

## 815 CMR: COMPTROLLER'S DIVISION

### 815 CMR 3.00: READY PAYMENT SYSTEM

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#### 3.01: Application, Purpose, Scope and Authority

(1) Application. 815 CMR 3.00 shall apply to any Department of the State that makes payments under the Ready Payment System through the state accounting system, known as the Massachusetts Management and Accounting and Reporting System (MMARS). The Comptroller may issue additional policies, procedures or guidelines concerning the application of 815 CMR 3.00.

(2) Purpose. The purpose of the Ready Payment System is to establish an alternative payment mechanism which enables a Department to make predictable, recurring contract payments for providers of social, educational and rehabilitative services. The Ready Payment System is appropriate for social, educational and rehabilitative service contracts which have a predictable, recurrent and regular service delivery schedule. The purpose of 815 CMR 3.00 is to provide all Departments of the State with uniform rules and procedures to ensure that payments made under the Ready Payment System are authorized and properly accounted for in a timely manner. The Ready Payment System is designed to be used in accordance with other regulations, including, but not limited to, 808 CMR 1.00.

(3) Scope. 815 CMR 3.00 applies to any payments made by a Department through the Ready Payment System on MMARS.

(4) Authority. 815 CMR 3.00 is adopted under the authority of M.G.L. c. 29, § 23A. 815 CMR 3.00 shall be effective on April 10, 1995, and shall supersede and replace the regulations formerly under the same title.

#### 3.02: Definitions

Base Payments. The computed recurring payment amount to be disbursed on a semi-monthly, bi-weekly, weekly or other regular interval, to a Contractor in accordance with 815 CMR 3.00 and the terms and conditions of a Contract executed by the Contractor and a Department.

Contract. For the purpose of 815 CMR 3.00, a legally enforceable agreement executed by a Department and a Contractor in accordance with all relevant general and special laws and regulations.

Contractor. A corporation, individual, partnership or other entity engaged in the business of supplying social, educational or rehabilitative services. For the purpose of 815 CMR 3.00 "eligible organizations" and "providers" as referenced in M.G.L. c. 29, § 23A shall be referred to as "Contractors".

Department. All Departments of the State, including offices, boards, commissions or institutions of the Executive Department, the institutions of Higher Education, the Judicial and Legislative Branches and the Constitutional offices. Departments are recognized in the Massachusetts Management Accounting and Reporting System (MMARS).

3.02: continued

Department Head. The head of any Department, including the secretary of an Executive Office when the secretary is exercising authority over an executive office as a Department head.

Expenditure Classification Handbook. A schedule of subsidiaries and object codes issued by the Office of the Comptroller and authorized by M.G.L. c. 29, § 7 to be used in accounting for all authorized pre-encumbrances, encumbrances and expenditures. The Expenditure Classification Handbook identifies the object codes that may be appropriate for use of the Ready Payment System for Contract payments. Discrepancies as to the appropriate subsidiary or object code for a Contract shall be determined by the Office of the Comptroller

Fiscal Year. The period beginning on July 1 and ending on June 30th of each year, as defined by M.G.L. c. 4, § 7.

MMARS. The Massachusetts Management Accounting and Reporting System established by the Office of the Comptroller pursuant to M.G.L. c. 7A, § 7.

Office of the Comptroller. The Department established by M.G.L. c. 7A whose responsibilities include the design and system implementation of the Ready Payment System on MMARS.

Provider. A corporation, individual, partnership or other entity engaged in the business of supplying social, educational or rehabilitative services. For the purpose of 815 CMR 3.00, "eligible organizations" and "providers" as referenced in M.G.L. c. 29, § 23A shall be referred to as "Contractors".

Ready Payment System. An alternative payment mechanism in MMARS that enables a Department to make predictable and recurring contract payments to providers of social, educational and rehabilitative services. The Ready Payment System is appropriate for social, educational and rehabilitative service contracts which have a predictable, recurrent and regular service delivery schedule.

Secretariat. Any of the executive offices established by M.G.L. c. 6A or c. 7, including any Department, agency, office, board, commission or institution or other entity within an executive office. For the purposes of 815 CMR 3.00, "Secretariat" shall have the same meaning as "Executive Office".

