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Bill Payments Policy

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Executive Summary

The Office of the Comptroller (CTR) is required to implement a state accounting system and issue instructions on accounting practices to be used by all departments, pursuant to M.G.L. c. 7A §§ 7, 8, 9 and M.G.L. c. 29 § 31. CTR is directed by M.G. L. c. 7A § 5 to establish a vendor payment schedule. Accordingly, this policy outlines general payment rules that apply to expenditures by Commonwealth departments. Departments must adhere to state finance law and the guidance outlined in this policy.

Considerations

The statewide enterprise accounting and financial reporting system ("the system"; "Mosaic") is the official record of encumbrance and payment information for the Commonwealth. CTR has authority to prescribe, regulate, and make changes to the method of keeping and rendering accounts, and may direct Commonwealth departments to implement changes in their systems to meet these statewide standards. Supporting documentation must be kept for each transaction.

Department payment activity is subject to quality assurance reviews by CTR. Quality assurance reviews include a review of the quarterly bill payments, to ensure that departments are paying their bills in accordance with this policy.

Policy

The following five practices are required by CTR for all expenditures:

1. **Date-stamp invoices**: Invoices should be date stamped as soon as they are received by the Commonwealth. Departments are responsible for ensuring that invoices are properly tracked and timely processed to avoid late payment penalties. To ensure a proper record, therefore, departments that receive invoices must implement sufficient internal controls utilizing the following steps:

    a. All invoices are date stamped as soon as the invoice is received by the Commonwealth, in whatever medium the invoice arrives.
    b. If a department performs central payment processing and receives invoices at regional locations, the invoice must be date-stamped as soon as it arrives at the regional location. Regional locations should have their own date stamps because the regional locations are considered Commonwealth property. The date an invoice is received at a regional location is considered the "date received" and starts the payment clock running, even if payments are processed centrally or at another location.
    c. The date-stamp requirements apply even if an invoice is received electronically. If an invoice is submitted in an electronic form, the date of receipt must be recorded as the date

that the vendor sent the electronic invoice to the email address that is identified in the contract to specifically receive invoices or, if the invoice was sent outside of regular business hours, the date used should be the next regular business day. If the email does not include the date as part of the document, the recipient is responsible for adding the date of receipt to the saved copy. Departments must ensure that email accounts that receive invoices are electronically monitored, so that invoices are reviewed daily and not backlogged when staff are on leave. Therefore, it is recommended that electronic invoices not be submitted to a single individual's email address. If a department chooses to receive electronic invoices, the department should establish a central email address that is monitored daily by fiscal staff to ensure proper date-stamping and processing.

2. **Verify invoices are for valid goods/services**: Validate that the goods were received and cross check them with the packing slip and the purchase order, if used. If the invoice is for services, validate that the services were received, benchmarks were met and services were provided in accordance with the terms of the contract before processing the invoice.
3. **Return invoices that are not acceptable** – Pursuant to 815 CMR 4.00, departments have 15 days (30 days for Medicaid providers) from the receipt of an invoice to notify a vendor of documented reason(s) why an invoice has been rejected and to identify requirements to cure deficiencies. If the invoice is incorrect or cannot, for good reason, be accepted, it should not be held by the department and negotiated. The vendor should be notified immediately. The payment day count will start over from the beginning when the department receives a corrected invoice.
4. **Approvals:** Staff with Department Head Signature Authority (DHSA) must review and approve the invoice through written documentation or submit it to final in Mosaic. It is important to provide vendors with remittance information that will facilitate proper payment application to their receivables.
5. **Review payment data:** Departments should monitor payments by reviewing reports and warehouse queries. This will assist in tracking spending and identifying trends.

See related CTR payments job aids on PowerDMS for additional details and requirements for invoice payment processing.

Determining a Scheduled Payment Date

The default payment date will be on or before the statutory requirement (see M.G.L. c. 29 §. 29C), which is calculated based on the later of:

- The date services were rendered or goods received; or
- The date of receipt of an invoice/ date stamped date; or
- A specific date contractually set or statutorily mandated.

