

OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

Official Audit Report – Issued January 10, 2024

Military Division of the Commonwealth

For the period July 1, 2019 through December 31, 2021



OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

January 10, 2024

Gary W. Keefe, Major General
Military Division of the Commonwealth
2 Randolph Road
Hanscom Air Force Base, MA 01731

Dear Major General Keefe:

I am pleased to provide to you the results of the enclosed performance audit of the Military Division of the Commonwealth. As is typically the case, this report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2019 through December 31, 2021. As you know, my audit team discussed the contents of this report with agency managers. This report reflects those comments.

I appreciate you and all your efforts at the Military Division of the Commonwealth. The cooperation and assistance provided to my staff during the audit went a long way toward a smooth process. Thank you for encouraging and making available your team. I am available to discuss this audit if you or your team have any questions.

Best regards,



Diana DiZoglio
Auditor of the Commonwealth

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LIST OF ABBREVIATIONS

A&F	Executive Office for Administration and Finance
DESE	Department of Elementary and Secondary Education
ISA	interdepartmental service agreement
MIL	Military Division of the Commonwealth
MMARS	Massachusetts Management Accounting and Reporting System

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the Military Division of the Commonwealth (MIL) for the period July 1, 2019 through December 31, 2021.

The purpose of this audit was to determine whether MIL administered reimbursements for tuition and fee waivers as required by the state budget for fiscal years 2020, 2021, and 2022. We also determined whether MIL complied with the terms of the contracts to which it agreed in its interdepartmental service agreements (ISAs) with the Executive Office for Administration and Finance and the Department of Elementary and Secondary Education.

Below is a summary of our findings and recommendations, with links to each page listed.

Finding 1 Page 11	MIL did not ensure that the data from the Massachusetts National Guard Tuition System was reliable and did not retain adequate source documents for tuition reimbursement.
Recommendations Page 13	<ol style="list-style-type: none">1. MIL should strengthen and follow its internal controls for the Massachusetts National Guard Tuition System and for the tuition and fee waiver process to ensure that it is operating as intended. Specifically, MIL should strengthen internal controls to ensure that it does the following:<ul style="list-style-type: none">• Prevents anyone from deleting records in MIL's National Guard Tuition System without MIL's approval, which should only occur through a documented process and• Requires routine reconciliations between MIL's National Guard Tuition System and the information provided by the state colleges or universities to ensure that the reimbursements are accurate and not duplicative.2. MIL should create policies and procedures for the denial, revocation, and approval of certificates of eligibility. MIL should train its employees on these policies and procedures to ensure that MIL employees consistently follow the process.3. MIL should maintain all records provided by state colleges and universities, including approved certificates of eligibility and reimbursement request forms.4. MIL should not override system controls in the Massachusetts Management Accounting and Reporting System by adding characters to the end of invoice numbers.
Finding 2 Page 15	MIL could not provide sufficient evidence that it performed the services outlined in three ISAs.
Recommendation Page 16	MIL should create and implement adequate controls to ensure that it collects and retains sufficient supporting documentation related to the activities and reporting requirements of its ISAs.

OVERVIEW OF AUDITED ENTITY

The Military Division of the Commonwealth (MIL) was established under Section 11 of Chapter 33 of the Massachusetts General Laws and is one of 13 state agencies under the general oversight of the Executive Office of Public Safety and Security.

According to its website,

The Massachusetts [National] Guard has a unique dual mission, with both federal and state responsibilities. During peacetime, Guard forces are commanded by the Governor through the State Adjutant General (TAG). The Governor can call the Guard into action during local or state-wide emergencies, such as storms, floods, blizzards and civil disturbances. In addition, the President of the United States can activate the Massachusetts National Guard to participate in federal missions.

The Massachusetts Army National Guard and the Massachusetts Air National Guard together make up the Massachusetts National Guard. The Massachusetts National Guard is the militia of the state, and it is organized for national and state defense and other emergencies. MIL administers and oversees all Massachusetts National Guard military units, programs, benefits, and records. MIL is supported by state appropriations with a combined team of army, air force, and civilian federal and state employees.

The adjutant general (who is appointed by the Governor) is the head of MIL and works under the supervision of the Executive Office of Public Safety and Security. The adjutant general is responsible for the strategic direction, administration, and operation of MIL's workforce and oversight of all funding. This funding is either appropriated by the Legislature or received through federal grants or federal trusts that support Massachusetts National Guard operations and programs. In addition, the adjutant general administers the Massachusetts Army and Air Force National Guard Tuition and Fee Reimbursement Program.

MIL had a budget of \$78,394,712 in fiscal year 2020; \$85,056,501 in fiscal year 2021; and \$89,555,045 in fiscal year 2022. During the audit period, MIL had approximately 312 state employees and 8,200 uniformed personnel serving in air force and army units in combat and support roles. MIL, through the Massachusetts National Guard, maintains 44 facilities in 38 communities across the Commonwealth. MIL is headquartered at Hanscom Air Force Base, which is mainly in Bedford, with parts in Concord, Lexington, and Lincoln.

Massachusetts Army and Air Force National Guard Tuition and Fee Reimbursement Program

The Massachusetts Army and Air Force National Guard Tuition and Fee Reimbursement Program was established by Section 19 of Chapter 15A of the General Laws and is regulated by guidelines established by the Massachusetts Board of Higher Education. The program allows Massachusetts National Guard members to receive full tuition and fees, paid for by the Commonwealth, at state colleges or universities. The lifetime total maximum benefit for each Guard member is 130 college credits. MIL reimburses the state colleges or universities for the waived tuition and fees.

MIL receives funding for the Massachusetts Army and Air Force National Guard Tuition and Fee Reimbursement Program through a state budget appropriation. During the audit period, MIL received the following funding for this program.

Fiscal Year	Budget Appropriation
2020	\$ 7,680,745
2021	\$10,430,745
2022	\$10,430,745

MIL uses the web-based Massachusetts National Guard Tuition System to manage the Massachusetts Army and Air Force National Guard Tuition and Fee Reimbursement Program. Guard members use this tuition system to apply for certificates of eligibility, which MIL issues after it verifies that the Guard member is in good standing with MIL. The Guard member submits this certificate to the state college or university as proof that they are in good standing in the National Guard and are entitled to fully waived tuition and fees for that semester. During the audit period, MIL approved approximately 7,100 certificate applications in the tuition system.

A Guard member participating in the Massachusetts Army and Air Force National Guard Tuition and Fee Reimbursement Program first needs to create an account in the Massachusetts National Guard Tuition System. Each semester, the Guard member applies for the certificate of eligibility by entering the following information in the system: the name of the state college or university at which they wish to enroll, the academic year and semester in which they wish to enroll, the number of credits required for their desired courses, and the name of their commanding officer.

The National Guard's Education Office reviews the member's certificate application by verifying in the Massachusetts National Guard Tuition System that the state college or university is eligible and that the member has not reached the 130-credit limit. The Education Office also verifies that the member is in good standing by reviewing their status in the Integrated Personnel and Pay System, which commanding officers use to record any unacceptable behavior from Guard members under their command. Members are considered in good standing if they have no issues recorded in the Integrated Personnel and Pay System. If the member fulfills these requirements, the Education Office approves the certificate application.

Once the Education Office approves the Guard member's application for a certificate of eligibility, the member prints the certificate and submits it to the finance office of the state college or university to which they are applying. The member can then enroll in the courses for which they requested MIL to issue reimbursements during the semester listed on the certificate.

