



STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR

DEPARTMENT OF FINANCE AND ADMINISTRATION

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EXECUTIVE DIRECTOR

To: Agency Executive Directors
Agency Accounting and Finance Contacts
Agency Technology Contacts

From: Cille Litchfield, Deputy Executive Director
Mississippi Management and Reporting System

Date: May 4, 2009

Re: **Third Party Processing and Fulfillment Costs**

This policy replaces the Office of Fiscal Management, Policy Memorandum #2001-1, dated October 9, 2001. It will be filed under Policies and Procedures on www.dfa.state.ms.us. This policy is issued jointly by the Office of Fiscal Management and the Mississippi Management and Reporting System and is effective immediately. Questions should be directed to the MMRS Call Center via email: mash@dfa.state.ms.us or phone: 601-359-1343.

Third Party Processing and Fulfillment Costs

This memorandum provides the policy established by the Department of Finance and Administration, Office of Fiscal Management (OFM) for direct or indirect payment to vendors to support internal business functions in the fulfillment of orders and completion of transactions initiated in person or through the Internet. These transactions may include, but are not limited to, the collection of taxes, issuance of licenses, production of reports, and other collections or payments for services that are conducted by agencies in their normal course of business.

§ 7-7-9, Mississippi Code (Laws of 1972) states the following:

"The Mississippi General Accounting Office shall maintain a complete system of general accounting to comprehend the financial transactions of every state department, division, officer, board, commission, institution or other agency owned or controlled by the state, except those agencies specifically exempted in Section 7-7-1, whether at the seat of government or not and whether the funds upon which they operate are channeled through the State Treasury or not, either through regular procedures having to do with the issuance of the State Fiscal Officer receipt warrants and disbursement warrants or through controls maintained through reports filed periodically as required by the State Fiscal Officer in accordance with the reporting provisions contained in said Section 7-7-1.

All transactions in public funds, as defined in Section 7-7-1, shall either be handled directly through the State Fiscal Officer and the State Treasury, or shall be reported to the State Fiscal Officer at the times and in the form prescribed by the State Fiscal Officer and the Legislative Budget Office, so that a complete and comprehensive system of accounts of the fiscal activities of all state governmental agencies shall be made available at all times in the General Accounting Office

Any costs incurred directly (by an agency) or indirectly (passed directly to the consumer) for a party to complete agency business transactions must be reflected as a cost of doing business for this agency. To do otherwise would not fully disclose costs of the State to conduct business or reflect revenue generated by a vendor who is providing services under contract for the State of Mississippi. Likewise, any charge to the consumer for processing these transactions should be recognized by the agency as revenue. At a minimum, this reconciliation of costs and revenues are to be recorded in the State's accounting system within five working days of the end of the prior month.