Electronic Fund Transfer (EFT)

The Commonwealth's policy is to pay its bills through Electronic Funds Transfer (EFT). EFT is a benefit to both the Commonwealth and its vendors because it ensures fast, safe, and reliable payment directly to the vendor's account, and saves both parties the cost of processing checks.

For all contracts, including statewide contracts, vendors are required to receive payment via EFT. It is important to process EFT requests in a timely manner. If payment must be issued prior to EFT activation, the payment will be in the form of a check.

EFTs processed by the Commonwealth are credited to the vendor's bank account two business days after the scheduled payment date, however, an invoice or obligation paid via EFT is considered paid on the date on which the issuance file is transmitted to the bank.

Prompt Payment Discounts (PPD)

Payments are processed within a 45-day payment cycle through EFT, in accordance with the CTR Prompt Payment Discount Policy. When PPD is not offered and there are no contractual terms requiring earlier payment, payment should be made no earlier than required by the applicable statute (see Determining a Scheduled Payment Date, above). Interest is earned on Commonwealth funds; therefore, if payments are made early with no reciprocal benefit, the Commonwealth loses valuable investment income.

When entering a payment, the Scheduled Payment Date field should be left blank to allow the system to generate the standard cycle payment date, and an earlier date may not be entered unless a PPD has been provided in return for an accelerated payment.

For questions about prompt payment discounts, please see the CTR Prompt Payment Discount Policy.

Mosaic Coding and Transaction Dates for Payments

Required Coding for Payments: Vendor Invoice Number and Vendor Invoice Line Number Field

The Vendor Invoice Number and Vendor Invoice Line Number are required fields on Mosaic payment transactions, and are used as the primary identifiers by vendors to account for their payments. Together, these numbers should be unique in Mosaic for each payment to a specific vendor to avoid a duplicate payment. Departments must verify they are not making a duplicate payment. Duplicate payments may result in an audit finding and create an administrative burden on departments. See Expenditure Refund discussion below, and associated policy for additional information. Re-use of a Vendor Invoice Number or Vendor Invoice Line Number will result in a system-generated error on the document.

The Vendor Invoice field is used to communicate the invoice number, account number or equivalent information to the vendor for each invoice. The Vendor Invoice Number has the industry standard field length of 30 characters. Mosaic requires that the Vendor Invoice Number be unique across all departments for the vendor. The format should be agreed to with the vendor at the time of procurement.

The Vendor Invoice Number is carried forward to the remittance advice for both EFT and check payments. Providing vendors with their invoice numbers, account numbers or vendor-defined equivalent will increase their ability to track invoices sent to the Commonwealth and apply the payment in their accounting system.

The Vendor Invoice Number can also be used as an identifier to the payee when no invoice is involved, such as with a grant payment. This can be useful to city or town treasurers who rely on the EFT

remittance to identify different types of payments. The construction of the Vendor Invoice Number can be an account number or vendor-defined equivalent on which a department and vendor agree.

Transaction Dates

The following dates are used in Mosaic:

- **Vendor Invoice Date (required field – invoice receipt date)** - The Vendor Invoice Date is a required field on all Mosaic payment request transactions and should always be the date on which the invoice was received by the Commonwealth.
- **Service To/From Dates -** Payment service dates are critical because the Service To date also triggers the payment process. The Payment From and Payment To dates in Mosaic should fall within the effective start date and termination date of the contract.
- **Scheduled Payment Date field** - The Scheduled Payment Date field on the payment request will be calculated based on this policy. The Scheduled Payment Date is important for controlling disbursements, managing departmental cash flow, paying in a timely manner to avoid penalties and interest, and taking advantage of discounts. As a general rule, users should leave the Scheduled Payment Date field blank, allowing the system to calculate the date. Examples of exceptions to this rule are as follows:
  - When making payments for subscriptions, memberships, and class enrollments, etc., it is allowable to enter a date sooner than the system generated Scheduled Payment Date, if the Commonwealth receives an additional benefit.
  - If a contract requires payment on a specific date, that date should be entered in the Scheduled Payment Date field.

