

PROCUREMENT MANUAL

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## INTRODUCTION

### The Function and Requirements of the Procurement Section

All procurement functions have essentially the same fundamental goal: obtaining maximum value for the tax dollar. Formal objectives and guidelines must be delineated in order for management and user to understand and realize the common goal; savings. It must be understood that because of the complexity of government, its checks and balances and statutory limitations, the process can seem awkward at times. While the Department consumes millions of dollars of goods each year, it is to be done in a manner consistent with good planning, proper procedure and maximum dollar value.

Goods and/or services for use by the Department, in order to be consistent with the following guidelines, must not be acquired without the prior knowledge of or approval for such goods and services. Approval of the goods or services will be made known by the issuance of a purchase order after normal and specified guidelines are completed. Only in this manner can the Administrative Division and Procurement Section be able to control, for savings sake, the \$70 million plus dollars spent on needed goods and services.

The procurement staff should be familiar with the market place and be aware of the needs of the user. All areas of the department should work together, in a cooperative effort, to assure goods and services delivered are what is needed. The vendor must understand our needs through complete and proper specifications provided by the user/unit. This can only happen when total support and understanding is at work within the department. The procurement staff will assist the user, as needed to acquire the specifications for goods and services.

The guidelines set forth in this manual are promulgated to improve service and support, maximize dollars spent, control inventories, optimize systems and facilitate planning. The controls listed are not for hindrance but an enhancement to effective communication, consistent quality and economic delivery of the needed goods. All of these things are to be accomplished while being consistent and in compliance with Act 482 of 1979, Arkansas State Procurement Law, Executive Order 98-11, and all Department administrative regulations and procedures.

## FREQUENTLY USED PURCHASING ABBREVIATIONS AND DEFINITIONS

### Purchasing Documents

PO - Purchase Order  
PR - Purchase Request

### Purchase Codes

CB -	Competitive Bid	Three quote bids are obtained and awarded by Central Office to the lowest bidder. Dollar range \$5,000 - \$25,000. At least one quote must come from a minority vendor. If no minority vendor is available for particular class code, a fax on demand must be attached to quote bid sheet.
MB-	Minority Competitive Bid	
EL-	Exempt by Law	Examples: Taxes, Postage, Licenses, Advertising in Newspapers, and Fees
EM-	Emergency	Commodities or services which, if not immediately procured, will endanger human life, health or functional capability of a State agency. Requires three quote bids.
MM-	Minority Emergency Purchase	
RP-	Purchase for Resale	Procurement of commodities for resale.
QC-	Quote Constitutional	Procurement of printing and supplies not on state contract and costing \$500 or less. Three quotes are required.
SO-	Small Order	Used on most commodity purchases where the cost is \$5,000 or less.
MO-	Minority Small Order	
SS-	Single Source	Procurement available from only one source.
MS-	Minority Single Source	
ST or SF -	Formal Bid	Dollar range \$25,000 and up. Procurement made by issuance of a outline agreement by Office of State Procurement.
BU-	Unsuccessful Bid	No satisfactory bids were received.

WS- Workshop

Procurement of commodities from non-profit workshops.

DO- Delegation Order

Authority given by State Procurement Director for purchase of certain exempt items.

## TIME SCHEDULES

### Purchase Request Time Requirements

#### Type Request

Small Order  
\$1.00 - \$5,000

Approvals Required: As needed  
Central Office Processing Time: 3 working days  
Bid Time: N/A  
Vendor Delivery Time: Vendor Availability

Purchases  
\$5,000 - \$25,000

Approvals Required: As needed  
Central Office Processing Time: 5 working days  
Bid time: 2 days  
Vendor Delivery Time: Vendor Availability

Formal Bid

Approvals Required: As needed  
Central Office Processing Time: 3 working days  
Bid Time: 30 days after invitation for bid  
is released by State Procurement; 5 days for  
State Procurement to prepare invitation  
Vendor Delivery Time; As specified on bid  
request

Lease of Offices,  
Buildings, Land

Approvals Required: As needed (Director)  
Central Office Processing Time: 3 working days  
Bid time: N/A  
Vendor Delivery Time: Review by State Building  
Services, requires their approval

Lease of  
Equipment

Approvals Required: As needed  
Central Office Processing Time: 5 working days  
Bid Time: \$5,000 and under - N/A  
\$5,000 - \$25,000 - ADC quote 1 day  
\$25,000 and up - State Procurement  
Formal Bid Procedure, 30 days  
Vendor Delivery Time: Depends on availability  
of item

## GENERAL PURCHASING

A. Goods and services purchased are divided into two groups:

1. Open Market: When goods and services are purchased where they can be obtained at the lowest price, desired delivery and needed quantity.

a. Types of Authority

- |     |                     |  |
|-----|---------------------|--|
| (1) | Up through \$5,000: | Purchase from vendor, after receipt of approved purchase order. No quotes required - product or service should be obtained from vendor giving most favorable price and conditions. |
| (2) | \$5,000 - \$25,000: | Obtain three quote bids, awarded by Central Office to lowest bidder by issuance of purchase order.   |

2. All State Contract: These items are on contract to a supplier who has bid lowest on a contract for certain goods. **GOODS CANNOT BE PURCHASED FROM ANOTHER VENDOR, WITHOUT A WRITTEN LETTER OF WAIVER FROM THE VENDOR WHO HAS THE CONTRACT.** This will be done by the Department of Correction Procurement Office after receiving your request and in advance of the actual purchase. The exception is treated as an emergency.

ADC initiated contract request: These purchases require the completion of a Department requisition and will need to be submitted a minimum of 60 to 90 days prior to the time needed for delivery.

a. Type of Authority:

- |     |                  |  |
|-----|------------------|--|
| (1) | \$25,000 and Up: | Request for bid with detailed specifications prepared by Central Office from your requisition and forwarded to State Procurement or State Building Services for formal bidding. Normal bid time is 20-30 days. |
|-----|------------------|--|

(a) Firm Contracts: For specific items of fixed quantities;

delivered at specified times. The state contract is the order to deliver; no PO required.

- (b) Outline Agreement: For specified items with estimated quantities and estimated delivery times. Contracts are normally for one year period. A PO must be issued to the vendor to obtain delivery.

B. Exceptions:

1. Emergency Purchases: The acquisition of commodities or service which if not immediately initiated, will endanger human life, health, state property, or the functional capability of state agency. Failure to plan does not constitute an emergency. Emergencies require that three quote bids be taken and at least a verbal approval of the purchase be obtained by Central Procurement from the Office of State Procurement. Follow-up letters to State Procurement must be signed by the Director. These purchases are reviewed by the Arkansas Legislative Council. These purchases will be handled through the Procurement Office during normal hours on an emergency basis. On non-office hours, these purchases will be handled through the unit wardens or their designee.
2. Gasoline & Oil: State Procurement Director has delegated authority to Agency to purchase after receiving three quotation bids. All quote bids on gasoline, diesel and oil will be taken at Central Office Procurement.
3. Vehicles: DF&A maintains a database of mileage and maintenance costs for each vehicle. In order to replace a vehicle it must be justified by: 1) Having reached 75,000 miles; 2) over 5 years old; or 3) having or needing excessive repairs. Requests must be approved by DF&A Administrative Services and agency policy directives in accordance with the Governor's Policy Directive #3 prior to being approved and ordered by State Procurement.
4. Single Source: Procurement which, by virtue of the performance specifications, are available from only one source. Brand names or design specifications are not sufficient explanations for single source. All sources

contacted which cannot supply must be noted in the justification. These purchases will only be made after approval from the Procurement Office. All vendors contacted must be attached to purchase requisition.

5. Hidden Damage:

Procurement of certain products or services is necessary at times when price is unavailable. This is termed as a “hidden damage” request. At such times, a “hidden damage” requisition should be completed explaining the need with an estimate of cost. Requisition will be submitted to the Procurement Office prior to any commitment being made for the equipment to be repaired or the services to be performed (the estimated cost is to be entered in to AASIS in order to pre-encumber the budget). At this time, the Procurement Office will issue a purchase order number to cover the job needed. At the point that the complete work will exceed the estimate, the services are to be halted, a written estimate obtained and forwarded to the Procurement Office or Budget Office for approval. Hidden damage is limited to repairs or maintenance for vehicles, equipment and existing systems only. Hidden damage is not intended to correct a “failure to plan” situation, restock inventory or add new equipment to an existing system. Example of hidden damage repairs are: vehicle repair/maintenance; parts needed to repair boilers, freezers, air conditioners (must be limited to parts needed to repair equipment only not for parts needed for inventory); phone repair (may not be used for new phone service or equipment). If hidden damage is of an emergency nature and there is not time to submit a requisition, then it may be handled under emergency procedures.

