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

Closing a Fiscal Year Policy

Effective: July 1, 2004
Last Updated: November 1, 2006

Executive Summary

State finance law defines the budget fiscal year for all payments, including payrolls, to begin on July 1st and end on June 30th of the subsequent year. Services rendered by employees through June 30th must be charged to the Closing Fiscal Year. The state employee payroll charges will be split by HR/CMS into two accounting departments: one for services rendered before June 30th and one for services after July 1st.

PoliCy

Sufficient Funding

Commonwealth Departments are responsible for ensuring that sufficient funding is available in the statewide enterprise accounting and financial reporting system ("the system"; "Mosaic") to cover all end of the year payroll expenditures (including related payroll taxes such as Medicare, UI and UHI) for both state and contract employees.

Cleaning Up Adjustment Transactions

Closing a fiscal year requires that Departments clean up any outstanding payroll reject or expenditure refund transactions before the final close.

Payroll Reject Transactions

A Payroll Reject (PRLDE) transaction is generated when a payroll expense, processed by HR/CMS or e*mpac, has missing or erroneous data (e.g., incorrect expense budget or a missing program code). All PRLDE transactions must be corrected before the first payroll run of the new fiscal year. Departments must post PRLDEs to Accounting Period 12 to insure that payroll expenditures are recorded in the appropriate fiscal year.

Expenditure Refund Transactions

For payroll refunds, Departments are required to process the Expenditure Refund transaction (PRRFC) for payroll on or before June 30th. Departments should take special care to clean up all outstanding Payroll Refund Receipt Vouchers prior to the final fiscal year payroll, so they only need to handle the few from the final payroll in July.

Irregular Balances

State Finance Law requires that funding be in place before employees are allowed to provide services for the Department. Departments should not hire any employees unless there is sufficient funding to cover payroll expenditures (including related payroll taxes such as Medicare, UI and UHI) in order to

prevent negative (irregular) balances from occurring in Mosaic. Departments must correct negative (irregular) balances immediately.

Accounts Payable Payroll

For State and Contracted Employees Accounts Payable payroll, Departments need to reserve (encumber) that portion of the account balances that will be used to support this accounts payable payroll using a Payroll Hold (PH) transaction in Mosaic.

LCD Rules Table

Rules tables and Employee Defaults are timeline based in the Labor Cost Distribution (LCD) system, and will continue until the appropriate end date is reached or a new record updates the entry. All rules in LCD will be automatically updated with a new end date except for alternate account rules, which must be submitted to the Office of the Comptroller for approval each Fiscal Year.

Information Sources

Legal Authority

- The Commonwealth of Massachusetts Annual Close/Open Instructions issued by the Office of the Comptroller
- M.G.L. c. 4 § 7(9)
- M.G.L. c. 7A §§ 3, 7, 8

Legal Authority

- Close/Open Information

Contacts

- CTR Solution Desk