

CHAPTER: 300

Business/Budget

DEPARTMENT ORDER:

302 – Contracts and Procurement

OFFICE OF PRIMARY
RESPONSIBILITY:

FS

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Arizona Department of Corrections Rehabilitation and Reentry



Department Order Manual

A handwritten signature in black ink, appearing to read "Ryan Thornell".

Ryan Thornell, Director

TABLE OF CONTENTS

PURPOSE	1
APPLICABILITY	1
PROCEDURES	1
1.0 GENERAL PURCHASING GUIDELINES	1
2.0 REQUESTS FOR PURCHASE/REQUISITIONS	3
3.0 FISCAL YEAR END PROCUREMENT	4
4.0 USE OF APPROPRIATED FUNDS	4
5.0 FIXED ASSET PURCHASE	5
6.0 SURPLUS PROPERTY	5
7.0 PROCUREMENT ACTIONS	5
8.0 NON-COMPETITIVE PROCUREMENT ACTIONS	6
DEFINITIONS/GLOSSARY	7
AUTHORITY	7

PURPOSE

This Department Order (DO) establishes procedures for purchasing equipment or supplies and contracting essential professional services, intergovernmental agreements, and interagency service agreements. This DO further establishes authority levels for purchases and provides a method for the Department to enter into appropriate contracts for goods and services.

APPLICABILITY

This DO applies to all purchases of materials, equipment, supplies, and services for every office, activity, unit, facility, and institution of the Department except:

- Application for federal grants, which are administered in accordance with DO #307, Department Grant Program.
- Purchase of raw materials and supplies to be used in the manufacture of products for sale by Arizona Correctional Industries, pursuant to Arizona Revised Statutes (A.R.S.) § 41-1622.

PROCEDURES

1.0 GENERAL PURCHASING GUIDELINES

- 1.1 All procurement actions taken shall be in accordance with the Arizona Department of Administration (ADOA) Arizona Administrative Code (A.A.C.), R2-7-101 et seq., Department of Administration - State Procurement Office, and A.R.S. § 41-2501 et seq., Arizona Procurement Code.
- 1.2 The Chief Procurement Officer:
 - 1.2.1 Has unlimited purchasing authority for the Department, as delegated by the State Procurement Administrator, and is responsible for all products and services requiring procurement actions within the agency.
 - 1.2.2 Has the authority to issue determinations in accordance with the A.A.C. R2-7-102, Written Determinations.
 - 1.2.3 May further delegate purchasing authority as follows:
 - 1.2.3.1 Delegation may be made by the Chief Procurement Officer contingent upon procurement staff training and/or experience, the number of procurement positions, and needs of the Department.
 - 1.2.3.2 Refer to State Procurement Office Technical Bulletin TB 002, Delegation of Procurement Authority.
- 1.3 Specific guidelines and rules of conduct for ethical behavior are issued by the State Procurement Office, and are detailed in the State Procurement Office Technical Bulletin TB 001, Procurement Ethics. All Department personnel involved in procurement activities shall be held to the highest level of ethical behavior as specified in the bulletin.

- 1.4 Any procurement requiring expenditures or extensions greater than \$100,000, regardless of the purpose or the funding source, shall be reviewed and approved by the appropriate Assistant Director.
- 1.5 When requests are submitted to the Procurement Services Bureau for action, the requester and/or appropriate Assistant Director shall clearly indicate, in writing, that:
 - 1.5.1 A needs assessment has verified the necessity for the service.
 - 1.5.2 The request is in support of established Department goals and legislative intent.
 - 1.5.3 Funds are available to purchase the requested service(s).
 - 1.5.4 The requirements relative to each request have been determined and are clearly iterated in the document(s).
 - 1.5.5 Each request is complete and accurate in its content and description.
 - 1.5.6 Division staff members are available to participate in procurement activities, as required, as well as contract management and monitoring activities necessary to ensure services are acquired and delivered as specified.
- 1.6 After execution of requested procurement action, the Program Administrator shall:
 - 1.6.1 Require specific performance by the parties of each contract, agreement or lease; report exceptions; and take the appropriate remedial action for unresolved noncompliance.
 - 1.6.1.1 Vendors shall not provide any products that are not specifically identified in the contract to inmates without written approval from the appropriate Assistant Director.
 - 1.6.2 Monitor the specific performance of each contractor and the Department.
 - 1.6.3 Document, audit, report, and maintain records of the operational activities of each contract, agreement, lease or grant, in accordance with the Arizona Procurement Code and DO #103, Correspondence/Records Control.
 - 1.6.4 Report contract deficiencies to the Procurement Services Bureau.
- 1.7 Contract Extensions and Solicitations
 - 1.7.1 Prior to the end of the contract term, the Procurement Services Bureau shall inform the appropriate Program Administrator which contracts are expiring.
 - 1.7.2 The Program Administrator shall provide the Procurement Services Bureau the appropriate documentation and confirmation of funding to extend or solicit the contract as required. The documentation must include written review and approval by the appropriate Assistant Director.
 - 1.7.3 The Procurement Services Bureau shall ensure the contract is extended or solicited and notify all appropriate parties.

