

#### **IC 4-13-2-1 Short title of act; definitions**

Sec. 1. (a) This chapter may be known and cited as the "Financial Reorganization Act of 1947".

(b) This chapter applies to all agencies of the state. As used in this chapter, "agency" refers to every officer, board, commission, department, division, bureau, committee, employee, and other instrumentality of the state, including: state hospitals, state penal institutions, and other state institution enterprises and activities wherever located, except, unless specifically included, the following:

- (1) Military officers and military and armory boards of the state.
- (2) The state fair commission.
- (3) The supreme court and the court of appeals.
- (4) the legislative department of state government including:
  - (A) the senate;
  - (B) the house of representatives;
  - (C) the legislative council; and
  - (D) the legislative services agency.
- (5) State educational institutions.
- (6) Persons and institutions under the control of an entity described in subdivision (1), (2), (3), (4), or (5).
- (7) All counties, cities, towns, townships, school towns, townships, and other municipal corporations or political subdivisions of the state.

(c) As used in this chapter, "supplies", "materials", "equipment", and "services" means any and all articles and things, and all services other than personal, used by, or furnished to, any agency, including printing, binding, publication of books and records, repairs and improvements, utility services, and any and all other services required for the maintenance, operation, or upkeep of buildings and offices.

(d) The enumeration of the things specified in this section are not exclusive.

*Formerly: Acts 1947, c.279, s.1; Acts 1967, c.184, s.1. As amended by Acts 1981, P.L.31, SEC.1; P.L.30-1987, SEC.1; P.L.20-1990, SEC.1; P.L.5-1995, SEC.3; P.L.2-2007, SEC.35.*

#### **IC 4-13-2-14.1 Contracts; approval of state officials; rules for electronic approval; file of information**

**Sec. 14.1. (a) A contract to which a state agency is a party must be approved by the following persons:**

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency. The director of the budget agency is not required to approve a contract:
  - (A) for supplies under IC 5-22, unless the budget agency is required to approve the contract under rules or written policies adopted under IC 5-22; or
  - (B) for public works under IC 4-13.6, if the estimated cost of the contract is less than one hundred thousand dollars (\$100,000).
- (3) The attorney general, as required by section 14.3 of this chapter.

(b) Each of the persons listed in subsection (a) may delegate to another person the responsibility to approve contracts under this section. The delegation must be in writing and must be filed with the Indiana department of administration.

(c) The Indiana department of administration may adopt rules under IC 4-22-2 to provide for electronic approval of contracts. Electronic approval may include obtaining the equivalent of a signature from all contracting parties using an electronic method, so long as the method allows the party to read the terms of the contract and to manifest the party's agreement to the contract by clicking on an "ok", an "agree", or a similarly labeled button or allows the party to not agree to the contract by clicking on a "cancel", "don't agree", "close window", or similarly labeled button. Rules adopted under this subsection must provide for the following:

- (1) Security to prevent unauthorized access to the approval process.
- (2) The ability to convert electronic approvals into a medium allowing persons inspecting or copying contract records to know when approval has been given.

The rules adopted under this subsection may include any other provisions the department considers necessary.

(d) The Indiana department of administration shall maintain a file of information concerning contracts and leases to which a state agency is a party.

*As added by P.L.31-1987, SEC.1. Amended by P.L.26-1989, SEC.4; P.L.33-1995, SEC.1; P.L.49-1997, SEC.12; P.L.262-2001, SEC.1; P.L.113-2010, SEC.8; P.L.257-2019, SEC.2.*

**IC 4-13-2-14.3 Contracts of state agencies; review by attorney general for form and legality; advice to agency; forms**

*Sec. 14.3. (a) Except as provided in subsection (e), the attorney general must review for form and legality contracts to which a state agency is a party, unless the contract is not required to be in writing under section 14.2 of this chapter.*

*(b) If the attorney general finds that a contract does not meet the requirements of law, the attorney general shall:*

- (1) disapprove the contract;*
- (2) explain in writing to the contracting agency how the contract is legally defective; and*
- (3) assist the agency to remedy defects that are found, if possible.*

*(c) If the attorney general finds that the form of a contract is inappropriate but that the contract is legal, the attorney general may disapprove the contract and shall advise the agency how the form is defective and how the form may be improved.*

*(d) The attorney general shall advise the contracting agency as to the form and legality of the contract within forty-five (45) days after its submission for review. If the attorney general does not advise the agency within forty-five (45) days after submission, the contract is considered to be approved.*

*(e) The attorney general may approve contract forms or, by rules adopted under IC 4-22-2, contract types to be used by a state agency and specify the conditions under which the approved forms or types may be used. An agency using a contract form or contract type approved by the attorney general is not required to submit individual contracts using the forms or types for review by the attorney general under this section. Changes in an approved form or type must:*

- (1) be approved by the attorney general; and*
- (2) be made in accordance with IC 5-15-5.1-5.*

