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**MMARS Policy: Payroll**

**Issue Date: July 1, 2004**

**Date Last Revised: November 1, 2006**

## **Payroll Accounting: Payroll Expenditure Adjustment Transactions**

### **Executive Summary**

The Labor Cost Management (LCM) system automates payroll adjustment transactions and reconciles LCM and MMARS payroll expenditure balances. Departments are responsible for processing all payroll adjustments through LCM in order to assure that LCM and MMARS are in sync. LCM transactions do not update any data in HR/CMS, but in some cases are required to keep LCM and MMARS in sync with HR/CMS adjustments.

### **Considerations**

This policy applies to all Commonwealth Branches and Departments.

### **Policy**

#### **Expenditure Correction (LARQ-- PRADJ) Transaction**

The expenditure correction (LARQ-- PRADJ) transaction is a user-entered document that modifies expenditure accounting information recorded on a payroll charge that has been processed through the payroll system. It does not change the dollar amount of the original expenditure. An expenditure correction corrects accounting data by decreasing expenditures in the incorrect Account/Unit/Object code, etc., and increasing expenditures in the correct Account/Unit/Object code, etc.

#### **Rules Edit**

LCM edits will determine whether a Department can process an LARQ-- PRADJ. The important edit will be the LCM rules edit. The rules edit verifies that there is an approved rule in place in the LCM Rules Subsystem to allow an Account change on the LARQ-- PRADJ. If the document fails the rules edit, the

transaction will not process. If the LARQ-- PRADJ crosses fiscal years, it will automatically be work-flowed to be reviewed by the Comptroller's office.

### **Payroll Reject (PRLDE) Transaction**

The payroll reject (PRLDE) transaction is system generated at the time of payroll production. It identifies incorrect or missing data on a processed payroll charge and appends the charge in the Department's payroll reject (so-called "9's") account while it awaits correction. It is important to remember that a payroll reject is a transaction and not merely a report of the error. This data must be corrected in order for the payroll charge to process against the correct expenditure account(s). When corrections are in place, the PRLDE can be processed to decrease expenditures in the 9's account and increase expenditures in the original distribution account.

### **Insufficient Funds (PRLIF) Transaction**

The insufficient funds (PRLIF) transaction is system generated at the time of payroll production. It identifies those Departments, Accounts, Subsidiaries and individual employees whose payroll is not sufficiently funded for a given pay period. Employee payments are held as a result and are not released until sufficient funds are available.

The related payroll charge is appended at the Department's payroll reject (so-called "9's") account. When sufficient funds are in place, the PRLIF can be processed to decrease expenditures at the 9's account and increase expenditures in the original distribution account.

Departments are responsible for working with the Comptroller's Payroll Unit to resolve their insufficient funds problem. Departments can process PRLIF by accessing the document on the MMARS Financial Document Catalog.

### **Expenditure Refund (PRRFC/PRRFP) Transactions**

The expenditure refund (PRRFC) transaction is a LCM system-generated document that allows a Department to put money back into the accounting system that was paid in error. The PRRFC is used for refunds processed in the current fiscal year and for refunds to continuing accounts received after July 1<sup>st</sup>, the start of a new fiscal year.

When payroll is concerned, the PRRFC operates in tandem with a Payroll Refund Receipt Voucher Form and the Payroll Receipt Voucher MMARS Document. This PRRV Form is the document that records the employee specific HR/CMS and Retirement System adjustments to be made; the PRRV MMARS Document is for Departments to use to reconcile the cash transaction Accounting information into MMARS. After the departments enter PRRV MMARS Document detailing the cash deposits and CTR payroll and RET staff enter the PRRV employee corrections in HR/CMS and the RET system, CTR accounting reconciles the

PRRFC and the PRRV MMARS transactions. The transaction in HRCMS creates the PRRFC corrections to labor history in LCM and accounting information in MMARS.

For refunds received in the current fiscal year for prior year expenditures in a non-continuing or budgetary account, a PRRFP transaction is used to process the refund. Departments will use the Payroll Refund Receipt Voucher Form for the PRRFP in the same way they do a PRRFC. A PRRFP (Cash Transfer) functions in the same way as a PRRFC within LCM, however, the PRRFP records a cash deposit (not an expenditure reduction).

Note: More details on the LCM "adjustment" transactions can be found on the Comptroller's web site at: <https://www.macomptroller.org/payroll-and-lcm-for-system-users>

## **Internal Controls**

### **Information Sources**

- Related Procedure – None
- Legal Authority
  - Massachusetts General Laws, Chapter 7A, Sections 3, 7 and 8
  - Massachusetts General Laws, Chapter 29, Section 29
- Attachments - None
- Links - <https://www.macomptroller.org/payroll-and-lcm-for-system-users>
- [Contacts – CTR Help Desk](#)
  
- **November 1, 2006** – Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.