1.8 Cancellation of Contracts – Assistant Directors who determine that contract services are no longer required shall submit a memorandum to the Chief Procurement Officer for review and approval/disapproval to cancel the contract. The memorandum shall detail the purpose, justification and any fees caused by such cancellation.

1.8.1 A request for contract cancellation that is denied by the Chief Procurement Officer must be returned to the appropriate Assistant Director with detailed reason(s) for denial.

2.0 REQUESTS FOR PURCHASE/REQUISITIONS

2.1 A requisition shall be prepared in the state’s eProcurement System prior to the ordering of any material or services by an authorized employee. Only Department personnel with approved and authorized access to the state’s eProcurement System may enter and approve requisitions.

2.1.1 All purchases must be made from existing state and Department contracts to purchase goods and services needs covered by such contracts.

2.1.1.1 Purchases for any Information Technology and Telecommunications related hardware, software, or services totaling \$25,000 or more shall have a Project Investment Justification approval letter accompany the purchase order as outlined in DO #102, Information Technology.

2.1.1.2 Purchases for all prison construction and matters related to facilities, planning, modification, expansion, construction, and capital outlay shall be in accordance with DO #401, Prison Construction.

2.1.2 All other purchases shall be in accordance with the A.A.C. R2-7-A301, Source Selection Method; Determination Factors.

2.2 Requisitions shall be reviewed and approved by the appropriate individual through the workflow process in the state’s eProcurement System.

2.2.1 The workflow process in the state’s eProcurement System shall be established by the Chief Procurement Officer in accordance with guidelines set forth by the State Procurement Office. With the delegation of authority determined by the Chief Procurement Officer, there will be a separation of duties with respect to workflows.

2.2.1.1 With respect to purchases by a delegated person, at a minimum, at least two of the three shall be separate individuals: requisitioner, program/activity manager, and budget approver. The Chief Procurement Officer shall not serve as the requisitioner, program/activity manager, or budget approver.

2.2.1.2 Persons designated as a budget approver must receive training and be approved by the Budget and Grants Bureau, and the Financial Services Division. Persons designated as requisitioner or program manager shall receive training and be approved by the Procurement Services Bureau.

2.2.2 Upon receipt of the requisition, the Chief Procurement Officer or designee shall review it for content and compliance with procurement rules and regulations. The Procurement Services Bureau shall review and complete the required competitive action.

3.0 FISCAL YEAR END PROCUREMENT

- 3.1 All procurement actions that have been budgeted for the current fiscal year shall have the products and services delivered before the close of business June 30th of the same fiscal year. (State of Arizona Accounting Manual (SAAM) Topic 45, Section 46)
- 3.2 If a solicitation has been awarded and the original delivery date was on or before June 30th, but the vendor subsequently notifies the ordering budget unit that the products or services cannot be delivered before the close of business on June 30th, the ordering budget unit shall immediately submit a written request to the Chief Financial Officer, for approval to use the current year's appropriated funds to purchase the products or services.
 - 3.2.1 The written requests for approval shall include a justification for the exception. Justifications may include but are not limited to unforeseen manufacturing delays, strikes, natural disasters, and specific appropriations or legislative intent related to the purchase of the tangible products or services.
 - 3.2.2 The Chief Financial Officer shall:
 - 3.2.2.1 Consult with the Assistant Director for Financial Services and the Budget and Grants Bureau prior to sending a justification letter to ADOA.
 - 3.2.2.2 Upon receipt of written ADOA determination, advise the budget unit of the outcome.
- 3.3 These procedures apply to all products or services regardless of the dollar value of the items.

