

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
ADMINISTRATIVE PROCEDURES
VOLUME VI, CHAPTER 9

SUBJECT: PURCHASING
CHAPTER TITLE: SPECIALTY PAYABLES

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I. **INTRODUCTION**

Effective: 8/15/2002

The purpose of this chapter is to explain the policies and processes pertaining to purchases that should be placed within a Specialty Payables purchase type (as explained in this chapter), rather than any of the purchase types discussed prior to this chapter. Many of these purchases *could* be designated under one of the types already explained, but *should not be*, for one (or both) of the following reasons:

- There is enough peculiarity as to what is being purchased or *how* it is being purchased to warrant the separate computer record-tracking facilities that a Specialty Payables purchase type designation can allow, or
- The purchase must be processed as a particular Specialty Payables purchase type to satisfy State requirements (Purchasing Division, State Auditor, or State Code).

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II. **GENERAL POLICIES**

All of the Specialty Purchase Types require the establishment of Purchase Master Records for each "vendor", through the REMIS PS function. The Purchase Masters provide:

- a representation of managerial authority to pay the vendors, describing who, for what, and for how much (cost);
- a "posting residence" for approved invoices; and
- a means of monitoring expenses and inquiring as to the status of purchases.

The Purchase Master Records will conform to the Master/Line Item format. This format enables detailing control or information elements within the total procurement, and the use of separate accounting distributions as they may be applicable to the various elements of the procurement.

The REMIS screen provided for Master Records has a field for "AUTH AMT" (Authorized Amount). Although this field may be left open, organizations are encouraged to enter an appropriate amount in this field for use as a system edit. This will aid organizations in their normal budgeting processes.

Organizations should review all of their Purchase Masters periodically. If a Master is not used, a termination date should be set to delete the Record from the system.

Purchase Masters should be closed when they are no longer of use to an organization. For example, when an employee (for whom a Travel Expense Master has been created) retires, the organization should close that master at that time.

Obviously, Purchase Masters should only be created when there is reason to believe that they will be used. For example, if an organization has fifteen employees and only ten of them travel as part of their job, Travel Expense Masters should not be created for the five non-traveling employees.

Following these instructions will promote good housekeeping within REMIS and avoid "clutter" and waste within the Purchase Master System.



II. UTL: UTILITIES

Effective: 8/15/2002

The UTL purchase type will be used for regular *public* services that organizations use on a continuing basis. These services have to do with the DOT's physical operations and include electric, natural gas, water, sanitation/garbage pick up, telephone, municipal and county fees, and cable television.

A. UTL POLICIES

1. UTL purchases are instituted by prior arrangement (i.e. subscription, contract, agreement, etc.), rather than by a typical purchase order/receipt process.
2. Transportation Finance Division, Accounts Payable Section will receive UTL invoices. Upon receipt, Accounts Payable will audit and certify the invoices and enter the Purchase Receipt, "PR", to the applicable REMIS

Line Item Master(s). If utilities invoices are mailed from the vendor to the user organization or its headquarters, they must be transmitted to Accounts Payable via Transmittal Letter, Form DOT-104.



B. UTL PROCESSES

1. A REMIS Purchase System Master Record (with at least one corresponding Line Item Master Record) must be established for each vendor providing services to the purchasing organization. This will be accomplished at the organization headquarters level. The details of the Record to be established will vary, depending upon the type of service being provided.
2. There is no specific form or document prescribed for the establishment of UTL Masters. Organizations should, however, document UTL Master establishment (use Form DOT-35 or computer printout).
3. When a new Master must be established, organizations will enter information into UTL Purchase Masters as directed in "Section VIII., A.".
4. Once the Purchase System Master is entered, the Line Item Master screen is revealed and must be completed. At least one Line Item Master will be associated with each UTL Master. Typically, UTL Line Item Masters will be established for each organization or service location (or any other variance in accounting distribution) involved. Organizations will enter information as indicated in "Section VIII., B.", to establish new Line Item Masters.



IV. IGT: INTER-GOVERNMENTAL TRANSFER

Effective: 8/15/2002

The IGT Purchase Type should be used any time a DOT agency purchases goods or services from another State agency, even another agency within the DOT. It may not be used for purchases from agencies not associated with the State of West Virginia.

