

CHAPTER: 300

Business/Budget

DEPARTMENT ORDER:

302 – Contracts and Procurement

**OFFICE OF PRIMARY
RESPONSIBILITY:**

AS

Arizona Department of Corrections

Department Order Manual



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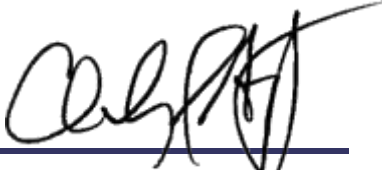
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Charles L. Ryan, Director

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PURPOSE

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

APPLICABILITY

This Department Order 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 Department Order #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, Title 2, Chapter 7, State Procurement Office and A.R.S. Title 41, Chapter 23, 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 shall be 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 Arizona Procurement Code R2-7-102, Written Determinations.
 - 1.2.3 May further delegate purchasing authority as follows:
 - 1.2.3.1 Delegation shall 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 No. 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 001, Procurement Ethics. All Department personnel involved in the procurement activities shall be held to the highest level of ethical behavior as specified in the bulletin.
- 1.4 Any procurement requiring expenditures or renewals greater than \$100,000, regardless of the purpose or the funding source, shall be reviewed and approved by the appropriate Division/ Assistant Director.

- 1.5 When requests are submitted to the Procurement Services Bureau for action, the requester and/or appropriate Division/Assistant Director shall indicate 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.
 - 1.6.2 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 Department Order #103, Correspondence/Records Control.
 - 1.6.4 Report contract deficiencies to the Procurement Services Bureau.
- 1.7 Contract Renewal/Re-solicit/Reissue
 - 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 renew or re-solicit/reissue the contract as required.
 - 1.7.3 The Procurement Services Bureau shall ensure the contract is renewed or re-solicited/reissued and notify all appropriate parties.
- 1.8 Cancellation of Contracts – Budget Unit Supervisors or designees 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 shall be returned to the appropriate Budget Unit Supervisor with detailed reason(s) for denial.

2.0 REQUESTS FOR PURCHASE/REQUISITIONS

- 2.1 A requisition shall be prepared prior to the ordering of any material or services by an authorized employee. This is accomplished through the state's electronic procurement system. Only Department personnel with approved and authorized access to the state's electronic procurement system may enter and approve requisitions.
- 2.1.1 All purchases shall 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 Department Order #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 Department Order #401, Prison Construction.
- 2.1.2 All other purchases shall be in accordance with the Arizona Procurement Code 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 electronic procurement system.
- 2.2.1 The workflow process in the state's electronic procurement 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 procurement officer shall not serve as the requisitioner, program/activity manager, or budget approver.
- 2.2.1.2 Persons designated as a budget approver shall receive training and be approved by the Planning, Budget and Research, and the Financial Services Bureau. 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.
- 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 Division Director for Administrative Services and Planning, Budget and Research 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 State of Arizona Accounting Manual (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 Division/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 Department Order #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 CAPITAL/INVENTORIAL EQUIPMENT PURCHASE – Any fixed assets shall be tagged in accordance with Department Order #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 COMPETITIVE PROCUREMENT ACTIONS

- 7.1 Competitive procurement actions shall be performed only by personnel with written delegated authority. Employees who implement competitive procurement actions without ensuring appropriate signatures are acquired may be held personally responsible for any resulting liability.

- 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 section 41-2533, or as provided in sections 41-2534 through 41-2538 and sections 41-2554, 41-2558, 41-2559, 41-2572, 41-2578, 41-2579, 41-2581 and 41-2636.
- 7.3 Personnel with written delegated authority shall adhere to the State Procurement Office Standard Policies and Procedures available at: <https://spo.az.gov/administration-policy/state-procurement-resource/standard-procedures>.
- 7.4 The Division Director for Administrative Services shall:
- 7.4.1 Ensure any procurement action or renewal greater than \$100,000 is submitted through the chain of command for review and approval/disapproval by the appropriate Division/Assistant Director or designee prior to reviewing and approving or disapproving the expenditure.
- 7.4.2 Review and approve/disapprove all proposed solicitations for amounts greater than \$100,000, and contracts greater than \$100,000 that are approved for implementation, amendment or renewal.

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), Intergovernmental Agreements (IGA) and leases for real property shall be signed and executed by the Chief Procurement Officer or the Division Director for Administrative Services.
- 8.1.1 Inmate Work Contracts (IWC) with:
- 8.1.1.1 Political subdivisions, for example cities, counties, schools, other agencies, etc., shall be developed, executed and administered by the Procurement Services Bureau.
- 8.1.1.2 Private sector companies shall be negotiated and approved by Arizona Correctional Industries (ACI), and executed by the Procurement Services Bureau. (See Department Order #115, Authority/Responsibility Delegated to ACI.)
- 8.1.2 ISA and IGA shall be developed, negotiated and approved by the Director, Deputy Director, appropriate Division/Assistant Director, Regional Operations Director, Warden or designee, and executed by the Procurement Services Bureau.
- 8.1.3 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 IWC.
- 8.1.4 Additional approvals and signatures may be required by outside agencies, for example, private sector leases for office space require the signature(s) from ADOA.

- 8.2 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 Department Order #301, Fiscal Management and Department Order #303, Bank Accounts.
- 8.3 Requests for non-competitive procurement actions shall be submitted in a format approved by the Procurement Services Bureau.
- 8.3.1 Each request shall completely describe the desired scope of work and include any supporting documentation. Incomplete or inadequate requests shall be returned for clarification.
- 8.3.2 After review and approval by the appropriate Division/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

AUTHORITY

A.R.S. §11-952, Intergovernmental Agreements and Contracts
A.R.S. §31-204, Interest of Employees 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. Title 41, Chapter 23, Arizona Procurement Code
A.R.S. §41-1622, Arizona Correctional Industries; Establishment; Purpose
A.A.C. Title 2, Chapter 7, Department of Administration – State Procurement Office