



STATE OF RHODE ISLAND
DEPARTMENT OF ADMINISTRATION

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DATE: July 2, 2021
TO: Chief Financial Officers
FROM: Sandra Morgan
SUBJECT: **Accounting Procedure for Information Technology
Internal Service Fund**

The following accounting procedures for the Information Technology Internal Service Fund is effective immediately.

In cases where the Information Technology Internal Service Fund incurs a non-capitalizable expenditure through purchasing an item on behalf of a particular State agency, the IT Fund shall bill the full purchase price of that item to that agency on its next monthly State-wide billing. The agency may not arrange for a special plan with the IT Fund administrators to extend their payment over a period of time.

In cases where the IT Fund incurs a capitalizable expenditure on behalf of a particular State agency, a depreciation or amortization schedule must first be established for the asset in accordance with the State's fixed asset policies. The schedule will depend on the nature of the asset purchased, its cost, and its estimated useful life. The IT Fund shall bill the State agency in the amount of one month's worth of depreciation/amortization costs in the first month after the purchase, and it shall continue billing the agency this amount every month thereafter until the full accumulated depreciation amount has been received.