

## **DHHS Purchasing/Contract Procedures When Using ARRA Funds**

**NOTE:** For further instructions see State Management Directive #3 issued on May 5, 2009 by Dempsey Benton, Office of Economic Recovery and Investment and the State's Contract Provisions Guidelines that were attached.

### **Establishing contracts using new procurement processes**

Competition is the preferred method for obtaining goods, services and construction requirements using recovery funds. Recovery funds must not be used to purchase goods and services from existing term, convenience or agency specific contracts without the specific prior approval of the agency establishing the contract. Public agencies using recovery funds are expressly prohibited from expanding the scope of existing contracts to accommodate the purchase additional goods and services and construction projects.

### **Use of the Statewide Interactive Purchasing System (IPS)**

All RFP's and IFB's (solicitation documents) estimated to cost over \$10,000 must be posted on IPS when using ARRA funds. OPCS will post on IPS for all Purchasing Office locations in DHHS. Construction projects and design services should continue to be handled and reported by the DHHS Property and Construction Office.

### **Fixed-Priced Contracts**

Fixed-priced contracts (all inclusive type contracts) are the preferred method for using recovery funds to contract for goods and services. Recovery funds shall not be used for any type of cost plus contracts or arrangements that provide a cost plus additional cost that may be listed as profit, overhead, direct/ indirect cost or other factors that will lead to an increase in the contract cost without unilateral agreement.

### **Use of Recovery Funds "Travel"**

Public agencies, contractors and subcontractors are specifically prohibited from using recovery funds for travel outside the service area or county in which the project is located. The exceptions are travel specifically mandated by the Recovery Act or approved by senior management of the agency executing the contract.

## **Contract Awards**

Until notified otherwise all contracts and purchases delegated to the Institutions, Divisions, Schools, VR and the State Lab, including bid documents, regardless of dollar amount, must be approved/handled by OPCS if using **ARRA funds** before a contract award can be made or any solicitation document is issued.

## **Reporting of Historically Underutilized Business (HUBs) Participation**

State agencies contracting for goods, services and construction projects, including design services must report their utilization of HUBs as a percentage of total contract award using recovery funds. The information must be submitted by e-mail to: [deborah.cannady@nc.gov](mailto:deborah.cannady@nc.gov) by the 10<sup>th</sup> of each month on the attached form through OPCS. OPCS will consolidate this report for all of DHHS and will send to the ARRA office. All Purchasing Offices in the Institutions, Schools, VR and the State Lab should send this information to OPCS at the end of each month. All construction and design service contracts should be sent to DHHS Property and Construction Office which will in turn send the report to the ARRA Office. State agencies that are awarding contracts, grants or transferring recovery funds to other units of government must make this condition a requirement of the contract, award or transfer.

## **Forms to Use for ARRA Money**

ARRA DHHS Contract Provisions Attach M – Use with RFP's, contracts etc.

ARRA Contract Cover template- Use with sole source contracts

**Note:** Any solicitation document, issued for goods or services that will result in the issuance of a purchase order instead of a contract document, should contain the newly revised State Terms and Conditions that include ARRA funds provisions.