



Date: October 15, 2019

To: The Honorable Warren Limmer, Chair, Senate Judiciary & Public Safety Committee
The Honorable John Lesch, Chair, Judiciary Finance & Civil Law Division
The Honorable Ron Latz, Senator, Senate Judiciary & Public Safety Committee
The Honorable Peggy Scott, Representative, Judiciary Finance & Civil Law Division

From: Rebecca Lucero, Commissioner

Re: Interagency Agreement and Intra-Agency Transfers

In accordance with Minnesota Laws of 2017, First Special Session, Chapter 4, Article 2, Section 16 and M.S. 15.0395, attached is the specified list of FY2019 interagency and intra-agency transfers, and copies of the required agreements.

Please do not hesitate to contact me if you have additional questions.

Attachments

cc: Legislative Reference Library

Sincerely,



Rebecca Lucero, Commissioner
Minnesota Department of Human Rights

AN EQUAL OPPORTUNITY EMPLOYER

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**STATE OF MINNESOTA
INTERAGENCY AGREEMENT**

Admin's Small Agency Resource Team (SmART) seeks to improve the efficiency and effectiveness of financial and human resources services for small agencies, boards, and councils. SmART enables administrative efficiency by sharing the specialized resources and expertise of a larger administrative organization. SmART's services enable customer agencies to better focus on their core business.

This agreement is between the Minnesota Department of Administration Financial Management and Reporting (Admin) and Human Rights (Agency).

Agreement

1. Term of Agreement

- 1.1 **Effective date:** July 1, 2017, or the date the State obtains all required signatures under Minnesota Statutes Section 16C.05, subdivision 2, whichever is later.
- 1.2 **Expiration date:** June 30, 2019 or until all obligations have been satisfactorily fulfilled, whichever comes first.

Handwritten initials: "RM" and "RMS" and date "4-11-18".

2. Scope of Work

Admin will provide accounting transaction and other financial services to the Agency as described in Exhibits A, B and C, which are attached and incorporated into this agreement. Exhibit A describes the division of responsibilities between Admin and the Agency as it relates to this work. The success of the work that takes place under this agreement is dependent on both Admin and the Agency understanding and upholding their respective roles and responsibilities as delineated in Exhibit A. The Agency retains ownership and responsibility for its spending decisions and for ongoing implementation of appropriate business processes, while Admin provides transaction and other financial services and serves in an advisory capacity.

3. Authorized Representative

Admin's Authorized Representative is Lenora Madigan, Assistant Commissioner, 50 Sherburne Avenue, St Paul, MN 55155, or her successor.

The Agency's Authorized Representative is Kevin Lindsey, Commissioner, 625 Robert St. North, St. Paul, MN 55155 or his successor.

In the event the Agency has a dispute involving services provided by Admin that cannot be resolved through normal interaction with Admin staff, the Agency, at its discretion, should contact Admin's Assistant Commissioner, Lenora Madigan, to seek resolution.

4. Consideration and Payment

The total cost for all services covered by this agreement is \$111,000 (\$54,000 for FY18; \$57,000 for FY19). Admin will invoice the Agency quarterly, in an equal amount each quarter, for the services outlined in this agreement. The Agency will approve invoices and make timely payment to Admin for the services outlined in this agreement.

5. Amendments

Any amendment to this agreement, with the exception of changes to the purchasing and payment signature authorities identified in Exhibit C, must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original agreement or their successors in office. Changes to the signature authorities in Exhibit C must be acknowledged with a revised Exhibit C signed by the Agency's Authorized Representative or by other written communication (memo, email, etc.)

6. Government Data Practices

Admin and the Agency must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data exchanged under this agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by either party to this agreement. The civil remedies of Minnesota Statutes Chapter 13.08 apply to the release of the data referred to in this clause by either party.

7. Liability

Each party will be responsible for its own acts and behavior and the results thereof.

8. Termination

Either party may terminate this agreement at any time, with or without cause, upon 30 days' written notice to the other party.

