PART VI

PROCUREMENT AND PURCHASING

DHS ADMINISTRATIVE PROCEDURES MANUAL

Chapter 601

Title: DHS Purchasing Authority General Provisions

I. PURPOSE: To provide the Department of Human Services (DHS) with uniform departmental procedures for the acquisition of goods (commodities) and technical services, in accordance with Arkansas Purchasing Law & Regulations (Arkansas Code Annotated [A.C.A.] §§ 19-11-201 et seq.) and the Arkansas Building Services Act.

II. SCOPE:

A. These procedures shall be applicable to all DHS divisions, offices, and facilities.

B. The DHS, Office of Finance and Administration (OFA), Contract Support Section (CSS), Commodities Purchasing Unit (CPU) has the authority for purchasing for the central offices and field offices.

C. CPU has the authority for purchasing for the facilities those purchases exceeding $25,000.

DHS facility purchasing units have authority for purchasing for their facility all purchases that do not exceed $25,000.

NOTE: See the DHS Administrative Procedures Manual (APM), Chapter 605, DHS Purchasing Authority, Construction/ Renovation, for authority regarding construction, renovation, remodeling, and repairs.

III. PROCEDURES: ETHICS

A. The following statement must be included in all contracts and solicitations for purchases exceeding $5,000:

> **"It shall be a breach of ethical standards for a person to be retained, or to retain a person, to solicit or secure a state contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees of bona fide established commercial selling agencies maintained by the contractor for the purpose of securing business."**

B. Ethics requirements in public contracting are found in A.C.A. §§ 19-11-700–716. Any employee who knowingly violates any of the Ethics provisions shall be guilty of a felony and upon conviction shall be fined up to $10,000 or shall be imprisoned between one and five years, or both.

IV. PROCEDURES: APPROVALS

A. In the Arkansas Administrative Statewide Information System (AASIS), one approval, by an individual with proper authority, is required for purchases that do not exceed $25,000. Two approvals, by individuals with proper authority, are required for purchases that exceed $25,000.

B. **The following purchases require prior approvals**

1. **Promotional Items**

a. These are items that are provided as an incentive or to recognize or reward an individual for something they have done. Items of this nature shall not be purchased for DHS employees, rather for clients, residents, volunteers, potential foster parents, and adoptive parents. The request for approval shall be submitted in the form of a memorandum or letter to the DHS Chief Fiscal Officer (CFO) signed by the division director providing enough information so it can be ascertained that the proposed expenditure is for the benefit of DHS clients.

b. Requests for exceptions to this policy shall be in the form of a letter of justification signed by the division director, submitted to the DHS CFO for approval, and approved by the Director of Office of State Procurement (OSP), Department of Finance and Administration (DFA).

2. **Prepayment for Goods and Services**

The division director must approve prepayments in a signed memorandum. The approval memorandum, with an invoice describing the purchase, cost, and the reason for prepayment, must be attached to the purchase order and submitted to Accounts Payable Unit for processing.

3. **Memberships and Subscriptions**

All membership registrations and subscriptions must be in the name of the division or DHS. Memberships and subscriptions in the name of the employee are NOT ALLOWABLE. The division director shall approve all memberships and subscriptions.

4. **Tuition and Books for Clients and Employees**

a. These expenses on behalf of **clients** are permissible as prescribed by law, regulation, policy, court order, or official program plan. The cost should be well documented in the case files as well as accounting records and must be approved by the division director.

b. Payment of tuition and books for **employees** will be made only as prescribed by official DHS personnel development policy and will be presented to the DHS CFO for approval prior to obligating DHS.

5. **Uniforms and Clothing for Employees**

Purchase of uniforms and clothing for employees is allowed only when prescribed by state law in Special Language and must have prior approval of the DHS CFO. Payments will not be made for the replacement of damaged clothing due to adverse incidents related to client work in institutions; however, those employees have the right to file a claim for damages with the Arkansas State Claims Commission. Should an employee experience broken eyeglasses, dentures, or some other health or physical damage not covered by Workers Compensation benefits, the employee may file a request for reimbursement of such with the division director through proper management channels and provide an incident report to support the request. Upon his or her approval, the director shall provide a memorandum or letter to the DHS CFO requesting that the employee be reimbursed for such expenses after appropriate receipts are provided.

6. **Professional Services Rendered Prior to Date of Contract or Purchase Order**

No DHS employee shall obligate DHS for professional services prior to the issuance of either a purchase order or a contract.

a. Emergencies and Court Orders – In a bona fide emergency situation or under court order, the division director must submit an explanatory justification memo to the DHS CFO for approval prior to creation of purchase order or contract generated to pay for the services rendered.

b. Exception – Per A.C.A. § 19-11-1003 (c), contracts created pursuant to federally-approved state plans for services reimbursed under Title V or Title XIX of the federal Social Security Act are exempt. Reference to this statutory exemption should be included as a comment in the corresponding requisition by the requesting division.

7. **Goods and Technical Services Accepted/Rendered Prior to Date of Contract or Purchase Order**

Goods and technical services shall not be accepted or rendered prior to the acceptance of a contractual agreement (i.e., purchase order, contract, etc.) In those instances where it is impossible to get the agreement in place before the provision of the goods or technical services, the division director shall provide written justification to request approval of a post-delivery purchase order. Requests for purchases not exceeding $5,000 shall be submitted to the DHS CFO for approval. Requests for purchases exceeding $5,000 shall be submitted to CPU for forwarding to the Director of OSP, DFA for approval. All requests shall indicate, at a minimum:

a. The description of the goods or services

b. The amount of the purchase

c. The circumstances that necessitated the goods/services being

provided prior to issuance of a purchase order

8. **Contract Labor**

The DHS CFO must approve all requests for temporary clerical services (e.g. Manpower or Kelly Girls) prior to issuance of a purchase order. Any one individual may not provide temporary clerical services for longer than six consecutive weeks or 240 hours per calendar quarter.

9. **Funeral Expenses**

DHS will only pay funeral expenses of a client or individual in the custody or care of DHS. The division director must review and approve in writing each request for payment prior to issuance of a purchase order.

C. **Divisions must obtain all approvals before entering requisitions into AASIS. Upon the receipt in AASIS of requisitions lacking proper approval, CPU shall retain the requisitions on their screens no longer than thirty days. If approvals have not been received at the end of thirty days, Purchasing Agents may delete the requisition. Purchasing Agents shall notify the division of any requisitions they delete.**

V. PROCEDURES: MINORITY PURCHASES

A. The Minority Business Economic Development Act (A.C.A. §§ 15-4-312–319) established an annual procurement goal of ten percent for a state agency's minority purchases. Arkansas law defines "minority" as “black or African American, Hispanic American, American Indian or Native American, Asian, and Pacific Islander.”

B. When competitive bids are taken, at least one will be from a minority business, if possible.

C. CPU is responsible for creation of, and monitoring of progress in accordance with, the annual DHS Minority Purchasing Plan.

VI. PROCEDURES: PURCHASE DOCUMENTS

The proper purchase document must be prepared before purchases are made. This document may be in the form of a purchase order, contract, contract award, agreement, state purchase order, printing request, or duplicating request.

A. Requisitions: A requisition is to be entered into AASIS by authorized division personnel (requestors).

B. Purchase Orders: A written purchase order is the basic document used to complete the contractual obligation between the buyer and seller. Purchase orders are issued by CPU and by facility procurement units. If cancellation of a purchase order is necessary, the buyer who created the purchase order should cancel it.

