STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

BILL HASLAM
GOVERNOR

ROBERT E. OGLESBY, AIA
COMMISSIONER

AGENDA

ADVISORY COUNCIL ON STATE PROCUREMENT MEETING #021
TUESDAY, MARCH 31, 2015 – 9:30 A.M.
TN TOWER – 3rd FLOOR, NASHVILLE ROOM

	AGENDA ITEM	PAGE #
I.	Call to Order	--
II.	Approve Minutes from February 3, 2015 Meeting..... (see attached documentation)	1
III.	New Business Proposed revisions to the following Central Procurement Office documents (see attached documentation): (1) Model State Agency Purchasing Card Procedures ..... (2) Central Procurement Office Policy Number 2015-010, *Statewide Purchasing Card Policy and Procedures*..... (3) Insurance provisions for FA Template and Edison Configurator..... (4) Protection of federal tax information provisions for FA Template and Edison Configurator..... (5) Central Procurement Office Policy Number 2013-006, *Delegation of Authority Policy*..... (6) Delegated Authority (DA) Template ..... (7) Delegated Grant Authority (DG) Template..... (8) Delegated Authority Application Amendment Template..... (9) Interagency Agreement – Grant Model	 9 24 61 71 77 100 119 134 147
IV.	Other Business	--
V.	Adjournment	--

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MINUTES OF FEBRUARY 3, 2015 MEETING

MINUTES
ADVISORY COUNCIL ON STATE PROCUREMENT MEETING #020
TUESDAY, FEBRUARY 3, 2015 – 10:30 A.M.
TN TOWER – 3rd FLOOR – NASHVILLE ROOM

Members in Attendance:

Mike Perry, Jason Mumpower, Sondra Howe, Ted Hayden, Buddy Lea, Terry McKee, Jane Greenlee, Rick Peppers, Terry Anderson, Scottie Domenico, Michelle Lane.

Others in Attendance:

Paul Krivacka, Shannon Howell, Toni Stuart, Melinda Parton, Bryan Chriske, Colleen Mallea, Kyle Hunter, Sandra Braber-Grove, Laura Kinard, Robin Atwood, Kevin Scarborough, Andy Kidd, Sheila Ewing-Agnew, Shay Oliphant, Charlotte McKinney.

I. **Call to Order:** Mike Perry, Chief Procurement Officer and Advisory Council on State Procurement Chairman, officially called the meeting to order and recognized that a quorum of members were present.

II. **Welcome to new Advisory Council Members:** Chief Procurement Officer Perry introduced Terry McKee as a new member of the Advisory Council on State Procurement ("Council") appointed by Speaker of the House Beth Harwell. Mr. Perry stated that Mr. McKee serves as the IS and Procurement Director for Knoxville's Community Development Corporation ("KCDC"). Mr. Perry also introduced Jane Greenlee as a new member of the Council appointed by Lt. Governor Ron Ramsey. Ms. Greenlee works for 3M Company as a Government Transportation Safety Specialist. Mr. Perry also announced that Michelle Lane, Metropolitan Government of Nashville and Davidson County, had been reappointed to the Council by Governor Bill Haslam to serve a full term. Mr. Perry stated that these appointees bring a wealth of public and private experience to the Council and expressed his hope that they would participate in the Central Procurement Office ("CPO") Policy Review Subcommittee.

III. **Minutes from the December 29, 2014 Meeting:** Chief Procurement Officer Perry asked if there were any corrections or additions to the minutes from the December 29, 2014 meeting. Seeing none, a motion was made by Jason Mumpower, Chief of Staff, Comptroller's Office, to accept the minutes as presented and he commended Council members for attending on December 29. The motion was seconded by Buddy Lea,

Assistant Commissioner, Department of Finance and Administration. All members voted in favor – none opposed.

IV. **New Business:** Chief Procurement Officer Perry turned the floor over to Paul Krivacka, Lead Attorney/Director of Category Management, Central Procurement Office, to discuss the following New Business agenda items.

(1) Central Procurement Office Policy Number 2015-010, *Statewide Purchasing Card Policy and Procedures*

Mr. Krivacka explained that this document was an important cornerstone to the overall Purchasing Card program. Mr. Krivacka then summarized the following points with regard to Central Procurement Office Policy Number 2015-010, *Statewide Purchasing Card Policy and Procedures* ("Policy"):

- This document overhauls the State's Purchasing Card ("P-Card") program. Significant changes to the existing program were necessary for the Central Procurement Office to reach its goal of a 20% increase in P-Card spending.
- Approval of this policy is the first step in increasing the State's P-Card use and realizing increased rebates associated with increased P-Card use.
- Card types
    - This policy expands the number of card types available to State procurement professionals—purchases may be made using a physical or virtual P-Card.
    - A physical P-Card is similar to a consumer credit card, and the single transaction limit for a physical P-Card is $10,000.
    - A virtual P-Card involves a unique account number, embedded within Edison that is securely transmitted to a vendor upon Edison-based approval of a purchase transaction. It has all the protections that existing payment mechanisms have within Edison.
        - Virtual P-Cards can be used to make payments to any vendor that is registered with the State and whose payment method has been activated to "P-Card" in Edison. The transaction limit for virtual P-Cards will be set by the bank and will be much higher than the $10,000 physical P-Card transaction limit.
        - State agencies can use virtual P-Cards to minimize the risk of improper purchases by requiring approvals within Edison before the purchase transaction is complete.
        - The $10,000 single transaction limit for physical P-Cards does not apply to virtual P-Cards; hence State agencies can use virtual P-Cards to satisfy a broad range of their purchasing needs.
- This policy is a major improvement over the existing P-Card Manual.
    - This policy expands the scope of P-Card uses.
        - State agencies can use virtual P-Cards to make purchases from statewide contracts, agency term contracts, and with any vendor

that has an existing procurement relationship with the State (e.g., small and informal purchases).

- This policy makes using the P-Card less bureaucratic and; therefore, makes it easier to use.
  - Card users reconcile transactions in Edison instead of manually reconciling transactions. More document management and approvals will be pushed down to the State agency level.
  - Cardholders have the flexibility to provide several different forms of documentation for their transactions.
- This policy empowers State agencies to develop their own internal P-Card procedures.
  - The statewide policy establishes minimum requirements for State agency procedures but allows agencies to tailor their internal documents to their unique organizational needs. The new program will be much more decentralized.
  - The CPO is currently drafting model State agency procedures that can be used by State agencies; the CPO and the office of the Comptroller of the Treasury ("COT") will review and approve each State agency's policy.
  - The policy clearly defines P-Card roles in the organization that are ill-defined under the existing procedure (e.g. cardholders, users, coordinators, and administrators).

Mr. Krivacka asked if there were any comments or questions regarding Central Procurement Office Policy Number 2015-010, *Statewide Purchasing Card Policy and Procedures.*

Michelle Lane asked if the P-Card spend was captured in the total overall spend reported in the Governor's Office of Diversity Business Enterprise (GoDBE) annual report. Chief Procurement Officer Perry responded that the total was included in the GoDBE annual report totals; however, diversity spend by P-Card had historically been low due to transaction limits and inability to use P-Cards for contract purchases. Mr. Perry and Mr. Krivacka indicated that P-Card spend was not reported separately in the GoDBE annual report but was included in the aggregate totals by diversity subcategory by agency.

Mr. Krivacka added that Section 14.2 of the proposed policy encouraged cardholders and users to utilize GoDBE certified vendors for P-Card purchases.

Mr. Perry noted that if the Central Procurement Office Policy Number 2015-010, *Statewide Purchasing Card Policy and Procedures* were to be approved for recommendation by the Advisory Council then it would go to the Procurement Commission on February 19 for approval. After approval by the Procurement Commission, Mr. Perry emphasized that the Policy would go into effect using a methodical, phased-in approach that would require significant pre-requisite training at the State agency level. A pilot approach using specific contracts, such as office

supplies, with specific departments would be used. Mr. Perry added that a great deal of testing had already been done to follow documentation through the Edison workflow to ensure that transactions could be processed properly and that the program would be rolled out in a strategic and thoughtful manner that would mitigate risk.

Mr. Mumpower stated that he had prepared three questions for the Council and that Mr. Perry had touched on or answered them already but that he would like to ask them for the record.

1. In the last performance audit of the Department of General Services there were two findings related to the P-Card program. Does this Policy take steps to address those findings and if so, how?

   Mr. Krivacka acknowledged the performance audit findings and responded as follows:

   - **Audit finding #1:** P-Card program staff did not ensure that State agencies submitted payment card documentation in accordance with P-Card policies and procedures.
   - **Audit finding #2:** The Agency Coordinator for DGS's P-Card program did not properly document issuance of P-Cards to DGS employees. Thus, the Comptroller could not determine whether the issuance of DGS's P-Cards conformed to P-Card policies and procedures.

   Mr. Krivacka stated that other audit findings relative to risk assessments have since been mooted by the fact that CPO now includes those two risk areas in CPO risk assessments department-wide.

   - The two audit findings occurred under the previous P-Card Policies and Procedures Manual ("Manual"), a document that relied heavily on paper documentation. This new proposed policy is a radical departure from the Manual in that regard and will completely replace the previous Manual.
   - Under this policy, Cardholders reconcile transactions in Edison, not manually as they did under the Manual. All State agencies will maintain documentation at the agency level pursuant to a set of procedures that will be approved by the CPO and COT.
   - Cardholders (users of physical P-Cards) may provide receipts, invoices, and other types of documentation as evidence of their purchase transactions in either physical or electronic form.
   - For virtual P-Card transactions, the approved requisition and purchase order serve as receipts and will be documented in the same way that any other electronic payment in Edison is documented.

Mr. Mumpower thanked Mr. Krivacka and stated that it sounded like the modernization of the Policy that would also incorporate the use of more modern technology would address the stated concerns.

Mr. Mumpower then asked a second question:

2. When will the policy become effective and what is the implementation schedule?

Mr. Krivacka responded that if the Advisory Council recommended the Policy, it would be presented to the Procurement Commission for approval on February 19 and since this Policy contained somewhat radical changes when compared to the previous Manual, a phased approach would be used for implementation. Taking into account a period of training, pilot programs, and testing, Mr. Krivacka estimated that the program would be implemented by May 2015. Mr. Krivacka stated that he anticipated having a model set of procedures for the State agencies to adopt that would be presented at the next Advisory Council meeting.

Chief Procurement Officer Perry also stated that Sheila Ewing-Agnew, Director of Systems Management for the Central Procurement Office, was heading up the P-Card program, coordinating necessary changes in Edison, assisting with development of the prerequisite training program, intricately involved with testing of the program, and has worked extensively with the state of Georgia to model the Tennessee program after their successful program. Mr. Perry continued that a LEAN event had been conducted recently to review the reconciliation process for the physical P-Cards to improve that process. Mr. Perry stated that the Department of General Services and the Department of Transportation would be the initial pilot agencies starting with the office supply contract and slowly adding other contracts as the process was debugged. Mr. Perry continued that some test orders with Staples had already been processed through the new system successfully. Mr. Perry reiterated that the new procedures would be implemented in a strategic and methodical manner and pre-requisite training for all affected staff would be required as appropriate for their roles. Mr. Perry indicated that this Policy was the result of months of research, work, and testing and any future adjustments that might be needed would be brought before the Advisory Council and Procurement Commission for review and approval.

Mr. Mumpower thanked Mr. Krivacka and Mr. Perry for their comments and pending any further questions or comments made a motion to recommend the Central Procurement Office Policy Number 2015-010, *Statewide Purchasing Card Policy and Procedures* as presented to the Procurement Commission for approval. On behalf of the Department of Finance and Administration, Mr. Buddy Lea commended the Central Procurement Office on its work on the proposed policy and stated that it was not an easy task to accomplish. Mr. Lea indicated that the CPO had recognized the underutilization of the P-Card in years past as well as the cumbersome nature of performing reconciliations and he stated that the goal of addressing these issues and increasing P-Card spend and rebates was very admirable. Mr. Lea encouraged the CPO to track spend and develop a formal feedback mechanism such as an agency

user group to ensure that agency spend does actually increase and, if not, to follow-up to determine why not. Mr. Lea continued that State agencies must implement technical as well as behavioral changes in order for the new program to be successful.

Mr. Perry thanked Mr. Lea for his comments and stated that Sheila Ewing-Agnew and her staff had actively been working with State agencies to determine top P-Card users and as well as low P-Card users and would continue efforts to identify and address any problem issues. Mr. Perry indicated that a long-term goal was to collaborate with Higher Education to move toward a single P-Card provider for the University of Tennessee, Tennessee Board of Regents, and State government that could also be made available for use by local government. Mr. Perry stated that the resulting volume of combined spend and rebates would be of great benefit to all parties.

Seeing no other questions or comments, a second to Mr. Mumpower's motion was made by Mr. Lea to recommend the Central Procurement Office Policy Number 2015-010, *Statewide Purchasing Card Policy and Procedures* as presented to the Procurement Commission for approval. All members voted in favor – none opposed.

(2) Amendment to FA Template and Edison Configurator Terms and Conditions

Mr. Krivacka summarized the following points with regard to the Amendment to FA Template and Edison Configurator Terms and Conditions:

- The bond language in the FA Template and Edison configurator needed updating, and CPO's Risk Manager lead efforts to revise the optional bond terms.
- This request improves the existing bond payment bond language and adds a second bond type for procurement professionals to include in contracts—a performance bond.
- These new bond terms include instructional language that helps procurement professionals determine whether to include a bond requirement and which bond is appropriate.

Mr. Krivacka reviewed the following definitions for bond types:

Performance bond—used for construction projects and IT projects. If the Contractor cannot fully perform, the surety must pay the difference between the amount of the contract with Contractor and the amount required to hire someone who completes performance.

Payment bond—used only when statutorily required (for public works projects). This bond puts the surety on notice that it if the Contractor defaults or goes bankrupt, the surety must pay the subcontractors, laborers, material men, etc.

Mr. Krivacka asked if there were any questions or comments regarding the Amendment to FA Template and Edison Configurator Terms and Conditions. Mr.

Perry stated that the new Risk Manager position in the Central Procurement Office had been created at the suggestion of Comptroller Wilson and thanked the Comptroller's Office for its assistance with getting the necessary approvals and support through the budget process to get the position created. Mr. Perry continued that the position had been filled a few months ago and had already been very beneficial to the CPO.

Mr. Krivacka added that the CPO Risk Manager had been working on changes to CPO insurance language and coverage amounts in conjunction with the Risk Manager at Treasury and he anticipated that a policy recommendation would be presented to the Council at its next meeting.

Mr. Perry then asked if there were any comments or questions regarding the Amendment to FA Template and Edison Configurator Terms and Conditions. Seeing none, a motion was made by Mr. Mumpower to recommend the proposed Amendment to FA Template and Edison Configurator Terms and Conditions as presented to the Procurement Commission for approval. The motion was seconded by Mr. Lea. All members voted in favor – none opposed.

Chief Procurement Officer Perry asked Mr. Krivacka if there were any other agenda items to be presented and Mr. Krivacka indicated there were none.

Mr. Mumpower noted that he was aware of the extensive amount of work done by the Policy Review Subcommittee prior to each Advisory Council meeting and expressed his appreciation for the people who serve on the Subcommittee. Mr. Perry agreed and stated that the Subcommittee members work many hours over many days reviewing and improving the documents that are presented to the Advisory Council. Mr. Perry also encouraged the new Advisory Council members to participate in the Subcommittee meetings as their schedules allowed.

V. **Adjournment:** Seeing no other business, a motion for adjournment was made by Mr. Lea and seconded by Mr. Mumpower. All members voted in favor – none opposed.

MODEL STATE AGENCY PURCHASING CARD PROCEDURES

Instructions: Replace or otherwise address red instructional text as indicated.

State Agency Name
State Agency Purchasing Card Procedures
Effective: Date

1. Overview.

It is the State Agency Name's policy to use the State of Tennessee's Purchasing Card for official state government purchases. The Statewide P-Card Program Administrator has authority to oversee administration of the P-Card program in State Agency Name. These State Agency Purchasing Card Procedures ("State Agency Procedures") govern aspects of the State Agency's P-Card program that are not addressed by the Statewide Policy.

2. Definitions.

"Agency Term Contract" means a State Agency contract in which a source or sources of supply are established for a specified period of time at an agreed upon unit price or prices.

