



WEST VIRGINIA SECRETARY OF STATE

MAC WARNER

ADMINISTRATIVE LAW DIVISION

eFILED

9/20/2022 11:38:36 AM

Office of West Virginia
Secretary Of State

NOTICE OF RULE MODIFICATION OF A PROPOSED RULE

AGENCY: Conservation Agency

RULE TYPE: Legislative

TITLE-SERIES: 63-04

RULE NAME: 63-04 Conservation District Accounting
and Auditing Standards

CITE AUTHORITY: W. Va. 19-21A-4(g)(10); 19-21A-4(g)(17);
19-21A-7(c); 19-21A-7(f)(3)

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.

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENT IS TRUE AND CORRECT.

Yes

Belinda G Withrow -- By my signature, I certify that I am the person authorized to file legislative rules, in accordance with West Virginia Code §29A-3-11 and §39A-3-2.

TITLE 63
LEGISLATIVE RULE
STATE CONSERVATION COMMITTEE

SERIES 4
CONSERVATION DISTRICT ACCOUNTING AND AUDITING STANDARDS

§63-4-1. General.

1.1. Scope. – This legislative rule prescribes the accounting and auditing requirements and establishes the minimum system of accounting and auditing practices and procedures that are to be used by the conservation districts throughout the State of West Virginia. Conservation districts are to develop local policies and procedures that supplement the provisions specified herein. The State Conservation Committee delegates development of the accounting and auditing policies, procedures, and standards to the West Virginia Conservation Agency.

1.2. Authority. -- W.Va. Code §19-21A-4

1.3. Filing Date. --

1.4. Effective Date. --

1.5. Sunset Provision. -- This rule shall terminate and have no further force or effect on August 1, 2028.

§63-4-2. Definitions.

For the purposes of this rule, the following definitions apply:

2.1. “Accrual basis” means the basis of accounting when revenues are recorded when earned but not yet received and expenses when incurred but not yet paid.

2.2. “Agreed-upon procedures engagement” or “APE” means the performance of a specified set of audit procedures on specified assertions of the financial statements. No attempt is made to expand testing beyond the procedures agreed to by the parties involved.

2.3. “Audit” means an agreed upon procedures engagement where a practitioner performs specific procedures on subject matter and reports the findings without providing an opinion or conclusion.

2.4. “Cash basis” means the basis of accounting under which revenues are recorded when received in cash and expenditures are recorded when paid.

2.5. “Chart of accounts” means a numerical listing of all asset, liability, fund balance/equity, revenue and expenditure accounts used to record accounting transactions.

2.6. “Conservation district” means a subdivision of the state organized under W.Va. Code §19-21A-5.

2.7. “Conservation district board” means a board comprised of elected or appointed conservation district supervisors who serve as a Conservation District’s governing body, W.Va. Code §19-21A-7.

2.8. "Conservation district operating funds" or "CDO funds" means funds provided by the State Conservation Committee and the West Virginia Conservation Agency to conservation districts. These are state funds provided to districts to use at their discretion for day-to-day operations.

2.9. "Conservation district supervisor" means one of the members of the governing body of a conservation district, elected or appointed in accordance with the provisions of W.Va. Code §19-21A-6.

2.10. "Co-administered funds" means funds sent by the State Conservation Committee and the West Virginia Conservation Agency to conservation districts to carry out the conservation project goals and to fund partnership projects of all parties. This includes both state and federal funds.

2.11. "Fund" means a separate group of self-balancing accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

2.12. "General funds" means funds generated by a conservation district through sales of inventory, rental of equipment, or revenue generated from services of district employees/work crews.

2.13. "Special revenue funds" means funds received directly by a conservation district for a specific purpose such as a federal or public grant.

2.14. "State Conservation Committee" or "SCC" means the state agency charged with conserving the soil resources of this state, reducing soil erosion, preserving natural resources, controlling flooding, and protecting public lands, W.Va. Code §19-21A-4.

