Massachusetts Department of Correction **POLICY**	Effective Date 7/24/2026 Annual Review Date 7/24/2026	Responsible Division Deputy Commissioner, Administration
Policy Name 103 DOC 345 DEPARTMENT PAYMENT PROCEDURES	Regulation Reference: M.G.L. c. 124, § 1 (c) & (q); M.G.L. c.30, §§ 51 & 52; M.G.L. c. 29 §§ 20C & 29C DOC Policy Reference: ACA/PREA Standards: 2-CO-1B-05; 5-ACI-1B-08	
Attachments Yes ☐ No ☒ / Library Yes ☒ No ☐	Applicability: Staff	
Public Access Yes ☒ No ☐	Location: Department Central policy file Each Institution's policy file	

PURPOSE:
The purpose of 103 DOC 345 is to establish certain Department of Correction (Department) payment directives and to summarize state procedures which pertain specifically to the Department.

RESPONSIBLE STAFF FOR IMPLEMENTATION AND MONITORING OF POLICY:
Deputy Commissioner, Administration
Superintendents
Executive Director of Administrative Services
Fiscal Officers

CANCELLATION:
103 DOC 345 cancels all previous Department policy statements, bulletins, directives, orders, notices, rules and/or regulations governing Department payment procedures which are inconsistent with this policy.

SEVERABILITY CLAUSE:
If any part of 103 DOC 345 for any reason is held to be in excess of the authority of the Commissioner, such decision shall not affect any other part of this policy.

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345.01 DEFINITIONS

Advance Refund: Processes a refund of advance funds usually at the end of a fiscal year.

Cash Receipt: The Cash Receipt document is used to record collected revenue such as cash over the counter and to liquidate receivable and summary receivable open balances.

Expenditure of Advance: The expenditure of advance is utilized in place of an expenditure document in order to record expenditures made against an approved advance.

Expenditure Correction: An expenditure correction allows the Department to correct expenditure accounting information recorded on an expenditure document but does not affect the dollars. This is used to correct information concerning an expenditure after the warrant has been processed.

Expenditure Documents: A document for an expenditure which authorizes an outlay of cash for a specific purpose, which includes payroll expenses; payroll-related chargebacks; contracts (grants, interdepartmental service agreements, leases; subsidies; administrative, operational, and programmatic expenses; and chargebacks and payments.

Expenditure Refund: The recovery of a prior overpayment made to a vendor; expenditure refunds received during the same year in which they were made reduce the cash expenditures in the appropriation from which they were originally posted.

Fiscal Officer: An employee of the Department of Correction that has the responsibility for ensuring that funds are spent and managed according to the goals, objectives and mission of the organization, to ensure that the funds are being spent according to a budgeted plan and in accordance with State Finance Law.

Fiscal Offices: Offices within the Department of Correction that are responsible for all aspects of the fiscal operation, including but not limited to purchasing, procurements and payments.

Internal Transaction Agreement: A document that enables a Buyer department to complete an interdepartmental chargeback payment.

Lapse Encumbrance: All encumbered unspent funds are lapsed at the termination of accounts payable and returned to the appropriation.

Late Penalty Interest: This rate is applicable to invoices which are not paid on time in accordance with the Commonwealth's Bill Paying Policy – and General Payment Polices as posted on https://www.macomptroller.org/.
Interest for late payments is available to all vendors of the Commonwealth.

Massachusetts Management, Accounting and Reporting System (MMARS): MMARS is the Massachusetts Management, Accounting, and Reporting System, which is a complete financial management and reporting system specifically designed to support the financial functions performed by the Commonwealth.

Prior Year Deficiency Payments: Bills paid through a special Comptroller's account after the fiscal year has closed.

Recurring Payment: A recurring payment is an award document that is a contractual agreement between the government and a vendor to provide goods or services at pre-arranged prices and delivery dates.

Request for Advance: The advance processing provides the Department with the ability to make funds available in advance of the normal payment cycle provided that the funds have been appropriated and are encumbered.

Storekeeper's Receiving Document: Form utilized to verify receipt of goods.

