



State of West Virginia

Office of the State Auditor
Building 1, Room W-100
Charleston, West Virginia 25305

Glen B. Gainer III
State Auditor

Telephone: (304) 558-2251
FAX: (304) 558-5200
Internet: <http://www.wvauditor.com>

July 25, 2002

Ms. Judy Cooper
Director
Administrative Law Division
Secretary of State's Office
Capitol Complex
Charleston, West Virginia 25305

RE: 155CSR1 - "Standards for Requisitions for Payment Issued by State Officers on the Auditor"

Dear Ms. Cooper:

This letter will serve as my approval to file the above-referenced rule with your office and the Legislative Rule-Making Review Committee as "Notice of Agency Approval of a Proposed Rule."

These proposed rule amendments were filed for comment period on June 6, 2002, with comment period ending July 8, 2002 at 4:30 p.m. Comments are attached and one amendment was made to the rule as a result of the comments.

If you should have any questions concerning the above, please call Carrie Chambers in my office at 558-2251. Your assistance in this filing is very much appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen B. Gainer III".

Glen B. Gainer III
State Auditor

Attachment

QUESTIONNAIRE

(Please include a copy of this form with each filing of your rule: Notice of Public Hearing or Comment Period; Proposed Rule, and if needed, Emergency and Modified Rule.)

DATE: July 25, 2002

TO: **LEGISLATIVE RULE-MAKING REVIEW COMMITTEE**

FROM: *(Agency Name, Address & Phone No.)* WV State Auditor's Office - Capitol Complex Room W-100

Charleston, WV 25305 - Phone: 558-2251

LEGISLATIVE RULE TITLE: Standards for Requisitions for Payment Issued by State Officers on the Auditor

1. Authorizing statute(s) citation 12-3-10f

2. a. Date filed in State Register with Notice of Hearing or Public Comment Period:

June 6, 2002

b. What other notice, including advertising, did you give of the hearing?
Rule Package mailed to all affected State Agencies

c. Date of Public Hearing(s) *or* Public Comment Period ended:

July 8, 2002

d. Attach list of persons who appeared at hearing, comments received, amendments, reasons for amendments.

Attached X No comments received

- e. Date you filed in State Register the agency approved proposed Legislative Rule following public hearing: (be exact)

July 25, 2002

- f. **Name, title, address and phone/fax/e-mail numbers** of agency person(s) to receive all *written correspondence* regarding this rule: (Please type)

Carrie Chambers, Executive Assistant to State Auditor, Main Capitol Complex

Room W-100, Charleston, WV - Phone 558-2251; Fax 558-5200;

Email: CarrieC@WV Auditor. Com

- g. **IF DIFFERENT FROM ITEM 'f',** please give **Name, title, address and phone number(s)** of agency person(s) who wrote and/or has responsibility for the contents of this rule: (Please type)

N/A

3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation:

- a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.

N/A

b. Date of hearing or comment period:

N/A

c. On what date did you file in the State Register the findings and determinations required together with the reasons therefor?

N/A

d. Attach findings and determinations and reasons:

Attached N/A

**BRIEF SUMMARY OF PROPOSED AMENDMENTS TO RULE AND
STATEMENT OF CIRCUMSTANCES WHICH REQUIRE THE RULE**

155CSR1 -- "Standards for Requisitions for Payment Issued by State Officers on the Auditor"

This rule establishes standards for the form and content of requisitions for payment issued by state officers on the Auditor. The proposed amendments relate to receiving reports that are to be submitted to the State Auditor verifying the receipt of commodities by a state spending unit. These amendments were mandated in HB 3034, 12-3-10f, passed during the 2002 Legislative Session and effective June 7, 2002.

□
APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: 155CSR1 - "Stds. for Requis. for Payment Issued by State Officers on Auditor"

Type of Rule: Legislative Interpretive Procedural

Agency: WV State Auditor's office

Address: Capitol Complex, Room W-100

Charleston, West Virginia 25305

Attn: Carrie Chambers
558-2251 Extension 116

1. Effect of Proposed rule:

	ANNUAL FISCAL YEAR				
	INCREASE	DECREASE	CURRENT	NEXT	THEREAFTER
ESTIMATED TOTAL COST	\$127,675.00				
PERSONAL SERVICES	\$111,025.00				
CURRENT EXPENSE					
REPAIRS & ALTERATIONS					
EQUIPMENT	\$16,650.00				
OTHER					

2. Explanation of Above Estimates:

The estimated cost set forth above is based upon the cost of additional personal services time involved in the Auditing Division of the Auditor's Office and the estimated cost of computer purchases to upgrade existing equipment in order to handle electronic receiving reports that will be submitted by various agencies. SEE ATTACHED

3. Objectives of These Rules:

These proposed rule amendments are to provide a clear and concise manner in which all state agencies can comply with the provisions of HB 3034, and insure that proper receiving reports are attached to invoices submitted to the Auditor's Office for payment of good and services.

4. Explanation of Overall Economic Impact of Proposed Rule:

A. Economic Impact on State Government:

As stated above, we estimate that the receiving report will cost the State Auditor's Office \$127,675 in increased personal services and computer upgrades. We do not have sufficient information to estimate the cost of implementing the receiving reports for other state agencies.

