

# WEST VIRGINIA LEGISLATURE

## 2018 REGULAR SESSION

**Enrolled**  
**Committee Substitute**  
**for**  
**Senate Bill 271**

BY SENATORS CARMICHAEL (MR. PRESIDENT) AND

PREZIOSO

(BY REQUEST OF THE EXECUTIVE)

[Passed March 10, 2018; in effect 90 days form passage]

OFFICE WEST VIRGINIA  
SECRETARY OF STATE

2018 MAR 21 P 4:41

FILED

SB271

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1 AN ACT to amend and reenact §5A-2-1 of the Code of West Virginia, 1931, as amended; and to  
2 amend said code by adding thereto a new article, designated §5A-2B-1, §5A-2B-2, §5A-  
3 2B-3, and §5A-2B-4, all relating to creating the Shared Services Section within the Finance  
4 Division of the Department of Administration; authorizing the appointment of a deputy  
5 director; setting qualifications for the deputy director; authorizing the hiring of necessary  
6 personnel; setting minimum services to be provided by Shared Services Section;  
7 authorizing reasonable fees to be charged; requiring development of cost-performance  
8 assessment; providing for reporting of certain information by spending units to the Shared  
9 Services Section; providing for reports to the Governor and Joint Committee on  
10 Government and Finance; providing legislative and emergency rule-making authority;  
11 requiring certain spending units to enter into agreement with Shared Services Section for  
12 provision of accounting and financial services; permitting certain spending units to enter  
13 into agreement with Shared Services Section for provision of accounting and financial  
14 services; providing for probationary period and corrective action plan for certain spending  
15 units; granting deputy director authority to decline to enter into agreement for provision of  
16 services under certain circumstances; authorizing spending unit to cancel agreement with  
17 Shared Services Section under certain circumstances; and creating a new special revenue  
18 fund.

*Be it enacted by the Legislature of West Virginia:*

**ARTICLE 2. FINANCE DIVISION.**

**§5A-2-1. Finance Division created; director; sections; powers and duties.**

1 (a) The Finance Division of the Department of Administration is continued. The Finance  
2 Division shall be under the supervision and control of a director, who shall be appointed by the  
3 secretary. There shall be in the Finance Division a Shared Services Section and a Financial  
4 Accounting and Reporting Section.

5 (b) The Shared Services Section shall have the duties conferred upon it by this article,  
6 §5A-2B-1 *et seq.* of this code, and by the secretary, including, but not limited to, general financial  
7 accounting, payroll, accounts payable, and accounts receivable for the spending units that have  
8 entered into agreements with the Shared Services Section.

9 (c) The Financial Accounting and Reporting Section shall establish and maintain the  
10 centralized accounting system required by §5A-2-24 of this code and issue annual general  
11 purpose financial statements in accordance with generally accepted accounting principles and  
12 with this article.

## **ARTICLE 2B. SHARED SERVICES.**

### **§5A-2B-1. Shared Services Section created; purpose; deputy director.**

1 (a) There is hereby created within the Finance Division the Shared Services Section for  
2 the purpose of establishing centralized accounting and financial reporting services for state  
3 spending units.

4 (b) The Shared Services Section shall be under the supervision of a deputy director, who  
5 shall be appointed by the Secretary of the Department of Administration and who shall, at a  
6 minimum, have:

7 (1) A bachelor's degree from an accredited four-year college or university;

8 (2) Six years of full-time experience in finance or accounting, with two years of experience  
9 as an administrator or supervisor; and

10 (3) Knowledge of generally accepted accounting principles and budgeting.

11 (c) The Shared Services Section is authorized to employ necessary personnel, including,  
12 but not limited to, accountants, auditors, and procurement officers, to discharge the duties of this  
13 article.

14 (d) The Shared Services Section shall provide, at a minimum, accounting, financial  
15 reporting, and budgeting services to spending units who enter into agreements pursuant to §5A-

16 2B-3 of this code. The deputy director may charge a reasonable fee to spending units for the  
17 accounting and financial reporting services provided to agencies.

**§5A-2B-2. Cost analysis and reporting.**

1 (a) On or before July 1, 2018, the Department of Administration shall develop a cost-  
2 performance assessment for use by each state spending unit to measure costs of that spending  
3 unit providing its own accounting and financial reporting services.

4 (b) Beginning April 1, 2019, and each year thereafter, all state spending units shall report  
5 annually to the Shared Services Section information related to costs of providing accounting and  
6 financial reporting services based upon the metrics identified by the Shared Services Section in  
7 the cost-performance assessment. The deputy director shall evaluate the cost information  
8 provided by spending units to determine if the same services could be provided by the Shared  
9 Services Section at a lower cost and in a more efficient manner.

10 (c) On or before July 1, 2019, the deputy director shall report to the Governor and the Joint  
11 Committee on Government and Finance the results of the cost-performance assessment  
12 documenting the amount each state spending unit incurs for accounting services, and make  
13 recommendations for providing the services through the Shared Services Section.