Before the semester ends, the state colleges and universities (at which any Guard members in this program are enrolled) submit a reimbursement form to MIL's Accounts Payable Department. This reimbursement form details the name of each Guard member who enrolled in courses during the semester, the number of credits completed (cataloged both by individual Guard member and by the total for all Guard members), and the amount of tuition and fees waived (cataloged both by individual Guard member and by the total for all Guard members). The state colleges and universities also submit the certificates of eligibility that Guard members submitted during the enrollment period with the reimbursement forms. MIL's chief financial officer and an Accounts Payable Department employee review the documentation submitted by the state colleges and universities and process the reimbursement payments through the Massachusetts Management Accounting and Reporting System, the state's accounting system.

COVID-19 Funding

On March 10, 2020, the Governor declared a state of emergency because of the COVID-19 pandemic. The Governor authorized the activation of 5,000 military members from the Massachusetts National Guard to support the Commonwealth's COVID-19 response. Military members were tasked with providing necessary equipment and logistics (such as collecting donations of personal protective equipment and cleaning supplies) to state agencies.

To support MIL spending related to the COVID-19 response, the Executive Office for Administration and Finance (A&F) signed two interdepartmental service agreements (ISAs) with MIL, allowing A&F to reimburse MIL for a total of \$33,228,861. According to the ISAs,

[The purpose of this ISA is to cover] costs incurred by or on behalf of the Massachusetts National Guard (MIL) to plan for, respond to, and recover from the 2020 Coronavirus Pandemic under Massachusetts State of Emergency No. 591: Declaration of a State of Emergency to Respond to COVID-19, declared on March 10, 2020.

MIL also signed ISAs with the following agencies, which needed military members and technical support to address the COVID-19 pandemic:

- The Department of Elementary and Secondary Education for \$3,091,165 to supply Guard members to serve as bus drivers because of staffing shortages in several counties;
- The Executive Office of Public Safety and Security for \$410,000 to upgrade the Integrated Emergency Operation Management System, which was intended to assist with tracking the high volume of Guard members being called to active duty; and
- The Executive Office of Health and Human Services for \$60,431 to support the Veterans Home in Holyoke (formerly called the Holyoke Soldier's Home) because of staffing shortages.

Each ISA included two attachments: Attachment A and Attachment B. Attachment A outlined the terms of performance to explain the purpose for the ISA and the responsibilities of the parties involved (see Appendix A). For example, Attachment A of the ISA between MIL and A&F states that MIL would do the following:

- *Ensure safety, availability and preparedness of emergency services personnel in support of ongoing activities. . . .*
- *Support the operational needs of medical surge, morgue surge, and COVID-19 testing sites. . . .*
- *Track and mitigate any potential issues related to the COVID-19 outbreak that could impact critical infrastructure.*

Attachment B detailed the budget of the ISA (see Appendix B).

Additionally, the ISAs required MIL to report the costs and activities to A&F on a biweekly basis.¹ The Terms and Conditions section of the ISA between MIL and A&F states, "MIL is required to provide the A&F

1. For the purposes of this report, a biweekly basis is every other week.

(and to [the Office of the Comptroller of the Commonwealth], the State Auditor and the House and Senate Ways and Means Committees upon request) with full cooperation and access to all ISA information.”

In response to the COVID-19 pandemic, the Office of the Comptroller of the Commonwealth issued the “COVID-19 Pandemic Response Internal Controls Guidance” on September 30, 2020, which states the following:

Department internal control plans must be based on risk assessments and updated annually, or when significant changes occur. Because the COVID-19 Pandemic has affected all departments, the Comptroller, in consultation with the State Auditor’s Office, is providing two options for updating internal controls.

- 1. If the impact to your department is such that it can be reflected in your Internal Control Plan (ICP), then update the ICP as you would for any other mid-year changes.*
- 2. Departments experiencing a significant impact, and requiring the accumulation of substantial documentation (e.g. changes to business processes, requirements of federal and state-specific laws or guidance, new funds or new programs), can draft a separate COVID-19 Pandemic Response Plan Appendix to the ICP as an organized set (hard or soft copies) of emails, documents, risk assessments, policies, and procedures.*

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Military Division of the Commonwealth (MIL) for the period July 1, 2019 through December 31, 2021.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did MIL administer reimbursement for tuition and fee waivers as required by the state budget for fiscal years 2020, 2021, and 2022 and the policies of the Massachusetts Army and Air Force National Guard Tuition and Fee Reimbursement Program?	No; see Finding 1
2. Did MIL perform the terms of the contracts to which it agreed in its interdepartmental service agreements (ISAs) with the Executive Office for Administration and Finance (A&F) and the Department of Elementary and Secondary Education (DESE) for missions and purchases related to COVID-19?	No; see Finding 2

To achieve our objectives, we gained an understanding of the internal controls relevant to the objectives by interviewing MIL officials, as well as by reviewing MIL's internal control plan and agency policies and procedures.

Scope Impairments: Reimbursements for the Massachusetts Army and Air Force National Guard Tuition and Fee Reimbursement Program

Section 9.12 of the United States Government Accountability Office's Government Auditing Standards states, "Auditors should . . . report any significant constraints imposed on the audit approach by information limitations or scope impairments." During our audit of MIL, we determined that we could not

rely on the information in the Massachusetts National Guard Tuition System, which was necessary to conduct this audit, because of multiple control deficiencies regarding the system's data (see Finding 1).

To determine whether MIL administered reimbursements for tuition and fee waivers according to its final budgetary language for fiscal years 2020, 2021, and 2022 and the policies of the Massachusetts Army and Air Force National Guard Tuition and Fee Reimbursement Program, we interviewed agency officials who were knowledgeable about the tuition program and MIL's Massachusetts National Guard Tuition System. We interviewed employees from the information system company that hosts the system. We reviewed the tuition system data dictionary and the user manual. We obtained data from the tuition system. We also performed a gap analysis for the certificate of eligibility identification numbers and found that there were 464 certificate transactions that had been deleted from the tuition system. We identified at least 450 occurrences in which MIL approved two certificates for a Guard member for a single semester and at least 30 occurrences in which MIL approved three certificates for a Guard member for a single semester. We followed up with MIL management on each of these specific issues.

Further, we reviewed the Massachusetts National Guard Tuition System's controls by reviewing the System and Organization Control reports² of the external information system company hosting the tuition system.

The information from the Massachusetts National Guard Tuition System included lists of the state colleges and universities that Guard members attended, the estimated costs of tuition and fees, the names of the Guard members, the Guard members' certificates of eligibility, the semesters in which the Guard members attended, the number of credits required for their desired courses, and the approval status of the certificates. We interviewed knowledgeable MIL officials about the system and tested the information for duplicate records, dates outside of our audit period, and gaps in certificate identification numbers (related to the 464 certificate transactions that had been deleted from the tuition system). We vouched³ a random sample of 25 records from the tuition system to original source documents (such as the hardcopy, approved certificates and reimbursement forms that state colleges or universities sent to MIL). We selected a random sample of 25 certificates / reimbursement forms and traced these source documents to the information in the tuition system. We determined from our tracing and vouching that

2. A System and Organization Control report examines controls over an organization's systems relevant to security, availability, processing integrity, confidentiality, or privacy issued by an independent contractor.
3. Vouching is the inspection of supporting documentation to corroborate data.

the information obtained from the tuition system for our audit period was not sufficiently reliable for our audit work. (See Finding 1 for additional information.)