C. Weekend/Holiday Purchases: For Emergency Use Only

1. Because with the AASIS System, weekend/holiday purchase orders may only be authorized by appropriate Deputy Director, Assistant Director, Unit Wardens or their designee. When a weekend purchase is necessary, the unit's requisition number will serve as the authorized purchase order number. **The unit must submit the requisition, invoice, receiver, and supporting documentation to the Central Procurement Office no later than 10:00 a.m. on the first workday following a weekend or holiday.** Central Procurement will enter the purchase order into AASIS referencing the unit requisition number. This same procedure will apply to emergency situations where power is out due to ice storms, tornadoes, etc.

Please remember that the dollar guidelines for weekend purchases are the same as routine purchases. Therefore, weekend purchases in excess of \$5,000 must be quoted out. Department policy states that weekend purchases cannot exceed \$10,000. All weekend purchases will be scrutinized closely.

## APPROVALS

### Approval Requirements

All requests submitted for goods and services shall require authorization by warden or manager level personnel.

1. Unit wardens, managers or supervisors may designate/delegate personnel to handle such authorization as needed. All requests will be processed only when authorization signature is present or they will be returned to the unit.
2. Construction and maintenance requests shall be approved by the Administrator of Construction and Maintenance.
3. Capital expenditures (equipment generally costing \$2,500.00 or more or that which must be added to inventory) shall be approved by the Management Team and/or Director and Board of Corrections as maybe required by Administrative Directive. Exceptions:
  - a. Inmate welfare purchases \$0-1,000.00 approved by Assistant Director of Administrative Services.
  - b. Inmate welfare purchases \$1,000.00 - 10,000.00 approved by the Director.
  - c. Inmate welfare purchases over \$10,000.00 approved by the Board of Corrections.
  - d. Farm and Industry purchases approved by the Deputy Director over that area.
4. The Director shall approve all professional service contracts upon submission of the prescribed forms.
5. Disclosure: In accordance with Executive Order 98-04, the Department of Correction shall disclose any purchase orders, contracts or leases with any person, contractor, company or entity that is controlled by or holds 10% or greater interest, be they a member of the Arkansas General Assembly, a constitutional officer, board or commission member, state employee or immediate family member.

This disclosure shall be for any purchase or contract exceeding \$10,000. The Department of Correction shall not split procurement or grants into two or more contracts or grants to circumvent the limit stated.

Disclosure forms will be made available from the Procurement Section to all areas of operation. Said disclosure forms must be completed and submitted to the Procurement Section which, in turn, will submit to the Office of Disclosure and Review prior to any agreement with a contractor, vendor or service provider.

## PREPARATION AND SUBMISSION OF REQUISITIONS

Requisitions should first be prepared on “paper” (see attachment). Requisition should include suggested vendor, items needed, quantities needed, price and justification. Requisition should be submitted to proper personnel (warden, supervisor, etc.) for necessary approvals. Warden/Supervisor shall indicate their approval of the request by their signature on the “paper” requisition line directly below the last item listed on the requisition. Once approvals have been obtained, unit business manager should assign a requisition number specific to their unit (this number will be the AASIS tracking number). The business manager should record the proper AASIS material number for each item, the AASIS vendor number as well as the correct accounting information (general ledger number, cost center, internal order, etc.) and AASIS delivery number. The business manager should then enter the information from the “paper” requisition into AASIS using transaction ME51 (see attached instructions).

Once all the information has been entered, the business manager will select the appropriate Central Office Buyer. The buyer in turn will process the requisition into a purchase order or request further information. The buyer may request a copy of the “paper” requisition in order to obtain further approvals if necessary. Each additional required management level personnel shall indicate their approval of the request by their signature on the requisition line directly below the Warden/Supervisor’s signature.

Business manager shall retain copy of the signed “paper” requisition for audit review. Wardens/Supervisors, ADC Internal Auditor, and Accounting Control Section shall be responsible for random audit by comparing ASSIS purchase orders to original approved “paper” requisition.

All emergency request should be followed up by e-mail or phone call.

All IWF purchases require further approvals. These requisitions may be entered into AASIS but the business manager should fax a copy of the “paper” requisition in order for the buyer to obtain the approvals.

Requisitions for vehicle maintenance and/or repair (oil change, tires, etc.) should list the vehicle license # as well as the vehicle mileage in the justification.

Requisitions for hidden damage should be processed as outlined in page IV.3.

Requests for items listed below should not be entered into AASIS by the business manager. Instead the business manager should fax the “paper” requisition to Central Office Procurement for further processing.

1. **Fuel** – The business manager should fax the paper requisition to the buyer before 9:00 a.m. The buyer will conduct a 3-quote bid and process a purchase order through AASIS. The buyer will release the purchase order number to the vendor and schedule the order. The buyer will notify the unit the successful vendor and purchase order number. Because the exact gallons are unknown a printed purchase order will not be available; therefore the request will be treated as a hidden damage purchase. The business manager will forward the invoice and receiver to the buyer as soon as the order is received.

2. **Capital Equipment** – All request for Capital Equipment are to be submitted by hard copy requisition. All must be approved by management team and budget. Once approved, hard copy will be sent to accounting control area for assignment of asset shell. After asset shell number is assigned it will be forwarded to procurement for entry into AASIS. Unit or area will be notified once P.O. is created. Unit or area will be responsible for placement of order with vendor.

## PURCHASE ORDER

A purchase order is a document used to order materials and/or services. Purchase orders are prepared for most commodities, materials and supplies ( see attachment).

Once a requisition has been approved, the buyer will create a purchase order in AASIS and obtain the proper signatures. The purchase order is not official without the Procurement Manager's (or designee's') signature. The procurement secretary will make file copies of the purchase order for Procurement and the Goods Receipt Office and return the original purchase order to the unit/area for placing the order with the vendor. The purchase order may be mailed, faxed, or phoned in to the vendor at the business manager's discretion.

## QUOTE BID SHEET

- I. The quote bid sheet should be filled out when three quote bids are required and the commodity being purchased costs \$5,000 to \$25,000.
  - A. Procedure for filling out Department of Correction Quotation Bid Sheet (see attachment). This form must be filled out in its entirety. The numbers on attachment correspond to the following:
    1. Purchase order number - to be filled out after quote bid evaluation is made by the Procurement Section.
    2. Date - this is the date the quotes are taken from the vendor.
    3. Shipped to - to be filled out specifying the Department of Correction, unit, division and section.
    4. Purchased for - enter location merchandise is to be used.
    5. Requisition number will be the six digit number used to specify unit and individual requisitions.
    6. Vendor name, address and phone number.
    7. Length of time prices are guaranteed.
    8. Delivery time - how long it will take supplier to deliver the order.
    9. How shipped -- will designate if merchandise is to be picked up or method of shipment.
    10. Description - this should describe what is needed, size, color, model, part number and brand.
    11. Quantities - should be the quantity needed or the unit specified.
    12. Unit - each, box, pound, etc.
    13. Price of item.
    14. Vendor contact/person giving prices.
    15. Commodity code must be noted as provided by State Procurement Office.
    16. Employee taking quote will initial. Additional approval, as needed.

NOTE: At least one quote must come from a minority vendor. If no minority vendor is available for a particular class code, a fax on demand must be attached to quote sheet.

