

WEST VIRGINIA
SECRETARY OF STATE

KEN HECHLER

ADMINISTRATIVE LAW DIVISION 96

Form #3

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OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF AGENCY APPROVAL OF A PROPOSED RULE
AND
FILING WITH THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

AGENCY: STATE AUDITOR AND PURCHASING DIVISION,
DEPARTMENT OF ADMINISTRATION TITLE NUMBER: 148

CITE AUTHORITY §12-3-10a

AMENDMENT TO AN EXISTING RULE: YES ___ NO X

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: 7

TITLE OF RULE BEING PROPOSED: STATE PURCHASING CARD PROGRAM

THE ABOVE PROPOSED LEGISLATIVE RULE HAVING GONE TO A PUBLIC HEARING OR A PUBLIC COMMENT PERIOD IS HEREBY APPROVED BY THE PROMULGATING AGENCY FOR FILING WITH THE SECRETARY OF STATE AND THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE FOR THEIR REVIEW.


Authorized Signature

DATE: August 30, 1996

TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

FROM: State Auditor and Purchasing Division of the Dept. of Administration
LEGISLATIVE RULE TITLE: 148

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

2. a. Date filed in State Register with Notice of Hearing
July 25, 1996---comment period only

- b. What other notice, including advertising, did you give of the hearing?
None

- c. Date of Hearing(s) _____

- d. Attach list of persons who appeared at hearing, comments received, amendments, reasons for amendments.
Attached _____ No comments received X

- e. Date you filed in State Register the agency approved proposed Legislative Rule following public hearing: (be exact)
August 30, 1996

- f. Name and phone number(s) of agency person(s) to contact for additional information:
Crystal Moody (304) 558-4331

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: _____

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

d. Attach findings and determinations and reasons:

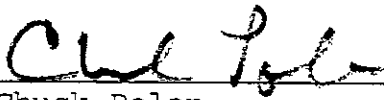
Attached _____

148 CSR 7

TITLE 148
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
and
STATE AUDITOR

SERIES 7
STATE PURCHASING CARD PROGRAM

APPROVAL OF FILING BY CABINET SECRETARY



Chuck Polan
Secretary
Department of Administration

148 CSR 7

TITLE 148
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
and
STATE AUDITOR

SERIES 7
STATE PURCHASING CARD PROGRAM

BRIEF SUMMARY OF PROPOSED RULE

This Legislative Rule is an explanation and clarification of the procedures for the State Purchasing Card Program, authorized by West Virginia Code §12-3-10, §12-3-10a and §12-3-10b. The program provides an efficient and alternative process for the purchase of and payment for goods and services which do not exceed \$500.00. The program will provide prompt payment to vendors through consolidated multiple vendor invoices and expedite receipt of small purchases through use of a Purchasing Card.

The State Auditor and the Director of the Purchasing Division have jointly proposed this rule.

148 CSR 7

TITLE 148
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
and
STATE AUDITOR

SERIES 7
STATE PURCHASING CARD PROGRAM

STATEMENT OF CIRCUMSTANCES REQUIRING THIS RULE

West Virginia Code §12-3-10a requires the State Auditor and the Director of the Purchasing Division, Department of Administration, to jointly propose this rule to govern implementation of the Purchase Card Program. Failure to file this rule would prohibit implementation of the program.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: State Purchasing Card Program

Type of Rule: Legislative Interpretive Procedural

Agency: Department of Administration

Address: Main Capitol, Room E-119
1900 Kanawha Boulevard, East, Charleston, WV 25305
Contact: Diana Stout (304) 558-4331

1. Effect of Proposed Rule

	ANNUAL FISCAL YEAR				
	INCREASE	DECREASE	CURRENT	NEXT	HEREAFTER
<u>ESTIMATED TOTAL COST</u>	\$	\$ 6.65mm	\$ 6.65mm	\$ 6.65mm	\$ 6.65mm
PERSONAL SERVICES					
CURRENT EXPENSE					
REPAIRS & ALTERNATIONS					
EQUIPMENT					
OTHER					

2. Explanation of above estimates:

The State Auditor estimates he processes 300,000 invoices per year eligible for this program. Assuming State government costs are one-half of the lowest private enterprise, which is probably a major understatement of the true costs, costs for processing purchases through the ordering and payment process would be \$22.50 each. Costs monitoring the program is expected to be \$100,000 annually.

3. Objectives of these rules:

To provide an explanation and clarification of the procedures for the Purchasing Card Program.

Rule Title: State Purchasing Card Program

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

This is expected to save at least \$6,650,000 annually.

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

None.

C. Economic Impact on Citizens/Public at Large.

This rule is expected to save \$6,650,000 annually.

Date: July 25, 1996

Signature of Agency Head or Authorized Representative

Chris Polk

148 CSR 7

TITLE 148
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
and
STATE AUDITOR

SERIES 7
STATE PURCHASING CARD PROGRAM

§148-7-1. General.

1.1. Scope. - This Legislative Rule is an explanation and clarification of operative procedures for the State Purchasing Card Program. This program provides an alternative process for the purchase of and payment for goods and services in transactions which do not exceed the amount specified in West Virginia Code §12-3-10a.