B. Economic Impact on Political Subdivisions; Specific Industries; Specific Groups of Citizens:

This Office does not have access to the necessary information to provide this information.

C. Economic Impact on Citizens/Public at Large.

This Office does not have access to the necessary information to provide this information.

Date: June 6, 2002

Signature of Agency Head or Authorized Representative:

Mark E. Parron

**TITLE 155
LEGISLATIVE RULE
WEST VIRGINIA STATE AUDITOR**

FILED

2002 JUL 25 P 4: 25

**SERIES 1
STANDARDS FOR REQUISITIONS FOR PAYMENT
BY STATE OFFICERS ON THE AUDITOR**

WEST VIRGINIA
DEPARTMENT OF STATE

§155-1-1. General.

1.1. Scope. -- This rule establishes standards for the form and content of requisitions for payment issued by state officers on the Auditor.

1.2. Authority. -- W. Va. Code §12-3-10.

1.3. Filing Date. -- ~~May 2, 2000.~~

1.4. Effective Date. -- ~~May 2, 2000.~~

§155-1-2. Definitions.

2.1. Auditor. -- The Auditor of the State of West Virginia.

2.2. Authorized signature. -- The written or electronic authorization of a person authorized by the Department of Administration to certify that state agency funds are available to process the relevant transaction.

2.3. Certify. -- To authenticate or verify that pertinent information is true and accurate by affixation of an authorized signature.

2.4. Change order. -- An amendment to an original purchasing contract.

2.5. Commodities. -- Defined in 5A-1-1 of the West Virginia Code as supplies, material, equipment, contractual services and any other articles or items used by or furnished to a department, agency or institution of State government. Also, as defined in HB 3034, commodities include but are not limited to: Materials, equipment, supplies, printing and automated data processing hardware and software.

2.6. Coversheet. -- A printed or electronic document initiated by WVFIMS to be included with all requisitions submitted to the Auditor for payment.

2.7. Internally Generated Document - - A handwritten or electronic document initiated by the spending unit, or a vendor's packing slip that has been certified by an authorized agency receiver and contains the required receiving information.

2.8. Invoice. -- Written, printed or electronic documentation issued by a vendor reflecting the merchandise or service delivered or provided and the cost of the merchandise or service.

2.9. Open-end contract. -- A contract that has no determined quantity or encumbrance.

2.10. Purchasing Card (Card). -- A credit card issued in the name of an individual employee of the State of West Virginia for official state use.

2.11. Receiving Report. -- A document generated internally by a spending unit verifying the receipt of commodities.

2.12. Requisition. -- A written, printed or electronic request for payment issued by a state officer to the Auditor consisting of the documentation required by law, rule or lawful discretion of the Auditor.

2.13. Spending Unit. -- The State of West Virginia and any department, agency, board, commission, bureau, council, committee, office, authority, subdivision, or institution of the State government for or to which an appropriation has been made or is to be made by the Legislators.

2.14. Statewide contract. -- A contract that is initiated and maintained by the Department of Administration, Purchasing Division and is open to all state agencies and has no fixed encumbrance.

2.15. West Virginia Financial Information Management Systems (WVFIMS). -- The centralized accounting system used by all state agencies for processing financial transactions and maintained by the Department of Administration and the Auditor.

2.16. WVFIMS financial code components. -- The accounting code scheme used in WVFIMS which provides financial information necessary for the processing of financial transactions. The code components are required on all coversheets submitted to the Auditor. The code components are:

2.16.a. FUND. -- A self-balancing set of accounts containing assets, liabilities, fund balance, revenue and expenditure accounts;

2.16.b. FISCAL YEAR (FY). -- Represents the fiscal year in which an appropriation was authorized by the Legislature;

2.16.c. ORGANIZATION (ORG). -- The organizational entity which has management responsibility for a fund;

2.16.d. ACTIVITY (ACT). -- Represents the activity code corresponding to the budgetary line items in the Legislative Budget Bill;

2.16.e. OBJECT (OBJ). -- Represents the object code indicating what commodity or service was acquired by the expenditure; and

2.16.f. SOURCE. -- For revenue accounts, the source code indicates the type of revenue.

§155-1-3. Invoice Requirements.

3.1. Itemization. -- All invoices submitted to the Auditor for payment shall contain the following:

3.1.a. An itemized description indicating the type of materials, supplies or service provided;

3.1.b. An invoice or order date and the date of service, if the item to be paid is a service; and

3.1.c. Any additional information required by the Auditor ~~and~~

3.1.d. All receiving reports which correspond to any and all commodities submitted for payment on the invoice.

3.2. "Miscellaneous" itemization. -- Invoices indicating "miscellaneous" as itemization are not acceptable for payment.

3.3. Credits. -- Invoices including credits shall not require credit memos if the credit is identified on the invoice.

3.4. Previous balances. -- Invoices including a previous balance require documentation before the previous balance may be paid. Metered utilities are excluded from the provisions of this subsection.

3.5. Vendor information. -- All invoices submitted to the Auditor shall have an invoice coversheet containing the same vendor name as that contained on the invoice. If the vendor name on the coversheet and the invoice are not the same, then the invoice shall indicate that the vendor name on the invoice is that of a division, branch, subsidiary, or is a doing business as (DBA) name of the vendor name contained on the invoice coversheet. The Auditor shall accept letters of assignment for payments made in care of financial institutions.