VII. PROCEDURES: PURCHASE ORDER CLOSE-OUT

A. Prior to the end of each fiscal year, purchase orders with an outstanding balance must be reviewed and, if possible, closed to invoicing. This releases all encumbered monies and will give an accurate available funds account.

B. DHS facility purchasing units will close their own purchase orders. The CPU will close purchase orders for field offices and central office, upon requests from the divisions.

VIII. PROCEDURES: METHODS OF PROCUREMENT

The following procurement methods shall be utilized in purchasing goods and technical services:

A. **Small Procurement:** *(See A.C.A. §§ 19-11-231 and 19-11-204[12])*

1. The Small Procurement (also known as the Small Order [SO]) method shall be used for those purchases that do not exceed a total purchase price of $5,000, that are not subject to Amendment 54 to the Arkansas Constitution, and that are not included on state contract. SO purchases may be procured without seeking competitive bids; however, competition should be used to the maximum extent practicable.

2. Procurements shall NOT be artificially divided so as to constitute Small Procurements.

NOTE: Purchase of commodities subject to Amendment 54 to the Arkansas Constitution (printing, stationery, and paper and ink used to produce stationery) must be procured in accordance with Competitive Bidding or Competitive Sealed Bidding, regardless of the amount.

B. **Competitive Bidding:** *(See A.C.A. § 19-11-234)*

1. The Competitive Bid method, at a minimum, shall be used for those purchases that exceed $5,000 but do not exceed $25,000. If circumstances warrant, the procurement official MAY utilize the more restrictive Competitive Sealed Bid for such purchases (see Competitive Sealed Bid below).

2. Bids may be obtained by:

   a. Direct mail request to prospective bidders and obtaining written bids

   b. Telephone

   c. Telegraph

   d. Written form

   e. Electronic media

3. A competitive bid form authorized by the OSP Director must be utilized.

4. If three bids are not obtained, the bid form must show the names of at

least three firms contacted or show why three firms were not contacted.

5. Only firms that offer or sell the goods or technical services shall be contacted.

6. Competitive Bidding shall NOT be used for legal, architectural, engineering, construction management, and land surveying.

7. The award shall be given to the bidder who has submitted the lowest bid and who meets the requirements, criteria, and specifications.

8. Repeated SO procurements to circumvent the competitive bid limits are prohibited.

9. **Details regarding the statutory and regulatory requirements are delineated in A.C.A. § 19-11-234 and must be followed.**

C. **Competitive Sealed Bidding:** *(See A.C.A. § 19-11-229)*

1. The Competitive Sealed Bidding method, at a minimum, must be used for those purchases that exceed $25,000.

2. OSP has authority for procurements for central office, field offices and facilities for purchases of goods and technical services that exceed $25,000.

3. The Competitive Sealed Bidding method requires:

   a. Issuance of an invitation for bids with a purchase description and all contractual terms and conditions applicable to the procurement;

   b. Public, contemporaneous opening of bids at a pre-designated time and place;

   c. Unconditional acceptance of a bid without alteration or correction, from all “responsible”, “responsive” bidders (i.e., those capable of performing the contract and those meeting the minimum requirements set forth in the procurement);

   d. Award to the responsible, responsive bidder who has submitted the lowest bid that meets the requirements and criteria set forth in the invitation for bids; and

   e. Public notice

4. If the division determines that the Competitive Sealed Proposal method is more appropriate for a particular circumstance, the division may submit a request for approval from the OSP Director to employ such. Before the procurement, the division should submit an electronic request to the CPU Manager. The CPU Manager will forward the request to the OSP Director for his or her review and determination. The request should include:

   a. A brief description of the goods or services

b. The anticipated term of the contract

c. The reason(s) why a Competitive Bid is not practical or advantageous, and

d. The factors other than cost that should be considered in the evaluation of responses and the reasons why they should be considered

5. The notice inviting bids shall be given not fewer than five calendar days nor more than thirty calendar days preceding the date for the opening of bids by publishing such notice at least one time in at least one newspaper having general circulation in the state or posting by electronic media.

6. Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation for bids.

7. The invitation for bids shall set forth the evaluation criteria to be used in evaluation, and bids shall be evaluated solely on the requirements set forth in the invitation for bids.

8. **EXTENSIVE detail regarding the statutory and regulatory requirements is delineated in A.C.A. § 19-11-229 and must be followed.**

D. **Competitive Sealed Proposal** *(See A.C.A. § 19-11-230*)

The Competitive Sealed Proposal method may be utilized only with prior approval of the OSP Director. Award is made to the responsible respondent whose proposal is determined to be the most advantageous considering price AND the evaluation factors set forth in the request for proposals.

1. If it is determined by the division that the Competitive Sealed Proposal method is more appropriate for a particular circumstance, the division may submit a request for approval from the OSP Director to employ such. Before the procurement, the division should submit an electronic request to CPU Manager. The CPU Manager will forward the request to the OSP Director for his or her review and determination. The request should include:

   a. A brief description of the goods or services;

   b. The anticipated term of the contract;

   c. The reason(s) why a Competitive Bid is not practical or advantageous; and

   d. The factors other than cost that should be considered in the evaluation of responses and the reasons why they should be considered

2. Public notice shall be given in the same manner as for the Competitive Sealed Bid method.

3. The request for proposals shall include a description of the item or service to be purchased, the specific criteria to be used to evaluate the proposals, the relative importance of price and other evaluation factors, the closing time and date, and other significant information.

4. Award shall be made to the responsible respondent whose proposal is determined to be the most advantageous to the state, taking into consideration price, the other evaluation factors set forth in the request for proposals, and the results of any discussions conducted with responsible respondents. No other factors or criteria shall be used in the evaluation.

5. Negotiation with respondents is allowable only upon the approval of the OSP Director.

6. **EXTENSIVE detail regarding the statutory and regulatory requirements is delineated in A.C.A. § 19-11-230 and must be followed.**

E. **Sole Source**: *(See A.C.A. § 19-11-232)*

1. The Sole Source method shall be used only when, by virtue of the performance specifications, the goods or services are available from a single source.

2. Use of the Sole Source method requires prior approval by the OSP Director. The justification shall include:

   a. A copy of the purchase order;

   b. Listing of the goods/services to be procured;

   c. Rationale for the procurement of those goods or services to the exclusion of all others;

   d. Summary of other similar providers and why they were inadequate;

   e. “Contract and Grant Disclosure and Certification Form”

3. For Central Office, Field Offices, and facility purchases:

   a. The division shall forward the detailed justification electronically to CPU along with the requisition in AASIS for processing.

   b. CPU will enter the purchase order as Sole Source and attach the justification. The request will be forwarded by AASIS to OSP for its review and approval.

4. **Details regarding the statutory and regulatory requirements are delineated in A.C.A. § 19-11-232 and must be followed.**

F. **Exempt Purchases:** *(See A.C.A. § 19-11-203)*

1. Certain goods and technical services are exempt from the purchasing law.

2. A complete listing of the exempt goods and services can be found at A.C.A. § 19-11-202 (14).

G. **Emergency Purchases:** *(See A.C.A. § 19-11-232)*

1. Emergency purchases are those, which, if not immediately initiated, will endanger human life or health, state property, or the functional capability of a state agency.

2. The CPU must be notified by telephone at the earliest possible time to register the emergency. Approvals and other procedures will be followed as circumstances permit.

