

 <p style="text-align: center;">Massachusetts Department of Correction <b>POLICY</b></p>	Effective Date	Responsible Division  Deputy Commissioner, Administration
	3/26/2024	
	Annual Review Date	
	3/26/2024	
Policy Name	M.G.L. Reference: M.G.L. c. 124, § 1 (c) and (q) 801 CMR 21.00	
103 DOC 342 RENTALS/LEASES	DOC Policy Reference:	
	ACA/PREA Standards: n/a	
Attachments Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Inmate Library Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Applicability: Staff
Public Access Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Location: Department Central policy file Each Institution's policy file	
<p><b>PURPOSE:</b> To establish Department of Correction (“Department”) procedures concerning all rentals and leases.</p> <p><b>RESPONSIBLE STAFF FOR IMPLEMENTATION AND MONITORING OF POLICY:</b> Deputy Commissioner, Administration Executive Director of Administrative Services Superintendents Fiscal Officers</p> <p><b>CANCELLATION:</b> 103 DOC 342 cancels all previous Department policy statements, bulletins, directives, orders, notices, rules and/or regulations regarding rentals / leases which are inconsistent with this policy.</p> <p><b>SEVERABILITY CLAUSE:</b> If any part of 103 DOC 342 is for any reason, held to be in excess of the authority of the Commissioner, such decision shall not affect any other part of this policy.</p>		

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### **342.01**

### **DEFINITIONS**

Expenditure Classification Handbook: The Office of the Comptroller (CTR) is required to establish a schedule of object classes and object codes pursuant to [M.G.L. c. 29, § 27](#) to be used in all accounting for expenditures under the Massachusetts Management Accounting and Reporting System (MMARS). The object classes and object codes contained in this Expenditure Classification Handbook (ECH) indicate the types of goods and services for which Commonwealth funds are expended. The ECH can be accessed at: <https://www.macomptroller.org/expenditure-classification-handbook>.

Operational Services Division: An oversight agency that administers the procurement process by establishing Statewide Contracts for goods and services that ensure best value, provide customer satisfaction and support the socioeconomic and environmental goals of the Commonwealth and by providing specific operational services. [www.mass.gov/osd](http://www.mass.gov/osd)

### **342.02**

### **GENERAL INFORMATION**

The Commonwealth of Massachusetts and the Department are committed to procuring all rental and leases through competitive bidding procedures in accordance with 801 CMR 21.00, Procurement of Commodities or Services, Including Human and Social Services, (Please refer to the Operational Services Division's Procurement Information Center website at <https://www.mass.gov/handbook/conducting-best-value-procurements> for further instructions). This includes rentals and leases from all funds, e.g. state appropriation, capital, canteen, and other discretionary funds.

### **342.03**

### **LEASE PURCHASE**

- A. The following is a general overview of the lease purchase arrangements:
1. Payments (principal, interest, and service/maintenance costs) are made periodically (monthly, quarterly, etc.) spreading the acquisition cost over a longer period of time.
  2. Departments build equity in the equipment as payments are made to the lessor. Title shall transfer to the Department at the end of the lease term if a buy-out option is exercised.
- B. Buy-out options in a lease-purchase contract may be predetermined at the beginning of the contract term or left until a later date of determination at the fair market value of the equipment. However, determinations of the buy-out price at the beginning of the contract may not be a fair assessment of the fair market value of the equipment in the future. This shall be

considered by institutions when developing a contract with such an arrangement.

- C. Both the appropriate fiscal office and the vendor shall sign a Commonwealth of Massachusetts Purchase Order for Commodities and or Services Form. The purpose of the Commonwealth of Massachusetts Purchase Order for Commodities and or Services form is to confirm with the vendor exactly which equipment and/or services the Department is selecting from the statewide contract.

#### **342.04**

#### **TERM LEASE**

- A. The term lease (operational lease) may be a feasible option for institutions/programs which have a substantial need (longer than six (6) months), but that do not wish or do not intend to purchase the commodity.
- B. Generally, the following are some characteristics of term leases:
  - 1. The monthly payments shall usually be less than rental agreements and lease-purchase agreements, but the institutions/programs shall not build equity in the equipment.
  - 2. In a lease contract, the institutions/programs may be required to maintain and service the commodity even though title to the equipment remains with the leasing company.
- C. Both the appropriate fiscal office and the vendor shall sign a Commonwealth of Massachusetts Purchase Order for Commodities and/or Services Form. The purpose of the Commonwealth of Massachusetts Purchase Order for Commodities and or Services form is to confirm with the vendor exactly which equipment and/or services the Department is selecting from the statewide contract.