When is an invoice considered legally paid by the Commonwealth?

An invoice is considered paid as of the Payment Issue Date recorded in Mosaic. The Payment Issue Date for an invoice or obligation paid via EFT is the date on which the issuance file is transmitted to the bank. The Payment Issue Date for an invoice or obligation paid via check is the date when the check is sent to the post office

Use of Personal Information in Mosaic "Identifiers" or "Comment" Fields

As part of internal controls for payments, departments must ensure that data entered into any transaction does not include personal information (such as non-vendor individual or client names, Social Security Numbers, bank account numbers, date of birth, addresses etc.). Departments must develop naming and number conventions that do not use these items as identifiers. Data entered into Mosaic transaction fields is a matter of public record, and Mosaic Transaction IDs (encumbrances, payments, etc.), vendor invoice numbers, board award fields, contract numbers, check descriptions, and comment fields must not contain personal information or other information that could jeopardize privacy or facilitate identity theft. See M.G.L. c. 93H and c. 66A.

Specific Payment Types

The following types of payments have specific rules:

- **Advances** – Advances are authorized by M.G.L c. 29 § 23 in accordance with rules issued by CTR. Please refer to CTR Job Aid: Expend an Advance (EA) and CTR Job Aid: Request an Advance (RADV) for more information.

- **Grant Payments** – Please refer to the CTR State Grants, Federal Sub-Grants, and Subsidies Policy for additional details on grant payments and disbursements. Financial hardship is not a sufficient justification for accelerated payments under a grant. Initial grant or contract payments may be accelerated for the first invoice or initial grant installment, but subsequent periodic installments or invoice payments should be scheduled to support the payee cash flow needs and the standard 45-day EFT payment cycle.
- **Payments to Employees -** All employee-related payments and reimbursements for both regular and contract employees are processed through the state payroll system, HR/CMS. Regular and contract employees may not be paid through Mosaic unless they are hired to perform work unrelated to their employment (departments must ensure that such secondary contract work complies with the Commonwealth's conflict of interest laws).
- **Payment Waives Claim of Voidable Contract** - Acceptance of a payment by a vendor operates as a waiver of all claims that a contract, including the Commonwealth Standard Contract Form, is void or voidable because it was not executed by an authorized signatory of the Vendor.
- **Intercept** - All payments processed through Mosaic are subject to intercept unless specifically exempted by law or Office of the Comptroller policy. Mosaic processes an intercept file to identify payments that must be intercepted for outstanding debts owed to the Commonwealth and eligible entities. The intercept program is disclosed in the Standard Contract Form Instructions, Contractor Certifications, and Terms and Conditions. Vendors are notified by mail when funds have been intercepted and may not penalize a department for non-payment due to the intercept of funds. Invoices are considered paid in full even if an intercept occurs.
- **Late Penalty Interest** - Departments paying bills late are subject to late penalty interest, in accordance with 815 CMR 4.00. CTR certifies the interest rate paid to vendors twice per year. Pursuant to the regulation, commercial vendors may invoice for interest if they are not paid within 45 days. See also M.G.L. c. 29 §§ 20C, 29C. Late penalty interest must be paid from the same funding source as the expenditure which was paid late. Other late penalty interest requirements are detailed in these statutes:
    - M.G.L. c. 30 § 39G - Provides for late penalty interest on horizontal construction and maintenance projects (roads, bridges, etc.), after 30 days.
    - M.G.L. c. 30 § 39K - Provides for late penalty interest on vertical construction and maintenance projects (buildings), after 30 days for periodic payments and after 65 days for final payments.
    - M.G.L. c. 79 § 37 - Provides for interest payments under certain conditions on eminent domain taking, after 30 days.
    - M.G.L. c. 164 § 94D - Provides for late penalty interest for utilities which are not paid within 55 days from the date of the bill.
- **Retainage** – Retainage is negotiated as part of a contract, and is entered into Mosaic with the contract encumbrance. It sets aside an amount or percentage from each payment which is issued to the vendor to leverage complete and satisfactory performance. For additional details, please see the CTR Contract Retainage Policy.
- **Payment for "Result-Based" Performance** - If compensation is not performance-based (e.g., fee-for-service or delivery of goods) but is instead result-based, meaning no obligation is incurred by the department until a deliverable or product is "delivered" to the department (even if the vendor was working on the deliverable prior to the contract effective start date),

