

**EXPENDITURE
CLASSIFICATION
HANDBOOK**

**OFFICE OF THE COMPTROLLER
COMMONWEALTH OF MASSACHUSETTS**

EXPENDITURE CLASSIFICATION HANDBOOK
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Note: Please become familiar with the [Instructions Section](#) of the Expenditure Classification Handbook “ECH” before moving on to this section.

OBJECT CLASS HH - CONSULTANT SERVICE CONTRACTS

Covered Expenditures: This object class includes expenditures for temporary professional services for specific projects during defined time periods. Services are specialized and are not ordinarily provided by, or available from, state employees. Consultant Contractors (Independent Contractors) provide advice, develop programs, and provide other services. Consultants do not provide direct services to clients. (For example: under this object class a department may contract with a physician to review case files and give expert medical advice that will enable employees to develop comprehensive treatment plans. The physician would not, however, treat clients.) The use of the term “persons” includes firms or companies, as well as individuals.

Requirements: All Commonwealth departments are responsible for making contract obligations and expenditures in compliance with applicable laws and CTR Fiscal Policies. All departments that take advantage of incidental purchases must comply with incidental purchase requirements identified by CTR and OSD. In addition:

- Executive departments “Level III” must comply with [M.G.L. c. 7, § 22](#), [801 CMR 21.00](#) and the “[Conducting Best Value Procurements Handbook](#)” for [801 CMR 21.00](#) covered goods and services, and must purchase from available Statewide Contracts, and use specified Commonwealth contract forms. Exceptions from using Statewide Contracts will only be permitted with prior written approval from the State Purchasing Agent explained in Procurement Overview - OSD Legal Authority, Strategic Oversight and the Required Use of Statewide Contracts (Revised 10/1/2013). Departments are required to review [Conducting Best Value Procurements Handbook](#);
- Individuals must be determined to be “Independent Contractors” by conducting the Commonwealth Three-Part Test in the [Employment Status Form](#) and attaching it to the Standard Contract Form in compliance with the CTR/OSC/HRD policy on contract employees: [Contracts](#);
- Non-Executive departments “Level II” must comply with [M.G.L. c. 7, § 22](#), internal procurement policies and procedures and use specified Commonwealth contract forms.
- Exempt departments “Level I” must comply with internal procurement policies and procedures and if the department takes advantage of MMARS document processing delegation, the department must use specified Commonwealth contract forms.

Expenditures Not Covered: State and/or contract employees may not be reimbursed through this object class. For direct client services, see Object Class [MM](#). For Operational Services, see Object Class [JJ](#). For Information Technology (IT) expenses, see Object Class [UU](#).

HH1 FINANCIAL SERVICES – Persons who provide financial and audit services, including but not limited to keeping books or accounts, design and control systems of accounting, compiling statistical data and preparing statistical reports, contract compliance, managerial expertise in fiscal or budgetary matters, market analysis and projections in business development and economic forecasting, land appraisers or persons who set the value of a piece of land or other real property interests. *Departments contracting for audit work must obtain prior written approval from CTR before contract is executed to ensure that contract does not raise conflict issue with State audit contract and GAAP requirements.*

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, HRD, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

HH2 ENGINEERING, RESEARCH AND SCIENTIFIC SERVICES – Persons who design the exterior or interior of a building or structure for decorative or functional development, preservation or improvements to grounds. Persons who offer mechanical, electrical, or other engineering expertise, designs and services. Persons who provide research and development or analysis of data or other information and materials based upon specifications provided by a department. Includes services by sociologists, social scientists, genealogists and archaeologists. Includes persons who conduct or

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perform scientific research and development through observation, study, experiments and other scientific projects including knowledge of nature or physical phenomena. Includes chemists, biochemists, biotechnicians, biologists, biogeologists, etc. See [NN1](#) for engineering, research and scientific services involving vertical and/or horizontal construction projects. For court related investigations and research see [J13](#). See [CC](#) Object Class for contract employees. See [UU](#) Object Class for Information Technology (IT) Expenses. For policy planners, see H22. See HH4 for non-employee coroners and pathologists; see [C25](#) for contract employee coroners or pathologists.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, HRD, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