"Bank" means Citibank, NA, or any of its subsidiaries as the context may require.

"Cardholder" means the State Agency employee who is issued a physical P-Card to initiate payments on behalf of the State.

"Cardholder Agreement" means the document signed by the Cardholder to verify that he or she completed P-Card training, received a copy of the P-Card Policy, and understands the Policy.

"Cardholder Application" means the application completed by the Cardholder that is approved by the Cardholder Supervisor and the State Agency P-Card Program Coordinator that is required before a P-Card Account will be assigned to a Cardholder.

"Cardholder Supervisor" means the State Agency employee with supervisory authority over the Cardholder.

"CitiManager®" means the online portal that provides Cardholders, State Agency P-Card Program Coordinators, and the Statewide P-Card Program Administration Team the ability to view and download statement information, update and manage accounts, set limits and permissions, reset passwords, and process Cardholder requests.

"Central Procurement Office" or "CPO" means the State office established and empowered by Tenn. Code Ann. § 4-56-104.

"Cycle (Credit) Limit" means the spending limit that restricts the total value of purchases a Cardholder can make in one billing cycle.

"Merchant Category Codes" or "MCCs" means the specific Merchant Category Code, assigned by an acquiring financial institution, that identifies the primary goods or services a vendor provides.

"P-Card Account" means the unique account number assigned to a Cardholder as determined by the Bank.

"P-Card Program" means the program established by the State and managed by the Central Procurement Office whereby Cardholders and Virtual P-Card Users make purchases on behalf of the State of Tennessee.

"Purchasing Card" or "P-Card" means a commercial card that allows organizations to take advantage of the existing credit card infrastructure to make electronic payments for goods or services. A P-Card is similar to a consumer credit card, but the card-using organization must pay the card issuer in full each month. In these State Agency Procedures, the term "Purchasing Card" or "P-Card" shall also include "Virtual Purchasing Cards" or "Virtual P-Cards" as the context requires.

"Purchasing Card Profile" means the unique profile associated with a Cardholder that contains monetary or MCC limits on the Cardholder's ability to make purchases on behalf of the State.

"Single Transaction Limit" or "STL" means the mandatory spending limit that restricts the amount of a single purchase regardless of the Cycle Limit on the card. These State Agency Procedures establish the STL for physical P-Cards as Number ($ #).

"State" means the State of Tennessee, including its departments, agencies, and entities that fall under its purview.

"State Agency" means the departments, agencies, and entities of the State of Tennessee other than units of the University of Tennessee or Board of Regents systems.

"State Agency Approver" means the State Agency Employee who approves P-Card or Virtual P-Card Transactions.

"State Agency P-Card Program Coordinator" means the employee within the State Agency who manages the P-Card Program at the State Agency level.

"State Agency Procedures" shall mean the internal procedures of the State Agency, as approved by the Central Procurement Office and the Comptroller of the Treasury, that govern issuance of a P-Card or authorization to use a Virtual P-Card and documentation, supervision, approval, or reconciliation of Transactions.

"State Agency Reconciler" means the State Agency employee responsible for all the functions associated with post-purchase processing P-Card Transactions including account allocation and providing a business purpose when required.

"Statewide Contract" means a contract for goods or services established by the Chief Procurement Officer that all State Agencies must utilize and that may be used by local governments, higher education and authorized not-for-profit entities.

"Statewide P-Card Program Administration Team" means the team within the Central Procurement Office that is responsible for overseeing the P-Card Program.

"Statewide P-Card Program Administrator" means the employee within the Central Procurement Office who is responsible for managing and overseeing the P-Card Program.

"Statewide Policy" means the Central Procurement Office's Policy Number 2015-010, the Statewide Purchasing Card Policy and Procedures.

"Transaction" means the purchase of goods or services through use of a P-Card or Virtual P-Card.

"Vendor" means a person or legal entity with the legal capacity to enter into contracts and sue and be sued who provides goods or services to the State through a contract or a purchase order.

"Virtual Purchasing Card" or "Virtual P-Card" means the unique account number, embedded within Edison, which is assigned to a State Agency for payment of vendors with an existing relationship with the State.

"Virtual P-Card User" or "User" means the State Agency employee who has a buyer or e-procurement role in Edison, has undergone training on reconciliation, and is authorized to use a Virtual P-Card to initiate payment transactions on behalf of the State.

3. Types of Accounts.

3.1. P-Card Accounts.

P-Card accounts are those that involve the issuance of a P-Card Account to an individual Cardholder to further the official business of the State. Cardholders are limited to one active physical P-Card.

3.2. Virtual P-Cards.

Virtual P-Cards are cardless accounts that allow State Agency Name to pay for approved, Edison purchase order transactions initiated by Virtual P-Card Users. A Virtual P-Card may be used for payments to any vendor that is registered in the State's vendor registration system whose payment method has been activated to "P-Card" in Edison. There is no STL for purchases made with a Virtual P-Card. The Bank determines the Cycle Limit for Virtual P-Cards.

4. Records Retention Requirements.

Records Disposition Authority (RDA) SW23 applies to all P-Card documents and is available at http://www.tnsos.net/rmd/rda/index.php. Under RDA SW23, State Agency Name must maintain all documents related to issuance and use of P-Cards for five (5) years.

SW23 provides:

- P-Card documents may be maintained in either paper or electronic format, so long as the electronic content has been verified for completeness, accuracy, and usability; and
- At the end of the five-year period, the documents must be destroyed.

Describe your Agency's process for maintaining and destroying P-Card documents; include whether documents will be maintained in paper format, electronic format, or both.

5. P-Card Program Roles and Responsibilities.

5.1. State Agency P-Card Program Coordinator.

The State Agency P-Card Program Coordinator is the main point of contact between State Agency Name and the Statewide P-Card Program Administration Team. State Agency Name's P-Card Program Coordinator's responsibilities include:

- Providing the Statewide P-Card Program Administrator written notice within one (1) business day of any changes in status of the State Agency P-Card Program Coordinator;
- Collaborating with the State Agency Name's [insert title of the person who serves as the Agency's chief financial officer] to develop these Procedures and ensure it addresses procedures unique to State Agency Name;
- Working with State Agency Name management to determine appropriate Cardholder spending limits based on budget restrictions, job requirements, historical spending patterns, and overall procurement practices;
- Evaluating Cardholder spending limits against actual usage at least annually;
- Terminating a Cardholder's status as a Cardholder and cancelling P-Cards;
- Ensuring Agency-wide reconciliation procedures provide for timely payment and for allocation of Transactions to the general ledger at least monthly;
- Ensuring that Transactions are reconciled and supported by adequate documentation, including use of Edison or CitiManager®, as appropriate; and
- Add other, non-conflicting responsibilities to reflect your Agency's needs.

5.2. Cardholder Supervisors.

Cardholder Supervisors must have a thorough knowledge of the Cardholders' job responsibilities in order to determine if purchases are job-related or otherwise authorized by CPO rules, policies or procedures. The Cardholder Supervisor's responsibilities include:

- Carefully reviewing all documentation to ensure that it meets the minimum requirements as set forth in the Statewide Policy before approving P-Card Transactions;
- Approving, rejecting, or disputing all Transactions within the scheduled timeframe;
- Ensuring that all documentation is submitted according to the Statewide Policy and State Agency Procedures;
- Maintaining knowledge of the Statewide Policy and State Agency Procedures;
- Requesting reasonable spending limits in accordance with the and Statewide Policy and State Agency Procedures; and
- Add other, non-conflicting responsibilities to reflect your Agency's needs.

Any one Agency may have several Cardholder Supervisors.

5.3. State Agency Reconciler.

The State Agency Reconciler is the State Agency Name employee responsible for all the functions associated with post-purchase processing of P-Card Transactions including account allocation and providing a business purpose when required. A Reconciler CANNOT make purchases using the P-Card belonging to a Cardholder for whom he or she reconciles.

5.4. State Agency Approver.

This role may be performed by the Cardholder Supervisor. Determine and describe how your Agency will address the State Agency Approver role. The information below should be moved into the appropriate section if your Agency will assign this role to Cardholder Supervisors only.

The State Agency Approver is the State Agency Name employee who approves purchases made by the Cardholder to which he or she is assigned. The State Agency Approver is responsible for ensuring authorized and appropriate P-Card use and correct allocation of expenditures in accordance with policies of the Department of Finance and Administration, Division of Accounts. State Agency Approvers should also review receipts where appropriate to ensure compliance with the Statewide Policy, State Agency Procedures, and Department of Finance and Administration, Division of Accounts policies. No Cardholder may approve his or her own P-Card transactions nor may he or she direct someone else to approve P-Card transactions in a manner that could violate the Statewide Policy, State Agency Procedures, or Department of Finance and Administration, Division of Accounts, policies. The State Agency Approver should not report to the Cardholder whose transactions he or she is reviewing. A State Agency Approver has the following responsibilities.

- Review Cardholder transactions to ensure that purchases made were:
  - For the use and benefit of the State;
  - Necessary for the official duties of the Agency;
  - Made in accordance with CPO policies and procedures; and
  - For goods or services actually received.
- If a State Agency Approver is in doubt about any of the above, he or she should immediately question the Cardholder and seek advice from the State Agency Name's P-Card Program Coordinator. Elaborate on this process as needed. Note

that if the Cardholder is unavailable for questioning, the Agency P-Card Coordinator or the Statewide P-Card Administration Team may adjust the Cardholder's STL to one dollar ($1.00).

- Review, certify, and approve P-Card Transactions in accordance with these State Agency Procedures.
- Immediately inform the Agency P-Card Program Coordinator of any misuse, abuse or fraudulent use of a P-Card.
- Notify the Agency P-Card Program Coordinator of Cardholder transfers or terminations. Elaborate on this process as needed. Note that the Statewide Policy requires advanced notice if the State Agency Approver is aware of impending personnel actions.

5.5. Cardholders.

Cardholders have the following duties and responsibilities as a condition for being issued a P-Card:

- Reading and becoming familiar with the Statewide Policy and State Agency Procedures;
- Attending and passing the Cardholder / Approver training course;
- Signing the Cardholder / Approver agreement;
- Being responsible for all purchases made on the P-Card;
- Adhering to the Statewide Policy, State Agency Procedures, and other applicable policies and procedures; and
- Add other, non-conflicting duties and responsibilities to reflect your Agency's needs.

Only the authorized Cardholder whose name appears on the face of the P-Card shall use the card. Neither the P-Card nor the account number that appears on the card may be given to anyone other than the vendor from whom the Cardholder is making a purchase. Add other, non-conflicting information on the Cardholder's responsibility to protect the security of the P-Card as needed.

The P-Card is for official State business use only and the purchase of personal or disallowable goods or services is strictly prohibited. Misuse of the P-Card may result in disciplinary action up to and including termination of employment and prosecution to the extent permitted by law. Cardholders will be required to reimburse the State, including sales tax, for any improper purchases.

5.6. Virtual P-Card Users.

A Virtual P-Card User has authority to make purchases utilizing State Agency Name's local purchase authority and to make purchases from a Statewide Contract or Agency Term Contract for official State business. Describe your Agency's eligibility requirements for Users and the training Users must complete before initiating any Transactions with a Virtual P-Card. Minimum eligibility requirement: e-procurement or buyer role in Edison. Minimum training requirement: training on reconciliation procedures.

6. P-Card Issuance and Cancellation.

State Agency Name's P-Card Program Coordinator is responsible for issuing all P-Cards within the Agency and for deactivating P-Cards as necessary.

6.1. P-Card Issuance.

The State Agency P-Card Program Coordinator shall not issue a P-Card until the prospective Cardholder completes, in the following order, the Cardholder Application, the Cardholder profile, P-Card training, and the Cardholder Agreement. The Cardholder Agreement is evidence that the Cardholder completed P-Card training and received a copy of the Statewide Policy. Add further details on the P-Card issuance process in your Agency as needed. When creating Cardholder profiles, your Agency's P-Card Program Coordinator should ensure that a profile permits only those MCC groups that the particular Cardholder needs to meet his or her job requirements.

6.2. P-Card Cancellation.

The State Agency P-Card Program Coordinator has authority to terminate a Cardholder's status as a Cardholder and cancel P-Cards. Any cancelled P-Cards shall be cut down the magnetic strip. Add further information about your Agency's process for destroying cancelled P-Cards as needed.

P-Cards shall be cancelled when any of the following occur:

- Cardholder's separation from employment for any reason;
- Cardholder's job status changes such that he or she no longer requires a P-Card;
- Cardholder reports the loss or theft of the P-Card;
- Cardholder misuses the P-Card; or
- Untimely approval of transactions. Add details on what your Agency will consider untimely.
- Add other, non-conflicting grounds for cancellation as needed.

7. P-Card Use.

7.1. P-Card Processing Cycle.

The typical cycle for P-Card use is:

- An individual Cardholder , with State Agency approved spending limits, initiates a purchase using a P-Card;
- The individual Cardholder retains an original, legible copy of the purchase's receipt for use in reconciliation;
- Transactions are typically posted in the Edison P-Card module within 24-72 hours after the purchase is made;

- The Cardholder will log into the Edison P-Card module [insert how frequently transaction review will occur in your Agency; minimum requirement is weekly] to review transactions and account coding and take necessary action to correct errors in the purchase details;
- The Cardholder and his or her State Agency Approver or Cardholder Supervisor confirms or disputes Transactions posted to the card account;
- The credit line is replenished for the amount of the Transactions;
- The Cardholder will receive a hard-copy Bank statement monthly;
- The hard-copy Bank statement and original receipts will be sent to the State Agency Reconciler for final reconciliation;
- The State Agency Reconciler will reconcile all Transactions by [specify your Agency's reconciliation process, including how frequently reconciliation will occur; under section 9.3 of the Statewide Policy, reconciliation be completed in Edison unless the CPO approves an alternate method]; and
- The State Agency Reconciler prepares all documentation for retention by [specify your Agency's record retention process; refer to section 4 for record retention requirements].

7.2. Purchasing Rules.

The P-Card is a mechanism for making purchases. Existing State laws governing procurement, accounts payable, records retention, and other applicable laws must still be followed. All procurement rules of the CPO apply when using the P-Card.

7.3. Credits.

If a Cardholder returns merchandise, a credit should be issued to the Cardholder's P-Card and a credit receipt obtained. Under no circumstances should a Cardholder receive cash or a credit voucher. The Cardholder or State Agency Approver or Cardholder Supervisor is responsible for reviewing *CitiManager*® to ensure that credits are received and, if not, file the appropriate paperwork for disputed items. Cardholders should avoid Vendors with restrictive merchandise return policies.

7.4. Disputing Transactions.

If there is a problem with a Transaction, the Cardholder must first attempt to reach a resolution directly with the Vendor. In most cases, disputes can be resolved between the Cardholder and the Vendor. The Vendor will usually issue a credit.

The Cardholder should document all attempts to resolve a problematic Transaction. If the disputed Transaction involves a reservation or order that has been cancelled, the Cardholder is responsible for obtaining a cancellation number. If efforts to resolve the problem with the Vendor are unsuccessful or if a credit does not appear in *CitiManager*®, the Cardholder should file the appropriate dispute paperwork with the Bank and contact State Agency Name's P-Card Program Coordinator.

If a Citibank Statement contains a Transaction that needs to be disputed, the Cardholder should contact Citibank Customer Service at 1-800-248-4553, Option #0 to initiate the dispute process, and contact State Agency Name's P-Card Program Coordinator to ensure the disputed transaction has been documented. If the dispute cannot be resolved between the Cardholder and the Bank, the Cardholder shall immediately notify the State Agency Name's P-Card Program Coordinator and [describe your Agency's process for disputing a transaction under these circumstances].

7.5. Declined Purchase Transactions.

On occasion, a Cardholder's purchase transaction may be declined. Cardholders should contact Citibank Customer Service at 1-800-248-4553, option #0 to determine the reason for the decline before contacting State Agency Name's P-Card Program Coordinator for assistance.

7.6. Lost or Stolen P-Cards.

If a P-Card is lost, stolen, or the card information has been compromised, the Cardholder must immediately contact **Citibank Customer Service at 1-800-248-4553.** Citibank will request the following information:

Cardholder's name
P-Card account number
Last four digits of the Cardholder's SSN
Circumstances surrounding loss or theft of the card
Any purchase(s) made prior to the card being lost or stolen

Upon notifying Citibank of a lost, stolen, or compromised P-Card, outstanding authorizations will be confirmed and further use of the P-Card will be blocked by Citibank. Neither the State nor the Cardholder will be responsible for fraudulent charges made to a promptly reported lost or stolen card.