4.0 USE OF APPROPRIATED FUNDS – Appropriated funds:

- 4.1 In accordance with SAAM, Topic 80 Miscellaneous, Section 30, The Purchase of Certain Kitchen Appliances with Public Monies, the Department permits the replacement of existing refrigerator/freezers and microwave ovens that are not working and beyond economical repair.
 - 4.1.1 These appliances shall be situated and installed in common areas, such as break rooms, where they are available for use by all employees.
 - 4.1.2 No other types of food preparation or beverage appliances are authorized for replacement.
 - 4.1.3 Written requests to replace existing refrigerator/freezers and microwave ovens shall be approved in advance by the appropriate Assistant Director. The approval shall be maintained on file with the supporting documentation for the vendor payment in accordance with records retention requirements.
 - 4.1.4 Applicable procurement requirements shall be followed.
- 4.2 Shall not be used for the purchase, rental, or lease-purchase of the following items for use by inmates. These items, if approved, shall be paid for with the Inmate Store Proceed (ISP) Funds for Department institutions or the private prisons Welfare and Benefits Account, in accordance with DO #303, Bank Accounts.
 - 4.2.1 Public Performance Licensing Agreement/Televisions and Monitors
 - 4.2.2 Blanket Video License Fee Athletic and Recreation

- 4.2.3 Closed Circuit Television Equipment
- 4.2.4 Satellite and Cable TV Rental of movies and other entertainment items
- 4.2.5 Radios
- 4.2.6 Digital video recorders/players (DVR)
- 4.2.7 Ice machines and ice (Only ice machines or ice used in the kitchens or in food preparation may be purchased with appropriated funds.)

4.3 Shall not be used to purchase bottled water for personal use by State employees. Bottled/distilled water may be purchased for those functions that require special treatment. Examples are:

- 4.3.1 State equipment that requires distilled water
- 4.3.2 Sterilization of medical instruments
- 4.3.3 Emergency situations which prevent the use of the normal water supply
- 4.3.4 In remote locations where no potable water is available and the lack of water poses health risks

5.0 FIXED ASSET PURCHASE – Any fixed assets shall be tagged in accordance with DO #304, Inventory and Fixed Assets Management.

6.0 SURPLUS PROPERTY – The Department may acquire property from the ADOA Surplus Property Unit as follows. The requester shall:

- 6.1 Ensure funding is available for purchase.
- 6.2 Perform an inspection at the ADOA Surplus yard, freeze the property wanted and request the ADOA Surplus Property staff to generate the necessary payment document (ADOA Transfer Document and Invoice, Form # SP 103).
- 6.3 Forward the ADOA Transfer Document and Invoice form to the appropriate Department authorized signers (Central Office Business Administrators) for signature.
- 6.4 Return the completed ADOA Transfer Document and Invoice form to ADOA Surplus Property Unit to finalize transfer of property.

7.0 PROCUREMENT ACTIONS

- 7.1 Procurement actions shall be performed only by personnel with written delegated authority. Employees who implement competitive procurement actions, contract for or authorize a purchase for any material, services, construction or construction services, without an executed purchase order in the state's eProcurement system, and without ensuring appropriate approvals are acquired, may be held personally responsible for any resulting liability. (A.R.S. § 41-2616)
- 7.2 In accordance with A.R.S. § 41-2532, Methods of Source Selection, unless otherwise authorized by law, all state contracts shall be awarded by competitive sealed bidding as provided in A.R.S. §§ 41-2533, 41-2534 through 41-2538, 41-2554, 41-2558, 41-2559, 41-2572, 41-2578, 41-2579, 41-2581, and 41-2636.

- 7.3 Personnel with written delegated authority must adhere to the State Procurement Office Standard Policies and Procedures available at: <https://spointra.az.gov/resources/standard-procedures>.
- 7.4 The Chief Procurement Officer shall ensure any procurement action or extension greater than \$100,000 is submitted through the chain of command for review and approval/disapproval by the appropriate Assistant Director prior to reviewing and approving or disapproving the expenditure.