The IGT differs from other kinds of purchases, in that special processes are performed with FIMS (the statewide computer accounting system) to effect fund transfers instead of generating actual checks.

A. IGT POLICIES

1. The following kinds of IGT *vendors* should be considered before purchasing from private vendors. Often, they are able to offer comparable goods/services at lower prices than may be had elsewhere.

- The West Virginia State Agency for Surplus Property
 - Prison Industries
 - WVARF (sheltered workshops)
- a. Prison Industries and WVARF may have statewide contracts in force, from which DOT agencies may write contract orders. In this situation, the purchasing organization will establish an IGT purchase master, although they must also submit a Blanket Release Order to purchase from the contract. When an invoice is submitted to Accounts Payable Section for payment, the "IGT" box on the DOT-104 (Transmittal) should be checked.
 - b. If one of the three above-named agencies cannot supply the goods or service needed, the purchasing organization should consider whether another State agency might be able to satisfy the need through an IGT.
2. Within the Division of Highways, only (DOH) Equipment Division may purchase surplus rolling stock and equipment associated with the maintenance of rolling stock.
 3. Also within the DOH, all purchases of surplus equipment parts costing more than \$500.00 must be coordinated with Equipment Division.

B. IGT PROCESSES

Effective: 8/15/2002

1. Once the purchasing organization has decided to use the IGT method of procurement (and secured any necessary approvals), the appropriate individual at the organization will establish an IGT Purchase Master in REMIS.
2. The purchasing organization will enter the receipt(s) into REMIS and submit the invoice, with any other appropriate documentation, to Accounts Payable Section on a Form DOT-104 with the "IGT" box checked.
 - The invoice must contain the complete FIMS accounting code(s) for the agency being paid, prior to transmission to Accounts Payable Section. If the vendor agency has not included this information on their invoice, they must be contacted to obtain it.
 - If the commodity being purchased is a Fixed Asset Inventory item, a Form DOT-877 must be prepared and submitted to the Procurement Section of Transportation Finance Division, who will establish an Inventory Master (see DOT Volume V, Chapter 3, Section 5).
 - A receiving report (TSO Report No. 403, DOT-5) must be

issued and the "Authorized Receiver Requirement" observed if the payment is coded with any of the object codes given in DOT Volume VI, Chapter 10, Section III.



V. **EXP & BLV: EXPENSE ACCOUNTS & BOARD AND LODGING VOUCHERS**

Effective: 8/15/2002

A. **EXP & BLV POLICIES**

The REMIS Purchase System requires that Travel Master Records be established for each traveling employee, in order to process Employee Expense Accounts and Board and Lodging Vouchers. The preferred method for paying for board and/or lodging is by using the travel credit card issued to the employee (see DOT Volume I, Chapter 4). If, however, the employee does not qualify for a travel credit card, or if the board and/or lodging provider does not accept the travel credit card, then a Board and Lodging Voucher (for direct billing) may be issued.

1. Organization headquarters is responsible for establishing Travel Master Records for each of their traveling employees and for each provider of board and/or lodging that will be paid with a Board and Lodging Voucher. The Travel Master Records fulfill three needs:
 - a. They provide a representation of authority to reimburse the employee for business travel expenses or pay the board and lodging provider,
 - b. They serve as the *posting residence* for the employee's Travel Expense Account, and
 - c. They facilitate travel expense monitoring and provide inquiry capability to determine the status of a particular Travel Expense Account or Board and Lodging Voucher.
2. Once the Travel Master has been established, it will remain serviceable indefinitely, although the organization may re-establish it annually if desired.
3. For the DOT Travel Regulations and associated policies, see DOT Volume I, Chapter 4.

B. **EXP & BLV PROCESSES**

Effective: 8/15/2002

1. REMIS Travel Master Record Identification will consist of the headquarters' organization number and of a Purchase Number.

