



## OFFICE OF THE SECRETARY

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### SECRETARIAL DIRECTIVE

**SUBJECT:** Procurement/Purchasing/Disposition and Contracting Guidelines

**NUMBER:** 2021-10

**SUPERSEDES:** ADC AD 18-02  
ACC AD 18-08

**APPLICABILITY:** All DOC Employees

**REFERENCE:** AR 118 Procurement and Disposition Activities;  
A.C.A. §§ 25-43-105, 25-43-108, and 25-43-403.

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**APPROVED:** Original Signed by Solomon Graves      **EFFECTIVE DATE:** 7/30/2021

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#### **I. POLICY:**

As the executive head of the Arkansas Department of Corrections (DOC), it is the responsibility of the Secretary of Corrections (Secretary) to administer the various rules, orders, or directives issued by the Department, in addition to administering the personal property, fixtures, contracts and assignable leases of the Department. The purpose of this directive is to establish Procurement and Contracting Guidelines to comply with all applicable state and federal laws, administrative rules issued by the Board of Corrections (Board) and procedures governing Procurement and Disposition of Commodities and services. This policy, and any substantive revision, must be approved by the Board prior to adoption.

#### **II. DEFINITIONS:**

- A. Procurement. Purchasing, buying, renting, leasing, contracting, or otherwise obtaining any Commodities or services.
- B. Disposition. Disposal, sale, or transfer of surplus Commodities.
- C. Emergency Procurements. Acquisition of Commodities or services of which, if not immediately initiated, will endanger human life or health, DOC property, or the functional capability of the DOC.
- D. Sole Source Procurements. Acquisition of Commodities or services that by virtue of specifications, are available from a single source.
- E. Vehicle. Applies to Vehicles that would require state licensure if they were to be used on state highways. All-terrain vehicles (ATVs) are not subject to requirements as specified in this policy.
- F. Capital Equipment. Equipment with a value of \$5,000 or more than can be moved from place to place. Example: washer, dryer, oven, etc.
- G. Commodities. Any tangible good or product that can be bought or sold. Example: shoes, mattress, office supplies, cleaning supplies, etc.
- H. Natural Resources. Materials or substances that occur in nature and can be used for economic gain. Example: trees, or land.

- I. Professional Services. Service that requires professional licensure. Example: architectural services, dietetics, etc.
- J. Technical Services. Services that include a commodity. Example: Pest control service, waste disposal service, reentry housing, transitional housing, etc.

### **III. ADMINISTRATION:**

- A. The Chief Financial Officer will maintain a Procurement Section as a Shared Service within the DOC. The Procurement section will administer the Procurement and Disposition of all Commodities and Services as consistent with the provisions of this directive.
- B. The Procurement section will establish Procurement liaisons for each division and other operational areas within the DOC. The liaisons will serve as the initial point of contact for any issue related to the Procurement or Disposition of Commodities and Services.

### **IV. GUIDELINES:**

#### **A. Procurement of Commodities and Services**

1. Procedures for Procurement and receiving of Commodities and Services are governed by applicable state and federal laws and policies of agencies with authority to administer these activities.
2. Procurements within approved operating budgets for various divisions, which are not subject to other authorizations, do not impact other divisions, or are otherwise restricted by policy, will be authorized by the appropriate Division Director or designee.
3. Emergency Procurements must be approved by the appropriate Division Director.
4. The sole source purchase of equipment requires approval of the Secretary of Corrections. Sole source purchase of equipment exceeding \$50,000 also requires approval of the Board.
5. In the event there is a farm equipment item available for purchase at auction, advanced approval for Sole Source Procurement must be obtained from the Office of State Procurement and the Board of Correction Farm Liaison prior to submitting a bid. If the bid is successful, details of the purchase will be provided in the following monthly report to the Board.
6. Procurement of Capital Equipment items from all fund sources requires approval of the appropriate Division Director. However, the Division Director may delegate their approval authority for Procurement of specific Capital Equipment items or specific dollar amounts. Capital Equipment Procurement in excess of \$10,000 must also be approved by the Secretary and the Board.
7. Inmate Welfare Fund merchandise for resale may be procured by the Warden. Other Procurements from the Inmate Welfare Fund require the following approvals:
  - a. Procurements of \$1,000 or less require prior approval of the applicable Warden and the Chief Financial Officer.
  - b. Procurements of more than \$1,000 but less than \$10,000 also require the approval of the Director of Division of Correction or designee.
  - c. Procurements of \$10,000 or more also require the approval of the Secretary and the Board.
8. Procurements from the Paws in Prison Fund shall be limited to operational support of the program and require the following approvals:
  - a. Procurements of \$1,000 or less require prior approval of the DOC Communications Director who supervises the program.
  - b. Procurements of more than \$1,000 but less than \$10,000 require approval of the Director of the Division of Correction.
  - c. Procurements of \$10,000 or more also require approval of the Secretary and the Board.