3.6. Original invoice. -- All invoices submitted to the Auditor shall be an original or a certified original. The following are considered original invoices:

3.6.a. Wholly original invoices;

3.6.b. Invoices in which the body is wholly original; the body being that section of the invoice which contains the itemization, quantity and price of the goods or services;

3.6.c. Invoices reflecting that the invoice is an original, customer copy, remittance copy or billing copy, and in which the body is wholly original;

3.6.d. Computer generated invoices;

3.6.e. Original invoices which are handwritten, typewritten or created in whole, or in part, by a manual stamping device; and

3.6.f. Wholly original debt service documents, court orders, electronic funds transfer documents, and liens.

3.7. Original invoice certification. -- Any invoice requiring original certification may be certified by the agency receiving the invoice. These invoices require two original certifications, one of which must be the Chief Financial Officer, Department/Agency Administrator, or as determined by the Auditor in emergency situations, are:

3.7.a. Electronically reproduced invoices sent by the invoicing vendor;

3.7.b. Invoices which reflect that they are revised, duplicate or second billing invoices; and

3.7.c. Non-original invoices which are typewritten, handwritten, or created in whole, or in part, by

a manual stamping device.

3.8. Coversheet/Invoice certification. -- All requisitions submitted to the Auditor shall have an authorized signature on the face of the document.

3.9. Invoice date stamp requirement. -- In order to comply with W. Va. Code § 5A-3-54, the Prompt Pay Act of 1990, the Auditor shall require that all invoices be date stamped, either manually or electronically, upon receipt by the state agency. If goods are received prior to the receipt of an invoice for the goods, the affixation of a date stamp on the invoice indicating the date the invoice was received meets the requirement of this rule. The state agency shall date stamp invoices received prior to the receipt of the relevant goods a second time indicating the date the goods were received. In the absence of a second date stamp indicating that the goods were received after receipt of the invoice, the Auditor shall determine the interest due the vendor by referring to the date of receipt of the invoice. Invoices for services shall not require a second date stamp insofar as the date of service reflected on the invoice constitutes prima facie proof of the date the services were received.

§155-1-4. Receiving Report Requirements.

4.1. Time of preparation. -- All receiving reports must be prepared within 24 hours after the receipt of the commodities.

4.2. Form. -- Receiving report must be in a format approved by the Auditor.

4.3. Itemization. -- All receiving reports submitted to the Auditor shall contain the following:

4.3.a. An item description for each type of commodity received along with the quantity of each type received in sufficient detail that is in agreement with the vendor invoice and/or contract.

4.3.b. The date commodities are received. -- The actual date on which the commodities were received by the authorized individual.

4.4. Vendor information. -- All receiving reports submitted to the Auditor shall have the same vendor name as that contained on the invoice and WVFIMS coversheet. If the vendor name on the receiving report is not the same, then the receiving report shall indicate that the vendor name on the receiving report is that of a division, branch, subsidiary, or is a doing business as (DBA) name of the vendor name contained on the invoice and coversheet.

4.5. Signed Acknowledgment. -- All receiving reports must contain the original signature of an employee designated by the head of the spending unit to receive commodities and prepare receiving reports. This signature acknowledges both receipt and the fact that the commodities received are acceptable for payment.

4.6. Receiving Report certification. -- All requisitions to the Auditor for payment of commodities that do not include a receiving report must be certified by the Chief Financial Officer, or Department/Agency Administrator, or as determined by the Auditor in emergency situations.

4.7 Refer to State Purchasing Card Policies and Procedures for acceptable form(s) of receiving report for commodities procured using the card.

§155-1-5. Contract Invoice Requirements.

5.1. Itemization. -- All invoices submitted to the Auditor for payment against a contract shall contain the following:

5.1.a. An item description, including, but not limited to, model number, quantity and unit price, indicating the type of materials, supplies or service. The materials, supplies or service shall be of the type covered under the contract and the description of the materials, supplies or service shall not conflict with the description contained in the contract; and

5.1.b. The date of service, if the item to be paid is service. The date shall fall within the contract period.

5.2. Vendor information. -- All invoices submitted to the Auditor for payment against a contract shall have an invoice coversheet containing the same vendor name as that contained on the invoice. If the vendor name on the coversheet and the invoice are not the same, then the state agency shall submit either a change order reflecting the change in vendor name or a statement from the vendor indicating that the vendor name on the invoice is that of a division, branch, subsidiary, or is a doing business as (DBA) name of the vendor name contained on the invoice coversheet. The name of the state agency on the invoice and invoice coversheet shall be the same as the name of the state agency on the contract.

5.3. Funding information contract requirements. -- All contracts and change orders submitted to the Auditor shall include complete WVFIMS financial code component information, excluding statewide and open-end contracts. Complete WVFIMS financial code component information includes the components listed and defined in sub section 2.10 of this rule. All contracts with encumbered monies shall indicate funding information and the amount allotted to each fund, if more than one is indicated. Statewide and open-end contracts need only indicate "VARIOUS" or "MULTIPLE". All coversheets shall include the funding information indicated on the contract.

