

**WEST VIRGINIA
SECRETARY OF STATE
BETTY IRELAND
ADMINISTRATIVE LAW DIVISION**

Form #4

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OFFICE WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF RULE MODIFICATION OF A PROPOSED RULE

AGENCY: Department of Administration TITLE NUMBER: 148

CITE AUTHORITY: 5A-3-45

AMENDMENT TO AN EXISTING RULE: YES NO

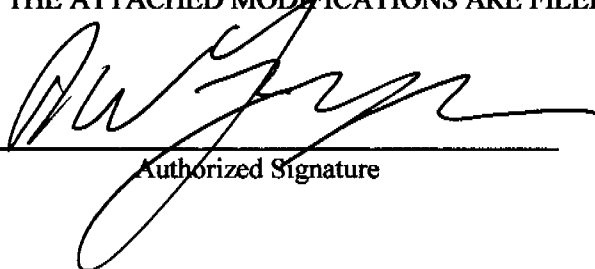
IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: 16

TITLE OF RULE BEING PROPOSED: Cannibalization of State Property

THE ABOVE PROPOSED LEGISLATIVE RULES, FOLLOWING REVIEW BY THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE, IS HEREBY MODIFIED AS A RESULT OF REVIEW AND COMMENT BY THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE. THE ATTACHED MODIFICATIONS ARE FILED WITH THE SECRETARY OF STATE.



Authorized Signature

TITLE 148
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

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SERIES 16
CANNIBALIZATION OF STATE PROPERTY

OFFICE WEST VIRGINIA
SECRETARY OF STATE

§148-16-1. General.

- 1.1. Scope. - This Legislative Rule is an explanation and clarification of operative procedures for the disposal of state surplus property by cannibalization for use of component parts.
- 1.2. Authority. - W. Va. Code, §5A-3-45.
- 1.3. Filing Date. - May 15, 2005
- 1.4. Effective Date. -

§148-16-2. Definitions.

As used in this rule, all terms have the same meaning as provided in W.Va. Code §5A-1-1 and 5A-3-1 et seq., and as follows:

- 2.1 "Director" means the Director of the Purchasing Division of the Department of Administration.
- 2.2 "Cannibalization" means the removal of parts from one commodity to use in the creation or repair of another commodity.
- 2.3 "Spending Officer" means the executive head of a spending unit or a person designated by him.

§148-16-3. 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.
- 3.2 All requests for property cannibalization under this rule must be approved by the Director of the Purchasing Division, or a designee.

§148-16-4. Authority.

The Director shall:

- 4.1 Ensure state assets are disposed of exclusively through the state agency for surplus property;
- 4.2 Provide for a means of disposal, which includes cannibalization of property;

- 4.3 Require a written request to be submitted on a standardized form prescribed by the Purchasing Division;
- 4.4 Evaluate requests for cannibalization of state property and respond to agencies with documented decision;
- 4.5 Provide recommendation to agencies for disposal of assets if cannibalization method is not approved.

§148-16-5. Cannibalization Procedures.

- 5.1. All requests for cannibalization of property must be submitted by the agency inventory coordinator and approved by the spending officer. A "Cannibalization Asset Request Form" (WV-105) must be submitted to the state agency for surplus property outlining:
 - 5.1.a. commodity identification number which was originally assigned by the agency when the property was purchased and entered into the agency's inventory;
 - 5.1.b. commodity acquisition date;
 - 5.1.c. commodity acquisition cost which is the amount originally paid for the property;
 - 5.1.d. description of the commodity;
 - 5.1.e. whether the commodity is operable and, if so, how well it operates. If item is operable, the agency must provide justification why the agency is removing parts from an asset in usable condition;
 - 5.1.f. how the agency will dispose of the remaining parts of the commodity. All parts not being used or retained for future use to repair another piece of equipment must be retired to the state agency for surplus property for proper disposal; and,
 - 5.1.g. who will cannibalize the commodity and how the person is qualified to remove and reinstall the parts. A separate document must accompany the "Cannibalization Asset Request Form" (WV-105), which will identify the individual(s) responsible for performing the disassembly and repair, along with their qualification. This document must be signed by the spending officer.
- 5.2. If the agency plans to use the cannibalized parts immediately, information listed in 5.1.a.-5.1.g must be submitted for the commodity receiving the part(s). In addition, the following information must be provided:
 - 5.2.a. whether the part restores the commodity to an operable condition. If the part does not restore the operability of the property, additional justification for the initial cannibalization must be provided, along with the additional steps required to restore operability of the property;
 - 5.2.a.1 The inoperable part being replaced through this process must be properly retired to the state agency for surplus property using authorized means of disposal as outlined in §5A-3-45.