8.0 NON-COMPETITIVE PROCUREMENT ACTIONS

- 8.1 Types of contracts requiring non-competitive procurement actions, including but not limited to Interagency Service Agreements (ISA) and Intergovernmental Agreements (IGA), shall be signed and executed by the Chief Procurement Officer or the Assistant Director for Financial Services.
 - 8.1.1 IGAs require attorney review in accordance with A.R.S. § 11-952.
- 8.2 Leases for real property and any resulting amendments require approval from the Chief Procurement Officer or the Assistant Director for Financial Services, and the ADOA General Services Division.
 - 8.2.1 Inmate Vocational Trades Agreement with:
 - 8.2.1.1 Political subdivisions, for example cities, counties, schools, other agencies, etc., shall be developed, executed and administered by the Procurement Services Bureau.
 - 8.2.1.2 Private sector companies shall be negotiated and approved by Arizona Correctional Industries (ACI), and executed by the Procurement Services Bureau. (See DO #115, Authority/Responsibility Delegated to ACI)
 - 8.2.2 ISAs shall be developed, negotiated, and approved by the appropriate Assistant Director or Warden, with the concurrence of the Deputy Director, and executed by the Procurement Services Bureau.
 - 8.2.3 IGAs shall be developed, negotiated, and approved by the appropriate Assistant Director or Warden and the General Counsel, with the concurrence of the Deputy Director, and executed by the Procurement Services Bureau.
 - 8.2.4 The above mentioned individuals are also authorized to issue correspondence to governmental and/or private sector companies regarding the need for an IGA, ISA, or Inmate Vocational Trades agreement.
 - 8.2.5 Additional approvals and signatures may be required by outside agencies, for example, private sector leases for office space require the signature(s) from ADOA.
- 8.3 Other non-competitive procurement actions and/or purchases that are not subject to the Arizona Procurement Code, such as fundraisers and purchases made from employee funds may be signed and executed by other Executive Staff members with specific delegated authority, as outlined in DO #301, Fiscal Management and DO #303, Bank Accounts.
- 8.4 Requests for non-competitive procurement actions shall be submitted in a format approved by the Procurement Services Bureau.

- 8.4.1 Each request shall completely describe the desired scope of work and include any supporting documentation. Incomplete or inadequate requests shall be returned for clarification.
- 8.4.2 After review and approval by the appropriate Assistant Director or designee, requests for contract documents shall be forwarded to the Procurement Services Bureau for finalization.

DEFINITIONS/GLOSSARY

Refer to the Glossary of Terms for the following:

- Arizona Procurement Code
- Budget Unit
- Budget Unit Supervisor
- Contact/Agreement
- Contractor/Program Associate
- Grant
- Inmate Vocational Trades Agreement
- Interagency Service Agreement (ISA)
- Intergovernmental Agreement (IGA)
- Lease
- Procurement Officer
- Program Administrator
- Requisitioner
- Specific Performance

AUTHORITY

- A.R.S. § 11-952, Intergovernmental Agreements and Contracts
- A.R.S. § 31-204, Interest of Employee in Contracts; Gifts To or From Prisoner; Penalty
- A.R.S. § 35-148, Payment for Interagency Services as Credit to Account of Agency; Transfer of Miscellaneous State Monies to General Fund; Exceptions
- A.R.S. § 41-1622, Arizona Correctional Industries; Establishment; Purpose
- A.R.S. § 41-2501 et seq., Arizona Procurement Code
- A.R.S. § 41-2532, Methods of Source Selection
- A.R.S. § 41-2533, Competitive Sealed Bidding
- A.R.S. § 41-2534, Competitive Sealed Proposals
- A.R.S. § 41-2535, Procurements Not Exceeding a Prescribed Amount; Small Businesses; Simplified Construction Procurement Program
- A.R.S. § 41-2536, Sole Source Procurement
- A.R.S. § 41-2537, Emergency Procurements
- A.R.S. § 41-2538, Competitive Selection Procedures for Certain Professional Services
- A.R.S. § 41-2554, Procurement of Earth Moving, Material Handling, Road Maintenance and Construction Equipment; Definitions
- A.R.S. § 41-2558, General Services Administration Contracts
- A.R.S. § 41-2559, Public-Private Partnership Contracts
- A.R.S. § 41-2572, Construction by State Employees; Construction by Inmates of Public Institution
- A.R.S. § 41-2578, Procurement of Specified Professional and Construction Services; Definition

A.R.S. § 41-2579, Procurement of Multiple Contacts for Certain Job-Order-Contracting Construction Services and Certain Professional Services; Definition

A.R.S. § 41-2581, Procurement of Certain Professional Services

A.R.S. § 41-2616, Violation; Classification; Liability; Civil Penalty; Enforcement Authority

A.R.S. § 41-2636, Procurement from Certified Nonprofit Agencies that Serve Individuals with Disabilities and Arizona Correctional Industries; Definitions

A.A.C. R2-7-101 et seq., Department of Administration - State Procurement Office

A.A.C. R2-7-102, Written Determinations

A.A.C. R2-7-A301, Source Selection Method; Determination Factors

State of Arizona Accounting Manual (SAAM)

State Procurement Office Technical Bulletin TB 001, Procurement Ethics

State Procurement Office Technical Bulletin TB 002, Delegation of Procurement Authority