

Accounts Payable Overview

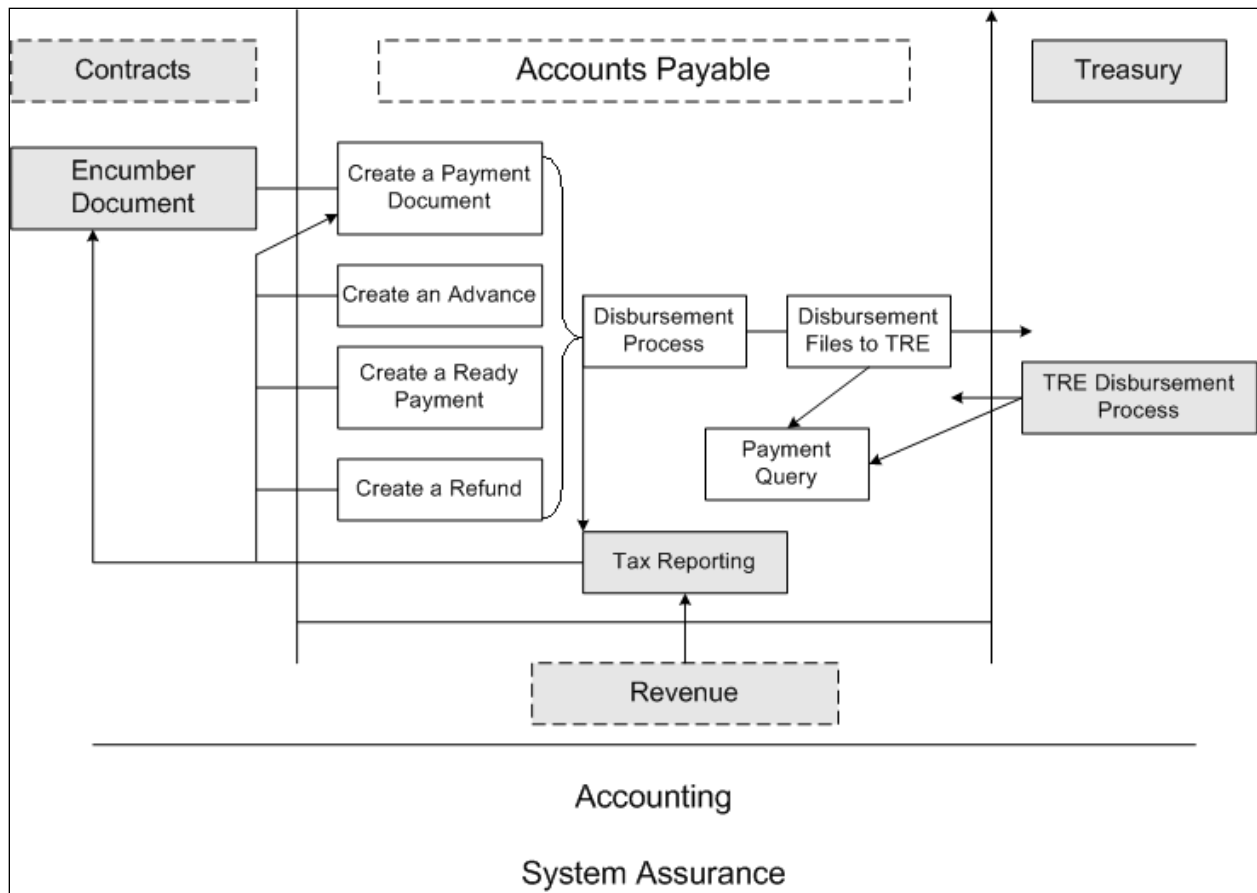
Accounts Payable functional area:

- Responsible for the oversight of all payments issued through MMARS.
- Oversees Departmental Adherence to the Commonwealth Bill Pay Policy.
- Injunction with Treasury evaluates cash flow impacts of daily disbursements.

Payment request documents established in the system initiate the payment process, authorize the disbursements of funds through documents and typically reference an encumbrance.

Payment Request documents, Advances, Recurring and Ready payments all can occur as a result of an encumbrance to pay vendors for goods or services provided and other entitlements. These documents enter the disbursement process and then Treasury via Disbursements File. Treasury returns the payment information in a file, such as the check number and payment date. This information can be viewed on the Disbursement Query Table.

The following flowchart displays the Accounts Payable process at a very high-level. The white fields focus on the AP process, while the gray fields show the encumbrance and Treasury aspects of the process.



Payment Request Documents

Payment Request Documents include:

- PRC: Commodity-Based Payment Request Document
- GAX: Non-Commodity-Based General Accounting Expenditure Request Document
- INP: Incidental Payment Request Document (Less than \$5,000.00)
- PRM: System generated documents for Recurring/Ready Payments
- RA: Request for an Advance

Payment Request Documents initiate the Accounts Payable Process by requesting payment for goods or services rendered. The payable established in the system typically references an encumbrance and may partially liquidate the encumbrance.