3. The division must, at a minimum, receive three competitive bids unless the emergency is critical. If three bids are not obtained, the bid form must show the names of at least three firms contacted or show why three firms were not contacted.

4. The division must submit justification for approval by the OSP Director. This justification shall include:

   a. One copy of the purchase order

   b. One copy of the bid form, and

   c. A written explanation of the emergency.

Note: Approvals do not need to be given for an item that is "exempt from bidding (EL), e.g., medical and physicians' fees. However, any purchase requires a purchase order or contract for payment unless a written request is submitted and approved by the Administrator, DFA OSP, on a case-by-case basis justifying the services as a true emergency.

IX. PROCEDURES: Prepayment

A. Prepayment may be made only for subscriptions, registration fees not directly billed, and agency membership dues in the name of the department or division. Other disbursements may not be made until services have been performed or goods received.

B. Any exceptions must be approved by the Chief Fiscal Officer of the State and must be requested by memorandum from the appropriate division director. The request must explain why prepayment is the only possible method of payment and should include information on the goods or service needed, its cost, and name of the supplier.

X. PROCEDURES: Receiving

Vendors will not be paid until the appropriate receipt of goods or services has been entered into AASIS.

XI. PROCEDURES: Splitting Purchases

Procurement units are responsible for consolidating requests for certain goods and services and then bidding as appropriate. Repeated small procurements to circumvent the competitive bid threshold or failure to obtain competitive bids without justification is a violation of the State Purchasing Law.

XII. PROCEDURES: Vendor Performance Report

A. To report unsatisfactory performance by a vendor, staff should provide as much detail as possible to CPU (or to the facility purchasing unit, for facility purchases not exceeding $25,000). After direct communication between the purchasing agent and the vendor, and if the vendor has failed to resolve the problem, the purchasing agent shall complete a vendor performance report detailing the circumstances.

B. He or she shall forward the vendor performance report to OSP and shall forward a copy to the vendor, giving the vendor seven calendar days to respond to the complaints listed in the Report. For those contracts they have procured, OSP shall issue a final ruling. For those contracts procured by DHS, the DHS purchasing agent shall issue the final ruling.

C. Vendor performance reports become a permanent record in the vendor's file at OSP or at DHS and are to be reviewed when considering any future contract actions with the involved vendor.

NOTE: Vendor performance reports may also be used to report extraordinary performance by a vendor.

XIII. PROCEDURES: Disclosure to Comply With Executive Order

A. Executive Order 98-04 requires that any provider of goods and technical services receiving in excess of $25,000, either as contractor or sub-contractor, must, as a condition of doing business with the State, complete a "Contract and Grant Disclosure Form" regarding past or present service as a legislator, constitutional officer, or state employee by the provider or his or her immediate family member(s).

B. OSP is responsible for coordinating the completion of the "Contract and Grant Disclosure Form" with the provider on new contracts for goods and technical services. CPU is responsible for coordinating the completion for extensions on those contracts.

C. Questions concerning when or how to complete the forms shall be directed to CPU at P.O. Box 1437, Slot W302, Little Rock, AR 72203.

DHS ADMINISTRATIVE PROCEDURES MANUAL

Chapter 602

Title: DHS Purchasing Authority Special Provisions

I. PURPOSE: To provide the Department of Human Services (DHS) with uniform departmental procedures for the acquisition of goods and services, in accordance with Arkansas Purchasing Law & Regulations (Arkansas Code Annotated [A.C.A.] §18-11-201 et seq.) and the Arkansas Building Services Act.

II. SCOPE:

A. These procedures are applicable to all DHS divisions, offices, and facilities.

B. The DHS, Office of Finance and Administration (OFA), Contract Support Section (CSS), Commodities Purchasing Unit (CPU) has the authority for purchasing for the central offices and field offices.

C. CPU has the authority for purchasing for the facilities those purchases exceeding $25,000.

D. DHS facility purchasing units have authority for purchasing for their facility all purchases that do not exceed $25,000.

NOTE: See Chapter 605, DHS Purchasing Authority – Construction/ Renovation, for authority regarding construction, renovation, remodeling, and repair projects.

III. PROCEDURES: Client Equipment

A. CPU will not consolidate requests for client equipment with other requests. CPU will process client equipment requests individually as they are received.

B. The County Administrator is not required to approve client equipment that is delivered to a field office.

C. DHS will not be responsible for payment of merchandise received above the cost reflected on the purchase order (PO).

D. The purchaser is responsible for the cost of items above amounts reflected on the PO and should make such payment prior to the receipt of merchandise.

E. DHS shall make payments for architectural improvements to client owned property directly to the client, not to the vendor, as outlined in Chapter 605 of the Administrative Procedures Manual.

IV. PROCEDURES: Supplies & Equipment

A. To request supplies and equipment, the requesting division shall enter a requisition containing all of the necessary specifications into the Arkansas Administrative Statewide Information System (AASIS).

B. For purchases not exceeding $25,000, the CPU (or facility) Purchasing Agent will conduct the bidding for the supplies and equipment, if necessary. After the contract is issued, the CPU (or facility) Purchasing Agent will create the PO and forward it to the vendor.

C. For purchases exceeding $25,000, CPU will coordinate the bidding with OSP then send the PO, along with any supporting documentation, to the requisitioner.

D. After physically receiving the supplies and equipment, the Agency Goods Receipt Technician shall perform the goods receipt transaction in AASIS for payment.

V. PROCEDURES: Communications Equipment

A. Communications equipment includes telephones, telephone installation and switching equipment, telephone systems, pagers, radio systems, citizen band radios (CB), mobile telephones, Text Display Devices (TDD), facsimile (fax) machines, and mobile telephone systems.

B. Department of Information Systems (DIS) will assist DHS with bid specifications. DHS may purchase from existing state term contracts, by bid, or from the public utility franchised in the area to be serviced.

C. OFA/CSS/Central Support Unit (CSU) shall coordinate telephone equipment configurations.

D. See DHS Administrative Procedures Manual, Chapter 609, Wireless Telephone Equipment and Services, for details concerning wireless telephones.

VI. PROCEDURES: Copier Equipment

The division should follow its internal procedures for requesting and approving copier equipment (example, using Form DHS-1914). Upon sufficient division approval, the division shall initiate its formal request to CSU for copier equipment (or to the facility Purchasing Unit for facility purchases or leases that do not exceed $25,000).

A. Purchased Copiers

1. The division shall create a purchase requisition in the AASIS system containing all of the necessary specifications required for bidding out copiers. The necessary items for a bid include, but are not limited to, the following:

   a. Brand and model that meets desired specifications, for reference
   b. Suggested vendors
   c. Number of copies expected to be used per month
   d. Required accessories (e.g., sorter, finisher, fax capability, scanner, stapler, etc.)

2. For purchases not exceeding $25,000, the CSU (or facility) Purchasing Agent will conduct the bidding for the equipment. After the contract is issued, CSU (or facility) Purchasing Agent will create the PO and forward it to the requisitioner.

3. For purchases exceeding $25,000, CSU will coordinate the bidding with OSP then send the PO, along with any supporting documentation, to the requisitioner.

4. After physically receiving the copier equipment, the Agency Goods Receipt Technician shall perform the goods receipt transaction in AASIS for payment.

B. Leased Copiers

1. Divisions lease copiers from the State contract executed by OSP. Copiers available from the contract are specific to county location. CSU will provide a listing of copiers available under the state contract upon request.