## GOODS RECEIPT

Each unit should delegate the responsibility of receiving to one person and choose a person to be a back-up. The following steps should be completed in receiving merchandise:

- (A) Receiving reports must be submitted to the Procurement Office within 48 hours of receiving item or services.
- (B) Enter the purchase order number, vendor's name, description of items received, line number, requisition number and quantities of items received.
- (C) Signature of authorized persons receiving material.
- (D) Materials and quantities not listed on purchase order or contract must not be accepted by units. All items should be as specified.
- (E) Receiving reports should be made on actual material received, not shipping tickets or purchase orders.
- (F) If receiving report is for a purchase order that is coded as equipment, each item of equipment contained on the receiving report must be assigned an ADC property control number by the unit inventory control officer.
- (G) Make sure the merchandise belongs to you by comparing the customer number, shipping address and purchase order number that will appear on bills of lading or shipping receipts with the receiving documents. If the merchandise does not belong to you, do not accept it. Have the delivery person take it to the designated delivery point.
- (H) Make sure the quantity to be received is correct by comparing the "quantity ordered" column on your receiving document(s) with the "quantity delivered" column on the shipping receipt (s). Then physically count merchandise to be received to insure that the item(s) ordered do agree with the item(s) delivered. If there is a shortage, note how many of BOTH your receiving document and the delivery person's shipping receipt or freight bill. Then have the delivery person sign your receiving document.
- (I) Receiving office may not open cartons before signing "receipt of delivery" unless containers show probable damage, but should be opened immediately thereafter to inspect for concealed damage. Carefully examine all cartons on all six sides for marks that might indicate concealed damage, e.g., cartons that have been opened and resealed, puncture marks, crushed areas of cartons or other evidence that contents may be damaged. Open and jointly inspect (with the delivery person) all cartons that show visible damage and note fully on BOTH copies of the shipper's receipt or freight bill and have the delivery person sign your copy. It is necessary that damage be noted before the receipt is signed. Do not reject the shipment. Failure to note any damage will jeopardize our ability to collect a claim.

Complete receiving documents, then forward to Procurement Section at which time we will contact the vendor to settle any claim on damaged merchandise. Items cannot be received COD.

- (J) After the shipper's "delivery slip" has been signed for all cartons, make sure the merchandise which has been delivered is correct as ordered by comparing the description (s) on the receiving document (s) with the shipping receipts. Verify the items listed on both the "receiving " and "shipping" copies by opening all shipping cartons and physically observing item descriptions or merchandise received.
- (K) If the common carrier that delivers the merchandise causes the damage to the items delivered, a truck lines claim adjuster will be in contract with you. After the claim report is completed, carefully read to make certain you agree with the report. If you don't agree with the report, do not sign it. Call Procurement at 267-6999.
- (L) Retain damaged articles and cartons until Procurement notifies you that the common carrier will take possession of the merchandise for salvage. When salvage is picked up, secure a receipt from the driver. Pick-up will take place within 30 days from delivery or inspection date.
- (M) If you are receiving only part of your order (part of order might be back ordered compared to receiving documents), follow the previous detailed procedures up to the point of sending receiving documents to Goods Receipt Section. Instead of sending the receiving document originals, please make copies to send to Goods Receipt Section. At the time delivery completes the total order, send the original receiving documents to Goods Receipt with the proper notes to complete the receiving procedures.

If there are any problems, receiving should call Central Office Procurement to help solve the problems at 267-6999.

## SALE OF FARM PRODUCED COMMODITIES

Designated farm products shall be sold to those whose bids are accepted and approved by appropriate staff or the Board of Corrections when required. The sale of farm produced commodities is processed by the Procurement Section Farm Buyer and Procurement Manager. The buyer will obtain bids and forward to the Deputy Director and the Procurement Manager. After being advised by the Procurement Manger to accept the bids, the buyer will process the final paperwork to complete the sale.

Listed below is the procedure used by commodity:

Oat, straw, raw milk, pecans and poultry:

Sold by phone bids received from various companies or individuals, within a 48 hour time frame. Approval is given by Deputy Director.

Wheat, milo, and soybeans:

Sold at the direction of the Board and Executive Staff, bids are taken from eligible buyers by the Farm Administrator, reviewed by the Procurement Manager, and presented to Deputy Director for necessary approvals. May also be bid through Marketing Coop with necessary approvals.

Rice:

Rice may be sold by the bid process or through a rice co-op. Sale procedure or selection of co-op may be made by Director, Deputy Director of Operations or Farm Administrator, and appropriate Board member(s).

Cotton:

Seal bids are taken through eligible cotton brokers by the Farm Administrator. Seal bids are reviewed by the Procurement Manager and submitted to Deputy Director for necessary approvals by the Director and designated Board member(s). Results of sale are submitted to the next regularly scheduled Board of Corrections meeting for ratification.

Livestock (to include pigs, cows, and horses):

The Farm Administrator and the Deputy Director shall determine a need to sell excess animals. The Procurement Section shall be notified of such excess. Animals shall be sold at an approved auction house as determined by Director and Deputy Director or competitive bids taken and approved by the Procurement Manager, Deputy Director and the Director. When competitive bid process is used, the Procurement Section will advertise in a paper of general circulation for three days is given for submission of bids. Award of bid will be based on price as it best serves the interest of the State of Arkansas.

Dogs:

Sold as warranted after advertising in a paper of general publication, within a 10 working day time frame.

Cowhides:

Phone bids to various companies, vendors, and individuals, within a time frame of 48 hours. Approval is given by Deputy Director.

Other Excess Products:

Excess products may be sold to employees as designated by the Administrative Regulation referencing Staff Assignments, Housing, and Emoluments.

Excess products may be sold through telephone bids to various companies, individuals, and/or growers contract upon approval of Deputy Director and Director.

## CONVEYANCE OF NATURAL RESOURCES

### A. Sale of Timber

The sale of timber on State lands must follow the usual procedures for sale of State property, which is defined in the State Procurement Law A.C.A 19-11-242. The Procurement Section will execute the required “paperwork” with the Office of State Procurement in order to complete the transaction. Further, in accordance with State Forestry Statute A.C.A 15-31-106 and 15-31-202, the Department of Correction may request assistance in the determination of value for the subject timber.

### B. All Natural Resources

In accordance with Act 1315 of 1997, the Procurement Section shall report the conveyance of any natural resource owned by the Department of Correction to the Arkansas Legislative Council no later than thirty (30) days after the end of the quarter during which the conveyance occurred.

This report will include:

1. the parties to the conveyance;
2. the date of the conveyance;
3. the location of the property conveyed;
4. the compensation received by the Department of Correction for the conveyance;
5. changes in the lease agreement if the conveyance is a lease; and
6. any other information requested by the Council.

### C. Board Approval

1. Approval of conveyance of timber or other natural resources must be with Board approval as outlined in AR 118 of 1991 and AD 98-03 dated 3/20/98.

## ACQUISITION OF SURPLUS PROPERTY

Upon determination by the Unit Warden, this information will be utilized to obtain property from either the Marketing and Redistribution or Federal Surplus Property Sections of the Office of State Procurement Property, as defined herein, includes both items of equipment and consumable supplies, unless otherwise defined.

### 1. Marketing and Redistribution Section

The Procurement Section of the Department's Administrative Services Division will serve as the "coordination point" for acquisitions or property from this source. Responsibilities of the Procurement Section including the following:

- a. Periodically screen available property handled by the Marketing and Redistribution Section in order to fill specific requests for property by units.
- b. Periodically screen available property handled by the marketing and Redistribution Section in order to obtain items that can be used by the Department.

### 2. Federal Surplus Property

The Procurement Section of the Department's Administrative Services Division will serve as the "coordination point" for acquisition of property from this source. Responsibilities of the Procurement Section include the following:

- a. Periodically screen available property located at the Federal Surplus Property Section in order to fill specific requests for property by units.
- b. Periodically screen available property located at the Federal Surplus Property Section in order to obtain items that can be used by the Department.
- c. Accompany employees of the Federal Surplus Property Section to federal facilities to screen property that might be used by the Department, i.e., current sites are Pine Bluff Arsenal, Little Rock Air Force Base, Fort Chaffee, Red Stone Arsenal and Memphis Depot.

### 3. Specific requests for items of property - both sources

- a. The requesting unit will submit the standard Departmental requisition to the Procurement Section.
- b. Upon location of the item (s), the Procurement Section will notify the requester that the item(s) has been located and is available to be screened. If the requesting unit wishes to accept the item (s) with no screening, the

Procurement Section will complete the “acquisition” transaction. If the requester wishes to screen the item(s), such screening must be accomplished no later than close of business of the third work day following the day of notification to the requester that the item(s) is available for screening. In the event that the requester does not give authorization to the Procurement Section to obtain the item(s) unscreened, nor does not screen the item(s) within the allowable time frame, instructions will be provided by the Procurement Section that the Department of Correction does not wish to acquire the item(s).