HH3 MEDIA DESIGN, EDITORIAL AND COMMUNICATION SERVICES – Persons, advertising and other agencies that providing design, print, editorial and other communication materials including but not limited to persons who develop and produce communication strategies, promotional materials, advertising layouts and programs for publication in print, videotape, radio, television, or other media; persons who draft written materials including documents, reports, press releases, scripts, legislation, newspaper copy, or develop literature, based upon specifications; artists/graphic designers who create or design visual representations or layouts in graphic, electronic or audio form based upon specifications; photographic and micrographic services by persons who provide photography, videography, computer generated graphics, photo developing, enlargements, copies, videotape dubbing, micrographic design, systems and related services. See [CC](#) Object Class for contract employees who provide media, design and communication services.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, HRD, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

HH4 HEALTH AND SAFETY SERVICES – Persons providing health care and safety services, including but not limited to experts who investigate causes and effects of physical illnesses including structural, mechanical or environmental defects or hazards, which have caused or may cause health or safety risks; persons who provide medical, health care or rehabilitation related services, advice and recommendations concerning medical issues and policies, such as services by optometrists, pharmacists, dentists, doctors, nurses, dietitians, psychiatrists, psychologists, coroners, pathologists and other health care professionals; includes consultations, evaluations and coordination of services rendered by medical, health care professionals or providers. See [CC](#) Object Class for contract employees who provide health care and safety services.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, HRD, OSD, ENV, GIC, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

H09 ATTORNEYS/LEGAL SERVICES – Individuals and firms who represent the Commonwealth in legal matters. For construction project related legal services, see [N03](#). All Commonwealth departments are required to obtain prior written review by the Office of the Attorney General (AGO) for any legal services performed for the department under a contract. The AGO review of legal services contracts is limited to determining that any attorney/firm hired by a department is a member of the Massachusetts Bar (or out of state bar) in good standing, has no apparent conflicts of interests, and if providing litigation services, will appear in court on behalf of the Commonwealth only after his/her appointment as a

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Special Assistant Attorney General (SAAG) by the AGO. The [Attorney General Review Form for Attorneys Providing Legal Services](#) form must be completed and mailed (with required attachments) to the AGO for any new legal services contract, and for any significant amendment to the scope of services under an existing contract, PRIOR to the start of performance or change in performance. See: [Attorney General Policy for Prior Review of Attorneys](#). Attorneys hired by Executive departments are also required to obtain prior approval of the Governor's Chief Legal Counsel prior to posting or hire. See [CC](#) Object class for contract employee legal services.

Legal Authority: [M.G.L. c. 12, § 3](#); [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52, 65](#); [801 CMR 21.00](#)
Oversight Department: ANF, AGO, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC/IE/ITI, ITA
Incidental Purchase: N/A
Tax Forms: 1099-NEC

H13 EXAM DEVELOPERS – Persons who develop examinations, testing mechanisms and materials used in testing.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, HRD, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

H15 HONORARIA FOR VISITING SPEAKERS/LECTURERS – For services related to a speaking or lecturing engagement. This may be a flat rate, which includes travel-related expenses. If the fee includes travel expenses, see H98.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#); [M.G.L. c. 15A](#); [M.G.L. c. 75](#)
Oversight Department: ANF, HRD, RGT, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

H17 LABOR NEGOTIATORS – Persons who negotiate labor agreements, disputes, etc.