- a. The Purchase Number for Employee Expense Account (EXP) Masters will consist of the employee's last name, possibly followed by his or her first name or first initial (depending on how long the name is - nine characters are allowed for the name), followed by the last digit of the fiscal year. Organization management has the discretion to abbreviate the name or add characters to the name to avoid any conflicts (name less than nine characters long, last name more than nine characters, two individuals with the same name, etc.). No two Purchase Numbers in the same organization may be identical.
 - b. The Purchase Number for Board and Lodging Voucher (BLV) Masters will consist of the vendor's Federal Employment Identification Number followed by the last digit of the fiscal year.
2. An optional entry of the Travel Master Record is the Total Amount Authorized. In conjunction with an Expense Edit of "D" (dollars), the Total Amount Authorized will limit the year's posting of travel costs. This can aid management with its budgetary concerns by identifying a dollar limit and by soliciting review and approval if the limit is to be exceeded.
3. Travel Master Records will accept multiple postings of reimbursement requests or Board and Lodging Vouchers and their subsequent payments.
4. The accounting distribution set on a Travel Master Record should be the distribution that will most frequently be used in receipt entry throughout the fiscal year. If, at any time, the accounting distribution required is different than that on the Master, the Master may be changed by responding "Y" (yes) to the "Allow Accounting Information To Be Changed On Receipt" option.
5. Each organization is responsible for the correct completion of their employees' Travel Expense Account Forms, Board and Lodging Vouchers, and Form DOT-90 (Code Sheet). The DOT-90 will document the applicable accounting information and must be signed by the organization's designated manager.
6. Organizations are responsible for recording the cost of business travel expense to the REMIS Purchase System through the "PR" (Purchase Receipt) function. The DOT-90 Code Sheet accounting distributions will be recorded to the Travel Master Records identified by the purchase number.
 - a. The DOT-90 Code Sheet distributions must equal the total invoiced dollar amount from the employee's approved Travel Expense Account Settlement or the Board and Lodging Voucher.
 - b. For entry of Board and Lodging Vouchers to the "PR"

function, the "Receipt Document Number" will be the last five digits of the pre-assigned "Voucher Number", with the "Session Number" being "00".

7. Upon completion of the organization's review and the "PR" posting to REMIS, the Travel Expense Account Settlement, Board and Lodging Voucher (if used), and any other required documentation (i.e., DOT-90 Code Sheet, invoices, credit card slips, etc.) will be transmitted to Transportation Finance Division, Accounts Payable Section, on a DOT-104 (Transmittal). This transmittal must occur (by State regulations) within five business days of the trip return date.
8. It is the responsibility of organization headquarters to correct any errors in documentation or invoice amounts entered into REMIS. In the event that a correction to the invoiced amount is required, it must be accomplished through the PR function, using the same "Receipt Document Number" that was used originally, but with a new "Session Number". Generally, the original (incorrect) entry (including accounting documentation) should be reversed with a receipt entry at a negative dollar amount, followed by the correct entry.

VI. **CON, PAG, RPR, RUR, RWI**

Effective: 8/15/2002

The Commissioner of Highways has State Code authority to make certain kinds of purchases and to enter into certain kinds of contracts, independent of the Department of Administration (DOA) Purchasing Division's rules. The purchase types covered in this section were originally designed for Division of Highways' use only, as permitted under State Code (§17-2A-8 and related sections). Following, are the definitions for these purchase types:

- CON: Construction Contracts, Voucher Estimates & Finals;
- PAG: Professional Service "Consultant" Agreements;
- RPR: Real Property Rentals;
- RUR: Railroad and Utility Relocations;
- RWI: Right of Way Invoices (includes Purchase of Property, Relocation Assistance Payments, etc.

A. **CON, PAG, RPR, RUR, RWI POLICIES**

The procurement procedures associated with these purchase types must begin with Form BF-98, Authorization, or other documentation indicating organization management approval, and that of Transportation Finance Division.

B. **CON, PAG, RPR, RUR, RWI PROCESSES**

Effective: 8/15/2002

1. The responsible organization will, after securing all necessary approvals, establish the Purchase Master Record.
 - a. A unique Purchase Number must be assigned to each Purchase Master Record. "In house" developed invoices for these purchase types may be revised to include the related purchase number, as well as the accounting distribution.
 - b. All of these purchase types are permitted ten alpha/numeric characters to identify Purchase Number. No specific format is required, but the following is suggested: the seven character authorization number combined with the purchase type (CON, PAG, etc.) as the last three characters of the ten character field. Otherwise, a control log must be maintained of these purchase numbers (Form DOT-3 is suggested).
 - c. Invoices relative to purchase types involving retainage amounts (for example, voucher estimates, consultant invoices, and agreement invoices) require the establishment of at least two Line Item Masters: one (or more) for voucher estimates and one for retainage.
2. The DOT's liability to a particular vendor for authorized delivery of goods and/or services is recorded by posting "Approved" invoices to the Purchase Master Records. This is performed by the responsible organization, and is executed through the PR function.
 - a. The invoice posting function (PR) requires a Document Number reference. Organizations may use either the invoice date or the invoice approval date for the Document Number. For example, if this date is October 1, 1999, then the entry would be as follows: Doc. No. 01001 Session 99.
 - b. Additionally, the option for "ticket required invoice posting" feature is available. When used, enter the vendor's or the internally assigned invoice number, or enter the service period represented by the invoice in month-day format as shown below.