To fully understand and explain the payable process, you first need to have a clear understanding of the Commodity-based and Non-Commodity Based Documents and how these documents relate to each other in MMARS.

Remember that all Commodity-Based Encumbrances Require Standard Contract Packages

(*Unless the encumbrance is subject to an exception or exemption.)

For more information on the details of the Standard Contract Package, please see the Knowledge Center.

Commodity-Based Encumbrance

A Commodity-Based Encumbrance reserves funds for any article of trade, goods, products, supplies, or information technology resources, including:

- Automated data processing
- Telecommunications hardware, software and systems

A Commodity-Based Encumbrance also reserves funds for furnishing of time, labor, effort or specialized skills provided by an independent contractor, including:

- Operational
- Professional
- Maintenance and Repair
- Non-professional consultant
- Human and Social services

The encumbrance transactions are the **CT**, **PC**, and **RPO** and corresponding Payment Request documents are **PRC** and/or **PRM**.

Commodity-Based Encumbrances - Commodity Codes

Commodity codes will be required when processing the CT, RPO, and PC.

The CT should be used to encumber funds for:

- Service, construction and non-recurring leases.

The RPO should be used to encumber funds for:

- Recurring or Ready, including leases or recurring payments.

The PC should be used to encumber funds for:

- Contracts established with vendors who provide goods to the Commonwealth.

For additional information, consult the Expenditure Classification Handbook. (Commodity Codes are required and are driven by the Object codes, which are listed in this handbook.)

Non-Commodity-Based Encumbrances

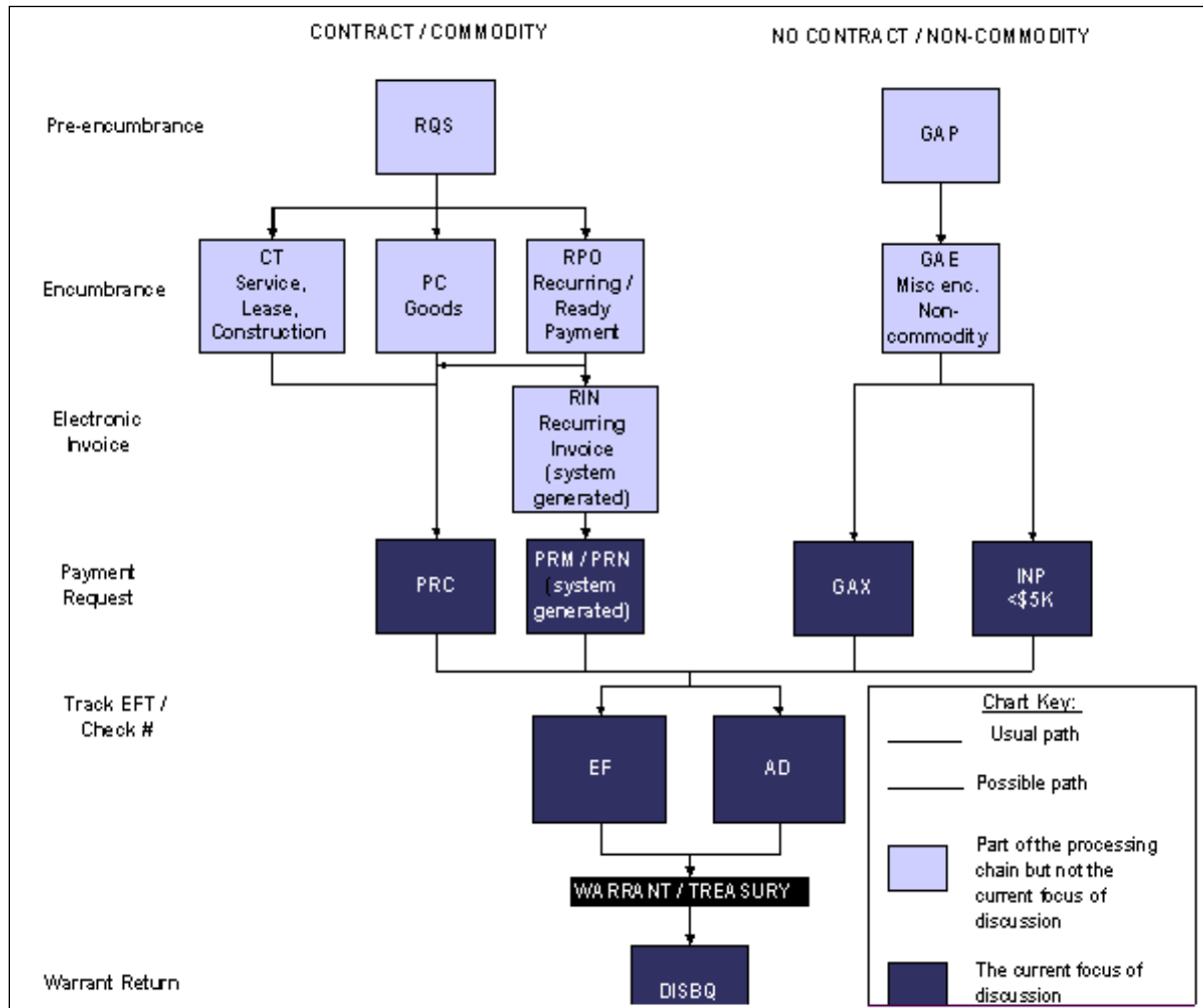
A Non-Commodity Based Encumbrance reserves funds for any other expenditure that does not require a procurement or contract.