5.4. Building leases. -- All building leases are audited in accordance with the Department of Administration's Leasing Division's Guidelines. Time periods are required on all invoices to verify that the time is within the lease period.

5.5. Contract and Change order approvals. -- All contracts and change orders shall be approved by the following:

5.5.a. The Department of Administration Purchasing Division or an authorized procurement officer, if a Higher Education agency;

5.5.b. The Attorney General, as to form, if the contract exceeds the dollar limits established by the Department of Administration or Higher Education statutes for delegated purchasing authority, or is for the provision of legal services; and

5.5.c. The Attorney General, as to form, if changes are made to contract terms and conditions.

§155-1-6. Travel Reimbursement.

6.1. All state employee travel reimbursements submitted to the Auditor shall comply with state travel regulations or Higher Education Travel Guidelines. In-state travel reimbursement shall be processed in accordance with those regulations or guidelines.

Comments Received Concerning 155CSR1 – “Standards for Requisitions for Payment Issued by State Officers on the Auditor”

Attached are the comments received concerning 155CSR1. The response letter is also attached that will be sent to each commentor since the comments all deal with the same subject matter.



State of West Virginia

Office of the State Auditor
Building 1, Room W-100
Charleston, West Virginia 25305

Glen B. Gainer III
State Auditor

Telephone: (304) 558-2251
FAX: (304) 558-5200
Internet: <http://www.wvauditor.com>

July 25, 2002

Gary W. Rogers, CPA, Ph.D
Associate Vice President for Finance
West Virginia University
P. O. Box 6207
Morgantown, West Virginia 26506-6207

Dear Mr. Rogers:

Thank you for your timely response to our request for comments on the proposed rule amendments to 155CSR1, Standards for Requisitions for Payment Issued by State Officers on the Auditor, concerning receiving reports and the cost estimate from your agency for implementing these proposed changes.

The State Auditor's Office shares your concerns about the increased cost and time involved in handling the new receiving reports. We have compiled the comments received from all state agencies, and will include those in our rule package that will be filed with the Legislative Rule-Making Review Committee and the Secretary of State's Office this week. A copy of your comments, along with the proposed rule package, will also be forwarded to the Legislative Auditor's Office for their review and comments.

Again, thank you for your response. If the Auditor's Office can be of assistance to you in the future, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen B. Gainer III".

Glen B. Gainer III
State Auditor

GBGIII:cc



Associate Vice President for Finance

West Virginia University

Date: June 28, 2002

To: Carrie Chambers
Executive Assistant to the Auditor

From: Gary W. Rogers CPA, Ph.D.
Associate Vice President for Finance
West Virginia University

A handwritten signature in black ink, appearing to read 'G. Rogers'.

Re: Economic Impact of Receiving Reports Implementation

In response to your memo dated June 14, 2002, WVU has prepared two estimates of the implementation costs related to receiving reports.

A manual, paper based process is estimated to cost WVU approximately \$36,000 per year, on an ongoing basis. However, the greatest cost under this solution is time. It has been estimated that a paper-based process could add up to 3 days to time it now takes to process a vendor invoice. As you know, WVU has many off-campus sites, farms and extension offices primarily, that would have to return their receiving reports to Morgantown via federal mail.

The electronically interfaced receiving report solution that our staffs have discussed is estimated to cost WVU \$50,000 in development costs. Ongoing maintenance costs for an electronic solution are expected to be minimal unless there are changes in requirements or specifications causing WVU to modify its interface.

Thank you for the opportunity to provide input.



**WEST VIRGINIA EDUCATION AND
STATE EMPLOYEES GRIEVANCE BOARD**

BOB WISE
Governor

808 Greenbrier Street
Charleston, WV 25311
Telephone (304) 558-3361
FAX (304) 558-1106
Toll-Free (866) 747-6743
E-MAIL:
wvwb@state.wv.us
INTERNET:
www.state.wv.us/admin/
grievanc/grievanc.htm

MEMBERS
Billy Coffindaffer
Roger Smith II
Lowell Witters

DIRECTOR
Ronald Wright

MEMORANDUM

TO: Glen Gainer, State Auditor
Attn: Carrie Chambers

FROM: Valerie D. Rist, Administrative Officer *jd*

DATE: June 26, 2002

RE: **RECEIVING REPORT COST ESTIMATE**

Following the example provided by your office, it is estimated that the implementation of providing receiving reports will cost the Grievance Board \$1215 in personal services hours..

NAME	SALARY	HOURLY	5 MIN	15 MINUTES
Rist, Valerie	45,700	21.97	\$1.85	\$5.55
Blosser, Julie	21,132	10.16	.85	2.55
Powell, Cricket	36,070	17.34	1.45	4.35
Summers, Lisa	20,680	9.94	.83	2.49
	123,582	59.41	4.95	14.85
	AVERAGE		\$1.24	\$ 3.72

TOTAL INVOICES FOR FY-01		460		
Normal Procedure (5 Minutes)		200	1.24	\$ 248.00
Rejected Receiving Reports (5%)	15 min	260	3.72	967.20
TOTAL PERSONAL SERVICES				\$1215.20

West Virginia State College

PO Box 368


Institute WV 25112-0368

(304) 766-3010

Fax: 766-5102

June 28, 2002

TO: Glen B. Gainer III, WV State Auditor

FROM: Lawrence Smith 
Director of Fiscal Affairs

RE: Fiscal Note – Receiving Reports

In reference to proposed amendments to 155CSRI – “Standards for Requisitions for Payment Issued by State Officers on the Auditor”, Receiving Reports, the following reflects an approximate dollar impact that HB 3034 will have on West Virginia State College.

