

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 Procurement Law & Rules (Regulations) (Arkansas Code Annotated [A.C.A.] §19-11-201 et seq.)

II. **SCOPE:**

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

III. **PROCEDURES: CLIENT EQUIPMENT**

- A. Purchasing Agents in Office of Finance and Administration (OFA), Contract Support Section (CSS), Commodities Purchasing Unit (CPU) shall not consolidate requests for client equipment with other requests. CPU Purchasing Agents shall process client equipment requests individually as they are received.
- B. The DHS 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.
- D. 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: 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 CPU 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 Arkansas Administrative Statewide Information System (AASIS) containing all of the necessary specifications required for competitively procuring a copier. The required items include, but are not necessarily 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, stapler, etc.)
 - e. Delivery information
 - f. Required additional functions and Office of Systems and Technology (OST) approval (e.g., network printing, faxing, scanning or e-mailing)

- **NOTE:** OST approval is required for a copier that is to be used for network printing, faxing, scanning, or e-mailing or that is anticipated to EVER be used for network printing, faxing, scanning, or e-mailing.
2. For purchases not exceeding \$25,000 per vendor, per service, per fiscal year, the CPU (or facility) Purchasing Agent shall conduct the bidding for the equipment. After the contract is issued, CPU (or facility) Purchasing Agent shall create the purchase order and forward it to the requisitioner.
 3. For purchases exceeding \$25,000 per vendor, per service, per fiscal year, CPU will coordinate the bidding with Office of State Procurement (OSP) then send the purchase order, 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 Term contract executed by OSP. Copiers available from the contract are specific to county location. CPU will provide a listing of copiers available under the State Term contract upon request.
 2. The Agency Procurement Technician shall create a requisition in AASIS and provide the following information to the Purchasing Agent:
 - a. Brand and model that meets desired specifications
 - b. Number of copies expected to be used per month
 - c. Required accessories (e.g., sorter, finisher, stapler, etc.)
 - d. Delivery information
 - e. Required additional functions and OST approval (e.g., network printing, faxing, scanning or e-mailing)
 - **NOTE:** OST approval is required for a copier that is to be used for network printing, scanning, faxing or e-mailing or that is anticipated to EVER be used for network printing, scanning, faxing or e-mailing
 3. Upon approval of the requisition in AASIS, the CPU (or facility) Purchasing Agent shall create the purchase order.
 4. The Purchasing Agent shall print the purchase order and send it to the Agency Procurement Technician and to the vendor for delivery.
 5. If the lease on a copier is expiring, divisions needing a replacement shall submit a request for a replacement copier at least 45 days before the expiration date. The division shall include the serial number of the expiring copier in the request.

C. Maintenance on Copiers

1. Lease of a copier from the State Term 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 competitively procured to include a one year maintenance agreement and a firm price quote for an optional annual renewal of the maintenance agreement for an additional six years.
3. Copiers purchased on an installment purchase arrangement should also be competitively procured to include a one-year maintenance agreement and a firm price quote for an optional annual renewal of the maintenance agreement for an additional six 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. CPU (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.
6. Maintenance agreements on equipment are handled as most other purchases. The requesting division shall enter a requisition into AASIS and shall send the vendor's current maintenance agreement to CPU (or the facility purchasing unit). CPU (or the facility purchasing unit) will assist the requesting division in obtaining a maintenance agreement if necessary. Once CPU (or the facility purchasing unit) is in possession of the maintenance agreement and the requisition, CPU shall create a purchase order.

V. **PROCEDURES: EQUIPMENT REPAIR**

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

- A. Repairs that are exempt by law from the competitive procurement process:
This type of repair may be started upon receipt of a purchase order. (See A.C.A. §19-11-203 [14][O]).
- B. Repairs that are considered sole source or emergency by state regulations:
OSP or Arkansas Building Authority (ABA) must approve this type of repair before the work is started.
- C. Repairs that must be competitively procured by DHS, OSP, or ABA:
Procurement must be completed and vendor selected before this type of repair can be started.

