

815 CMR 6.00: INTERDEPARTMENTAL FISCAL BUSINESS

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6.01: Purpose, Application and Authority

(1) Purpose.

(a) Purpose of 815 CMR 6.00. The purpose of 815 CMR 6.00 is to provide all State Departments with rules and procedures for conducting Interdepartmental Fiscal Business, including Interdepartmental Service Agreements (ISAs) and Interdepartmental Chargebacks which require a transfer of funds between two Departments.

(b) Use of Interdepartmental Fiscal Business. ISAs and chargebacks may only be used to compensate a Seller Department for providing requested commodities and services, not to supplement a Seller Department's current available funding to pursue its own mission (such as offsetting all or a portion of administrative costs, equipment or for personnel not designated for ISA or chargeback performance). In no event should ISA or chargeback rates exceed the actual costs to the Seller Department for providing the ISA or chargeback commodities and services, unless otherwise specified by law.

(c) Role of the Office of the Comptroller. All interdepartmental fiscal transactions are required to be made through the state accounting system as prescribed by the Comptroller. The Office of the Comptroller will interpret 815 CMR 6.00 and take any actions necessary to carry out the purposes of 815 CMR 6.00, including issuing additional policies, procedures and forms to be used by Departments. The Office of the Comptroller's oversight of Interdepartmental Fiscal Business is limited to review and processing of the fiscal transactions necessary to support an ISA or chargeback, and will not include a review of the underlying business decisions which lead to the submission of an ISA or chargeback. Department's will be responsible for conducting Interdepartmental Fiscal Business using best value and other good business practices similar to any other contract or Department expenditure, and will be required to certify that the Interdepartmental Fiscal Business complies with all applicable state or federal, general or special laws or regulations.

(2) Application. 815 CMR 6.00 applies to all State Departments conducting interdepartmental business with another State Department(s), including agencies, subdivisions, offices, boards, commissions or institutions of the Executive, Judicial and Legislative Branches.

(3) Authority. 815 CMR 6.00 is adopted under the authority of M.G.L. c. 7A, §§ 8, 11, and 15 and M.G.L. c. 29, § 29I.

6.02: Definitions

Buyer Department. A State Department with statutory authorization to procure goods and services to implement programs, services or objectives authorized under general or special law. The Buyer Department transfers funds to a Seller Department as compensation for goods or services provided by the Seller Department. Buyer Departments may also be referred to as "Parent Departments", and an Buyer Department ISA account may also be referred to as a "Parent account".

Department. Agencies, subdivisions, offices, boards, commissions or institutions of the Executive, Judicial and Legislative Branches of the State.

Interdepartmental Chargebacks. Fee-based charges for statutorily authorized commodities and services which are available to State Departments on an *ad hoc* request basis, a public fee basis, or statewide Chargeback basis.

6.02: continued

Interdepartmental Encumbrance (IE). An encumbrance transaction used to notify Buyer Departments of negotiated or mandated estimated charges for the Chargeback goods or services and to reserve funds to pay for these charges.

Interdepartmental Fiscal Business. All types of business relationships that occur between a Buyer and Seller Department requiring the Buyer Department to transfer funds in the state accounting system to the Seller Department.

Interdepartmental Service Agreement (ISA). Non-chargeback interdepartmental business relationships are evidenced by an Interdepartmental Service Agreement (ISA). The ISA is a contract between two state departments that documents the terms and conditions of their business relationship. The ISA must be in accord with and consistent with the language in any appropriation act funding the ISA and any applicable general or special state or federal law or regulation.

Interdepartmental Service Agreement (ISA) Form. A standard form issued by the Office of the Comptroller which must be signed by Seller and Buyer Departments and filed as prescribed by the Office of the Comptroller.

Interdepartmental Voucher (IV). A transaction used by an Authorized Chargeback Department to bill a Buyer Department for the costs of goods and services, and to enable payment from the Buyer Department.

Mosaic. The Commonwealth's enterprise statewide accounting and financial reporting system.

Quality Assurance Program. A program to review and support Departmental compliance with state finance law and applicable policies and procedures relating to contracting and Departmental purchasing expenditures. The Office of the Comptroller shall review ISAs and Interdepartmental Chargebacks as part of its Quality Assurance Program.

Seller Department. A State department which is mandated or authorized in statute to provide the type of services, commodities or programs which are requested or required by a Buyer Department. A Seller Department provides commodities or services, and receives a transfer of funds from a Buyer Department through either an Interdepartmental Service Agreement (ISA), or an Interdepartmental Chargeback, if so authorized. Seller Departments may also be referred to as "Child Departments", and an Seller Department ISA account may also be referred to as a "Child account".