7.7. Cardholder Transfer or Separation from Employment.

If a Cardholder's separation from employment or transfer to another State position is planned, P-Card use shall be discontinued prior to Cardholder's separation from employment or transfer to allow sufficient time for submission of receipts and processing of outstanding charges before the Cardholder leaves or transfers. In the event of unplanned separation from employment, the Cardholder's P-Card shall immediately be deactivated and the Cardholder shall discontinue P-Card use upon separation from employment.

8. Internal Controls.

A strong system of internal controls is essential for detection and deterrence of fraud, misuse, or abuse of the P-Card. Internal controls include policies, procedures, training, spending limits, Merchant Category Code restrictions, prompt reconciliation, and prompt account distribution.

Your State Agency must establish an internal control structure that ensures compliance with the State's procurement laws, CPO rules, policies and procedures, the Statewide Policy, and the terms and conditions of P-Card established by the Bank. In the event that your Agency's P-Card Coordinator is also a Cardholder, the internal control structure shall include independent review of the Coordinator's P-Card Account activity at least monthly. The State Agency employee who serves as the Agency's chief financial officer is responsible for developing and reviewing the State Agency Procedures and ensuring that sound accounting practices and internal controls are in place and enforced.

8.1. Annual Review of State Agency Name's P-Card Program.

The Statewide Policy requires each State Agency to have an independent review of the Agency's P-Card program each year. Describe how this annual, internal, independent review will occur in your Agency, including who will perform the review (State Agency's P-Card Coordinator, State Agency's internal audit unit, or other business unit assigned State Agency audit responsibilities) and what the review will consist of. At minimum, the review shall evaluate the adequacy of the State Agency P-Card program's: (a) State Agency Procedures; (b) Cardholder spending limits; (c) monthly reconciliation procedures; and (d) documentation for Transactions. Include results of the review in your Agency's annual risk assessment.

8.2. Cardholder Spending Limits and P-Card Use.

The State Agency Name employee who serves as the Agency's chief financial officer may establish a Single Transaction Limit (STL) of up to the ten thousand dollar ($10,000) maximum for Cardholders as he or she determines appropriate taking into account the State Agency's overall needs. State Agency Name's P-Card Program Coordinator will review Cardholder spending limits [insert frequency of review; minimum is annually] to determine if actual usage is consistent with spending limits. Cardholders are prohibited from splitting a single purchase between one or more P-Cards or between a Card transaction and a purchase order to circumvent the STL or CPO rules, policies or procedures.

8.3. Dormant Cards.

When a P-Card has not been used for length of time, it will be considered inactive. Describe how your Agency will respond when a P-Card is deemed inactive. The CPO recommends reducing the Cycle Limit of any P-Card that has not been used within twelve (12) complete cycles to one dollar ($1). When a P-Card has not been used for length of time, State Agency Name's P-Card Program Coordinator will conduct a review to determine if the Cardholder still needs a P-Card. Add further details about the review of dormant cards as needed.

9. Documentation, Reconciliation, and Accounting.

9.1. Documentation

Describe your Agency's procedures for documentation of Transactions. At minimum, your procedures shall require Cardholders to provide invoices or receipts (either electronic or hard copy format) for all Transactions. Invoices or receipts shall include: (a) the Vendor's name, location, and contact information; (b) line item details, including quantity, description, unit price, and total price; and (c) a line showing the State was not charged for sales tax. If your Agency decides to use logs as a form of documentation, specify procedures for maintaining logs. Include procedures for lost receipts and describe any consequences if a Cardholder loses receipts more than three (3) times during a fiscal year. Consult section 10.2 of the Statewide Policy for further guidance receipts.

9.2. Reconciliation.

Reconciliation of Transactions is performed in Edison. Note that reconciliation cannot be performed manually unless your Agency has obtained approval from the CPO. Cardholders will reconcile Transactions [insert frequency; minimum requirements under the Statewide Policy: weekly]. Add further, non-conflicting information about reconciliation to reflect your Agency's needs.

9.3. Allocation to the General Ledger.

Describe your Agency's procedures for allocation of charges to the general ledger. The procedures must ensure: (a) compliance with State accounting and budgetary policies; and (b) all Transactions are allocated to the general ledger before the end of the billing cycle.

10. Prohibited Purchases and Transactions.

10.1. Prohibited Purchases.

Cardholders are prohibited from using a physical P-Card for the following types of purchases, payments, or transactions:

- Goods or services not directly related to job responsibilities or other official State of Tennessee business, i.e., personal purchases;
- Cash withdrawals, including ATM or debit withdrawals;
- Travel expenses;
- Telephone billings;
- Political publications of any sort;
- Utility billings and connection fees;
- Rental of passenger vehicles of any kind;

- Artifacts for historical or commemorative purposes (except for the State Museum);
- An employee's moving expenses;
- Purchases of any motor vehicle fuel for any vehicle of equipment leased from the Department of General Services' Division of Motor Vehicle Management ("MVM");
- Back orders or partial shipments—goods or services must be in stock or otherwise available at the time of purchase;
- Purchases made using a P-Card or other account by someone other than the Cardholder or account holder;
- Service awards for state employees;
- Awards for private citizens;
- Honoraria expenses;
- Insurance policies;
- Gift cards or gift certificates; and
- Any goods or services related to political activity as defined under "The Little Hatch Act," Tenn. Code Ann. §§ 2-19-201 through 208.

As provided above, Cardholders are prohibited from using a P-Card for the purchase of any goods or services not directly related to job responsibilities or other official State business. Intentional use of a P-Card for any purposes other than State business will result in disciplinary action, up to and including termination from State employment or criminal prosecution.

10.2. Split Purchases Prohibited.

Tenn. Code Ann. § 12-3-503(b) and CPO Policy Number 2013-003 authorize State Agencies to make a purchase without soliciting quotes or proposals from multiple vendors when the total value of the purchase is ten thousand dollars ($10,000) or less. Cardholders are prohibited by Tenn. Code Ann. § 12-3-503(b)(2) from splitting a transaction between two or more transactions on a single account, two or more transactions on multiple accounts, or two or more transactions using the P-Card and a purchase order, in order to circumvent the STL imposed on the P-Card. The STL for P-Card purchases using a physical P-Card is ten thousand dollars ($10,000) unless your State Agency designates a lower STL in its State Agency Procedures.

10.3. Payment of Sales and Use Tax.

Under Tenn. Code Ann. § 67-6-329(a), purchases made in Tennessee and for the use and benefit of the State of Tennessee are exempt from Tennessee sales tax. Cardholders should obtain an exemption certificate from the Department of Revenue website and present it to each Vendor. Purchases made in other states may be subject to that state's sales tax. The Cardholder must be diligent when dealing with the Vendor regarding taxes.

- If the Vendor cannot deduct the sales tax because of pre-set controls within its computer systems or will not honor the exemption, the Cardholder may continue with the purchase but must note the refusal on the receipt or invoice.
- In the event a Cardholder is inappropriately charged for sales tax, he or she shall seek a credit refund of any sales taxes to the P-Card account. Vendors may only credit the State's P-Card Account and may not refund erroneously paid taxes through other means, including cash, gift cards, or store credit.
- The Cardholder is required to maintain documentation of his or her attempts to obtain credit for any Tennessee Sales and Use Tax charged to the P-Card Account in error. Add further, non-conflicting information about documentation of attempts to obtain credit as needed.

11. Purchases Reserved for the Designated State Agency Name Central Fiscal Office Cardholder

Only the person designated by State Agency Name's [title of Agency employee who serves as the Agency's chief financial officer] may use his or her individual P-Card for the following purchases:

- Tuition, fees, and supplies for training individuals;
- Internet, newspaper, radio, or television advertisements;
- Subscriptions to newspapers, periodicals, newsletters, or pamphlets;
- Organization membership dues;
- Charges for meeting rooms and attendant expenses in excess of two hundred dollars ($200) per day or for more than five (5) days;
- Convention or registration fees; and
- Association entry fees.

12. Surcharges and Convenience Fees.

Many vendors charge a "credit card processing fee" or "convenience fee" for accepting credit cards including the P-Card. These types of fees are strictly regulated by Visa and MasterCard.

According to Visa's "Card Acceptance and Chargeback Management Guidelines for Merchants" available on Visa's website, credit card surcharges are allowed but cannot be more than the amount the vendor's bank charges them for processing the transaction. Also, the vendor cannot charge both a surcharge and a convenience fee, explained below.

The maximum allowable Visa-mandated surcharge is four percent (4%) and must be shown as a line item on the detailed invoice or receipt. Whenever a Vendor charges a surcharge, the following rules apply:

- The Vendor must have provided Visa and its bank at least thirty (30) days notification of their intent to impose surcharges;
- The fact that the Vendor imposes surcharges must be clearly posted on the door and at point-of-sale for physical locations and on web sites when sales are made via the internet; and
- The Vendor must inform the Cardholder or User:
  - Of the exact percent of the surcharge;
  - That the Vendor is the entity assessing the surcharge;

- That surcharges are applicable on credit transactions only; and
- That the surcharge is not greater than what the vendor pays to Visa.

For any Transaction where the Vendor has charged a surcharge, a Cardholder or User must obtain a copy of the acknowledgement letter sent to the Vendor by Visa authorizing the Vendor to impose a surcharge. A copy on file with the State Agency Name's P-Card Program Coordinator will be sufficient.

POLICY NO. 2015-010:

CENTRAL PROCUREMENT OFFICE STATEWIDE PURCHASING CARD POLICY AND PROCEDURES

REDLINE VERSION

Policy Number 2015-010
Central Procurement Office
Statewide Purchasing Card Policy and Procedures

Effective: ~~February 19, 2015~~DATE
Prepared by: The Central Procurement Office of the State of Tennessee

1. PROGRAM OVERVIEW.

The State of Tennessee Purchasing Card Program streamlines the State's payment process for goods and services by eliminating the administrative burdens and costs associated with the State's traditional payment methods. The Program's objective is to simplify the documentation necessary for State Agency purchases by placing P-Cards in the hands of Cardholders. Cardholders may use the P-Card to purchase the types of goods and services subject to this Policy. Personal purchases are prohibited.

2. DEFINITIONS.

"Agency Term Contract" means a State Agency contract in which a source or sources of supply are established for a specified period of time at an agreed upon unit price or prices.

"Bank" means Citibank, NA, or any of its subsidiaries as the context may require.

"Cardholder" means the State Agency employee who is issued a physical P-Card to initiate payments on behalf of the State.

"Cardholder Agreement" means the document signed by the Cardholder to verify that he or she completed P-Card training, received a copy of the P-Card Policy, and understands the Policy.

"Cardholder Application" means the application completed by the Cardholder that is approved by the Cardholder Supervisor and the *State Agency P-Card Program Coordinator* that is required before a P-Card Account will be assigned to a Cardholder.

"Cardholder Supervisor" means the State Agency employee with supervisory authority over the Cardholder.

"CitiManager®" means the online portal that provides Cardholders, State Agency P-Card Program Coordinators, and the Statewide P-Card Program Administration Team the ability to view and download statement information, update and manage accounts, set limits and permissions, reset passwords, and process Cardholder requests.

"Central Procurement Office" or "CPO" means the State office established and empowered by Tenn. Code Ann. § 4-56-104.

"Cycle (Credit) Limit" means the spending limit that restricts the total value of purchases a Cardholder can make in one billing cycle.

"Fiscal Director" means that State Agency employee, regardless of his or her particular title, who serves as the Agency's chief financial officer.

"Merchant Category Codes" or "MCCs" means the specific Merchant Category Code, assigned by an acquiring financial institution, that identifies the primary goods or services a vendor provides.

"P-Card Account" means the unique account number assigned to a Cardholder as determined by the Bank.

"P-Card Program" means the program established by the State and managed by the Central Procurement Office whereby Cardholders and Virtual P-Card Users make purchases on behalf of the State of Tennessee.

"Purchasing Card" or "P-Card" means a commercial card that allows organizations to take advantage of the existing credit card infrastructure to make electronic payments for goods or services. A P-Card is similar to a consumer credit card, but the card-using organization must pay the card issuer in full each month. In this Policy, the term "Purchasing Card" or "P-Card" shall also include "Virtual Purchasing Cards" or "Virtual P-Cards" as the context requires.

"Purchasing Card Profile" means the unique profile associated with a Cardholder that contains monetary or MCC limits on the Cardholder's ability to make purchases on behalf of the State.

"Single Transaction Limit" or "STL" means the mandatory spending limit that restricts the amount of a single purchase regardless of the Cycle Limit on the card. This Policy establishes the STL for physical P-Cards as ten thousand dollars ($10,000).

"State" means the State of Tennessee, including its departments, agencies, and entities that fall under its purview.

"State Agency" means the departments, agencies, and entities of the State of Tennessee other than units of the University of Tennessee or Board of Regents systems.

"State Agency P-Card Program Coordinator" means the employee within the State Agency who manages the P-Card Program at the State Agency level.

"State Agency Approver" means the State Agency Employee who approves P-Card or Virtual P-Card Transactions.

"Statewide Contract" means a contract for goods or services established by the Chief Procurement Officer that all State Agencies must utilize and that may be used by local governments, higher education and authorized not-for-profit entities.

"Statewide P-Card Program Administrator" means the employee within the Central Procurement Office who is responsible for managing and overseeing the P-Card Program.

"Statewide P-Card Program Administration Team" means the team within the Central Procurement Office that is responsible for overseeing the P-Card Program.

"State Agency Reconciler" means the State Agency employee responsible for all the functions associated with post-purchase processing P-Card Transactions including account allocation and providing a business purpose when required.

"Transaction" means the purchase of goods or services through use of a P-Card or Virtual P-Card.

"Vendor" means a person or legal entity with the legal capacity to enter into contracts and sue and be sued who provides goods or services to the State through a contract or a purchase order.

"Virtual Purchasing Card" or "Virtual P-Card" means the unique account number, embedded within Edison, which is assigned to a State Agency for payment of vendors with an existing relationship with the State. "Virtual P-Card User" or "User" means the State Agency employee who has a buyer or e-procurement role in Edison, has undergone training on reconciliation, and is authorized to use a Virtual P-Card to initiate payment transactions on behalf of the State.

3. TYPES OF ACCOUNTS.

This Policy recognizes two general account types: P-Card Accounts and Virtual P-Card accounts. P-Card Accounts and Virtual P-Card accounts can be used only for official State business as set forth in this Policy. P-Cards must be surrendered or Virtual P-Card accounts closed upon the Cardholder's transfer to another State Agency, separation from state employment, or upon demand by the Cardholder Supervisor, the State Agency P-Card Program Coordinator or the Statewide P-Card Program Administrator.

3.1. P-Card Accounts.

P-Card accounts are those that involve the issuance of a P-Card Account to an individual Cardholder to further the official business of the State. Cardholders are limited to one active physical P-Card.

3.2. Virtual P-Cards.

Virtual P-Cards are cardless accounts that allow State Agencies to pay for approved, Edison purchase order transactions initiated by Virtual P-Card Users. The account number is "embedded" in the Edison P-Card module and is securely transmitted to the vendor upon Edison-based approval of a User's purchase order transactions. A Virtual P-Card may be used for payments to any vendor that is registered in the State's vendor registration system whose payment method has been activated to "P-Card" in Edison. Virtual P-Card accounts allow for greater ease of use (multiple buyers can leverage the same payment device), as well as enhanced control through absence of a physical card and spending limits. The State Agency P-Card Coordinator should contact the Statewide P-Card Program Administrator for more information on Virtual P-Cards.

The ten thousand dollar ($10,000) STL that applies to physical P-Cards does not apply to Virtual P-Cards; there is no STL for purchases made with a Virtual P-Card. The Bank

determines the Cycle Limit for Virtual P-Cards. Each State Agency is limited to one (1) Virtual P-Card Account.

3.2.1. Records Retention Requirements.

The Office of the Secretary of State oversees Tennessee's Records Management Division, the State Agency that provides guidance on disposition, retention, and destruction of state records. Records Disposition Authority (RDA) SW23 applies to all P-Card documents. RDA SW23 requires that State Agencies maintain documents related to P-Card issuance and use for five (5) years and destroy them at the end of the five-year period. P-Card documents may be maintained in either paper or electronic format, so long as the electronic content has been verified for completeness, accuracy, and usability. RDA SW23 is available in its entirety at http://www.tnsos.net/rmd/rda/index.php.