VI. **PROCEDURES: INSURANCE**

- A. Property insurance coverage

1. 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. Prior to the beginning of each fiscal year Risk Management provides CSU with a insurance coverage schedule. The schedule includes all vehicles within DHS.
 2. All DHS vehicles within the schedule are covered by a blanket liability policy.
 3. Comprehensive coverage is determined based on fair market value and cost verses loss of vehicles. CSU reviews the schedule against current value and submits recommendations to the Chief Financial officer for final approval. Once approved, the updated schedule is submitted to Risk Management prior to the beginning of the new fiscal year.
- C. A Self-insured Fidelity Bond Program, (A.C.A. §§21-2-701 et seq.), operated by the Insurance Department, covers DHS employees.

VII. PROCEDURES: NOTARY PUBLIC

- A. Requesting division shall obtain a notary pack from the Secretary of State's office.
- B. The division shall select an insurance company to issue a \$7,500 ten-year Notary Bond.
 1. 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.
 2. The division shall enter a requisition in AASIS, in response to which CPU (or the facility Purchasing Agent) shall create a purchase order. CPU shall forward a copy of the purchase order to the requesting division.
 3. The division shall send the Notary Bond Application, along with a copy of the purchase order, to Accounts Payable for prepayment.
- C. Upon receipt of the notary bond, the division shall send the completed and notarized Notary Bond 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.
- D. 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 purchase order or from the county office petty cash fund.

- E. To request a Notary Seal or Notary Stamp, the division shall enter a requisition into AASIS. CPU (or facility) Purchasing Agent shall create the purchase order and order the Notary Seal or Stamp.

VIII. PROCEDURES: VEHICLES

- A. Each Division within DHS may submit to CSU requests for new vehicles. Vehicles may include sedans, station wagons, trucks, vans, carryalls, four wheel drive and special purpose vehicles. With the exception of some special purpose considerations (See Special Considerations below), all vehicles shall be purchased from current state contracts.
- B. All Agency funded vehicle requests shall be submitted utilizing State Of Arkansas Form MV-6. Requests shall be submitted to CSU by April 1 each year to ensure the vehicle is received during the fiscal year the vehicle is funded.
- C. Each request submitted shall be reviewed by CSU to ensure it meets the requirements established by Department of Finance and Administration (DFA) and Act 493 of 1983. MV-6 requests that exceed the established CAP, are requested for vehicles of greater value than the vehicle being replaced and/or have special purpose considerations not covered under Act 493, must include written justification. Once requests meet all requirements they shall be forwarded to the DHS Chief Fiscal Officer for departmental approval.
- D. Immediately following approval, CSU shall enter each request into the State Agency Vehicle Application (SAVA) and submit all requesting documentation to DFA for final approval. DFA will review each MV-6 and either approve or deny each request. Divisions shall be notified by CSU when a request is denied.
- E. Once all final approvals are received the division shall provide to CSU, in writing:
 - 1. Asset Shell Number
 - 2. Cost Center
 - 3. Agency Business Area
 - 4. Functional Area
 - 5. Fund
 - 6. Fund Center
 - 7. Internal Order

The form shall also include the approval signature of either the division director or designate. After the criteria for replacement established by DFA are met, OSP will place an order for the vehicle.

- F. CSU will request funds from the division requesting the vehicle. It is the responsibility of each requesting division to ensure that each fund is from a single source account and that non-general monies are transferred to the account prior to purchase of the vehicle.
- G. Special Considerations:
1. Detailed specifications shall be provided to CSU for all requested vehicles over one-ton capacity or those requiring other special considerations not covered by state contract. CSU shall forward the request with specifications to DFA for approval. If approved by DFA, the specifications shall be given to OSP who will review them against current state contracts. If the requested vehicle is not covered by state contract, OSP will submit the specifications to vendors to bid. The requesting division will be notified by CSU as to the status of the request and when and to whom the bid was awarded.
 2. After all criteria have been met, CSU will notify the requesting division whether their request has been approved or denied. If approved, the division will be asked to provide the information in section "E" and that they may proceed with purchase of the vehicle.

