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Intersubsidiary Transfer Policy

Effective: July 1, 2004
Last Updated: February 23, 2026

Executive Summary

Policy developed by the Executive Office of Administration and Finance (A&F) and the Office of the Comptroller (CTR).

This chapter outlines the policies for Intersubsidiary Transfers (transfers between object classes). Intersubsidiary (object class) transfers to align funds with spending are allowed in certain circumstances as outlined in this chapter.

Considerations

The General Appropriations Act (GAA) is loaded in the Statewide Enterprise Accounting and Financial Reporting System ("the system"; "Mosaic") pursuant to the object class schedules provided by the House and Senate Ways and Means Committees. Traditionally, the A&F processes transfers between object classes to align funds with spending once spending plans are approved in the fall. Additional requests for transfers can be requested according to this policy.

Policy

Transfers between object classes should not be requested unless otherwise unavoidable. Transfers out of the AA or DD object classes (payroll or benefits) will generally not be allowed, except in cases of emergency. All object class transfer requests require approval by both the department budget director/CFO and the secretariat CFO after which the department can submit the document through the system Workflow for approval. All transfer requests must contain a brief description explaining why the transfer is needed. If additional space is needed, an email should be sent to your department's A&F budget analyst with the full explanation.

Transfers between object classes will often involve allotted funds. If an allotted amount is transferred from object class XX to YY, the same allotted amount must be decreased in XX as is increased in YY. No net allotment increase for the account may be requested at this time. Unless the account is already fully allotted, the allotted amount must be within the allowable unexpended amount balance but recommendation that it should not be greater than the current periodic allotment levels.

The Workflow for the Central Subsidiary Budget Transfer – non CTR (BGTS) documents, provides for the pending document to be placed on A&F's group worklist, for processing by the department's budget analyst. A&F would prefer that a department wait to submit requests until after spending plans are approved, unless otherwise unavoidable.

Allocation departments (legislatively approved allocations or allocations through Interdepartmental Service Agreements – ISAs) may transfer funds between object classes in their budgets, subject to the prior approval of the parent department.

Internal Controls

Any level of budget officer may enter a BGTS in the system. However, the document may not be submitted to final status for Workflow, until both the Department Budget Director/CFO and the Secretariat CFO have approved the document. Department Budget Directors/CFOs and Secretariat CFOs must be designated by their respective department heads as authorized signatories and have Mosaic administrator security with Department Head Signature Authorization (DHSA) in the budget functional area. (Please see the CTR Department Head Signature Authorization Policy as well as the CTR Key State Finance Law Compliance Appointments and Responsibilities Document.)

Department and secretariat approval may be made in any manner that can be authenticated as the signature of the department or secretariat CFO such as an executed Transaction Records Management / Signature Authorization Form, a document screen print with signoff and date, a printout of an email approval referencing the document identification number, date and sender, or other written approval. Department CFO signoff can be made electronically by a CFO's submission of a BGTS to final status (which acts as department head signoff). Department CFO and Secretariat CFO approval must be maintained by the department (referencing the Mosaic Transaction ID) for audit purposes.

In the case of an allocation department, they must receive approval from the parent department in advance of submission of the BGTS. A department individual with Administrator security who processes a BGTS in Mosaic to final status for Workflow to A&F is certifying that department CFO, secretariat CFO and parent department signoff (if applicable) was obtained prior to submission of the document to final status and the approvals are retained and available for review at the department.

Procedure

- Transfers between Object Classes must use the Central Subsidiary Budget Transfer – Non-CTR (BGTS) transaction, event types BG07 (Transfer Out An Expense Budget) and BG06 (Transfer In An Expense Budget).
- Once the BGTS is created, insert a new line at Level 3. Since the appropriation already exists, the action should be "Modify" instead of the default of "New".
- Select event type BG07, complete the Dollar Amount field, and leave the default as Increase. If you wish to transfer allotted funds, enter a value in the Allotment Dist Amount field, which equates to the entire amount of the transferred allotted funds.
    - Example – an agency wishes to transfer $50,000 from the EE ($10,000 allotted) and $15,000 from the CC ($3,000 allotted) to the AA ($65,000 total, $13,000 allotted). In this example, $13,000 would be entered in the Allotment Dist Amount field for each line in the transaction.
- Complete the Budget Fiscal Year, appropriation, fund, sub-fund, department and object class information.
- Provide an explanation for why the transfer is needed in the description field.
- If an allotment is involved, select the Allotment link on the secondary control panel, insert a new line, use the current fiscal year in the Period field, and complete the Allotment Amount field, leaving the default action as "Increase".
- Select Level 3 from the secondary control panel to leave the Allotment screen.
- If additional transfers out are needed, copy the line just completed, and insert, making adjustments in the new line to the Dollar Amount, Object Class and Description fields.

- Repeat the allotment line procedure. For a document with numerous lines, it is recommended that you save the document after completing each line.
- In order to complete the information for the object class receiving the funds, it is recommended that you copy one of the BG07 lines, insert it, change the event type to BG06, again leaving the default as "Increase", and adjust the Dollar Amount, Object Class and Description fields.
- If an allotment is involved, select the Allotment link on the secondary control panel, insert a new line, and complete the Period field with the current fiscal year, and the dollar value field, leaving the default action as "Increase".
- If additional transfers in are needed, copy the line just completed, and insert, making adjustments in the new line to the Dollar Amount, Object Class and Description fields.
- Repeat the allotment line procedure.
- Once all transfers in and out are complete, select the Smart Budget Roll-up link at the top of one of the budget lines. This will combine all of the information from the various Level 3 lines, and display it at Levels 1 and 2. This must be done after all of the transfer entries have been completed to allow the document to process in the system.
- Once the roll-up has been completed, select "Validate" at the bottom of the document to ensure that all system requirements have been met.
- Obtain the necessary approvals required in the Internal Controls section.
- Once these have been received, the budget director/CFO may submit the document to Workflow.

Records Management

The department is the keeper of the official record copy of supporting documentation for Mosaic transactions. Mosaic is the official record of financial documents and will supersede any paper copies of the same information. The department file must contain, or refer to the location of, all documentation related to a procurement and resulting contract(s). The department is responsible for retaining and archiving object class transfer request records in accordance with the disposal schedules issued by the Secretary of State Records Conservation Board. Please see the CTR Fiscal Records Management Policy.

Information Sources

Related Policies

- CTR Key State Finance Law Compliance Appointments and Responsibilities Document
- CTR Department Head Signature Authorization Policy
- CTR Fiscal Records Management Policy

Legal Authority

- M.G.L c. 29 § 27
- M.G.L. c. 29 § 29
- M.G.L. c. 7A: Office of the Comptroller
- M.G.L. c. 29: State Finance Law

Attachments

- Transaction Records Management / Signature Authorization Form

Contacts

- CTR Solution Desk