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**MMARS Policy: Accounts Payable**

**Issue Date: July 1, 2004**

**Date Last Revised: January 7, 2015**

## **Advance Management Policy**

### **Executive Summary**

The issuance of departmental advances is authorized in Chapter 29 Section 23, in accordance with rules and regulations determined by the Comptroller. Since the implementation of daily disbursements the necessity of advances has been reduced significantly. The Office of the Comptroller (CTR) and the Treasurer's Office (TRE) continue to support advances as necessary. Advance accounts are primarily used for emergency payroll accounts and other emergency needs. The department's internal controls and procedures should detail the management, use and security for these accounts.

### **Considerations**

The use of advance accounts is a manual process. State finance law and tax reporting requirements must be met.

### **Policy**

All departments are approved to use advance accounts for emergency payroll needs. A statewide system of accounts, commonly referred to as Dynacash accounts, was procured through the State Treasurer's Office and awarded to Santander Bank, previously Banknorth. Processing of Requests for Advance (RA) or Encumbrance for Advance (EAV) will be delegated to departments for amounts less than or equal to \$5,000. Advance accounts for other purposes will be considered upon the written request of a department head, or their designee, to the Comptroller.

For payroll emergency advances, an automated process is in place to recoup the advanced funds from the affected employee's payroll payment once the payroll system (HR/CMS) has been updated and/or corrected. When this method is used the advanced funds revolve. All detailed accounting is correctly recorded in HR/CMS and the advanced monies are returned in full to department appropriation using the AR (Advance Refund) document at the close of the fiscal year. AR's will be fully processed by departments. At fiscal year-end, upon deposit of the advanced funds to the department's sweep account,

the AR should be completed and processed to final. At the change of the fiscal year, departments should not process a new RA until the prior fiscal year activity is closed. Exceptions may be made when the timing of an employee recoupment of funds through HR/CMS crosses fiscal year. Please refer to the FY Close / FY Open Document issued annually for specific dates and details.

A limited number of departments establish and use advance accounts for detailed expenditures. In this model, the Expenditures of Advance (EA) will be submitted to CTR via Workflow, when entered into MMARS by departments. Expended funds must be reported at least monthly. CTR then approves, and is the custodian of documentation for the EA. The CTR Payment Unit has been designated for approval of all expenditures of advance. Departments should submit the original payment backup, which includes the vendor's invoice referencing number, date, item(s), amount(s), documentation to the Payment Unit for processing to final. The EA document has data requirements similar to the GAX with two exceptions, (a) no dates of services or (b) vendor invoice number fields. To support automated tax reporting of forms 1099, EA's must be completed on a vendor specific basis. For approved delegated automated payment systems, a check register which includes the check number, issue date, payee, amount issued, and dates of service or receipt date of goods provided with summary must be provided. Untimely submission of EA's for approval will result in rejection of future requests of advance.

### **Internal Controls**

Under Construction

### **Information Sources**

- Related Procedure – None
- Related Policies
  - Accounts Payable – Commonwealth Bill Paying Policy and General Payment Policies
- Legal Authority - [M.G.L. c. 29, § 23](#); [M.G.L. c. 29, § 24](#); [M.G.L. c. 29, § 25](#)
- Attachments - None
- Links - None
- Contacts – [CTR Help Desk](#)

**January 7, 2015.** Updated to include fact that Santander and not Banknorth as the bank used to administrate the advance management system.

**November 1, 2006.** Removed language referencing the Knowledge Center and updated relevant links to Mass.gov/osc portal site.