

DIVISION OF ACCOUNTS AND REPORTS POLICY AND PROCEDURE MANUAL

Revision Date 7/29/03

Date Issued 07/72

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SUBJECT

DA-146, Contract Cover Sheet, and DA-146a, Contractual Provisions Attachment.

PURPOSE

To provide instructions for the preparation and use of forms DA-146, Contract Cover Sheet, and DA-146a, Contractual Provisions Attachment, required for certain agency contracts.

AUTHORITATIVE REFERENCE

K.S.A. 75-3025

K.S.A. 75-3026

K.S.A. 75-3728

K.S.A. 75-3730

K.S.A. 75-3738

K.S.A. 75-3743

K.S.A. 75-3744

GENERAL INFORMATION

Introduction

Forms DA-146, Contract Cover Sheet, and DA-146a, Contractual Provisions Attachment, are required for certain agency contracts. These forms are used to help ensure that adequate funds are available for future payment of agency contract obligations and to help ensure compliance with all state purchasing laws and regulations and other legal requirements.

Form DA-146, Contract Cover Sheet

Form DA-146, Contract Cover Sheet, provides a standard means to: (1) record certain agency contracts in the Statewide Accounting and Reporting System (STARS); (2) encumber funds for future payment of agency contract obligations incurred; and (3) allow agencies to report pertinent agency contract information to the Division of Accounts and Reports and other central divisions. This allows agencies to enter into contracts by using either vendor supplied or agency prepared contracts containing terms and conditions deemed necessary.

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Form DA-146a, Contractual Provisions Attachment

Form DA-146a, Contractual Provisions Attachment, contains several contractual provisions derived from State of Kansas laws and regulations which must be addressed in all contracts that are entered into by the state agency. Some provisions are mandatory and others are for the protection of the State of Kansas but can be changed or deleted. Specific questions should be directed to the agency's legal counsel or to the Department of Administration Legal Section. The DA-146a must be attached to the contract or the DA-146a language incorporated in the contract. If the DA-146a is attached, the following provision that is shown at the beginning of the DA-146a must be included in the contract:

“The provisions found in Contractual Provisions Attachment (form DA-146a), which is attached hereto, are hereby incorporated in this contract and made a part hereof.”

When Forms DA-146 and DA-146a are Required

Except as noted below, forms DA-146 and DA-146a are required for any agency contract where the agency obligation equals the greater of \$10,000 or the amount of the agency's delegated purchasing authority up to \$25,000. This threshold amount is based on the total contract commitment amount over the life of the contract. Forms DA-146 and DA-146a are **NOT** required for the following:

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- (1) Any agency contract where the agency obligation is less than \$10,000 or the amount of the agency's delegated purchasing authority up to \$25,000 over the life of the contract.
 - (2) A fee of \$10,000 or more for a single performance by a lecturer or professional entertainer at a Board of Regents University. However, a copy of the agreement must be attached to the payment voucher submitted to the Audit Services Team for payment of the fee.
 - (3) Contractual services provided through a requirements contract established by the Division of Purchases. However, the contract number assigned by the Division of Purchases must be included on payment vouchers submitted to the Audit Services Team for payment of the services provided.
 - (4) Contracts between state agencies, federal agencies, other states and state political subdivisions. However, agencies may optionally use forms DA-146 and DA-146a for these contracts, if desired.

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- (5) One time payment or one annual payment (regardless of total contract commitment) if it is a multi-year contract. Description on voucher should state one time payment or one annual payment.

Note: An agency may elect to encumber the contract exceptions noted above by using forms DA-146 and DA-146a and following the procedures contained in this filing.

- (6) Real Estate Lease Agreements. These are submitted on form DA-46, Real Estate Lease Agreement, or form DA-47, Real Estate Lease Cover Sheet. For further information, see PPM filing 10,108.