3.2.2. Internal Revenue Service 1099 Reporting.

In 2011, the Internal Revenue Service announced changes to the Internal Revenue Code, Section 6050W, which shifted the burden of payment reporting requirements from the purchaser to the vendor's bank when the P-Card is the payment method for a reportable transaction. Because of the shift in responsibility, participants in the Program are no longer required to report total P-Card transactions in excess of six hundred dollars ($600) with certain vendors. Reporting for all other payment methods, including checks, Automated Clearing House, or other means, will remain the responsibility of the State Agency making payment. Cardholders should consult the tax specialists at their State Agency for further information or details regarding Internal Revenue Service 1099 reporting requirements.

4. OVERVIEW OF P-CARD PROGRAM ROLES AND RESPONSIBILITIES.

The CPO is the State Agency that is primarily responsible for managing, overseeing, and coordinating the P-Card Program. The Statewide P-Card Program Administrator is the employee within the CPO who has the direct, day-to-day responsibility for managing, overseeing, and coordinating the P-Card Program between the CPO and State Agencies. The State Agency P-Card Coordinator is the employee within each State Agency who has been appointed to supervise Cardholders and manage and coordinate the P-Card Program within his or her State Agency in compliance with this Policy. The Cardholder Supervisor is the State Agency employee with supervisory authority over the Cardholder who ensures that transactions are properly reconciled and reported to the Department of Finance and Administration ("F&A"), Division of Accounts. State Agency Reconcilers are the employees within a State Agency who are responsible for reconciling P-Card transactions. The State Agency Approver is the employee within the State Agency who approves P-Card Transactions. The Cardholder is the specially-trained employee within a State Agency responsible for purchasing goods or services on behalf of the State of Tennessee using a physical P-Card. In the interests of segregating duties and responsibilities, State Agency Reconcilers shall not be Cardholders.

5. P-CARD PROGRAM ROLES AND RESPONSIBILITIES.

5.1. P-Card Processing Cycle Overview.

The typical cycle for P-Card usage is:

- An individual Cardholder, with State Agency approved spending limits, initiates a purchase using a P-Card;
- The individual Cardholder retains an original, legible copy of the purchase's receipt for use in reconciliation (see Section 10.2 for more information on receipts);
- Transactions are typically posted in the Edison P-Card module within 24-72 hours after the purchase is made;
- The Cardholder will log into the Edison P-Card module on a weekly basis to review transactions and account coding and take necessary action to correct errors in the purchase details;
- The Cardholder and his or her State Agency Approver confirms or disputes Transactions posted to the card account;
- The credit line is replenished for the amount of the Transactions;
- The Cardholder will receive a hard-copy Bank statement monthly;
- The hard-copy Bank statement and original receipts will be sent to the State Agency Reconciler for final reconciliation;
- The State Agency Reconciler will reconcile all Transactions in accordance with the State Agency P-Card Policy; and
- The State Agency Reconciler prepares all documentation for retention.

5.2. Statewide P-Card Program Administrator.

The Statewide P-Card Program Administrator serves as the primary point-of-contact in the CPO for the P-Card Program. The Statewide P-Card Program Administrator's role, duties and responsibilities include:

- Establishing written internal procedures to ensure compliance with state procurement statutes, rules, policies and procedures, including this Policy, and reviewing each State Agency's internal P-Card policy;
- Developing written internal procedures for requesting exceptions to either state or internal policy requirements;
- Ensuring that State Agency Transactions are audited at least annually;
- Developing State Agency specific training for all Cardholders, State Agency Approvers, State Agency Reconcilers, and State Agency Supervisors;
- Developing appropriate refresher training to be delivered at least annually; and
- Notifying State Agency P-Card Program Coordinators of changes in state rules, policies or procedures.

5.3. State Agency P-Card Program Coordinator.

The State Agency P-Card Program Coordinator serves as the main point-of-contact between the State Agency and the Statewide P-Card Program Administration Team.

The State Agency must provide the Statewide P-Card Program Administrator written notice within one (1) business day of any changes in status of the State Agency P-Card Program Coordinator.

The State Agency P-Card Program Coordinator's role, duties, and responsibilities include:

- Collaborating with the Agency's Fiscal Director to develop and maintain the State Agency's internal P-Card policy to address policy areas unique to the State Agency or that are not covered by this Policy;
- Working with State Agency management to identify job titles, positions, or Edison roles that require use of a P-Card or Virtual P-Card;
- Working with State Agency management to determine appropriate Cardholder spending limits based on budget restrictions, job requirements, historical spending patterns, and overall procurement practices;
- Evaluating Cardholder spending limits against actual usage at least annually;
- Terminating ~~P-Card~~a Cardholder's status if necessary (e.g., due to separation from employment, transfer to another State Agency, low P-Card usage) and cancelling a P-Card;
- Ensuring Agency-wide reconciliation procedures provide for timely payment and for allocation of Transactions to the general ledger at least monthly; and
- Ensuring that Transactions are reconciled and supported by adequate documentation, including use of Edison or CitiManager®, as appropriate.

5.4. Cardholder Supervisors.

The Cardholder Supervisor responsible for supervising Cardholders must have a thorough knowledge of the Cardholders' job responsibilities in order to determine if purchases are job-related or otherwise authorized by CPO rules, policies or procedures. The Cardholder Supervisor's role, duties, and responsibilities include:

- Before approving the P-Card transactions, either by signing a transaction log or statement or signing off on transactions electronically, carefully reviewing all documentation to ensure that all documentation meets the minimum requirements as set forth in this Policy;
- Approving, rejecting, or disputing all Transactions within the scheduled timeframe;
- Ensuring that all documentation is submitted according to the State Agency's internal procedures and this Policy;
- Maintaining knowledge of State Agency internal procedures and policies and this Policy; and
- Requesting reasonable spending limits in accordance with State Agency internal procedures and policies and this Policy.

5.5. State Agency Reconciler.

The State Agency Reconciler is the State Agency employee responsible for all the functions associated with post-purchase processing of P-Card Transactions including account allocation and providing a business purpose when required. A Reconciler CANNOT make purchases using the P-Card belonging to a Cardholder for whom he or she reconciles.

5.6. State Agency Approver.

The State Agency Approver is the State Agency employee who approves purchases made by the Cardholder to which he or she is assigned. This role may also be performed by the Cardholder Supervisor. By approving each P-Card transaction, the Approver exercises critical control by ensuring authorized and appropriate P-Card use and correct allocation of expenses in accordance with related policies of F&A, Division of Accounts. State Agency Approvers should also review receipts where appropriate to ensure compliance with this Policy and F&A, Division of Accounts policies. No Cardholder may approve his or her own P-Card transactions nor may he or she direct someone else to approve P-Card transactions in a manner that could violate this Policy or applicable policies of F&A, Division of Accounts. As a general rule, the State Agency Approver should not report to the Cardholder whose transactions he or she is reviewing. A State Agency Approver has the following responsibilities:

- Review Cardholder transactions to ensure that purchases made were:
  - For the use and benefit of the State of Tennessee;
  - Necessary for the official duties of the agency;
  - Made in accordance with CPO policies and procedures;
  - For goods or services actually received.
- If a State Agency Approver is in doubt about any of the above, the State Agency Approver should immediately question the Cardholder and seek advice from the State Agency P-Card Program Coordinator or the Statewide P-Card Program Administrator.
- Immediately inform the State Agency P-Card Program Coordinator of any misuse, abuse or fraudulent use of a P-Card.
- If the Cardholder is unavailable for questioning, the State Agency P-Card Program Coordinator or the Statewide P-Card Program Administration Team may adjust the Cardholder's STL to one dollar ($1.00). The State Agency Approver shall notify the State Agency P-Card Program Coordinator of Cardholder transfers or terminations. Advanced notice is required if the State Agency Approver is aware of impending personnel actions.
- Review, certify, and forward Cardholder transaction log pages, receipts or cycle statements in accordance with this Policy.

5.7. Cardholders.

An important participant in the P-Card Program is the Cardholder. The Cardholder is a key element in making the P-Card Program successful.

5.7.1. Cardholder Responsibilities.

The State is responsible for payment to Citibank. Therefore, P-Cards are issued to the State and assigned on its behalf to specific Cardholders. No credit checks will be performed on individual employees nor will account activity be reported to credit rating agencies. Cardholders have the following duties and responsibilities as a condition for being issued a P-Card:

- Reading and becoming familiar with this Policy;
- Attending and passing Cardholder / Approver training course;
- Signing Cardholder / Approver agreement;
- Being responsible for all purchases made on the P-Card; and

- Adhering to this Policy and other applicable rules, policies, and procedures.

5.7.2 Cardholder Misuse.

Each Cardholder is responsible for the purchases made on the P-Card that is assigned to them. Cardholders are required to adhere to applicable CPO rules, policies, procedures, and this Policy.

Use of a P-Card is a privilege based on trust. A Cardholder is trained and understands the penalties for abuse of the P-Card. The P-Card is for official State business use only and the purchase of personal or disallowable goods or services is strictly prohibited. Misuse of the P-Card may result in disciplinary action up to and including termination of employment and prosecution to the extent permitted by law. Cardholders will be required to reimburse the State, including sales tax, for any improper purchases.

5.8. Virtual P-Card Users.

Virtual P-Card Users are critical to the P-Card Program's success. A User has authority to make purchases utilizing his or her Agency's local purchase authority and to make purchases from a Statewide Contract or Agency Term Contract for official State business. State Agency employees with an e-procurement or buyer role in Edison are eligible to be Users. Users must complete training on reconciliation procedures before initiating any Transactions with a Virtual P-Card.

6. P-CARD SECURITY.

The security of each P-Card is the Cardholder's responsibility. Every precaution should be used to protect the account number. The account number should never be left in a conspicuous place.

Use of the P-Card is restricted to the authorized Cardholder whose name appears on the face of the card and may not be loaned to any other person. The account number that appears on the P-Card must not be given to any individual other than the vendor from whom the Cardholder is making a purchase.

6.1. Lost or Stolen Cards.

If a P-Card is lost, stolen, or the card information has been compromised, the Cardholder must immediately contact **Citibank Customer Service at 1-800-248-4553.** Upon such notification, outstanding authorizations will be confirmed and further use of the P-Card will be blocked by Citibank. Neither the State nor the Cardholder will be responsible for fraudulent charges made to a promptly reported lost or stolen card.

At the time of the notification, Citibank will request the following information:

Cardholder's name
Account number
Last four digits of SSN
Circumstances surrounding the loss of the card
Any purchase(s) made prior to the card being lost or stolen

The Cardholder must notify his or her State Agency P-Card Program Coordinator of the P-Card's loss or theft and make arrangements to receive a new P-Card. Citibank will then issue a new card with a new account number which will be delivered to the State Agency P-Card Program Coordinator.

6.2. Separation from Employment.
If a Cardholder's separation from employment or transfer to another State position is planned, P-Card use shall be discontinued prior to Cardholder's separation from employment or transfer to allow sufficient time for submission of receipts and processing of outstanding charges before the Cardholder leaves or transfers. In the event of unplanned separation from employment, the Cardholder's P-Card shall immediately be deactivated and the Cardholder shall discontinue P-Card use upon separation from employment.

6.3. Purchasing Rules.
The P-Card is only a vehicle for making purchases. Existing State laws governing procurement, accounts payable, records retention, and other applicable laws must still be followed. All procurement rules of the CPO apply when using the P-Card.

6.4. Tax Exemption.
Purchases made in Tennessee and for the use and benefit of the State of Tennessee are exempt from Tennessee sales tax. Cardholders should obtain an exemption certificate and present it to each vendor. This form is available on the Department of Revenue web site at http://www.tn.gov/revenue/forms/sales/index.shtml in the "Exemption Applications/Certificates" section. Purchases made in other states may be subject to that state's sales tax. The Cardholder must be diligent when dealing with the vendor regarding taxes. If the vendor cannot deduct the sales tax because of pre-set controls within its computer systems or will not honor the exemption, the Cardholder may continue with the purchase but must note the refusal on the receipt. In the event a Cardholder is inappropriately charged for sales tax, he or she shall seek a credit refund of any sales taxes to the P-Card account.

6.5. Credits.
If a Cardholder returns merchandise, a credit should be issued to the Cardholder's P-Card and a credit receipt obtained. Under no circumstances should a Cardholder receive cash or a credit voucher. The Cardholder or State Agency Approver is responsible for reviewing *CitiManager*® to ensure that credits are received and, if not, file the appropriate paperwork for disputed items. Cardholders should avoid Vendors with restrictive merchandise return policies.

6.6. Disputing Transactions.
If there is a problem with a Transaction, the Cardholder must first attempt to reach a resolution directly with the Vendor. In most cases, disputes can be resolved between the Cardholder and the Vendor. The Vendor will usually issue a credit.

The Cardholder should document all attempts to resolve a problematic Transaction. If the disputed Transaction involves a reservation or order that has been cancelled, the Cardholder is responsible for obtaining a cancellation number. If efforts to resolve the problem with the Vendor are unsuccessful or if a credit does not appear in *CitiManager®*, the Cardholder should file the appropriate dispute paperwork with the Bank and contact his or her State Agency P-Card Program Coordinator.

If a Citibank Statement contains a Transaction that needs to be disputed, the Cardholder should contact Citibank Customer Service at 1-800-248-4553, Option #0 to initiate the dispute process, and contact his or her State Agency P-Card Program Coordinator to ensure the disputed transaction has been documented. If the dispute cannot be resolved between the Cardholder and the Bank, the Cardholder shall immediately notify his or her State Agency P-Card Program Coordinator and follow the agency-specific procedures for disputes.

6.7. Declined Purchase Transactions.

On occasion, a Cardholder's purchase transaction may be declined. Cardholders should contact Citibank Customer Service at 1-800-248-4553, option #0 to determine the reason for the decline before contacting their State Agency P-Card Program Coordinator for assistance.

Common reasons for declines include:

- MCC is restricted from the Purchasing Card;
- The Cardholders has exceeded the STL, daily limit or monthly limit; or
- Invalid expiration.

7. CARD ISSUANCE AND CANCELLATION.

The State Agency P-Card Program Coordinator is responsible for issuing all P-Cards within his or her Agency. State Agency P-Card Program Coordinators ~~are responsible for deactivating P-Cards as necessary, while the~~have authority to terminate a Cardholder's status as a Cardholder and cancel P-Cards. The Statewide P-Card Program Administrator ~~is responsible for permanent cancellation of P-Cards~~should be notified of any P-Card cancellations.

7.1. P-Card Issuance.

Purchasing Cards are issued following:

- Completion of the Cardholder Application;
- Completion and approval of a Cardholder profile;
- Completion of P-Card training; and
- Completion of the Cardholder Agreement.

7.2. P-Card Cancellation.

P-Cards shall be cancelled by the following:

- Cardholder's separation from employment for any reason;
- Cardholder's job status changes such that ~~they~~he or she no longer ~~require~~requires a P-Card;
- Cardholder reports the loss or theft of the P-Card;

- Cardholder misuses the P-Card; or
- Untimely approval of transactions.

If a P-Card is cancelled, it shall be destroyed by cutting it down the magnetic strip. The Statewide P-Card Program Administrator shall be notified of all P-Card cancellations.

8. P-CARD PROGRAM TRAINING.

Cardholder training is critical—all Cardholders must complete training before being issued a P-Card. Training ensures that the Cardholder understands the P-Card Program procedures and this Policy and is aware of potential disciplinary action for P-Card misuse or abuse. Once training is complete, the Cardholder shall sign a Cardholder Agreement as a condition for being issued a P-Card. The Cardholder Agreement is evidence that the Cardholder has received training and a copy of the P-Card Policy. The Statewide P-Card Program Administrator will coordinate Cardholder training with State Agency P-Card Program Coordinators.

9. INTERNAL CONTROLS.

A strong system of internal controls is essential for detection and deterrence of fraud, misuse, or abuse of the P-Card. Internal controls include policies, procedures, training, spending limits, Merchant Category Code restrictions, prompt reconciliation, and prompt account distribution.