2.15. "West Virginia Conservation Agency" or "WVCA" means the administrative agency of the State Conservation Committee, W.Va. Code §19-21A-4(e).

§63-4-3. Administration.

3.1. The standards set forth in this rule shall be the minimum system of accounting and auditing standards that are to be used by the conservation districts. The WVCA and conservation districts shall develop program documents for accounting and auditing that include these minimum standards to be approved by the SCC.

3.2. Upon approval by the SCC, the accounting and auditing standards shall be administered by the WVCA and conservation districts.

3.3. Program document(s) shall be developed by the WVCA to serve as policy and establish procedures for co-administered funds.

3.4. The conservation districts shall follow SCC policies in the administration of co-administered funds.

3.5. Program document(s) shall be developed by the conservation districts to serve as policy and establish procedures for general funds, conservation district operation funds, and special revenue funds.

3.6. The SCC shall consider recommendations from the conservation districts related to the accounting and auditing standards.

3.7. The conservation district supervisors are responsible for the financial management of the conservation district. The conservation district supervisors must ensure all applicable provisions of this rule and policies and procedures are complied with, all accounting records are accurately maintained, and all financial reports are reviewed and properly maintained.

3.8. WVCA accounting staff shall be responsible for accounting entry for co-administered funds.

3.9. Conservation districts shall hire an independent accounting or bookkeeping service to be responsible for accounting entry of general funds, CDO funds, and special revenue funds.

3.10. The SCC shall develop a chart of accounts for the co-administered funds. Conservation districts should use this chart of accounts for the general fund, CDO fund, and special revenue funds and may add to it as needed.

3.11. Conservation districts shall provide the SCC an annual budget by March 31st for the following fiscal year and an expenditures report by August 1st for the previous fiscal year for conservation districts operating funds.

§63-4-4. Basis of Accounting.

4.1. Basis of accounting refers to when revenues and expenditures are recognized in the accounting records and reported in the financial statements.

4.2. The conservation districts shall maintain their accounting records on the accrual basis of accounting.

§63-4-5. Signatures on Transactions.

5.1. Signatures on checks and other transactions are required to be manual handwritten signatures. If a district supervisor initiates an electronic transaction, the electronic signature/approval is acceptable so long as the signature/approval is password protected.

5.2. Signature stamps or preprinted signatures shall not be used.

5.3. Two signatures are required on all checks issued by the conservation districts. Both signatures cannot be by the same individual.

5.4. WVCA employees shall not have signature or transaction approval authority on any conservation district accounts or use of conservation district debit or credit cards.

§63-4-6. Bank Accounts.

6.1. Conservation districts shall receive and maintain funds received from the State of West Virginia, including federal funds, in an interest-bearing bank account.

6.2. Conservation districts shall maintain general funds, CDO funds, and special revenue funds in the same interest-bearing account provided the accounting software used can perform fund accounting to produce financial statements and tracking for each fund. Otherwise, each type of fund may be maintained in separate bank accounts.

6.3. The use of a money market type account with a disbursement account is also acceptable.

6.4. Co-administered funds may be invested in Certificates of Deposit as long as the funds may be withdrawn early without penalty.

6.5. Conservation districts shall notify the WVCA when co-administered banking accounts are opened, closed, or changed.

6.6. Conservation districts shall notify their accounting/bookkeeping service provider when general fund, CDO funds, and special revenue banking accounts are opened, closed, or changed.

6.7. The conservation district treasurer and one other district supervisor shall be present at the financial institution when opening or closing a bank account or Certificate of Deposit.

6.8. Districts shall keep all signature cards up-to-date.

6.9. Funds shall be deposited at FDIC insured banking institutions.

6.10. Funds deposited in excess of FDIC insured amounts shall be collateralized to the same extent as W.Va. Code §12-1-5 with the same type of collateral as listed in W.Va. Code §12-1-4. This may require the use of Fedwire Securities Joint Custody Service.