Agency contracting activities are subject to all applicable state laws and regulations and policies and procedures issued by the Division of Purchases for procurement of goods and services. Sole source and emergency purchases approved by the Division of Purchases do not in themselves exempt the contract from DA-146 requirements.

Use of Form DA-146 for Amended Agency Contracts

Unless exempted from the DA-146 requirements, agencies are required to prepare and submit an amended form DA-146 if the contract parties agree to amend the terms of the contract at any time during the life of the contract. A minimum of two copies of the amended agreement and any attachments must be included, to be retained by the Department of Administration. The requirements for the amended DA-146 are as follows:

- (1) **Increase in the Contract Obligation Amount:** The funding information area on the DA-146 should be completed for the amount of the increase only. The total contract commitment space should reflect the amended total contract commitment amount. At a minimum, two copies of the fully amended agreement should be forwarded to the Department of Administration along with the amended DA-146. Form DA-146a is not required.
- (2) **No Change in the Contract Obligation Amount:** The funding information area on the DA-146 should indicate a change of \$0.00. At least two copies of the fully executed amended agreement should be forwarded to the Department of Administration along with the amended DA-146. Form DA-146a is not required.
- (2) **Decrease in the Contract Obligation Amount:** The funding information area on the DA-146 should be completed for the amount of the decrease only. Input a "R" in the R (reverse) column to indicate a decrease, or reversal of the transaction

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code. The total contract commitment space should reflect the amended total contract commitment amount. At least two copies of the fully executed amended agreement should be forwarded to the Department of Administration along with the amended DA-146. Form DA-146a is not required.

Fiscal Year Determination For Professional Services

Irregular or intermittent professional services are charged to the fiscal year in which services are provided. Services paid under a continuing contract will be chargeable on the basis of the obligation incurred by firm work orders issued or on the percentage of work completed through June 30, unless the contract has conditionally committed the total sum. For on-call architect/engineer fees, the “authorization to proceed” option to increase the encumbrance as projects are assigned may be used. Fixed obligations under service contracts (which are not subject to control by issuance of work orders) require either the obligation of funds for the entire contract period regardless of the expected completion date of the service or the agency may encumber the obligation in the appropriate fiscal year based on the date the service is to be performed. This will be accomplished for those obligations over \$10,000 using the DA-146 Contract Cover Sheet procedure.

Use of Form DA-146 to Encumber New Fiscal Year Funds for Contracts Extending Over Multiple Fiscal Years

For agency contracts that extend over multiple fiscal years, agencies are required to prepare and submit Form DA-146 at the close of each fiscal year to encumber the new fiscal year funds required to continue the contractual payments during the new fiscal year. On the DA-146 the contract type should be marked “Re-encumber Previously Approved Contract.” A copy of the contract or form DA-146a is not required since these are on file at the Division of Accounts and Reports. A DA-107 Encumbrance Authorization or Adjustment may also be used for renewals (sent directly to Accounts and Reports). It is treated by Accounts and Reports the same as a “re-encumber” using form DA-146. The same information should be included on form DA-107 as required on form DA-146. The DA-146 encumbrance number series is used.

Other Agency Responsibilities

Agencies should maintain a system of accounts payable to identify and record contractual and other obligations to prevent over commitment of agency funds, allotments, or appropriations. K.S.A. 75-3025 and 75-3026 provide penalties for misuse of agency funds and incurring obligations in excess of amounts expressly authorized by law.

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Agencies should review encumbrance balances on a regular basis. DA-146 encumbrance balances should be canceled upon the liquidation (final payment) or cancellation of the contractual obligation. Agencies should use code "F" in the M (modifier) column on vouchers submitted to make the final payment on an agency contract or a "P" for payments that are not the final payments. Use of the "F" code will cancel any remaining encumbrance balance. The "F" code must be used on the final payment being made against each line (document number/suffix) of the original encumbrance. Encumbrance balances may also be canceled by use of form DA-107, Encumbrance Authorization or Adjustment.