COVID-19 Funding

To determine whether MIL complied with the terms of its contracts with other state agencies, we obtained the ISAs between MIL and A&F and between MIL and DESE for deployment of uniformed personnel for missions related to COVID-19. We interviewed MIL officials to understand the management of the ISAs, the procedures used to document the performance of ISA services, and the deployment of National Guard members to address COVID-19.

To verify that MIL spent the COVID-19 funding it received from A&F and DESE to satisfy the terms of the ISAs, we acquired a dataset of expenditures related to the ISAs from the Massachusetts Management Accounting and Reporting System (MMARS). We then compared the budget from each Attachment B to the actual expenditures made from MMARS data. As part of this comparison, we verified that the object codes (which indicate the type of goods or services) in the Attachment B were used in the MMARS data and that the amount expended in MMARS did not exceed the budgets in the ISAs' Attachment Bs. In fiscal year 2020, A&F and MIL entered into an ISA with a budgeted amount of \$15,220,000 and later into an amended ISA with an increased budget of \$26,656,216. The two parties entered into another ISA in fiscal year 2021 with a budget of \$6,572,645. In fiscal year 2022, DESE and MIL entered into an ISA with a budgeted amount of \$3,385,973 and later into an amended ISA with a reduced budget of \$3,091,165. Please see Appendix B for the five Attachment Bs from MIL's ISAs with A&F and DESE.

To determine whether MIL fulfilled the performance terms of the ISAs, we requested documentation that MIL had performed the actions required as outlined in the ISAs. However, MIL was unable to provide documentation to support that it had performed the actions outlined in the ISAs. Some of the actions outlined in the ISA with A&F included ensuring the safety and readiness of emergency service personnel, supporting the increased demand of medical services and COVID-19 testing sites, and providing logistics for personal protective equipment and cleaning supplies for local emergency service and government needs. According to the ISA with DESE, MIL would provide 90 Guard members to serve as school bus drivers in Chelsea, Lawrence, Lowell, and Lynn. Please see Appendix A for the Attachment As from MIL's ISAs with A&F and DESE.

We requested the biweekly reports MIL sent to A&F (approximately 30 reports during the audit period) to determine whether MIL could demonstrate that it complied with the reporting requirements of the ISAs between these two agencies. However, MIL was unable to provide evidence that it submitted the biweekly reports to A&F. (See Finding 2 for additional information.)

We received and reviewed the one expenditure report that MIL was required to send, and sent, to DESE in accordance with the ISA between these two agencies.

Data Reliability Assessment

In 2018 and 2022, the Office of the State Auditor performed data reliability assessments of MMARS. The assessments focused on reviewing selected system controls (access, security awareness, audit and accountability, configuration management, identification and authentication, and personnel security).

MIL uses MMARS to approve and track payments to the state colleges or universities for the Massachusetts Army and Air Force National Guard Tuition and Fee Reimbursement Program. We performed a data reliability assessment by reviewing MIL's access control policy and procedures. We tested whether MIL employees had received security awareness training and background checks before they were given access to MMARS. We tested whether MIL had evidence of periodic supervisory reviews of access to MMARS for its employees.

Based on the results of the procedures described above, we determined that the data we obtained from MMARS was sufficiently reliable for the purpose of our second objective.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Military Division of the Commonwealth did not ensure that the data from the Massachusetts National Guard Tuition System was reliable and did not retain adequate source documents for tuition reimbursement.

The Military Division of the Commonwealth (MIL) did not ensure that the data from the Massachusetts National Guard Tuition System was reliable and did not retain adequate source documents for tuition reimbursement. Specifically, we found omissions within the data in the tuition system, multiple approved certificates of eligibility for individual Guard members for a single semester, and missing documentation for reimbursement requests. Further, MIL's processes for applying for and approving tuition reimbursements appeared to be inconsistent.

During our review, we found omissions within the data in the National Guard Tuition System. Specifically, we discovered 464 records that had been deleted.

Additionally, the National Guard Tuition System allows Guard members to apply for multiple certificates of eligibility for the same semester to add or drop courses; however, the processes to apply for courses and to approve those applications are inconsistent. The following is one example of such a process inconsistency: sometimes, after a certificate was approved, a Guard member would realize that they applied for an incorrect number of credits. Sometimes when this would occur, MIL would instruct the Guard member to apply for a new certificate for only the additional number of credits, then MIL would approve both certificates so that their combined total would end up being the correct number of credits.

Alternatively, MIL would sometimes instruct the Guard member to apply for a new certificate for the total, correct number of credits, and then MIL would approve both certificates so that their combined total would end up being an incorrect number of credits. Specifically, we identified at least 450 occurrences in which MIL approved two certificates for a Guard member for a single semester and at least 30 occurrences in which MIL approved three certificates for a Guard member for a single semester. Certificates were also approved for semesters that had already ended. For example, we noted 19 instances in which MIL approved certificates that were requested during the audit period for semesters that had already ended between fall 2017 and spring 2019. By approving multiple certificates per semester for an individual Guard member, inaccuracies in Guard members' credit balances occurred. Guard members have a lifetime total

maximum benefit of 130 college credits, so inaccurate credit balances could prevent Guard members from using the full benefits to which they are entitled because of their service.

Finally, for 4 of the 50 certificate approvals that we sampled, MIL could not provide source documents, such as approved certificates of eligibility or reimbursement request forms from the state colleges and universities. Also, there were discrepancies between the Massachusetts National Guard Tuition system data and the source documents for 13 of these 50 certificate approvals. For example, we identified approved certificates in the tuition system that listed a different number of credits from what was reflected on the reimbursement forms submitted by state colleges and universities.

Because of unreliable data in the Massachusetts National Guard Tuition System, MIL may not be able to ensure the accuracy of the credits that National Guard members use. Additionally, it may not be able to ensure that it avoids overpaying the state colleges and universities for duplicate reimbursement forms.

Authoritative Guidance

Section 19 of Chapter 15A of the Massachusetts General Laws states that the Commonwealth must provide and administer a tuition and fee waiver program for members of the Massachusetts National Guard and should establish guidelines to manage the program.

Line Item 8700-1150 of the Commonwealth's budget for fiscal year 2022 states, "For reimbursement of the costs of the national guard tuition and fee waivers under section 19 of chapter 15A of the General Laws . . . according to procedures and regulations promulgated by the military division."

The fiscal year 2020, 2021, and 2022 state budgets had the same requirements regarding this area.

Reasons for Noncompliance

Neither MIL nor the information system company that hosts the tuition system could explain who deleted the transactions or how this occurred. Further, neither party was aware of these deleted transactions until we brought the issue to their attention.

MIL has insufficient internal controls over the certificate of eligibility application approval process and, further, does not always follow these controls. The MIL "Tuition System User Manual" does not provide detailed instructions or have policies and procedures for the employee reviewing the certificate regarding

how to process courses that are added or dropped and which certificates should be denied, revoked, or approved.

MIL does not reconcile the reimbursement forms received from the state colleges and universities to its own data contained in the Massachusetts National Guard Tuition System to ensure the accuracy of the reimbursement forms.

MIL also does not routinely reconcile of the credits used by National Guard members to the data in the Massachusetts National Guard Tuition System. Instead, MIL only reconciles these when a Guard member questions the accuracy of their credits in the tuition system.

Finally, MIL told us it can override Massachusetts Management Accounting and Reporting System (MMARS) controls. For example, management told us that an invoice for tuition reimbursement to a state college or university could not be duplicated in MMARS because MMARS flags any duplicate invoice numbers. However, they told us that they have the ability to add a character to the end of the invoice number so that MMARS will allow the payment in a situation like this to be processed.