A minimum of three additional personnel will be needed to process the additional paperwork of receiving through Physical Facilities, the library and the bookstore.

Additional equipment/supplies needed will include a copier, 3 file cabinets, paper, and 2 computers at a minimum. Additional space will also be required to house the additional personnel and store the paperwork.

Cost:	Annual
Personnel	\$75,000
Equipment/Supplies	5,000

The above cost does not take into account changes that will need to occur with the purchasing card and its processes.

If you have any questions, you may contact me at 766-3011 or Janis Bennett, Director of Purchasing at 766-3010.

**WV DIVISION OF NATURAL RESOURCES
 ESTIMATED COST OF IMPLEMENTING RECEIVING REPORT**

Section	Expenditure Document Count	Cost Per Transaction	Total Cost of Section
Law Enforcement	2,012	1.99	4,000.00
Wildlife	4,953	1.00	4,953.00
Parks	15,142	0.70	10,599.40
Others	4,914	1.00	4,914.00
Total for DNR	27,021		24,466.40

NCTE:

Not all sections within DNR had adequate time to prepare a concrete figure on what the implementation cost would be. Accordingly, these numbers are estimates only. A more accurate number could be submitted within a week.

Post-It® Fax Note	7671	Date	6-28-02	# of pages	1
To	Terrie Chambers	From	Mike Bryant		
Co./Dept.		Co.	WV DNR		
Phone #		Phone #	558-2791		
Fax #	558-5200	Fax #	558-1564		

Carrie Chambers

From: "Lisa Comer" <lisar@wvauditor.com>
To: "Carrie Chambers" <carriec@wvauditor.com>
Cc: "Gainer, Glen B. III" <glen_gainer@wvauditor.com>
Sent: Friday, June 28, 2002 7:18 PM
Subject: Fw: Fiscal note for implementation of receiving report - Culture and History

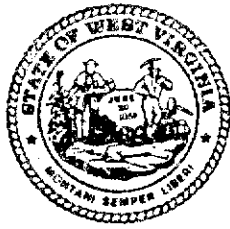
Receiving report implementation estimate from DCH.

----- Original Message -----

From: "Bob Eggleton" <Bob.Eggleton@wvculture.org>
To: <lisar@wvauditor.com>
Cc: "Joyce Jones" <Joyce.Jones@wvculture.org>
Sent: Friday, June 28, 2002 7:15 PM
Subject: Fiscal note for implementation of receiving report - Culture and History

- > Ideally, the Division would employ and train one new F.T.E. to implement
- > what appeared to be the intent of this legislation to function as a
- > Purchasing Assistant in the role of Agency Receiver. With payroll and
- > fringe and equipment, this would cost about \$30,000 a year.
- >
- > Since this not likely, the Division has designated twenty-five Receivers
- > within its organization. Using \$30,000 as an average salary with fringe
- > and
- > predicting that it will take 3% of their time to comply with the
- > legislation, the cost would be about \$23,000 per year including paper.
- >
- > Let me know if you want me to use another method.
- >
- > Thanks for your help the other day on the WVARF mess.
- >
- > Bob Eggleton
- > Director of Administration
- >
- > Tracking #: A7D477CA8C8E1147B61E9C2054114C898CD0A39D

7/1/2002



Secretary of State's Office
Building 1, Suite 157-K
1900 Kanawha Blvd., East
Charleston, WV 25305-0770

State of West Virginia
Joe Manchin, III
Secretary of State

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www.wvsos.com

June 25, 2002

To: Carrie Chambers
From: Mary Jo Thompson
Subject: Proposed Amendments

In response to your memo of June 14, 2002, below is an estimate of the economic impact these amendments will have on our agency:

1. **Additional personal services time - \$4,000**

This includes the implementation of an internal standard operating procedure to instruct affected employees on the receiving report process. After the initial startup, increased personal services time will be required to continue the new procedure.

2. **Materials to produce receiving report - \$2,000**

This could include additional computer software to electronically produce receiving reports.

As stated above, we estimate the new amendments will cost the Secretary of State's office approximately \$6,000.



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Division of Highways

1900 Kanawha Boulevard East • Building Five • Room 110
Charleston, West Virginia 25305-0430 • 304/568-3605

Bob Wise
Governor

Fred VanKirk, P. E.
Secretary/Commissioner

Jerry Bird
Assistant Commissioner

June 25, 2002

Ms. Carrie J. Chambers
WV State Auditor's Office
Capitol Complex, Room W100
Charleston, West Virginia 25305

Dear Ms. Chambers:

Concerning the Auditor's memorandum of June 14, 2002, we have enclosed an estimate of additional costs to the Department of Transportation that will result from transmitting receiving report information to the Auditor. In my opinion this is a conservative estimate, because it doesn't include additional costs for handling Auditor rejects when there are receiving report problems. At this time, we have no way to determine the extent to which rejects will increase because of this change in policy.