Services. Social, educational and rehabilitative services which have a predictable, recurrent and regular service delivery schedule. Services are provided under a Contract with a Department of the State for a program, or a component of a program, for the benefit of the Department's clients. Services may include, but are not limited to, residential, housing and homelessness prevention, child care, day activity, employment and training, case management, counseling, homemaker, family planning, family support and protective services, alcohol and substance abuse education, referral and treatment, student and client transportation programs and other educational service programs. The Expenditure Classification Handbook issued by the Office of the Comptroller identifies the expenditure object codes that may be appropriate for use of the Ready Payment System for Contract payments. Discrepancies as to the appropriate subsidiary or object code for a Contract shall be determined by the Office of the Comptroller.

State. Commonwealth of Massachusetts.

3.03: Conditions for Using the Ready Payment System for Contract Payments

A Contractor and a Department must fulfill the following requirements in order to use the Ready Payment System for Contract payments. Satisfaction of these requirements, during the life of the Contract, shall be determined by the Department contracting for services with the Contractor. These requirements must be met for each Contract to be paid using the Ready Payment System.

## 3.03: continued

- (1) Social, Educational or Rehabilitative Service Provider. The Contractor must be in the business of providing social, educational or rehabilitative services;
- (2) Contract on file with the Office of the Comptroller. A Contract for the provision of social, educational or rehabilitative services, must be executed by the Contractor and the contracting Department in accordance with all relevant general and special laws and regulations, and filed with the Office of the Comptroller in accordance with the policies and procedures for filing Contracts as prescribed by that Office. The Contract must include the following mandatory sections:
- (a) Certification of Incorporation or License to do Business. A certification, or other documentation, evidencing that the Contractor is properly incorporated with the Office of the Secretary of State of the Commonwealth, if the Contractor is a Commonwealth corporation; or, if the Contractor is not a Commonwealth corporation, that the Contractor is properly licensed to do business in the Commonwealth;
  - (b) Certification of Compliance with Laws. A certification that the Contractor will comply with all applicable state and federal general and special laws and regulations governing the Contractor's performance under the Contract and any other provisions specified in the Contract;
  - (c) Ready Payment Billing and Payment Schedule. The Contract must include the following:
    1. The Contract must indicate that the Contractor and the Department have agreed, either at the time of entering into the Contract, or by subsequent amendment to the Contract, that Contract payments will be made using the Ready Payment System. Contract services must have a predictable, recurrent and regular delivery schedule that is compatible with the billing and payment cycle of recurring payments offered by the Ready Payment System. The Department shall determine whether or not the Ready Payment System is the most efficient and appropriate payment mechanism for Contract payments;
    2. The maximum obligation for each fiscal year of the Contract; and
    3. The anticipated payment schedule for Ready Payments (semi-monthly, bi-weekly, weekly or other schedule).
- (3) Additional Department Requirements. In addition to the requirements outlined in 815 CMR 3.03(1), and (2) the Contractor's participation in the Ready Payment System will be subject to the Contractor's compliance with any additional requirements specified by the Department in the Contract.
- (4) Invoice Submission and Reconciliation of Ready Payments.
- (a) Contractor Submissions.
    1. The Contractor is required to submit monthly invoices and supporting documentation to the Department in accordance with the terms and conditions of the Contract. The invoices and supporting documentation must be accurate, complete and sufficiently detailed to substantiate any claim for payment. Unless a different period is specified in the Contract, the Contractor shall submit the invoices and supporting documentation on or before the tenth of each month following service delivery. The Contractor's failure to submit timely invoices and supporting documentation may result in the suspension of the use of the Ready Payment System for Contract payments pursuant to 815 CMR 3.04.
    2. The invoices submitted by the Contractor shall total at least 75% of the base payments received by the Contractor for the previous service delivery month.
    3. Unless otherwise specified in the Contract, the Contractor shall be responsible for the prompt return or reimbursement of any overpayments made by the Department within seven calendar days of the Department's written request. Overpayments to the Contractor during any state fiscal year may not be retained by the Contractor to offset anticipated payments by the Department during a subsequent fiscal year.