6.11. Blank checks shall never be signed in advanced nor shall checks without a payee or amount.

6.12. Checks shall not be signed by stamp, any other signature facsimile, or by persons other than those authorized to sign.

6.13. Authorized signors shall be approved by district board motion.

6.14. Check stock shall be locked in a secure location when not in use.

6.15. All check stock shall have "Void After 180 Days" or "Void After 6 Months" printed on them.

6.16. Conservation districts shall notify and remit unclaimed property to the State Treasurer's Office in accordance with the West Virginia Uniform Unclaimed Property Act §36-8.

6.17. All credit card transactions shall be reconciled monthly by the district treasurer to individual receipts.

§63-4-7. Bank Reconciliations.

7.1. All bank accounts shall be reconciled monthly.

7.2. All Certificates of Deposit shall be reconciled when statements are provided by the bank (monthly, quarterly, or annually).

7.3. All bank statements and reconciliations shall be reviewed by the district treasurer, at a minimum. The district treasurer shall review and by signature approve the reconciliation.

7.4. All reconciliations shall have a zero unreconciled difference between the ledger balance and bank statement balance.

7.5. All outstanding items shall be research and resolved.

§63-4-8. Receipts Processing.

- 8.1. All funds (cash, check, or money order) are to be treated as cash received.
- 8.2. Each transaction shall be recorded in an official receipt book as it is received, on the day received.
- 8.3. Each official receipt book shall have pre-numbered duplicate receipts. The conservation district shall retain an official receipt book for general funds, CDO funds, and special revenue funds and a receipt book for co-administered funds. Receipts written on scrap paper and inserted into the receipt book are not permitted as official receipts.
- 8.4. The original (top) receipt shall be given to individuals paying in person. Other original receipts shall be left in the official receipt book or mailed to the payee. The second (duplicate) receipt shall remain in the official receipt book at all times whether void or authentic.
- 8.5. Each transaction being recorded shall contain the date, the name of the individual or company paying funds to the district, and the total amount written out. A description line shall contain a short statement explaining the income being recorded. Each receipt shall be signed by the person receiving the funds.
- 8.6. Direct deposits are to be recorded in the same manner to provide a receipt number for recording in the accounting software. If a check is issued to deposit the funds into another conservation district bank account, it shall be processed in this manner and included on the deposit ticket process.
- 8.7. Receipt names should then be listed on the deposit ticket in the order received.
- 8.8. Each day's deposit ticket(s) shall have the date entered at the top of each ticket. If more than one deposit ticket is used, the date should be entered on each ticket and the bottom total box should have a line drawn through the space of each ticket, with the exception of the last ticket. The total amount shall be entered on the last ticket used that day. Duplicate deposit tickets should be kept with the receipt book.
- 8.9. Copies of completed deposit tickets for each day of the month shall be with the monthly bank reconciliation.
- 8.10. All checks shall be immediately stamped with a restrictive endorsement that includes "For Deposit Only", the conservation district name, bank name, and account number.
- 8.11. All funds received shall be totaled for each day. The total of all funds listed on the deposit ticket shall equal the total funds received for the day as listed in the official receipt books.
- 8.12. Funds for all receipts written shall be deposited within 24 hours (excluding non-working days) of receipt.
- 8.13. If the banking institution being used closes before 4:00 pm and a drive-in section is not available, arrangements should be made for a locked bag to be used to make a night deposit.
- 8.14. WVCA employees shall not use petty cash funds or accept cash.
- 8.15. Accounts receivable shall be reviewed monthly by conservation district supervisors to see aging accounts still outstanding.

§63-4-9. Expenditure Processing.

9.1. Each invoice for co-administered funds shall be signed or verified by email or signature by a conservation district supervisor, conservation board designee, or WVCA employee as defined in approved policy based on the program. This shall verify the invoice is a valid charge to the conservation district and delivery of the commodity or services to be rendered are complete.

9.2. Verifications via email shall include amount, invoice number (if available), contract number (if available), and vendor name.