Recommendations

1. MIL should strengthen and follow its internal controls for the Massachusetts National Guard Tuition System and for the tuition and fee waiver process to ensure that it is operating as intended. Specifically, MIL should strengthen internal controls to ensure that it does the following:
 - Prevents anyone from deleting records in MIL's National Guard Tuition System without MIL's approval, which should only occur through a documented process and
 - Requires routine reconciliations between MIL's National Guard Tuition System and the information provided by the state colleges or universities to ensure that the reimbursements are accurate and not duplicative.
2. MIL should create policies and procedures for the denial, revocation, and approval of certificates of eligibility. MIL should train its employees on these policies and procedures to ensure that MIL employees consistently follow the process.
3. MIL should maintain all records provided by state colleges and universities, including approved certificates of eligibility and reimbursement request forms.
4. MIL should not override system controls in MMARS by adding characters to the end of invoice numbers.

Auditee's Response

The MIL accepts [the Office of the State Auditor's] findings. The loss of electronic records occurred during a software migration period. However, the department will look beyond the singular incident to develop policies and software system implementation to prevent the loss of electronic records.

- The department is working with the software vendor and Army National Guard Education Center to add/implement software system control so that no record can be deleted. The Army National Guard Education Center will only be able to disable a record containing uncorrectable information.*
- The department has implemented an internal policy that requires pre & post software migration data audits. The data must match. It will be a standard performance matrix for the software vendor to receive full payment on system migration and upgrade. Furthermore, the department will ensure the software vendor performs successful data backup before the software system upgrade by performing the same pre & post-backup data audit.*
- A comprehensive software system security policy is being worked on among MIL, the Army National Guard Education Center, and the software vendor. . . .*

The department is hiring or assigning 1 additional [full-time employee] to perform routine reconciliation between the National Guard Tuition System and the billing information provided by state colleges and universities. The frequency of the reconciliation will be no less than monthly. . . .

The department will work closely with the eligibility determination entity, the Army National Guard Education Center, to develop a written policy to ensure the accuracy of the approval/denial/revocation determination. . . .

The department follows the Commonwealth of Massachusetts record retention policy. The very few paper records misplaced and lost during the pandemic are not acceptable. The fiscal staff will continue to receive records retention training annually, and internal random audits will be performed at least once a year. . . .

This [overriding system controls in MMARS] is a state-wide issue that every department will encounter daily, as the department has no control over a vendor or a state college/university's schematic of the invoice number. Some invoices will bear no invoice number, such as utility bills. Some companies will use an invoice number more than 30 characters long that exceeds the maximum [number] of characters that the state accounting system will accept. All of these do not relieve the department's financial obligation to make payment per invoice. The state comptroller's office allows the department to add additional information to the invoice number. This ability is given to all state departments, not just MIL. . . .

The department does recognize the confusion and the auditing difficulties. The MIL has and will continue broadcasting the necessity of using [one] unique invoice [number] per invoice to all state colleges/universities. The department will communicate to all state colleges/universities that a duplicated invoice [number] will minimally delay the reimbursement speed. The MIL will have to perform internal research every time a duplicated invoice [number] on a new invoice is received.

Auditor's Reply

Based on MIL's response, it is taking measures to address our concerns regarding this matter.

2. The Military Division of the Commonwealth could not provide sufficient evidence that it performed the services outlined in three interdepartmental service agreements.

MIL did not retain sufficient documentation to demonstrate that its National Guard members performed the services, specifically those related to its response to the COVID-19 pandemic, outlined in three interdepartmental service agreements (ISAs) that MIL had during the audit period. Two ISAs were with the Executive Office for Administration and Finance (A&F) and one ISA was with the Department of Elementary and Secondary Education (DESE).

Additionally, for the two ISAs with A&F, MIL could not provide sufficient evidence that it submitted the required number of biweekly reports (approximately 30 reports during the audit period) to A&F.

Without generating and retaining adequate documentation to support compliance with the ISAs' terms and conditions, MIL cannot provide assurance that the funds it received from A&F and DESE were used for their intended purposes.

Authoritative Guidance

The Terms and Conditions section of each of the ISAs with A&F and DESE states,

The Buyer/Parent [A&F or DESE] and Seller/Child [MIL] shall maintain all ISA records in such detail as necessary to support claims for payment, including reimbursement or federal financial participation (FFP), for at least seven (7) years from the last payment under an ISA Seller/Child [MIL] account, or such longer period as is necessary for the resolution of any litigation, claim, negotiation, audit or other inquiry involving an ISA. In addition to any specific progress, programmatic or expenditure reports specified in Attachment A, the Seller/Child [MIL] is required to provide the Buyer/Parent [A&F or DESE] (and to [the Office of the Comptroller of the Commonwealth], the State Auditor and the House and Senate Ways and Means Committees upon request) with full cooperation and access to all ISA information.

The Terms and Conditions section for each of MIL's ISAs with A&F also outlines reporting requirements. Specifically, it requires MIL to send biweekly reports to A&F about costs and activities related to the contracted services.

Reasons for Noncompliance

MIL said that it only processed payroll data related to deployment of National Guard members and did not realize it was required to keep records regarding the services performed.

Regarding compliance with each ISA's reporting requirements, MIL told us that its reporting consisted of having informal phone calls with A&F at various times and updating a Microsoft Excel spreadsheet template for A&F on estimated numbers of Guard members on duty each day.

Finally, MIL did not incorporate a COVID-19 response plan into its internal control plan, as required by the Office of the Comptroller of the Commonwealth's "COVID-19 Pandemic Response Internal Controls Guidance," issued September 30, 2020. One of the risks that agencies face as a result of the COVID-19 pandemic, as included in this guidance, is that "new programs, sources of funds, and/or working remotely may require doing normal business in different ways. Lack of documentation of changes to procedures, and the decisions leading to them, leave the department exposed to audit findings, and other operational and compliance compromises." Had MIL incorporated this guidance into its internal control plan, it would have had to consider the risks posed by the COVID-19 pandemic and recognized the need to maintain proper documentation as evidence for activities related to its response.

Recommendation

MIL should create and implement adequate controls to ensure that it collects and retains sufficient supporting documentation related to the activities and reporting requirements of its ISAs.

Auditee's Response

The MIL accepts [the Office of the State Auditor's] findings. The department will work closely with all funding agencies in the future ISA to develop an actionable and practical performance matrix to ensure that adequate evidence in writing is retained during the ISA performance period. . . .

The department will develop mission-specific reporting structures with uniformed/armed branches at the commanding officer level to ensure bi-weekly or monthly mission status reports are created and retained per ISA. For large missions such as the pandemic response period, where several thousand national guardsmen/women are deployed, the department welcomes the [Office of the State Auditor's] guidance and sample of acceptable documentation other than the abovementioned mission status report.

Auditor's Reply

Based on MIL's response, it is taking measures to address the concerns raised regarding this matter.

APPENDIX A

Attachment As from the Military Division of the Commonwealth's Interdepartmental Service Agreements

Below is Attachment A from the Military Division of the Commonwealth's (MIL's) original fiscal year 2020 interdepartmental service agreement (ISA) with the Executive Office for Administration and Finance (A&F).

INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM TERMS AND CONDITIONS



ATTACHMENT A – TERMS OF PERFORMANCE AND JUSTIFICATIONS:

This Attachment Form must be used. Insert (type or copy and paste) all relevant information using as many pages as necessary. Attach any additional supporting documentation as appropriate. If Amending the ISA, completion of Sections 1, 2 and 3 identifying what is being amended and the reasons for the amendments is required. For sections 4-9 enter only the amended language in the sections being amended.

