DEPARTMENT OF ADMINISTRATION
STATE PROCUREMENT

OSP Policy 27-03: Contract Compliance and Reporting

Version: 1.0
Effective Date: August 3, 2026

Policy Statement and Rationale

Per Minnesota Statutes, section 16C.03, the Office of State Procurement (OSP) is authorized to issue policies, procedures, and standards applicable to all acquisition activities by and for agencies. This policy requires users of contracts to review contracts for compliance and report any issues to OSP.

Contract Compliance Review

As part of an effective system of internal control, there must be adequate monitoring of the use of these contracts and compliance with the contract terms by those using the contract. Contract users must ensure that the terms and conditions of contracts are being met. Contract compliance review should include:

- Review of the contract to ensure the terms are clear and do not conflict.
- Review of the contract release document or work order to identify the specific parameters and terms that must be followed during the term of the contract.
- Review of all invoices to confirm consistency with the purchase order, contract, and work order or contract release. Prior to accepting an order or issuing payment on an invoice, inspect the goods or deliverables to ensure they match both the terms and pricing of the contract.
- Any additional appropriate actions necessary to ensure terms and conditions of the contract are being followed.

Reporting to Office of State Procurement

This policy requires that all end users of contracts managed or authorized by OSP, including end users operating under delegated authority, report any identified issues related to state-held or managed contracts to OSP compliance staff and the contract manager.

Right Step Program

This policy, under authority granted by Minnesota Statutes, section 16C.05, establishes the Right Step Compliance Program to:

- Establish a clear, documented process for conducting a review of contracts managed by OSP.

- Confirm vendors and contract end users are utilizing the contract in compliance with its terms and conditions.
- Identify specific roles and responsibilities for state staff related to any report or discovery.

This program will protect public resources by upholding the integrity of the procurement process and preserving documents and information needed for additional contract compliance efforts.

The Right Step Compliance Program is comprised of two processes for review of a contract managed by OSP:

1. Ad hoc review of contracts when a contract manager or end user identifies an issue.
2. The review of newly established master contracts entered into with new vendors.

OSP compliance staff will inform the OSP chief procurement 0fficer of major compliance issues and any cases escalated due to the seriousness of identified issues.

Ad Hoc Review

If any overpayment, overcharge, miscalculation, or other compliance issue is discovered related to a contract held or authorized by OSP, the individual(s) who first became aware of the issue must immediately notify the contract manager and OSP compliance staff, who will determine whether a review of the contract by OSP compliance staff is necessary and, if determined to be needed, initiate a contract review.

When OSP compliance staff receive a report or discover any significant overpayment, overcharge, miscalculation, or other compliance issue related to a contract managed or authorized by OSP, they will perform an internal review to assess the matter's validity and, if necessary, notify the relevant parties to facilitate corrective actions.

Internal Review of New Contracts

Periodically, as staffing resources permit, OSP compliance staff will review a representative sample of master contract transactions exceeding 10 transactions or $100,000 in expenditure to verify that payments were made in accordance with contract terms. OSP will notify the appropriate parties to take immediate steps to correct any issue with invoicing or other compliance issues associated with the contract discovered as a result of the review.

Applicability

This policy applies to all users of contracts managed or authorized by the Office of State Procurement on behalf of and to be utilized by all departments, agencies, offices, councils, boards, commissions, other entities in the executive branch of the State of Minnesota, and Cooperative Purchasing Venture (CPV) members.

Resources and Related Information

- Minnesota Statutes, section 16C.03

- Minnesota Statutes, section 16C.05
- Per Minnesota Statutes 13.392, audit data and findings are classified as protected nonpublic data until the final report has been published or the audit is no longer being pursued actively.

History and Updates

Version	Description	Date
1.0	Initial Publication. Supercedes Policy 18-01: Right Step.	August 3, 2026

Policy Owner/Contact

OSP chief procurement officer. Issues and questions should be reported to the contract manager and OSP compliance staff.