- c. The Procurement Section will complete the required “paperwork” with the Office of State Procurement in order to complete the acquisition transaction.
  - d. The requesting unit’s budget will be charged with the cost of the item(s) in absence of instructions to do otherwise. Such instructions to charge the cost of the item(s) to other than the receiving unit’s budget will require approval of the Budget Section of the Administrative Services Division.
4. Screening for items that might be usable - both sources
- a. Upon location of item(s) by the Procurement Section, the following instructions will apply:
    - (1) In the event that time or circumstances does not permit the Procurement Section to survey the units of the Department in order to establish a need for the item(s) prior to acquisition of same, the Manager of the Procurement Section, with concurrence of the Assistant Director for Administrative Services or the Fiscal Manager, may authorize acquisition of the item(s).
  - b. As soon as practical, the Procurement Section will execute the standard Departmental requisition for the item(s) and obtain written approval of Assistant Director for Administrative Services. The Director’s Budget Reserve budgetary account will be charged with the total of the item(s). At the time of assignment of the item (s) to a unit (s), the receiving unit’s budget will reimburse the Director’s Reserve budget for the cost of the item(s) received.
5. The requirement for possible extended storage and added administrative functions surrounding acquisitions of item(s) that have not been requested by the units are to be weighed against the savings to be derived from the acquisition. If the decision is not clearly in favor of acquisition of the item (s), the acquisition is to be passed up.

6. Transportation of the item(s) of property from the point of destination to the receiving unit will be arranged on an individual transaction basis by the Manager of the Department's Procurement Section.

## CANNIBALIZATION

The Arkansas Procurement Law, Act 482 of 1979, as amended, and regulations promulgated concerning the disposal of surplus and excess commodities instructs state agencies as to the methods to be used to dispose of or transfer surplus of excess commodities. It also establishes procedures relating to “trade in” of these commodities.

The present guidance, however, is silent as to the subject of secondary utilization or cannibalization of non-expendable commodities. Due to this omission and in accordance with the authority granted by Regulation 4-55-2(A) (9) (b) the following instructions are issued:

Cannibalization or secondary utilization is the process whereby a non-expendable surplus or excess commodity is dismantled for parts to be used as replacements or as components of other machines or devices.

The disassembly of an item for use of its component parts for secondary use or repair and maintenance of a similar item will only be authorized if such action has greater potential value and benefit than disposal or trade in of the item in its existing form.

Authorization for cannibalization or secondary utilization should be requested to the Property Control Manager to obtain permission from Marketing and Redistribution prior to any disassembly or removal or component parts.

When such authorization is granted a Certificate of Property Disposal (CPD) document will be issued by Marketing and Redistribution requiring the unit performing the cannibalization to complete the document and verify that cannibalization has been done. The unit performing the cannibalization will return a copy of the completed document to the agency’s Property Control Manager and mail the original directly to Marketing and Redistribution. The item will be removed from the agency’s property listing.

Any residual material remaining after cannibalization must be processed through Marketing and Redistribution for sale as scrap or for content value.

Motor vehicles eligible to be registered for highway use, (cars and trucks), whether registered or not, may be cannibalized after obtaining authorization. These vehicles will not be removed from the property listing until the carcass of the vehicle has been disposed of by Marketing and Redistribution. In no event should more than ninety days elapse between authorization of cannibalization and processing the carcass for disposal by Marketing and Redistribution. These procedures do not exempt an agency from compliance with any other requirements relating to the disposal or acquisition of motor vehicles.

## MAINTENANCE OF STATE VEHICLES

The enclosed statements pertaining to usage and care of state vehicles are to be complied with.

1. Care and maintenance of state owned vehicles
  - a. All vehicles will minimally be maintained in accordance with recommendations of the manufacturer of the vehicle and/or procedures for maintenance issued by the Department's Procurement Section. Generally, the care and maintenance of the vehicle is to provide a vehicle that is kept in a safe operable condition as well as a vehicle that reflects an appearance that is at best pleasing, and at the least is not offensive.
  - b. The responsibility for care and maintenance of vehicles that are assigned to individual employees is that of the assignee.
  - c. The responsibility for care and maintenance of vehicles that are assigned as pool, or general use vehicles is that of the supervisory employee who is charged with responsibility for the "pool" vehicles, or the supervisory employee of the functional area that has primary use of the vehicle(s).
2. Transferring or Loaning Vehicle  
Transferring or loaning a vehicle to another unit must have a Movement of Property Form filled out and sent to Property Officer at Central Office before transaction is done.
3. Monthly Vehicle Report
  - a. The monthly vehicle report is to be filled out each time someone uses a state vehicle  
Example: Starting mileage  
Ending mileage  
Gas put in vehicle  
Destination  
Driver
  - b. At the end of each month the report is to be turned into person in charge of vehicles at each unit.
  - c. The monthly vehicle report is due to Admin East attention Vehicle manager, procurement division by the 10<sup>th</sup> of the following month.
  - d. If there is a repair or parts purchased for a state vehicle, that repair should be noted on the back of the vehicle report with date, where work was done, what work was done and price of work. Also, attach copy of invoice or purchase order to the vehicle report.

4. Use of agency credit cards

Agency credit cards will only be used for the purchase of fuel. Other usage of credit card will only be for emergency only: such as tire repair, fuses, etc., which enables you to return to the unit for repairs.

Other items of expenditure, i.e., tires and tubes, batteries, tune-ups and major repairs are to be obtained with prior approval of the Department's Procurement Section through regular procurement procedures.

The use of agency credit cards for items of expense relative to vehicles, other than in the manner outlined above, will require that the appropriate Assistant Director, Warden or Administrator justify the expenditure in writing prior to the use of Departmental funds to pay for the expense. Other wise, the employee who misused the credit card will bear the expense.

All fuel receipts are to be signed and name printed on each ticket and then attached to the vehicle report.

Each unit will be sent a copy of the fuel bill each month. Fuelman and ExxonMobil will be sent by email to each unit. After the Wardens, Administrators, etc, have reviewed the statements, an email response should be sent back to the Vehicle Manager stating agreement with the bill or noting exceptions to the bill. This will be kept as a permanent record. All area's using fuel cards must comply with this process.

## WORKSHOP-MADE PRODUCTS

Ark. Code 19-11-501 Act 405 of 1973 established a committee on Purchase of Workshop-Made Products which has the responsibility of selecting commodities which shall be procured exclusively from non-profit workshops.

Purchase requests for workshop-made products are handled the same as other purchase orders issued by the Procurement Section but shall be forwarded to:

Department of Human Services  
Division of Rehabilitation Services  
Facility Consultation & Planning Section  
P.O. Box 3781  
Little Rock, AR 72203

The items listed in the Workshop-Made Products price list are manufactured only upon receipt of an order. Normal delivery time should be within fourteen days after the workshop receives the purchase order.

A listing of items and prices can be obtained from the Procurement Section at the Central Office.

## SALE OF SURPLUS EQUIPMENT

If an item is considered to be no longer useful to the Department, the appropriate Unit Inventory Officer will complete a Request for Movement of Property form to include a description of the item and ADC number and obtain approval of the immediately responsible ADC Property Official. The Request for Movement of Property form is to be forwarded to the Department Property Officer who will contact Marketing and Redistribution for instructions for disposal of the item.

## POOL VEHICLES FOR CENTRAL OFFICE

- I. The pool vehicles are for the use of Administrative Pine Bluff Complex employees for official business. A vehicle reserve log is maintained at the Assistant Director of Administrative Services' secretary's desk, extension 6241. Reservations should be made as far in advance as possible to assure the availability of a vehicle. However; when employee cancels a reservation it should be removed from the vehicle reservation log. Only log vehicles out if you are actually going to use that day. Logging vehicles out too have one in reserve is prohibited.
- II. The gasoline pumps at the Diagnostic Unit should be utilized whenever possible to fuel the pool vehicles. If the tank is below 1/2 when returning the vehicle, the user must refill the vehicle at the Diagnostic Unit. A vehicle logbook is provided to record the ending mileage, servicing of vehicles, and also to report any mechanical disorder.
- III. If a pool vehicle is involved in an accident, an accident report form is located in the glove box. Information whenever possible should be obtained for the accident report at time of accident. The Insurance Officer, extension 6252, should be contacted immediately to process accident claims and reports.
- IV. If a pool vehicle is not available and travel is essential, the traveler must obtain approval from his/her immediate supervisor for vehicle mileage reimbursement for using a personal vehicle.
- V. If pool cars are to be taken home overnight; it will require prior approval from the Assistant Director of Administrative Services.