1. [REQUIRED] Purpose and other performance goals of ISA, or as amended:

For costs incurred by or on behalf of the Massachusetts National Guard (MIL) to plan for, respond to, and recover from the 2020 Coronavirus Pandemic under Massachusetts State of Emergency No. 591: Declaration of a State of Emergency to Respond to COVID-19, declared on March 10, 2020.

Obligations were incurred by MIL for the time period beginning on or about 3/10/2020, a date prior to the Effective date of this Contract (for which a payment obligation has been triggered) and are intended to be part of this Contract/Amendment and shall be considered a final Settlement and Release of these obligations which are incorporated herein, and upon payment of these obligations, CDA forever releases the Commonwealth from any further claims related to these obligations.

2. [REQUIRED] Identify in detail, the responsibilities of the parties, the scope of services and terms of performance under the ISA, or as amended:

Mass National Guard took actions to:

- Support the COVID-19 Command Center as needed.
- Develop and distribute situational awareness products to local, regional, state, federal, NGO, and private-sector partners and stakeholders.
- Ensure safety, availability and preparedness of emergency services personnel in support of ongoing activities.
- Coordinate Mass Care activities including temporary congregate and non-congregate housing, feeding, and wrap-around services.
- Support the operational needs of medical surge, morgue surge, and COVID-19 testing sites, and de-congregate existing homeless populations.
- Track and mitigate any potential issues related to the COVID-19 outbreak that could impact critical infrastructure.
- Intake donations of PPE and cleaning supplies to be shipped, and delivered to the MEMA Logistics Warehouse for distribution.
- Continue to support logistics for PPE and cleaning supplies requests from local fire, police, state agencies, and county sheriffs.
- Develop and execute strategies to assist the state, local governments, and eligible PNPs with recovering COVID response costs through Federal grants and to plan for post-crisis Recovery.

3. [REQUIRED] Identify schedule of performance or completion dates or other benchmarks for performance, or as amended:

MIL will activate Mass National Guard and oversee its Joint Operations Center in conjunction with the State Emergency Operations Center at MEMA, execute contracts for commodities and services, hire individuals for additional support, coordinate with FEMA for the provision of national resources, establish an efficient process for reimbursing state, local, and Private Non-Profits through the FEMA Public Assistance program, support and operate logistics and warehousing capabilities for the distribution of Personal Protective Equipment, and support missions and resource needs as identified.

4. [REQUIRED] Justification that use of ISA is best value vs. contract with outside vendor:

MIL ensures the state is prepared to withstand, respond to and recover from all types of emergencies and disasters. The use of the ISA is best value vs. a contract with an outside vendor because the Massachusetts National Guard has sufficient personal and subject matter expertise to perform the services required to satisfactorily complete the project.

5. Will Seller/Child department state employees (AA Object Class) be fully or partially funded under this ISA? ____ No X Yes.

If Yes, justify necessity to use state employees for the ISA vs. use of contractors (contract employees or outside vendors). State employees have the training, knowledge, and ability to perform the functions required to ensure an efficient and effective response to the COVID19 pandemic.

6. Subcontractors. Since it is presumed that contracting through the Seller/Child is more cost effective and a better value than the Buyer/Parent directly contracting with an outside contractor(s), any subcontract entered into by the Seller/Child for the purposes

**INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM
TERMS AND CONDITIONS**



of fulfilling the obligations under an ISA must be approved by the Buyer/Parent in advance of the ISA and justified as part of the ISA Attachment A, as follows: (enter "N/A" if subcontractors will not be funded with ISA funds)
National Guard soldiers and airmen are paid as contract employees in the HRCMS system when activated by the Governor.

7. Identify any equipment that will be leased or purchased by the Seller/Child using ISA funds; (The Buyer/Parent shall determine ownership of equipment purchased by the Seller/Child with ISA funds. Enter "N/A" if equipment not included in ISA.)
Equipment may be purchased to support ongoing operations in support of domestic authorities
8. [REQUIRED] Identify the format and timing of ISA reports to the Buyer/Parent Department. Include the type of reports (e.g., progress or status, data, etc.), timing of reports (e.g., weekly, monthly, final) and the medium for submission of reports (e.g., e-mail, Excel spreadsheet, paper, telephone);
MIL shall report to ANF on a bi-weekly basis costs and activities related to this ISA.
9. Additional ISA Terms: [Insert Terms here. Do not refer to separate attachment(s)]
Where funds from the federal government will be made available to cover 100% of certain Public Assistance costs, MIL will transfer costs to federal accounts at such times as they become available.
10. **Settlement Language:** Obligations incurred by the Military Division (MIL) in the amount of \$3,000,000 for the time period 3/10/20-through the executed signature dates of this contract (for which a payment obligation has been triggered) are intended to be part of this contract shall be considered a final Settlement and Release of these obligations which are incorporated herein. Upon payment of these obligations MIL forever releases EPS from any further claims related to these obligations.

Below is Attachment A from MIL's original fiscal year 2021 ISA with A&F.

INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM
TERMS AND CONDITIONS



ATTACHMENT A – TERMS OF PERFORMANCE AND JUSTIFICATIONS:

This Attachment Form must be used. Insert (type or copy and paste) all relevant information using as many pages as necessary. Attach any additional supporting documentation as appropriate. If Amending the ISA, completion of Sections 1, 2 and 3 identifying what is being amended and the reasons for the amendments is required. For sections 4-9 enter only the amended language in the sections being amended.

1. [REQUIRED] Purpose and other performance goals of ISA, or as amended:

For costs incurred by or on behalf of the Massachusetts National Guard (MIL) to plan for, respond to, and recover from the 2020 Coronavirus Pandemic under Massachusetts State of Emergency No. 591: Declaration of a State of Emergency to Respond to COVID-19, declared on March 10, 2020.

Obligations were incurred by MIL for the time period beginning on or about 1/3/2021, a date prior to the Effective date of this Contract (for which a payment obligation has been triggered) and are intended to be part of this Contract/Amendment and shall be considered a final Settlement and Release of these obligations which are incorporated herein, and upon payment of these obligations, CDA forever releases the Commonwealth from any further claims related to these obligations.

2. [REQUIRED] Identify in detail, the responsibilities of the parties, the scope of services and terms of performance under the ISA, or as amended:

Mass National Guard took actions to:

- Support the COVID-19 Command Center as needed.
- Develop and distribute situational awareness products to local, regional, state, federal, NGO, and private-sector partners and stakeholders.
- Ensure safety, availability and preparedness of emergency services personnel in support of ongoing activities.
- Coordinate Mass Care activities including temporary congregate and non-congregate housing, feeding, and wrap-around services.
- Support the operational needs of medical surge, morgue surge, and COVID-19 testing sites, and de-congregate existing homeless populations.
- Track and mitigate any potential issues related to the COVID-19 outbreak that could impact critical infrastructure.
- Intake donations of PPE and cleaning supplies to be shipped, and delivered to the MEMA Logistics Warehouse for distribution.
- Continue to support logistics for PPE and cleaning supplies requests from local fire, police, state agencies, and county sheriffs.
- Develop and execute strategies to assist the state, local governments, and eligible PNPs with recovering COVID response costs through Federal grants and to plan for post-crisis Recovery.