345.02 PAYMENT DOCUMENTS

A. All payments for goods and services shall be made against an encumbrance. Funds may be expended for goods and services in one of the following manners:

1. Expenditure document
2. Internal Transaction Agreement
3. Expenditure Correction
4. Expenditure of Advance

B. Other documents which are not expenditure documents but are utilized in relation to the aforementioned are:

1. Advance Refund
2. Request for Advance
3. Expenditure refund
4. Cash Receipt
5. Lapse Encumbrance (decreases encumbrances at termination of accounts payable)

345.03 EXPENDITURE DOCUMENTS

A. When and Why to Use

An expenditure document authorizes the disbursement of funds against an approved encumbrance document. The expenditure document then decreases the encumbrance document by the amount of expenditure.

B. Key Procedures

1. Upon receipt of the vendor invoice, it must be date stamped showing the date on which it was received on Commonwealth property. This date shall be entered as the "vendor invoice date" in the MMARS system.

2. The fiscal office shall then check to ensure that the goods or services were actually received in good condition and were, in fact, what was ordered. Material and supply items received may be recorded in the Storekeeper's Receiving Record (CD-16). Whenever possible, as evidence of receipt of all goods, expenditure documents shall be accompanied by a vendor's receiving/packing slip/invoice which must be signed and dated by the receiver on the date the item(s) were received, or the work was completed. The receiver must sign and print their name on the receiving/packing slip and/or work order in a legible manner. If a packing slip is missing or not provided by the vendor, the institution shall complete an Acknowledgement of Receipt of Goods/Services form to verify delivery of the items or services. The receiver must send required documentation to the institution treasurers office for transmittal to fiscal office at headquarters.

3. When an expenditure document is being prepared, the employee shall review the document and any attachments to ensure they are accurate and complete and complies with all applicable laws, regulations, policies, and procedures. Upon review, the employee shall then sign and date the expenditure document to indicate review and entry of payment into MMARS. The expenditure document shall then be submitted to the Department head or a designee for approval.

4. Once the Department head or a designee approves the expenditure document it shall then be submitted for final processing in MMARS.

5. M.G.L. c. 29 § 29C mandates the payment of late-penalty interest for most services and products purchased by the Commonwealth under the following criteria:

   a. Vendor must invoice the Department for the late penalty payment M.G.L. c. 29 § 20C;

   b. Payments to state employees, public assistance recipients and grants to municipalities are excluded from the late penalty provision;

   c. Payment must be made within the time frame set out in the contract provided that is not longer than forty-five (45) days from the time of receipt unless the industry standard for payments is longer. The vendor may charge late penalty interest after forty-five (45) days;

   d. Departments have fifteen (15) days to reject invoices by notifying the vendor of defects or improprieties;

   e. There will be no late-penalty interest at the beginning of each fiscal year if there is no general appropriation bill in place.

6. The expenditure document shall then be reconciled no less than weekly to the corresponding Commonwealth Information Warehouse report.

7. The expenditure document and its corresponding documentation shall then be filed systematically for any future reference. The original document shall be considered the Department's copy and retained.

8. For specific instructions on how to process an expenditure document, please refer to the job aid on the State Comptroller's website at https://www.macomptroller.org/

345.04 INTERNAL TRANSACTION AGREEMENT

A. An Internal Transaction Agreement shall be used in charge back situations where a governmental unit is authorized to charge other state departments for goods and services provided to them by said unit. This provides for the recording of an internal payment by one government unit to another and thus the transfer of funds between budgetary accounts. Examples would include, but not be limited to:

1. Fuel Charges - Department of Transportation (DOT)
2. Surplus Property - State Surplus Property Office
3. Motor Vehicle Leases – Operational Services Division (OSD)
4. Vaccines – State Office for Pharmacy Services (SOPS)
5. Workers' Compensation Chargeback – Commonwealth's Human Resources Division (HRD)

B. Changes to an Internal Transaction Agreement may be made by contacting the seller department. Please refer to the job aid on the State Comptroller's Website at https://www.macomptroller.org/

C. Surplus motor vehicles cannot be purchased until written approval is granted from the Executive Office of Administration and Finance. All said purchases necessitate a written justification to the Department Fleet Manager who in turn will coordinate the required approval with the Executive Director of Administrative Services.