This same information was provided to the Legislative Auditors in December 2001, but apparently was never given much consideration when they were drafting the legislation. If you need additional information, please contact Bill Feazelle, Director of Finance Division, at 558-2841 or bfeazelle@dot.state.wv.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Danny Ellis".

Danny Ellis
Business Manager

DEPARTMENT OF TRANSPORTATION
 ADDITIONAL COSTS FOR COPYING AND SENDING RECEIVING REPORTS TO AUDITOR
 38,400 ADDITIONAL DOCUMENTS COPIED AND TRANSMITTED TO AUDITOR EACH YEAR

REV 12/19/01

EIGHT EMPLOYEES AVG MO SALARY	MONTHS IN YEAR	YEARLY WORKING HOURS	HOURLY RATE	ADD- ITIVE	HOURLY		DAILY MAN HOURS	DAILY SALARY COST	YEARLY SALARY COST
					RATE	INCLUDING ADDITIONAL			
\$ 2,055	12	2,080	\$ 11.86	0.6854	\$ 19.98	7	\$ 140	\$ 36,367	

ADDITIONAL COPY COSTS FOR 38,000 DOCUMENTS AT \$0.10 PER COPY. 3,840

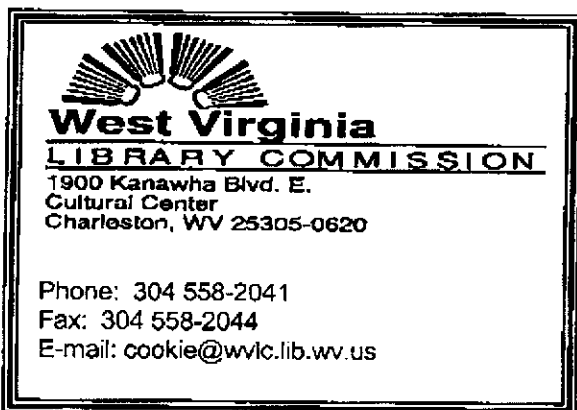
TOTAL ADDITIONAL YEARLY COSTS \$ 40,207

YEARLY SALARY COST BASED ON ADDITIONAL MAN HOURS NEEDED TO SEND COPIES OF RECEIVING REPORTS TO THE AUDITORS OFFICE. AT THIS TIME WE DO NOT KNOW IF WE WOULD NEED ADDITIONAL STAFFING TO COVER THE ADDITIONAL MAN HOURS.

- OVERALL RESULTS:
- ADDITIONAL WORK FOR AUDITOR'S OFFICE
 - ADDITIONAL WORK FOR AGENCIES
 - ADDITIONAL COSTS FOR INVOICE PROCESSING
 - DELAYED PAYMENTS TO VENDORS
 - DOES NOT PREVENT DUPLICATE PAYMENTS

WVNCC
6/26/2002

Receiving Report Cost Estimates		Total Cost
Wages	\$ 2,329,637	
Total Invoices Fy-01	2451	
Normal Procedure (5 Minutes)	0.89	\$ 2,013.13
Rejected Receiving Reports (15 Minutes)	2.67	\$ 516.21
Training 1 hour per person		\$ 1,194.69
Opportunity Cost		\$ 3,724.03
Equipment upgrade to handle Electronic Receiving Reports: 25 @ \$ 1, 850		\$ 46,250.00
Daily courier service from both campuses		\$ 3,984.00
Total Cost		<u>\$ 57,682.06</u>



FAX

To: Carrie Chambers
State Auditor's Office

From: Jo Anne Cooke
Administrative Services Director

Fax: 558-5200

Pages: 2

Phone:

Date: June 25, 2002

Re: Receiving Report

CC:

**West Virginia Library Commission
RECEIVING REPORT COST ESTIMATE**

Receiving Report Staff:	Salary	Hourly	5 Min	15min
Supervisor	33780	17.323077	\$ 1.44	\$ 4.33
OA2	24360	12.492308	\$ 1.04	\$ 3.12
Driver	22440	11.507692	\$ 0.96	\$ 2.88
OA2	15060	7.7230769	\$ 0.64	\$ 1.93
Purchasing Asst	21972	11.267692	\$ 0.94	\$ 2.82
OA3	28764	14.750769	\$ 1.23	\$ 3.69
	146376		\$ 6.26	\$ 18.77
Average			\$ 1.05	\$ 3.13

Total invoices for 2001	2225			
0 OR 5 commodity items		1471	\$ 1,544.55	
5+ commodity items		754		\$ 2,360.02
Total Estimated Personal Services Cost				\$ 3,904.57



1204 Kanawha Boulevard East
Charleston, WV 25301
Telephone: (304) 558-8814 ext.209
Fax Number: (304) 558-0391
Email: jepperly@wvdcjs.org

Facsimile Cover Sheet

DATE: 6/24/02

TO: Carrie Chambers
Agency: State Auditor
Phone No: 558-2251
Fax No: 558-5200

FROM: Jack Epperly

Pages sent (including this cover page): 2

MESSAGE:

Receiving Reports Economic Impact

**RECEIVING REPORT COST ESTIMATE
DIVISION OF CRIMINAL JUSTICE SERVICES**

<u>Employee</u>	<u>Position</u>	<u>Hourly Salary</u>	<u>Hours/ Month</u>	<u>Hours/ Year</u>	<u>Total Expenditure</u>
Ed McMinn	Inf Sys Spec	27.71	2	24	665
Karen Shuler	Actng Tech	13.08	4	48	628
Judy Sneed	Office Assist	10.01	4	48	480
					\$1,773

Carrie Chambers

From: "Warren Keefer" <wkeefe@wvdhhr.org>
To: "Carrie Chambers" <carriec@wvauditor.com>
Cc: "Lisa Comer" <lisar@wvauditor.com>
Sent: Wednesday, June 19, 2002 3:54 PM
Attach: receiving report.xls
Subject: Receiving Report Costs

As requested in the June 14 memo from Mr. Gainer, I am responding to the issue of the estimated cost of HB3034 to DHHR.