## 3.03: continued

(b) Department Adjustments to Base Payment Amount and Reconciliation of Ready Payments.

1. The Ready Payment System authorizes automated payments during each month of the Contract in accordance with the maximum obligation, the billing schedule and the base payment amount identified in the Contract. The Department may adjust the base payment amount to reflect the level of services actually delivered by the Contractor. The Department shall notify the Contractor of base payment adjustments. Base payment adjustments shall not require a formal Contract amendment or approval by the Office of the Comptroller.

2. The Department is responsible for the monthly reconciliation of ready payments made to the Contractor. The Department shall compare the supporting documentation provided by the Contractor for the level of services actually performed with the total amount of base payments made to the Contractor during the preceding service delivery month. The Department shall make any necessary adjustments to future Contract payments, including adjustments to the base payment amount of the Contract, to reflect the monthly reconciliation of ready payments. The Department is also responsible for final reconciliation of ready payments during the last month of each state fiscal year and the last month of the Contract if the Contract terminates prior to the end of a fiscal year. The Department shall take all necessary actions to update MMARS tables or complete MMARS transactions to complete the required reconciliation and adjustments to Contract payments in accordance with policies and procedures issued by the Office of the Comptroller.

3.04: Suspension of the Use of the Ready Payment System for Contract Payments

The use of the Ready Payment System for Contract payments is conditioned upon the Contractor's provision of services and performance of other requirements in accordance with the terms of the Contract.

(1) Grounds for Suspension. A Department may temporarily suspend the use of the Ready Payment System for Contract payments at any time a Contractor breaches a material condition of the Contract or fails to perform or timely fulfill the terms of the Contract. Grounds for suspension shall include, but shall not be limited to, non-compliance with Contract requirements or the failure to perform or timely fulfill requirements of performance, billing, reporting, audit resolution and corrective action, annual Contract renewal and pre-qualification requirements.

(2) Written Notice of Suspension and the Effective Date of Suspension.

(a) If grounds for suspension exist, as described in 815 CMR 3.04(1), the Department may immediately suspend the use of the Ready Payment System for Contract payments, and then notify the Contractor of the suspension in accordance with 815 CMR 3.04(2)(b). In the alternative, the Department may notify the Contractor of the grounds for suspension, in accordance with 815 CMR 3.04(2)(b), and provide the Contractor with an opportunity to cure these deficiencies prior to the effective date of suspension.

(b) The Department shall notify the Contractor in writing whenever the Department has suspended, or will suspend, the use of the Ready Payment System for Contract payments. The notice must include the grounds for the suspension, as described in 815 CMR 3.04(1), and the effective date of suspension.

(3) Period of Suspension. The period of suspension of the use of the Ready Payment System for Contract payments shall be determined by the Department in accordance with the terms of the Contract. Unless otherwise specified in the Contract, the period of suspension shall continue until the Contractor has cured the Contract deficiencies to the Department's satisfaction. Absent a provision in the Contract which establishes a different period, the period of suspension of the use of the Ready Payment System for Contract payments shall not exceed 60 calendar days. If the Contractor fails to cure the Contract deficiencies within this period, the Department may terminate the use of the Ready Payment System for Contract payments for a period of two years pursuant to 815 CMR 3.05.

3.04: continued

(4) Payments During Suspension. In accordance with the terms of the Contract, the Department shall determine whether to hold payments to a Contractor during the period of suspension, or to continue payments through a Payment Voucher mechanism.

(5) Removal of Suspension. Unless otherwise specified in the Contract, the Department shall reinstate the use of the Ready Payment System for Contract payments within 15 business days following the Contractor's cure of the Contract deficiencies which resulted in the suspension. The Contractor must cure the Contract deficiencies to the Department's satisfaction. The Departments shall notify the Contractor in writing of the effective date of reinstatement of the use of the Ready Payment System for Contract payments. The Contractor shall comply with any additional Department requirements necessary to enable the Department to reinstate the use of the Ready Payment System for Contract payments.