delivery must be made within the dates of performance of the contract (i.e., after the contract effective date and prior to the termination date). The deliverable must be accepted as satisfactory, based upon the terms of the contract, to qualify for payment.

- **Expenditure of Capital Funds** - Departments should establish a payment schedule based upon when obligations will be incurred and when payment is necessary. Please see the CTR State Grants, Federal Sub-Grants, and Subsidies Policy.
- **Pre-Payments** - Absent specific legislative authorization, no payments may be made in advance of receipt and acceptance of goods, services, or other performance (cost reimbursement).
- **Payment for Obligations Incurred** - Payment based upon an "obligation incurred" is limited solely to circumstances in which the Commonwealth has incurred an obligation because a vendor has provided possession or committed (reserved) access to goods or services on behalf of the department for a period of time, such as rentals, leases, Tax Exempt Lease Purchases (TELPs), on-call service or maintenance, subscriptions and hotel reservations. Payments are due at the beginning of the "access" or reservation of the service or good and should cover periods of 3 months or less. For maintenance contracts, departments pay for the on-call or availability of maintenance. Payments may be made at the beginning of the month or quarter that the services are to be made available or reserved for the department's use. Similarly, for space or equipment rentals or leases, the department may pay at the beginning of the month or quarter that the department obtains exclusive possession of the space or equipment. Other than the circumstances above, a payment obligation is not incurred until a good or service is received and accepted by a department. A contract document, purchase order of goods, or request for services does not create a payment obligation until performance is received and accepted.

  Orders that are made, but not delivered, prior to the end of the fiscal year (June 30) create no payment obligation for the current fiscal year and create no payment obligation in the subsequent fiscal year unless accepted by the department, and then only subject to appropriation.
- **Tax Exempt Lease Purchases (TELP)** - TELPs are used to finance the purchase of equipment or other capital items over time. TELPs are structured like a loan or a mortgage because the department reimburses the TELP financer for the funds loaned and pays a vendor directly for the purchase of equipment or other durable goods in the department's possession. The department is obligated to make payments until the TELP financer is reimbursed for the amounts already paid, plus interest, subject to appropriation. TELPs are considered current fiscal year operational expenses and are not considered "debts" or a "pledge of credit" of the Commonwealth, even though TELPs have a multi-fiscal year payment schedule. TELPS are mandatory payments and cannot be reduced or terminated due to reduced allotments under G.L. c. 29, § 9C. A department is required to reduce all other obligations, including personnel, to ensure that the TELP re-payments are made on time in such circumstances. TELP late payments must be scheduled as a Recurring Payment to ensure that the payments are timely made. Please see the CTR Amendments, Suspensions and Termination Policy and the CTR Capital Assets: Acquisition, Impairment, and Accounting Policy for additional information about TELPs.
- **Recurring Payments** - Routine, periodic payments scheduled during the contract period are available for any contract. Recurring payments are required for all:
  - Space leases (Object Code G01)

- TELP object codes (L02-L12, N62, and U08)
- Operating and capital leases longer that 12 months (L22-L32, N63, and U09)
- Maintenance contracts and other contracts with routine scheduled payments
- Ready Payments: Pursuant to M.G.L. c. 29 § 23A, there is an option to use reconciling recurring payments (known as "Ready Payments") for providers of social, educational, and rehabilitative services, based on projected expenses or services. See M.G.L. c. 29 § 23A.