The attached spreadsheet was done for DOA when the initial Fiscal Note was needed. It originally was \$58,000 but the folks from Legislative Services ENCOURAGED me to remove our hospitals' involvement since they already did receiving reports of one sort or another.

While significant "one time" costs have been incurred in developing procedures, etc, the attached is still our best estimate of the costs based on our volume of transactions on the Objects of Expenditure which have been designated as commodity objects. Orgs 0501, 0505, 0506 & 0511 are included in these projections.

Should you have questions, feel free to call or e-mail me.

Warren Keefer, Director
Office of Accounting
WV Department of Health and Human Resources
Building 3, Room 451
1900 Kanawha Blvd., E.
Charleston, WV 25305
558-3987 phone
558-1003 fax
WKeefe@WVDHHR.ORG

Tracking #: 63C45D79F2DECF4E936CF0F50896A48CE62BA7F8

6/24/2002

DHHR estimated additional costs resulting from HB 3034
 Includes Orgs 0501, 0505, 0506 & 0507

<i>DHHR - Estimated cost of Receiving Report</i>	Unit of Effort	Average Unit Cost	Average Annual Salary of worker	Individual Receiving Report Estimated Cost	Annual DHHR Receiving Report Estimated Cost (12,000 documents est.)
<i>Field Effort</i>					
Non-hospital (4,200 docs est.)					
Completion of Receiving Report	0.25 hrs.	10.10	21,000.00	2.52 \$	10,600.96
Authorizing / reviewing Receiving Report	0.03 hrs.	20.19	42,000.00	0.61 \$	2,544.23
Hospital costs (7,800 docs est.) no appreciable increase other than copying costs					
Copier costs (12,000 docs est.):					
Machine / paper	3 copies	0.25		0.75 \$	9,000.00
labor	0.02 hrs.	10.10	21,000.00	0.20 \$	2,423.08
<i>Corporate Office Effort</i>					
Review the Object code of each payment document. For those on Objects requiring Receiving Reports, Verify existence of Receiving Report and return those without RR	0.03 hrs.	10.10	21,000.00	0.30 \$	<u>3,634.62</u>
Estimated annual Cost for DHHR @ 12,000 docs					\$ 28,202.88
additional cost per transaction					\$ <u>2.35</u>



BOARD MEMBERS

Tim Blankenship
Alice Jo Buzzard
Michael O. Callaghan
Mallie Combs
Martha H. Moore
Paul Nusbaum
Joseph Ross

**West Virginia Department of
Environmental Protection**

SOLID WASTE MANAGEMENT BOARD
1615 Washington Street, East
Charleston, WV 25311-2126
Phone: (304) 558-0844 FAX: (304) 558-0899

GOVERNOR
Bob Wise

SECRETARY
Michael O. Callaghan

DIRECTOR
Richard P. Cooke

To: Carrie Chambers
From: Emilee Payne *EP*
RE: Receiving Report Cost Estimate
Date: June 24, 2002

Attached is a copy of the Receiving Report Cost Estimate for the Solid Waste Management Board. If you have any questions, please feel free to contact me at 558-0844.

Attachments

Solid Waste Management Board Receiving Report Cost Estimate

NAME	SALARY	HOURLY	5 MIN.	15 MIN.
Emilee Payne	\$33,312.00	\$16.02	\$1.35	\$4.05
Sherri Kirk	<u>\$30,372.00</u>	\$14.60	<u>\$1.20</u>	<u>\$3.60</u>
Total	\$63,684.00		\$2.55	\$7.65
	AVERAGE		\$1.28	\$3.83

TOTAL INVOICES FOR FY-01	863		
Normal Procedure (5 Minutes)	845	\$1.28	\$1,081.60
Rejected Receiving Reports (5%) (15 Min	<u>18</u>	\$3.83	<u>\$68.94</u>
Current Rejection Rate is 1.8%			
TOTAL PERSONAL SERVICES COST	863		\$1,150.54

EQUIPMENT				
Possible Computer Upgrade to Handle Electronic Receiving Reports:				
2 computers @ \$1,850	\$3,700.00			



State of West Virginia
Consolidated Public Retirement Board

Capitol Complex, Building 5, Room 1000
1900 Kanawha Boulevard, East
Charleston, WV 25305-0720
Telephone: 304-558-3570 or 800-654-4406
Fax: 304-558-6337
CPRB@wvretirement.com
www.state.wv.us/admin/cprb

M E M O R A N D U M

To: Carrie Chambers
From: Lori Cottrill *Lori Cottrill*
Date: June 25, 2002
Subject: Estimate cost of receiving reports

The estimated cost of implementing the processing of receiving reports for the WV Consolidated Public Retirement Board is estimated to be \$2,190.00. The cost was calculated as follows: the average salary for 5 minutes of processing is approximately \$1.51 and we had approximately 1,450 invoices in FY 01.

