DEPARTMENT OF CORRECTIONS

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| **Policy Number:** | **400.020** |
| **Title:** | **MINNCOR Product Sales to State Employees and the General Public** |
| **Effective Date:** | **11/6/18** |

**PURPOSE:** To provide guidelines allowing state employees and the general public to purchase MINNCOR products, services, and surplus products.

**APPLICABILITY:** All department employees, other state employees, and the general public.

**DEFINITIONS:**

By-products – materials considered to be waste or scrap as a result of the manufacturing process.

Custom products – any product or service that MINNCOR is capable of providing for which standard pricing has not been determined.

Standard products – any product or service routinely provided by MINNCOR to any customer at predetermined catalog pricing.

Surplus products (products that were used or held for resale in the normal course of business) – customer returns, damaged products, product prototypes, obsolete products, overruns, or any MINNCOR product that cannot be marketed and sold as new.

Surplus property (capital or depreciable property) – surplus fixed assets and equipment previously used for manufacturing or delivery purposes.

**PROCEDURES:**

A. Standard catalog products

1. Individuals must contact a MINNCOR sales or customer service representative to purchase catalog products.

2. The sales or customer service representative drafts a sales order including standard pricing.

3. The individual must pay in full prior to the delivery of the order.

B. Custom products

1. The customer sales or service representative completes a costing sheet with assistance from the facility industry office.

2. The facility industry office completes the cost estimate portion of the form.
   a) The vice-president (VP) of sales and/or the VP of product development review the form and set the selling price.
   b) The original costing sheet must be sent to the MINNCOR business office after the industry director and the employee have signed it, indicating approval.
   c) Documents are scanned into the electronic data storage system and retained according to the retention schedule.

3. The request must be converted into a MINNCOR production order and returned to the facility for processing.

4. The facility industry office notifies the individual of the approximate date of completion.

5. The product must not be delivered until the full payment is received in the form of a check, money order, or credit card.

6. Checks, money orders, and credit card payments are forwarded to the accounts receivable department at the MINNCOR office.

7. All other accounting aspects of the transaction are handled in the same manner as any other sale.

C. Surplus products

1. Periodically, MINNCOR inventories and identifies products that have been damaged, were returned, are obsolete, are overruns, or were manufactured as prototypes.

2. These goods are advertised for sale in local newspapers and/or on MINNCOR's website and made available for sale to the general public.

3. These items are sold via normal sales channels or through a public open house sale.

4. The hours of a public open house sale are published and the items are pre-priced or made available through bids.

5. State employees may purchase items during published sale hours and must use vacation time or their normal break times (e.g., lunch) when purchasing surplus products.

6. For bid items, the highest bidder is awarded the sale.

7. Employees who purchase surplus products must pay by check, money order, or credit card before the items are released.
   a) Before the item is purchased, the chief financial officer (CFO) and/or VP of sales and/or VP of business development determine if the item is sold as is with no warranty.
   b) The buyer must be notified of this information and/or it must be included in the publication/notification.

D. By-products

1. Materials considered to be waste or scrap as a result of the manufacturing process (e.g., wood scraps, rags and steel barrels) are available for sale only if made available to the general public.

2. A MINNCOR VP determines the value and pricing for surplus by-product materials.

3. Notices of availability to the general public must be documented and accomplished in a reasonable, cost effective manner.

a) Published advertisements may be used to notify the general public when not cost prohibitive.
b) Other reasonable notification methods include mailings, posters, website ads, and documented phone contacts.
c) All notifications are scanned into the electronic data storage system and are retained.

E. Surplus property

1. Surplus fixed assets and equipment previously used by MINNCOR for manufacturing or delivery purposes are not sold unless approved by the Department of Administration surplus property division.

2. Proper documentation and procedures are followed.

F. Delivery

If delivery of a product is required, delivery costs are charged at a rate quoted using standard delivery pricing.

G. Discounted Pricing

1. Any discounted pricing must be approved by MINNCOR's VP of Sales or MINNCOR's VP of Business Development, and noted in MINNCOR's enterprise resource planning (ERP) system on the sales order (SO).

2. To avoid any appearance of a conflict of interest, the following procedures are strictly observed:
   a) Standard products are sold to employees at standard catalog pricing.
   b) Custom products are subject to pricing review by the MINNCOR VP of business development.
   c) Surplus products generated in the ordinary course of business are identified by MINNCOR and made available for sale to the general public, including state employees.
   d) All payments received are recorded and deposited in accordance with Policy 104.150, "Recording and Depositing Receipts."
   e) All sales are processed according to normal operating procedures and records are retained according to DOC's record retention schedule.

**INTERNAL CONTROLS:**

A. Signed cost estimates and public notifications are kept in MINNCOR's electronic data storage system and retained in accordance with DOC's record retention schedule.

B. Sales records are retained according to the DOC's record retention schedule.

**ACA STANDARDS:** 2-CI-6A-8, 2-CI-6A-9

**REFERENCES:** Minn. Stat. § 15.054
Policy 103.220, "Personal Code of Conduct of Employees"

**REPLACES:** Division Directive 400.020, "MINNCOR Product Sales to State Employees and the General Public," 11/3/15.

All facility policies, memos, or other communications whether verbal, written, or transmitted by electronic means regarding this topic.

**ATTACHMENTS:** None

**APPROVALS:**
Deputy Commissioner, Facility Services
Deputy Commissioner, Community Services
Assistant Commissioner, Facility Services
Assistant Commissioner, Operations Support