#### **342.05**

#### **RENTAL AGREEMENTS**

- A. A rental agreement is an ideal arrangement for institutions/programs which have a one-time need or a short-term requirement (six (6) months or less) for a commodity. Renting is not the most practical arrangement for institutions that desire to purchase equipment or have a long-term need or requirement for the commodity. These commodities are needed temporarily or for the specific or unusual event, and it is not practical or reasonable to purchase or lease the commodity.
- B. The institutions/programs shall know their exact requirements for the commodity, negotiate the best pricing structure, and adhere to the terms of the rental contract.

**342.06**

**SPACE/PROPERTY RENTALS**

- A. Temporary space rentals shall be procured in accordance with 801 CMR 21.00 and the Expenditure Classification Handbook.

After approval, the fiscal office shall then utilize a Contract for Lease or Recurring Payment Order, Commonwealth Terms and Conditions, Standard Contract Form, and shall be appropriately filed and retained in the procurement file. Those temporary space rentals that are on a Master Agreement do not require the aforementioned Terms and Conditions or Standard Contract Form to be executed. If the lease exceeds the Department delegation amount and is not on a Master Agreement, the aforementioned documents shall be forwarded to the Executive Director of Administrative Services for approval prior to submission to the Comptroller.

- B. All other requests for space or property rentals/leases, not deemed as temporary, shall be made in accordance with Chapter 579 of the Acts of 1980 as amended and in compliance with regulations issued by the Division of Capital Asset Management and Maintenance (DCAMM) of the Executive Office of Administration and Finance. The manual for “Leasing and State Office Planning” is available on the internet at <https://www.mass.gov/info-details/leasing-property-to-the-commonwealth>.

- 1. All requests shall be forwarded to the Executive Director of Administrative Services in writing, who shall review and advise as to what further action may be taken.
- 2. All encumbrances shall utilize a Contract for Lease or Recurring Payment Order and the appropriate lease documents as approved and signed off on by DCAMM. The Contract for Lease or Recurring Payment Order and attachments shall then be forwarded through the Executive Director of Administrative Services to the Office of the Comptroller, Procurement Unit, for final approval.
- 3. Any amendments or extensions shall be submitted through the Executive Director of Administrative Services to DCAMM for approval.

**342.07**

**CONTRACT FOR LEASE**

- A. A Contract for Lease or Recurring Payment Order shall be set up for each lease agreement, except for temporary space.

- B. For any lease or rental agreement, the following encumbrance procedures shall be followed:
1. If the lease is offered under a statewide Master Blanket Purchase Order, the Commonwealth of Massachusetts Purchase Order for Commodities and/or Services Form shall be appropriately filed and retained in the institution's procurement file.
  2. If the lease is not available on a Master Blanket Purchase Order and is within the Department's delegation amount, the bid evidence, Commonwealth Terms and Conditions, Standard Contract Form and other appropriate forms as required by the purchasing policy shall be appropriately filed and retained in the procurement file. If the lease is not available on a Master Blanket Purchase Order and exceeds the Department's delegation amount, copies of the aforementioned documents shall be forwarded to the comptroller through the Executive Director of Administrative Services for approval.

**342.08**

**PURCHASE REQUISITIONS OVER THE DELEGATION AMOUNT**

All institution/division purchase requisitions for items \$10,000 and over must be approved by the Superintendent/Division Head or their designee as well as the respective Assistant Deputy Commissioner (ADC) prior to sending to fiscal for processing. If there is no ADC for the division, the purchase requisition must be submitted to the respective Executive Staff member that the division reports to for approval prior to sending to fiscal for processing.

The "Reason for Need" section on the requisitions must be completed to provide justification for the purchase. An original, wet-ink signature of the specified staff approving the purchase requisition is required.

If the purchase requisition is denied, it will be returned to the respective institution/division to obtain any further information/signature(s).

**342.09**

**RESPONSIBLE STAFF**

The Executive Director of Administrative Services, under the direction of the Deputy Commissioner of Administration, shall implement and monitor this policy throughout the Department. The respective fiscal offices shall implement and monitor this policy for the appropriate institutions. Also, the Executive Director of Administrative Services or a designee, shall have access to all institutions and their fiscal records for audit purposes to determine compliance with this policy.

**342.10**

**RETENTION OF ACCOUNTING RECORDS/SOURCE DOCUMENTS**

The institution/division copy of all fiscal documents shall be systematically filed to facilitate later retrieval for audit purposes.

List of Hyperlinks:

Please refer to the Office of the Comptroller's website at <https://www.macomptroller.org/forms> to access the forms:

- Purchase Order for Commodities and/or Services Form
- Commonwealth Terms and Conditions
- Standard Contract Form