

801 CMR: EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE

801 CMR 53.00: ACCOUNTABILITY AND TRANSPARENCY FOR STATE AUTHORITIES

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53.01: Application, Purpose, Effective Date and Authority

- (1) Application. 801 CMR 53.00 shall apply to state authorities as defined in 801 CMR 53.02.
- (2) Purpose. The purpose of 801 CMR 53.00 is to carry out M.G.L. c. 29, § 29K by ensuring accountability and transparency for state authorities.
- (3) Authority. 801 CMR 53.00 is adopted under the authority of M.G.L. c. 29, § 29K(f).

53.02: Definitions

As used in M.G.L. c. 29, § 29K and 801 CMR 53.00, the following terms shall have the following meanings:

Executive. The authority's chief executive officer (including an executive director), chief financial officer, general counsel, and the other senior executives of the authority as determined by its compensation committee.

Highly Compensated Employees. Employees whose salary exceeds that of the Governor.

Meet Independently of Management. Hold a meeting that no executive or other manager of the authority shall attend.

State Authority. A state authority as defined in M.G.L. c. 29, § 1, except the Massachusetts Department of Transportation, which under M.G.L. c. 6C, § 15 is governed by many of the statutes that apply to state agencies. The Massachusetts Bay Transportation Authority is a state authority.

53.03: Audits and Financial Reports

- (1) (a) Each state authority shall establish an audit committee that shall meet independently of management at least once per calendar year, retain an independent auditor and hear the results of the annual audit. A state authority may rely upon an audit required by any general or special law in meeting the requirements of 801 CMR 53.03(1)(a).
(b) In addition, each state authority that receives total appropriations from the commonwealth equal to or in excess of \$500,000 in any fiscal year shall, on an annual basis, conduct an audit of those funds to confirm that those funds were expended according to their intended purpose. Each such audit shall be conducted by an independent auditor and shall be filed with the state Auditor for examination, review and comment.
- (2) Each state authority shall prepare an annual financial report which shall disclose operating revenues and expenses, including the salaries and other compensation of its executive director, officers, board members and senior management, and other highly compensated employees.
- (3) Audits and financial reports shall be based on generally accepted accounting principles or generally accepted government auditing standards and shall be public records.
- (4) The first audits and financial reports required by 801 CMR 53.03 shall be for fiscal year 2012.

53.04: Executive Compensation and Severance

- (1) Each state authority shall establish a compensation committee, which shall:
 - (a) determine which employees of the authority are executives under 801 CMR 53.02;
 - (b) meet independently of management at least once per calendar year and evaluate and establish compensation for all authority executives, including, but not limited to, base salary, bonuses, severance, retirement or deferred compensation packages and policies relative to the accrual and payment of sick and vacation time, including payouts for unused sick and vacation time. In establishing executive compensation, the compensation committee shall analyze and assess comparable compensation for positions with similar functions and responsibilities at state agencies and authorities, as well as for-profit and nonprofit private-sector employers; and
 - (c) establish policies that the chief executive officer shall apply in fixing the compensation of other authority employees.
- (2) No executive of a state authority shall be compensated for sick, vacation or other leave time to an extent greater than the leave time granted to a state employee.
- (3) No executive of a state authority shall be granted severance pay after removal for cause, and no executive shall be granted severance pay in excess of three months' salary if removed other than for cause.

53.05: Prohibition on State-subsidized Benefits

The commonwealth shall not subsidize the health insurance, pension, and other post-employment benefits of employees and retirees of a state authority that participates in the state retirement system or the Group Insurance Commission. Each such state authority shall contribute the employer share of the cost attributable to that authority of the state retirement system as determined by the actuary of the Public Employee Retirement Administration Commission, and of the state group insurance system as determined by the Group Insurance Commission. Each such state authority shall be responsible for the full actuarial value of its liabilities as determined no less often than every three years by the Public Employee Retirement Administration Commission and the Group Insurance Commission after consulting the Secretary of Administration and Finance, the state Treasurer, and the State Board of Retirement. An authority shall defray its unfunded retirement and other post-employment benefits on the same schedule, if any, that applies to the Commonwealth or on a more rapid schedule.

REGULATORY AUTHORITY

801 CMR 53.00: M.G.L. c. 29, § 29K(f).