- Recurring payments are available for other contracts with consistent periodic payments and a minimum duration of six months or four payments. Departments must certify that there have been no problems receiving the services specified in the contract. CTR staff will review the Recurring Payment Order (RPO) and supporting documentation. If the approval criteria have been met, the RPO) will be approved for the recurring payment system option.

Payments and Timing

Payments Only for Current Obligations

General Appropriation Act (GAA) appropriations are for ordinary maintenance for the fiscal year, unless otherwise stated. Appropriations are authorized for goods, services and other obligations incurred, received, and accepted in the current fiscal year. They may not be used to pre-pay future fiscal year obligations, even if substantial discounts are offered, or used for prior fiscal year obligations without specific legislative authorization. See M.G.L. c. 29 § 12. Goods and services payable with current fiscal year appropriations must be received within the fiscal year (July 1-June 30) and accepted and paid for during the Accounts Payable period (July 1-August 31). The only exception to this rule is for incidental purchases where there are substantial discounts for subscriptions or other goods or services from reputable vendors (vendors with no risk of bankruptcy or non-performance) and the purchase will not exceed the incidental purchase threshold for the duration of the need or offer. For information about incidental purchases, please see the Operational Services Division's handbook on Conducting Best Value Procurements.

Obligations May Not Exceed Appropriation Amount

Pursuant to M.G.L. c. 29 §§ 26, 27, and 29, departments may expend funds only for the purposes set forth by the Legislature and within the funding limits established through appropriation and allotment. Departments may not incur a liability for the Commonwealth in excess of their appropriation or allotment. This means that a department cannot authorize performance to begin under a contract (including a grant, ISA, chargeback, lease, rental or TELP), or request or accept goods or services (including personnel) in excess of its existing appropriation and allotment or in excess of available appropriated funds. Available funding means funds that have been appropriated and allotted or otherwise made available which can be encumbered and expended (including federal funds that have been authorized and are available for draw down, or trust funds with sufficient cash). Funding identified in a filed but not yet enacted appropriation act, supplemental budget, or other legislative act does not qualify as available funding and is not sufficient authorization for continued performance or new performance. Authorization by the House and Senate Ways and Means Committees, the Governor's Office, Executive Office for Administration and Finance (A&F) or any other oversight agency

also is not sufficient authorization for continued performance or new performance, since this authorization is not legislative authorization to expend appropriated funds.

Interim Budget

If there is an interim budget, lawful obligations that do not exceed a department's 1/12th allotment may be made between July 1 and passage of the GAA. No commodities or services may be accepted for the new fiscal year and no funds may be expended without an interim budget or GAA. See M.G.L. c. 29 § 12A. CTR and A&F will submit an interim budget request if the GAA is not passed by the Legislature and signed by the Governor before July 1. This will provide funding for the continuation of essential services across the Commonwealth. While no new programs or projects are supported as part of an interim budget, all routine business to carry out department missions is included (i.e., payrolls, client benefits, leases, goods, and services). Once departments are notified that an interim budget is signed, departments should proceed with routine business, including paying bills. If there is a question about whether an account will be funded, the department's Chief Fiscal Officer should confer with A&F.

Recurring obligations (such as leases and TELPs) with multi-fiscal year payment schedules are not considered future obligations, but are considered operational expenses which arise at the beginning of each fiscal year of the contract that is subject to annual appropriation. TELPs, leases and other multi-fiscal year payment schedules will never be considered a "debt" or a "pledge of credit" of the Commonwealth. See TELPs, above.

Accounts Payable Period

The Accounts Payable Period to pay invoices for a fiscal year ending on June 30 runs from July 1 to August 31. Departments must ensure that all fiscal year payments are processed on or before August 31 for performance received as of June 30. Final invoices in any fiscal year must be submitted no later than August 15 for performance made and received (goods delivered, services completed) prior to June 30, to make payment for that performance prior to the close of the fiscal year and prevent reversion of appropriated funds. Failure by a vendor to submit timely invoices by August 15 or another date listed in the contract shall authorize the department to issue an estimated payment based upon the department's determination of performance delivered and accepted. The vendor's acceptance of this estimated payment releases the Commonwealth from further claims for these invoices. If budgetary funds revert due to the vendor's failure to submit timely final invoices or dispute of an estimated payment, consistent with the Standard Contract Form Instructions and Contractor Certifications, the department may deduct a penalty of up to 10% from any final payment in the next fiscal year for failure to submit timely invoices.