## SALE OF STATE LAND

The procedure to be followed in sale of state land and for other purposes according to Act 982 of 1987.

State Boards or Commissions having supervision of the affairs of the charitable, penal, correctional, educational, and other institutions of the State of Arkansas are empowered from time to time to sell for cash in hand upon compliance with the provisions of this Act, the lands, in whole or in part, belonging to, or under the supervision or control of the said state agency, or belonging to the state and held for use or benefit of the state agency. State agencies are empowered to transfer land in whole or in part to State Building Services for use of that agency or other state agencies. In the event that State Building Services sells the land, any proceeds shall be deposited in the State Treasury as a non-revenue receipt, into fund which the agency transferred the land to State Building Services.

If the agency elects to sell its land, the Director of State Building Services shall obtain services to appraise the land.

The appraiser should be a certified member of the American Institute of Real Estate Appraisers. The appraiser cannot be directly nor indirectly engaged in the purchase of the land or give information to anyone about the land.

The Director of State Building Services shall furnish all information and recommendations to the Governor. The Governor, if he approves the proposal to sell, shall transfer information to the Construction Administrator of State Building Services. The Construction Administrator of State Building Services shall give notice of the terms of the sale by publication in one newspaper regularly published in Little Rock, Arkansas, by four weekly insertions. The notice shall specify a time and place 30 days after first ad is placed for sealed bids to be opened at State Building Services. Each bid shall be accompanied by the bidder's check, payable to the order of the State agency, and drawn upon and certified by a bank or trust company doing business in this state, in the amount of equal to 1/10 of the bid. Checks of unsuccessful bidders shall at that time be returned.

Upon receipt from successful bidders of full amount of bid, the state agency shall execute the deed. All offers and acceptances shall be conditional upon approval and/or review by the State Building Services' Construction Section, Office of the Attorney General and other State Agencies as appropriate.

Provided that if any agreement for the sale of any land by the state or any of its institutions by the Board of Trustees has been made previous to Act 982, it will not be necessary for notice of publication, appraisal or bidding; but the sale of the land will still require Governor's approval. Provisions of this act shall not apply to the sale of land by the Commissioner of State Lands.

The provisions of this Act shall not apply to the sale of land by the Commissioner of State Lands.

## PROFESSIONAL AND CONSULTANT CONTRACTUAL SERVICES

### I. Professional Services Contracts

These are contracts in which the relationship is that of an independent contractor. Services to be rendered consist of the personal services of an individual or individuals which are professional in nature. The contract will specify results to be obtained from the contract rather than detailing the manner in which services are to be provided. Examples of professional services are medical services provider, surveyors, engineer and architects. Please note that some services may be obtained by either competitive bidding through the Office of State Procurement or through issuance of a professional service contract, i.e., land leveling services. The Department will require quote bids for services when practical.

### II. Consultant Services Contracts

These are contracts in which the service to be rendered is primarily giving of advice by the contractor on a problem or problems facing the department. The contract will specify results expected from the contractor's services and the advice or assistance to be provided. Examples of contractual services are data processing systems design and development, and management consultants. The Department will require quote bids for services when practical.

### III. Agency, Contractor Relationship

The department may not exercise day-to-day managerial control over the contractor, nor can the contractor be an employee of the Department of Correction or another state agency.

### IV. Procurement of Professional or Consultant Services

#### A. Contracts \$5,000 or less.

1. The department may issue a purchase order for services in lieu of the professional or consultant services contract, if total services do not exceed \$5,000.
2. Issuance of purchase orders cannot be used to circumvent the intent of the General Assembly concerning professional and consultant services, i.e., subsequent business done with the contractor in the same fiscal year in which the purchase order was utilized will require that the initial contract (purchase order) and subsequent contracts are reported to the Office of State Procurement for approval.

B. Contracts in excess of \$5,000 and less than \$25,000

1. The approval process is coordinated by the Procurement Section.
2. Method of source selection must be specified as one of the following:
  - a. SBS Criteria should only be selected if the agency, college or university processes its contracts through Arkansas State Building Services. Colleges and Universities that use the SBS criteria but are exempt from SBS review must select from alternate procurement options available.
  - b. Emergency procurements may only be requested by the agency chief fiscal officer or equivalent or director, division director or deputy director of an agency, college or university, and must be reviewed by the Co-chairpersons of the Legislative Council or Legislative Council Review Committee prior to the beginning time and date of the contract. The Emergency procurement process allows a contract to be implemented prior to review by the full Legislative Council Review Committee. When time allows, Emergency procurements should be made using some form of competitive bid process.
  - c. Request for Proposal (RFP) method of procurement allows the use of a set of criteria, in addition to cost, that are considered in the evaluation process of each response. If this procurement method is utilized, include as an attachment, the list of criteria other than cost that were given consideration in the awarding of the contract.
  - d. Request for Qualifications (RFQ) method of procurement must have prior approval from the Office of State Procurement.

This option has customarily been used to develop contracts for legal, architectural, engineering and land surveying services, but is also the preferred method of source selection for certain other services.

- e. Competitive Bid indicate when the award of the contract is made to the qualified respondent meeting specifications that submits the lowest bid.
- f. Intergovernmental contracts are those involving agreements between two or more Arkansas agencies, colleges and or universities. (See 19-4-1712 No. 5) All intergovernmental contracts with a total dollar value (compensation plus reimbursement) that exceeds \$25,000 are required to be reviewed by the Performance Evaluation and Expenditure Review Committee (PEER) prior to the execution date of the contract. Intergovernmental contracts do not require 98-04 disclosure forms.
- g. Sole Source designation requires separate justification and either public notice of intent to award or written justification as outlined in the Procurement Regulations for Professional and Consultant Services Contracts. The justification must fully address:
  - ◆ why the service is needed;
  - ◆ the methods used to determine that a lack of responsible/responsive competition exists for the service;
  - ◆ how it was determined that the provide possesses exclusive capabilities;
  - ◆ why the service is unique;
  - ◆ whether or not there are patent or proprietary rights which make the required service unavailable from other sources;
  - ◆ what the agency would do if the provide/service were no longer available, and
  - ◆ any program considerations which make the use of a “Sole Source” critical to the successful completion of the agency’s task.
- h. Other as a procurement method is limited to a few select contracts that do not fit into any of the previous procurement designations listed. Agencies, colleges and universities are requested to contact the Office of State Procurement for guidance in the use of the selection.

C. Procurement of Attorney’s Services

All requests for legal representation are to be requested from the Office of the Attorney General. In the event that representation is declined by the Attorney General, whether in accordance with Act 863 of 1985 or for other reasons, written permission from the Governor and the Attorney General to utilize outside legal services must be submitted along with the Professional Services Contract. All contracts for legal services and amendments must be approved by the Board of Corrections.

V. Arkansas Legislative Council Review

Any contract exceeding \$25,000 in a single fiscal year, or twenty actual working days, will require review of the Arkansas Legislative Council. In considering your requests for professional and consultant services, please keep in mind that the following dates and considerations must be observed.

A. General Guidelines, Office of State Procurement

1. The contractor's date to start work must be five or more days after the date of review by the Legislative Council.
2. The contract must be submitted to the Department of Finance and Administration no fewer than ten working days before the meeting of the Review/Peer Sub-Committee of the Arkansas Legislative Council. The date the contract must be at the Department of Finance and Administration will generally fall between the 15th and the end of the month in order to get scheduled for the next month's meetings of the Arkansas Legislative Council.

B. Method for Suspension of the Rules

1. The Director must submit a letter to the appropriate Legislative Sub-Committee Chair (along with the contract) stating why the contract was not submitted in time to be scheduled and why the suspension of rules is needed. The Director may also seek a Legislative Sub-Committee member to request the Chair to suspend the rules so the request may be considered. Completion and submission of contracts within established time frames is preferred.
2. The Office of State Procurement must receive the letter of request two days preceding the meeting of the Review/Peer Sub-Committee of the Arkansas Legislative Council.
3. If the contract is reviewed, a representative of the department should be present at the Sub-Committee meeting.

