



SOUTH DAKOTA  DEPARTMENT OF CORRECTIONS POLICIES AND PROCEDURES		POLICY NUMBER 1.1.B.07	PAGE NUMBER 1 OF 4
		DISTRIBUTION:	Public
		SUBJECT:	Pheasantland Industries Payment Procedures
RELATED STANDARDS:	None	EFFECTIVE DATE:	August 15, 2023
		SUPERSESSION:	06/01/2022
DESCRIPTION: Administration & Management – Fiscal Management	REVIEW MONTH: July	 KELLIE WASKO SECRETARY OF CORRECTIONS	

I. POLICY

It is the policy of the Department of Corrections (DOC) to regulate payment and pricing procedures for goods and services provided by Pheasantland Industries for sale to state and federal governmental agencies, non-profit organizations, and state employees, in accordance with SDCL chapter 24-7.

II. PURPOSE

The purpose of this policy is to provide guidelines for the purchase and payment of Pheasantland Industries goods and services.

III. DEFINITIONS

Discontinued Product:

Pheasantland Industries (PI) produced items that are: no longer produced within a PI production center; returned; damaged; or non-purchased goods that have been deemed obsolete by the Pheasantland Industries manager.

DOC Staff:

Any person employed by the DOC, full or part time, including an individual under contract assigned to the DOC, an employee of another state agency assigned to the DOC, authorized volunteers, and student interns.

Goods:

Any product manufactured or raised within various cost centers of Pheasantland Industries.

List Price:

The amount to be charged to a customer for a standard good or service that is published by the Pheasantland Industries.

Market Price:

The price of similar products that can be purchased through private sector vendors to include applicable state and local sales taxes.

Non-Standard Item:

Any product or service that is custom made or offered by a Pheasantland Industries shop or does not have a previously established price.

Services:

The furnishing of time or labor. Work performed for a fee (e.g., service station, general services, contract services).

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Shop Order/PI-7 Form Packing Slip:

A form used to acknowledge that Pheasantland Industries goods are accounted for and approved for movement from a cost center. Shop orders will include billing name, address, phone number, email, description of product, quantity, and unit price.

Shop Rate:

A predetermined hourly rate that includes direct labor and shop overhead rates as determined by the accountant and approved by the Pheasantland Industries manager.

Shop Supervisor/Foreman:

The foreman of the respective cost center(s) where Pheasantland Industries products are produced and/or services offered.

Specialty Item:

Any good that is not produced entirely within a production center that requires additions, deletions or modifications to a part, structure or assembly originally owned and provided by the customer.

Standard Item:

Any product that is listed in Pheasantland Industries publication (e.g., newsletter, website, etc.).

IV PROCEDURES

1. Sales of Standard Goods and Services:

- A. The procedure for sales of standard goods and services at the list price to state, county, and federal governmental agencies, non-profit organizations, school districts, and state employees are as follows:
 1. A shop order will be created upon receipt of either an authorized purchase order, letter of authorization, or internal memo from the shop foremen. Orders for state employees must be approved by the Pheasantland Industries manager per DOC policy 1.1.B.03 – *Pheasantland Industries Sales to State Employees*.
 2. All movement of products will be accompanied by a shop order/PI-7 packing slip and remain with the product throughout each step of the distribution process. A copy of the shop order documenting date and quantities of the product shipment will be forwarded to the PI accountant at the time of the shipment. Copies of the shop order will be provided to security posts as required by individual facilities procedures.
 3. Completed shop orders/PI-7 packing slip will be sent to the PI accountant for distribution. Orders can be picked up from the accountant, delivered by a DOC employee, or sent by outside carrier.
 4. Customers will be required to sign the PI-7 form to acknowledge the receipt of the product. A copy of the shop order/PI-7 form will be left with the customer and all other copies will be forwarded directly to the PI accountant.

2. Sale of Non-Standard Goods and Services:

- A. In order for PI customers, to include DOC employees, to purchase non-standard or discontinued products or specialty items from PI, the subsequent steps will be followed. The shop supervisor/foreman will determine whether the item is a specialty item or non-standard product. The following procedures will apply if a specialty item or a non-standard product is sold.
 1. Upon customer request to perform work on a non-standard or specialty item, the PI staff within the work center will create a job file to include a non-standard/specialty item quote. The non-standard/specialty quote will include:
 - a. A full description of the scope of work to be performed to include all items to be repaired or modified.

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- b. An itemized list of materials/parts to be included with unit pricing which designates the items as either stock items or specific purchases.
 - c. An estimate of the direct labor required.
 - d. Freight or delivery required in the scope of work.
 - e. Payment terms.
2. Once the quote has been created, each material/part on the list of materials will be priced to create a total cost of materials for the project.
 3. All personal items provided to the shop by the customer, to be used on the project will be tagged using the unique ID number assigned to the project. Multiple items can be tagged with the same ID number provided they are all part of the same project and cataloged with submission into the job file.
 4. The labor cost will be determined by multiplying the estimated labor time with the preapproved shop rate for the cost center.
 5. A pre-approved markup percentage will be added to the total cost of materials and labor to establish a total price quote.
 6. Upon completion of the review, the non-standard/specialty item quote will be presented to the customer for review and acceptance. At no time will work begin on a project prior to receipt of the customer's signed acceptance of the non-standard/specialty item quote.
 7. Upon customer acceptance, the signed non-standard/specialty item quote will be forwarded to the PI accountant for approval by the PI manager.
 8. The project identification number will be included in all purchasing and receiving documents and included into the job file. Stock items/materials used in the project will also be documented at the time of removal from inventory including description, quantity and price and will be added to the job file. Upon receipt of items specifically purchased for the project, they will be marked with the project identification number and cataloged into the job file.
 9. Any modifications or additions to the scope of work or materials required for the project will be accomplished using a change order quote created with the same information, process, review, and customer acknowledgement as required for the non-standard/specialty item quote.

3. Payment Arrangements:

- A. Payment arrangements for state employees must be made at the time of the sale, through the PI Accountant and prior to removal from state property. State and federal governmental agencies, non-profit organizations, and state employees, in accordance with SDCL chapter 24-7, will be invoiced and payment terms are net 30.
 1. State employee purchases or non-standard or specialty items require full payment in the form of a check, credit card, or money order to the PI Accountant simultaneously with the delivery/completion of the project and will include the project number on any receipt provided.

4. Delivery:

- A. Upon delivery of the item, PI will:
 1. Have the purchaser sign the PI-7 form.
 2. Ensure that the purchaser has paid the full invoiced amount by check, money order, or credit/debit card if the order is for a state employee. Cash will only be accepted at designated fiscal locations.
 3. Forward the receipt and check to the attention of the designated PI fiscal office.
- B. Orders may not leave a PI shop without the PI-7 form accompanying the product.

5. Prices:

- A. Discounted sale prices for discontinued products will be recommended by the shop supervisor and approved, in writing, by the PI manager.

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- B. The PI manager reserves the right to reduce prices on all PI goods and services based on the business need of the division.
- C. The sales price of PI products and services will be as close as possible to the prevailing retail market price of similar products and services in the private sector.

6. Returns

- A. No returns on custom made items will be allowed unless approved by the PI manager.

V. RESPONSIBILITY

It is the responsibility of the director of Finance and Administration to conduct annual review of this policy and make revisions as necessary.

VI. AUTHORITY

SDCL § 24-7

VII. HISTORY

July 2023

April 2022 – New policy

ATTACHMENTS

1. DOC Policy Implementation / Adjustments