Please let me know if you have any questions or need further information.

cc: Michael Adkins, Co-Executive Director
Teresa Robertston, Co-Executive Director



FAX TRANSMITTAL

DATE: 6-26-02 # OF PAGES: 3

TO: Carrie Chambers

CO/DEPT: _____

PHONE #: 558-2251

FAX #: 558-5200

FROM: Jim Connor

DEPT: _____

PHONE #: 384-5190

FAX#: (304) 384-9044

COMMENTS: _____



■ ■ ■ ■

PP2085
June 24, 2002

Ms. Carrie J. Chambers
WV State Auditor's Office
Capitol Complex, Room W100
Charleston, WV 25305

RE: Title # 155CSR1 - Estimate of Economic Impact - Receiving Reports

Dear Ms. Chambers:

Per Mr. Gainer's letter of June 14th, this year, Concord College has reviewed necessary procedures and costs to implement amendments as related to electronic receiving reports.

The estimated cost is based upon the cost of additional personal services time involved in the Physical Plant receiving area and the estimated cost of a computer purchase to provide a terminal available at the work site. Both are needed to process electronic receiving reports.

Annual Effect of Proposed Rule:

	<u>1ST YR INCREASE</u>	<u>ANNUAL ADDN'L COST</u>
• Estimated Total Cost -	\$23,664.00	\$18,179.00
• Personal Services -	\$17,164.00	\$17,679.00
• Current Expense -	\$500.00	\$500.00
• Repairs & Alterations -	\$3,000.00	
• Equipment (1X) -	\$3,000.00	
		<u>\$47,328.</u>

The College may incur additional costs to process electronic receivers. Sufficient information is not available at this point in time. These costs may involve computer server upgrades and software costs to process the additional transactions.

Concord is making its best effort to provide information regarding the economic impact of this change. Should you have any questions, or have a further need, please feel free to contact me directly at 304-384-5190.

Sincerely,

James L. Cannon
VP, Business and Finance

Attach.

PO Box 1000 • Athens, WV 24712-1000
1-800-344-6679 • 1-304-384-3115 • Fax: 1-304-384-9044
Web Site: www.concord.edu

6/25/2002					
PP2065		ELECTRONIC	RECEIVING		
	ANNUAL	ANNUAL	FISCAL YR.	>>>>>>>	THERE-
	INCREASE	DECREASE	2003	NEXT	AFTER
ESTIMATED TOTAL COST	\$ 23,164		\$ 18,179	\$ 18,179	\$ 18,179
PERSONAL SERVICES	\$ 17,164		\$ 17,679	\$ 17,679	\$ 17,679
CURRENT EXPENSE	\$ 500		\$ 500	\$ 500	\$ 500
REPAIRS & ALTER.	\$ 3,000				
EQUIPMENT	\$ 3,000				
OTHER					

The People's Building - Suite 221
Charleston, West Virginia 25301



(304) 558-0539
fax (304) 558-0989

1-800WV CPD 4U

Facsimile Transmission

To: *Carrie Chambers*

From: *Gail Looney*

Date: *6/26/02*

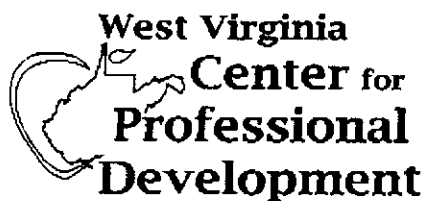
Number of pages transmitted including cover: *2*

Additional comments:

*Estimate of Economic impact to Proposed
Amendments to 155CSR1 - receiving reports.*

The documents accompanying this facsimile transmission contain information belonging to the sender. If you have received this facsimile in error, please notify us by telephone to arrange for return of the documents to us.

Governor
Bob Wise



Executive Director
Gail E. Looney

MEMORANDUM

TO: Carrie Chambers
Auditor's Office

FROM: Gail Looney *Gail Looney*

DATE: June 26, 2002

SUBJECT: Cost Estimate for Implementing Receiving Reports

In analyzing the amount of additional work this new procedure may require, we have determined that the procedure we already have in place is sufficient. Only a negligible amount of additional time will be necessary for two employees to complete these requirements (12 hours for one employee, 6 hours for the other employee).

Thank you for your assistance in this matter. Please contact me at 558-0539 if additional information is needed.

Amendment Made to 155CSR1 – “Standards for Requisitions for Payment Issued by State Officers on the Auditor”

155CSR1 was amended by adding the following definition:

“Internally Generated Document” – A handwritten or electronic document initiated by the spending unit, or a vendor’s packing slip that has been certified by an authorized agency receiver and contains the required receiving information.

It was recommended by the Legislative Auditor’s Office during a recent Internal Control Committee meeting that it was not the intent of the Legislature to prevent agencies from utilizing vendor slips as a receiving report. Therefore the addition of this definition to the proposed rule should clarify this issue.