9.3. Each invoice for general funds, CDO funds, or special revenue funds shall be signed or verified by email by a conservation district supervisor or conservation board designee. The designee shall not be a WVCA employee but may be a district employee.

9.4. Invoices shall be paid only for goods and services received.

9.5. All invoices to be paid shall be submitted to the board for approval of payment. The approval may be made on a listing or by individual invoice. The approval requires a motion and vote of the board and shall be recorded in the official minutes.

9.6. It is recommended that the authorized signatories, through board motion, be given the authority to pay routine monthly invoices/bills (such as rent and utilities) not to exceed a given dollar amount (recommended less than \$1,000.00) to ensure they are not paid late.

9.7. Proper documentation, for the review/signature process, shall be attached to all checks presented to conservation district supervisors for signature.

9.8. All checks shall be electronically printed from the accounting system, unless emergency authorization is obtained from WVCA fiscal staff for co-administered funds or by conservation district supervisors for all other funds.

9.9. Accounts payable shall be reviewed monthly by conservation district supervisors to ensure all invoices and bills have been properly paid and payments correctly recorded.

9.10. Once a check has been approved by the conservation district board and signed, each invoice shall be stamped "PAID" and the date along with the check number shall be written on the invoice.

9.11. The second stub from the printed check shall be attached to the invoice as supporting documentation and additional proof of payment.

9.12. All authorized check signatories shall be properly bonded.

9.13. Any check that is misprinted, contains an error, or is otherwise voided shall have "VOID" written across the front of the check and shall be filed with the paid invoices in check number order.

§63-4-10. Procurement.

10.1. The following procurement processes are required for all funds held in a conservation district. The exception is co-administered funds used for projects requiring the use of a contractor. Those projects will follow the Project Contracts Policy and Procedures or Emergency Watershed Protection Handbook as approved by the SCC.

10.2. Commodities and services that are expected to cost \$2,500 or less require no bids. However, competition is encouraged to ensure best acquisition cost.

10.3. Bid Range \$2,500.00-\$10,000.

10.3.1. Commodities and services with an expected cost of \$2,500.01 to \$10,000.00 require three verbal bids. A bid proposal shall be developed that contains the designated specifications and necessary requirements and shall be used to obtain consistent bids. The written summary documentation that is prepared shall include the following information:

10.3.1.a. Vendor

10.3.1.b. Contact name

10.3.1.c. Phone number

10.3.1.d. Service/product specifications

10.3.2. The summary documentation shall be maintained with the final paid invoice.

10.3.3. Signed faxed bids are acceptable.

10.3.4. Screen prints from internet sites in which the community or service is for sale and can be purchased directly can substitute as a verbal bid.

10.4. Bid Range \$10,000.01-\$25,000.00.

10.4.1. Commodities and services with an expected cost of \$10,000.01 to \$25,000.00 shall require three written bids with like specifications. A bid proposal shall be developed that contains the designated specifications and necessary requirements and shall be used to obtain consistent bids. The designated specifications shall include:

10.4.1.a. Detailed description (specification) for commodities or services being purchased. Item(s) shall be identified by details with sufficient specificity to ensure like comparisons.

10.4.1.b. Quantity of item(s)

10.4.1.c. Delivery date and cost, if applicable

10.4.1.d. Bid price per unit of item(s)

10.4.1.e. Maintenance costs, if applicable

10.4.1.f. Written bid receipt deadline

10.4.2. All bids shall have the original signature of the bidding vendor.

10.4.3. Signed paper or faxed bids are acceptable.

10.4.4. Screen prints from internet sites are not acceptable as a valid bid for this threshold.

10.5. Bid Range Greater than \$25,000.00.

10.5.1. Commodities and services with an expected cost in excess of \$25,000.00 shall be advertised for written, sealed bids and shall include:

10.5.2. Detailed description (specification) for commodities or services being purchased. Item(s) shall be identified by details with sufficient specificity to ensure like comparisons. Vendor signature required on official bid sheet.