C. Review by Additional State Agencies

Please keep in mind that certain contracts must be first reviewed by other state agencies prior to submission of the contract to the Department of Finance and Administration. This should be kept in mind so as to allow ample time to meet the date in V.A. 2. Additional agency reviews required are:

1. State Building Services, architectural and engineering services and interior design.

D. General Guidelines for Review and Approval

1. Meeting of Peer or Review Sub-Committee of the Arkansas Legislative Council
  - a. Committee sets meeting dates for following at each preceding meeting.
  - b. Contracts that were provided to the Office of State Procurement ten days prior to first meeting are reviewed
  - c. An agency representative is required to attend.
  - d. If suspension of rules contract, agency representative should be present
2. Meeting of full Legislative Council
  - a. Held on third Friday of each month
  - b. If contract is favorably reviewed, contractor can begin work on the date full council meets (third Friday of each month).

#### VI. Emergency Approval

In the event an emergency exists, an agency representative must contact one of the co-chairmen of the Review Sub-Committee for emergency action and approval of the contract.

#### VII. Responsibilities

The program area that requests the contract must be aware of the various dates and considerations surrounding approval of professional and consultant services contracts and submit contracts to the Office of State Procurement (State Building Services and Department of Computer Services when required).

The Administrative Service Division will assist in contract development based on information provided by the program area, get contracts typed and obtain signatures, submit contracts to the proper destination(s) and track and report contract status, reporting to the program area on dates, deadlines, committee meeting dates and needed committee appearances by the program area.

#### VIII. Contracts Between State Agencies

Contracts for grants between state agencies whereby the monies expended are pass-through federal funds and other contracts require approval only of the Department of Finance and Administration. The contract document may be executed on the standard Professional Consultant Services Contract or an acceptable alternative.

## DEPARTMENT LEASES

1. By Arkansas Statute, Arkansas State Building Services has responsibility to act as leasing agent for all state agencies. This responsibility applies whether the department is lessee or lessor. Administrative Regulation 118 directs the department to comply with rules and regulations of State Building Services pertaining to execution of lease agreements for space, facilities or land.

The Procurement Section of the Administrative Services Division will act as the department's agent between State Building Services and the various program areas of the department in execution of lease agreement transactions.

2. Arkansas Department of Correction as Lessee

- A. Agreements for New or Additional Space, Facilities or Land

1. The Assistant Director of Administrative Services will submit a memo to the Procurement Manager requesting that space, facilities or land be obtained. The memo should be prepared and submitted as follows:
  - a. State Building Services regulations require that properly prepared and approved requests must be submitted no fewer than ninety (90) days prior to the date that the agreement will become effective. This should be kept in mind when making your request.
  - b. The memo should be addressed to the Director, Department of Correction.
  - c. The following information is to be provided in the memo:
    - (1) Location of space, facility or land, i.e., street, town, county
    - (2) Purpose and reason for the lease
    - (3) Number and list of personnel that will occupy space - if the request is for office space
    - (4) Identify any special requirements, i.e., conference rooms, hearing rooms, libraries, special heating/cooling, etc.
    - (5) Estimate of square footage, acreage, etc.
    - (6) Date that the space, facilities or land is needed
    - (7) Duration of agreement, i.e., length of time prior from start of lease through completion
  - d. Upon completion of the memo, forward it to the Property Office for further processing.

B. Renewal Notice of Existing Leases

1. The Procurement Section will notify the Assistant Director of Administrative Services of the program area no fewer than 120 days of expiration of the lease agreement that the lease is about to expire.
2. The notification is to be returned to the Property Office within fourteen days of receipt concerning the wishes of the program area.
3. If there are no recommended changes to the agreement, the lease will be processed through State Building Services for renewal.
4. If there are recommended changes to the agreement, the lease will be processed through State Building Services for renewal.
5. If the program area directs that the agreement be to be terminated, the Property Office will notify State Building Services accordingly. Any replacement space, facilities or land will be processed in accordance with instructions for new or additional space, facilities or land.

C. General Instructions

1. All requests to State Building Services for new or renewed leases will be signed by the Director.
2. All lease documents will be on formats prescribed by State Building Services. The Director will sign all such leases as the authorized agent (lessee) for the department.
3. The Procurement Section will maintain the "lease file." Copies of approved leases will be provided to the Assistant Director of Administrative Services of the program area upon receipt from State Building Services.
4. The Property Officer will produce a monthly Leases Status Report to reflect the status of approved leases and leases in process. The report will be provided to the Assistant Director of Administrative Services upon request.

3. Arkansas Department of Correction as Lessor

- A. Agreements for intra-department leases of office space will be accomplished by letter to State Building Services for approval. The Director will sign as lessor and the Assistant Director of Administrative Services of the program area will sign as lessee.
  - B. Agreements whereby the department is the lessor and the lessee is other than the Department of Correction will require approval of the Board of Correction prior to presentation of the proposed lease agreement to State Building Services. Procedures enumerated in paragraph II-A will be followed after obtaining approval of the Board of Correction to execute the lease.
4. Special Use Agreements
- A. Short term facility use less than one year requires Facilities Use Agreement Form signed by the Director (see attachment).

## TELECOMMUNICATION EQUIPMENT PROCEDURES

All telephone equipment and accessories pertaining to installation and communication related to telecommunication shall require approval of the Department of Information Systems. The Procurement Section of the Administrative Services Division shall act as the Department's agent between Department of Information Systems, Office of State Procurement and various areas within the Department. The four areas of communication for Department concerns are: (1) Long Distance Carrier, (2) Replacement Equipment, (3) Additional Equipment to Existing Equipment - Additional Phone Lines, etc., (4) New Unit's Phone Equipment.

1. Long Distance Carriers shall require sealed bids taken by the Office of State Procurement. Any contract signed for long distance service will be approved by DIS and the Office of State Procurement.
2. Replacement Equipment - shall require requests from user area with the appropriate Assistant Director approval and Management Team or Director approval. Quotes will be taken by the Procurement Section, if necessary, and this information along with letter of request will be sent to DIS for approval or disapproval. If approved, items must be procured in accordance with the requirements of the purchasing law and regulation.
3. Additions to Existing Equipment - requests should come from the user area and have approval of appropriate Assistant Director and Management Team or Director approval. The Procurement Section will process and locate prospective vendor and submit request to DIS requesting approval. If approval is granted, a purchase order will then be issued.
4. New Unit's Phone Equipment - for system installed in new units, where the contractor is responsible for phone system, it is responsibility of contractor to gain necessary approvals. If phone system is not part of contractor's bid, then the Construction Administrator shall submit request to Procurement Section after Director approval providing the Board has approved as part of initial construction project. Procurement Section will then submit to DIS for approvals. After DIS approves a request for bid, it will be sent along with DIS approval letter to State Procurement for formal bid process.
5. All new cell phones and replacement equipment will be approved by the Management Team. All orders will be placed by the Procurement Section. Cell phone provider will be approved by Department of Information System. All phones and equipment will be consistent with the state contract negotiated by the Department of Information System.

## INSURANCE

The Procurement Section has responsibility to ensure that various insurance coverage requirements of the Department are sufficient and are properly maintained. Various coverages include, (1) assets and (2) liability. The Department Insurance Officer and administration of the Department of Correction, in conjunction with the Risk Management Section of the State Insurance Department, determines the various assets coverages that will provide the department with the best return on monies spent for insurance premiums while concurrently ensuring adequate coverage of the department's buildings and contents, vehicle fleet and mobile equipment.

### I. Disbursing Officer and Employees Honesty Bond

These coverages are obtained by the Risk Management Section of the State Insurance Department through a blanket policy for state agencies. Basically, coverage extends to loss sustained by the department as a result of fraudulent or dishonest acts committed by employees, or failure of employees to faithfully perform their duties or to properly account for monies and/or property within their realm of responsibility. The upper limit of liability is \$250,000.00 with a \$1,000.00 deductible per loss. The Department Insurance Officer notifies Risk Management when there is a loss.

### II. Procurement Functions Bond Coverage

Procurement functions of the department are covered under either the bond of the State Procurement Director or the Director of State Building Services. If the Department of Correction receives authorization to have its own purchasing official, separate coverage would be required.

### III. Department's On-Road Vehicle Fleet

Insurance of the department's fleet consists of liability coverage only. Collision or comprehensive coverage is not cost effective.