- 5.2.b. the cost of the parts and labor to restore the commodity to an operable condition without cannibalization. A comparison of the current value of the asset being cannibalized, the value of the property being repaired, and the cost to repair the item without cannibalized will be made and evaluated. Cannibalization will not be authorized unless the value of the repaired asset exceeds the value of the asset to be cannibalized, along with the cost of the cannibalization/repair process.
- 5.3 If the agency plans to maintain the cannibalized parts for future use, justification must be submitted to and approved by the state agency for surplus property.
 - 5.3.a. The justification must identify:
 - 5.3.a.1 the potential agency-owned assets which may possibly utilize the cannibalized parts;
 - 5.3.a.2 the proposed retention time frame before the parts will be used;
 - 5.3.a.3 the location where the parts will be stored;
 - 5.3.a.4 the tracking process for which the parts will be accounted.
- 5.4 Upon receipt of the "Cannibalization Asset Request Form," the Surplus Property Director will evaluate the request and provide a recommendation to the Director for approval.
- 5.5 The Director shall make determination whether cannibalization is in the best interest of the state based on the following criteria:
 - 5.5.a. The value of the component parts exceed the value of the equipment as a whole that is being cannibalized;
 - 5.5.b. There is no current need or requirement in state government or within any eligible organization for the equipment in the current form;
 - 5.5.c. The active cannibalization does not impose a liability on the state for the disposal of non-used components.
- 5.6 The Director shall review the recommendation and approve or disapprove the request.
 - 5.6.a. If the Director approves the request, the approved parts will be cannibalized by the requesting agency. The residual components of the cannibalized commodity must be retired to the state agency for surplus property using other authorized means of disposal as outlined in §5A-3-45.
 - 5.6.b. If the Director disapproves the request, the Director shall advise the requesting agency of the appropriate authorized means of disposal as outlined in §5A-3-45.



STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
OFFICE OF THE CABINET SECRETARY

JOE MANCHIN III
GOVERNOR

ROBERT W. FERGUSON, JR.
CABINET SECRETARY

August 11, 2006

Via Hand-Delivery

The Honorable Betty Ireland
Secretary of State
Building 1, Suite 157K
1900 Kanawha Boulevard, East
Charleston, WV 25305

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2006 AUG 16 P 2:57
OFFICE WEST VIRGINIA
SECRETARY OF STATE

**Re: Cannibalization of State Property, 148CSR16
Legislative Rules**

Dear Secretary Ireland,

I am enclosing the original and ten copies of the "Notice of Rule Modification of a Proposed Rule" regarding Cannibalization of State Property. These rules contain modifications requested at the Legislative Rule-Making interim meeting. The Department of Administration has agreed to the modifications. It is my understanding that your office will maintain the original in your files. Once the ten copies have been stamped filed I will provide the copies to the Legislative Rule-Making office.

Thank you very much for your assistance. If you have any questions, or need any additional information, please do not hesitate to give me a call.

Sincerely,

Donna M. Lipscomb
Executive Coordinator

DMP:dp
Enclosures
cc: Debra Graham, Counsel for Legislative Rule-Making