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ARTICLE 13 AS AMENDED

RELATING TO BUDGET ACCOUNTS

SECTION 1. Section 35-4-27 of the General Laws in Chapter 35-4 entitled “State Funds” is hereby amended to read as follows:

35-4-27. Indirect cost recoveries on restricted receipt accounts. – Indirect cost recoveries of ten percent (10%) of cash receipts shall be transferred from all restricted receipt accounts, to be recorded as general revenues in the general fund. However, there shall be no transfer from cash receipts with restrictions received exclusively: (1) from contributions from non-profit charitable organizations; (2) from the assessment of indirect cost recovery rates on federal grant funds; or (3) through transfers from state agencies to the department of administration for the payment of debt service. These indirect cost recoveries shall be applied to all accounts, unless prohibited by federal law or regulation, court order, or court settlement. The following restricted receipt accounts shall not be subject to the provisions of this section:

- Executive Office of Health and Human Services
- Organ Transplant Fund
- HIV Care Grant Drug Rebates
- Department of Human Services
- Veterans' home – Restricted account
- Veterans' home – Resident benefits
- Pharmaceutical Rebates Account
- Demand Side Management Grants
- Veteran's Cemetery Memorial Fund
- Donations- New Veterans' Home Construction
- Department of Health
- Providence Water Lead Grant
- Pandemic medications and equipment account
- [Miscellaneous Donations/Grants from Non-Profits](#)
- [State Loan Repayment Match](#)
- Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
- Eleanor Slater non-Medicaid third-party payor account

1 Hospital Medicare Part D Receipts
2 RICLAS Group Home Operations
3 Commission on the Deaf and Hard of Hearing
4 Emergency and public communication access account
5 Department of Environmental Management
6 National heritage revolving fund
7 Environmental response fund II
8 Underground storage tanks registration fees
9 Rhode Island Historical Preservation and Heritage Commission
10 Historic preservation revolving loan fund
11 Historic Preservation loan fund – Interest revenue
12 Department of Public Safety
13 Forfeited property – Retained
14 Forfeitures – Federal
15 Forfeited property – Gambling
16 Donation – Polygraph and Law Enforcement Training
17 Rhode Island State Firefighter's League Training Account
18 Fire Academy Training Fees Account
19 Attorney General
20 Forfeiture of property
21 Federal forfeitures
22 Attorney General multi-state account
23 Forfeited property – Gambling
24 Department of Administration
25 [RI Health Benefits Exchange](#)
26 Office of Management and Budget
27 Information Technology Investment Fund
28 Restore and replacement – Insurance coverage
29 Convention Center Authority rental payments
30 Investment Receipts – TANS
31 Car Rental Tax/Surcharge-Warwick Share
32 Housing Resources Commission Restricted Account
33 [Department of Revenue](#)
34 [Jobs Tax Credit Redemption Fund](#)

1 Legislature
2 Audit of federal assisted programs
3 Department of Children, Youth and Families
4 Children's Trust Accounts – SSI
5 Military Staff
6 RI Military Family Relief Fund
7 RI National Guard Counterdrug Program
8 Treasury
9 Admin. Expenses – State Retirement System
10 Retirement – Treasury Investment Options
11 [Defined Contribution – Administration - RR](#)
12 Violent Crimes Compensation – Refunds
13 Treasury Research Fellowship
14 Business Regulation
15 Banking Division Reimbursement Account
16 Office of the Health Insurance Commissioner Reimbursement Account
17 Securities Division Reimbursement Account
18 Commercial Licensing and Racing and Athletics Division Reimbursement Account
19 Insurance Division Reimbursement Account
20 Historic Preservation Tax Credit Account.
21 Judiciary
22 Arbitration Fund Restricted Receipt Account
23 Third Party Grants
24 [RI Judiciary Technology Surcharge Account](#)
25 Department of Elementary and Secondary Education
26 Statewide Student Transportation Services Account
27 School for the Deaf Fee for Service Account
28 Davies Career and Technical School Local Education Aid Account
29 [Davies – National School Breakfast & Lunch Program](#)
30 Department of Labor and Training
31 Job Development Fund
32 Department of Transportation
33 Rhode Island Highway Maintenance Account
34 SECTION 2. Section 35-6-1 of the General Laws in Chapter 35-6 entitled “Accounts and

1 Control” is hereby amended to read as follows:

2 35-6-1. Controller – Duties in general. – (a) Within the department of administration
3 there shall be a controller who shall be appointed by the director of administration pursuant to
4 chapter 4 of title 36. The controller shall be responsible for accounting and expenditure control
5 and shall be required to:

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

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

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

12 (4) Preaudit all state receipts and expenditures;

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

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

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

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

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

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

1 (iii) A statement of the opening and closing surplus in the general revenue account; and
2 (iv) A statement of the opening surplus, activity, and closing surplus in the state budget
3 reserve and cash stabilization account and the state bond capital fund.

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

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

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

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

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

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

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

26 (iii) No later than June 30, 2016, each employee hired before September 30, 2014, who is
27 not a participant in the direct deposit system, shall identify a financial institution that will serve as
28 a personal depository agent for the employee.

29 (iv) The controller shall promulgate rules and regulations as necessary for
30 implementation and administration of the direct deposit system, which shall include limited
31 exceptions to required participation.

32 SECTION 3. Section 1 shall take effect upon passage. Section 2 shall take effect as of
33 July 1, 2014.

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