

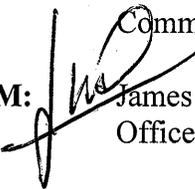


Steven Grossman
*Treasurer and
Receiver General*

The Commonwealth of Massachusetts
Office of the Treasurer and Receiver General
One Ashburton Place, 12th Floor
Boston, Massachusetts 02108-1608

MEMORANDUM

TO: Commonwealth of Massachusetts Chief Fiscal Officers

FROM:  James A. MacDonald, First Deputy Treasurer
Office of the Treasurer and Receiver General

DATE: June 20, 2013

SUBJECT: Authority for Banking Activity

The purpose of this memorandum is to explain the Treasury's policies on the banking services that are provided under the existing banking contracts, how any additional services will be charged back to agencies, and how new accounts may be added.

Central control of cash management is required in order to assure that the Commonwealth's cash is effectively managed and invested, that banking services are reasonable and cost effective, and that banking information is reported into the state MMARS accounting system accurately and promptly. Under the Constitution of the Commonwealth and as more fully described in Massachusetts General Laws Chapter 29, Section 23, the State Treasurer is responsible for managing all cash in the control of the Commonwealth. This includes overseeing all banking activities undertaken on behalf of the Commonwealth. Pursuant to M.G.L. Chapter 29, Section 23:

The state treasurer shall manage all cash, funds, or investments under the control or jurisdiction of any state agency, other than nonappropriated funds held by a public institution of higher education. "State agency" in this section shall mean any department, office, commission, committee, council, board, division, bureau, institution, office or other agency within the executive or legislative department, excluding, however, the Massachusetts Bay Transportation Authority and the Massachusetts Port Authority. Funds shall be deemed to be under the control of a state agency from the date of the initial deposit into any commonwealth account until the date a check or draft drawn on a commonwealth account clears the disbursing bank.

Banking Services

Each service provided under the main Treasury banking contracts: controlled disbursement checking accounts, Dynacash checking accounts and lockbox, provides most of the services necessary for

individual agencies to perform their various functions. With limited exceptions, the Treasury will pay for these services, whether provided to the Treasury or to a delegated agency. In addition to these services, there may be other services that your agency views as necessary to your business practice. We have anticipated some of these services, which have been included in the contracts under a "bundled services" approach, whereby the vendor has committed to provide the service at a stated cost throughout the term of the contract.

Other unanticipated services may also arise during the term of these contracts. These additional services are considered optional and will require the department that selects such services to enter into an Interdepartmental Service Agreement (ISA) to reimburse the Treasury for the additional costs associated with the service. Before any such service may be instituted, you must file a request with the Cash Management Division of the Treasury and an ISA between the department and the Treasury must be executed. Our main banking services' vendors have been instructed not to initiate any new service unless authorized by the Treasury. If it is determined that the additional service requested are unduly expensive or do not represent good banking practice, we may decline to authorize the additional service.

Please note that we view these banking relationships as dynamic and will consider changes to the package of basic services that will be provided as the contracts go forward. If, in our judgment, the optional service may replace a service currently provided under the contract, the Treasury may agree to assume some or all of the cost of that service.

New Accounts/Procurement of Delegated Banking Services

As part of the Treasury's responsibility to effectively manage banking services, our office must give authorization prior to the opening of any new bank account and/or service.

- The enclosed New Account Request Form must be used to apply for the opening of a new depository sweep account. Once completed, the form must be returned to our office where the application will be reviewed and submitted for authorization. If the new account request is authorized our office will contact the bank to open the account.
- If your department would like to add another type of banking service, such as a check disbursement account or lockbox, you must contact the Cash Management Division of the Treasury beforehand. Please note that you may contact our banking services vendors to inquire about information on the benefits and costs of the services they provide; however, they have been instructed not to add any new services without prior Treasury approval. Use the same form as above.
- Departments that have previously received authorization for either an account or a particular banking service must also coordinate the procurement of these services through the Treasury, even if a separate appropriation for the service exists. Any RFP or other procurement for banking services must include representation from the Treasurer's Office.

If you have general questions regarding banking services, please contact Minot L. Powers IV, Director of Cash Management Operations, at (617) 367-9333, extension 510. For questions regarding sweep and Dynacash accounts, please contact Angelo DeBortoli at extension 592.

Attachment