9.1. Duty of State Agencies.

Each State Agency must establish an internal control structure that ensures compliance with the State's procurement laws, CPO rules, policies and procedures, this Policy, and the terms and conditions of P-Card established by the Bank. The State Agency Fiscal Director is responsible for developing and reviewing the State Agency's internal P-Card policy and ensuring that sound accounting practices and internal policies are in place and enforced. All State Agency P-Card Program internal policies shall address the following:

- Separation of duties between ordering cards (State Agency P-Card Program Coordinators), making Transactions (Cardholders and Users), and review or approval of Transactions for payment (Cardholder Supervisors or Cardholder Approvers);
- Independent review of the P-Card Account maintenance activity at least monthly if the State Agency P-Card Program Coordinator is also a Cardholder or User.
- Limits on the number of Cardholders assigned to a Cardholder Supervisor in order to ensure adequate review of business need and documentation for each Transaction; and
- Provision for annual independent audit or review of the Agency's P-Card program by the State Agency P-Card Program Coordinator, State Agency Internal Audit unit, or other business unit assigned State Agency audit responsibilities. Reviews must include adequacy of:
    - Internal policies and procedures;
    - Cardholder spending limits;
    - Monthly reconciliation procedures; and
    - Documentation for Transactions.

9.2. State Agency Internal P-Card Policy and Procedures.

Each State Agency must develop its own internal policy and procedures to address areas that this Policy does not address.

9.3. Card Management and Reconciliation Systems.

All Transaction reconciliations will be completed in Edison unless the Central Procurement Office approves an alternate method of reconciliation.

9.4. Merchant Category Code Restrictions.

Merchant Category Codes are four-digit codes used by commercial credit card brands (e.g., Visa, MasterCard, American Express) to identify a merchant's principal trade, profession, or line of business. MCCs are assigned to a merchant based on the types of goods or services the merchant provides. MCCs blocked on P-Cards restrict State purchases from certain merchants to protect against unauthorized or prohibited purchases.

- The Statewide P-Card Program Administration Team manages the State-identified MCC groups that contain codes associated with vendors that provide goods or services that are prohibited for purchase using the P-Card.
- Although Transactions at unauthorized MCCs are blocked at the point-of-sale, they are occasionally forced through. These Transactions are subject to audit.
- The CPO's Compliance Team will conduct periodic audits of Transactions with restricted MCC vendors.
- State Agencies may request activation of additional MCCs for inclusion in a State-authorized group or creation of a new MCC group to meet specific needs. A Cardholder's State Agency P-Card Program Coordinator should ensure that Cardholder profiles permit only those MCC groups that a Cardholder needs to meet his or her job requirements.

9.5. Cardholder Spending Limits and Utilization.

The State Agency Fiscal Director may establish a Single Transaction Limit (STL) of up to the ten thousand dollar ($10,000) maximum for Cardholders as he or she determines appropriate taking into account the State Agency's overall needs. Imposing spending limits enables management to provide Cardholders with the purchasing power to perform their jobs without exposing the State to unnecessary risk. Spending limits should be based on the Cardholder's job responsibilities. Cardholder spending limits must be reviewed at least annually to determine if actual usage is consistent with spending limits. Increases or decreases to spending limits may be made by the State Agency Fiscal Director as needed. Cardholders are prohibited from splitting a single purchase between one or more P-Cards or between a Card transaction and a purchase order to circumvent the STL or CPO rules, policies or procedures. Each State Agency is required to perform a review of spending limits at least annually in order to determine if each Cardholder's spending limit is adequate and appropriate.

9.6. Dormant Cards.

Each State Agency's internal P-Card policy shall address how long a P-Card can remain unused before it is considered inactive. The CPO recommends that State Agencies reduce

the Cycle Limit of any P-Card that has not been used within twelve (12) complete cycles to one dollar ($1). When a P-Card has not been used for some time, the State Agency P-Card Program Coordinator should conduct a review to determine if the Cardholder still needs a P-Card. Each State Agency is responsible for the ensuring that this review is completed in accordance with its own internal P-Card policy.

10. DOCUMENTATION AND ACCOUNTING.

10.1. Documentation.

State Agencies should use Edison for Transaction reconciliation. When performing reconciliation in Edison, Cardholders must follow internal procedures for handling documentation~~, including logs~~. Any State Agency seeking to use a manual method for Transaction reconciliation must obtain approval from the Central Procurement Office.

Regardless of the Transaction reconciliation method, Cardholders should ~~maintain a log and~~ provide invoices or receipts for all Transactions. Invoices or receipts shall include:

- The Vendor's name, location, and contact information;
- Line item details, including quantity, description, unit price, and total price; and
- A line showing that the State was not charged for sales tax.

10.2. Receipts.

- It is the Cardholder's responsibility to obtain itemized receipts and any other pertinent backup documentation. Other documentation may include shipping documents and bills of lading. This information will be used by the Agency to validate and reconcile charges.
- For online purchases that do not provide a downloadable receipt, a screen shot of the receipt information can serve as a receipt.
- In lieu of obtaining physical receipts, the Cardholder may also take a picture of the receipt with his or her mobile device and save the receipt electronically.
- If a Cardholder loses a receipt and a duplicate cannot be obtained, the Cardholder should follow his or her State Agency's internal procedures for lost receipts. Cardholders who lose receipts and resort to their Agency's internal procedures for lost receipts more than three (3) times during a fiscal year may have their P-Card privileges suspended.
- The amount on the receipt and the amount of the charge to the Cardholder's P-Card account must match. Any discrepancies in amounts should be resolved with the Vendor and an explanation regarding the resolution should be made on the receipt or other backup documentation. It is not sufficient to change the amount on the receipt only.
- The Cardholder and the Cardholder Supervisor shall document all missing receipts.
- Credits may be processed without a receipt, but the Cardholder must provide an explanation of the credit.

10.3. Reconciliation.

- Cardholders should perform reconciliation in Edison on a weekly basis.

- After completing the weekly reconciliation process, the Cardholder must forward signed and dated receipts to his or her State Agency Approver. This should also occur on a weekly basis.
- ~~If the State Agency requires Cardholders to submit manual logs to the State Agency Reconciler, the documentation must meet the following additional requirements:~~
    - ~~All transaction logs or monthly billing statements must be signed by the Cardholder and Cardholder Supervisor. Signature stamps are not permitted; and~~
    - ~~All invoices or receipts must be attached to the log or monthly billing statement and submitted following State Agency internal procedures.~~

10.4. Allocation to the General Ledger.

Timely allocation of charges to the general ledger is essential to ensure compliance with State accounting and budgetary policies. The State Agency must ensure that all transactions are allocated to the general ledger before the end of the billing cycle.

11. PROHIBITED PURCHASES AND TRANSACTIONS.

11.1. Prohibited Purchases.

Cardholders are prohibited from using a physical P-Card for the following types of purchases, payments, or transactions:

- Goods or services not directly related to job responsibilities or other official State of Tennessee business, i.e., personal purchases;
- Cash withdrawals, including ATM or debit withdrawals;
- Travel expenses;
- Telephone billings;
- Political publications of any sort;
- Utility billings and connection fees;
- Payments to another State Agency;
- Rental of passenger vehicles of any kind;
- Artifacts for historical or commemorative purposes (except for the State Museum);
- An employee's moving expenses;
- Purchases of any motor vehicle fuel for any vehicle of equipment leased from the Department of General Services' Division of Motor Vehicle Management ("MVM");
- Back orders or partial shipments—goods or services must be in stock or otherwise available at the time of purchase;
- Purchases made using a P-Card or other account by someone other than the Cardholder or account holder;
- Service awards for state employees;
- Awards for private citizens;
- Honoraria expenses;
- Insurance policies;

- Gift cards or gift certificates; and
- Any goods or services related to political activity as defined under "The Little Hatch Act," Tenn. Code Ann. §§ 2-19-201 through 208;

11.2. Personal Purchases Prohibited.
As provided in Sections 3.1, 5.7 and 12.1, Cardholders are prohibited from using a P-Card for the purchase of any goods or services not directly related to job responsibilities or other official State business. Intentional use of a P-Card for any purposes other than State business will result in disciplinary action, up to and including termination from State employment or criminal prosecution. Under Tenn. Code Ann. § 39-16-402, State employees who intentionally or knowingly use a P-Card or a Virtual P-Card for personal purchases commit a Class E felony.

11.3. Split Charges Prohibited.
Tenn. Code Ann. § 12-3-503(b) and CPO Policy Number 2013-003 authorize State Agencies to make a purchase without soliciting quotes or proposals from multiple vendors when the total value of the purchase is ten thousand dollars ($10,000) or less. Cardholders are prohibited by Tenn. Code Ann. § 12-3-503(b)(2) from splitting a transaction between two or more transactions on a single account, two or more transactions on multiple accounts, or two or more transactions using the P-Card and a purchase order, in order to circumvent the STL imposed on the P-Card. The STL for P-Card purchases using a physical P-Card is ten thousand dollars ($10,000) unless a State Agency has designated a lower STL in its internal P-Card policy.

11.4. Payment of Sales and Use Tax.
Tenn. Code Ann. § 67-6-329(a) provides that all sales of services and tangible personal property made to the State of Tennessee are exempted from sales and use taxes. Cardholders should provide each vendor with an exemption certificate, as described in Section 6.4. Cardholders are responsible for ensuring that vendors do not charge tax or provide a credit for inadvertent charges.

- If taxes are charged, the Cardholder must contact the vendor to obtain a credit to the account.
- Vendors may only credit the State's P-Card Account and may not refund erroneously paid taxes through other means, including cash, gift cards, or store credit.
- The Cardholder is required to maintain documentation of his or her attempts to obtain credit for any Tennessee Sales and Use Tax charged to the P-Card Account in error.

12. PURCHASES RESERVED FOR THE DESIGNATED STATE AGENCY CENTRAL FISCAL OFFICE CARDHOLDER.

Only the person designated by the State Agency Fiscal Director may use his or her individual P-Card for the following purchases:

- Tuition, fees, and supplies for training individuals;
- Internet, newspaper, radio, or television advertisements;
- Subscriptions to newspapers, periodicals, newsletters, or pamphlets;

- Organization membership dues;
- Charges for meeting rooms and attendant expenses in excess of two hundred dollars ($200) per day or for more than five (5) days;
- Convention or registration fees; and
- Association entry fees.

State Agencies may request an exception from this paragraph by submitting a letter to the Statewide P-Card Program Administrator. The letter must be on Agency letterhead, include a business justification for the exception, and be signed by the Agency's Fiscal Director.

13. DECLARED EMERGENCIES AND NATURAL DISASTERS.

Tenn. Comp. R. & Regs. 0690-03-01-.05(5) authorizes the CPO or delegated State Agencies to forego standard procurement requirements to meet emergencies arising from unforeseen causes. If an emergency affecting the health or safety of any person occurs when CPO personnel are not available, any State Agency is authorized to contract for necessary goods or services and obtain "after the fact" emergency purchase authorization. All requests for "after the fact" emergency purchase authorization shall comply with CPO rules, policies, and procedures.

14. ENCOURAGED USE OF P-CARDS.

14.1. Statewide and Agency Term Contracts.

As provided in Section 10.4 of the CPO's *Procurement Procedures Manual*, State Agencies are required to use Statewide Contracts for procuring goods or services to the extent the needed goods or services are available on a Statewide Contract. State Agencies may not procure goods or services available on a Statewide Contract from any other source without prior approval from the Chief Procurement Officer or designee. State Agencies are encouraged to utilize P-Cards for purchasing goods or services on Agency Term Contracts and Statewide Contracts.

14.2. Utilization of Diversity Vendors.

Cardholders are strongly encouraged to make authorized purchases from vendors certified by the Governor's Office of Diversity Business Enterprise.

15. SURCHARGES AND CONVENIENCE FEES.

Many vendors charge a "credit card processing fee" or "convenience fee" for accepting credit cards including the P-Card. These types of fees are strictly regulated by Visa and MasterCard.

According to Visa's "Card Acceptance and Chargeback Management Guidelines for Merchants" available on Visa's website, credit card surcharges are allowed but cannot be more than the amount the vendor's bank charges them for processing the transaction. Also, the vendor cannot charge both a surcharge and a convenience fee, explained below.

The maximum allowable surcharge is four percent (4%) and must be shown as a line item on the detailed invoice or receipt. Whenever a Vendor charges a surcharge, the following rules apply:

- The Vendor must have provided Visa and its bank at least thirty (30) days notification of their intent to impose surcharges;

- The fact that the Vendor imposes surcharges must be clearly posted on the door and at point-of-sale for physical locations and on web sites when sales are made via the internet; and
- The Vendor must inform the Cardholder or User:
    - Of the exact percent of the surcharge;
    - That the Vendor is the entity assessing the surcharge;
    - That surcharges are applicable on credit transactions only; and
    - That the surcharge is not greater than what the vendor pays to Visa.

For any Transaction where the Vendor has charged a surcharge, a Cardholder or User must obtain a copy of the acknowledgement letter sent to the Vendor by Visa authorizing the Vendor to impose a surcharge. A copy on file with the State Agency P-Card Program Coordinator will be sufficient.

Document comparison by Workshare Compare on Monday, March 09, 2015 4:16:27 PM

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Document 1 ID	file://M:\C.Mallea's documents\StatewidePurchasingCard_current.docx
Description	StatewidePurchasingCard_current
Document 2 ID	file://M:\C.Mallea's documents\Policy subcommittee\Ready for AC review\Next AC Meeting\StatewidePurchasingCardPolicyandProcedures_clean.docx
Description	StatewidePurchasingCardPolicyandProcedures_clean
Rendering set	Standard

Legend:	
Insertion	
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Inserted cell	
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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	8
Deletions	11
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	19

POLICY NO. 2015-010:

CENTRAL PROCUREMENT OFFICE STATEWIDE PURCHASING CARD POLICY AND PROCEDURES

CLEAN VERSION

Policy Number 2015-010
Central Procurement Office
Statewide Purchasing Card Policy and Procedures

Effective: DATE
Prepared by: The Central Procurement Office of the State of Tennessee

1. PROGRAM OVERVIEW.

The State of Tennessee Purchasing Card Program streamlines the State's payment process for goods and services by eliminating the administrative burdens and costs associated with the State's traditional payment methods. The Program's objective is to simplify the documentation necessary for State Agency purchases by placing P-Cards in the hands of Cardholders. Cardholders may use the P-Card to purchase the types of goods and services subject to this Policy. Personal purchases are prohibited.

2. DEFINITIONS.

"Agency Term Contract" means a State Agency contract in which a source or sources of supply are established for a specified period of time at an agreed upon unit price or prices.

"Bank" means Citibank, NA, or any of its subsidiaries as the context may require.

"Cardholder" means the State Agency employee who is issued a physical P-Card to initiate payments on behalf of the State.

"Cardholder Agreement" means the document signed by the Cardholder to verify that he or she completed P-Card training, received a copy of the P-Card Policy, and understands the Policy.

"Cardholder Application" means the application completed by the Cardholder that is approved by the Cardholder Supervisor and the *State Agency P-Card Program Coordinator* that is required before a P-Card Account will be assigned to a Cardholder.

"Cardholder Supervisor" means the State Agency employee with supervisory authority over the Cardholder.

"CitiManager®" means the online portal that provides Cardholders, State Agency P-Card Program Coordinators, and the Statewide P-Card Program Administration Team the ability to view and download statement information, update and manage accounts, set limits and permissions, reset passwords, and process Cardholder requests.

"Central Procurement Office" or "CPO" means the State office established and empowered by Tenn. Code Ann. § 4-56-104.

"Cycle (Credit) Limit" means the spending limit that restricts the total value of purchases a Cardholder can make in one billing cycle.

"Fiscal Director" means that State Agency employee, regardless of his or her particular title, who serves as the Agency's chief financial officer.

"Merchant Category Codes" or "MCCs" means the specific Merchant Category Code, assigned by an acquiring financial institution, that identifies the primary goods or services a vendor provides.

"P-Card Account" means the unique account number assigned to a Cardholder as determined by the Bank.

"P-Card Program" means the program established by the State and managed by the Central Procurement Office whereby Cardholders and Virtual P-Card Users make purchases on behalf of the State of Tennessee.

"Purchasing Card" or "P-Card" means a commercial card that allows organizations to take advantage of the existing credit card infrastructure to make electronic payments for goods or services. A P-Card is similar to a consumer credit card, but the card-using organization must pay the card issuer in full each month. In this Policy, the term "Purchasing Card" or "P-Card" shall also include "Virtual Purchasing Cards" or "Virtual P-Cards" as the context requires.