10.5.2.a. Quantity of item(s)

10.5.2.b. Delivery date and cost, if applicable

10.5.2.c. Bid price per unit of item(s)

10.5.2.d. Maintenance costs, if applicable

10.5.2.e. Sealed bid receipt deadline

10.5.3. Bids are to be sealed with date and time received noted.

10.5.4. Bids are received, opened, and examined to ensure compliance with all specifications and to determine the lowest responsible bidder. Bid quotes shall not be altered after bids are opened. The bid packages shall be opened by the conservation district board or its designee (by board motion) following the closing date and time.

10.5.5. All bids shall have the original signature of the bidding vendor.

10.6. Bid Solicitation.

10.6.1. The district board shall make and approve a motion for all solicitations for goods/services.

10.6.2. When soliciting bids, prices shall be requested both with and without trade-in offers from the vendors to facilitate an accurate comparison and to establish a value for the new equipment for inventory purposes.

10.7. Bid Evaluation.

10.7.1. A bid review and evaluation shall be completed by a district supervisor or their designee (a district employee or WVCA support personnel).

10.7.2. Bids shall be reviewed with the award going to the lowest responsible bidder who meets the specifications. Generally defined, a responsible bidder is one who has a reputation for good performance and financial accountability and can furnish the required needs of the district as requested in the bid specifications.

10.7.3. Evaluation of the bids shall include (at the minimum) meeting all specifications, bond requirements, required documentation, and proper licenses. The evaluation shall be completed within 3 business days after the bid opening and shall not be open to the public.

10.7.4. During the evaluation period, bid specifics shall not be discussed with vendors or the public. The district supervisors should contact vendors only to verify or obtain a better understanding of information that may be in question.

10.7.5. After a proper evaluation, if an award is made to a vendor other than the lowest responsible bidder, a thorough, written justification signed by the evaluator(s) shall be inserted into the file and retained for public record and inspection.

10.7.6. Prior to an award, a vendor shall be in compliance and in good standing in accordance with the WV Code §21A-2-6 concerning unemployment and workers compensation, otherwise their bid shall be disqualified. This may be verified by district supervisors or the administrative specialist through Workforce West Virginia and the Insurance Commission.

10.7.7. The vendor shall be verified not to be debarred by the federal government or state of West Virginia.

10.7.8. The vendor organized as a business entity must have a certificate of authority and be in good standing with the West Virginia Secretary of State's Office.

10.7.9. The final award of the contract and Notice to Proceed (if needed) shall be completed by approval of a board motion. A prior board motion to delegate this authority to a district supervisor(s) is acceptable.

10.8. Tie Bids.

10.8.1. Occasionally two or more bids of equal terms and amount are received in response to a solicitation resulting in a tie bid.

10.8.2. The preferred method for resolving tie bids is a flip of a coin, draw of card, or any other impartial method.

10.8.3. Vendors affected by the tie should be notified and given an opportunity to attend the tie breaker.

10.9. Errors.

10.9.1. If an error is discovered by the conservation district, the burden of proof and timely action for request of relief (opportunity to correct errors, release from contract, etc.) is the vendor's responsibility. The request for relief shall be made in writing by the vendor to the conservation district within five (5) working days from the bid opening date. The conservation district shall contact the vendor if an error is discovered. Omissions of required information or documentation are not considered an error and shall be rejected.

10.9.2. Erroneous bids may be rejected after the bid opening if all the following reasons are met:

10.9.2.a. An error was made;

10.9.2.b. The error materially affected the bid price;

10.9.2.c. Rejection of the bid would not cause a hardship on the conservation district other than losing an opportunity to receive commodities and services at a reduced cost; and

10.9.2.d. Enforcement of the part of the bid in error would be unconscionable.

10.9.3. To reject a bid, the public file shall contain documented evidence that all the above conditions exist. The vendor shall specifically identify the error(s) and provide documentation to substantiate the claim that the error(s) materially affect the bid and enforcement of the part of the bid in error would be unconscionable.