*(f) The attorney general may delegate to a deputy a power or responsibility given to the attorney general under this section.*

*As added by P.L.31-1987, SEC.3.*

**IC 4-13-2-18 Appropriations; administration of allotment system; unauthorized payment by officers**

*Sec. 18. (a) For the purpose of the administration of the allotment system provided by this section, each fiscal year shall be divided into four (4) quarterly allotment periods, beginning respectively on the first day of July, October, January, and April. In any case where the quarterly allotment period is impracticable, the budget director may prescribe a different period suited to the circumstances but not extending beyond the end of any fiscal year.*

*(b) Except as otherwise expressly provided in this section, the provisions of this chapter relating to the allotment system and to the encumbering of funds shall apply to appropriations and funds of all kinds, including standing or annual appropriations and dedicated funds, from which expenditures are to be made from time to time by or under the authority of any state agency. The provisions relating to the*



allotment system shall not apply to money made available for the purpose of conducting a post-audit of financial transactions of any state agency. Likewise, appropriations for construction or for the acquisition of real estate for public purposes may be exempted from the allotment system by the budget director. The budget director shall prescribe regulations as will ensure the proper application and encumbering of those funds.

(c) No appropriation to any state agency shall become available for expenditure until:

(1) the state agency shall have submitted to the budget agency a request for allotment, the request for allotment to consist of an estimate of the amount required for each activity and each purpose for which money is to be expended during the applicable allotment period; and

(2) the estimate contained in the request for allotment shall have been approved, increased, or decreased by the budget director and funds allotted as provided.

The form of a request for allotment, including a request by hand, mail, facsimile transmission, or other electronic transmission, shall be prescribed by the budget agency with the approval of the auditor of state and shall be submitted to them at least twenty-five (25) days prior to the beginning of the allotment period.

(d) Each request for allotment shall be reviewed by the budget agency and respective amounts shall be allotted for expenditure if:

(1) the estimate is within the terms of the appropriation as to amount and purpose, having due regard for the probable future needs of the state agency for the remainder of the fiscal year or other term for which the appropriation was made; and

(2) the agency contemplates expenditure of the allotment during the period.

Otherwise the budget agency shall modify the estimate to conform with the terms of the appropriation and the prospective needs of the state agency, and shall reduce the amount to be allotted accordingly. The budget agency shall act promptly upon all requests for allotment and shall notify every state agency of its allotments at least five (5) days before the beginning of each allotment period. The total amount allotted to any agency for the fiscal year or other term for which the appropriation was made shall not exceed the amount appropriated for the year or term.

(e) The budget director shall also have authority at any time to modify or amend any allotment previously made by the budget director.

(f) In case the budget director shall discover at any time that:

(1) the probable receipts from taxes or other sources for any fund will be less than were anticipated; and  
(2) as a consequence the amount available for the remainder of the term of the appropriation or for any allotment period will be less than the amount estimated or allotted;

the budget director shall, with the approval of the governor, and after notice to the state agency or agencies concerned, reduce the amount or amounts allotted or to be allotted to prevent a deficit.

(g) The budget agency shall promptly transmit records of all allotments and modifications to the auditor of state.

(h) The auditor of state shall maintain as a part of the central accounting system for the state, as provided, records showing at all times, by funds, accounts, and other pertinent classifications, the amounts appropriated, the estimated revenues, the actual revenues or receipts; the amounts allotted and available for expenditure, the total expenditures, the unliquidated obligations, actual balances on hand, and the unencumbered balances of the allotments for each state agency.

(i) No payment shall be made from any fund, allotment, or appropriation unless the auditor of state shall first certify that there is a sufficient unencumbered balance in the fund, allotment, or appropriation, after taking into consideration all previous expenditures to meet the same. In the case of an obligation to be paid from federal funds, a notice of a federal grant award shall be considered an appropriation against which obligations may be incurred, funds may be allotted, and encumbrances may be made.

**(j) Every expenditure or obligation authorized or incurred in violation of the provisions of this chapter shall be void. Every payment made in violation of the provisions of this chapter shall be illegal, and every official authorizing or making a void payment, or taking part in a void payment, and every person receiving a void payment, or any part of a void payment, shall be jointly and severally liable to the state for the full amount paid or received. If any appointive officer or employee of the state shall knowingly incur any obligation or shall authorize or make any expenditure in violation of the provisions of this chapter, or take any part, it shall be ground for removal of the appointive officer or employee of the state by the officer appointing the appointive officer or employee of the state. If the appointing officer is a person other than the governor and fails to remove the officer or employee, the governor may exercise the power of removal after giving notice of the charges and opportunity for hearing to the accused officer or employee and to the officer appointing the accused officer or employee.**

*Formerly: Acts 1947, c.279, s.20; Acts 1953, c.135, s.1. As amended by Acts 1981, P.L.32, SEC.13; P.L.28-1983, SEC.10; P.L.6-1996, SEC.4; P.L.215-2016, SEC.81.*