"Purchasing Card Profile" means the unique profile associated with a Cardholder that contains monetary or MCC limits on the Cardholder's ability to make purchases on behalf of the State.

"Single Transaction Limit" or "STL" means the mandatory spending limit that restricts the amount of a single purchase regardless of the Cycle Limit on the card. This Policy establishes the STL for physical P-Cards as ten thousand dollars ($10,000).

"State" means the State of Tennessee, including its departments, agencies, and entities that fall under its purview.

"State Agency" means the departments, agencies, and entities of the State of Tennessee other than units of the University of Tennessee or Board of Regents systems.

"State Agency P-Card Program Coordinator" means the employee within the State Agency who manages the P-Card Program at the State Agency level.

"State Agency Approver" means the State Agency Employee who approves P-Card or Virtual P-Card Transactions.

"Statewide Contract" means a contract for goods or services established by the Chief Procurement Officer that all State Agencies must utilize and that may be used by local governments, higher education and authorized not-for-profit entities.

"Statewide P-Card Program Administrator" means the employee within the Central Procurement Office who is responsible for managing and overseeing the P-Card Program.

"Statewide P-Card Program Administration Team" means the team within the Central Procurement Office that is responsible for overseeing the P-Card Program.

"State Agency Reconciler" means the State Agency employee responsible for all the functions associated with post-purchase processing P-Card Transactions including account allocation and providing a business purpose when required.

"Transaction" means the purchase of goods or services through use of a P-Card or Virtual P-Card.

"Vendor" means a person or legal entity with the legal capacity to enter into contracts and sue and be sued who provides goods or services to the State through a contract or a purchase order.

"Virtual Purchasing Card" or "Virtual P-Card" means the unique account number, embedded within Edison, which is assigned to a State Agency for payment of vendors with an existing relationship with the State. "Virtual P-Card User" or "User" means the State Agency employee who has a buyer or e-procurement role in Edison, has undergone training on reconciliation, and is authorized to use a Virtual P-Card to initiate payment transactions on behalf of the State.

3. TYPES OF ACCOUNTS.

This Policy recognizes two general account types: P-Card Accounts and Virtual P-Card accounts. P-Card Accounts and Virtual P-Card accounts can be used only for official State business as set forth in this Policy. P-Cards must be surrendered or Virtual P-Card accounts closed upon the Cardholder's transfer to another State Agency, separation from state employment, or upon demand by the Cardholder Supervisor, the State Agency P-Card Program Coordinator or the Statewide P-Card Program Administrator.

3.1. P-Card Accounts.

P-Card accounts are those that involve the issuance of a P-Card Account to an individual Cardholder to further the official business of the State. Cardholders are limited to one active physical P-Card.

3.2. Virtual P-Cards.

Virtual P-Cards are cardless accounts that allow State Agencies to pay for approved, Edison purchase order transactions initiated by Virtual P-Card Users. The account number is "embedded" in the Edison P-Card module and is securely transmitted to the vendor upon Edison-based approval of a User's purchase order transactions. A Virtual P-Card may be used for payments to any vendor that is registered in the State's vendor registration system whose payment method has been activated to "P-Card" in Edison. Virtual P-Card accounts allow for greater ease of use (multiple buyers can leverage the same payment device), as well as enhanced control through absence of a physical card and spending limits. The State Agency P-Card Coordinator should contact the Statewide P-Card Program Administrator for more information on Virtual P-Cards.

The ten thousand dollar ($10,000) STL that applies to physical P-Cards does not apply to Virtual P-Cards; there is no STL for purchases made with a Virtual P-Card. The Bank

determines the Cycle Limit for Virtual P-Cards. Each State Agency is limited to one (1) Virtual P-Card Account.

3.2.1. Records Retention Requirements.

The Office of the Secretary of State oversees Tennessee's Records Management Division, the State Agency that provides guidance on disposition, retention, and destruction of state records. Records Disposition Authority (RDA) SW23 applies to all P-Card documents. RDA SW23 requires that State Agencies maintain documents related to P-Card issuance and use for five (5) years and destroy them at the end of the five-year period. P-Card documents may be maintained in either paper or electronic format, so long as the electronic content has been verified for completeness, accuracy, and usability. RDA SW23 is available in its entirety at http://www.tnsos.net/rmd/rda/index.php.

3.2.2. Internal Revenue Service 1099 Reporting.

In 2011, the Internal Revenue Service announced changes to the Internal Revenue Code, Section 6050W, which shifted the burden of payment reporting requirements from the purchaser to the vendor's bank when the P-Card is the payment method for a reportable transaction. Because of the shift in responsibility, participants in the Program are no longer required to report total P-Card transactions in excess of six hundred dollars ($600) with certain vendors. Reporting for all other payment methods, including checks, Automated Clearing House, or other means, will remain the responsibility of the State Agency making payment. Cardholders should consult the tax specialists at their State Agency for further information or details regarding Internal Revenue Service 1099 reporting requirements.

4. OVERVIEW OF P-CARD PROGRAM ROLES AND RESPONSIBILITIES.

The CPO is the State Agency that is primarily responsible for managing, overseeing, and coordinating the P-Card Program. The Statewide P-Card Program Administrator is the employee within the CPO who has the direct, day-to-day responsibility for managing, overseeing, and coordinating the P-Card Program between the CPO and State Agencies. The State Agency P-Card Coordinator is the employee within each State Agency who has been appointed to supervise Cardholders and manage and coordinate the P-Card Program within his or her State Agency in compliance with this Policy. The Cardholder Supervisor is the State Agency employee with supervisory authority over the Cardholder who ensures that transactions are properly reconciled and reported to the Department of Finance and Administration ("F&A"), Division of Accounts. State Agency Reconcilers are the employees within a State Agency who are responsible for reconciling P-Card transactions. The State Agency Approver is the employee within the State Agency who approves P-Card Transactions. The Cardholder is the specially-trained employee within a State Agency responsible for purchasing goods or services on behalf of the State of Tennessee using a physical P-Card. In the interests of segregating duties and responsibilities, State Agency Reconcilers shall not be Cardholders.

5. P-CARD PROGRAM ROLES AND RESPONSIBILITIES.

5.1. P-Card Processing Cycle Overview.

The typical cycle for P-Card usage is:

- An individual Cardholder, with State Agency approved spending limits, initiates a purchase using a P-Card;
- The individual Cardholder retains an original, legible copy of the purchase's receipt for use in reconciliation (see Section 10.2 for more information on receipts);
- Transactions are typically posted in the Edison P-Card module within 24-72 hours after the purchase is made;
- The Cardholder will log into the Edison P-Card module on a weekly basis to review transactions and account coding and take necessary action to correct errors in the purchase details;
- The Cardholder and his or her State Agency Approver confirms or disputes Transactions posted to the card account;
- The credit line is replenished for the amount of the Transactions;
- The Cardholder will receive a hard-copy Bank statement monthly;
- The hard-copy Bank statement and original receipts will be sent to the State Agency Reconciler for final reconciliation;
- The State Agency Reconciler will reconcile all Transactions in accordance with the State Agency P-Card Policy; and
- The State Agency Reconciler prepares all documentation for retention.

5.2. Statewide P-Card Program Administrator.

The Statewide P-Card Program Administrator serves as the primary point-of-contact in the CPO for the P-Card Program. The Statewide P-Card Program Administrator's role, duties and responsibilities include:

- Establishing written internal procedures to ensure compliance with state procurement statutes, rules, policies and procedures, including this Policy, and reviewing each State Agency's internal P-Card policy;
- Developing written internal procedures for requesting exceptions to either state or internal policy requirements;
- Ensuring that State Agency Transactions are audited at least annually;
- Developing State Agency specific training for all Cardholders, State Agency Approvers, State Agency Reconcilers, and State Agency Supervisors;
- Developing appropriate refresher training to be delivered at least annually; and
- Notifying State Agency P-Card Program Coordinators of changes in state rules, policies or procedures.

5.3. State Agency P-Card Program Coordinator.

The State Agency P-Card Program Coordinator serves as the main point-of-contact between the State Agency and the Statewide P-Card Program Administration Team.

The State Agency must provide the Statewide P-Card Program Administrator written notice within one (1) business day of any changes in status of the State Agency P-Card Program Coordinator.

The State Agency P-Card Program Coordinator's role, duties, and responsibilities include:

- Collaborating with the Agency's Fiscal Director to develop and maintain the State Agency's internal P-Card policy to address policy areas unique to the State Agency or that are not covered by this Policy;
- Working with State Agency management to identify job titles, positions, or Edison roles that require use of a P-Card or Virtual P-Card;
- Working with State Agency management to determine appropriate Cardholder spending limits based on budget restrictions, job requirements, historical spending patterns, and overall procurement practices;
- Evaluating Cardholder spending limits against actual usage at least annually;
- Terminating a Cardholder's status if necessary (e.g., due to separation from employment, transfer to another State Agency, low P-Card usage) and cancelling a P-Card;
- Ensuring Agency-wide reconciliation procedures provide for timely payment and for allocation of Transactions to the general ledger at least monthly; and
- Ensuring that Transactions are reconciled and supported by adequate documentation, including use of Edison or CitiManager®, as appropriate.

5.4. Cardholder Supervisors.

The Cardholder Supervisor responsible for supervising Cardholders must have a thorough knowledge of the Cardholders' job responsibilities in order to determine if purchases are job-related or otherwise authorized by CPO rules, policies or procedures. The Cardholder Supervisor's role, duties, and responsibilities include:

- Before approving the P-Card transactions, either by signing a transaction log or statement or signing off on transactions electronically, carefully reviewing all documentation to ensure that all documentation meets the minimum requirements as set forth in this Policy;
- Approving, rejecting, or disputing all Transactions within the scheduled timeframe;
- Ensuring that all documentation is submitted according to the State Agency's internal procedures and this Policy;
- Maintaining knowledge of State Agency internal procedures and policies and this Policy; and
- Requesting reasonable spending limits in accordance with State Agency internal procedures and policies and this Policy.

5.5. State Agency Reconciler.

The State Agency Reconciler is the State Agency employee responsible for all the functions associated with post-purchase processing of P-Card Transactions including account allocation and providing a business purpose when required. A Reconciler

CANNOT make purchases using the P-Card belonging to a Cardholder for whom he or she reconciles.

5.6. State Agency Approver.

The State Agency Approver is the State Agency employee who approves purchases made by the Cardholder to which he or she is assigned. This role may also be performed by the Cardholder Supervisor. By approving each P-Card transaction, the Approver exercises critical control by ensuring authorized and appropriate P-Card use and correct allocation of expenses in accordance with related policies of F&A, Division of Accounts. State Agency Approvers should also review receipts where appropriate to ensure compliance with this Policy and F&A, Division of Accounts policies. No Cardholder may approve his or her own P-Card transactions nor may he or she direct someone else to approve P-Card transactions in a manner that could violate this Policy or applicable policies of F&A, Division of Accounts. As a general rule, the State Agency Approver should not report to the Cardholder whose transactions he or she is reviewing. A State Agency Approver has the following responsibilities:

- Review Cardholder transactions to ensure that purchases made were:
  - For the use and benefit of the State of Tennessee;
  - Necessary for the official duties of the agency;
  - Made in accordance with CPO policies and procedures;
  - For goods or services actually received.
- If a State Agency Approver is in doubt about any of the above, the State Agency Approver should immediately question the Cardholder and seek advice from the State Agency P-Card Program Coordinator or the Statewide P-Card Program Administrator.
- Immediately inform the State Agency P-Card Program Coordinator of any misuse, abuse or fraudulent use of a P-Card.
- If the Cardholder is unavailable for questioning, the State Agency P-Card Program Coordinator or the Statewide P-Card Program Administration Team may adjust the Cardholder's STL to one dollar ($1.00). The State Agency Approver shall notify the State Agency P-Card Program Coordinator of Cardholder transfers or terminations. Advanced notice is required if the State Agency Approver is aware of impending personnel actions.
- Review, certify, and forward Cardholder transaction log pages, receipts or cycle statements in accordance with this Policy.

5.7. Cardholders.

An important participant in the P-Card Program is the Cardholder. The Cardholder is a key element in making the P-Card Program successful.

5.7.1. Cardholder Responsibilities.

The State is responsible for payment to Citibank. Therefore, P-Cards are issued to the State and assigned on its behalf to specific Cardholders. No credit checks will be performed on individual employees nor will account activity be reported to credit rating agencies. Cardholders have the following duties and responsibilities as a condition for being issued a P-Card:

- Reading and becoming familiar with this Policy;
- Attending and passing Cardholder / Approver training course;
- Signing Cardholder / Approver agreement;
- Being responsible for all purchases made on the P-Card; and
- Adhering to this Policy and other applicable rules, policies, and procedures.

5.7.2 Cardholder Misuse.

Each Cardholder is responsible for the purchases made on the P-Card that is assigned to them. Cardholders are required to adhere to applicable CPO rules, policies, procedures, and this Policy.

Use of a P-Card is a privilege based on trust. A Cardholder is trained and understands the penalties for abuse of the P-Card. The P-Card is for official State business use only and the purchase of personal or disallowable goods or services is strictly prohibited. Misuse of the P-Card may result in disciplinary action up to and including termination of employment and prosecution to the extent permitted by law. Cardholders will be required to reimburse the State, including sales tax, for any improper purchases.

5.8. Virtual P-Card Users.

Virtual P-Card Users are critical to the P-Card Program's success. A User has authority to make purchases utilizing his or her Agency's local purchase authority and to make purchases from a Statewide Contract or Agency Term Contract for official State business. State Agency employees with an e-procurement or buyer role in Edison are eligible to be Users. Users must complete training on reconciliation procedures before initiating any Transactions with a Virtual P-Card.

6. P-CARD SECURITY.

The security of each P-Card is the Cardholder's responsibility. Every precaution should be used to protect the account number. The account number should never be left in a conspicuous place.

Use of the P-Card is restricted to the authorized Cardholder whose name appears on the face of the card and may not be loaned to any other person. The account number that appears on the P-Card must not be given to any individual other than the vendor from whom the Cardholder is making a purchase.

6.1. Lost or Stolen Cards.

If a P-Card is lost, stolen, or the card information has been compromised, the Cardholder must immediately contact **Citibank Customer Service at 1-800-248-4553.** Upon such notification, outstanding authorizations will be confirmed and further use of the P-Card will be blocked by Citibank. Neither the State nor the Cardholder will be responsible for fraudulent charges made to a promptly reported lost or stolen card.

At the time of the notification, Citibank will request the following information:

Cardholder's name

Account number
Last four digits of SSN
Circumstances surrounding the loss of the card
Any purchase(s) made prior to the card being lost or stolen

The Cardholder must notify his or her State Agency P-Card Program Coordinator of the P-Card's loss or theft and make arrangements to receive a new P-Card. Citibank will then issue a new card with a new account number which will be delivered to the State Agency P-Card Program Coordinator.

6.2. Separation from Employment.
If a Cardholder's separation from employment or transfer to another State position is planned, P-Card use shall be discontinued prior to Cardholder's separation from employment or transfer to allow sufficient time for submission of receipts and processing of outstanding charges before the Cardholder leaves or transfers. In the event of unplanned separation from employment, the Cardholder's P-Card shall immediately be deactivated and the Cardholder shall discontinue P-Card use upon separation from employment.

6.3. Purchasing Rules.
The P-Card is only a vehicle for making purchases. Existing State laws governing procurement, accounts payable, records retention, and other applicable laws must still be followed. All procurement rules of the CPO apply when using the P-Card.

6.4. Tax Exemption.
Purchases made in Tennessee and for the use and benefit of the State of Tennessee are exempt from Tennessee sales tax. Cardholders should obtain an exemption certificate and present it to each vendor. This form is available on the Department of Revenue web site at http://www.tn.gov/revenue/forms/sales/index.shtml in the "Exemption Applications/Certificates" section. Purchases made in other states may be subject to that state's sales tax. The Cardholder must be diligent when dealing with the vendor regarding taxes. If the vendor cannot deduct the sales tax because of pre-set controls within its computer systems or will not honor the exemption, the Cardholder may continue with the purchase but must note the refusal on the receipt. In the event a Cardholder is inappropriately charged for sales tax, he or she shall seek a credit refund of any sales taxes to the P-Card account.