In the event that an employee is involved in an accident while driving a vehicle of the department, the following actions must be taken by the employee:

- A. Immediate verbal notification of his or her unit of assignment.
- B. Immediate verbal notification of the Department Insurance Office.
- C. Completion of an Incident Report as required by Administrative Regulation 005. The Incident Report is to be provided to the Unit Warden or appropriate supervisor in accordance with respective unit procedure. Additionally, a copy of the Incident Report is to be provided to the Department Insurance Officer within three days of occurrence of the accident.
- D. In the event that the employee who was involved in the accident is incapacitated, the immediate supervisor should make required reports.

- E. The employee should take appropriate actions to secure property and/or inmates that are in the department vehicle.

The Department Insurance Officer will obtain the police report of the accident and provide individual instructions to the unit of assignment of the vehicle and the driver of the other vehicle(s) (if required) pertaining to obtaining estimates, etc. In instances where the department has responsibility to repair its own vehicle, services of the Department's Industries Program will be used to repair the vehicle, provided that no lower estimate can be obtained outside the department.

The Department Insurance Officer, upon obtaining the police report of the accident, will complete and file an Arkansas Motor Vehicle Accident Report, Form SR-1, when the accident results in either death or injury, or damage to property in excess of \$500.00. The report is to be filed within thirty (30) days of the accident regardless of which party is at fault. If another vehicle causes damage to non-vehicular department property, the Department Insurance Officer will file the SR-1 if the property damage is in excess of \$500.00.

#### IV. Mobile Equipment Fleet

The department's off-road mobile equipment is insured by scheduled coverage. Each scheduled item of equipment is subject to a \$5,000.00 deductible in the event of loss. Examples of mobile equipment are tractors, combines and farm implements. If a loss occurs, the unit will notify the Department Property Officer.

#### V. Building and Contents

The department's buildings and contents are subject to a \$25,000.00 deductible per occurrence in the event of loss. Other coverages that would extend to the loss of an item, i.e., a piece of mobile equipment insured under the Mobile Fleet Coverage, would also be in effect if the loss of the item occurred in connection with loss of the insured structure.

#### VI. Construction

Construction of facilities for the Department by a private contractor must be insured by the contractor during the construction phase. When the structure is substantially ready for occupancy by the Department, the builder's liability for insurance coverage will cease and the Department's will commence. Substantially ready for occupancy is generally the point in time that the builder has the windows and doors installed and hands the owner the keys to the structure. Care to ensure that coverage is in effect should especially be exercised in the event that the Department has begun to utilize its own forces for completion of the structure, or in the event that supplies and/or equipment belonging to the Department are stored in or near the structure prior to such time that the builder has vacated the site. A monthly report is sent out and Construction is responsible for notifying the Department Insurance Officer that

construction is complete. The Insurance Officer then notifies Risk Management to obtain building insurance.

Construction of facilities by the Department's construction force should be insured under Builder's Risk coverage during the construction phase. Care should be exercised to ensure adequate coverage of materials stored on site to be used toward construction of facilities. At the stage of completion of facilities for occupancy, Builder's Risk coverage should be dropped and Buildings and Contents coverage obtained.

## VII. Radio, Telephone and Data Processing Equipment

The Department's base radios, telephone systems, and computer systems are under scheduled coverage. Each item of equipment is subject to a \$2,500 deductible in the event of loss. The Department Property Officer notifies the Department Insurance Officer of new acquisitions.

## VIII. Various Reporting Requirements

### A. Building and Contents Valuations

1. A Unit Building Valuation Report (Attachment A) and a Unit Contents, Communication Equipment and New Construction Report (Attachment B) will be forwarded monthly to the appropriate Administrator or Warden to ensure proper coverage.
  - a. The first four columns of the Unit Building Valuation Report will be completed by the Department's Insurance Officer prior to distribution.
  - b. Upon receipt, the Warden or Administrator should verify the report, note any changes, additions or deletions, sign and return to the Department's Insurance Officer.
2. The Department's Insurance Officer will verify the reports to ensure that the building schedule is complete and accurate and that the amount of coverage is sufficient.

### B. Construction in Progress

A Builder's Risk Valuation Report (Attachment C) will be forwarded to the Construction Administrator monthly to ensure adequate coverage.

1. Upon receipt of the report, the Construction Administrator should verify it for completeness and accuracy and note any changes, additions or deletions.

2. Upon signing the report, it should be returned to the Department's Insurance Officer.

Builder's Risk Coverage is to be obtained when storage of materials on-site or actual construction begins. When a Method-of-Finance is submitted, the Construction Administrator will be asked to supply a date that coverage should begin (based on the foregoing criteria). The Construction Administrator should notify the Department's Insurance Officer of schedule changes requiring an advance or delay in needed coverage.

The Construction Administrator should also notify the Department's Insurance Officer of project completion schedule changes requiring changes in coverage to ensure the Department's conversion from Builder's Risk to Buildings and Contents Coverage can be made at the proper time or that, in the case of outside work forces, that the Department can obtain coverage at such time that responsibility for coverage ceases with the builder and begins with the Department.

C. Mobile Equipment Fleet

A copy of the scheduled equipment listing (Attachment D) will be forwarded to the appropriate Farm Manager, Warden or Administrator monthly. Every effort will be made by the Procurement Section to identify each new acquisition at the time of the purchasing and or payment processes. However, since this is a scheduled policy, an item of equipment may not be insured from the time of receipt of the item at the using unit until notification is made to the Procurement Section. Therefore, immediate verbal notification should be made to the Insurance Officer upon receipt of an item that is to be added to the Mobile Fleet coverage. Do not wait on such notification to be made via the Department receiving report. Upon receipt of the report, the respective Manager or Administrator should review it for completeness and accuracy and note any changes, additions or deletions. Upon signing the report, it should be returned to the Department's Insurance Officer.

IX. Periodic Inspection Tours

Periodically, the Department's Insurance Officer will tour units of the Department along with the surety and representatives of the State Insurance Department to determine that:

- A. A review of buildings and structures to determine that the building schedule is complete and accurate.
- B. Review for potential fire hazards.
- C. Other recommendations from the Department, the surety or the State Insurance Department.

UNIT BUILDING VALUATION

DATE - 10/1/97

<u>BUILD. NO.</u>	<u>DESCRIPTION</u>	<u>SQ.FT.</u>	<u>INSURED AMT.</u>	<u>REMARKS</u>
WS100	COLD STORAGE REFRIGERATED BUILDING	5088	450,000	
WS103	WAREHOUSE	6400	141,000	
WS105	NEW WAREHOUSE	16200	356,000	

VERIFIED BY \_\_\_\_\_ DATE \_\_\_\_\_ TOTAL \$947,000

UNIT CONTENTS, COMMUNICATION EQUIP., AND NEW CONSTRUCTION REPORT

DESCRIPTION	10/1/97	INSURED AMOUNT
CENTRAL WHSE. CONTENTS		55,000
CENTRAL WHSE. INVENTORY		1,315,000

VERIFIED AT UNIT BY \_\_\_\_\_ DATE \_\_\_\_\_ TOTAL \$1,370,000

BUILDER'S RISK VALUATION

10/1/97

<u>PROJECT DESCRIPTION</u>	<u>INSURED AMOUNT</u>	<u>REMARKS</u>
EAST ARKANSAS 632 BED ADDITION	\$19,700,000	
TUCKER 30 BED ISOLATION	\$ 1,200,000	
DELTA CLASSROOMS	\$ 120,000	

VERIFIED AT CONSTRUCTION BY \_\_\_\_\_ TURN KEY PROJECTS ARE  
DATE \_\_\_\_\_ INSURED BY THE FREEWORLD  
CONTRACTOR

## Attachment D

<u>TYPE OF EQUIPMENT</u>	<u>MANUF. &amp; MODEL NO.</u>	<u>YEAR MODEL</u>	<u>SERIAL NUMBER</u>	<u>ADC NO.</u>	<u>INSURED VALUE</u>
FORKLIFT	YALE	0	Y407693	49986	10,000
FORKLIFT	YALE	0	P311917	25907	10,000
FORKLIFT	HYSTER H30XM	1997	D001H03491U	57202	16,665

VERIFIED BY \_\_\_\_\_ DATE \_\_\_\_\_ TOTAL INSURED VALUE \$36,665

## VEHICLE SAFETY PROGRAM

The Risk Management Section of the State Insurance Department has developed a vehicle safety program that must be followed by all state agencies that insure their vehicles through the state's combined fleet insurance policy. Responsibilities of the Department for implementation and maintenance of the program are contained in this chapter.