1.2. Authority. - See West Virginia Code §12-3-10a.

1.3. Filing Date. - _____, 1996.

1.4. Effective Date. - _____, 1996.

§148-7-2. Definitions.

2.1. "Auditor" means the Auditor of the State of West Virginia.

2.2. "Director" means the Director of the Purchasing Division of the Department of Administration.

2.3. "Goods" means commodities, supplies, material, printing, equipment, and any other articles or items used by or furnished to

a department, agency or institution of state government.

2.4. "Point of Sale Vendor" means the point of sale, or supplier of goods or services purchased with the Purchasing Card, not the State Purchasing Card Provider.

2.5. "Purchasing Card" or "Card" means the charge card authorized by the Director to provide payment for goods and services under this rule.

2.6. "Purchasing Card Administrator" means the individual designated by the Director of the Purchasing Division to coordinate the State Purchasing Card Program.

2.7. "Purchasing Card Coordinator" or "Coordinator" means the individual designated by the spending officer of a spending unit to coordinate the State Purchasing Card Program.

2.8. "Purchasing Card Provider" means the entity providing the State with Purchasing Card services.

2.9. "Services" means the furnishing of labor, time or effort by a contractor, not involving the delivery of a specific end product other than reports which are merely incidental to the required performance.

2.10. "Spending officer" means the executive head of a spending unit, or a person designated by him or her.

2.11. "Spending unit" means a department, agency or institution of State government for which an appropriation is requested, or to which an appropriation is made by the Legislature.

§148-7-3. Applicability.

3.1. This legislative rule applies to all spending units of State government except those statutorily exempted. Exempted spending units may elect to follow this rule.

§148-7-4. Power and Authority.

4.1. The Director has the power and authority to:

(a) Allow card purchases of goods where each transaction does not exceed the amount specified in §12-3-10a;

(b) Allow card purchases of services where each transaction does not exceed the amount specified in §12-3-10a, if authorized by both the Auditor and Director;

(c) Establish the manner in which spending units may purchase supplies directly from the State's central storerooms or other spending units using the State Purchasing Card Program;

(d) Prohibit use of the Purchasing Card for cash advances;

(e) Ensure goods and services purchased are received in advance of or simultaneously with use of the Purchasing Card;

(f) Ensure cards are used for official state purchases only;

(g) Review spending unit records of Purchasing Card purchases;

(h) Resolve questions and conflicts regarding contractual and procedural matters related to the implementation and administration of the State Purchasing Card Program; and

(i) Revoke authority to use a Purchasing Card at any level of use if the Director determines a spending unit is in violation of this rule.

4.2. The Auditor has the power and authority to:

(a) Establish procedures for documenting, reconciling and paying invoices for Card purchases;

(b) Establish the manner of inspecting all records and reconciling documents involving Card purchases;

(c) Establish the manner in which spending units document purchases and reconcile invoices prior to submission to the Auditor for payment;

(d) Approve the format of Purchasing Card Provider invoices; and

(e) Receive and deposit to the credit of the general revenue fund all rebates and other revenue generated by the program.

4.3. The Purchasing Card Administrator has the authority to direct the Purchasing Card Provider to restrict the Point of Sale Vendor from using the Purchasing Card Program when in the best interest of the State.

4.4. Purchasing Card Coordinators

(a) Each spending unit's procurement administrator or his or her designee will serve as the Spending Unit Purchasing Card Coordinator and will determine to whom cards will be issued based upon the purchasing authority of each individual.

(b) Purchasing Card Coordinators may restrict usage of the purchasing card consistent with the needs of the spending unit.

§148-7-5. Point of Sale Vendor Participation.

5.1. Each Point of Sale Vendor desiring to participate in the State Purchasing Card Program is solely responsible for contracting or enrolling with the State's Purchasing Card Provider under the terms and conditions set forth in the Purchasing Card Services Agreement between the West Virginia Purchasing Division and Purchasing Card Provider.

§148-7-6. Purchasing Methods.

6.1. The provisions of West Virginia Code §5A-3-1 et seq., the Purchasing Rules, 148 CSR 1, and the Department of Tax and Revenue Preference for Determining Successful Bids Rule, 110 CSR 12C, shall apply to purchases using the Purchasing Card.

6.2. Purchasing Cards are to be used in the State's best interest for purchases of goods and services with a per transaction limit as set by the West Virginia Code §12-3-10a.

6.3. The Purchasing Card may be used as a payment method for releases (orders) against statewide contracts, blanket orders and price agreements.

§148-7-7. Itemizing Claims for Payment.

7.1. The requirement for individual itemized vendor invoices for purchases which do not exceed \$500.00 is eliminated where the State Purchasing Card Program is utilized.

7.2. The Purchasing Card Provider will provide a consolidated multiple vendor invoice to the spending officer of each spending unit, as required by the Auditor. A spending officer may consolidate payments into one monthly payment to the Purchasing Card Provider. Each spending unit may require changes in the format of invoices to meet its needs, with the approval of the Auditor.

§148-7-8. Violations

8.1. Any person who authorizes or approves a purchase or contract payment in a manner in violation of this rule the West Virginia Code is guilty of a felony, pursuant to West Virginia Code §12-3-10b.