9. Procurements from the Resident Services Cash Fund of merchandise for resale and food items may be procured by the Center Supervisor. Other Procurements from the Resident Services Cash Fund require the following approvals:
    - a. Purchases less than \$10,000 require the approval of the Division Director and the Division Deputy Director of Residential Services.
    - b. Purchases of \$10,000 or more also require approval of the Secretary and the Board.
  10. Procurement of Commodities and Services required for authorized construction or renovation projects shall be approved by the Division Director or designee.
  11. Procurement of Vehicles requires approval of the Department of Finance and Administration (DFA). Upon the recommendation of the Division Director, the Secretary must sign and approve the Vehicle request form which is forwarded to the DFA for final approval. DFA guidelines for Vehicle Procurement can be found in the latest version of the State of Arkansas Vehicle Use and Management Handbook.
- B. Prohibition.** The utilization of Split Procurement to avoid the approval thresholds will be considered a violation of this Directive.

## **V. Disposition of Commodities:**

- A. Disposition of Commodities and Natural Resources shall be governed by applicable state and federal laws, guidelines, and procedures. Accordingly:
  1. Sales of industry produced Commodities and services and farm produced Commodities are governed by applicable state and federal laws, guidelines, and procedures.
  2. The sale or Disposition of buildings, goods, land, and sales exceeding \$50,000 require the approval of the Secretary and the Board. The demolition of any building requires the Division Director, Secretary, and the Board regardless of the building's value.

## **VI. Leases**

- A. Leases of equipment, offices, storage space, land for agricultural operations, and buildings to house inmates shall be governed by applicable state and federal laws, procedures, and guidelines.
- B. Approvals
  1. Lease of offices, equipment, and storage space
    - a. Leases of office, storage space and equipment require approval of the Division Director; however, if a new lease will exceed \$50,000 or an existing lease agreement will increase by more than 5% per year, the approval of the Secretary and the Board is also required.
    - b. Lease of office space resulting in relocation of staff requires the approval of the Secretary and the Board.
    - c. Lease of land or buildings for agricultural operations, or to house offenders requires the approval of the Division Director, the Secretary, and the Board.
    - d. Leases over \$10,000 per year requires approval of the appropriate Division Director.
  2. Lease of farm equipment
    - a. Pursuant to A.C.A. § 19-11-221, the Board shall on an annual basis or more frequently if deemed necessary, shall determine if it is in the best interest of the State to lease or purchase farm machinery and equipment. If leasing is determined to be the better option, contracts for leased farm equipment and machinery may be awarded for an initial period of 2 years with the option to renew for 2 additional years; however, the total contract term shall not be more than 5 years.
    - b. On an annual basis, the Division of Correction's Agricultural Administrator will present an itemized list/cost of leased farm machinery and equipment to the Board for approval.

**VII. Procurement of Land, Buildings, Construction or Renovation Projects:**

- A. Procurement of land, buildings, construction and/or renovation projects shall be governed by applicable state and federal laws, guidelines, and procedures. In addition, the following approvals are required:
1. Procurement of land, buildings, construction and/or renovation under \$50,000 requires approval of the appropriate Division Director.
  2. Procurement of land, buildings, construction and/or renovation projects \$50,000 and greater requires approval of the Secretary and the Board.

**VIII. Contracts:**

- A. Contracts for Commodities or Services shall be governed by applicable state and federal law, guidelines, policies, and procedures. Amendments that adjust the amount of fees, the percentages of the total amounts to be paid or the scope of services or that increase the cost per offender per day contract bid rate previously approved require the same approvals as initially required. In addition, the following approvals are required:
1. Professional and/or Consultant Services. Contracts for Professional and/or Consultant Services require approval of the Secretary. Contracts for \$50,000 or greater, inclusive of amendments, further require approval of the Board.
  2. Architectural and/or Engineering Services. Contracts for architectural and/or engineering services for new construction require Board selection and approval of contractor. Selection and approval may be based on Board participation on an interview committee or on recommendation of the appropriate Division Director and the Secretary. Amendments that increase or decrease the percentage of the total contract amount to be paid to the contractor require approval of the Board.
- B. All contracts for medical, legal, and operation of private facilities require review by the DOC's Legal Division prior to consideration of the Board.
1. Medical Services. The Secretary will submit all contracts for medical services which require Board selection and approval. Amendments that affect the scope of services, the per inmate per day contract rate exceeding the contract bid rate previously approved, the method of calculation of compensation, and other adjustments to fees to be paid require approval of the Board.
  2. Legal Services. The Secretary will submit contracts for outside legal services to the Board for approval.
  3. Private Facility Operation Services. The Secretary will submit contracts for the operation of residential, Community Correction or prison facilities to the Board for approval of contractor. Amendments that affect the scope of services, the per inmate per day contract rate exceeding the contract bid rate previously approved, the method of calculation of compensation and other adjustments to fees to be paid require approval of the Board. This requirement does not apply to the selection of transitional housing or reentry facilities.
- C. Should an emergency, or time-sensitive situation necessitate immediate Procurement of Commodities or services that require approval of the Board as outlined herein, the Secretary's Office will contact the Board Chairman for the Chairman's emergency approval or to request a special meeting for Board consideration and approval.

**IX. Reports**

The Secretary shall provide a monthly report to the Board listing new or renewed contracts of \$10,000 or more pertaining to the Division of Correction, Division of Community Correction, or the Correctional School District.