- I. Responsibilities of the Chief Administrative Officer or His Designee
  - A. Designee(s) may be appointed as Safety Program Coordinator for different programs under his authority.
  - B. Will provide the Department Insurance Officer the name of the Safety Program Coordinator(s) located at his unit.
  - C. Responsible for verification of initial roster of employees who will operate a vehicle on state business.
  - D. Will have "Acceptance of Privilege" form (Attachment A) and "Authorization To Obtain Traffic Violation Record" form (Attachment B) completed, signed, and attach a copy of the driver's license for all employees and inmates authorized to operate a vehicle on state business.
  - E. Will notify the Department Insurance Officer within three working days of any additions or deletions in personnel or inmates authorized to operate a vehicle on state business. Notification of additional personnel or inmates authorized to operate a vehicle on state business will be accompanied by a completed "Acceptance of Privilege" form and "Authorization To Obtain Traffic Violation Record" form and a copy of their driver's license.
  - F. Travel Supervisor's signature of mileage reimbursement TR-1 indicates that the employee has complied with provisions of the Vehicle Safety Program.
  - G. Will promptly report and send a copy to the Department Insurance Officer of any traffic violation or change in status, i.e., expiration or revocation of driver's license of any employee or inmate authorized to operate a vehicle on state business. Will also report lapse of private vehicle liability insurance of employees who are authorized to operate personal vehicles on state business.
  - H. Upon occurrence of an accident in a state vehicle or during operation of a private vehicle on state business, verbal notification shall be made immediately to the Department Insurance Officer. Completion of an Incident Report, as required by Administrative Regulation 005, will be provided to the Department Insurance Officer within three calendar days of occurrence of the accident (along with a copy of the accident if available).

Accidents occurring during personal use of private vehicles will be reported verbally to the Safety Program Coordinator only if a citation is issued to the employee.

When a state vehicle is involved in an accident, on or off state property, one vehicle or multi vehicle, and the estimated damages are \$500.00 or more, the following is required within 24 hours of the time of the accident.

An accident report from a local law enforcement official must be obtained by the employee. A 005 must be completed by all involved parties. This packet of information (accident report and 005) must be forwarded to the ADC insurance officer.

The ADC insurance officer will file the SR-1 on accidents that do not qualify for insurance coverage. On accidents that do qualify for coverage, the insurance company will continue to file the SR-1.

## II. Central Office Personnel Section

- A. Obtain identification from unit on which new employees will be required to operate a vehicle on state business and have those employees complete and sign the "Acceptance of Privilege" form and "Authorization To Obtain Traffic Violation Record" form and make a copy of their driver's license, forwarding same to the Department Insurance Officer.
- B. Provide the Department Insurance Officer with a list of terminated employees on a bi-weekly pay period basis.

## III. Department Insurance Officer

- A. Upon receipt of a completed "Acceptance of Privilege" form and "Authorization To Obtain Traffic Violation Record" form, and a copy of the driver's license, a file will be created for that employee or inmate. This file will contain a Traffic Violation Report(TVR), "Acceptance of Privilege" form, "Authorization To Obtain Traffic Violation Record" form, accumulated points breakdown, any accident report or investigation and a copy of the driver's license. This file will be secured against any unauthorized access.
- B. A TVR will be acquired from the Arkansas Crime Information Center (ACIC) terminal on all employees or inmates authorized to operate a vehicle on state business. Thereafter, a TVR will be acquired annually to update the vehicle safety program records.
- C. Administrative action is required as follows (See the Assessment of Points for the point values assigned for each moving violation by the Office of Driver Services):

1. **Drivers who have accumulated 10 through 13 points on their current traffic violation report** – Authorization to drive on state business shall be reviewed by the Agency Director. It is recommended that the driver be required to complete a defensive driving course.
  2. **Drivers Who Have Accumulated 14 Through 17 Points On Their Current Traffic Violation Report** – Authorization to drive on state business shall be suspended for no less than five (5) working days. Authorization shall be reinstated only after evaluation and approval by the Agency Director. A Defensive Driving Course must be completed within (60) days after the suspension began.
  3. **Drivers Who Have Accumulated 18 Through 23 Points On Their Current Traffic Violation Report** – Authorization to drive on state business shall be suspended for no less than ten (10) working days. Authorization shall be reinstated only after evaluation and approval by the Agency Director. A Defensive Driving Course must be completed within sixty (60) days after the suspension began.
  4. **Drivers Who Have Accumulated Over 24 Points On Their Current Traffic Violation Report** – Authorization to drive on state business shall be suspended for no less than twenty (20) working days. Authorization will be reinstated only after evaluation and approval by the State Insurance Commissioner. A Defensive Driving Course must be completed within sixty (60) days after the suspension began.
  5. **DRIVERS WHOSE DRIVING PRIVILEGES HAVE BEEN SUSPENDED OR REVOKED BY THE OFFICE OF DRIVER SERVICES SHALL NOT BE PERMITTED TO DRIVE ON STATE BUSINESS FOR THE DURATION OF THE SUSPENSION OR REVOCATION. DRIVERS WITH RESTRICTED PERMITS MAY BE AUTHORIZED TO DRIVE ON STATE BUSINESS AS ALLOWED BY THE RESTRICTED PERMIT.**
  6. Drivers, who have had an at-fault accident, must attend a Defensive Driving Class within sixty (60) days following the occurrence.
- D. Employment may be terminated, at the discretion of the Agency Director, if driving privileges have been revoked and failure to drive adversely impacts the operations of the agency. The Department of Finance and Administration, Office of Driver Services or the National Safety Council must approve Defensive Driving Courses. It is recommended that the cost of the Defensive Driving Course be at the employee's expense and not the Agency's expense.
- E. Will promptly investigate and report any accident involving a state vehicle to the insurance carrier.

- F. Will provide orientation to new employees on the State Vehicle Safety Program.

IV. Employees Authorized to Operate Vehicle on State Business

- A. If available, the driver and passengers must wear seat belts during operation of a state vehicle, or while operating a personal vehicle on state business.
- B. Will verbally report to his Safety Program Coordinator, immediately any accident occurring during operation of a state vehicle, or while operating a private vehicle on state business. Verbal notification will be followed with an accident report, if available, and a completed Incident Report as required by Administrative Regulation 005. This report contains driver, involved vehicles, date and time of accident, location of accident, law enforcement agency contacted to investigate the accident, and description of the accident.
- C. Will report within 30 days of the court date any traffic violations occurring while operating a state or private vehicle.
- D. When the employee is authorized to operate his personal vehicle on state business, he will immediately report to his Safety Program Coordinator lapse of private vehicle liability insurance on that vehicle.
- E. Will immediately report to his Safety Program Coordinator expiration or revocation of his driver's license.

**ARKANSAS STATE VEHICLE SAFETY PROGRAM  
ACCEPTANCE OF PRIVILEGE TO OPERATE A VEHICLE ON STATE BUSINESS**

I, \_\_\_\_\_, do hereby accept all responsibilities placed on me in exchange for the privilege of operating a State vehicle or private vehicle on State business. I certify that I will maintain liability coverage for at least the minimum limits required by State Law on each private vehicle being used for State business. I do understand that driving is a privilege that can be denied me if I fail to reasonably execute my responsibilities. I also understand that if, as a result of my driving record, I become an unnecessary burden to the taxpayers of Arkansas I may have this privilege revoked or my employment terminated.

Signature \_\_\_\_\_

Date \_\_\_\_\_

**AUTHORIZATION TO OBTAIN TRAFFIC VIOLATION RECORD**

You are hereby authorized to obtain my Traffic Violation Record from the Office of Driver Services as permitted by Arkansas Code Ann. 27-50-906 and 27-50-908. This record shall include material normally excluded by Arkansas Code Ann. 27-50-802.

My signature below shall constitute consent for the release of such records to the Arkansas Department of Correction.

Name (printed): \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

D.L. Number: \_\_\_\_\_

Unit Assigned To: \_\_\_\_\_

Form RM-VS200 (Rev 9-97)

PURCHMAN