STATE ENCUMBRANCE VERIFICATION *Individual certifies that funds have been encumbered as required by Minn. Stat. §§ 16A.15 and 16C.05.*

Signed: Debra Munnis

Date: 11/15/17 SWIFT Contract/PO 1347671300-1145

Human Rights (Agency)

By: Rowzat Shipchandler (with delegated authority)

Title: Deputy Commissioner

Date: 11/8/2017

Department of Administration (Admin)

By: Lenora Madry (with delegated authority)

Title: Deputy Commissioner

Date: 11.9.17

**EXHIBIT A to Interagency Agreement between the
Department of Administration Financial Management and Reporting (Admin) and
Human Rights (Agency)**

The Agency (in addition to the roles and responsibilities described in Exhibit B of this agreement) is responsible for the following:

1. Access to Information
 - Ensure separation of duties or maintain compensating internal controls.
2. Budget
 - Provide financial information to support development of the Agency's biennial budget for entry into the Budget Planning and Analysis System (BPAS) or other more current system.
 - Provide biennial budget narrative information and post to SharePoint website or other more current system.
 - Analyze and provide any research necessary to respond to fiscal note requests, and provide completed fiscal note responses to Admin for entry into the Fiscal Note Tracking system (FNTS) or other more current system.
 - Determine annual budget plan once appropriated by the Legislature.
 - Manage budgets, with assistance from Admin, to ensure that funds are allocated appropriately and not overspent.
 - Determine budget plans for grant awards or other funding sources that may arise.
3. Daily Processes
 - Provide Admin with all necessary documentation for any financial transaction to enable Admin to code transactions properly in the state's accounting and/or payroll/human resources systems to the correct accounting period and the correct expense or revenue account.
 - Ensure that all receipts \$1,000 or more are deposited daily. Receipts under \$1,000 must be deposited within the month received and must be adequately safeguarded in a locked area until deposit. Agency will provide deposit information by 1 p.m. on the business day of deposit to facilitate transaction entry in the state's accounting/procurement system.
 - Record receipts received each day in a receipts log, establish appropriate separation of duties with respect to handling of receipts, and periodically reconcile receipts information in the state's accounting/procurement system to the Agency's receipts log.
 - Date-stamp all invoices and expense reports with the date received, and forward payment documents to Admin in a timely manner to enable compliance with statutory and policy prompt payment requirements.
 - Submit approved Authorization for Travel in EIOR or more current system prior to any out-of-state travel to certify that sufficient budget funds are available and the anticipated expenses are consistent with state travel policy and applicable bargaining agreements or compensation plans.
 - Submit approved Request for Approval to Incur Special Expense forms in EIOR or more current system prior to incurring any expenses classified in applicable policies as "special expenses" to certify that the expenses meet the policy criteria.
 - Submit completed employee or board/council/commission member travel expense reports supported by appropriate receipts, Authorization for Travel, Request for Approval to Incur Special Expense forms, and/or any other required documentation.
 - Maintain records of all capital assets and sensitive items, and work with Admin's Surplus

Services division to dispose of surplus property.

- Report to Admin any errors/discrepancies discovered relating to services performed by Admin under this agreement.
- Monitor any changes of board/council/commission/advisory committee members or their places of employment and determine each board/council/commission/advisory committee member's eligibility for per diems and expenses. Submit to Admin only eligible per diems and expenses.

4. Procurement and Contracts

- Request appropriate assistance from Admin's Office of State Procurement (OSP) and the Attorney General's Office (AG) on the development and approval of any professional/technical contracts, grant contracts, interagency agreements, annual plans, and other similar agreements.
- Attend training offered by OSP, as needed, on the topics of state procurement and contracting.
- Provide copies of any 16A.15-16C.05 or Purchasing Violation forms to Admin as required by statewide purchasing and contracting policies, when applicable.

5. Reports

- Review and verify payroll reports and report any discrepancies to Admin. As part of this process, the Agency will document its review of the Payroll Posting Audit Trail as required by Admin's Verification of Payroll Posting Audit Trail Procedure.
- Periodically review fiscal reports including the Manager's Financial Report, expenditure, encumbrance and receipts reports, and salary projection reports to ensure the integrity of the Agency's fiscal data.

6. SWIFT

- SWIFT work processes may require various Agency employees to have system access for work processes including but not limited to electronic requisitions and approvals, asset management, contract solicitations and creation, and inquiries for access to information.

7. Other

- Follow statewide and Admin financial policies and procedures. The Agency can implement more restrictive policies and procedures.
- Follow Code of Conduct and Internal Control policies and procedures.
- Ensure that any business cell phone use complies with applicable state, Admin, and/or Agency policies and procedures. The Agency must retain an Acknowledgement of Receipt/Mobile Device Services and Equipment form completed by each employee to whom a cell phone is assigned.
- Assist Admin with information needed to complete fiscal year-end certifications.