2. The Agency Procurement Technician will create a requisition in AASIS, complete with all information provided on the contract and required by CSU.

3. Upon approval of the requisition in AASIS, the CPU (or facility) Purchasing Agent will create the PO.

4. The Purchasing Agent will print the PO and send it to the Agency Procurement Technician and to the vendor for delivery.

C. Maintenance on Copiers

1. Lease of a copier from the state contract includes a full maintenance agreement for the entire term of the lease. The cost of the maintenance agreement for leased copiers will be included in the monthly cost of the copier.

2. Purchased copiers should be bid to include a one year maintenance agreement and a firm price quote for an optional annual renewal of the maintenance agreement for an additional four years.

3. Copiers purchased on an installment purchase arrangement should also be bid to include a one–year maintenance agreement and a firm price quote for an optional annual renewal of the maintenance agreement for an additional four years. Once the machine becomes State owned property, division shall re-evaluate the need for a maintenance agreement on an annual basis.

4. All maintenance agreements should begin and end with the fiscal year.

5. CSU (or facility purchasing unit, for purchases that do not exceed $25,000) does not automatically arrange for a maintenance agreement after the warranty on new equipment expires. Maintenance agreements on equipment are handled as most other purchases. The requesting division shall enter a requisition into the AASIS system and shall send the vendor's current maintenance agreement to CSU (or the facility purchasing unit). CSU (or the facility purchasing unit) will assist the requesting division in obtaining a maintenance agreement if necessary. Once CSU (or the facility purchasing unit) is in possession of the maintenance agreement and the requisition, a PO will be issued.

VII. <u>PROCEDURES</u>: Vehicle Purchases

A. DHS may purchase sedans, station wagons, trucks of less than one-ton capacity, vans, carryalls, and four-wheel drive special purchase vehicles from the state contract for vehicles. Requester must provide justification utilizing a State of Arkansas Vehicle Request, Form MV-6, and route the form to the OFA, Materiel Management Unit, for processing. For vehicles of over one-ton capacity, requester must enter a requisition into AASIS and a send Form MV-6 and specifications to Material Management Unit. Material Management Unit will send the request for the over one-ton vehicles to OSP for formal bids. The DHS vehicle fleet cannot exceed the ceiling established by law.

B. Replacement Procedure: After the criteria for replacement established by the Department of Finance and Administration (DFA) is met, DHS will purchase most of its replacement vehicles from the state contract from the Motor Vehicle Revolving Fund (Act 493 of 1982). Requester must obtain DFA approval of the Form MV-6 before purchase can be made.

C. Requesters must coordinate all requests for vehicles through the OFA Materiel Management Unit.

VIII. PROCEDURES: Printing

All printing is subject to the guidelines outlined in Amendment 54 to the Arkansas Constitution, i.e., printing must at a minimum have three quotations regardless of the dollar amount. No printing may be done without issuance of a PO or contract.

A. Instructions for specific printing jobs are as follows:

1. For letterhead stationery, the division should submit requests to OFA, Material Management Unit Print Shop, utilizing a Printing Request, Form DHS-1990.

2. For printed envelopes, the division should enter a requisition into AASIS and forward a sample or a copy of the envelope to CPU.

3. For printed brochures and publications, the division should submit its request to CPU. CPU will contact the DHS Print Shop to see if it can be produced there.

   a. If the Print Shop can print the requested items, they will do so.

   b. If the Print Shop cannot print the requested items and the total cost is $3,000 or less, the CPU Purchasing Agent who is authorized by Delegation Order to procure printing for DHS will secure bids and complete the PO.

   c. If the Print Shop cannot print the requested items and the total cost exceeds $3,000, CPU will forward the request to OSP for bidding.

4. Flat and no-carbon-required (NCR) forms

   a. Flat and NCR forms stocked at DHS Central Supply (the catalogue for which can be found on DHS-Gold) should be ordered by reservation through AASIS.

b. For flat and NCR forms that are NOT stocked at DHS Central Supply, but that ARE printed or duplicated by the DHS Print Shop, the requester should complete a Form DHS-1990 or DHS-1912 and submit it to DHS Print Shop.

c. For flat and NCR forms that are NOT stocked at DHS Central Supply and that are NOT printed or duplicated by the DHS Print Shop, the requester should enter a requisition into AASIS and send a sample to CPU for processing.

IX. PROCEDURES: Used Equipment

A. OFA Distribution stocks some used equipment at the OFA Distribution Center. If used equipment is acceptable for the division's needs, the division should submit an electronic (e-mail) request to the OFA Distribution Center. OFA Distribution will distribute the equipment, if it is available, to the requesting division on a regular delivery route. If the equipment is not available, the OFA Distribution Center will notify the requester.

B. Divisions may trade in used equipment for new equipment. The division must route its request to the OFA Central Inventory Control Unit, which will request approval from DFA Marketing & Redistribution and forward the request to CPU.

C. All offices turning in used computers must first remove all software and files from the computers' memory. The Unit Manager or County Administrator must complete and sign a memorandum stating that this procedure has been completed and attach the memorandum to the completed Transfer Document, Form DHS-1006. The OFA Central Inventory Control Unit shall require both documents before it removes the equipment from an office.

X. PROCEDURES: Term Contracts

A. Some commodities are on statewide contracts and can only be bought from the vendor listed on the contract, unless an exemption is granted from OSP.

B. When feasible, items that are closely fitting in description to (or are the approved equal of) items on state contract should be purchased from the state contract.

DHS ADMINISTRATIVE PROCEDURES MANUAL

Chapter 603

Title: DHS Purchasing Authority
Inter-Agency Purchases

I. PURPOSE: To provide the Department of Human Services (DHS) with uniform departmental procedures for the acquisition of goods and services, in accordance with Arkansas Purchasing Law & Regulations, Arkansas Code Annotated (A.C.A.) §§19-11-201 et seq., and the Arkansas Building Services Act.

II. SCOPE:

A. These procedures are applicable to all DHS divisions, offices, and facilities.

B. The DHS, Office of Finance and Administration (OFA), Contract Support Section (CSS), Commodities Purchasing Unit (CPU) has the authority for purchasing for the central offices and field offices.

C. CPU has the authority for purchasing for the facilities those purchases exceeding $25,000.

D. DHS facility purchasing units have authority for purchasing for their facility all purchases that do not exceed $25,000.

III. PROCEDURES: Department of Corrections (DOC)

A. The DOC, Correctional Industries, provides state agencies the opportunity to purchase printing, furniture, desk nameplates and some repairs as part of an inmate training program. Purchases made from the DOC, Correctional Industries, do not require the normal bid process required by law for other types of purchases.

B. To purchase from DOC, Correctional Industries, the requisitioner should enter a requisition into Arkansas Administrative Statewide Information System (AASIS), listing the Department of Corrections as the vendor. Department of Corrections personnel will deliver orders to user location.

IV. PROCEDURES: Division of Finance and Administration (DFA) Quick Copy Center

A. The DFA Quick Copy Center provides state agencies with the opportunity to purchase printing without going through normal bidding procedures.

B. The requisitioner should enter a requisition into AASIS. The appropriate CPU (or facility) Purchasing Agent will process the request.

V. PROCEDURES: DFA Marketing and Redistribution (M&R)

A. M&R is a part of DFA's Office of State Procurement. M&R oversees the redistribution and sale of state surplus between state agencies, to tax supported entities, and to the public.