3. [REQUIRED] Identify schedule of performance or completion dates or other benchmarks for performance, or as amended:

MIL will activate Mass National Guard and oversee its Joint Operations Center in conjunction with the State Emergency Operations Center at MEMA, execute contracts for commodities and services, hire individuals for additional support, coordinate with FEMA for the provision of national resources, establish an efficient process for reimbursing state, local, and Private Non-Profits through the FEMA Public Assistance program, support and operate logistics and warehousing capabilities for the distribution of Personal Protective Equipment, and support missions and resource needs as identified.

4. [REQUIRED] Justification that use of ISA is best value vs. contract with outside vendor:

MIL ensures the state is prepared to withstand, respond to and recover from all types of emergencies and disasters. The use of the ISA is best value vs. a contract with an outside vendor because the Massachusetts National Guard has sufficient personal and subject matter expertise to perform the services required to satisfactorily complete the project.

5. Will Seller/Child department state employees (AA Object Class) be fully or partially funded under this ISA? ___ No ___ X Yes.

If Yes, justify necessity to use state employees for the ISA vs. use of contractors (contract employees or outside vendors). State employees have the training, knowledge, and ability to perform the functions required to ensure an efficient and effective response to the COVID19 pandemic.

6. Subcontractors. Since it is presumed that contracting through the Seller/Child is more cost effective and a better value than the Buyer/Parent directly contracting with an outside contractor(s), any subcontract entered into by the Seller/Child for the purposes

**INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM
TERMS AND CONDITIONS**



of fulfilling the obligations under an ISA must be approved by the Buyer/Parent in advance of the ISA and justified as part of the ISA Attachment A, as follows: (enter "N/A" if subcontractors will not be funded with ISA funds)
National Guard soldiers and airmen are paid as contract employees in the HRCMS system when activated by the Governor.

7. Identify any equipment that will be leased or purchased by the Seller/Child using ISA funds; (The Buyer/Parent shall determine ownership of equipment purchased by the Seller/Child with ISA funds. Enter "N/A" if equipment not included in ISA.)
Equipment may be purchased to support ongoing operations in support of domestic authorities
8. [REQUIRED] Identify the format and timing of ISA reports to the Buyer/Parent Department. Include the type of reports (e.g., progress or status, data, etc.), timing of reports (e.g., weekly, monthly, final) and the medium for submission of reports (e.g., e-mail, Excel spreadsheet, paper, telephone);
MIL shall report to ANF on a bi-weekly basis costs and activities related to this ISA.
9. Additional ISA Terms: [Insert Terms here. Do not refer to separate attachment(s)]
Where funds from the federal government will be made available to cover 100% of certain Public Assistance costs, MIL will transfer costs to federal accounts at such times as they become available.
10. **Settlement Language:** Obligations incurred by the Military Division (MIL) in the amount of \$800,000 for the time period 1/3/21- through the executed signature dates of this contract (for which a payment obligation has been triggered) are intended to be part of this contract shall be considered a final Settlement and Release of these obligations which are incorporated herein. Upon payment of these obligations MIL forever releases EPS from any further claims related to these obligations.

Below is Attachment A from MIL's original fiscal year 2022 ISA with the Department of Elementary and Secondary Education (DESE).

**INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM
TERMS AND CONDITIONS**



ATTACHMENT A – TERMS OF PERFORMANCE AND JUSTIFICATIONS:

This Attachment Form must be used. Insert (type or copy and paste) all relevant information using as many pages as necessary. Attach any additional supporting documentation as appropriate. If Amending the ISA, completion of Sections 1, 2 and 3 identifying what is being amended and the reasons for the amendments is required. For sections 4-9 enter only the amended language in the sections being amended.

1. [REQUIRED] Purpose and other performance goals of ISA, or as amended:

Commonwealth Services Offered: The Commonwealth will make Massachusetts National Guard ("MANG") members available to serve as drivers of 7D vehicles to address staffing shortages as determined by the Commonwealth and each participating district in coordination with bus company. The service offered is limited to operation by MANG members of 7D vehicles on defined routes for school attendance only and not to cover sports or other extra-curricular programs.

2. [REQUIRED] Identify in detail, the responsibilities of the parties, the scope of services and terms of performance under the ISA, or as amended:

MANG 7D driver duties will be limited to those driver responsibilities required by federal and state law and will not extend to ancillary or specialized duties such as care, discipline, interaction with student families or caregivers, or special assistance to student passengers. The municipality or bus company is required to provide trained monitors for all 7D vehicles driven by a MANG driver to provide such supervision and services. Bus company shall assign non-MANG drivers to routes serving students with highest special needs and medical conditions.

Commonwealth will ensure that each MANG driver holds a regular class D Massachusetts license and 7D certificate and has received RMV approved training. Drivers will also meet all statutory requirements for 7D drivers, including criminal history background checks, fingerprinting, and appropriate driving history based on RMV record check as required by Massachusetts law and regulations for school bus drivers.

Municipalities will be required to expedite (24 hours or less) review of suitability determinations based on fingerprint results.

Staffing Available: The Commonwealth may make available approximately 90 MANG 7D drivers during the school week based on the following assessment of needs (subject to confirmation).

- Chelsea 15 drivers
- Lowell 15 drivers
- Lynn 20 drivers
- Lawrence 40 drivers

Conditions and Required Contractual Arrangements: The Commonwealth's willingness to provide these services is conditioned on the following terms and requirements:

- Bus company will be required to make best efforts to hire and train new drivers to address each driver shortfall as soon as practicable. Bus company shall provide weekly written updates to Commonwealth and districts on its progress in addressing the shortfall. Bus company represents and warrants that to date it has approximately 87 recruits in the 7D training process and 114 recruits in the training process for CLD-S/P.
- Bus company represents that it has taken and will continue the following additional steps to address the shortage:
 - o Doubling recruitment staff to 8 people, including adding a vice president of recruitment to oversee the effort.
 - o Providing signing bonuses to new recruits, a retention bonus, and a fast-track bonus for recruits who achieve expedited licensure.
 - o Outreach to every former employee from the past two years.
- Bus company shall pay all fees (or reimburse the Commonwealth) necessary to qualify MANG drivers to provide the services, including an application fee, test fee, and costs to run the needed background records checks.
- Adjustments to Existing Municipal Contracts
 - o Each municipality and bus company to execute agreement to reflect modified terms of service and financial and other adjustments to existing contracts.
 - o No financial windfall: bus company will be required to refund/discount services charged to municipality to reflect failure to deliver contracted services. Various measures available for calculating discount/refunding—to be reviewed/approved by ANF.
 - o Bus company not to be relieved from consequences of non-performance—municipalities free to exercise contract penalties for non-performance: termination, re-bid, financial penalties, etc.

**INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM
TERMS AND CONDITIONS**



0 Insurance and Liability: Bus company to provide Commonwealth and municipality written assurance from insurers that use of MANG drivers does not affect existing insurance requirements and that MANG drivers and Commonwealth will be fully indemnified from claims up to limit of existing insurance.

3. [REQUIRED] Identify schedule of performance or completion dates or other benchmarks for performance, or as amended:
The Commonwealth shall provide the services as soon as practicable upon satisfactory completion of the Contractual Arrangements described below. The parties anticipate no longer needing the services by November 5, 2021. The Commonwealth may cease providing the services at any time, with or without cause, in the Commonwealth's sole discretion.

4. [REQUIRED] Justification that use of ISA is best value vs. contract with outside vendor:

National Guard members are paid through MIL.

5. Will Seller/Child department state employees (AA Object Class) be fully or partially funded under this ISA? ☐ No ☒ Yes.
If Yes, justify necessity to use state employees for the ISA vs. use of contractors (contract employees or outside vendors).
Salaries are for Massachusetts National Guards.

