DEPARTMENT OF CORRECTIONS

Policy Number:	**403.080**
Title:	**MINNCOR Revenue Contracts and Purchase Orders**
Effective Date:	**11/19/18**

PURPOSE: To provide practices and standards for developing and executing Minnesota Corrections Industries Program (MINNCOR) revenue purchase orders and contracts for offender labor arrangements in a timely and consistent manner. Offender labor arrangements include subcontract and contract manufacturing work completed for customers at MINNCOR locations.

APPLICABILITY: MINNCOR

DEFINITIONS:

Authorized representative – the vice-president (VP) of business development, chief financial officer (CFO), or chief executive officer (CEO), or other individual designated by the MINNCOR executive team to be responsible for processing, negotiating, monitoring, and evaluating a contract.

Infrequent basis – no more than three orders accepted in a one year period.

Interagency agreement – a formal, written agreement with another state agency under which each agency performs specified duties.

Intra-agency agreement – a formal, written agreement with a division within the department of corrections (DOC) under which each division performs specified duties.

Offender labor agreement – an agreement for subcontract work to be performed for customers by MINNCOR offender workers.

Purchase order – a written confirmation of purchase issued by an authorized representative of the purchaser for any product or service to be provided by MINNCOR that includes the following general terms:

1. Description of the product or service to be provided;
2. Price;
3. Delivery; and
4. Terms of sale.

Revenue contract – a formal, written agreement with an individual or corporation under which MINNCOR performs specified services in exchange for specified consideration.

PROCEDURES:

A. All MINNCOR staff responsible for the development and administration of MINNCOR revenue purchase orders and contracts must follow the procedures in this policy.

B. To ensure adequate time for execution of a new agreement before contract expiration, the MINNCOR vice president (VP) of business development receives notification, and contracts due to expire within 120 days are reviewed by the MINNCOR chief financial officer (CFO)/designee

monthly. The MINNCOR chief executive officer (CEO), CFO or VP of business development must review all contracts and other agreements prior to execution of the agreement. Work that is through an agreement or contract must not begin until the contract or agreement is fully executed.

C. The VP of sales or CFO determines when a purchase order may be used in place of a formal revenue contract. The following requirements determine when a purchase order may be used:

1. The manufactured product or assembly is an infrequent or a one-time occurrence, or purchases up to $25,000 in a one year period from a single purchaser.

2. For purchasers and MINNCOR to begin an on-going/extended term manufacturing or service prior to the execution of a formal contract or addition of a product to an existing contract, such as prototype orders.

3. All customer-generated purchase orders accepted by MINNCOR must only contain general terms and conditions, such as price and delivery information.
4. All work is performed by offenders, and customers must not enter state property without having a valid certificate of liability insurance on file at MINNCOR.

D. The MINNCOR authorized representative maintains/updates forms in MINNCOR's data management system and templates on the shared network drive in accordance with all MINNCOR, DOC, and Department of Administration requirements.

E. The authorized representative utilizes one of the following forms when negotiating an agreement or contract:

1. An interagency agreement if the customer is a State of Minnesota agency other than the DOC;
2. An intra-agency agreement if the customer is a unit within the department; and/or
3. A MINNCOR revenue contract (statewide income contract) if the customer is not with the State of Minnesota or the department.

F. The authorized representative must carefully delineate and negotiate the duties of the contractor and the duties of MINNCOR to anticipate and avoid future misunderstandings and conflicts by specifying ahead of time how the service is to be performed and the obligations of each party, including pricing. Items that must be addressed include:

1. The obligations for raw material, supply items, equipment, equipment transport and installation, tools, special tooling, delivery services, amount of production space;
2. The number of offenders required to perform the work;
3. The delivery turnaround;
4. The quality control expectations;
5. Payment terms and conditions; and
6. Any other relevant variables unique to the project.

G. The authorized representative processes the proposed contract.

1. The contract must not be sent to the customer prior to review by the DOC professional/technical contract coordinator.

2. The authorized representative obtains the customer's signature on three copies of the contract.

3. The MINNCOR CEO signs the contract.

4. The MINNCOR authorized representative then routes the customer-signed copies for final approval by the Department of Administration.

H. The MINNCOR authorized representative retains the fully executed copies of agreements and contracts for the central MINNCOR file by scanning them into MINNCOR's data management system and forwards one copy to the customer. Contracts are retained according to the finance unit records retention schedule.

INTERNAL CONTROLS:

A. All fully executed documentation of agreements and contracts are retained in the data management system in accordance with the finance unit records retention schedule.

ACA STANDARDS: None

REFERENCES: Minn. Stat. §§ 241.27 and 243.23
Policy 104.303, "Professional and Technical Services Contracts and Other Agreements"

REPLACES: Division Directive 403.080, "MINNCOR Revenue Contracts and Purchase Orders," 8/5/14.
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