IX. PROCEDURES: PRINTING

- A. Divisions shall **ALWAYS** consult with the DHS Print and Copy Service Center **FIRST** when they have printing or copying needs.
1. To place an order with the Print and Copy Service Center, requestor shall go to the "Print/Copy Center" site on OFA Share and select "Enter Request".
NOTE: Before placing an order, requestor may discuss his/her printing needs with the Print and Copy Service Center Manager or Supervisor.
 2. Upon completion of the request form electronically, requestor shall select "Submit" to forward the request to the Print and Copy Service Center.
 3. The Print and Copy Service Center will advise the requestor if they have questions and/or if they can or cannot provide the requested printing/copying.
- B. A requestor **MUST** obtain a written determination from the Print and Copy Service Center Manager or his/her Supervisor that the Print and Copy Service Center cannot meet the printing and/or copying needs in the time frame required before the requestor can "out-source" the printing or copying (i.e., before the requestor can obtain the services of printing or copying from any source OTHER THAN the Print and Copy Service Center).
- C. If the Print and Copy Service Center cannot meet the requestor's need, the Manager or his/her Supervisor shall indicate such in writing to the CPU Purchasing Agent who possesses the State Delegation Authority to purchase printing services.

NOTE: Amendment 54 to the Constitution, A.C.A. 19-11-102, and A.C.A 19-11-260 impose strict regulations on the purchasing of printing. It is imperative that a duly authorized CPU Purchasing Agent handle the procurement/purchase.

- D. If the Print and Copy Service Center cannot print the requested items and the total cost (excluding taxes) is \$5,000 or less, the CPU Purchasing Agent who is authorized by Delegation Order to procure printing for DHS will, in order:
1. Determine if another State agency can provide the service;
 2. If not, then determine if the printing can be purchased off a State Term contract;
 3. If not, then secure a minimum of three bids and select the lowest bidder, adhering to the following requirements, at a minimum, in accordance with the Printing Delegation Order and Arkansas Procurement Law:
 - a. If not being purchased from another State agency, purchased printing services must be competitively procured, at a minimum, by the Competitive Bid method (i.e., by soliciting a minimum of three bids and selecting the lowest bidder.)
 - b. Bid specifications, standard terms and conditions, FOB point and delivery time must be included in the competitive bid request.
 - c. Printing specifications must be clear, concise and consistent with industry standards.
 - d. Bid request shall indicate a preference for recycled paper.
 - e. Bid request shall indicate that the printing **MUST** be printed in soybean ink, provided that the soybean ink is comparable in price to other inks and that it is equally suitable for use.
 - f. Split purchasing is prohibited.
 - g. Award must be made to the lowest, responsible and responsive bidder as set forth in the procurement regulations.
 4. Complete the purchase order for the printing.

X. 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.

XI. 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:
 - 1. Secure a maintenance agreement from the vendor.
 - 2. After examining the agreement, enter a requisition into AASIS and send the original maintenance agreement to CPU (or to the facility Purchasing Unit, for agreements not exceeding \$25,000). **THE DIVISION SHALL NOT SIGN THE AGREEMENT.**
- B. Upon CPU Purchasing Agent's review and approval of the document (or facility Purchasing Agent's review and approval, for agreements not exceeding \$25,000), the Purchasing Agent and the contractor shall sign the agreement. The Purchasing Agent shall create the purchase order from the requisition, in accordance with Arkansas Procurement Law and Rules and DHS policy.
- C. After completion of the purchase order, Purchasing Agent shall 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.

XII. 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 Administrative Procedures Manual, Chapter 306, Cash Disbursements, for more 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. The 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 Administrative Procedures Manual, Chapter 306.

C. Utilization by County Offices and Facilities

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

XIII. PROCEDURES: DISABLED WORK CENTERS

- A. A.C.A. §§ 19-11-901 and 902 identifies procedures for purchases of Disabled Work Center products.
- B. In accordance with R5: 19-11-902, DHS shall procure commodities and services from the Work Centers when contract terms and specifications are equal and the price is not more than 10% above the lowest competitive price obtained from a non-work center.
- C. The appropriate CPU (or facility) Purchasing Agent shall create the purchase order.