



Commonwealth of Massachusetts

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MEMORANDUM

To: Legislative Leadership, Judicial Branch Administrators, Elected Officials, Secretariats, Department Heads, Chief Fiscal Officers, MMARS Liaisons, and Payroll Directors

From: Steven Grossman, Treasurer
Martin J. Benison, Comptroller
Gary J. Lambert, Assistant Secretary for Operational Services

Date: September 1, 2011

Subject: All Contract Vendors – Electronic Payments by December 31, 2011

Comptroller Memo FY#2012-07

Executive Summary

Departments are reminded that Electronic Funds Transfer is the mandated method of payment for vendors entering into contracts with the Commonwealth. All contract vendors are expected to begin acceptance of electronic payments by December 31, 2011. EFT is secure, reliable and much less expensive than paper check processing for both the Vendors and the Commonwealth. The potential savings to the Commonwealth is hundreds of thousands of dollars annually.

Since the early 1980's EFT for vendor payments (also referred to as vendor direct deposit) has been an option made available by the Commonwealth. In 1995, the Bill Paying Policy stated that EFT was the preferred payment method recognizing the mutual benefits to the vendors and the Commonwealth. An EFT campaign that began in 2001 has resulted in increasing EFT payments to almost 50% of all payments issued through the Treasury. Ongoing reviews of cost savings initiatives by central oversight departments, the State Treasury, Operational Services Division and the Office of the Comptroller, have concluded that the efficiencies lost through check issuance must be addressed. At the opening of FY12, it was announced that EFT is the required payment method for all contract vendors and for any Vendors who receive 4 or more payments per year.

All contracts that reach a Pending status on MMARS have the vendor's payment method status verified prior to processing. The encumbrance will not be processed until EFT is confirmed. For contracts under a department's delegation level, compliance will be evaluated with reports being issued for your action, if any is needed.

All departments must analyze their active contracts for the vendor payment method. Any vendor currently paid by check must be contacted to effect this change. As part of this transition to EFT the attached vendor communication will be posted to VendorWeb with links made available from Comm-PASS, OSD, TRE and CTR home pages.

We encourage every department to forward the attached memo and/or VendorWeb link to vendors or their associations. The EFT enrollment form must be returned to the contracting department for verification of authenticity and processing. Hardship exceptions for vendors in contract relationships are not expected.

cc: General Counsels
Internal Distribution