Legal Authority: [M.G.L. c. 15A](#); [M.G.L. 75](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#)
Oversight Department: RGT, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form (Use restricted to Higher Education or Non-Executive departments)
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

H19 MANAGEMENT CONSULTANTS – Persons who provide management expertise and advice based upon market analysis, strategic planning or other management tools.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, HRD, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC

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Tax Forms: 1099-NEC

H21 PERSONNEL PLACEMENT CONSULTANTS (RECRUITERS) – Persons who recruit or find placement for individuals.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, HRD, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

H22 PLANNERS – Persons who research, develop, and provide a course of action, methodology, policy or another plan. See HH2 for space planners or landscape designers. See HH3 for artists and graphic designers.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, HRD, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

H23 PROGRAM COORDINATORS – Persons, who design, evaluate, coordinate, or implement programs, conferences, exhibitions or who establish criteria for the purchase of an outside program. See [E56](#) for Secretariat Fiscal Services Chargeback.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, HRD, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

H30 PERFORMERS/ACTORS – Professional actors and performers who provide entertainment, voice-overs, or other representations, re-enactments or presentations. See HH3 if services are included within an advertising or media campaign.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)
Oversight Department: ANF, HRD, OSD, CTR
Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form
Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC
Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)
Tax Forms: 1099-NEC

H78 CONSULTANT SERVICE CONTRACTS: SUB-RECIPIENT – Encumbrance and payment activity involving sub-recipients of federal funds. Federal funds are reported as sub-recipient payments. Vendor services must use other appropriate object codes. (Use required object codes for vendor services).

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Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#); [Federal Single Audit Act](#), [OMB A-133](#); [the American Reinvestment and Recovery Act of 2009 \(ARRA\)](#)

Oversight Department: ANF, HRD, OSD, CTR

Sub-Recipient: Federal funds are reported as sub-recipient payments

Agreement Type: Commonwealth Terms and Conditions/Standard Contract Form

Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC

Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)

Tax Forms: 1099-NEC

H87 CASH WITH CAMPUS – Pursuant to Massachusetts General Law requiring Commonwealth Colleges and Universities to report the activity of campus-based funds by subsidiary to the Comptroller of the Commonwealth on the Commonwealth’s Statewide Accounting System, MMARS (Fund 0901).

Legal Authority: [M.G.L. c. 15A, § 15C](#) Authorizing Legislation

Oversight Department: CTR

Agreement Type: Relevant Supporting Detail on college and university accounting systems.

Payment/Receipt Request: TV/RT (Use restricted to colleges and universities)

Incidental Purchase: N/A

Tax Forms: Forms 1099 and 1042 – Colleges and Universities Responsible for Compliance using local Tax Identification Number

H90 OPERATING TRANSFER – Consultant Service Contracts.

Legal Authority: Authorizing Legislation; [815 CMR 6.00](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#)

Oversight Department: CTR

Agreement Type: Copy of Authorizing Legislation; Relevant Supporting Documentation

Pre/Encumb/Payment Request: OT (Use restricted to CTR)

Incidental Purchase: N/A

Tax Forms: None

H98 REIMBURSEMENT FOR TRAVEL AND EXPENSES FOR CONSULTANT SERVICES – Authorizations for reimbursements are included in the service contract. Reimbursements are not tax reportable because the recipient is required to account for expenditures.

Legal Authority: [M.G.L. c. 29, § 29A](#); [M.G.L. c. 7, § 22](#); [M.G.L. c. 30, §§ 51-52](#); [801 CMR 21.00](#)

Oversight Department: ANF, HRD, OSD, CTR

Agreement Type: Relevant Supporting Documentation, Commonwealth Terms and Conditions/Standard Contract Form

Pre/Encumb/Payment Request: RQS (optional pre-encumbrance)/CT/PRC

Incidental Purchase: GAE/INP use restricted to Incidental Purchases (Incidental Purchases >\$5,000 to \$10,000 require a Commonwealth Terms and Conditions/Standard Contract Form and use a GAE/GAX)

Tax Forms: None

H99 LATE PENALTY INTEREST – Penalty interest for late payments.

Legal Authority: [M.G.L. c. 29, §§ 20C, 29C](#); [M.G.L. c. 7A, § 5A](#); [815 CMR 4.00](#)

Oversight Department: CTR

Agreement Type: Valid Claim Under Contract

Pre/Encumb/Payment Request: GAP (optional pre-encumbrance)/GAE/GAX

Incidental Purchase: N/A

Tax Forms: 1099(INT)