3.05: Termination of the Use of the Ready Payment System for Contract Payments

The termination of the use of the Ready Payment System for Contract Payments may be invoked in rare and severe circumstances which would normally warrant the Department's termination of the Contract with the Contractor. The Department may terminate the use of the Ready Payment System for Contract payments regardless of whether or not the Department chooses to terminate the Contract.

(1) Grounds for Termination. The Department may terminate the use of the Ready Payment System for Contract payments whenever:

(a) the Contractor has demonstrated bad faith in Contract performance or an intentional disregard of the Contractor's duties or responsibilities under a Contract including, but not limited to, fraud, gross negligence, reckless or intentional misconduct, willful misrepresentations or any unlawful act in the performance, billing, reporting or other requirements of the Contract;

(b) the use of the Ready Payment System for Contract payments has been suspended by the Department pursuant to 815 CMR 3.04, and the Contractor has failed or refused to cure Contract deficiencies for a period of 60 calendar days, or such other period of time as specified in the Contract;

(c) the Contractor has been subject to continual or frequent suspensions from the use of the Ready Payment System for Contract deficiencies during the Contract period, pursuant to 815 CMR 3.04, and the Department determines that, due to the Contractor's continuing intentional disregard of its duties or responsibilities under the Contract, the Ready Payment System is no longer an appropriate payment mechanism for Contract payments under the Contract;

(2) Written Notice of Termination. A Department must notify a Contractor in writing of the termination of the use of the Ready Payment System for Contract payments. The written notification must include the grounds for termination, as described in 815 CMR 3.05(1), and the effective date of the termination. A copy of the written notice of termination shall also be sent to the Department's Secretariat and the Office of the Comptroller. The Department should also send a copy of the notice of termination to any other Department or Secretariat that the Department has reason to know is also contracting with the Contractor.

(3) Payments During Period of Termination. Provided the Contract has not been terminated by the Department, the Department may continue to make Contract payments through a Payment Voucher mechanism during the period of termination.

(4) Scope of Termination. The termination of the use of the Ready Payment System for Contract payments shall be limited to the Contract giving rise to the termination, unless a Department Head or Secretary determines that the egregious nature of the grounds for the termination warrant an extension of this termination to other contracts that the Contractor has with the Department or other Departments within the Secretariat. The Department Head or the Secretary shall provide written notice of this determination to the relevant contracting Departments. The contracting Departments shall provide the Contractor with written notice, in accordance with 815 CMR 3.05(2), of the extension of the termination of the use of the Ready Payment System for each relevant contract within the Department.

3.05: continued

(5) Two Year Period of Termination from Participation. The termination of the use of the Ready Payment System for Contract payments shall continue for two years from the effective date of the termination, pursuant to M.G.L. c. 29, § 23A. At the end of the two year termination period a Contractor may request the use of the Ready Payment System for Contract payments pursuant to the provisions of 815 CMR 3.03.

3.06: Disputes

All Contract negotiations and disputes between a Department and a Contractor shall be resolved by the Department with assistance, if necessary, from the Department Head or the Department's Secretariat. The Department and the Contractor must make every possible effort to resolve the dispute within 30 days using all appropriate mechanisms, but in no event shall this resolution period extend beyond the 30th day of June in any fiscal year. Any dispute between a Department and a Contractor that involves the application or interpretation of 815 CMR 3.00, the Department Head or Secretary may seek assistance from the General Counsel of the Office of the Comptroller to assist in the resolution of the dispute or to provide a determination as to the application or interpretation of 815 CMR 3.00. A Contractor may not seek direct assistance from the Office of the Comptroller.

3.07: Waivers

Departments requesting an exception from any term, condition, rule or regulation as prescribed in 815 CMR 3.00 shall submit a written waiver request to the General Counsel of the Office of the Comptroller. The waiver request shall contain relevant documentation justifying a deviation from applicable policies and procedures, and must be executed by an authorized signatory of the Department. Any determination from the Office of the Comptroller shall be final.

REGULATORY AUTHORITY

815 CMR 3.00: M.G.L. c. 29, § 23A.

(PAGES 19 THROUGH 22 ARE RESERVED FOR FUTURE USE.)