6.5. Credits.
If a Cardholder returns merchandise, a credit should be issued to the Cardholder's P-Card and a credit receipt obtained. Under no circumstances should a Cardholder receive cash or a credit voucher. The Cardholder or State Agency Approver is responsible for reviewing *CitiManager*® to ensure that credits are received and, if not, file the appropriate paperwork for disputed items. Cardholders should avoid Vendors with restrictive merchandise return policies.

6.6. Disputing Transactions.

If there is a problem with a Transaction, the Cardholder must first attempt to reach a resolution directly with the Vendor. In most cases, disputes can be resolved between the Cardholder and the Vendor. The Vendor will usually issue a credit.

The Cardholder should document all attempts to resolve a problematic Transaction. If the disputed Transaction involves a reservation or order that has been cancelled, the Cardholder is responsible for obtaining a cancellation number. If efforts to resolve the problem with the Vendor are unsuccessful or if a credit does not appear in *CitiManager*®, the Cardholder should file the appropriate dispute paperwork with the Bank and contact his or her State Agency P-Card Program Coordinator.

If a Citibank Statement contains a Transaction that needs to be disputed, the Cardholder should contact Citibank Customer Service at 1-800-248-4553, Option #0 to initiate the dispute process, and contact his or her State Agency P-Card Program Coordinator to ensure the disputed transaction has been documented. If the dispute cannot be resolved between the Cardholder and the Bank, the Cardholder shall immediately notify his or her State Agency P-Card Program Coordinator and follow the agency-specific procedures for disputes.

6.7. Declined Purchase Transactions.

On occasion, a Cardholder's purchase transaction may be declined. Cardholders should contact Citibank Customer Service at 1-800-248-4553, option #0 to determine the reason for the decline before contacting their State Agency P-Card Program Coordinator for assistance.

Common reasons for declines include:

- MCC is restricted from the Purchasing Card;
- The Cardholders has exceeded the STL, daily limit or monthly limit; or
- Invalid expiration.

7. CARD ISSUANCE AND CANCELLATION.

The State Agency P-Card Program Coordinator is responsible for issuing all P-Cards within his or her Agency. State Agency P-Card Program Coordinators have authority to terminate a Cardholder's status as a Cardholder and cancel P-Cards. The Statewide P-Card Program Administrator should be notified of any P-Card cancellations.

7.1. P-Card Issuance.

Purchasing Cards are issued following:

- Completion of the Cardholder Application;
- Completion and approval of a Cardholder profile;
- Completion of P-Card training; and
- Completion of the Cardholder Agreement.

7.2. P-Card Cancellation.

P-Cards shall be cancelled by the following:

- Cardholder's separation from employment for any reason;
- Cardholder's job status changes such that he or she no longer requires a P-Card;
- Cardholder reports the loss or theft of the P-Card;
- Cardholder misuses the P-Card; or
- Untimely approval of transactions.

If a P-Card is cancelled, it shall be destroyed by cutting it down the magnetic strip. The Statewide P-Card Program Administrator shall be notified of all P-Card cancellations.

8. P-CARD PROGRAM TRAINING.

Cardholder training is critical—all Cardholders must complete training before being issued a P-Card. Training ensures that the Cardholder understands the P-Card Program procedures and this Policy and is aware of potential disciplinary action for P-Card misuse or abuse. Once training is complete, the Cardholder shall sign a Cardholder Agreement as a condition for being issued a P-Card. The Cardholder Agreement is evidence that the Cardholder has received training and a copy of the P-Card Policy. The Statewide P-Card Program Administrator will coordinate Cardholder training with State Agency P-Card Program Coordinators.

9. INTERNAL CONTROLS.

A strong system of internal controls is essential for detection and deterrence of fraud, misuse, or abuse of the P-Card. Internal controls include policies, procedures, training, spending limits, Merchant Category Code restrictions, prompt reconciliation, and prompt account distribution.

9.1. Duty of State Agencies.

Each State Agency must establish an internal control structure that ensures compliance with the State's procurement laws, CPO rules, policies and procedures, this Policy, and the terms and conditions of P-Card established by the Bank. The State Agency Fiscal Director is responsible for developing and reviewing the State Agency's internal P-Card policy and ensuring that sound accounting practices and internal policies are in place and enforced. All State Agency P-Card Program internal policies shall address the following:

- Separation of duties between ordering cards (State Agency P-Card Program Coordinators), making Transactions (Cardholders and Users), and review or approval of Transactions for payment (Cardholder Supervisors or Cardholder Approvers);
- Independent review of the P-Card Account maintenance activity at least monthly if the State Agency P-Card Program Coordinator is also a Cardholder or User.
- Limits on the number of Cardholders assigned to a Cardholder Supervisor in order to ensure adequate review of business need and documentation for each Transaction; and
- Provision for annual independent audit or review of the Agency's P-Card program by the State Agency P-Card Program Coordinator, State Agency Internal Audit unit, or other business unit assigned State Agency audit responsibilities. Reviews must include adequacy of:
    - Internal policies and procedures;

- Cardholder spending limits;
- Monthly reconciliation procedures; and
- Documentation for Transactions.

9.2. State Agency Internal P-Card Policy and Procedures.
Each State Agency must develop its own internal policy and procedures to address areas that this Policy does not address.

9.3. Card Management and Reconciliation Systems.
All Transaction reconciliations will be completed in Edison unless the Central Procurement Office approves an alternate method of reconciliation.

9.4. Merchant Category Code Restrictions.
Merchant Category Codes are four-digit codes used by commercial credit card brands (e.g., Visa, MasterCard, American Express) to identify a merchant's principal trade, profession, or line of business. MCCs are assigned to a merchant based on the types of goods or services the merchant provides. MCCs blocked on P-Cards restrict State purchases from certain merchants to protect against unauthorized or prohibited purchases.

- The Statewide P-Card Program Administration Team manages the State-identified MCC groups that contain codes associated with vendors that provide goods or services that are prohibited for purchase using the P-Card.
- Although Transactions at unauthorized MCCs are blocked at the point-of-sale, they are occasionally forced through. These Transactions are subject to audit.
- The CPO's Compliance Team will conduct periodic audits of Transactions with restricted MCC vendors.
- State Agencies may request activation of additional MCCs for inclusion in a State-authorized group or creation of a new MCC group to meet specific needs. A Cardholder's State Agency P-Card Program Coordinator should ensure that Cardholder profiles permit only those MCC groups that a Cardholder needs to meet his or her job requirements.

9.5. Cardholder Spending Limits and Utilization.
The State Agency Fiscal Director may establish a Single Transaction Limit (STL) of up to the ten thousand dollar ($10,000) maximum for Cardholders as he or she determines appropriate taking into account the State Agency's overall needs. Imposing spending limits enables management to provide Cardholders with the purchasing power to perform their jobs without exposing the State to unnecessary risk. Spending limits should be based on the Cardholder's job responsibilities. Cardholder spending limits must be reviewed at least annually to determine if actual usage is consistent with spending limits. Increases or decreases to spending limits may be made by the State Agency Fiscal Director as needed. Cardholders are prohibited from splitting a single purchase between one or more P-Cards or between a Card transaction and a purchase order to circumvent the STL or CPO rules, policies or procedures. Each State Agency is required to perform a review of spending limits at least annually in order to determine if each Cardholder's spending limit is adequate and appropriate.

9.6. Dormant Cards.

Each State Agency's internal P-Card policy shall address how long a P-Card can remain unused before it is considered inactive. The CPO recommends that State Agencies reduce the Cycle Limit of any P-Card that has not been used within twelve (12) complete cycles to one dollar ($1). When a P-Card has not been used for some time, the State Agency P-Card Program Coordinator should conduct a review to determine if the Cardholder still needs a P-Card. Each State Agency is responsible for the ensuring that this review is completed in accordance with its own internal P-Card policy.

10. DOCUMENTATION AND ACCOUNTING.

10.1. Documentation.

State Agencies should use Edison for Transaction reconciliation. When performing reconciliation in Edison, Cardholders must follow internal procedures for handling documentation. Any State Agency seeking to use a manual method for Transaction reconciliation must obtain approval from the Central Procurement Office.

Regardless of the Transaction reconciliation method, Cardholders should provide invoices or receipts for all Transactions. Invoices or receipts shall include:

- The Vendor's name, location, and contact information;
- Line item details, including quantity, description, unit price, and total price; and
- A line showing that the State was not charged for sales tax.

10.2. Receipts.

- It is the Cardholder's responsibility to obtain itemized receipts and any other pertinent backup documentation. Other documentation may include shipping documents and bills of lading. This information will be used by the Agency to validate and reconcile charges.
- For online purchases that do not provide a downloadable receipt, a screen shot of the receipt information can serve as a receipt.
- In lieu of obtaining physical receipts, the Cardholder may also take a picture of the receipt with his or her mobile device and save the receipt electronically.
- If a Cardholder loses a receipt and a duplicate cannot be obtained, the Cardholder should follow his or her State Agency's internal procedures for lost receipts. Cardholders who lose receipts and resort to their Agency's internal procedures for lost receipts more than three (3) times during a fiscal year may have their P-Card privileges suspended.
- The amount on the receipt and the amount of the charge to the Cardholder's P-Card account must match. Any discrepancies in amounts should be resolved with the Vendor and an explanation regarding the resolution should be made on the receipt or other backup documentation. It is not sufficient to change the amount on the receipt only.
- The Cardholder and the Cardholder Supervisor shall document all missing receipts.

- Credits may be processed without a receipt, but the Cardholder must provide an explanation of the credit.

10.3. Reconciliation.

- Cardholders should perform reconciliation in Edison on a weekly basis.
- After completing the weekly reconciliation process, the Cardholder must forward signed and dated receipts to his or her State Agency Approver. This should also occur on a weekly basis.

10.4. Allocation to the General Ledger.

Timely allocation of charges to the general ledger is essential to ensure compliance with State accounting and budgetary policies. The State Agency must ensure that all transactions are allocated to the general ledger before the end of the billing cycle.

11. PROHIBITED PURCHASES AND TRANSACTIONS.

11.1. Prohibited Purchases.

Cardholders are prohibited from using a physical P-Card for the following types of purchases, payments, or transactions:

- Goods or services not directly related to job responsibilities or other official State of Tennessee business, i.e., personal purchases;
- Cash withdrawals, including ATM or debit withdrawals;
- Travel expenses;
- Telephone billings;
- Political publications of any sort;
- Utility billings and connection fees;
- Payments to another State Agency;
- Rental of passenger vehicles of any kind;
- Artifacts for historical or commemorative purposes (except for the State Museum);
- An employee's moving expenses;
- Purchases of any motor vehicle fuel for any vehicle of equipment leased from the Department of General Services' Division of Motor Vehicle Management ("MVM");
- Back orders or partial shipments—goods or services must be in stock or otherwise available at the time of purchase;
- Purchases made using a P-Card or other account by someone other than the Cardholder or account holder;
- Service awards for state employees;
- Awards for private citizens;
- Honoraria expenses;
- Insurance policies;
- Gift cards or gift certificates; and
- Any goods or services related to political activity as defined under "The Little Hatch Act," Tenn. Code Ann. §§ 2-19-201 through 208;

11.2. Personal Purchases Prohibited.

As provided in Sections 3.1, 5.7 and 12.1, Cardholders are prohibited from using a P-Card for the purchase of any goods or services not directly related to job responsibilities or other official State business. Intentional use of a P-Card for any purposes other than State business will result in disciplinary action, up to and including termination from State employment or criminal prosecution. Under Tenn. Code Ann. § 39-16-402, State employees who intentionally or knowingly use a P-Card or a Virtual P-Card for personal purchases commit a Class E felony.

11.3. Split Charges Prohibited.

Tenn. Code Ann. § 12-3-503(b) and CPO Policy Number 2013-003 authorize State Agencies to make a purchase without soliciting quotes or proposals from multiple vendors when the total value of the purchase is ten thousand dollars ($10,000) or less. Cardholders are prohibited by Tenn. Code Ann. § 12-3-503(b)(2) from splitting a transaction between two or more transactions on a single account, two or more transactions on multiple accounts, or two or more transactions using the P-Card and a purchase order, in order to circumvent the STL imposed on the P-Card. The STL for P-Card purchases using a physical P-Card is ten thousand dollars ($10,000) unless a State Agency has designated a lower STL in its internal P-Card policy.

11.4. Payment of Sales and Use Tax.

Tenn. Code Ann. § 67-6-329(a) provides that all sales of services and tangible personal property made to the State of Tennessee are exempted from sales and use taxes. Cardholders should provide each vendor with an exemption certificate, as described in Section 6.4. Cardholders are responsible for ensuring that vendors do not charge tax or provide a credit for inadvertent charges.

- If taxes are charged, the Cardholder must contact the vendor to obtain a credit to the account.
- Vendors may only credit the State's P-Card Account and may not refund erroneously paid taxes through other means, including cash, gift cards, or store credit.
- The Cardholder is required to maintain documentation of his or her attempts to obtain credit for any Tennessee Sales and Use Tax charged to the P-Card Account in error.

12. PURCHASES RESERVED FOR THE DESIGNATED STATE AGENCY CENTRAL FISCAL OFFICE CARDHOLDER.

Only the person designated by the State Agency Fiscal Director may use his or her individual P-Card for the following purchases:

- Tuition, fees, and supplies for training individuals;
- Internet, newspaper, radio, or television advertisements;
- Subscriptions to newspapers, periodicals, newsletters, or pamphlets;
- Organization membership dues;
- Charges for meeting rooms and attendant expenses in excess of two hundred dollars ($200) per day or for more than five (5) days;

- Convention or registration fees; and
- Association entry fees.

State Agencies may request an exception from this paragraph by submitting a letter to the Statewide P-Card Program Administrator. The letter must be on Agency letterhead, include a business justification for the exception, and be signed by the Agency's Fiscal Director.

13. DECLARED EMERGENCIES AND NATURAL DISASTERS.

Tenn. Comp. R. & Regs. 0690-03-01-.05(5) authorizes the CPO or delegated State Agencies to forego standard procurement requirements to meet emergencies arising from unforeseen causes. If an emergency affecting the health or safety of any person occurs when CPO personnel are not available, any State Agency is authorized to contract for necessary goods or services and obtain "after the fact" emergency purchase authorization. All requests for "after the fact" emergency purchase authorization shall comply with CPO rules, policies, and procedures.

14. ENCOURAGED USE OF P-CARDS.

14.1. Statewide and Agency Term Contracts.

As provided in Section 10.4 of the CPO's *Procurement Procedures Manual*, State Agencies are required to use Statewide Contracts for procuring goods or services to the extent the needed goods or services are available on a Statewide Contract. State Agencies may not procure goods or services available on a Statewide Contract from any other source without prior approval from the Chief Procurement Officer or designee. State Agencies are encouraged to utilize P-Cards for purchasing goods or services on Agency Term Contracts and Statewide Contracts.

14.2. Utilization of Diversity Vendors.

Cardholders are strongly encouraged to make authorized purchases from vendors certified by the Governor's Office of Diversity Business Enterprise.

15. SURCHARGES AND CONVENIENCE FEES.

Many vendors charge a "credit card processing fee" or "convenience fee" for accepting credit cards including the P-Card. These types of fees are strictly regulated by Visa and MasterCard.

According to Visa's "Card Acceptance and Chargeback Management Guidelines for Merchants" available on Visa's website, credit card surcharges are allowed but cannot be more than the amount the vendor's bank charges them for processing the transaction. Also, the vendor cannot charge both a surcharge and a convenience fee, explained below.

The maximum allowable surcharge is four percent (4%) and must be shown as a line item on the detailed invoice or receipt. Whenever a Vendor charges a surcharge, the following rules apply:

- The Vendor must have provided Visa and its bank at least thirty (30) days notification of their intent to impose surcharges;
- The fact that the Vendor imposes surcharges must be clearly posted on the door and at point-of-sale for physical locations and on web sites when sales are made via the internet; and

- The Vendor must inform the Cardholder or User:
  - Of the exact percent of the surcharge;
  - That the Vendor is the entity assessing the surcharge;
  - That surcharges are applicable on credit transactions only; and
  - That the surcharge is not greater than what the vendor pays to Visa.

For any Transaction where the Vendor has charged a surcharge, a Cardholder or User must obtain a copy of the acknowledgement letter sent to the Vendor by Visa authorizing the Vendor to impose a surcharge. A copy on file with the State Agency P-Card Program Coordinator will be sufficient.

