

HOUSE BILL No. 1420

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-13-2.

Synopsis: Advance payment to human services vendors. Requires certain agencies that provide services to individuals or families to make an advance payment on the amount of the contract to contractors that are small businesses and that provide those services at the request of the contractor.

Effective: July 1, 2020.

Porter

January 15, 2020, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 121st General Assembly (2020)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2019 Regular Session of the General Assembly.

HOUSE BILL No. 1420

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-13-2-20, AS AMENDED BY P.L.210-2015,
- 2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2020]: Sec. 20. (a) Except as otherwise provided in this
- 4 section or IC 12-8-10-7, payment for any services, supplies, materials,
- 5 or equipment shall not be paid from any fund or state money in
- 6 advance of receipt of such services, supplies, materials, or equipment
- 7 by the state.
- 8 (b) With the prior approval of the budget agency, payment may be
- 9 made in advance for any of the following:
- 10 (1) War surplus property.
- 11 (2) Property purchased or leased from the United States
- 12 government or its agencies.
- 13 (3) Dues and subscriptions.
- 14 (4) License fees.
- 15 (5) Insurance premiums.
- 16 (6) Utility connection charges.
- 17 (7) Federal grant programs where advance funding is not



- 1 prohibited and, except as provided in subsection (i), the
 2 contracting party posts sufficient security to cover the amount
 3 advanced.
- 4 (8) Grants of state funds authorized by statute.
- 5 (9) Employee expense vouchers.
- 6 (10) Beneficiary payments to the administrator of a program of
 7 self-insurance.
- 8 (11) Services, supplies, materials, or equipment to be received
 9 from an agency or from a body corporate and politic.
- 10 (12) Expenses for the operation of offices that represent the state
 11 under contracts with the Indiana economic development
 12 corporation and that are located outside Indiana.
- 13 (13) Services, supplies, materials, or equipment to be used for
 14 more than one (1) year under a discounted contractual
 15 arrangement funded through a designated leasing entity.
- 16 (14) Maintenance of equipment and maintenance of software if
 17 there are appropriate contractual safeguards for refunds as
 18 determined by the budget agency.
- 19 (15) Exhibits, artifacts, specimens, or other unique items of
 20 cultural or historical value or interest purchased by the state
 21 museum.
- 22 **(16) Payments to a vendor of human services under section**
 23 **20.5 of this chapter. The budget agency's approval of a**
 24 **contract with a vendor of human services is considered the**
 25 **budget agency's prior approval of a payment under this**
 26 **subsection.**
- 27 (c) Any agency and any state educational institution may make
 28 advance payments to its employees for duly accountable expenses
 29 exceeding ten dollars (\$10) incurred through travel approved by:
- 30 (1) the employee's respective agency director, in the case of an
 31 agency; and
- 32 (2) a duly authorized person, in the case of any state educational
 33 institution.
- 34 (d) The auditor of state may, with the approval of the budget agency
 35 and of the commissioner of the Indiana department of administration:
- 36 (1) appoint a special disbursing officer for any agency or group of
 37 agencies whenever it is necessary or expedient that a special
 38 record be kept of a particular class of disbursements or when
 39 disbursements are made from a special fund; and
- 40 (2) approve advances to the special disbursing officer or officers
 41 from any available appropriation for the purpose.
- 42 (e) The auditor of state shall issue the auditor's warrant to the



1 special disbursing officer to be disbursed by the disbursing officer as
2 provided in this section. Special disbursing officers shall in no event
3 make disbursements or payments for supplies or current operating
4 expenses of any agency or for contractual services or equipment not
5 purchased or contracted for in accordance with this chapter and
6 IC 5-22. No special disbursing officer shall be appointed and no money
7 shall be advanced until procedures covering the operations of special
8 disbursing officers have been adopted by the Indiana department of
9 administration and approved by the budget agency. These procedures
10 must include the following provisions:

11 (1) Provisions establishing the authorized levels of special
12 disbursing officer accounts and establishing the maximum
13 amount which may be expended on a single purchase from special
14 disbursing officer funds without prior approval.

15 (2) Provisions requiring that each time a special disbursing officer
16 makes an accounting to the auditor of state of the expenditure of
17 the advanced funds, the auditor of state shall request that the
18 Indiana department of administration review the accounting for
19 compliance with IC 5-22.

20 (3) A provision that, unless otherwise approved by the
21 commissioner of the Indiana department of administration, the
22 special disbursing officer must be the same individual as the
23 procurements agent under IC 4-13-1.3-5.

24 (4) A provision that each disbursing officer be trained by the
25 Indiana department of administration in the proper handling of
26 money advanced to the officer under this section.

27 (f) The commissioner of the Indiana department of administration
28 shall cite in a letter to the special disbursing officer the exact purpose
29 or purposes for which the money advanced may be expended.

30 (g) A special disbursing officer may issue a check to a person
31 without requiring a certification under IC 5-11-10-1 if the officer:

32 (1) is authorized to make the disbursement; and

33 (2) complies with procedures adopted by the state board of
34 accounts to govern the issuance of checks under this subsection.

35 (h) A special disbursing officer is not personally liable for a check
36 issued under subsection (g) if:

37 (1) the officer complies with the procedures described in
38 subsection (g); and

39 (2) funds are appropriated and available to pay the warrant.

40 (i) For contracts entered into between the department of workforce
41 development or the Indiana commission for career and technical
42 education and:



- 1 (1) a school corporation (as defined in IC 20-18-2-16); or
 2 (2) a state educational institution;
 3 the contracting parties are not required to post security to cover the
 4 amount advanced.
- 5 SECTION 2. IC 4-13-2-20.5 IS ADDED TO THE INDIANA CODE
 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 7 1, 2020]: **Sec. 20.5. (a) As used in this section, "human services"**
 8 **refers to services provided to individuals or families by a human**
 9 **services agency.**
- 10 (b) As used in this section, "human services agency" refers to
 11 any of the following:
- 12 (1) The office of the secretary of family and social services.
 13 (2) The state department of health.
 14 (3) The department of child services.
- 15 (c) As used in this section, "human services provider" refers to
 16 a person that provides human services to individuals or families
 17 under a contract with a human services agency.
- 18 (d) As used in this section "small business" has the meaning set
 19 forth in IC 5-22-14-1.
- 20 (e) Subject to subsection (f), at the request of a human services
 21 provider, the human services agency shall pay to the human
 22 services provider an advance payment on the contract at the time
 23 the human services agency enters into the contract with the human
 24 services provider.
- 25 (f) An advance payment made under this section is subject to the
 26 following:
- 27 (1) The human services provider must be a small business.
 28 (2) An advance payment may not be greater than ten percent
 29 (10%) of the total contract amount.
 30 (3) Other policies established by the human services agency
 31 and the budget agency.