14 (d) The deputy director shall report annually, on or before December 31 of each year, to  
15 the Governor and the Joint Committee on Government and Finance the cost savings and  
16 efficiencies resulting from providing accounting and financial reporting services by the Shared  
17 Services Section.

18 (e) The Department of Administration is authorized to promulgate legislative rules,  
19 including emergency rules, to develop the assessment, any forms necessary for reporting costs,  
20 and any other information necessary pursuant to §29A-3-1 *et seq.* of this code.

**§5A-2B-3. Applicability and exemptions.**

1 (a) Those spending units with a cost-performance assessment greater than the baseline  
2 cost set by the Shared Services Section, as determined by the provisions set forth in §5A-2B-2 of

3 this code, shall enter into an agreement with the Shared Services Section for the provision of  
4 accounting and financial services.

5 (b) Any spending unit seeking accounting and financial reporting services may voluntarily  
6 request an agreement for the provision of accounting and financial reporting services by the  
7 Shared Services Section.

8 (c) Those spending units with one full-time equivalent position or less dedicated to  
9 providing accounting and financial reporting services shall enter into an agreement with the  
10 deputy director of the Shared Services Section for the provision of accounting and financial  
11 reporting services, provided the deputy director determines the implementation of the agreement  
12 would be feasible and documents that the agreement will result in cost savings or efficiencies to  
13 the state.

14 (d) Those spending units that fail to provide any required report or information to the  
15 Department of Administration necessary for the completion of any required federal report,  
16 including the single audit required by the Single Audit Act of 1984, P.L. 98-502, and the Single  
17 Audit Act Amendments of 1996, P.L. 104-156, as well as any subsequent amendments, by the  
18 deadlines established by the Department of Administration will be given a one-year probationary  
19 period with a plan of corrective action defined by the Department of Administration.

20 (1) The plan of corrective action shall include defined benchmarks for completing all  
21 reports or information necessary for the consolidated annual financial report by the deadline in  
22 the next fiscal year.

23 (2) If a spending unit fails to meet established deadlines by the end of the probationary  
24 period, the spending unit shall, at the deputy director's discretion, enter into an agreement for the  
25 provision of accounting and financial reporting services by the Shared Services Section.

26 (e) The deputy director may decline to enter into an agreement under this section only  
27 upon a determination that the complexities of providing accounting, financial reporting, and

28 budgeting services to the spending unit exceed the expertise of the Shared Services Section and  
29 that developing that expertise would outweigh any potential cost savings to the state.

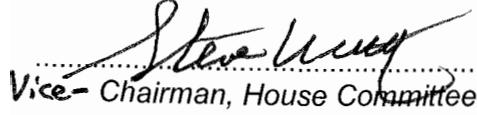
30 (f) When a spending unit has entered into an agreement with the Shared Services Section  
31 for the provision of accounting and financial reporting services pursuant to subsection (a) of this  
32 section, the spending unit may cancel the agreement at the end of the fiscal year when  
33 documentation showing the spending unit can provide the services at a lower cost to the state is  
34 approved by the deputy director.

**§5A-2B-4. Special revenue fund; payments into fund; disbursements.**

1 There is created in the State Treasury a special revenue fund designated the Shared  
2 Services Section Fund. The fund consists of appropriations by the Legislature, funds received for  
3 services provided pursuant to this article, and any gifts, grants, or donations received.  
4 Expenditures from the fund shall be made by the deputy director for the purposes set forth in this  
5 article, and are not authorized from collections, but are to be made only in accordance with  
6 appropriation from the Legislature and in §12-3-1 *et seq.* of this code, and upon the fulfillment of  
7 the provisions of §11-2B-1 *et seq.* of this code.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

  
Chairman, Senate Committee

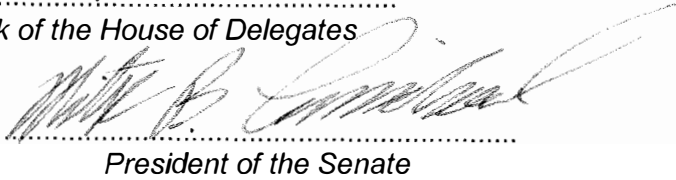
  
Vice-Chairman, House Committee

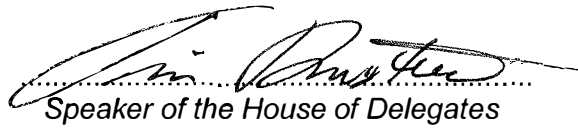
Originated in the Senate.

In effect 90 days from passage.

  
Clerk of the Senate

  
Clerk of the House of Delegates

  
President of the Senate

  
Speaker of the House of Delegates

OFFICE WEST VIRGINIA  
SECRETARY OF STATE

2018 MAR 21 P 4: 41

FILED

The within *is approved* this the *21<sup>st</sup>*  
Day of *March* 2018.

  
Governor



PRESENTED TO THE GOVERNOR

MAR 21 2018

Time 11:57am