10.9.4. The unit price prevails if there is an error in the extension.

10.9.5. Faxed bids that contain bid bonds, litigation bonds or any other bond should be submitted with the bid and the vendor should provide the original bonds within two (2) working days of the bid opening dates.

10.10. Purchase of used equipment requires prior approval by the SCC or WVCA when using co-administered funds.

10.11. WVCA employees shall not use personal finances (credit card, cash, checks, debit card, money order, etc.) to make purchases on behalf of a district.

10.12. Tax exempt status shall be used on all purchases.

§63-4-11. Project Contracts.

11.1. Conservation district contracts for projects using co-administered funds shall be performed by a conservation district work crew or be based on competitive public bid.

11.2. The SCC shall develop and implement the contracting process, with conservation district approvals, to ensure a uniform manner across the conservation districts.

11.3. This process applies to project contracts that use a private contracting business to complete the project.

11.4. If the conservation district board or delegated district supervisor(s) selects to use a conservation district work crew, the district will coordinate with WVCA field staff management or appointed technical staff and the conservation district work crew to complete the project.

11.5. If the conservation district board or delegated conservation district supervisor(s) selects to use a private contracting business, the district will inform the WVCA field staff management and/or appointed technical staff to start the process of external contracting.

11.6. A conservation district work crew may not compete against private contracting businesses for services. This includes a conservation district work crew providing a quote for services to the district prior to or post job showing.

11.7. Only after the contract bid (external contracting process) has been rejected by a conservation district board or delegated supervisor will the process be considered complete.

11.8. Once the contract bid is rejected and the conservation district board or delegated conservation district supervisor(s) start the bidding process over, only then may a quote from a district work crew be sought.

11.9. All contracts shall be a lump sum contract with a bid schedule sheet unless otherwise noted.

11.10. The SCC shall establish a dollar threshold to determine which procurement process to use to obtain a private contractor.

11.10.1. Project contracts financed through co-administered funds are divided into two (2) categories:

11.10.1.a. Co-administered funds projects under (established threshold)

11.10.1.b. Co-administered funds projects (established threshold) and above

11.11. The SCC shall develop and approve the Co-Administered Funds Projects Contracts Policy and Procedures manual to include the above processes and following topics:

11.11.1. Project Development to include:

11.11.1.a. Funding of Proposed Project and

11.11.1.b. Presentation of Project to District Board

11.11.2. District Board Selection of Contracting Process

11.11.3. Contract Development

11.11.4. WVCA Contracting Website Notification

11.11.5. WVCA Posting Job Showing to Website

11.11.6. Scheduling of Bid Openings

11.11.7. Pre-Bid Conference/Job Showing

11.11.8. Bid Opening

11.11.9. Bid Evaluation

11.11.10. Validation of Low Bid Contractor

11.11.11. Award and Signing of Contract

11.11.12. Tie Bids

11.11.13. Omissions

11.11.14. Errors

11.11.15. Bonds

11.11.16. Contract Modification/Amendment/Change Order

11.11.17. Contractor Protest

11.11.18. Contracting Documentation

11.12. Projects using federal funds shall follow any grant requirements and Code of Federal Regulations (2 CFR 200) requirements for local governments.

11.13. Contractor Protest.

11.13.1. Protests based on bid specifications must be submitted to the conservation district no later than one (1) working day prior to the bid opening.

11.13.2. Protest contract awards must be submitted to the conservation district no later than five (5) working days after the award.

11.13.3. The vendor is responsible for knowing the bid opening and award dates.

11.13.4. Protests received after these dates may be rejected at the option of the conservation district board.

11.13.5. All protests shall be submitted in writing to the conservation district board and contain the following information:

11.13.5.a. the name and address of the protestor;

11.13.5.b. the requisition, purchase order, or contract numbers;

11.13.5.c. a statement of the grounds of protest;

11.13.5.d. supporting documentation (if necessary); and

11.13.5.e. the resolution or relief sought.

11.13.6. Failure to submit this information shall be grounds for rejection of the protest by the conservation district board.

