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Delegation of Mosaic Contract and Transaction Processing Authority and Quality Assurance Policy

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Executive Summary

This policy is jointly issued by the Office of the Comptroller (CTR) and the Operational Services Division (OSD).

In an effort to balance risk efficiency with appropriate levels of control, the Office of the Comptroller and the Operational Services Division (OSD) provide the delegation of processing authority in the statewide enterprise accounting and financial reporting system ("the system"; "Mosaic") to all departments that demonstrate compliance with state finance and procurement laws, regulations and policies. Mosaic transaction processing delegation enables departments to process Mosaic encumbrance transactions for goods and service contracts within certain dollar limits to final status without prior review by CTR, OSD or another state agency, provided the department complies with CTR, OSD and other identified laws, policies and procedures and the use of specified Contract Forms. Delegation enables departments to process high volume/low risk Mosaic transactions within a delegated dollar limit and provides the opportunity to use procurement card (P-Card) for making small, emergency and other authorized purchases. Delegation does not affect any underlying procurement or contracting requirements.

The Quality Assurance Program is a collaborative effort between CTR and OSD. CTR and OSD each have a separate Quality Assurance Team dedicated to review of the areas of risk assigned for review. The objective of the Quality Assurance Program is to support departmental compliance with state finance and procurement laws, regulations, and policies, promote administrative efficiencies and reduce audit findings.

Policy

Delegation of Mosaic Transaction Processing – Balance Efficiency of Operations and Risk Mitigation

Mosaic transaction processing delegation enables departments to process Mosaic encumbrance transactions for goods and service contracts within specified dollar limits to final status without prior review by CTR, OSD or another state agency, provided the department complies with CTR and OSD and other identified laws, policies and procedures and uses specified Contract Forms. CTR and OSD conduct comprehensive Quality Assurance (QA) reviews on selected procurements and contracts which are also subject to post audit by the Single Audit Team, the State Auditor's Office, the Office of the Inspector General, the State Ethics Commission, and the Office of the Attorney General.

Departments within the Legislative or Judicial Branch or non-Executive department or institution that agree to comply with state finance and/or procurement laws, which do not otherwise apply to them, including CTR/OSD laws, regulations, policies and procedures, will not by implication extend application of Executive Orders or other Executive Branch directives that these departments would not normally be subject to, unless the ability to use certain Mosaic transactions, system functionality or benefits (such as transaction delegation or incidental purchases) requires compliance with certain minimum requirements (such as the use of standard Commonwealth boilerplate contracts, or compliance with minimum procedures). If a department chooses to take advantage of these benefits, the department must comply with the minimum requirements for these benefits identified in CTR/or OSD policies, unless otherwise specified.

Departments are afforded greater responsibility and accountability as a result of the delegation of high volume/low risk transaction encumbrance processing. Delegation means that a department will have more authority, accountability and responsibility in processing financial transactions and filing contracts.

Increased authority includes the ability to:

- Process encumbrance transactions up to a certain dollar limit to final status.
- Make incidental purchases up to a certain dollar limit without a structured procurement process or contract.
- Eliminate individual payments up to a certain dollar limit by using the Commonwealth's P-Card program.
- Ensure and validate the correctness of vendor's contract and payment information prior to adding the vendor to the Vendor File in Mosaic.

Increased responsibility includes creating and maintaining a management environment that:

- Provides the appropriate level of review and approval of encumbrance transactions processed within the departments.
- Provides a framework to achieve best value for incidental purchases without a structured procurement or contract.
- Trusts and empowers employees to use Commonwealth Procurement cards for Commonwealth business, thus eliminating multiple processes for incidental transactions.

The Comptroller has statutory authority to request full access to the books and papers of all departments unless specifically exempted by general or special law. The Comptroller has the authority to access all departments' records related to accounting transactions and may conduct Quality Assurance reviews to ensure department compliance with state finance law and Comptroller accounting instructions. OSD has similar authority for procurements and contracts under its jurisdiction.

