

Financial Terms Glossary

BCC and higher education, in general, are notorious for using jargon and acronyms in everyday communication. With the goal of helping to familiarize everyone with the terms we use in the Business Office, we have developed this glossary. If you have a question about a term or phrase that isn't on this list, just let us know, and we'll be very happy to add it. Our objective is to clarify and generally demystify the process of paying for and procuring goods and services.

To add a term, email adminfin@berkshirecc.edu

Blanket Purchase Order (PO) – A purchase order in which a customer places with its supplier to allow multiple delivery dates over a period of time, often negotiated to take advantage of predetermined pricing. It is normally used when there is a recurring need for expendable goods or services, for example, placing ads in the local newspaper.

Department Number – The four-digit number identification of a BCC department.

Division of Capital Asset Management and Maintenance (DCAMM) – The agency responsible for capital planning, public building construction, facilities management, and real estate services for the Commonwealth of Massachusetts.

Encumbrance - A term that represents a commitment to spend money for a particular purpose at some point in the future. For example, you may have entered into a contract with a supplier via purchase order to receive some goods or services at a later date.

Enterprise Resource Planning (ERP) - A software system that helps you run your entire business, supporting automation and processes in finance, human resources, services, procurement, and more. BCC uses Colleague as the institutional ERP.

Fiscal Year -The period during which a fiscal year's budget may be expended. This period is the fiscal year from July 1st through June 30th, within which all goods and/or services must be received to be payable with those fiscal year funds.

Fund - Fiscal and accounting entities, almost always established in general law, are used to deposit revenues that are dedicated to specific purposes and finance expenditures for those purposes. For instance, gas tax collections and vehicle registration fees are deposited in the Commonwealth Transportation Fund, which in turn is used to fund transportation-related spending, including the Massachusetts Department of Transportation (MassDOT) and Commonwealth debt service on bonds used to finance road and bridge construction.

General Ledger (GL) - Sometimes referred to as the GL or chart of accounts, is the list of accounts which make up our accounting system and structure, allowing for financial transactions to be categorized and tracked accurately.

Invitation for Bid (IFB) – A competitive sealed bid process for supplies or services costing more than \$50,000.

Journal Entry – A record of a business transaction in the organization's accounting system

Human Resources Compensation Management System (HR/CMS) - A biweekly payroll system that supports many state employees throughout Massachusetts. State employees can enter time, view paystubs, and update their personal information. Supervisors use the system to review the time worked weekly as submitted by their direct reports.

HRCMS Chargeback - The HR/CMS chargeback was established to cover the cost of the business and functional resources needed to support the ongoing maintenance and operations of the Human Resources/Compensation Management System (HR/CMS) for the Commonwealth.

MMARS (Massachusetts Management Accounting & Reporting System) - It is the official accounting system prescribed by the Comptroller for all Commonwealth business.

MMARS Chargeback - The MMARS chargeback was established to cover the cost of the resources needed to support the operation of the Massachusetts Management and Reporting System (MMARS) for the Commonwealth and is based on an agency's usage of MMARS, determined by actual transaction lines posted to the general ledger. Agencies are charged a proportional share of the authorized chargeback based on their prior year (Fiscal Year 2022) actual transaction counts

Memorandum of Understanding (MOU) - A nonbinding agreement that states each party's intentions to take action, conduct a business transaction, or form a new partnership.

Object Codes - A sub-categorization of expenses. For example, within the EE Object Class for administrative expenses E15 is the specific object code for bottled water. All Object Classes and Object Codes are detailed in the Commonwealth's [Expenditure Classification Handbook](#).

Purchase Order (PO) - A document that is created by a buyer and sent to a seller to confirm their intention to purchase products and/or services. The PO tracks important information related to the purchase. *See also Blanket Purchase Order.*

Purchase Requisition (Purchase Req) - A request from an employee or department to buy goods or services. After internal review and approval, it is used to create a purchase order or a blanket purchase order that is sent to a supplier.

Quote - The estimated price of a job or service

Reclassification - A reclass or reclassification, in accounting, is a journal entry transferring an amount from one general ledger account to another.

Request for Proposal (RFP) - Similar to an Invitation for Bid (IFB), except that this process permits BCC to weigh the relative merits of proposals and award a contract to the offeror submitting the most advantageous proposal, not predicated on only price. Only the College's CPO can initiate RFPs.

Request for Quote (RFQ) - For supplies or Services that cost over \$10,000, BCC is required to solicit written quotes from at least three vendors.

Services - The furnishing of labor, time, or effort by a contractor, not including the furnishing of a specific end product other than reports.

Statement of Work (SOW) - A document describing a given project's requirements (similar to a quote).

Source of Fund (SOF) – Origin of money that an organization uses to finance its operations.

“The New System” – In 2021, BCC began a reimplementation of Colleague, the system by which we manage much of the data and operations throughout the institution. This New System is now stored in the Cloud through Software as a Solution (SaaS). It integrates and automates essential financial and operational functions. Additionally, we access the system over the Internet. See *also The Old System*.

“The Old System” – Also referred to as Colleague or Datatel, is BCC’s system for managing data and operations throughout the institution. Before reimplementation in 2021, the system was installed and run on a BCC’s own hardware infrastructure and hosted locally – also referred to as “on-prem,” meaning on the premises. See *also The New System*.

Vendor – A person or company offering something for sale - products, supplies - or services.