The encumbrance transaction is the **GAE** and corresponding Payment Request documents are **GAX** or **INP**.

For additional information, consult the [Commonwealth of Massachusetts Expenditure Classification Handbook](#).

The following flowchart displays the documents that correspond to Commodity and Non-Commodity transactions, from the Pre-encumbrance, Encumbrance and Payment Request documents through to the Disbursement.

Encumbrance to Payment Process



Copy Forward Payment Functionality

Payment Request documents can be generated through the document catalog or by copying forward from the corresponding encumbrance document.

The Copy Forward functionality allows you to:

- Copy all of the pertinent information from an existing document and bring it forward into a new document, reducing data entry time.

- Create Payment Request documents by selecting the Copy Forward function of the related Encumbrance and the relevant information will be automatically populated on the Payment Request.

The Copy Forward functionality allows you to create Payment Request documents very quickly and easily, while also reducing data entry errors.

Payment Request Documents

Payment Request documents are initiated by the vendors' invoice for payment and can be associated with or relate to various processes, such as Ready Payments, Contracts, Incidental Payments or Advances. Below is a brief and high-level overview of the various types of Payment Request documents and processes.

General Payment Request Documents

The Payment Request document (PRC) is used for commodity based payment documents and references a Contract (CT) or Purchasing Contract (PC). The General Accounting Expenditure (GAX) Payment Request document is used for non-commodity based payment documents, as is the Incidental Payment Request document (INP) and they both reference the General Accounting Encumbrance (GAE). The INP is used to make payments for one-time or non-recurring purchases equal to or under \$5,000.00. This document will be limited to certain object codes to support this dollar limit.

Recurring/Ready Payments

Recurring and Ready Payments share the same document code, the PRM, which is auto-generated and does not require approvals or manual intervention. Recurring Payments are payments that occur on a pre-defined frequency and are processed automatically by MMARS from the purchase order through the disbursement process. Ready Payments are a subset of Recurring Payments for purchase of service providers and are reconciled periodically, following general laws.

Advances

An Advance is a request of funds from Treasury to put aside money for emergencies. The Advance process can be accomplished in an overnight batch cycle/process. Steps in the Advance process include:

1. Reserve Funds: reserve money by entering an Encumbrance (EAV)
2. Request Funds: initiate request for estimated amount by entering a Request for Advance (RA)
3. Transfer Funds: request communicated to Treasury and funds transferred to the bank
4. Spend and record against available funds: record-spending events by vendor (EA)
5. Return unused funds: unused advance cash needs to be returned to Treasury at the end of the fiscal year (AR).

Disbursement Process

The disbursement process takes the payment data and transforms it into a disbursement instrument. Disbursements liquidate the payable and generate payment in the form of Electronic File Transfer (EFT) or a check.

The payment request documents go into a disbursement queue, where the overnight batch process creates disbursement transactions and generates a disbursement file that is sent to the Treasurer. The Treasurer generates payments and sends them to the vendor, then sends a file with the payment information back to MMARS.

Disbursement Process

Disbursement documents include the Electronic Funds Transfer (EFT) and Automated Disbursements (AD) documents. The Treasurer oversees disbursing all payments. Both the AD and EFT disbursement documents are created in a nightly batch cycle of logical groups of payment documents to a single vendor and transmitted to Treasury in a disbursement file. The EFT documents generate EFTs and AD documents create checks.

The EFT and AD documents combine as a payment file that is sent to Treasury via interface, called the disbursement file, which is sent on a daily basis. After the Treasurer generates and sends payments, they send back a file called the Warrant Return (WR) on the next business day.

Document History

You can view information about Payment Request documents, payment and disbursement information. Documents can always be found in the document catalog, as the catalog is a repository for all documents entered into the system. You can also search for existing documents or create new documents in the Document Catalog.

The Document Catalog's functions include the following:

- Displays all documents, including payment and disbursement documents
- Tracks various phases/statuses with UAIDs of who processed the documents
- Retains all final versions with UAIDs until archived

This allows you to view the specific document's history, including modifications. Additional tracking and historical information for disbursement documents can be found in the "Tracking Disbursements" module.

Document Referencing

Once the Payment Request document has entered the disbursement process, you can view the history of a document (also known as the document chain) through a feature called Document Referencing. This allows you to either view the related payment information by referencing forward from an encumbrance or view related encumbrance information by referencing backward from the Payment Request document. For more information, please refer to the "Referencing Document Sequencing" module.

Payment Information

You can view payment information, such as scheduled payment date or other information regarding payments that have not yet gone out. This information can be found through reference tables in the system.