Mosaic Transaction Processing Delegation Limits

As of the opening of FY2005, the following Mosaic transaction processing limits have been implemented. Limits are set by document type (transaction) and by object class (subsidiary), if applicable. Limits are calculated based upon the total dollar amount of a Mosaic transaction for its entire duration, including all amendments (versions). A department may be able to process the initial

Mosaic transaction and several amendments. However, an additional amendment could increase the total value to one that exceeds the delegation limit and triggers secondary review of that amendment. Delegation limits will apply universally to all departments regardless of department procurement level or previous delegation limits. CTR and OSD reserve the right to adjust delegation limits based upon department procurement, contracting performance, and compliance in response to new procurement and purchasing that may be developed and in order to mitigate risk. Delegation authority may be adjusted or revoked for any department at any time CTR and OSD deem appropriate.

Mosaic Transaction	Delegation limit for total duration of Transaction	Restrictions
MA Master Agreement	no limit	Transactions referencing Statewide Contract MAs managed by OSD will process automatically without secondary review.
PC Commodities	150,000	Includes Departmental MAs referencing a PC
CT Services	$500,000	Includes Departmental MAs referencing a CT
RPO Ready/Recurring Services/Leases	$500,000	Includes Department MA referencing RPO
GAE/INP Incidental Purchases	$5,000	One-time, non-recurring need

Delegation Does Not Affect Procurement or Contracting Requirements

Mosaic transaction delegation is limited only to transaction processing in Mosaic and **does not change** any underlying procurement or contracting requirements. Even though departments will be able to process Mosaic transactions without secondary review by CTR/OSD, they are still responsible for procuring and contracting in accordance with applicable state finance and procurement laws, regulations and policies.

Departments must be able to document and verify that all purchases have been made in accordance with prescribed laws, regulations, policies and procedures to ensure the most cost effective (”best value”) use of Commonwealth funds. Departments may not manipulate contracts or contract amendments to avoid secondary review by CTR/OSD for encumbrances exceeding the delegation limit (e.g. splitting contracts or contract amendments or encumbering less than the maximum obligation of a contract).

Transaction Encumbrance Processing Responsibilities

Mosaic Transactions with Total Amount Equal to or Less than Delegation Limit

- Departments are responsible for review and processing of all CT and PC encumbrance transactions equal to or less than the authorized delegation limit. Mosaic will automatically process to “FINAL” any CT or PC transaction equal to or less than the authorized delegated limit.

- When a department electronically submits a transaction to final status in Mosaic, the department head is certifying to the Comptroller that the individual, on behalf of the department head, certifies under the pains and penalties of perjury that any expenditure or other obligation is supported by sufficient authorized funds and is in accordance with the department's enabling legislation and funding authority **and that** the Mosaic transaction and any underlying supporting documentation are accurate and complete and comply with all applicable general and special laws, regulations and policies including public record retention and disposal requirements.

Mosaic Transactions with Total Amount Exceeding Delegation Limit

- Departments are responsible for review and processing of all CT and PC encumbrance transactions, which exceed the authorized delegation limit. Once the department has fully approved the CT or PC transaction, Mosaic will automatically workflow the transaction to CTR or OSD (as applicable) for secondary review.
- CTR or OSD will process to "Final" all CT and PC encumbrance transactions with an amount greater than the authorized delegation limit. Once a Mosaic transaction is validated and submitted by a department, the transaction will appear in a "PENDING" status on the Mosaic Transaction Catalog and will appear on the workflow list for either CTR or OSD.
- To trigger secondary review, the department must submit photocopies of the required supporting documentation for that transaction **referencing the relevant Mosaic transaction identification and version**. The supporting documentation required to be submitted to CTR or OSD is listed in the "Transaction Profiles" for each transaction and also in the "Quick Reference" Tables for Subsidies, Grants, Goods and Services Contracts and Interdepartmental Service Agreements (ISAs).
- Departments **should not include** screen prints of the Mosaic transactions, original copies, department signoff forms or any other documentation, which is not prescribed as required for secondary review.
- If CTR or OSD are unable to process a transaction due to errors, omissions or other compliance issues, the transaction will be "rejected" and a rejection reason(s) will be inserted in the Comments field. The rejected transactions will be in the Transaction Catalog with a 'Yes' in the "Comment" column. It is the Department's responsibility to check the Transaction Catalog and to take immediate action to correct rejected transactions and resubmit the transaction along with any supporting documentation for CTR and OSD processing. CTR and OSD will not modify Mosaic transactions with errors or omissions since all changes require department head or designee's approval. CTR or OSD will process a transaction to "Final" status once the secondary review is completed.