6. Subcontractors. Since it is presumed that contracting through the Seller/Child is more cost effective and a better value than the Buyer/Parent directly contracting with an outside contractor(s), any subcontract entered into by the Seller/Child for the purposes of fulfilling the obligations under an ISA must be approved by the Buyer/Parent in advance of the ISA and justified as part of the ISA Attachment A, as follows: (enter "N/A" if subcontractors will not be funded with ISA funds)

N/A

7. Identify any equipment that will be leased or purchased by the Seller/Child using ISA funds: (The Buyer/Parent shall determine ownership of equipment purchased by the Seller/Child with ISA funds. Enter "N/A" if equipment not included in ISA.)

N/A

8. [REQUIRED] Identify the format and timing of ISA reports to the Buyer/Parent Department. Include the type of reports (e.g., progress or status, data, etc.), timing of reports (e.g., weekly, monthly, final) and the medium for submission of reports (e.g., e-mail, Excel spreadsheet, paper, telephone):

9. Additional ISA Terms: [Insert Terms here. Do not refer to separate attachment(s)]

The Seller (Child Agency) will have 60 days to pay for obligations incurred by the end date of this agreement or until the end of the budget fiscal year, whichever comes first. The Seller shall also submit to the Buyer (Parent Agency) a final expenditure report within 60 days following the termination of this agreement or following the close of the state fiscal year. The reconciliation statement shall include final expenditures for each line included in the budget.

Below is Attachment A from MIL's amended fiscal year 2022 ISA with DESE.

INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM
TERMS AND CONDITIONS



ATTACHMENT A – TERMS OF PERFORMANCE AND JUSTIFICATIONS:

This Attachment Form must be used. Insert (type or copy and paste) all relevant information using as many pages as necessary. Attach any additional supporting documentation as appropriate. If Amending the ISA, completion of Sections 1, 2 and 3 identifying what is being amended and the reasons for the amendments is required. For sections 4-9 enter only the amended language in the sections being amended.

1. [REQUIRED] Purpose and other performance goals of ISA, or as amended:

Commonwealth Services Offered: The Commonwealth will make Massachusetts National Guard ("MANG") members available to serve as drivers of 7D vehicles to address staffing shortages as determined by the Commonwealth and each participating district in coordination with bus company. The service offered is limited to operation by MANG members of 7D vehicles on defined routes for school attendance only and not to cover sports or other extra-curricular programs.

2. [REQUIRED] Identify in detail, the responsibilities of the parties, the scope of services and terms of performance under the ISA, or as amended:

MANG 7D driver duties will be limited to those driver responsibilities required by federal and state law and will not extend to ancillary or specialized duties such as care, discipline, interaction with student families or caregivers, or special assistance to student passengers. The municipality or bus company is required to provide trained monitors for all 7D vehicles driven by a MANG driver to provide such supervision and services. Bus company shall assign non-MANG drivers to routes serving students with highest special needs and medical conditions.

Commonwealth will ensure that each MANG driver holds a regular class D Massachusetts license and 7D certificate and has received RMV approved training. Drivers will also meet all statutory requirements for 7D drivers, including criminal history background checks, fingerprinting, and appropriate driving history based on RMV record check as required by Massachusetts law and regulations for school bus drivers.

Municipalities will be required to expedite (24 hours or less) review of suitability determinations based on fingerprint results.

Staffing Available: The Commonwealth may make available approximately 90 MANG 7D drivers during the school week based on the following assessment of needs (subject to confirmation).

- Chelsea 15 drivers
- Lowell 15 drivers
- Lynn 20 drivers
- Lawrence 40 drivers

Conditions and Required Contractual Arrangements: The Commonwealth's willingness to provide these services is conditioned on the following terms and requirements:

- Bus company will be required to make best efforts to hire and train new drivers to address each driver shortfall as soon as practicable. Bus company shall provide weekly written updates to Commonwealth and districts on its progress in addressing the shortfall. Bus company represents and warrants that to date it has approximately 87 recruits in the 7D training process and 114 recruits in the training process for CLD-S/P.
- Bus company represents that it has taken and will continue the following additional steps to address the shortage:
 - o Doubling recruitment staff to 8 people, including adding a vice president of recruitment to oversee the effort.
 - o Providing signing bonuses to new recruits, a retention bonus, and a fast-track bonus for recruits who achieve expedited licensure.
 - o Outreach to every former employee from the past two years.
- Bus company shall pay all fees (or reimburse the Commonwealth) necessary to qualify MANG drivers to provide the services, including an application fee, test fee, and costs to run the needed background records checks.
- Adjustments to Existing Municipal Contracts
 - o Each municipality and bus company to execute agreement to reflect modified terms of service and financial and other adjustments to existing contracts.
 - o No financial windfall: bus company will be required to refund/discount services charged to municipality to reflect failure to deliver contracted services. Various measures available for calculating discount/refunding—to be reviewed/approved by ANF.
 - o Bus company not to be relieved from consequences of non-performance—municipalities free to exercise contract penalties for non-performance: termination, re-bid, financial penalties, etc.
 - o Insurance and Liability: Bus company to provide Commonwealth and municipality written assurance from insurers that use of MANG drivers does not affect existing insurance requirements and that MANG drivers and Commonwealth will be fully indemnified from claims up to limit of existing insurance.

INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM
TERMS AND CONDITIONS



3. [REQUIRED] Identify schedule of performance or completion dates or other benchmarks for performance, or as amended:
The Commonwealth shall provide the services as soon as practicable upon satisfactory completion of the Contractual Arrangements described below. The parties anticipate no longer needing the services by November 5, 2021. The Commonwealth may cease providing the services at any time, with or without cause, in the Commonwealth's sole discretion.

4. [REQUIRED] Justification that use of ISA is best value vs. contract with outside vendor:

National guard members are paid through EPS.

5. Will Seller/Child department state employees (AA Object Class) be fully or partially funded under this ISA? ____ No X
Yes. If Yes, justify necessity to use state employees for the ISA vs. use of contractors (contract employees or outside vendors).
Salaries are for Massachusetts National Guards.

6. Subcontractors: Since it is presumed that contracting through the Seller/Child is more cost effective and a better value than the Buyer/Parent directly contracting with an outside contractor(s), any subcontract entered into by the Seller/Child for the purposes of fulfilling the obligations under an ISA must be approved by the Buyer/Parent in advance of the ISA and justified as part of the ISA Attachment A, as follows: (enter "N/A" if subcontractors will not be funded with ISA funds)

N/A

7. Identify any equipment that will be leased or purchased by the Seller/Child using ISA funds: (The Buyer/Parent shall determine ownership of equipment purchased by the Seller/Child with ISA funds. Enter "N/A" if equipment not included in ISA.)

N/A

8. [REQUIRED] Identify the format and timing of ISA reports to the Buyer/Parent Department. Include the type of reports (e.g., progress or status, data, etc.), timing of reports (e.g., weekly, monthly, final) and the medium for submission of reports (e.g., e-mail, Excel spreadsheet, paper, telephone):

9. Additional ISA Terms: [Insert Terms here. Do not refer to separate attachment(s)]

The Seller (Child Agency) will have 60 days to pay for obligations incurred by the end date of this agreement or until the end of the budget fiscal year, whichever comes first. The Seller shall also submit to the Buyer (Parent Agency) a final expenditure report within 60 days following the termination of this agreement or following the close of the state fiscal year. The reconciliation statement shall include final expenditures for each line included in the budget.