State. The Commonwealth of Massachusetts.

6.03: Interdepartmental Service Agreements (ISAs)

(1) Interdepartmental Service Agreement (ISA) Management. The Chief Fiscal Officer (CFO) for the Buyer and Seller Departments will be responsible for management of ISAs within their Department in accordance with 815 CMR 6.00 and policies and procedures published by the Office of the Comptroller. Management of ISAs shall include, but is not limited to, the evaluation of the ISA option based upon best value, ensuring timely ISA execution, processing of Mosaic transactions prior to the start of ISA performance, meeting reporting requirements, timely payment of invoices in accordance with the Commonwealth's bill paying policy, monitoring ISA performance, and acting as the liaison for the Quality Assurance Program. Buyer and Seller Department ISA Managers designated for each ISA will be responsible for the administration of the ISA and will be the points of contact for ISA correspondence.

(2) Interdepartmental Service Agreement (ISA) Effective Date. The effective date of an ISA shall be the latest of the following three dates:

- (a) The date the Interdepartmental Service Agreement Form has been executed by an authorized signatory of the Buyer Department.
- (b) The date the Interdepartmental Service Agreement Form has been executed by an authorized signatory of the Seller Department.
- (c) A later effective date specified in the Interdepartmental Service Agreement Form.

6.03: continued

(3) Interdepartmental Service Agreement (ISA) Documentation.

(a) Buyer and Seller Departments entering into an ISA must execute the Interdepartmental Service Agreement (ISA) Form prior to the start of performance, and file the ISA and required attachments as prescribed by the Office of the Comptroller.

(b) Signature by the Buyer Department certifies that the Buyer Department is statutorily authorized or required to procure the type of performance under the ISA, that sufficient funds are available for ISA performance, and that the ISA and attachments are in compliance with 815 CMR 6.00 and all other requirements of law.

(c) Signature of the Seller Department certifies that the Seller Department is statutorily authorized to provide the type of performance sought by the Buyer under the ISA and that the ISA and attachments are in compliance with 815 CMR 6.00 and all other requirements of law.

(d) An ISA is a contract and all contract execution and processing rules apply.

(e) An ISA Amendment is required for changes in ISA duration, ISA renewals, increases or decreases in maximum obligation, any material change in performance requirements and any changes in account structure and must be executed by the Buyer and Seller Department prior to the termination date of the ISA, or as amended.

(4) Duration of Interdepartmental Service Agreements (ISAs). Most ISAs are approved annually on a state fiscal year basis. However, ISAs should have the duration that makes sense from a business perspective. Multi-year ISAs are encouraged if it best supports the business process for the Departments. Similar to other types of contracts, all ISAs are subject to appropriation or the availability of adequate non-appropriated funding.

(5) Interdepartmental Service Agreement Funding.

(a) The Buyer Department must allocate the amount needed for the Seller Department's performance for the entire fiscal year into the authorized ISA account(s), or otherwise encumber sufficient funds as prescribed by the Office of the Comptroller, to ensure timely encumbrance of funds and payment by the Seller Department for employees, contractors, grantees, *etc.* in accordance with Commonwealth payment policies;

(b) Seller Departments may expend funds for ISA performance only from the authorized ISA allocation account(s);

(c) When expending ISA funds, Seller Departments must treat these funds the same as any other contract funds, and conduct procurements and make ISA expenditures in accordance with the same state finance law and applicable general and special state and federal laws and regulations that apply to other types of contracts procure by the Seller Department.

(6) Access to Records. Buyer Departments are entitled to "scan only" online access to state accounting system (Mosaic) data of the Seller Department for ISA business purposes. In addition, Seller Departments are required to provide whatever progress, programmatic or expenditure reports to the Buyer Department, as specified in an ISA. Even if reports are not specified, the Seller Department is required to provide a detailed accounting of all expenditures, encumbrances, planned encumbrances, any information in the state accounting or payroll system related to the child account, access to any ISA records, or on-site access to monitor ISA performance, upon request at any time during the period of the ISA. The Seller Department shall cooperate with the Buyer Department to provide whatever information, data or access is necessary to verify ISA performance and expenditures. Seller Department shall provide the same access to ISA reports and data to the Office of the Comptroller, the State Auditor's Office and the House and Senate Committees on Ways and Means.

6.04: Interdepartmental Chargebacks

(1) Types of Chargeback Department Authorization. There are three types of Chargeback Department Authorization:

(a) Ad Hoc Chargeback Department. A State Department with explicit statutory authority to provide a specific service(s) or good(s) at a Buyer Department's request, and to be paid by the Buyer Department for the actual cost of the specific service(s) or good(s) provided.