Admin (in addition to the roles and responsibilities described in Exhibit B of this agreement) is responsible for:

1. Access to information

- Maintain to the best of Admin's ability staff assignments and security access into the state's accounting/procurement, payroll/human resource, and budget systems to prevent access to functions that are considered incompatible for the maintenance of strong

internal financial controls.

- Ensure separation of duties or maintain compensating internal controls.

2. Budget

- Enter biennial budget financial data into BPAS or more current system.
- Enter completed fiscal notes into the FNTS or other more current system, and provide guidance and consultation on fiscal note development and processes.
- Enter annual and revised budget data into the state's accounting/procurement system.

3. Daily Processes

- Expedite the payment process by increasing an encumbrance for an invoice approved for payment by the Agency without requiring a signature, email or other approval to process the increase *if the encumbrance balance is not sufficient to cover the payment*. The encumbrance will be increased enough to allow the payment to be processed. If an encumbrance is short by more than \$500, Admin will contact the Agency for approval before the increase is processed.
- Enter/process expense reports in the state's payroll system and retain original expense reports and supporting documents for audit purposes.
- Research any errors/discrepancies reported by the Agency and correct as needed.
- Assist with timely deposit of receipts, if needed, and enter deposit information into the proper account(s) in the state's accounting/procurement system.
- Maintain accurate capital asset records in SWIFT based on asset information provided by the Agency and purchasing activity conducted under this agreement.

4. Procurement and Contracts

- Enter purchase orders, professional/technical contracts, grant contracts, interagency agreements, annual plans, and other similar agreements into the state's accounting/procurement system, in order to encumber funds.
- Provide copies of any 16A.15-16C.05 or Purchasing Violation forms to OSP as required by statewide purchasing and contracting policies.

5. Reports

- Supply additional financial reports as needed.
- Advise and consult regarding financial reports available to the Agency.

6. SWIFT

- Assist the Agency with ongoing improvements/enhancements to the SWIFT system. This includes but is not limited to coordinating the completion of assignments and assisting the Agency regarding new policies and procedures implemented with SWIFT.

7. Other

- Provide assistance as needed to support the Agency's responsibility to manage and monitor its budgets, and discuss any questions or concerns with the Agency.
- Provide financial policies and procedures for use by the Agency.
- Complete and submit fiscal year-end certifications to MN Management and Budget.

**EXHIBIT B to Interagency Agreement between the
Department of Administration Financial Management and Reporting (Admin) and
Human Rights (Agency)**

This agreement is between the following agencies:

Department of Administration Financial Management and Reporting (Admin)

Human Rights (Agency)

Admin agrees to process the following transactions for the Agency:

Payments will be processed in accordance with prompt payment statutory requirements (i.e. within 30 days of the later of the receipt of an invoice or receipt of goods or services).

Purchase orders requiring no bid process will be created within 4 days of receipt of a properly completed/approved EIOR Purchase Request in FMR. The time required to create orders requiring bid processes is highly variable, thereby precluding one standard target period for order creation.

The following additional terms apply to this agreement and are categorized by the basic steps in the purchasing and payment process:

Purchase Request

An EIOR (or other more current system) Purchase Request must be completed by the Agency and submitted to Admin for all purchases. The agency is responsible for providing complete and correct specifications and related information on any Purchase Request forms submitted to Admin. Timely processing of orders is dependent on a correct and complete Purchase Request. The Agency must allow sufficient lead time when submitting a Purchase Request to allow for the normal purchasing process and shipment of goods or services.

As an addendum to this Interagency Agreement, the Agency will provide the names of its employees authorized to approve purchases. An updated Exhibit C or other written communication (memo, email, etc.) is required each time the list changes. An updated Exhibit C may be executed without formal amendment of the Interagency Agreement.

Purchase Order

Purchase orders that Admin creates will comply with Authority for Local Purchase (ALP) requirements and other applicable statutory and policy requirements.

Admin will advise the Agency regarding purchasing requirements (i.e. when a state contract purchase is required) as needed.

Admin will transmit purchase orders under this agreement to the Agency. The Agency will transmit purchase orders to vendors as appropriate. The Agency will not initiate orders by

phone calls to vendors or other means prior to the creation of a purchase order or other appropriate encumbering transaction in the state's accounting/procurement system by Admin unless necessary due to an emergency as defined by statute.