B. Interested individuals can view used and surplus equipment and supplies at 6620 Young Rd., Little Rock, Arkansas.

C. Purchase Requests:

1. The requisitioner shall enter a requisition into AASIS, listing M&R as the vendor and used equipment or supplies in the description. The appropriate CPU (or facility) Purchasing Agent will process the request.

2. Items with a replacement value of $2,500 or more will have an Asset number assigned. Inventory procedures are outlined in the DHS Equipment Inventory Policy.

VI. PROCEDURES: Federal Surplus Property

A. Federal Surplus Property offers used surplus equipment from federal organizations. Interested individuals may view these items at 8700 Remount Road, North Little Rock, Arkansas.

B. Purchase Requests:

1. The requisitioner shall enter a requisition into AASIS, listing Federal Surplus Property as the vendor and used equipment in the description. The appropriate CPU (or facility) Purchasing Agent will process the request.

2. Items with a replacement value of $2,500 or more will have an Asset number assigned. Inventory procedures are outlined in the DHS Equipment Inventory Policy.

VII. PROCEDURES: Disabled Work Center Products

A. A.C.A. §§ 19-11-901 and 902 established procedures for purchases of Disabled Work Center products.

B. The requisitioner shall enter a requisition into AASIS, Rehabilitation Services, ATTN: Facilities Section, P.O. Box 3787, Little Rock, AR 72203, as the vendor and workshop made items in the description. The appropriate CPU (or facility) Purchasing Agent will process the request.

C. A complete listing of workshop made products can be found on the Office of State Procurement website or from the CPU Purchasing Agents.

DHS ADMINISTRATIVE PROCEDURES MANUAL

Chapter 604

Title: DHS Purchasing Authority Contracts and Leases

I. PURPOSE: To provide the Department of Human Services (DHS) with uniform departmental procedures for contracts and leases, in accordance with Arkansas Purchasing Law & Regulations (Arkansas Code Annotated [A.C.A.] §§ 19-11-201 et seq.) and the Arkansas Building Services Act.

II. SCOPE:

A. These procedures are applicable to all DHS divisions, offices, and facilities.

B. The DHS, Office of Finance and Administration (OFA), Contract Support Section (CSS), Commodities Purchasing Unit (CPU) has the authority for purchasing for the central offices and field offices.

C. CPU has the authority for purchasing for the facilities those purchases exceeding $25,000.

D. DHS facility purchasing units have authority for purchasing for their facility all purchases that do not exceed $25,000.

NOTE: See the DHS Administrative Procedures Manual, Chapter 605, for authority regarding construction, renovation, remodeling, and repair projects.

III. PROCEDURES: Temporary Help

A. Occasionally, an agency undertakes special programs or is subject to seasonal fluctuations that temporarily increase the workload beyond the capabilities of the agency's regular staff. Such situations may necessitate hiring contract labor from "Temporary Help" agencies to be paid out of the maintenance and operations line item of the agency's appropriation. The vendor will bill the user agency for the service at the end of the contract.

B. No agency may employ contract labor for a period longer than six consecutive weeks at intervals no more than once per calendar quarter. An individual hired as contract labor may work a maximum of 240 hours per calendar quarter. The individual may work more than six consecutive weeks if less than 240 hours have been worked during the quarter, but he or she may NOT work more than 240 hours in any quarter.

IV. PROCEDURES: Maintenance Contracts

A. Maintenance agreements are usually purchased separately from the equipment. If a maintenance agreement is desired for equipment, requesting division shall take the following steps:

B. The requesting division shall secure a maintenance agreement from the vendor.

C. After examining the agreement, the requesting division must enter a requisition and send the original maintenance agreement to CPU. THE DIVISION IS NOT TO SIGN THE AGREEMENT. The contractor and a CPU Purchasing Agent shall sign the agreement. The CPU Purchasing Agent will create the purchase order from the requisitions.

D. After completion, CPU will send copies of the maintenance agreement and the purchase order to the OFA, General Operations Section, Purchase Order Unit, the requesting division, and the vendor.

V. PROCEDURES: Leases

A. Equipment requested for a limited time may be leased by DHS by the bidding procedure. Some leases require prior approval from the Office of State Procurement (OSP) or the Department of Information Services (DIS). Most equipment is leased for a specific period of time and may contain options for renewal. These leases, including renewals, cannot exceed a cost of $10,000. OSP usually approves the exercise of any renewal options and no lease may be extended beyond the renewals.

B. Some equipment leases are written with the option to purchase. These purchase options cannot be exercised without the written approval of OSP. The option to purchase must be written into the specifications at the time of bidding.

C. Types of Lease:

1. **Small Order Lease** (not exceeding $5,000): All state agencies may lease certain commodities without competitive bidding if the cost does not exceed $5,000 and if the lease does not contain an option to purchase. Such leases may not be renewed beyond an accumulated expenditure of $5,000.

2. **Competitive Bid Lease** ($5,000 to $25,000): All contracts for the lease of a commodity which exceeds a cost of $5,000 but does not exceed $25,000 during the initial period of the contract shall be awarded on the basis of competitive bidding. Renewals or purchase options are allowed provided the accumulated total of the lease does not exceed $25,000.

3. **Competitive Sealed Bid Lease** (over $25,000): All contracts for the lease of a commodity that will exceed a cost of $25,000 shall be bid by OSP and coordinated by CPU.

4. **Single Source Lease**: For all leases of commodities that can only be provided by a single vendor, no dollar limit will apply. This lease must have prior approval from the Office of State Procurement, coordinated by CPU.

5. **Real Property Lease:** The requesting division shall prepare all required

documentation and a Space Action Request, and forward them to OFA/CSS/Central Support Unit (CSU). All documentation will then be sent to the OFA Managerial Accounting Section to determine the type of lease - capital or operating. The documentation must contain, but is not limited to, the following information:

a. the fair value of the property to be leased,

b. the interest rate pertaining to the property, and

c. the executory costs, which include taxes, insurance, and maintenance costs.

If the lease is determined to be a capital lease, the Managerial Accounting Section so informs the requesting division and determines the feasibility of converting the capital lease to an operating lease. The Managerial Accounting Section maintains recording and accounting data for capital leases, but returns lease documentation to CSU for final processing and execution of the lease agreement.

6. **Telecommunications Lease**: CSU processes all telecommunication leases except those for the Division of County Operations. All leases for telecommunications equipment must have prior approval from DIS.

7. **Capital Lease:** Equipment purchased on a capital lease shall be inventoried and tagged. All capital leases shall be charged to Character 11 (Capital Outlay). The guidelines for capital leases are taken from the State Accounting Procedures Manual (Financial Accounting Standards Board Statement No. 13). The OFA General Ledger Unit will review all lease agreements and all subsequent changes before the lease takes effect.

   a. The General Ledger Unit shall record the lease and determine if it is a capital or an operating lease.

   b. The General Ledger Unit shall notify the appropriate officials of the decision and return the original documents, retaining necessary documentation for General Ledger files.

VI. PROCEDURES: Multi-Year Contracts

A. The original terms of multi-year contracts shall terminate on the last day of the current biennium and any renewals by the state based upon continuing appropriation shall not exceed the next succeeding biennium.

B. Unless otherwise provided by law, a contract for commodities or services may be entered into for a total period of not more than seven years if funds for the first fiscal year of the contemplated contract are available at the time of contracting. Payment and performance obligation for succeeding fiscal years shall be subject to the availability and appropriation of funds.