6.04: continued

(b) Public Fee Chargeback Department. A Department with explicit statutory authority to charge the general public and other Departments for authorized services, goods, fees or licenses, and for which such charges Departments are not specifically exempted by law. Public Fee Chargeback Departments may charge Buyer Departments for the amounts authorized by law, except for fees for licenses or other charges which total less than \$25.00 per department per fiscal year and fees for public records requests under \$25.00, except where the Public Fee Chargeback department can demonstrate substantial hardship.

(c) Statewide Chargeback Department. A Department mandated by explicit statutory authority to charge Departments for services rendered by the Statewide Chargeback Department, or for payments made by the Chargeback Department on behalf of State Departments. For certain mandated Statewide Chargebacks that the Office of the Comptroller, or other authorized Department, are required to make on behalf of all State Departments (for example, unemployment insurance, unemployment health insurance, and medicare tax) the Office of the Comptroller will enable automated processing of Interdepartmental Encumbrances (IE) and Interdepartmental Vouchers (IV), or other appropriate transactions, on behalf of all Departments in lieu of the procedures outlined in 815 CMR 6.04(4) and (5).

(2) Chargeback Department status is approved annually by the Office of the Comptroller and recorded in the state accounting system. Departments may not provide legislatively authorized goods or services to another Department prior to approval as a Chargeback Department in the state accounting system. A department seeking to be approved as an Chargeback Department must submit the following documentation to the Office of the Comptroller prior to providing authorized Chargeback goods or services:

- (a) a completed Chargeback Department Authorization Form;
- (b) evidence of the Department's explicit legislative authorization to charge other State Departments for specified goods or services;
- (c) a schedule of rates and charges for the authorized service(s) or good(s), including a detailed explanation of how each rate was derived (statutory amount, formula, etc.) justifying the accuracy of the rates and charges;
- (d) The eight-digit account number or fund to be credited with Chargeback funds.

(3) Prior to the provision of Chargeback goods or services, or both, authorized Chargeback Departments must notify Buyer Departments of negotiated or mandated estimated charges for the Chargeback goods or services using an Interdepartmental Encumbrance (IE).

(4) Within 30 days of the receipt of notification of estimated or mandated charges from an Authorized Chargeback Department the Buyer Department must encumber sufficient funds to cover the full fiscal year of estimated or mandated charges. If the Buyer Department fails to encumber sufficient funds within 45 days of the receipt of notification of estimated or mandated charges from the Authorized Chargeback Department, the Chargeback Department may submit a request to the Office of the Comptroller to encumber funds on behalf of the delinquent Buyer Department.

(5) Promptly after the period in which services are performed or goods are delivered, or both, the Chargeback Department shall bill the Buyer Department using an Interdepartmental Voucher (IV). The Buyer Department must process payment within 30 days of receipt of the bill. If the Chargeback Department has not received payment within 45 days of the submission of the IV, the Chargeback Department may request assistance from the Office of the Comptroller to make the payment on behalf of the delinquent Buyer Department. The name of the delinquent Buyer Department shall be submitted upon request to the House and Senate Ways and Means Committees for failure to make timely payments.

(6) Revenue received from Interdepartmental Chargebacks may be retained and expended by the Seller Department in accordance with the authorizing legislation for the chargeback. Once a Department has reached the limit imposed by the Department's chargeback authorization for retaining and expending funds received as chargeback revenues, the Department may not use an ISA in order to retain and expend additional revenues received for chargeback commodities or services, without prior approval of the Office of the Comptroller.

6.05: Interdepartmental Fiscal Transactions

There are multiple fiscal transactions in the state accounting system that support interdepartmental business. The appropriate transactions and use of these transactions for interdepartmental business will be prescribed policies and procedures issued by the Office of the Comptroller. The Office of the Comptroller reserves the right to make any adjustments to the state accounting system to correct errors made during the processing of an interdepartmental fiscal transaction.

6.06: Disputes

Departments must make a good faith effort to resolve any dispute arising under 815 CMR 6.00 within 30 calendar days using all appropriate internal procedures including seeking assistance from their respective secretariats, but in no event shall this resolution period extend beyond May 30th in any fiscal year. In the event the Departments are unable to resolve a dispute within the stated period, either Department may request assistance from the Office of the Comptroller to resolve the dispute or to provide a determination as to the application or interpretation of 815 CMR 6.00.

6.07: Severability

If any provision of 815 CMR 6.00 is declared or found to be illegal, unenforceable or void, then Departments shall be relieved of all obligations under that provision only, and all other provisions shall remain in full force and effect.

REGULATORY AUTHORITY

815 CMR 6.00: M.G.L. c. 7A §§ 8, 11, and 15 and M.G.L. c. 29, § 29I.