M.S. 16C.10 defines an emergency as a threat to public health, welfare, or safety that threatens the functioning of government, the protection of property, or the health or safety of people. The normal solicitation process is not required for emergency purchases, but the Agency must contact Admin as early as possible so that Admin can inform OSP in writing and enlist their assistance as is appropriate. If time permits, this contact should occur before making an emergency purchase, but if time does not permit, the Agency is expected to act promptly to address the emergency.

The Agency is responsible for distribution of pertinent documents to its property management coordinator or other personnel.

Contract

The Agency must not direct a contractor to begin work until Admin has encumbered funds and the contract or agreement has been executed. Prior to encumbering an Annual Plan Agreement, the Agency will provide a copy of its approved Annual Plan to Admin. The Agency will provide Admin with a fully signed copy of each contract that is executed.

Receipt of Goods or Services

Goods ordered will be shipped directly to the Agency unless the purchase request indicates otherwise.

The Agency must document the date goods or services are received. Packing slips, receiving reports, work orders or other documentation indicating receipt of goods/services must be sent to Admin to support invoices to be paid.

The Agency is responsible for notifying its property management coordinator of receipt of goods when necessary.

Invoices

Vendors will be instructed to send invoices directly to the Agency unless otherwise agreed or transmitted through the state's accounting/procurement system. After date-stamping invoices upon receipt and applying payment approval as discussed in the next section of this agreement, the Agency will promptly forward invoices to Admin to enable payment within the statutory time period established for prompt payment or any more restrictive payment terms agreed to.

Payment Authorization

The Agency must provide authorization to pay each invoice, which may be indicated on the invoice itself. Invoices for services received under a contractual agreement (i.e., professional technical, grant, and other similar contracts) must be authorized for payment by the person designated in the contract as the state's authorized representative. If the contract does not specify a state's authorized representative, an Agency staff person with delegated authority to approve invoices will sign the invoice to approve payment.

Payment Processing

Admin will process payments in accordance with the prompt pay requirements established by M.S. 16A.124 Subd 3. Prepayments are not allowed unless permitted by state policy. The Agency and Admin are responsible for meeting the state's prompt payment goal that 98% of invoices are paid within 30 days.

Filing of Documents

All documents must be retained in accordance with applicable records retention policies.

Admin will retain the original Purchase Request, copy of the purchase order, the original packing slip or other similar documentation, and the original invoice unless otherwise agreed.

SWIFT Implementation

As SWIFT is improved and enhanced, business processes may change. As system expertise increases and future phases are implemented, policy and process changes may continue. Examples include electronic purchase requests, asset management, approvals, signatures, sourcing, and contracts.

SWIFT implementation may affect whether documents are retained in paper or electronic form.

**EXHIBIT C to Interagency Agreement between the
Department of Administration Financial Management and Reporting (Admin) and
Human Rights (Agency)**

Date 11/8/2017 Agency Human Rights

Agency Head Signature [Signature]

Policy and Recommendations Regarding Separation of Duties

In accordance with state accounting policy, agencies shall separate the financial duties of their employees to provide appropriate control in the processing of transactions. In those instances where separation is not feasible, e.g., a small agency or board with limited employees, compensating controls such as independent review must be established.

The Agency should separate duties among employees to ensure that no one person has control over the entire order and payment approval process. For optimum internal control:

- The person(s) authorized to approve Purchase Requests should not also be authorized to approve payments and vice versa.
- If two persons are authorized to approve both purchases and payments, neither person should perform both functions for any one purchase/payment transaction. For any one purchase/payment, one person should approve the purchase, and the other should approve the payment.
- In the event that one person approves Purchase Requests and payments for the same purchase/payment transaction(s), the Agency must document and implement compensating controls such as independent review of detailed expenditure reports.
- If at any time the Agency cannot maintain optimum separation of duties, the Agency should document the circumstances preventing optimum separation, and identify the compensating controls that will be implemented.

Signatures of Staff Authorized to Approve Purchase Requests

PRIMARY: [Signature]
Name _____ Specific conditions on approval authority _____

BACKUP: [Signature]
Name _____ Specific conditions on approval authority _____

Signatures of Staff Authorized to Approve Payments

PRIMARY: [Signature]
Name _____ Specific conditions on approval authority _____

BACKUP:
Name _____ Specific conditions on approval authority _____