PROCEDURES

The procedures shown below generally apply to new contracts. Please see the General Information section for additional procedural information in processing amended agency contracts or agency contracts extending over multiple fiscal years. *Contract as used in the following procedures refers to the contract and all attachments (including the DA-146a) referenced in and incorporated into the contract.*

Responsibility

Action Step

State Agency

1. Sign contract (as defined above) with vendor and include the DA-146a, Contractual Provisions Attachment.
2. Complete the DA-146 as shown below and send a minimum of two copies of the contract (including all components referenced above) to the Department of Administration.

Agency Number: Three digit agency number as assigned in the Central Chart of Accounts.

Division Number: Two digit division number for agency, if applicable.

Current Document Number: Agency enters A,B, or C prefix for a new encumbrance or an H to adjust an existing encumbrance.

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Agency Contract Number: Space provided for the agency to assign an unique number to identify the obligation. (Optional)

Document Date: The date, in MMDDYY format, entered on the contract. This is the date the document was prepared.

Effective Date: (Leave blank)

No/Sfx: Nine digit vendor number of the contractor followed by a two digit suffix. The vendor number and suffix must exist in the STARS vendor table.

Name: The vendor name corresponding to the vendor number.

Street, City, State and Zip: The vendor's address corresponding to the vendor number.

Contracting Agency Name and Address: Space provided to enter contracting agency name and address.

Sfx: Two digit suffix used to identify each funding line.

T/C: Appropriate three digit transaction code to either establish or adjust an encumbrance.

Ref. Doc.: Reference document is left blank when a new contract is created. To amend existing contracts, the reference document is the original encumbrance being adjusted.

Sfx.: Two digit suffix for the reference document number and used only when reference document is used.

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M: Modifier designated partial (P) or full (F) payment against encumbrance. Generally, this is blank on the DA-146.

Fund: Four digit fund code assigned in the Chart of Accounts

BFY: Two digit fiscal year that corresponds to encumbrance. This will be the budget fiscal year of the fund encumbered.

Index: Four digit index code under which the encumbrance was or will be established.

PCA: Five digit program code as assigned to agency in the Chart of Accounts.

Sub-Obj: Four digit code used to identify the expenditure as defined in PPM filing 7,002, Uniform Expenditure Classification Object Codes.

Det: Expenditure sub-object detail is not currently used and should be left blank.

R: Reverse code for transaction code. This is blank when a new encumbrance is established. It is used when decreasing an existing encumbrance.

Amount: Total amount encumbered for each funding line.

Agency Use: Space provided for agency use.

Document Total: Total amount encumbered as obtained by totaling the amount column.

Contract Type: Enter "x" in the appropriate box or boxes as follows:

1. New Contract – Contract not previously encumbered or new contract agreement.

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2. Amended Contract Terms – Contract previously encumbered for which authorized changes to the contract terms have been made. This would include changes to payment schedules, time period covered by contract, etc.
3. Re-encumber Previously Approved Contract- This normally applies to contract agreements extending over multiple fiscal years. At the end of the current fiscal year funds must be encumbered from the succeeding fiscal year to continue the contract payments.

Prior Doc. No.: The most recent contract encumbrance number must be provided when the contract type is either “Amended Contract Terms” or “Re-encumber Previously Approved Contract”.

Contract Description: A brief description of the contract.

Legal Basis for Contract: A citation to the agency’s enabling statute which allows it to enter into contracts should be supplied along with the applicable purchasing statute under which the contract was competitively bid. If the contract was not competitively bid, the applicable statute which exempts the contract from competitive bidding must be provided. A citation to an appropriations bill from a prior fiscal year is not a legal basis for a contract as appropriations bills only apply to the fiscal year for which it was enacted and automatically terminates with a new fiscal year.

Total Contract Commitment Amount: The total amount committed over the life of the contract.

Contract Beginning Date: The date the contract becomes effective.