C. Determination Prior to Use: Prior to the utilization of a multi-year contract, it shall be determined in writing that:

1. Estimated requirements cover the period of the contract and are reasonably firm and continuing;

2. Such a contract will serve the best interest of the state by encouraging effective competition or otherwise promoting economies in state procurement;

3. In the event of termination for any reason, the contract provides for cessation of services or surrender by the state of the commodities and repayment to the state of any accrued equity.

D. Termination Due to Unavailability of Funds in Succeeding Years: Original terms of such multi-year contracts shall terminate on the last day of the current biennium and any renewals by the state based upon continuing appropriation shall not exceed the next succeeding biennium. When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent year of a multi-year contract, the contract for such subsequent year shall be terminated and the contractor may be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the commodities or services delivered under the contract. The cost of termination may be paid from:

1. Appropriations currently available for performance of the contract

2. Appropriations currently available for procurement of similar commodities or services and not otherwise obligated

3. Appropriations made specifically for the payment of such termination costs

VII. PROCEDURES: Contract Renewals

A. Contracts for goods, services, or leases are sometimes bid with the option to renew for additional time periods. If a renewal is desired, the division must make a request in writing with its Assistant Director or Director's signature. The renewal option must be requested at least thirty days prior to the expiration of the contract. Renewals may require the approval of the Office of State Purchasing or Arkansas Building Authority. The renewal is a mutual agreement between the Department and the vendor. Once the vendor accepts the terms for renewal, a written addendum is added to the contract. No contract can be extended once the renewals have been depleted.

B. A contract that is bid without a renewal option cannot be renewed in any instance. Offers by the original vendor to renew the contract cannot be accepted.

DHS ADMINISTRATIVE PROCEDURES MANUAL

Chapter 605

Title: DHS Purchasing Authority Construction/Renovation

I. PURPOSE:

To provide the Department of Human Services (DHS) with uniform departmental procedures for the acquisition of construction, renovation, remodeling, and repair services, in accordance with Arkansas Building Authority (ABA) Standards and Criteria, Arkansas Code Annotated (A.C.A.) §§ 19-4-1401 et seq., and 22-9-101 through 22-9-702. Reference to and adherence with the Standards and A.C.A. are **CRITICAL**.

II. SCOPE:

A. The procedures shall be applicable to all DHS divisions, offices, and facilities.

B. The DHS, Office of Finance and Administration (OFA), Central Support Unit (CSU) has the authority for construction, renovation, remodeling, and repair projects for:

1. Central office

2. Field offices, and

3. Facilities, **IF** the project is over **$20,000** OR **IF** the project is related to a Method of Finance (MOF**)** regardless of the amount. The DHS facility purchasing units have authority for their facility projects that do **NOT** exceed $20,000 **IF** the project is **NOT** related to an MOF.

III. PROCEDURES: Construction, Renovation, Remodeling, and Repair of Owned Facilities

A. $5,000 and below

1. For projects that are **NOT** related to an MOF, the requesting division shall coordinate through CSU, process the requests internally under normal purchasing procedures, and issue a small order (SO) purchase order (PO) directly to the vendor.

2. For projects that **ARE** related to a MOF, the requesting division shall proceed as in B.2. below.

B. Over $5,000 but not exceeding $20,000

1. For projects that are **NOT** related to an MOF:

a. The requesting division shall competitively bid the project, in coordination with CSU. A minimum of three bona fide bidders must

be contacted.

b. The division shall request CSU to complete the PO. The request shall include:

(1) Total cost amount inclusive of all taxes

(2) Quote Bid sheet

(3) Disclosure form

(4) Proof of liability insurance (Bids, in any amount, will not be accepted without the Certificate of Insurance for contractor's general liability, Workers' Compensation, and auto insurance. General liability coverage must be at least$100,000.)

c. CSU will create the PO and send the approved PO to the requestor and to the vendor.

d. **Under no circumstances shall a PO be issued or a PO number divulged to a vendor prior to CSU approval. Releasing a PO prior to approval will result in Claims Commission action that could assess personal liability.**

2. For projects that **ARE** related to an MOF:

a. The requesting division shall competitively bid the project, in coordination with CSU. A minimum of three bona fide bidders must be contacted.

b. The division shall request CSU to complete the PO. The request shall include:

(1) Total cost amount inclusive of all taxes

(2) Quote Bid sheet

(3) Disclosure form

(4) Proof of liability insurance (Bids, in any amount, will not be accepted without the Certificate of Insurance for contractor's general liability, Workers' Compensation, and auto insurance. General liability coverage must be at least$100,000).

c. (1) If an MOF has not already been completed for the project, the requesting division CFO shall complete an MOF (DFA-0015). The requesting division director or division Chief Fiscal Officer AND the DHS Chief Fiscal Officer shall approve the MOF. The MOF shall identify sufficient funds to cover the construction contract and related costs, such as postage, advertising for bidders, copying of sepia and blue prints (reproductions), soil boring (as needed), site surveys (as needed), Department of Health review ($500 maximum), etc. as applicable.

(2) On the MOF, the division shall identify ”IDE” (Construction) or other identified funding as the source of funding and shall indicate the appropriate MOF encumbrance number, if available.

d. CSU will create the PO and send the approved PO to the requestor and to the vendor.

e. Under no circumstances shall a PO be issued or a PO number divulged to a vendor prior to CSU approval. MOF approval does NOT constitute PO approval. Releasing a PO prior to approval will result in Claims Commission action that could assess personal liability.

f. ALL invoicing/payment processing **MUST** be processed through CSU.

C. Over $20,000

For projects that exceed $20,000, ABA or the approved Architect or Engineering firm under contract with the facility shall competitively bid the project, in strict adherence with ACA §§ 19-4-1405 and 22-9-203. All projects anticipated to exceed $20,000 require the services of a design professional provided under ABA Standards and Criteria or through a professional services contract. CSU will determine the means by which professional services shall be acquired.

1. The requesting division shall describe the project in general, in letter form, and forward it to CSU for processing.

   a. **If the project is to be paid from construction funds**, and if the division has not already done so, the requesting division shall also complete an MOF (DFA-0015). The requesting division director or division Chief Fiscal Officer AND the DHS Chief Fiscal Officer shall approve the MOF. The MOF shall identify sufficient funds to cover the construction contract and related costs, such as postage, advertising for bidders, copying of sepia and blue prints (reproductions), soil boring (as needed), site surveys (as needed), Department of Health review ($500 maximum), etc. as applicable. The division shall forward the MOF to CSU along with the project letter.

   b. If the project is **NOT** to be paid from construction funds, the requesting division shall indicate the source of funds to be utilized.

2. CSU will complete the requisition and Request for Quote (RFQ) in the Arkansas Administrative Statewide Information System (AASIS) and forward in AASIS to the appropriate division representative for approval.

3. CSU will assist the division under ABA Standards and Criteria in the selection of the Architectural or Engineering firm to produce the required plans and specifications in Construction Institute Language (CSI).

4. CSU will maintain all construction project-related documentation and process all pay requests from both the Architectural or Engineering and construction contractors, in coordination with the ABA Construction and Architectural Sections.

