

DHS ADMINISTRATIVE PROCEDURES MANUAL

Chapter 605

Title: Purchasing Authority Construction and Renovation

I. Purpose:

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

II. Scope:

- (a) The procedures shall be applicable to all Arkansas Department of Human Services divisions, offices, and facilities.
- (b) The Arkansas Department of Human Services, Office of Finance and Administration, Central Support Unit has the authority for construction, renovation, remodeling, and repair projects, under Arkansas Building Authority 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 regardless of the amount. All method of finance funded projects, regardless of cost, are to be coordinated through Arkansas Department of Human Services, Office of Finance and Administration, Central Support Unit.
- (c) The Department of Human Services facility purchasing units have authority for their facility projects that do not exceed \$20,000, if the project is not related to a method of finance. The facility purchasing units shall comply with the above indicated standards and Arkansas Code provisions.

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

- (a) \$10,000 and below;

- (1) For projects that are not related to a method of finance, the requesting division shall process the requests internally under normal purchasing procedures, and issue a small order purchase order directly to the vendor; and
- (2) For projects that are related to a method of finance, the requesting division shall proceed as in section (b) (2) below.

(b) Over \$10,000 but not exceeding \$20,000:

- (1) For projects that are not related to a method of finance:
 - (A) The requesting division shall competitively bid the project with the assistance of Arkansas Department of Human Services, Office of Finance and Administration, Central Support Unit, if requested. A minimum of three bona fide bidders must be contacted.
 - (B) The division shall complete the purchase order. The request shall include:
 - (i) Total cost amount inclusive of all taxes;
 - (ii) Quote bid sheet;
 - (iii) Contract and grant disclosure and certification form; and,
 - (iv) 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 a method of finance:
 - (A) The requesting division shall competitively bid the project, in coordination with Arkansas Department of Human Services, Office of Finance and Administration, Central Support Unit. A minimum of three bona fide bidders must be contacted.
 - (B) The division shall request Arkansas Department of Human Services, Office of Finance and Administration, Central Support Unit to complete the Purchase Order. The request shall include:
 - (i) Total cost amount inclusive of all taxes;

- (ii) Quote bid sheet;
 - (iii) Contract and grant disclosure and certification form; and
 - (iv) 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) If a method of finance has not already been completed for the project, the requesting division chief fiscal officer shall complete a method of finance (form DFA-0015). The requesting division director or division chief fiscal officer and the Arkansas Department of Human Services Chief Fiscal Officer shall approve the method of finance. The method of finance 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), Arkansas Department of Health review (\$500 maximum), etc. as applicable.
- (D) On the method of finance (Form DFA-0015), the division shall identify "IDE" (construction) or other identified funding as the source of funding and shall indicate the appropriate method of finance encumbrance number, if available. The division shall forward the completed form DFA-0015 to Arkansas Department of Human Services, Office of Finance and Administration, Central Support Unit for processing and Arkansas Department of Finance and Administration approval. Once the method of finance has been approved by Arkansas Department of Finance and Administration, the division and Arkansas Department of Human Services, Office of Finance and Administration, Central Support Unit shall prepare a budget sheet indicating the appropriate commitment item (i.e., 02, 10, or 11). Arkansas Department of Human Services, Office of Finance and Administration, Central Support Unit will process the budget sheet through Department of Human Services, Office of Finance and Administration Managerial Accounting to assure funds are available.
- (E) Department of Human Services, Office of Finance and Administration, Central Support Unit will create the purchase order and send the approved purchase order to the requestor and to the vendor.

- (F) Under no circumstances shall a purchase order be issued or a purchase order number divulged to a vendor prior to Department of Human Services, Office of Finance and Administration, Central Support Unit approval. Method of finance approval does not constitute purchase order approval. Releasing a purchase order prior to approval will result in State of Arkansas Claims Commission action that could assess personal liability.
 - (G) All invoicing and payment processing must be processed through the Department of Human Services, Office of Finance and Administration, Central Support Unit.
- (c) For projects that exceed \$20,000, Arkansas Building Authority shall competitively bid the project, in strict adherence with Arkansas Code: §§ 19-4-1405 and 22-9-203. All projects anticipated to exceed \$20,000 require the services of a design professional provided under Arkansas Building Authority Standards and Criteria or through a professional services contract. Department of Human Services, Office of Finance and Administration, Central Support Unit will determine the means by which professional services shall be acquired.
- (d) The requesting division shall describe the project in general, in letter form, and forward it to Department of Human Services, Office of Finance and Administration, Central Support Unit for processing.
- (e) 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 a method of finance (Form DFA-0015). The requesting division director or division chief fiscal officer and the Department of Human Services Chief Fiscal Officer shall approve the method of finance. The method of finance shall identify sufficient funds to cover the construction contract and related costs, such as postage, advertising for bidders, copying of sepias 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 method of finance to Department of Human Services, Office of Finance and Administration, Central Support Unit along with the project letter.
- (f) If the project is not to be paid from construction funds, the requesting division shall indicate the source of funds to be utilized.
- (g) Department of Human Services, Office of Finance and Administration, Central Support Unit will complete the requisition and request for quote in the Arkansas Administrative Statewide Information System and forward in Arkansas Administrative Statewide Information System to the appropriate division representative for approval.