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Contract Ending Date: The ending date of the contract.

Payment Frequency: Two lines are provided to indicate the number of payments, amounts of payments, and due dates. In addition, the blank space immediately following the payment lines may be used to provide additional payment information.

For example, the lease of a plain paper copier that included monthly payments, a final payment and usage charges for excess copies could be shown as follows:

23 payment(s) of \$100.00 due **the 3rd of each month**;
1 payment(s) of \$135.00 due **final payment**; and
\$.01 per copy over 5,000 per month.

Federal Grant Funds: Place an “x” in the appropriate box if contract payments are to be made in whole or in part from federal grant funds. Otherwise, place an “x” in the “not applicable” box.

Approved by Agency Governing Body: Place an “x” in the appropriate box indicating whether the approval of the agency governing body has been obtained. Otherwise, place an “x” in the “not applicable” box.

Director of Purchases Signature: Signature of the Director of Purchases and date signed indicating review and approval of the contract by the Division of Purchases.

Director of Accounts and Reports Signature: Signature of the Director of Accounts and Reports and date signed indicating review and approval of the contract by the Division of Accounts and Reports and indication the obligation has been recorded in the central accounting records.

**Attorney General or Department of Administration
Attorney Signature:** Signature, date signed, and

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striking out of the inapplicable phrase by the appropriate attorney indicating review and approval of the contract, if required. Otherwise, the Division of Accounts and Reports will enter “N/A” (not applicable”) if an attorney signature is not required.

Agency Attorney Signature: Signature and date signed by the appropriate agency attorney indicating review and approval of the contract, if applicable.

Agency Authorized Signature: Signature and date signed by the agency head or designee indicating review and approval of the contract. This signature may be an actual signature or a facsimile signature.

3. Retain Agency (blue) copy and submit the five remaining DA-146 copies (and minimum of two copies of the contract to be retained by the Department of Administration) to the Division of Purchases.
 4. Review the contract for compliance with all state purchasing requirements. Contact is made with the vendor and/or agency or the contract is returned to the agency to resolve discrepancies or obtain required information. If approved, Director of Purchases signs and dates all copies of the DA-146.
 5. Forward all copies of the DA-146 and contract to the Division of Accounts and Reports, Audit Services Team.
 6. Review the DA-146 to determine that all coding, payment information, and other information, as required, on the DA-146 is appropriate, mathematically correct, and consistent with the contract. Contact is made with the agency or the contract is returned to the agency to resolve discrepancies or obtain required information.
 7. Assign a unique encumbrance number to the
- Division of Purchases
- Accounts and Reports

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DA-146. The DA-146 is recorded in STARS and an encumbrance is established for future payment of the obligation.

- 8. Sign and date all DA-146 copies attesting to the availability of funds and indicating review and approval of the DA-146.
 - 9. If the agency attorney has not signed the DA-146, forward all copies of the DA-146 and contract to the Department of Administration legal section.
 - 10. Review contract for propriety and compliance with all State and other legal requirements. If approved, all DA-146 copies are signed and dated by a Department of Administration attorney and forwarded to the Accounts and Reports, Audit Services Team.
 - 11. Retain the Division of Accounts and Reports copy of the DA-146 and contract, forward to the Division of Purchases their copy of the DA-146 and contract, and forward remaining copies to agency.
 - 12. Retain agency copies and forward copy of DA-146 and contract to the vendor.
- #
- Department of Administration
Legal Section
- Accounts and Reports
- State Agency

CONTACT SOURCES

Requests for assistance in processing a new or amended form DA-146, Contract Cover Sheet, or form DA-146a, Contractual Provisions Attachment, should be directed to:

Division of Accounts and Reports
Central Accounting Services Section
Audit Services Team

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A supply of forms DA-146 and DA-146a can be obtained from:

Accounts and Reports web page at :
<http://da.state.ks.us/ar/forms/default.htm>

Department of Administration
Division of Printing