

Cost Allocation (CA) Rejected Transaction Informational Sheet

Purpose

This document was created to inform MOVA-funded state agencies of the cost allocation (CA) rejected transactions or rejects in MMARS which may emerge during prolonged negotiation and approval of payroll tax and fringe benefit rates.

Overview

MOVA-funded state agencies that include compensation to regular and contract employees (object class AA and CC) supported by the Interdepartmental Service Agreement (ISA), must also include fringe benefits (object class DD and object code D09) on the ISA budget. Expenditures in an ISA budget may also trigger indirect costs. Both MOVA and MOVA-funded state agencies are responsible for negotiating the type of expenditures authorized under an ISA and determining if the expenditures will trigger the assessment of indirect costs. These costs must be included as part of the ISA and funded as part of the ISA budget.

Payroll tax, fringe benefit, and indirect costs (PF&I) run monthly the weekend after the first Wednesday of each month, for the prior month's accounting activity. The cost allocation (CA) program responsible for assessing payroll tax, fringe, benefit and indirect costs is system generated and managed by the Office of the Comptroller (CTR).

Reasons for Rejections

Interruptions in the CA program or CA rejects are commonly caused by insufficient funding in accounts and programs, and inactive program (missing program end dates). A rarer, but increasingly more common, cause for CA rejects is delays in approval of payroll tax and fringe benefit rates by the Federal Government. Assessment of fringe and indirect costs cannot begin until the Federal Government approves fringe benefit and payroll tax rates. In FY25, delayed approval caused a backlog of CA rejects which can only be corrected manually by CTR. CA rejects can halt the processing of payroll tax and fringe costs, and complicate reconciliation of costs as rejects prevent actual spending from being recorded in MMARS.

If you experience a CA reject, please contact CTR to resolve and approve the reject. Neither MOVA nor MOVA-funded state agencies are notified when CA rejects occur. You can find a list of CA rejects by searching the document catalog in MMARS.