Failure to process payments within the Accounts Payable Period, even if a vendor submits a late invoice, will result in non-continuing appropriated funds reverting to the General Fund, making these funds unavailable to pay final invoices after August 31. Payments for these late invoices would have to be processed as a Prior Year Deficiency (PYD) against the department's subsequent fiscal year budget.

Assignment of Payments

A vendor may freely assign payments under a contract to a third party. The third-party receiving payment is called an assignee. An assignee is not considered a "vendor" and may not have a separate vendor code established for an assigned payment. All contract payments are due and owed to the vendor, and the assignee has no legal right to make any claims to the department under the contract.

The assignment of payments merely re-directs payments that have been lawfully earned and paid to the vendor to another address. All payments and tax reporting are imputed to the original vendor.

The department must verify that the request for assignment of payments is legitimate and requested directly by the vendor and not the third party. Absent a court order (verified by the Office of the Attorney General), a department has no obligation to honor demands for assignments made by a third party, even if the third party produces an assignment agreement signed by the vendor. The department must still obtain confirmation from the vendor that the assignment is allowable, and a W-9 with the new remittance address must be submitted. A department may not establish a new vendor code or obtain a W-9 form or a Commonwealth Terms and Conditions from the assignee.

For all assignments:

1. The department must receive documentation from an authorized signatory of the vendor that the vendor agrees to assign payments to a third party under a particular contract(s).
2. The department then submits to CTR a Vendor / Customer Modification transaction (VCM) for the vendor with a Form W-9 (Massachusetts Substitute Form W-9) to add an additional "payment address" (remittance address) with "Attn." or "c/o" or "payable to:" and the assignee's name and payment address.
3. The vendor's legal name, taxpayer identification number (TIN), and legal address may not be changed. Payments must be made using the vendor's TIN and vendor code, since the contract authorizes payment for the vendor's performance and tax reporting must be made based upon the vendor's TIN. The department must also submit EFT (Electronic Fund Transfer) documentation (required for all vendors unless a one-time payment or a hardship accepting EFT) as applicable to enable electronic payments to the assignee.
4. To assign payments, a department must establish a new remittance address, not a new legal address for the vendor. Payments are then made using the vendor code with this additional payment address. A department may not change the vendor's legal address to the address of the third party, since the legal address is necessary for tax reporting purposes and the third-party assignee should not get the vendor's tax forms. At the time of payment, a department chooses the remittance address code (under the vendor's vendor code) for the third party. The division line or the remittance record may be used for "or third-party name." Payment is recorded as issued to the vendor, but the check or EFT will be sent to the third-party payee address.

The assignment of payments will be made on a contract-by-contract basis or department-by-department basis, and will not be made on a statewide basis for all payments due to a vendor (unless approved by both OSD and CTR for a statewide contract). In the event a payment is inadvertently issued to the vendor, the department will have no obligation to "chase" the payment. The vendor will be legally obligated to forward that payment to the assignee. The assignee has no rights against the department under any assignment agreement or under any contract. See the CTR Vendor / Customer File and Form W-9 Policy for requirements for department verification of any VCC or VCM.

Contingent Fee Contract Payments

The Comptroller is authorized to enter into contingent fee contracts for debt collection and for non-tax revenue. All contingent fee procurements must be reviewed and approved by CTR prior to posting by a

department, and awarded contracts must be approved by CTR prior to the start of performance. A contingent fee contract allows a vendor to be paid a percentage fee from the revenues and debts that a vendor successfully collects and deposits in a department's revenue account on Mosaic (a Treasurer's approved account) and which is recorded in Mosaic. Contingent contracts are authorized by certain general or special laws, or annual or supplemental budgets for cost avoidance and other types of contingent contracts. Contingent vendors cannot "net" fees from collections without specific legislative authorization or prior approval by CTR.

