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Department Head Signature Authorization Policy

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Introduction

The Office of the Comptroller (CTR) establishes accounting rules and instructions for all state departments for the appropriate use of the statewide enterprise accounting and financial reporting system ("the system" or "Mosaic") and the statewide enterprise payroll system. This policy explains when and how department heads may delegate department head signature authorization (DHSA) for financial transactions, and how this DHSA is recorded in Mosaic. The policy also describes CTR rules around the use of electronic signatures in the system.

Please note that department heads must certify annually that the department has a system of written internal controls, training, and monitoring actively in place as part of its daily operations. This policy is included in the annual certification. The certification process ensures compliance with CTR's published guidance (on PowerDMS, MAComptroller.org, in Fiscal Year Memos, and through CTR Statewide Trainings), which aims to prevent fraud, waste, and abuse of Commonwealth resources. See the CTR Internal Controls Policy.

About DHSA

Pursuant to M.G.L. c. 7A § 3, M.G.L. c. 29 § 61, and M.G.L. c. 29 § 31, prior to certifying any expenditure for payment on a warrant, the Comptroller, in lieu of pre-auditing payments, accepts department head affidavits attesting that articles have been furnished, services rendered (including payroll expenses), or obligations incurred as certified. Pursuant to M.G.L. c. 29 § 20, fiscal transactions must be authorized and approved by the department head. Delegation of DHSA is an administrative tool that allows a department head, in the interest of efficiency, to authorize key department employees to incur obligations, make expenditures, and conduct day-to-day activities on behalf of the department head.

A department head typically assigns DHSA to individuals holding key state finance compliance roles, such as Chief Fiscal Officer, Payroll Director, Internal Control Officer, General Counsel, Mosaic Liaison, and GAAP Liaison. A department head may also assign DHSA to managers or other employees in roles with responsibility to manage and approve activities personally on behalf of the department head. DHSA should not be delegated to employees who are solely processing transactions, only to employees in roles with responsibility to manage and approve activities personally on behalf of the department head. The department head remains responsible for all activities conducted by employees with delegated DHSA.

Delegating DHSA and Transaction Processing

Department heads must provide certification to the Comptroller of delegated DHSA signature authorizations. Department Security Officers (DSO) then submit security access requests to CTR to assign security roles that align with the types of transaction, document, and operational approvals that

the DHSA user will be reviewing and approving. These authorized signatory roles act as the DHSA official record. See the CTR Statewide Enterprise Security Access Management Policy.

DHSA should be limited to managers and employees in roles with the responsibility to manage and approve activities personally on behalf of the department head. Also, DHSA delegation should be provisioned to ensure that there are a sufficient number of department employees who are authorized to approve contracts, transactions, payroll, and other critical business needs during regular operations and during staff vacations, leaves, or unavailability.

The Chief Fiscal Officer, DSOs, human resources staff, and managers should assist the department head in determining the appropriate number of DHSA signatories needed. Factors to consider include supporting operational needs and ensuring segregation of duties, while also minimizing the risk of fraud by delegating only to managers and employees with responsibilities to approve activities personally on behalf of the department head.

Employees who are granted security roles to electronically submit transactions to final status in Mosaic or the payroll system do not need DHSA to submit a transaction to final status. Employees with security roles that allow them to submit transactions to final status certify under the pains and penalties of perjury that the transaction (and any underlying supporting documentation) operates as the department head's electronic signature certification that:

- The transaction (and any underlying supporting documentation) has received approval from someone with DHSA; and
- The transaction is accurate and complete and supported by the department's legislative authorization, funding and internal written system of internal controls; and
- The transaction complies with all applicable department and state finance laws, regulations, policies and procedures (See the Expenditure Classification Handbook).

While employees processing transactions to final status are not required to have DHSA in order to submit transactions to final status, they must document evidence that someone with DHSA has reviewed and approved the transaction and documentation on behalf of the department head prior to final submission. For audit purposes, evidence of DHSA signoff can be recorded in multiple ways, including:

- An attachment to a transaction (email, screenshot, digital signature) with the date, signature or statement of approval, and sufficient information to connect the approval to the transactions;
- A transaction comment identifying the DHSA authorized signatory who approved the transaction, the date of signoff, and where evidence of signoff is filed at the department; or
- The employee submitting the transaction has been delegated a DHSA security role for the type of transaction submitted, and reviews and approves the transaction through the submission of the transaction to final status.

The fact that Mosaic or the payroll system allows a transaction to process to final status does not mean that the transaction is automatically legal, in compliance with legislative or funding authority, or properly authorized by a department head. If there is a question regarding the proper processing or

required evidence of DHSA approval, an individual should consult their department's Chief Fiscal Officer prior to processing a transaction to final status.

Fiscal and other state and federal audits require documentation of DHSA delegation. If individuals are acting as authorized signatories and are not recorded in Mosaic with DHSA, the department may be subject to an audit, quality assurance review, or internal controls finding for a DHSA irregularity.

Reviewers, auditors, oversight agencies, etc., use Mosaic and the payroll system to review the accuracy, authorization, data reliability, and processing of transactions. Departments are responsible for maintaining central repositories with documentation to support these transactions. See the CTR Fiscal Records Management Policy.

DHSA Designation for New Department Heads

Department heads should establish internal controls to ensure that Mosaic security roles and DHSA are strictly managed and updated contemporaneously with staff changes.

When a new department head is appointed, the new department head must:

1. Execute a Department Head Certification accepting electronic signature, record keeping and certifying compliance with state finance law and Comptroller regulations, policies, and procedures related to Mosaic and the statewide enterprise payroll system and repositories;
2. Designate or ratify the department's Key State Finance Law Compliance Officers , who will be responsible for assisting the department head with state finance law compliance;
3. Assign or ratify all enterprise security roles, including authorized signatory delegations, through an Enterprise Security Roles Review and Certification;
4. Immediately notify CTR of any new designations or designation changes to Key State Finance Law Compliance Roles.

Security roles will remain in place during any transition period when a new department head is appointed, but should be ratified or assigned, with the assistance of the DSO, within 30 days of assuming responsibilities.

In limited circumstances, where there is no readily available replacement within the department for a departing employee who is a department head or someone with signatory authority, a department Key Contact, such as the Chief Fiscal Officer, General Counsel, or DSO, should contact CTR for guidance.

A Note about Secretariat Signature Authorization

Cabinet secretaries may authorize individuals within a secretariat department to be their designee to approve fiscal documents on the Secretary's behalf. Secretariat signoff may be granted to a departmental employee for the limited purpose of enabling departments within the secretariat to approve consultant service contracts in the "HH" and "NN" subsidiaries, pursuant to M.G.L. c. 29 § 29A, and human and social service contracts in the "MM" subsidiary, pursuant to M.G.L. c. 29 § 29B. Such delegation is made to the department head and may be made by letter, memorandum, or email.

Note, however, that a department designee with secretariat authorization can only provide secretariat approval for its own department's obligations, not for obligations of the secretariat as a whole, unless authorized by law or approved by CTR.

The format for obtaining secretariat approval must be reliable and verifiable. Processing a Mosaic transaction to final status certifies to CTR that secretariat approval was obtained.

Secretariat approval is not captured as part of Mosaic transaction approvals, therefore there is no Mosaic security role which reflects secretariat signoff delegation. Secretariats and departments that have secretariat sign off delegation must record this delegation as part of their internal controls.

Contact

- CTR Solution Desk