Quality Assurance

The Quality Assurance Program is a collaborative effort between CTR and OSD. Delegation offers departments the authority to process high volume/low risk transactions, process incidental purchases within a delegated dollar limit and provide the opportunity to use a P-Card for making payments. The

Quality Assurance Team from CTR and from OSD will monitor and assist departments to ensure compliance with state finance law and procurement laws. These objectives will be achieved as follows:

Create a Supportive Environment Among CTR, OSD, and Departments

The role of each of the Quality Assurance Teams is to be facilitators. Each of the OSD and CTR Teams strive to create a strong and supportive relationship with departments. The Quality Assurance Review will continue to be a vital tool to monitor the procurement and contracting processes and serves as the context in which to remedy problems and improve department's contractual and financial practices. OSD and CTR Quality Assurance Teams will be available to advise departments on procurement and contracting issues.

Monitor Compliance – Queries

To monitor contracts within a department's transaction delegation and incidental purchase limit, CTR and OSD will conduct routine Mosaic queries that track encumbrance and payment activity. The Team will flag irregularities for more in-depth review during site visits. If irregularities are detected, a department may be contacted between scheduled visits to verify compliance or provide justification for the irregularity of specific contracts.

Quality Assurance Team Visits

In addition to conducting queries on department encumbrance activity, each Team may conduct regular site visits to review department procurement files and internal procurement practices. These in-depth reviews are needed to determine compliance with state finance law, procurement requirements and Office of the Comptroller policies and also to provide on-site training, technical support or assistance as needed.

Quality Assurance Performance Measurements

Another component of the Quality Assurance program is an analysis of overall fiscal activities at the department level. This information will be discussed with the department Chief Fiscal Officer and is considered in the Quality Assurance Team's overall review of the department. CTR and/or OSD will provide the results of the performance measurement reviews in a summary transaction provided to the Chief Fiscal Officer. Each performance measure is reviewed and ranked as pass or needs improvement. A passing rank would indicate there are no significant concerns for this performance measure. A "needs improvement" rank would indicate there are concerns and action needs to be taken by the department to address the identified concerns. Following are performance measurements that are conducted by CTR and OSD as part of the Quality Assurance Team visit indicating team reviewer:

- **Procurement File and RFR Components Review (OSD)** –These two components are reviewed to ensure compliance with purchasing regulations and the accompanying guidelines. Procurement files are reviewed on site and assess the department's maintenance of appropriate document

- ation in their procurement files. The RFR review is an audit of individual RFRs (on COMMBUYS and in procurement files) to assure all required components are included in each RFR.
- **COMMBUYS Policy Compliance (OSD)** – This category assesses a department's compliance with the established COMMBUYS polices regarding information required to be entered on COMMBUYS and the timelines to enter the information. This review assists departments in maintaining accurate information.
- **Incidental Purchasing Review (OSD / CTR)** – This review assists in identifying purchasing patterns that may not be in compliance with the incidental purchasing guidelines. Warehouse Reports are analyzed to document purchasing patterns and may be used as a tool by departments to make **improvements** if needed.
- **Contract and Records Management Review (CTR)** - This component assesses the department's compliance regarding the execution and management of contract transactions and procurement files. The ranking includes a percentage of contracts processed by CTR and by the department. Both reviews are performed utilizing internal CTR or OSD review forms.
- **Bill Payment Performance (CTR)** - This ranking is part of an ongoing policy review. Each department's payments are analyzed on a quarterly basis, using the Warehouse, for compliance with "the CTR Bill Payment Policy.
- **Audit Findings (CTR)** - This measurement only applies to departments that had a Statewide Single Audit within the last several years. In reviewing the findings, CTR considers both the number of findings and the materiality of the findings. A large number of findings, whatever the cause, and repeat findings indicate an inadequate internal control environment in the department. The materiality of the findings, if due to reportable conditions, is also considered.

In addition to evaluating the department's procurement and contracting procedures the Quality Assurance Team also reviews the department's internal controls and other fiscal business procurement and contracting procedures. Risks may vary with the department's organizational structure and mission. Departments are free to determine the best method for control of contracting and procurement activities. However, state finance law and relevant regulations must be followed as applicable.