<u>Ticket</u>	<u>No.</u>
MMDD	to MMDD
 - c. During PR entry, costs are recorded to the accounting distribution assigned to the appropriate element (Line Item). The responsible organization will ensure that the correct accounting distribution of each invoice is posted, and ensure that each invoice is posted to the relevant purchase master. This will be documented by an invoice-affixed, completed

DOT-90 Code sheet with the appropriate "Approved By" and "Entered By" signatures. Alternately, the "in house" developed invoices may be revised to satisfy the DOT-90 Code Sheet information requirements.

- d. For purchases requiring retainage, the current approved gross pay amount is posted in two amounts to separate Line Items.
 - The first posting, to the pay line(s), will include the amount currently to be requisitioned for payment (voucher estimate).
 - The second posting will be made to a non-pay "Retainage" purchase line, and will include the current amount to be retained of the gross pay amount. The accounting distribution for the non-pay retainage purchase line **must use the proper object code.**

All of the postings are to be entered in positive value. This posting procedure permits recognition of total liability incurred to the contract/agreement vendor, correctly classifies the account payable, and permits payment of the invoice net of withheld retainage.

- e. As retainage is released for semi-final or final payment, a transfer of liability from the non-pay retainage line to the appropriate pay line(s) must be accomplished. This transfer of liability is the responsibility of the invoice initial review authority (normally, for Highways, the District Construction organization), and is required to free the retainage liability for warrant requisition. The system transaction required is to enter a negative value posting to the retainage purchase line for the amount of retainage to be released for payment, followed by an equal amount posted in positive value to the appropriate pay line(s). Care must be exercised with this transaction to transfer only the amount of retainage currently released for payment.
3. Upon completion of organizational invoice approval reviews, the completion and attachment of the DOT-90 Code Sheet, and the posting of the "receipt" to the system, the invoice will be transmitted to Transportation Finance Division, Accounts Payable Section, on a Form DOT-104 (Transmittal). Excluding Semi-Final and Final Voucher Estimates for construction contracts and utility and railroad relocations, the transmittal is directly from the spending organization to Accounts Payable. Copies of these transmittals are required from the spending unit to Construction Division (Contracts) and Right of Way Division (Acquisitions, Easements, and Real Property Rental Invoices). All Semi-Final and Final Invoices related to these purchase types will be transmitted through counter-part central headquarters organizations for

review, the coordination of required audits, and acceptance before going to Accounts Payable.

When completing Form DOT-104, transmitting organizations are to enter the Purchase Number affected by the vendor/contractor invoice in the column headed "Period Covered or Project No.". Additionally, invoice amounts are to be entered in the Amount Column in net pay amounts.



VII. **OTH: OTHER**

Effective: 8/15/2002

The OTH purchase type allows certain account payables (that would not *fit* under any of the defined purchase categories) to be processed. These payables may include Turnpike Credit Card Charges, Bond Servicing, legal claims, and others as approved by the DOT Business Manager. These expenditures have certain common characteristics which permit the DOT's liability to be recognized (receipt function), processed (payment processing), and paid (voucher distribution) entirely within Transportation Finance Division.

Typically, these payables do not require receipt certification, as they are "service" or "on demand" type payables which are indisputable. Recognition of these payables to a pre-determined accounting distribution is another feature; however, the costs associated with Turnpike Credit Card Charges are redistributed to the organizations incurring the costs after the charges have been paid (see Section VII.).

A. **OTH POLICIES**

Transportation Finance Division establishes all OTH Purchase Master Records. In order for Finance to install a Master Record, they must have written instructions and documentation as to the nature of the payable. All solicitation and subsequent establishment of an OTH Master must have the DOT Business Manager's approval.