345.05 EXPENDITURE CORRECTION

A. An expenditure correction allows the Department to correct expenditure accounting information recorded on an expenditure document but does not affect the dollars. This is used to correct information concerning an expenditure after the warrant has been processed.

B. The Department is responsible for completing an expenditure correction. The Department must also prepare back-up documentation that explains why a correction must be made. The back-up documentation must include a copy of the expenditure document that contains the error. The Department will enter the information for the expenditure correction on MMARS with an explanation in the comments field. This will be submitted to the State Comptroller's office electronically via workflow for approval. A screen print of the header page with the back up documentation and a memo to the file should be retained at the site.

C. The Comptroller's Division will review the expenditure correction and comment field to ensure that a proper correction is being made. After the Comptroller's Division has completed its review, the Comptroller's Division will enter approval information into MMARS. The Department should verify that the information from the expenditure correction has been processed correctly in MMARS. The expenditure correction document should be retained for audit purposes. Please refer to the job aid on the State Comptroller's website at https://www.macomptroller.org/.

345.06 RECURRING PAYMENTS

If the correct classification for a transaction is Tax Exempt Lease Purchase (TELP), object L02-L12, N62 and U08 (as explained in the Expenditure Classification Handbook and located on the internet at https://www.macomptroller.org/) the expenditure document must be on the recurring payment system.

If the correct classification for a transaction is a Term Lease, objects L22-L32 and the length of the lease is greater than 12 months, the expenditure document must be completed as recurring payment.

345.07 EXPENDITURE OF ADVANCE

The expenditure of advance is utilized in place of an expenditure document in order to record expenditures made against an approved advance. Expenditures of advance should be entered on a monthly basis for all advances unless no expenditures were made against the advance. Please refer to the job aid on the State Comptroller's website at https://www.macomptroller.org/.

345.08 ADVANCE REFUND

In accordance with the Comptroller's Division closing instructions, unused advance funds must be returned to the State Treasurer's Office at the end of each fiscal year utilizing the advance refund. For specific instructions, please refer to the job aid on the State Comptroller's website at https://www.macomptroller.org/.

345.09 REQUEST FOR ADVANCE

The advance processing provides the Department with the ability to make funds available in advance of the normal payment cycle provided that the funds have been appropriated and are encumbered. However, the advance process is only utilized on the central office and program levels. Any other advances would have to have prior approval by the Executive Director of Administrative Services.

345.10 EXPENDITURE REFUND

When and Why to Use:

Expenditure refunds shall be used to record current year refunds by a vendor/customer to the Department after an expenditure has already been made. The refund process will be used for current year refunds of all non-payroll subsidiaries. If the funds represent a prior fiscal year, the funds should be returned as miscellaneous revenue to the General Fund.

345.11 PRIOR YEAR DEFICIENCY PAYMENTS

A. The following procedures must be followed for invoices received or processed by fiscal offices after the fiscal year has closed:

1. Fiscal offices must submit prior fiscal year bills with a cover letter, Prior Year Deficiency Request Form and the appropriate completed expenditure document form to the Office of Administrative Services for approval and processing.

2. All prior year deficiencies submitted to the Office of the Comptroller (CTR) for payment will be charged back to the submitting department's current FY appropriation.

B. Deficiencies submitted from fiscal offices that represent expenditures exceeding their appropriation/allocation will be closely examined. Existing statutes prohibit agencies from overspending their appropriations. Invoices will not necessarily be paid automatically and sites incurring expenses exceeding their appropriation/allocation may be subject to investigation by the Division of Administration.

345.12 RESPONSIBLE STAFF

A. The Executive Director of Administrative Services, under the supervision of the Deputy Commissioner of Administration, shall be responsible for implementing and monitoring this policy throughout the department. The Executive Director of Administrative Services or their designee shall have access to all institutions and their fiscal records.

B. The respective fiscal officer shall be responsible for implementation of this policy and for the development of any and all necessary and appropriate institutional policies and procedures.

345.13 RETENTION OF ACCOUNTING RECORDS/SOURCE DOCUMENTS

The institution/division copy of all fiscal documents must be systematically filed to facilitate later retrieval for audit purposes.