Records Management

In accordance with 815 CMR 10.00 and other applicable record keeping laws, the department is the keeper of the official record copy of the contract transactions and the contract/procurement file and, as such, is responsible for maintaining all contract/procurement documents in Mosaic, COMMBUYS and/or in hard copy files, as applicable. Mosaic is the official record retainer of the encumbrance and payment transactions will supersede any paper copies of the same information. The contract/procurement file must contain, or refer to the location of, all documentation related to procurement and resulting contract(s). A department is responsible for retaining and archiving contract records in accordance with the disposal schedules issued by the Secretary of State Records Conservation Board. Please see the CTR Fiscal Records Management Policy.

Internal Controls

The Comptroller publishes internal control guidelines in consultation with the State Auditor's Office. All departments are required to file an Internal Control Plan and review and update this plan to ensure fiscal responsibility and accountability. M.G.L. c. 7A § 9A. Please see: Internal Controls Guide.

Information Sources

Related Policy

- Key State Finance Law Compliance Appointments and Responsibilities
- CTR Department Head Signature Authorization Policy
- CTR Contracts Policies
- CTR Payments Policies
- CTR Records Management Policies
- OSD Procurement Information Center (PIC)

Legal Authority

- Expenditure Classification Handbook;
- M.G.L. c. 7A (Office of the Comptroller)
- M.G.L. c. 29 (State Finance Law);
- M.G.L. c. 110F (Uniform Electronic Transactions Act)
- M.G.L. c. 30 § 65 (Legal Services);
- M.G.L. c. 29 § 29D (Debt Collection)
- M.G.L. c. 29 § 29E (Revenue Maximization)
- M.G.L. c. 30 § 27 (Revenue Receipt
- M.G.L. c. 10 § 17B (Revenue Receipt)
- Massachusetts Constitution Article LXIII Section 1 (Revenue Receipt);
- M.G.L c. 7 § 22 (OSD – Commodities)
- M.G.L. c. 30 § 51; (OSD – Services)
- M.G.L. c. 30 § 52; (OSD – Services)
- M.G.L. c. 29 § 29A (Consultants) (Level III – Executive only);
- M.G.L. c. 29 § 29B (Human/Social Services) (Level III - Executive only)
- M.G.L. c. 15A and M.G.L. c. 73 (state and community colleges)
- M.G.L. c. 75 (UMASS); General or special laws governing expenditures;
- Massachusetts Executive Orders (Level III – Executive Only);
- Administrative Bulletins (Level III – Executive Only);
- Comptroller regulations (815 CMR 2.00 10.00);
- M.G.L. c. 29 § 66 (State Finance Law Violations)
- M.G.L. c. 29 § 66 (State Finance Law Violations)
- COMMBUYS
- 801 CMR 21.00
- 808 CMR 1.00

Attachments

- Transaction Records Management / Authorized Signature Form
- Attorney General Review Form for Attorneys Providing Legal Services
- Interdepartmental Service Agreement (ISA) Instructions
- Quick Reference – State Grants and Federal Subgrants
- Quick Reference – Commodities and Services
- Quick Reference – Subsidies
- Quick Reference – Interdepartmental Chargebacks
- Quick Reference – Commodities and Services, Grants, Subsidies, ISAs and Chargebacks
- Commonwealth Standard Contract Form
- Commonwealth Terms and Conditions Form
- Commonwealth Terms and Conditions for Human and Social Services (Level III - Executive Only)
- Purchase Order for Commodities and/or Services
- Change in Contractor Identity Form (Change in business structure or contract assignment)
- Interdepartmental Service Agreement Form
- For Standard Contracts for Construction (See Policy Chapters on Vertical and Horizontal Construction Contracts
- For Standard Contracts for Real Property Leasing (See Policy Chapter on Real Property Leasing Contracts)
- Contractor Authorized Signatory Listing Form
- Electronic Funds Transfer (EFT) Authorization Form
- Form W-9 (Massachusetts Substitute W-9 Form) (if not listed as vendor in the Mosaic Vendor/Customer file)
- Consultant Contractor Mandatory Submission Form

Links

- COMMBUYS

Contact

- CTR Solution Desk