties the new Department Head must complete include:

- executing a certification accepting electronic signature, record keeping and compliance with Comptroller laws, regulations, policies and procedures related to MMARS;
- the designation or ratification of Key State Finance Law Compliance Officers (see section below) who will be responsible for assisting the Department Head with state finance law compliance;
- the assignment or ratification of individuals with MMARS Security Administrator roles, including designation of authorized signatories in each of MMARS functional areas. MMARS security roles will remain in place during any transition period when a new Department Head is appointed, but must be assigned or ratified within 30 days after a Department Head assumes Department Head responsibilities.

Establish internal controls to ensure that the CFO, Security Officer and Payroll Director promptly update the Department's Internal Control Plan to reflect Department Head Signature Authorization and MMARS electronic security access as part of the hiring process, or whenever an individual's duties significantly change.

Prior to access to MMARS, new Department employees and Department employees with changes in duties must be trained as to their responsibilities relative to the type of MMARS security roles they have been delegated and the electronic signature authorization they have been granted. Since MMARS is the official record of financial business, Department employees must be trained sufficiently, and directed to continually review MMARS policies and procedures, to ensure that all MMARS activity is made in compliance with applicable laws, regulations, polices and procedures.

Records Management

In accordance with 815 CMR 10.00 the Department is the record keeper of the official record copy of the contract documents and the contract/procurement file. MMARS is the official record of the encumbrance and payment transactions and will supersede any paper copies of the same information. The contract/procurement file must contain, or refer to the location of, all documentation related to a procurement and resulting contract(s). Amendments for options to renew must be filed with the record copy of the contract. A Department is responsible for retaining and archiving contract records in accordance with the disposal schedules issued by the Secretary of State Records Conservation Board. SEC Statewide Records Retention Schedule. See Policy Chapter on "State Finance Law and General Contract Requirements" for additional information on Procurement/Contract File content requirements.

Public records must be retained in accordance with records retention requirements and remain capable of being printed (without modification) with all necessary information (date, quantity, price etc) for the duration of the records retention period and for audit purposes. (6 years from last payment on contract for contract and grant related invoices). All documents must be carefully labeled or otherwise marked to ensure that the supporting documentation and MMARS Doc ID can be identified and matched.

Email is not a satisfactory electronic storage mechanism for electronic records. Email header information and dates are not always retained depending on how the emails are stored and archived, and there is a greater risk that these emails will be inadvertently deleted during storage maintenance purges.

Information Sources

- Related Policy – This Chapter applies to all policies
  - Key State Finance Law Compliance Appointments and Responsibilities
  - Expenditure Classification Handbook
  - State Finance Law and General Requirements

- Legal Authority
  - M.G.L. c. 7A (Office of the Comptroller); M.G.L. c. 29 (State Finance Law);
  - (Level III – Executive Only);
  - Administrative Bulletins(Level III – Executive Only);
  - Comptroller regulations (815 CMR 2.00 - 10.00);
  - M.G.L. c. 29, § 66 (State Finance Law Violations)

- Attachments
  - MMARS Document Records Management/Signature Authorization Form
  - MMARS Signature Restrictions and Limitations
- Contacts – Help Desk

REVISIONS

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

April 30, 2007 – Updated language to clarify that Department Head Signature Authorization can not be delegated to "non-employees" or "contract employees". Clarified "shared processing" can not be shared DHSA approvals. Identified that alternate methods of documenting "evidence" of DHSA are allowable.