11.13.7. The conservation district board and WVCA or their designee shall review the matter of protest and issue a written decision.

11.13.8. A meeting to hear information from the vendor and pertinent staff may be conducted at the option of the conservation district board, WVCA, and/or assigned designee.

11.13.9. The decision of the district board is final. Appeals may be brought in the circuit court of the county where the district board office is located.

§63-4-12. Fixed Assets.

12.1. Conservation districts shall maintain a list of all reportable fixed assets and depreciation schedules with their accounting/bookkeeping service.

12.2. Reportable assets include:

12.2.1. All assets with an original acquisition cost of \$1,000 or more and a useful life of one year or longer is reportable.

12.2.2. All computers (including laptops and central processing units [CPU]) with an acquisition cost of \$500 or more.

12.3. The acquisition costs of assets shall be determined as the actual cost of that asset as evidenced by invoices or purchase orders. The conservation district can also determine acquisition cost by a reasonable method of estimation provided that no invoice or purchase order records exist. The conservation district thoroughly documents the estimation method used, and the documentation related to the estimate is maintained in the appropriate file for audit purposes.

12.4. Assets shall be inventoried on a per item basis. Individual items making one working component are to be inventoried as one asset. However, should an asset be purchased for the purpose of enhancing or upgrading the item, the cost of the upgrade can be added to the original cost as a betterment.

12.5. Donated assets acquired as a gift from an individual or organization are to be included on the list if the donation or gift is valued at \$1,000 or more and has a useful life of one year or longer. Donated assets are valued at fair market value on the date the gift is given.

12.6. Computer software is an intangible asset and considered non-reportable.

12.7. All reportable assets should have a numbered identification tag affixed to the asset. Conservation districts will be responsible for obtaining and placing the proper tags on all reportable assets under their jurisdiction. Tags are to be placed on all reportable assets in such a manner that it can be easily seen and read.

12.8. Conservation districts shall take a physical inventory once every three (3) years and shall have completed the physical inventory by June 30th of the relevant year. The physical inventory shall include viewing of all reportable assets under the conservation district's jurisdiction.

12.9. Conservation districts may dispose of reportable assets by sell on-site, trade-in, sell for scrap, or recycle/dispose as waste.

12.10. Lost or stolen assets should be documented in the file and accompanied by a copy of a policy report is stolen.

12.11. Disposed assets shall be removed from the tracking list.

12.12. Assets purchased with federal funds shall be disposed of following guidelines from the grantor and 2CFR200.

§63-4-13. Payroll.

13.1. Conservation districts shall be responsible for obtaining all required tax and other work documentation from their employees.

13.2. Timesheets shall be prepared and signed by each district employee and approved by their immediate manager or a designated conservation district supervisor for each pay period. The timesheet serves as the required documentation for payment of salary.

13.3. The district shall maintain payroll records as defined in their records retention schedule.

13.4. The accounting of payroll shall separate payroll into expense accounts including gross pay, fringe benefits, payroll taxes, etc.

13.5. Conservation districts are responsible for filing all required federal and state tax forms and making applicable tax deposits in timeframes required.

13.6. Conservation districts shall ensure proper tax withholding occurs, as well as proper withholding and tax application of various voluntary deductions.

13.7. The conservation districts shall develop and approve policies and procedures for conservation district supervisor expense and per-diem.

13.8. The SCC shall set conservation district supervisor expense and per diem rate based on the availability of funds.

§63-4-14. Financial Statements.

14.1. All financial statements/reports shall be reviewed by the district treasurer and should be reviewed by at least the district chairperson each month.

14.2. Any discrepancies noted shall be brought to the attention of the WVCA or the accounting/bookkeeping service provider based on whom provided the financial statements.

14.3. All financial statements/reports shall be made available for all conservation district supervisors to review upon their request.

14.4. Financial statements should not be printed until that month's bank reconciliations have been completed unless needed for informational purposes. Interest has not been posted and transactions verified until the reconciliation process has been completed. If financial statements are printed prior to the bank statement, the reports shall be presented in "Draft" format.

