

TITLE 38: FINANCIAL INSTITUTIONS
CHAPTER V: COMPTROLLER

PART 650
DIRECT DEPOSIT (REPEALED)

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AUTHORITY: Implementing and authorized by Section 9.03 of the State Comptroller Act, approved September 7, 1972, as amended, [15 ILCS 405/9.03].

SOURCE: Adopted at 7 Ill. Reg. 14937, effective November 2, 1983; repealed at 50 Ill. Reg. _____, effective _____.

Section 650.100 Scope

This Part governs the making of direct deposit of recurring payments to:

- a) persons receiving benefit payments from the Comptroller under the state pension systems as provided in the Illinois Pension Code (Ill. Rev. Stat. 1981, ch. 108½, pars. 1-101 et seq.); and
- b) individuals receiving assistance under Article III of "The Illinois Public Aid Code", (Ill. Rev. Stat. 1981, ch. 23, pars. 3-1 et seq.) as provided in Section 9.02 of the State Comptroller Act, Ill. Rev. Stat. 1981, ch. 15, par. 209.03.

Section 650.110 Definitions

As used in this Part:

"Credit payment" means an order for the payment of money issued by the Comptroller under this Part to pay a recurring payment. A credit payment may be contained in any form of communication, other than voice, which is registered upon magnetic tape, disc and or any other medium designed to capture and contain in durable form conventional signals used for the electronic communication of messages.

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"Financial Institution" means any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union which is capable of receiving credit entries pursuant to this Part.

"Originating Depository Financial Institution" means the financial institution selected by the Comptroller to transmit recurring payments through the automated clearing house system to the recipients' financial institutions. The Originating Depository Financial Institution will be selected in accordance with the Comptroller's Purchasing Rules.

"Paying State Agency" means any entity of State government with authority to direct the Comptroller to make payments under this Part.

"Payment Date" means the date specified for a credit payment. Such date is the date on which the funds specified in the credit payment are to be available for withdrawal from the recipient's account with the financial institution specified by such recipient. If the payment date is not a business day for the financial institution receiving a credit payment, or for the Federal Reserve Bank from which it received such payment, then the next succeeding business day for both shall be deemed to be the payment date.

"Recipient" means a person entitled to receive credit payments under this Part.

"Recurring Payment" means any benefit, annuity or other payment made by the Comptroller at regular intervals.

"Standard Authorization Form" means the form prescribed by the Comptroller, which must be utilized by recipients to authorize credit payments under this Part.

Section 650.120 Recipients

- a) In order for a recipient to receive a recurring payment by means of direct deposit of the amounts of credit payments under this Part, at a financial institution of the recipient's choosing and to an account the title of which includes the recipient's name, the recipient shall execute the applicable portion of the Standard Authorization Form, present it to the financial institution which will receive the credit payments, for execution of the applicable portion, and deliver it to the paying State Agency. The recipient and the financial institution shall be responsible for any inaccuracy in the data entered by each of them, respectively, on such Standard Authorization Form.
- b) In executing a Standard Authorization Form, a recipient:

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- 1) designates the financial institution and the account on the books of such financial institution to which the amounts of the credit payments shall be credited;
 - 2) is deemed to agree to the provisions of this Part;
 - 3) authorizes the paying State Agency or the Comptroller to terminate any previously executed Standard Authorization Form or any other inconsistent payment instructions applicable to the relevant recurring payment; and
 - 4) authorizes the paying State Agency and the Comptroller to deduct from a designated account or from subsequent recurring payments all credit payments deposited in error.
- c) A recipient shall execute a separate Standard Authorization Form for each paying State Agency processing recurring payments hereunder. If a recipient wishes to direct a recurring payment to a different account or financial institution, the recipient shall execute a new Standard Authorization Form.
- d) A recipient may at any time terminate a Standard Authorization Form by giving 45 day written notice to the paying State Agency. Cancellations initiated at the recipient's financial institution shall not take effect until 45 days after receipt by the paying State Agency.
- e) The death or legal incapacity of a recipient shall terminate the Standard Authorization Form.
- f) The Comptroller or the paying State Agency may terminate a recipient's participation in direct deposit by giving the recipient written notice of termination. Such termination may occur on account of involuntary withholding (such as offsets under Section 10.05 of the State Comptroller Act, Ill. Rev. Stat. 1981, ch. 15, par. 210.05) applied to such payments or where otherwise required to protect the interests of the State of Illinois.
- g) A recipient may request only that a credit payment be in the full amount of the recurring payment and be credited to one account on the books of a financial institution. Except as authorized by law or other rules, the procedures set forth in these rules shall not be used for effectuating an assignment of a recurring payment.
- h) A change in the title of an account on the books of a financial institution which

