



Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

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THOMAS G. SHACK III, ESQ.
COMPTROLLER

To: Chief Fiscal Officers, Single Audit Liaisons, Internal Control Officers, and Federal Grants Liaisons

From: Jeffrey Shapiro, First Deputy Comptroller

Date: August 8, 2017

Re: FY2018 Treasury State Agreements

Comptroller Memo FY#2018-06

Executive Summary

The purpose of this memo is to advise departments of the FY18 annual Treasury-State Agreements (TSA) between the U.S. Department of the Treasury, Financial Management Service and the Commonwealth of Massachusetts has been executed. Departments should reference this memo and its contents upon request from federal granting agencies or auditors requiring a copy of the most recent TSA agreement.

The federal government enacted the Cash Management Improvement Act of 1990 (CMIA) to ensure greater efficiency, effectiveness, and equity in the exchange of funds between the federal government and the states. The CMIA requires an annual Treasury-State Agreement (TSA) between the U.S. Department of the Treasury, Financial Management Service and the Commonwealth of Massachusetts. On an annual basis, the Office of the Comptroller (CTR) and the US Department of Treasury execute a Treasury-State Agreement that ensures that neither the state nor the federal government is unduly enriched at the expense of the other as a result of state agencies having federal funds on hand prematurely before being disbursed, or state agencies disbursing state funds and not being reimbursed in a timely manner by a federal agency.

The CMIA regulations require the calculation of an interest liability due to the federal government when the state receives federal funds in advance of disbursement to vendors, subrecipients, or program participants. Similarly, when the state incurs costs for federal programs prior to receiving federal funds, the CMIA allows the state to calculate interest due from the federal government.

All federal funds transfers to the states are covered under the CMIA regulations. However, only major assistance programs (\$30 million and above) are included in a written Treasury-State Agreement (TSA), which specifies how the federal funds transfers will take place. Departments that manage major assistance programs should review the attached FY18 TSA agreement to ensure the Catalog of Federal Domestic Assistance (CFDA) numbers are correct, funding mechanisms match current draw-down practices, and funding allocation percentages are accurate. Departments managing major assistance programs with funding techniques other than "Weekly Automated Central Draw" should expect the

receipt of a TSA sub agreement from the Comptroller's Office, in which the Chief Fiscal Officer certifies that the specific draw down pattern is in accordance with the funding technique identified in the TSA agreement.

Please contact Catherine Quan, Budgetary Unit Manager with questions at (617) 973-2324.

Enc.: [FY18 TSA Exhibit](#)

cc: MMARS Liaisons
Payroll Directors
General Counsels
Internal Distribution