IV. PROCEDURES: Professional Services - Construction/Addition or Modification of Real Property

A. CSU shall coordinate with ABA to procure and develop all new professional services contracts.

B. The selection committee shall be made up of no fewer than four individuals, including the CSU Facilities Supervisor, two individuals appointed by the requesting division's director, and one appointed by the OFA Chief Fiscal Officer.

C. CSU will develop the professional services contract with the selected Architectural or Engineering firm.

D. CSU will complete the outline agreement and PO in AASIS upon approval of the professional services contract by Office of State Procurement (OSP).

V. PROCEDURES: Changes

A. The authority to approve a PO Change Notice or Contract Change Order resides with the authority that approved the original project, i.e., the facility superintendent, assistant director, or division director. All Change Order documentation **must** be processed through CSU.

B. If a PO Change Notice or Contract Change Order brings the project total to an amount greater than that covered by the corresponding MOF, CSU and the division must revise the MOF accordingly.

VI. PROCEDURES: Related Charges

On the authority of a properly approved purchase request for either construction or related professional services, CSU shall issue POs for advertising, blue prints, and similar services on request from ABA or the division, even when these services are not specifically spelled out in the purchase request.

VII. PROCEDURES: Emergency

A. If the time to accomplish normal paperwork would endanger life, health, or state property, the emergency condition will be registered with CSU. CSU shall notify ABA Construction Office at the earliest possible time to request written approval from the Construction Administrator. The paperwork may be done after the fact.

B. Approvals and other procedures will be followed as closely as circumstances

permit. Procedures as outlined in DHS Policy 3002-I concerning "Incident Reporting" are to be followed.

VIII. PROCEDURES: Payment

Prior to payment for construction or construction related services, completion or partial completion of work must be substantiated.

A. Invoices, requests for payment, and applications for certificate for payment must be approved for release of payment (Voucher for State of Completion).

B. According to the provisions in A.C.A. § 19-4-1411, DHS has a maximum of **five** working days to process a payment request. Failure to comply with processing times may result in a financial penalty being assessed against the appropriation and allocation cited on the obligating document.

C. CSU has payment release responsibility for all projects bid through ABA unless such responsibility and authority is granted to a private design professional in an attendant professional services contract.

D. If, after coordination with the vendor and the ABA Construction Office, payment is to be denied or partial payment withheld, the invoice or payment request is to be annotated, and supporting documentation provided and forwarded to with copies to ABA and the vendor. Assistance from CSU is available upon request at (501) 682-6551.

IX. PROCEDURES: Client Architectural Services

When projects from any of the divisions require architectural or structural modifications to be made for the benefit of a client, to properties that the State of Arkansas neither owns nor leases, the following steps should be followed:

A. Payment for the alteration or modification should be made to the party who owns or leases the property to be altered or modified.

B. The owner must supply to DHS at least three bids for the work to be done and, upon completion of the work, the owner must supply DHS with invoices from the contractor for the work completed. If these two items are not supplied, the owner must refund the money.

C. The owner must accept all liability for the work, while in progress, and for the finished product when all work is completed.

Note: ABA concurs with this procedure and should not have to be consulted for any reason in this process.

X. PROCEDURES: Request for Lease Action

A. When a leased facility needs new construction or renovation, a Request for Lease Action, ABA Form 5-100A, shall be completed. This process is required for any renovation or alteration to currently leased space no matter how large or small, e.g., even for having a lock changed or a new electrical outlet installed. This form can be obtained from DHS Gold under Out-of-Agency

Forms.

1. For Donaghey Complex – The complete package consists of a justification letter signed by the division Director or designee, a written estimate of costs, Form 5-100 signed by DHS Director or designee verifying the accuracy of information and that funds are available.

2. For County Offices – The complete package consists of a justification letter signed by the County Administrator, a written estimate of costs, Form 5-100 signed by the County Administrator verifying the accuracy of information and that funds are available, as well as by the Area Director and Assistant Director of DCO.

3. The entire, completed package shall be submitted to CSU, P.O. Box 1437, Slot W345, Little Rock, Arkansas 72203 for further processing.

B. When a division requires additional lease space:

1. The ABA Form 5-100A must be completed and accompanied by a letter of justification from the division director. If the division needing additional space is located in the Donaghey Plaza Complex and will require relocation within the complex, the division shall find a division willing to fill the vacated space. CSU must be able to fill the vacated area to avoid DHS paying rent on empty square footage.

2. If more than one division desires the same space within the Donaghey Plaza Complex, all ABA 5-100A forms, letters of justification, and evidence of ability to pay the additional rent will be assembled by CSU and submitted to the OFA Chief Fiscal Officer. The material will then be presented to either the DHS Executive Staff or the DHS Director for consideration. The decision as to which division shall occupy the space will be made by either of these entities.

Note: Only CSU may complete or coordinate these projects with ABA Construction and Leasing Sections. Request for Lease Action forms sent directly to ABA without the knowledge or approval from CSU will be returned by ABA to CSU.

XI. PROCEDURES: Disclosure to Comply With Executive Order

A. Any non-exempt contract which exceeds $25,000 total (compensation plus reimbursable expenses) shall require the contractor to disclose information as required under the terms of Executive Order 98-04, Act 34 of 1999, and regulations developed by Department of Finance and Administration. CSS shall coordinate completion of the Contract and Grant Disclosure and Certification form (Form PCS-D) with the division and the provider for all new construction-related contracts and for all amendment actions and change actions to such contracts.

B. ABA coordinates completion of the Form PCS-D with the provider for all leases and lease amendments.

C. Questions concerning when or how to complete the forms shall be directed to

CSU, P.O. Box 1437, Slot W345, Little Rock, AR 72203 or by calling (501) 682-6551.

DHS ADMINISTRATIVE PROCEDURES MANUAL

Chapter 606

Title: DHS Purchasing Authority Miscellaneous Provisions

I. PURPOSE: To provide the Department of Human Services (DHS) with uniform departmental procedures for the acquisition of goods and services, in accordance with Arkansas Purchasing Law & Regulations, Arkansas Code Annotated (A.C.A.) §§ 19-11-201 et seq., and the Arkansas Building Services Act.

II. SCOPE:

A. These procedures shall be applicable to all DHS divisions, offices, and facilities.

B. The DHS, Office of Finance and Administration (OFA), Contract Support Section (CSS), Commodities Purchasing Unit (CPU) has the authority for purchasing for the central offices and field offices.

C. CPU has the authority for processing for the facilities those purchases exceeding $25,000.

D. DHS facility purchasing units have authority for purchasing for their facility all purchases that do not exceed $25,000.

NOTE: See the DHS Administrative Procedures Manual (APM), Chapter 605, DHS Purchasing Authority - Construction/Renovation, for authority regarding construction, renovation, remodeling, and repair projects.

III. PROCEDURES: Repairs to Equipment

Repair of equipment requires the authority of a purchase order (PO). There are three types of repair purchases:

A. Repairs that are exempt by law from the bidding process: This type of repair may be started upon receipt of a PO. (*See A.C.A. § 19-11-203 (14)(P) and R1).*

B. Repairs that are considered sole source or emergency by state regulations: The Office of State Procurement (OSP) or Arkansas Building Authority (ABA) must approve this type of repair before the work is started.

C. Repairs that must be bid by DHS, OSP, or ABA: Procurement must be completed and vendor selected before this type of repair can be started.

IV. PROCEDURES: Insurance and Bond

A. Property insurance coverage

1. The OFA/CSS/Central Support Unit (CSU) coordinates property insurance coverage. OSP combines most Building and Content Insurance coverage into one policy bid.