APPENDIX B

Attachment Bs from the Military Division of the Commonwealth's Original and Amended Interdepartmental Service Agreements

Below is Attachment B from the Military Division of the Commonwealth's (MIL's) original fiscal year 2020 interdepartmental service agreement (ISA) with the Executive Office for Administration and Finance (A&F).



INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM

ATTACHMENT B - BUDGET

Check one: ☒ Initial ISA Budget
☐ ISA Budget/Account Amendment. Maximum Obligation of ISA before this Amendment: \$ _____
 PRIOR MMARS DOCUMENT ID: _____ (for reference - if applicable)
 CURRENT DOC ID: ISA


[See Instructions for Additional Guidance on completion. Insert as many additional lines as necessary.]

A Budget Fiscal Year	B Seller/Child Account	C Object Class	D Description	E Initial ISA Amount / or Amount Prior to Amendment	F Indicate Add or Reduce +/-	G Amendment Amount	H Enter "YES" if Amount is a prior FY budget reduction or a current FY "Carry-in" authorization for Federal ISA Funds	I New Amount After Amendment
2020	1100-2019	AA	Employee Salaries	\$ 485,000.00		\$		\$
2020	1100-2019	BB	Employee Related Exp.	\$ 20,000.00		\$		\$
2020	1100-2019	CC	Contracted Services	\$12,000,000.00		\$		\$
2020	1100-2019	DD	Fringe Benefit	\$ 475,000.00		\$		\$
2020	1100-2019	EE	Administrative Exp	\$ 2,200,000.00		\$		\$
2020	1100-2019	FF	Programmatic Supplies	\$ 40,000.00		\$		\$

FISCAL YEAR SUBTOTALS AND TOTAL MAXIMUM OBLIGATION FOR DURATION OF ISA		
FISCAL YEAR: <u>2020</u>	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$15,220,000
FISCAL YEAR: _____	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
FISCAL YEAR: _____	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
FISCAL YEAR: _____	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
TOTAL MAXIMUM OBLIGATION FOR DURATION OF ISA (or New Total Maximum Obligation if amended)		\$15,220,000

Additional Budget Specifications:

Below is Attachment B from MIL's amended fiscal year 2020 ISA with A&F.



INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM

ATTACHMENT B - BUDGET

Check one: ☐ Initial ISA Budget
☒ ISA Budget/Account Amendment. Maximum Obligation of ISA before this Amendment: \$ **\$15,220,000**

PRIOR MMARS DOCUMENT ID: ISAANF11002019MIL20A (for reference - if applicable)
 CURRENT DOC ID: ISA ANF11002019MIL20B

[See Instructions for Additional Guidance on completion. Insert as many additional lines as necessary.]

A	B	C	D	E	F	G	H	I
Budget Fiscal Year	Seller/Child Account	Object Class	Description	Initial ISA Amount / or Amount Prior to Amendment	Indicate Add or Reduce +/-	Amendment Amount	Enter "YES" if Amount is a prior FY budget reduction or a current FY "Carry-in" authorization for Federal ISA Funds	New Amount After Amendment
2020	1100-2019	AA	Employee Salaries	\$ 485,000.00	+	\$1,000,000.00		\$ 1,485,000.00
2020	1100-2019	BB	Employee Related Exp.	\$ 20,000.00				\$ 20,000.00
2020	1100-2019	CC	Contracted Services	\$12,000,000.00	+	\$4,406,111.00		\$16,406,111.00
2020	1100-2019	DD	Fringe Benefit	\$ 475,000.00	+	\$2,297,125.00		\$ 2,772,125.00
2020	1100-2019	EE	Administrative Exp	\$ 2,200,000.00	+	\$2,933,980.00		\$ 5,133,980.00
2020	1100-2019	FF	Programmatic Supplies	\$ 40,000.00				\$ 40,000.00
2020	1100-2019	TT	Programmatic Supplies	\$	+	\$ 799,000.00		\$ 799,000.00
2021	1100-2019			\$		\$		\$

FISCAL YEAR SUBTOTALS AND TOTAL MAXIMUM OBLIGATION FOR DURATION OF ISA		
FISCAL YEAR: <u>2020</u>	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$26,656,216.00
FISCAL YEAR: <u>2021</u>	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
FISCAL YEAR: _____	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
FISCAL YEAR: _____	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
TOTAL MAXIMUM OBLIGATION FOR DURATION OF ISA (or New Total Maximum Obligation if amended)		\$26,656,216.00

Additional Budget Specifications:

Below is Attachment B from MIL's original fiscal year 2021 ISA with A&F.



INTERDEPARTMENTAL SERVICE AGREEMENT (ISA) FORM

ATTACHMENT B - BUDGET

Check one: ☒ Initial ISA Budget
☐ ISA Budget/Account Amendment. Maximum Obligation of ISA before this Amendment: \$ _____
 FISCAL MMARS DOCUMENT ID: _____ (for reference - if applicable)
 CURRENT DOC ID: ISA ANF11002020MIL21A

[See Instructions for Additional Guidance on completion. Insert as many additional lines as necessary.]

A	B	C	D	E	F	G	H	I
Budget Fiscal Year	Seller/Child Account	Object Class	Description	Initial ISA Amount / or Amount Prior to Amendment	Indicate Add or Reduce +/-	Amendment Amount	Enter "YES" if Amount is a prior FY budget reduction or a current FY "Carry-in" authorization for Federal ISA Funds	New Amount After Amendment
2021	1100-2020	CC	National Guard Contract Employee Services	\$5,871,495				\$ 5,871,495
2021	1100-2020	DD	Fringe Benefit/Payroll Tax @ 1.94%	\$114,000				\$ 114,000
2021	1100-2020	EE	Indirect Cost @ 10%	\$587,150				\$ 587,150

FISCAL YEAR SUBTOTALS AND TOTAL MAXIMUM OBLIGATION FOR DURATION OF ISA		
FISCAL YEAR: <u>2021</u>	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$6,572,645
FISCAL YEAR: _____	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
FISCAL YEAR: _____	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
FISCAL YEAR: _____	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
TOTAL MAXIMUM OBLIGATION FOR DURATION OF ISA (or New Total Maximum Obligation if amended)		\$6,572,645

Additional Budget Specifications:

**ATTACHMENT B - BUDGET**

[See Instructions for Additional Guidance on completion. Insert as many additional lines as necessary.]

FISCAL YEAR SUBTOTALS AND TOTAL MAXIMUM OBLIGATION FOR DURATION OF ISA		
FISCAL YEAR: 2022	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$3,385,973.00
FISCAL YEAR:	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
FISCAL YEAR:	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
FISCAL YEAR:	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
TOTAL MAXIMUM OBLIGATION FOR DURATION OF ISA (or New Total Maximum Obligation if amended)		\$3,385,973.00

Issued 10/6/2005



ATTACHMENT B - BUDGET

CURRENT DOC ID: ISA

[illegible]

FISCAL YEAR SUBTOTALS AND TOTAL MAXIMUM OBLIGATION FOR DURATION OF ISA		
FISCAL YEAR: 2022	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$3,091,165.21
FISCAL YEAR:	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
FISCAL YEAR:	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
FISCAL YEAR:	SUBTOTAL (or New Subtotal if Fiscal Year Subtotal being amended)	\$
TOTAL MAXIMUM OBLIGATION FOR DURATION OF ISA (or New Total Maximum Obligation if amended)		\$3,091,165.21

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