Master Record documentation for these payables must identify all required information, including:

1. all purchase system master information, such as
 - a. FEIN, and two-digit Branch,
 - b. Vendor Name and Remit to Address,
 - c. Special Purchase Authorization No. (if applicable),
 - d. Accounting Distribution, and
 - e. the Total Dollar Amount;

2. and all purchase system line item master information, such as:
 - a. DOT Line Item No.,
 - b. Primary and Alternate Invoice Reference (Account No., Service Location, etc.),
 - c. Specific Line Item Accounting (if different from P.O. Master),
 - d. Authorized Quantity (if appropriate),
 - e. Unit Cost (if appropriate),
 - f. Total Amount, and
 - g. Item Description.

B. OTH PROCESSES

Effective: 8/15/2002

1. Following the receipt of the DOT Business Manager approved written documentation, Transportation Finance Division will install the required OTH REMIS Accounts Payable Master Record, using the PS function.
 - a. Transportation Finance Division, organization 0058, will be identified as the "Purchase Org."
 - b. The ten-digit "Purchase Number" will be specified as instructed by the DOT Business Manager, or (in the absence of specific guidance) Finance will establish this number (without conflict to any other purchase orders for their organization). Finance will maintain a Form DOT-3, Purchase Order Control Log, for OTH payables.
 - c. Upon establishment of the necessary Master Records, Finance will maintain a file of all associated written documentation.
2. Transportation Finance Division will be responsible for receiving, entering into REMIS, processing payments, and distributing vouchers for all OTH invoices.
 - a. Upon receipt of an OTH invoice and all necessary approvals and documentation, Finance will review the invoice for agreement with the approved Master Record instructions and documentation provided by the requesting organization.
 - b. Following invoice review, Finance will assign a receipt

"Document No." and post the "receipt", using the PR function.

- c. The REMIS Accounts Payable Invoice Processing System will then be accessed to select the receipt records for payment processing to the State Auditor.
- d. Upon return of a Voucher, the Accounts Payable Section of Finance will remit to the vendor at the specified address.



VIII. **APPENDIX**

Effective: 8/15/2002

A. **ENTRIES FOR ESTABLISHING A NEW UTL MASTER**

PURCHASE MASTER FIELD	UTL REQUIREMENTS
PUR. ORG.	4 digit no. of the org. H.Q.
PURCHASE NUMBER	10 character-assigned by Transportation Finance/Accounts Payable
YEAR END DATE	Fiscal Year or service ending date
F.E.I.N.-CK.-BR.	12 digit I.D. no. of the vendor (contact Accounts Payable if it is not in the system)
SMALL PUR. CODE	Enter 400
TYPE OF RECEIPT EDIT	Typically "N"
ORIGINAL/TOTAL AMT.	Zero may be used unless the exact quantity (number of billings) and/or the exact unit cost (flat rate or fixed fee) can be identified and receipt control is desired.
DATE CLOSED (TERMINATION)	Enter as required

B. **ENTRIES FOR ESTABLISHING UTL LINE ITEM MASTERS**

Effective: 8/15/2002

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LINE ITEM MASTER FIELD	UTL REQUIREMENTS
SERVICE I.D. REFERENCE	Meter no. or flat rate or if none use the telephone no., etc. Normally used as a reference to utility company billing information.
ALT. SERVICE REF.	Use any other applicable I.D. such as; outdoor lighting, sign lighting, etc.
TYPE OF RECEIPT EDIT	Typically "N". However, "U" (units) may be used to permit receipt control based on the "Quantity Authorized" (typically the number of billings or service periods can be specified). Or "D" (dollars) may be used to permit receipt control based on the "Unit Cost" (typically used if billings are a flat rate or fixed fee). Finally, "B" (both) may be used when receipt control on "Quantity" and "Unit Cost" is required.
UNIT OF MEAS.	2 character representation of the service/billing period or increment, i.e., MO, QT, KH, GL (thousands of gallons), etc.
QUANTITY AUTH.	Zero may be used unless the exact quantity (number of billings) can be determined and receipt control is desired.
UNIT COST	Zero may be used unless the exact dollar amount (typically by flat rate or fixed fee) per billing can be determined and receipt control is desired.
DESCRIPTION	Begin this field with the complete service account number used by the vendor, then enter a description of the location being provided service.