2. The Risk Management Section of the Arkansas Insurance Department coordinates any additional coverage through CSU.

B. Vehicular insurance coverage

1. All vehicles owned by DHS are covered by a blanket liability policy.

2. The Division must specify any additional coverage and coordinate it through the OFA, Materiel Management Unit.

C. A Self-Insured Fidelity Bond Program, (A.C.A. §§ 21-2-701 et seq.), operated by the Insurance Department, covers DHS employees.

V. PROCEDURES: Notary Public

A. 1. Requesting division shall obtain a notary pack from the Secretary of State's office. The division shall select an insurance company to issue a $4,000 ten-year Notary Bond.

2. The requesting division shall complete the Notary Bond Application, dating the "Date of Commission" at least two months in advance to allow time for processing. The division shall secure a notarized signature on the Notary Bond Application.

3. The division shall enter a requisition in the Arkansas Administrative Statewide Information System (AASIS), in response to which CPU shall create a PO. CPU shall forward a copy of the PO to the requesting division. The division shall send the Notary Bond Application, along with a copy of the PO, to Accounts Payable for prepayment. *(See DHS APM, Chapter 601, DHS Purchasing Authority - General Provisions, Section IX. for procedures regarding prepayment.)*

B. Upon receipt of the notary bond, the division shall send the completed and notarized Notary Application, along with a copy of the notary bond, to the Secretary of State's office. The Secretary of State's office should process the application within two days and return the commission, commission card, and official oath with a cover letter to the requesting division.

C. The division shall file the official oath and original bond with the Circuit Clerk in the resident county. The Circuit Clerk will mail the oath to the Secretary of State's office. The Secretary of State's office will enter the individual into their computer files as a Notary Public. The division shall pay the filing fee at the Circuit Clerk's office by PO or from the county office petty cash fund.

D. To request a Notary Seal or Notary Stamp, the division shall enter a requisition into AASIS. CPU shall create the PO and order the Notary Seal or Stamp.

VI. PROCEDURES: Credit Cards

A. DHS has credit cards exclusively for official state business-related travel expenses. Use for personal expenditures is not appropriate. Credit card purchases are closely regulated by the state. Employees may obtain credit cards from OFA, General Operations Section, upon submission of Form DHS-1017, Credit Card Application, with the written approval of the assistant director or institutional superintendent. State law does not permit the payment of late charges or penalties on credit card accounts. (*See DHS APM, Chapter 304, Travel Reimbursement, for details.*)

B. Telephone credit cards should be used only for calls that cannot be made with the state WATTS line.

VII. PROCEDURES: Petty Cash

A. DHS has a Petty Cash Fund administered by OFA, General Operations Section. This fund may be used ONLY for purchases not exceeding $35, which are NOT on state contracts, NOT covered by Amendment 54 (printing, office supplies & stationery), and NOT travel-related items (i.e., commodities on state contracts, amendment 54 items, and travel-related items may not be purchased from petty cash.) *(See DHS APM, Chapter 306, Cash Disbursements, for details concerning petty cash funds.)*

B. Utilization by Central Office

1. To utilize the Petty Cash Fund in the central office, an employee shall obtain the form (DHS Fund Voucher, Form DHS-1021) from CPU (at 682-6554). CPU tracks the usage of this sequentially-numbered form to ensure proper accounting. The employee shall complete the Form DHS-1021 and submit it to CPU. (Instructions for completing the form are on the back of the form.)

2. A CPU Purchasing Agent will review the form to determine that items requested are NOT on a state contract and that items are appropriate to buy from the petty cash fund. The CPU Purchasing Agent will sign the Form DHS-1021 to indicate approval. The employee should NOT make purchases before the request is reviewed and signed by CPU, except in emergency situations.

3. The requesting employee shall proceed in accordance with the DHS APM, Chapter 306.

C. Utilization by County Offices and Facilities

County offices and facilities shall process their petty cash requests in accordance with the DHS APM, Chapter 306.

VIII. PROCEDURES: Travel

A. Travel related expenses are exempt from purchasing laws and regulations.

However, guidelines are outlined in DHS Administrative Policy 1003, Out-of-State Travel, and DHS APM, Chapter 304, Travel Reimbursement.

B. Prior approval is necessary for all out-of-state travel. The traveler must complete form DHS-1010, Out-of-State Travel, and include a copy of the form along with the traveler's request for travel reimbursement and request for an advance from the Revolving Travel Fund. The DHS 1010 must also accompany any travel-related bill in which there is out-of-state travel.

C. DHS has an exclusive contract with a travel agency for most divisions. The division's authorized employee will notify the travel agency for travel reservations. Most divisions' travel expenses will be charged to the Business Travel Account (BTA), but some divisions' accounts will be billed directly.

D. DHS's BTA has been amended to allow employees' hotel expenses to be charged to this account. Meals and incidentals such as telephone calls may not be charged to this account. Travelers must provide the following before payment can be processed for hotel charges:

- An itemized statement of all hotel charges
- A letter of prior approval for direct billing of hotel charges signed by the Administrator, Department of Finance and Administration, Office of Accounting.

DHS ADMINISTRATIVE PROCEDURES MANUAL

Chapter 609

Title: DHS Purchasing Authority
Wireless Telephone Equipment & Services

I. PURPOSE: To provide the Department of Human Services (DHS) with uniform departmental procedures for acquiring wireless telephone equipment and services.

II. SCOPE:

A. These procedures are applicable to all DHS divisions, offices, and facilities.

B. The DHS, Office of Finance and Administration (OFA), Contract Support Section (CSS), Central Support Unit (CSU) has the authority for purchasing cellular equipment and services for the central offices, field offices and facilities.

III. PROCEDURES: Wireless Equipment and Services.

A. All Wireless Equipment & Services: All Divisions shall select a Vendor, Equipment and Service package from the Office of State Procurement (OSP) web link for Vendor Options http://fiscal.state.ar.us/wireless.html

B. Upon proper authority at the Division level, division staff shall enter an Arkansas Administrative Statewide Information Systems (AASIS) requisition.

1. Division staff shall enter the shipping address on the requisition as the location that will receive the equipment or service

2. Division staff shall enter the billing address as the location that will be responsible for processing the invoices.

3. Division staff shall place the requisition on the AASIS buyer screen for CSS/CPU, **E58,** for processing.

C. CPU shall create the purchase order and forward it to the Division's designated approver.

D. CSS/CSU shall maintain a Cellular Service Database consisting of all DHS cellular related inventory and financial information.

IV. PROCEDURES: Changes

The authority to approve a change in equipment or services resides with the authority that approved the original contract within the division (e.g., Division Director, Chief Fiscal Officer, or Assistant Director). The process for a change is the same as section III above. CSU shall revise the Cellular Service Database accordingly.

V. PROCEDURES: Emergency

If the time to accomplish normal paperwork would endanger life, health, or state

property, the requester should contact CSS/CSU. Approvals and other procedures will be followed as closely as circumstances permit.

VI. PROCEDURES: Payment

A. The Division or Unit receiving the invoices will perform AASIS Goods Receipt function. The approved invoice is then forwarded to Accounts Payable for processing.

B. Questions concerning cellular service or equipment as well as when or how to complete any AASIS functions or any related forms shall be directed to the OFA, Central Support Unit, P.O. Box 1437, Slot W345, Little Rock, AR 72203 or by calling 501-682-6551.