

INDIANA STATE BUDGET AGENCY

Financial Management Circular: #2007-4

Effective Date: June 1, 2007

General Subject: Fiscal Spending Plan

Specific Subject: Requirements for Development, Submission, and Monitoring of a State Agency Fiscal Spending Plan.

Authority: IC 4-12-1

Application: This Circular applies to all instrumentalities (hereafter referred to as “State agencies”) of the Executive Branch, including all bodies corporate and politic, excluding only state educational institutions (as defined in IC 20-12-0.5-1), the Secretary of State, the Auditor of State, the Treasurer of State, the Lieutenant Governor, the Attorney General, and agencies for which these elected officials serve as the agency head.

Section 1: Definition of a Spending Plan – A Fiscal Spending Plan (“Spending Plan”) is a document specific to each State agency and is developed by state fiscal year and by fund center. A Spending Plan addresses funds allotted by the State Budget Agency to a State agency for expenditure and is to include an articulation of the fiscal policies and administrative actions that will be taken by the State agency in order to operate within those allotted funds. A Spending Plan should be considered a dynamic fiscal management planning tool for the purpose of executing budgets.

Section 2: Requirement for a Spending Plan – State agencies shall complete a Spending Plan for each required fund center to aid in the fiscal management of the State agency. A “required fund center” is defined as one for which the State Budget Agency determines, in consultation with the State agency, that a Spending Plan must be submitted.

The requirement for an appropriation “Reserve” will be announced by the State Budget Agency during the process of establishing allotments for the next fiscal year and is to be reflected in the Spending Plan.

Section 3: Constructing a Spending Plan – A State agency’s Spending Plan should contain at a minimum the following elements:

- Indicate by Date, if the Spending Plan is an **Initial** or **Amended** submission.

- The fund center (“Fund” in PeopleSoft) **Name and Number**.
- A brief fund center **Program Description**.
- The **Name and Contact Information** of the person responsible for managing the fiscal matters of the State agency. Submission of this form is evidence that the State agency head has reviewed, approved, and supports the Spending Plan.
- The **Allotment** for the fiscal year by major accounting category (i.e. Points 1 through 9). This would be the Appropriation less any required Reserve amount.
- Specific **Policies and Administrative Actions** to be taken by the State agency for example: keeping vacant positions unfilled for a specified period, the deletion of funded vacant positions, a reduction in overtime expenditures, the postponement or reduction of procurements and equipment purchases, employee travel restrictions, and any other fiscal measures necessary to ensure that Spending Plan targets are met.

Section 4: Spending Plan Adjustments – A State agency should adjust its Spending Plan to the extent allotments have or will change throughout the fiscal year. An adjusted Spending Plan will be dealt with in the same manner as an initially submitted Spending Plan (see **Section 3**).

Section 5: Disposition of a Spending Plan – A required Spending Plan must be submitted to the State Budget Agency for review and approval. Fiscal year allotments or transfers could be delayed for fund centers which lack an approved Spending Plan. Your State Budget Agency assigned budget analyst will review the Spending Plan and discuss any necessary adjustments with the State agency fiscal contact person.

Instruction Note: The State Budget Agency prefers that Spending Plans be transmitted electronically to your assigned budget analyst. Attachments should be scanned and attached to the extent possible. Spending Plan approval will be messaged back to the State agency fiscal contact.

Section 6: Monitoring a Spending Plan – A Spending Plan is a management planning tool used to monitor the fiscal status of a program for budgeting purposes. A State agency should strive to keep its Spending Plan in synch with fund center allotments and vice versa (see **Section 5**). This will aid in the management and fiscal control of budgets. State agencies are encouraged to compare actual expenditures throughout the fiscal year (typically on a quarterly basis) against its Spending Plan and make the necessary management policy and administrative adjustments.

Section 7: Spending Plan Format Example – Attached is an Excel formatted Spending Plan form which can be used by State agencies. However, in consultation with your assigned State Budget Agency budget analyst, each State agency may develop and tailor its own version of a Spending Plan to address specific and unique needs while following basic State Budget Agency guidelines in this Circular.

Approved:



Christopher A. Ruhl, Director

Date: 6-6-07