- (h) Department of Human Services, Office of Finance and Administration, Central Support Unit will create the requisition and request for quote for the professional services required and assist the division under Arkansas Building Authority Standards and Criteria in the selection of the architectural or engineering firm to produce the required plans and specifications in Construction Institute Language.
- (i) Department of Human Services, Office of Finance and Administration, Central Support Unit 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 Arkansas Building Authority construction and architectural sections.

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

- (a) Department of Human Services, Office of Finance and Administration, Central Support Unit shall coordinate with Arkansas Building Authority to procure and develop all new professional services contracts under Arkansas Building Authority 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 Department of Human Services, Office of Finance and Administration, Central Support Unit Program Administrator and two individuals appointed by the requesting division's director or the Department of Human Services, Office of Finance and Administration, Central Support Unit Program Administrator.
- (c) Department of Human Services, Office of Finance and Administration, Central Support Unit will develop the professional services contract with the selected architectural or engineering firm.
- (d) Department of Human Services, Office of Finance and Administration, Central Support Unit will complete the outline agreement and Purchase Order in the Arkansas Administrative Statewide Information System upon approval of the professional services contract by Office of State Procurement.

V. Changes:

- (a) The authority to approve a purchase order change notice or contract change Order resides with the authority that approved the original project, i.e., the Department of Human Services, Office of Finance and Administration, Central Support Unit Program Administrator, General Services Manager, assistant Director, or division director. All change order documentation must be processed through Department of Human Services, Office of Finance and

Administration, Central Support Unit.

- (b) If a purchase order change notice or contract change order brings the project total to an amount greater than that covered by the corresponding method of finance, Department of Human Services, Office of Finance and Administration, Central Support Unit and the division must revise the method of finance accordingly.

VI. Related Charges:

On the authority of a properly approved purchase request for either construction or related professional services, Department of Human Services, Office of Finance and Administration, Central Support Unit shall issue purchase orders for advertising, blue prints, and similar services on request from Arkansas Building Authority or the division, even when these services are not specifically spelled out in the purchase request.

VII. Emergency:

If the time to accomplish normal paperwork would endanger life, health, or state property, the emergency condition will be registered with Department of Human Services, Office of Finance and Administration, Central Support Unit. Department of Human Services, Office of Finance and Administration, Central Support Unit shall notify Arkansas Building Authority Construction Office at the earliest possible time to request written approval from the Construction Administrator. The paperwork may be done after the fact.

VIII. 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 Arkansas Code § 19-4-1411, Arkansas Department of Human Services 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) Department of Human Services, Office of Finance and Administration, Central Support Unit has payment release responsibility for all projects bid through Arkansas Building Authority 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 Arkansas Building Authority 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 with copies to Arkansas Building Authority and the vendor.

IX. 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 the Department of Human Services at least three bids for the work to be done and, upon completion of the work, the owner must supply the Department of Human Services with invoices from the contractor for the work completed. If these two items are not supplied, the owner must refund the money; and
- (c) The owner must accept all liability for the work, while in progress, and for the finished product when all work is completed. Note: Arkansas Building Authority concurs with this procedure and should not have to be consulted for any reason in this process.

X. Request for Lease Action:

- (a) When a leased facility needs new construction or renovation, a Request for Lease Action, Arkansas Building Authority 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 the Department of Human Services 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 Department of Human Services, Office of Finance and Administration, Central Support Unit, P.O. Box 1437, Slot W345, Little Rock, Arkansas 72203 for further processing.
- (b) When a division requires additional lease space:
- (1) The Arkansas Building Authority 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. Department of Human Services, Office of Finance and Administration, Central Support Unit must be able to fill the vacated area to avoid the Department of Human Services paying rent on empty square footage.
 - (2) If more than one division desires the same space within the Donaghey Plaza Complex, all Arkansas Building Authority 5-100A forms, letters of justification, and evidence of ability to pay the additional rent will be assembled by Department of Human Services, Office of Finance and Administration, Central Support Unit and submitted to the Department of Human Services, Office of Finance and Administration Chief Fiscal Officer. The material will then be presented to either the Department of Human Services Executive Staff or the Department of Human Services Director for consideration. The decision as to which division shall occupy the space will be made by either of these entities.
 - (3) Only Department of Human Services, Office of Finance and Administration, Central Support Unit may complete or coordinate these projects with Arkansas Building Authority Construction and Leasing Sections. Request for Lease Action forms sent directly to Arkansas Building Authority without the knowledge or approval from Department of Human Services, Office of Finance and Administration, Central Support Unit will be returned by Arkansas Building Authority to Department of Human Services, Office of Finance and Administration, Central Support Unit.

XI. 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.

Department of Human Services, Office of Finance and Administration, Contract Support Section 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) Arkansas Building Authority 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 Department of Human Services, Office of Finance and Administration, Central Support Unit, P.O. Box 1437, Slot W103, Little Rock, AR 72203 or by calling (501) 682-6551.

XII. Replacement Notation: This replaces APM, Chapter 605, effective June 15, 2009.