

## INTER-OFFICE MEMORANDUM

---

Office of Accounts and Control

**TO: Chief Payroll Officers  
All State Agencies**

**DATE: September 19, 2014**

**FROM: Louise Anderson-Sawtelle  
Associate Controller - Operations**

**SUBJECT: Mandatory Direct Deposit  
CPO 15-03**

---

During the most recent legislative session, a new RI general law requiring direct deposit for all employees was enacted (see Budget article on page 2).

Specific to new hires, the law requires all employees hired after September 30, 2014 to participate in direct deposit. Accordingly, any employee hired after this date will require a completed direct deposit authorization form to be included with the new hire paperwork delivered to Accounts & Control Central Payroll. If the direct deposit authorization form is not included, the employee will not be added and the paperwork will be returned to the agency.

Additional communication regarding direct deposit suspension accounts will be forthcoming.

**ARTICLE 9 AS AMENDED**

RELATING TO GOVERNMENT REFORM

SECTION 1. Section 35-6-1 of the General Laws in Chapter 35-6 entitled "Accounts and Control" is hereby amended to read as follows:

**35-6-1. Controller -- Duties in general.** -- (a) Within the department of administration there shall be a controller who shall be appointed by the director of administration pursuant to chapter 4 of title 36. The controller shall be responsible for accounting and expenditure control and shall be required to:

(1) Administer a comprehensive accounting and recording system which will classify the transactions of the state departments and agencies in accordance with the budget plan;

(2) Maintain control accounts for all supplies, materials, and equipment for all departments and agencies except as otherwise provided by law;

(3) Prescribe a financial, accounting, and cost accounting system for state departments and agencies;

(4) Preaudit all state receipts and expenditures;

(5) Prepare financial statements required by the several departments and agencies, by the governor, or by the general assembly;

(6) Approve the orders drawn on the general treasurer; provided, that the preaudit of all expenditures under authority of the legislative department and the judicial department by the state controller shall be purely ministerial, concerned only with the legality of the expenditure and availability of the funds, and in no event shall the state controller interpose his or her judgment regarding the wisdom or expediency of any item or items of expenditure;

(7) Prepare and timely file, on behalf of the state, any and all reports required by the United States, including, but not limited to, the internal revenue service, or required by any department or agency of the state, with respect to the state payroll; and

(8) Prepare a preliminary closing statement for each fiscal year. The controller shall forward the statement to the chairpersons of the house finance committee and the senate finance committee, with copies to the house fiscal advisor and the senate fiscal and policy advisor, by September 1 following the fiscal year ending the prior June 30 or thirty (30) days after enactment of the appropriations act, whichever is later. The report shall include but is not limited to:

1 (i) A report of all revenues received by the state in the completed fiscal year, together  
2 with the estimates adopted for that year as contained in the final enacted budget, and together  
3 with all deviations between estimated revenues and actual collections. The report shall also  
4 include cash collections and accrual adjustments;

5 (ii) A comparison of actual expenditures with each of the actual appropriations,  
6 including supplemental appropriations and other adjustments provided for in the Rhode Island  
7 General Laws;

8 (iii) A statement of the opening and closing surplus in the general revenue account; and

9 (iv) A statement of the opening surplus, activity, and closing surplus in the state budget  
10 reserve and cash stabilization account and the state bond capital fund.

11 (b) The controller shall provide supporting information on revenues, expenditures,  
12 capital projects, and debt service upon request of the house finance committee chairperson, senate  
13 finance committee chairperson, house fiscal advisor, or senate fiscal and policy advisor.

14 (c) Upon issuance of the audited annual financial statement, the controller shall provide a  
15 report of the differences between the preliminary financial report and the final report as contained  
16 in the audited annual financial statement.

17 (d) Upon issuance of the audited financial statement, the controller shall transfer all  
18 general revenues received in the completed fiscal year net of transfer to the state budget reserve  
19 and cash stabilization account as required by section 35-3-20 in excess of those estimates adopted  
20 for that year as contained in the final enacted budget to the employees' retirement system of the  
21 state of Rhode Island as defined in section 36-8-2.

22 (e) The controller shall create a special fund not part of the general fund and shall  
23 deposit amounts equivalent to all deferred contributions under this act into that fund. Any  
24 amounts remaining in the fund on June 15, 2010, shall be transferred to the general treasurer who  
25 shall transfer such amounts into the retirement system as appropriate.

26 (f) The controller shall implement a direct deposit payroll system for state employees.

27 (i) There shall be no service charge of any type paid by the state employee at any time  
28 which shall decrease the net amount of the employee's salary deposited to the financial institution  
29 of the personal choice of the employee as a result of the use of direct deposit.

30 (ii) Employees hired after September 30, 2014, shall participate in the direct deposit  
31 system. At the time the employee is hired, the employee shall identify a financial institution that  
32 will serve as a personal depository agent for the employee.

33 (iii) No later than June 30, 2016, each employee hired before September 30, 2014, who is  
34 not a participant in the direct deposit system, shall identify a financial institution that will serve as

1 [a personal depository agent for the employee.](#)

2 [\(iv\) The controller shall promulgate rules and regulations as necessary for](#)  
3 [implementation and administration of the direct deposit system, which shall include limited](#)  
4 [exceptions to required participation.](#)

5 SECTION 2. Section 36-7-2 of the General Laws in Chapter 36-7 entitled "Federal Old-  
6 Age and Survivors' Insurance" is hereby amended to read as follows:

7 **36-7-2. Definitions.** -- For the purposes of §§ 36-7-1 – 36-7-31, 36-7-33.1, and 36-7-35,  
8 the following terms shall have the meanings indicated unless different meanings are clearly  
9 expressed or required by the context:

10 (1) "Agency of the state" shall mean:

11 (i) All departments, divisions, agencies, and instrumentalities of the state which are not  
12 juristic entities, legally separate and distinct from the state;

13 (ii) Civilian employees of the Rhode Island national guard; or

14 (iii) Any instrumentality of the state such as fire districts, water districts, water  
15 authorities, sewer commissions and authorities, housing authorities, or other instrumentality of  
16 the state which are a juristic entity and legally separate and distinct from the state and if the  
17 employees of the instrumentality are not by virtue of their relation to juristic entity employees of  
18 the state. Without limiting the generality of the foregoing, examples of those agencies would be  
19 the Kent County water authority, the Providence housing authority, the Blackstone Valley sewer  
20 district commission, and other like instrumentalities of the state.

21 (2) "City or town" shall mean:

22 (i) Any city or town of the state of Rhode Island, inclusive of any department, division,  
23 agency, board, commission, or bureau thereof;

24 (ii) Any instrumentality of a city or town which is a juristic entity and legally separate  
25 and distinct from the city or town and if its employees are not by virtue of their relation to the  
26 juristic entity employees of the city or town; or

27 (iii) Any instrumentality of two or more citizens and/or towns which is a juristic entity as  
28 provided in subdivision (ii) hereof.

29 (3) "IRC" shall mean the Internal Revenue Code of 1986, as amended.

30 (4) "Coverage group" shall mean:

31 (i) All employees of the state other than those engaged in performing service in  
32 connection with a proprietary function;

33 (ii) All employees of a city or town other than those engaged in performing service in  
34 connection with a single proprietary function;