14.5. Required financial statements and reports include:

14.5.1. Combined Balance Sheet

14.5.2. Combined Statement of Revenues and Expenditures

14.5.3. Check Register

14.5.4. Aged Accounts Receivables

14.5.5. Aged Accounts Payables

14.5.6. Trial Balance

14.5.7. Statement of Revenues and Expenditures

14.5.8. Co-Administered Funds Report

§63-4-15. Records and Records Retention.

15.1. Receipts processing records should minimally consist of:

- 15.1.1. Bank deposit receipt.
 - 15.1.2. Copy of the bank deposit slip.
 - 15.1.3. Copy of checks, money orders, and other items of deposit.
 - 15.1.4. Copy of Letter of Request (if co-administered funds)
 - 15.2. Expenditure processing records should minimally consist of:
 - 15.2.1. Check stub or copy of the signed check used to make the payment
 - 15.2.2. Invoice paid
 - 15.2.3. Approval documentation/verification emails (if co-administered funds)
 - 15.2.4. Any additional supporting documentation
 - 15.3. All receipts processing, expenditure processing, and bank statements should be filed by bank account. These same records should further be filed by fiscal year.
 - 15.4. Financial statements should be filed by fiscal year with the above records.
 - 15.5. Conservation districts shall develop standards and policies for additional documents to be retained in district files and the filing structure.
 - 15.6. Conservation districts shall maintain files in accordance with other SCC approved program and project guidance.
 - 15.7. The SCC shall develop and approve a records retention schedule for conservation district records that shall be reviewed and approved by West Virginia Records Management.
- §63-4-16. Audit.**
- 16.1. Conservation districts shall be audited by an independent auditing firm on an annual basis and shall typically consist of an APE.
 - 16.2. APEs will typically consist of testing of receipts, disbursements, bank reconciliations, payroll, fixed assets, and other various records.
 - 16.3. Conservation district records shall be made available to the auditor.
 - 16.4. A workplace shall be made available.
 - 16.5. The WVCA shall provide conservation districts with a request for quotation template containing the testing requirements for the APE.
 - 16.6. Conservation districts shall use the request for quotation template to obtain an independent auditor.

16.7. The final APE report is to be submitted by the conservation district to the WVCA by the February following the fiscal year being reviewed.

16.8. All findings shall be reviewed and resolved by the conservation district.

16.9. The WVCA shall review all findings for co-administered funds and work with the conservation district on resolution.

16.10. Any findings along with the resolution of the findings shall be reported to the SCC by July following the fiscal year being reviewed.

16.11. Conservation districts shall be responsible for paying the independent auditors for services provided in relation to the APE.

16.12. The WVCA shall reimburse the conservation districts for APE expenses once required documentation is received based on the availability of funding.

§63-4-17. Fraud, Waste, and Abuse.

17.1. Conservation district supervisors suspecting fraud, waste, or abuse of assets of the district shall notify the WVCA executive director immediately.

17.2. The WVCA shall provide staff to review any suspicions of fraud, waste, or abuse.

17.3. The WVCA executive director and staff will work with conservation district supervisor(s) to determine if suspicion of fraud, waste, or abuse should be reported.

17.4. Any conservation district supervisor or WVCA employee may also report suspected fraud, waste, or abuse directly to enforcing entities.

17.5. Suspected fraud, waste, or abuse should be reported to the West Virginia State Auditor's Office or the Legislative Commission on Special Investigations.

§63-4-18. Supplemental Policies and Procedures.

18.1. The SCC shall establish supplemental policies and procedures for conservation districts including:

18.1.1. Conflict of Interest

18.1.2. Project Contracts

18.1.3. Records Retention

18.1.4. Transfer and Return of Co-Administered Funds

18.2. Conservation districts shall establish policies and procedures including:

18.2.1. Personnel and Payroll

18.2.2. Supervisor Expense and Per Diem