



Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

ONE ASHBURTON PLACE, 9TH FLOOR
BOSTON, MASSACHUSETTS 02108
(617) 727-5000
MACOMPTROLLER.ORG



WILLIAM MCNAMARA
COMPTROLLER

To: Department Heads, Chief Fiscal Officers, MMARS Liaisons, and General Counsels
From: Kristine Hill-Jones, Assistant Comptroller for Contracts, Vendors, and Non-Tax Revenue
Date: May 5, 2022
Re: Encumbrance Funding Guidance

Comptroller Memo #FY2022-21

Recently, the Office of the Comptroller (CTR) has received inquiries from departments managing the expenditure of funds appropriated by Section 2A of Chapter 102 of the Acts of 2021 (the “ARPA bill”). In particular, because Section 2A specifies that the sums set forth in that section shall be made available until June 30, 2027, questions have arisen regarding the proper way to encumber funds for contracts relying on that funding source that may cross fiscal years.

While the source of funding may be new, the standard policies and procedures around encumbrances and spending apply to these appropriations. Thus, absent specific legislative authorization, departments may not make payments in advance of receipt and acceptance of goods, services, or other performance (cost reimbursement). [Office of the Comptroller Bill Payments policy](#), p. 10. If performance will occur over the course of several years, departments must have a supporting budget and/or payment schedule that aligns with anticipated performance deliverables over the contract duration. Funding in MMARS is reserved (pre-encumbrance or encumbrance) to align with the deliverable dates, and department verification and acceptance of goods, services, or other performance (cost reimbursement).

Additionally, we remind departments of the need to ensure before executing a contract that there are sufficient legally available funds to cover obligations for the duration of the contract term. Section 2A provides that the appropriations in that section may be from either the Federal COVID-19 Response Fund established in Section 2JJJJ of Chapter 29 of the General Laws or from the Transitional Escrow Fund established in Section 16 of Chapter 76 of the Acts of 2021. While the sums in Section 2A shall be made available until June 30, 2027, the Transitional Escrow Fund will expire on June 30, 2022 and the unexpended balance in that fund will be transferred at that time to the Commonwealth Stabilization Fund. Thus, departments are encouraged to confirm, if a contract will extend past June 30, 2022, that the designated source of funds also will continue after that date.