

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, under Arkansas Building Authority (ABA) Standards and Criteria, 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. All MOF funded projects regardless of cost are to be coordinated through CSU.
- C. 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. The facility purchasing units MUST, however, comply with the above indicated standards and A.C.A. provisions.

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 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, with the assistance of CSU, if requested. A minimum of three bona fide bidders must be contacted.
 - b. The division shall complete the PO. The request shall include:
 - (1) Total cost amount inclusive of all taxes
 - (2) Quote Bid sheet
 - (3) Contract and Grant Disclosure and Certification 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.)
 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) Contract and Grant Disclosure and Certification 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. The division shall forward the completed DFA-0015 to CSU for processing and DFA approval. Once the MOF has been approved by DFA, the division and CSU shall prepare a budget sheet indicating the appropriate commitment item (i.e., 02, 10, or 11). CSU will process the budget sheet through OFA Managerial Accounting to assure funds are 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 create the RFQ for the professional services required and 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 under ABA Standards and Criteria and the Office of State Procurement Law and Regulations.
- B. The selection committee shall be made up of no fewer than three individuals, including the CSU Program Administrator and two individuals appointed by the requesting division's Director or the CSU Program Administrator.
- 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 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 CSU Program Administrator, General Services Manager, 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.

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., a new electrical outlet installed or a major renovation. This form can be obtained from DHS SharePoint 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, and 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, and 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 Division of County Operations.
 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 W103, Little Rock, AR 72203 or by calling (501) 682-6551.

XII. PROCEDURES: Originating Section/Department Contact

DHS/OFA/Central Support Unit
(501) 682-6551
Donaghey Plaza West, Slot W103
700 So. Main Street
Little Rock, AR 72203

XIII. REPLACEMENT NOTATION: This replaces APM, Chapter 605, previously issued effective January 10, 2005.