130 removes the name of the recipient, shall terminate any Standard Authorization
131 Form in which that account is designated, and shall require the execution of a new
132 Standard Authorization Form before further credit payments may be credited to
133 that account.
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135 **Section 650.130 Paying State Agencies**
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- 137 a) The paying State Agency shall use its best efforts to inform eligible recipients of
138 the procedures for enrolling in the State of Illinois Direct Deposit Program. Upon
139 request, the Comptroller will supply paying State Agencies with blank Standard
140 Authorization Forms to be provided to eligible recipients. Other Standard
141 Authorization Forms may be utilized upon the prior written consent of the
142 Comptroller.
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- 144 b) The paying State Agency must maintain a copy of each currently effective
145 Standard Authorization Form.
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- 147 c) During the period in which the Standard Authorization Form is in effect, upon the
148 request of the recipient's financial institution, the paying State Agency must
149 provide a copy (readable without optical aid) of the Standard Authorization Form.
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- 151 d) Upon termination of the Standard Authorization Form, the paying State Agency
152 must provide the Comptroller with the Authorization Form with the date of
153 termination clearly noted thereon. The Comptroller will maintain such terminated
154 Authorization Forms for the required period (currently six (6) years).
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- 156 e) During the term of the Standard Authorization Form, the paying State Agency
157 must maintain the data necessary for the direct deposit of credit payments to the
158 account of the recipient and shall make such data available for the issuance of
159 such credit payments in sufficient time for the Comptroller, in performing his
160 disbursing function, to carry out his responsibilities under these rules so that the
161 funds will be made available to the recipient on the payment date. Such data shall
162 be certified as provided in Sections 9.02 and 10 of "An Act in relation to State
163 finance" (Ill. Rev. Stat. 1981, ch. 127, pars. 145c, 146).
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- 165 f) Nothing in this Part shall be construed to alter the relationship between paying
166 State Agencies and the recipients receiving credit payments pursuant to these
167 Rules. In this regard, the paying State Agencies shall be primarily responsible for
168 handling inquiries and resolving problems for their recipients concerning matters
169 traditionally under the purview of State Agencies initiating vouchers for payment
170 by State Warrant.
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172 **Section 650.140 Direct Deposit – System Test**

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- a) Upon receipt of a properly executed Standard Authorization Form, the paying State Agency must conduct a test transaction (initiating a zero dollar deposit) to verify the accuracy of the information contained in the Standard Authorization Form.
- b) No transactions utilizing "live" data may be processed until 15 days after the test transaction has been delivered to the Comptroller.

Section 650.150 Recurring Direct Deposits

- a) Where a direct deposit may not be processed by the recipient's financial institution, such institution shall promptly return such funds to the State. The Comptroller shall draw a warrant for payment to the recipient upon the presentation of a voucher of the paying State Agency for such payment.
- b) If a direct deposit is made in error or on behalf of a recipient who is not entitled to receive such direct deposit, by reason of death or otherwise, the paying State Agency shall initiate a correcting entry (either debit or credit) in accordance with the Operating Rules of the National Automated Clearing House Associations. For the purposes of this Part, the Operating Rules of the National Automated Clearing House Associations are incorporated by reference as of November 1, 1983. The paying State Agency, upon detecting an error requiring a correcting entry, must notify both the recipient and the recipient's financial institution of its intended action. Upon the receipt of funds representing a return of a credit entry, the Comptroller will provide the paying State Agency with the information necessary to correct or complete the transaction.
- c) If, upon processing the correcting entry, the recipient's account is closed or is insufficient to cover the entire amount to be returned, the paying State Agency and the recipient's financial institution shall be responsible for initiating the appropriate action to obtain recoupment. The Comptroller will notify the paying State Agency upon being made aware of any problems or deficiencies in returning funds representing the correcting entry.

Section 650.160 Treasurer

- a) Prior to delivery of a group direct deposits to the Originating Depository Financial Institution, the Comptroller shall present to the Treasurer for approval and countersignature a warrant drawn in an amount certified by the paying State Agency and sufficient to cover each direct deposit in the group.
- b) The Comptroller shall retain documentation of the Treasurer's approval of each

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group of payment made by direct deposit for the period and in the manner prescribed for the retention of warrants in Section 1 of "An Act in relation to the reproduction and destruction of records kept by the Comptroller," (Ill. Rev. Stat. 1981, ch. 15, par. 225).