Expenditure Corrections (EX)

Expenditures must be made from an account authorized to support the expenditure. An expenditure correction (EX) is used to correct an incorrect chart of account element or when a mistake has been made in the account selected for payment. If sufficient funds are not available in an account, a department may not make an expenditure against other accounts to "front" funds until a supplemental budget is passed, or an ISA account is set up. The electronic certification made at the time of payment certifies to the Comptroller that the payment is being properly made from the account being used for payment, therefore, expenditures may not be retroactively transferred to other accounts unless there has been a legitimate mistake in the posting of the payment to that account. See the CTR Expenditure Corrections (EX) Policy and the CTR Expenditure Refunds (ER) Policy.

Payments may only be made for authorized expenses or contract costs. A department has the right to recoup or offset any overpayments made to a vendor. A vendor must be able to document that performance was completed in accordance with the terms of the contract or that payments reflect authorized costs or expenses before they are entitled to payment.

In the event an overpayment is discovered within the fiscal year in which it was paid, the vendor will be required to repay the overpayment amount, or the department will record a credit memo in Mosaic (CEC, GAEC) using Event Type PR22 for the amount to be offset. In cases where the department does not believe there is a high likelihood of future payments to the vendor, a check should be requested from the vendor for the overpayment. The credit memo will recoup funds against remaining payments (for budgetary accounts; only during the current fiscal year including the accounts payable period during July-August of a fiscal year), or offset additional contract-related costs or expenses, as negotiated with the department.

Overpayments made in one fiscal year may not be used to offset contract costs or payments in a subsequent fiscal year, unless the funding authorization supports a continuing account (trust, capital or federal), the contract authorizes that funds may be carried over into another fiscal year, as determined in the contract application, or upon written amendment or approval by the department in accordance with state finance law requirements.

For non-continuing accounts or for any activity for which the funding authorization for the contract has expired, overpayments discovered after the close of the accounts payable period of the fiscal year should be repaid to the department and deposited in the General Fund, or the appropriate fund as determined by CTR, and may not be used to offset contract payments in a subsequent fiscal year or to fund another contract program unless otherwise authorized. Please refer to the job aids for GAEC and CECs on PowerDMS for procedures for reinstituting returned funds into a contract for re-expenditure during the period of funding authorization.

An Expenditure Refund (ER) represents a return of funds originally paid to a vendor. The refund may be due to a return of goods, an overpayment, an incorrect payment, or funds received from a vendor due to the department's dissatisfaction with goods or services received or because of a contract adjustment.

Records of overpayments, recoupment or offset must be documented by the department in Mosaic, and are subject to quality assurance and audit review by CTR.

Overpayments with no recorded Mosaic transaction support may be subject to active contingent fee cost recovery contracts managed by CTR or legislative authorization. See the CTR Expenditure Refunds (ER) Policy.

Bill Payment Statistics

The Commonwealth Information Warehouse (CIW) includes standard bill payment queries that may be run on a user-defined frequency (i.e. monthly, quarterly). Mobius reports are also available to track bill payments.

Internal Controls

Departments should evaluate the risks related to payments based upon the specific types of payments made and must develop internal controls to mitigate these risks.

Records Management

In accordance with 815 CMR 10.00, the department is the keeper of the official record copy of invoices and all backup supporting documentation. Mosaic is the official record of the encumbrance and payment documents entered into the system and will supersede any paper copies of the same information. The contract, procurement, and/or payment file must contain or refer to the location of all documentation related to the particular payment involved. A department is responsible for retaining and archiving contract records, including invoices, backup supporting documentation and invoice verification, in accordance with the Statewide Records Retention Schedules issued by the Secretary of the Commonwealth. Please see the CTR Fiscal Records Management Policy for more information.

Contact

- CTR Solution Desk