INSURANCE PROVISIONS FOR THE FA TEMPLATE AND EDISON CONFIGURATOR

REDLINE VERSION

~~Insurance~~D.#. Insurance. Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified below. The COI shall be provided ten (10) business days prior to the Effective Date and again upon renewal or replacement of coverages required by this Contract. If insurance expires during the Term, the State must receive a new COI at least thirty (30) calendar days prior to the insurance's expiration date. If the Contractor loses insurance coverage, does not renew coverage, or for any reason becomes uninsured during the Term, the Contractor shall notify the State immediately.

~~Add the following Section as appropriate. If unsure whether Section is applicable, consult the CPO legal team.~~

~~E.#. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.~~

~~a. The Contractor shall maintain, at minimum, the following insurance coverage:~~

~~(1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars ($1,000,000) per occurrence for employers' liability whichever is greater.~~

~~(2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate.~~

~~(3) Automobile Coverage (including owned, leased, hired, and non-owned vehicles) with a bodily injury/property damage combined single limit not less than one million dollars ($1,000,000) per occurrence.~~

~~(4) Errors and Omission Coverage with a limit of not less than one million dollars ($1,000,000) per claim and two million dollars ($2,000,000) aggregate.~~

~~b. The Contractor shall provide a valid Certificate of Insurance naming the State as an additional insured and detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Contractor shall obtain from Contractor's insurance carrier(s) and will deliver to the State waivers of the subrogation rights under the respective policies. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.~~

The COI shall be on a form approved by the Tennessee Department of Commerce and Insurance ("TDCI") and signed by an authorized representative of the insurer. The COI shall list each insurer's national association of insurance commissioners (also known as NAIC) number or federal employer identification number and list the State of Tennessee, Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 in the certificate holder section. At any time, the State may require the Contractor to provide a valid COI detailing coverage description; insurance company; policy number; exceptions; exclusions; policy effective date; policy expiration date; limits of liability; and the name and address of insured. The Contractor's failure to maintain or submit evidence of insurance coverage is considered a material breach of this Contract.

If the Contractor desires to self-insure, then a COI will not be required to prove coverage. In place of the COI, the Contractor must provide a certificate of self-insurance or a letter on the Contractor's letterhead detailing its coverage, liability policy amounts, and proof of funds to reasonably cover such expenses. Compliance with Tenn. Code Ann. § 50-6-405 and the rules of the TDCI is required for the Contractor to self-insure workers' compensation.

All insurance companies must be: (a) acceptable to the State; (b) authorized by the TDCI to transact business in the State of Tennessee; and (c) rated A- VII or better by A. M. Best. The Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that the subcontractors are included under the Contractor's policy.

The Contractor agrees to name the State as an additional insured on any insurance policies with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) ("Professional Liability") insurance. Also, all policies shall contain an endorsement for a waiver of subrogation in favor of the State.

The deductible and any premiums are the Contractor's sole responsibility. Any deductible over fifty thousand dollars ($50,000) must be approved by the State. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

All coverage required shall be on a primary basis and noncontributory with any other insurance coverage or self-insurance carried by the State. The State reserves the right to amend or require additional endorsements, types of coverage, and higher or lower limits of coverage depending on the nature of the work. Purchases or contracts involving any hazardous activity or equipment, tenant, concessionaire and lease agreements, alcohol sales, cyber-liability risks, environmental risks, special motorized equipment, or property may require customized insurance requirements (e.g. umbrella liability insurance) in addition to the general requirements listed below.

The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.

Commercial General Liability Insurance

- The Contractor shall maintain commercial general liability insurance, which shall be written on an Insurance Services Office, Inc. (also known as ISO) occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises/operations, independent contractors, contractual liability, completed operations/products, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).
- The Contractor shall maintain bodily injury/property damage with a combined single limit not less than one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate for bodily injury and property damage, including products and completed operations coverage with an aggregate limit of at least two million dollars ($2,000,000).

Workers' Compensation and Employer Liability Insurance

A. For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
   - Workers' compensation and employer liability insurance in the amounts required by appropriate state statutes; or
   - In an amount not less than one million dollars ($1,000,000) including employer liability of one million dollars ($1,000,000) per accident for bodily injury by accident, one million dollars ($1,000,000) policy limit by disease, and one million dollars ($1,000,000) per employee for bodily injury by disease.

B. If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:
   - The Contractor employees fewer than five (5) employees;
   - The Contractor is a sole proprietor;
   - The Contractor is in the construction business or trades with no employees;
   - The Contractor is in the coal mining industry with no employees;
   - The Contractor is a state or local government; or
   - The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

Option: Automobile Liability Insurance

Add the following as part of the mandatory insurance term if the Contractor will use a vehicle when providing goods or services under the Contract.

Automobile Liability Insurance

- The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).
- The Contractor shall maintain bodily injury/property damage with a limit not less than one million dollars ($1,000,000) per occurrence or combined single limit.

Option: Professional Liability Insurance

Add the following as part of the mandatory insurance term if the Contract involves professional services, e.g., architects, engineers, consultants, counselors, medical professionals, attorneys, accountants.

Professional Liability Insurance

Professional Liability insurance shall include:

- Professional Liability insurance written on an occurrence basis. This coverage may be written on a claims-made basis but must include an extended reporting period or "tail coverage" of at least two (2) years after contract completion;
- Such policy shall have a limit not less than one million dollars ($1,000,000) per claim and two million dollars ($2,000,000) in the aggregate; and
- If the Contract involves the provision of services by medical professionals, a policy limit not less than two million ($2,000,000) per claim and three million dollars ($3,000,000) in the aggregate for medical malpractice insurance.

Document comparison by Workshare Compare on Friday, February 27, 2015 12:37:23 PM

Input:	
Document 1 ID	file://C:\Users\BA10408\Desktop\Insurance_orig.docx
Description	Insurance_orig
Document 2 ID	file://C:\Users\BA10408\Desktop\Insurance_new.docx
Description	Insurance_new
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	52
Deletions	9
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	61

INSURANCE PROVISIONS FOR THE FA TEMPLATE AND EDISON CONFIGURATOR

CLEAN VERSION

REQUEST 1: Add the following term to Section D of the FA Template and to Edison's configurator.

D.#. Insurance. Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified below. The COI shall be provided ten (10) business days prior to the Effective Date and again upon renewal or replacement of coverages required by this Contract. If insurance expires during the Term, the State must receive a new COI at least thirty (30) calendar days prior to the insurance's expiration date. If the Contractor loses insurance coverage, does not renew coverage, or for any reason becomes uninsured during the Term, the Contractor shall notify the State immediately.

The COI shall be on a form approved by the Tennessee Department of Commerce and Insurance ("TDCI") and signed by an authorized representative of the insurer. The COI shall list each insurer's national association of insurance commissioners (also known as NAIC) number or federal employer identification number and list the State of Tennessee, Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 in the certificate holder section. At any time, the State may require the Contractor to provide a valid COI detailing coverage description; insurance company; policy number; exceptions; exclusions; policy effective date; policy expiration date; limits of liability; and the name and address of insured. The Contractor's failure to maintain or submit evidence of insurance coverage is considered a material breach of this Contract.

If the Contractor desires to self-insure, then a COI will not be required to prove coverage. In place of the COI, the Contractor must provide a certificate of self-insurance or a letter on the Contractor's letterhead detailing its coverage, liability policy amounts, and proof of funds to reasonably cover such expenses. Compliance with Tenn. Code Ann. § 50-6-405 and the rules of the TDCI is required for the Contractor to self-insure workers' compensation.

All insurance companies must be: (a) acceptable to the State; (b) authorized by the TDCI to transact business in the State of Tennessee; and (c) rated A- VII or better by A. M. Best. The Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that the subcontractors are included under the Contractor's policy.

The Contractor agrees to name the State as an additional insured on any insurance policies with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) ("Professional Liability") insurance. Also, all policies shall contain an endorsement for a waiver of subrogation in favor of the State.

The deductible and any premiums are the Contractor's sole responsibility. Any deductible over fifty thousand dollars ($50,000) must be approved by the State. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

All coverage required shall be on a primary basis and noncontributory with any other insurance coverage or self-insurance carried by the State. The State reserves the right to amend or require additional endorsements, types of coverage, and higher or lower limits of coverage depending on the nature of the work. Purchases or contracts involving any hazardous activity or equipment, tenant, concessionaire and lease agreements, alcohol sales, cyber-liability risks, environmental risks, special motorized equipment, or property may require customized insurance requirements (e.g. umbrella liability insurance) in addition to the general requirements listed below.

The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.

Commercial General Liability Insurance

- The Contractor shall maintain commercial general liability insurance, which shall be written on an Insurance Services Office, Inc. (also known as ISO) occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises/operations, independent contractors, contractual liability, completed operations/products, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).
- The Contractor shall maintain bodily injury/property damage with a combined single limit not less than one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate for bodily injury and property damage, including products and completed operations coverage with an aggregate limit of at least two million dollars ($2,000,000).

Workers' Compensation and Employer Liability Insurance

A. For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
    - Workers' compensation and employer liability insurance in the amounts required by appropriate state statutes; or
    - In an amount not less than one million dollars ($1,000,000) including employer liability of one million dollars ($1,000,000) per accident for bodily injury by accident, one million dollars ($1,000,000) policy limit by disease, and one million dollars ($1,000,000) per employee for bodily injury by disease.

B. If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:
    - The Contractor employees fewer than five (5) employees;
    - The Contractor is a sole proprietor;
    - The Contractor is in the construction business or trades with no employees;
    - The Contractor is in the coal mining industry with no employees;
    - The Contractor is a state or local government; or
    - The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

REQUEST 2: Add the following optional terms and instructions to the FA Template and to Edison's configurator.

Option: Automobile Liability Insurance
Add the following as part of the mandatory insurance term if the Contractor will use a vehicle when providing goods or services under the Contract.

Automobile Liability Insurance

- The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).
- The Contractor shall maintain bodily injury/property damage with a limit not less than one million dollars ($1,000,000) per occurrence or combined single limit.

Option: Professional Liability Insurance
Add the following as part of the mandatory insurance term if the Contract involves professional services, e.g., architects, engineers, consultants, counselors, medical professionals, attorneys, accountants.

Professional Liability Insurance
Professional Liability insurance shall include:

- Professional Liability insurance written on an occurrence basis. This coverage may be written on a claims-made basis but must include an extended reporting period or "tail coverage" of at least two (2) years after contract completion;
- Such policy shall have a limit not less than one million dollars ($1,000,000) per claim and two million dollars ($2,000,000) in the aggregate; and
- If the Contract involves the provision of services by medical professionals, a policy limit not less than two million ($2,000,000) per claim and three million dollars ($3,000,000) in the aggregate for medical malpractice insurance.

PROTECTION OF FEDERAL TAX INFORMATION PROVISIONS FOR THE FA TEMPLATE AND EDISON CONFIGURATOR

REQUEST: Add the following options and instructional language to the "Instructions, Considerations, and Options" portion of the FA Template and to Edison's configurator.

Option: Protection of Federal Tax Information

Add one of the following options below *as a separate attachment* to the Contract for Contractors having access to Federal Tax Information ("FTI") during performance of the Contract. If unsure whether to include one of the options below, contact the Central Procurement Office's legal team.

FTI means any return or return information, as defined by I.R.C. § 6103(b)(2), received from the Internal Revenue Service or secondary source, such as the Social Security Administration, Federal Office of Child Support Enforcement, or Bureau of Fiscal Service. FTI includes any information created by the recipient that is derived from return or return information. If the Contract involves disclosing FTI to a Contractor, the contracting State Agency shall provide the IRS at least forty-five (45) days notice before executing the Contract. Use Option #1 when the Contractor may have access to electronic forms of FTI. Use Option #2 when the Contractor may have access to hard copies of FTI.

Option #1

FEDERALLY MANDATED REQUIREMENTS FOR TECHNOLOGY SERVICES CONTRACTS WITH ACCESS TO FEDERAL TAX RETURN INFORMATION

Federal Tax Information ("FTI") means any return or return information, as defined by I.R.C. § 6103(b)(2), received from the Internal Revenue Service or secondary source, such as the Social Security Administration, Federal Office of Child Support Enforcement, or Bureau of Fiscal Service. FTI includes any information created by the recipient that is derived from return or return information.

1. PERFORMANCE

In performance of this Contract, the Contractor agrees to comply with and assume responsibility for compliance by his or her employees with the following requirements:

1.1 All work will be done under the supervision of the Contractor or the Contractor's employees.

1.2 Any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract. Disclosure to anyone other than an officer or employee of the Contractor will be prohibited.

1.3 All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output will be given the same level of protection as required for the source material.

1.4 The Contractor certifies that the data processed during the performance of this Contract will be completely purged from all data storage components of his or her computer facility, and no output will be retained by the Contractor at the time the work is completed. If immediate purging of all data storage components is not possible, the Contractor certifies that any IRS data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.

1.5 Any spoilage or any intermediate hard copy printout that may result during the processing of IRS data will be given to the State. When this is not possible, the Contractor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts, and will provide the State with a statement containing the date of destruction, description of material destroyed, and the method used.

1.6 All computer systems receiving, processing, storing, or transmitting FTI must meet the requirements defined in IRS Publication 1075. To meet functional and assurance requirements, the security features of the environment must provide for the managerial, operational, and technical controls. All security features must be available and activated to protect against unauthorized use of and access to Federal Tax Information.

1.7 No work involving Federal Tax Information furnished under this Contract will be subcontracted without prior written approval of the IRS.

1.8 The Contractor will maintain a list of employees authorized access. Such list will be provided to the State and, upon request, to the IRS reviewing office.

1.9 The State will have the right to void the Contract if the Contractor fails to provide the safeguards described above.

2. CRIMINAL/CIVIL SANCTIONS:

2.1 Each officer or employee of any person to whom returns or return information is or may be disclosed will be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as five thousand dollars ($5,000) or imprisonment for as long as five (5) years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized further disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than one thousand dollars ($1,000) with respect to each instance of unauthorized disclosure. These penalties are prescribed by I.R.C. §§ 7213 and 7431 and set forth at 26 CFR 301.6103(n)-1.

2.2 Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract. Inspection by or disclosure to anyone without an official need-to-know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as one thousand dollars ($1,000) or imprisonment for as long as one (1) year, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount equal to the sum of the greater of one thousand dollars ($1,000) for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful

inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. These penalties are prescribed by I.R.C. §§ 7213A and 7431.

2.3 Additionally, it is incumbent upon the Contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. § 552a. Specifically, 5 U.S.C. § 552a(i)(1), which is made applicable to contractors by 5 § U.S.C. 552a(m)(1), provides that any officer or employee of a contractor, who by virtue of his or her employment or official position, has possession of or access to State records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than five thousand dollars ($5,000).

2.4 Granting a Contractor access to FTI must be preceded by certifying that each individual understands the State's security policy and procedures for safeguarding IRS information. Contractors must maintain their authorization to access FTI through annual recertification. The initial certification and recertification must be documented and placed in the State's files for review. As part of the certification and at least annually afterwards, Contractors must be advised of the provisions of I.R.C. §§ 7431, 7213, and 7213A. The training provided before the initial certification and annually thereafter must also cover the incident response policy and procedure for reporting unauthorized disclosures and data breaches. For both the initial certification and the annual certification, the Contractor must sign, either with ink or electronic signature, a confidentiality statement certifying their understanding of the security requirements.

3. INSPECTION:

The IRS and the State shall have the right to send its officers and employees into the offices and plants of the Contractor for inspection of the facilities and operations provided for the performance of any work under this Contract. On the basis of such inspection, specific measures may be required in cases where the Contractor is found to be noncompliant with Contract safeguards.

Option #2

FEDERALLY MANDATED REQUIREMENTS FOR GENERAL SERVICES CONTRACTS WITH ACCESS TO FEDERAL TAX RETURN INFORMATION

Federal Tax Information ("FTI") means any return or return information, as defined by I.R.C. § 6103(b)(2), received from the Internal Revenue Service or secondary source, such as the Social Security Administration, Federal Office of Child Support Enforcement, or Bureau of Fiscal Service. FTI includes any information created by the recipient that is derived from return or return information.

1. PERFORMANCE

In performance of this Contract, the Contractor agrees to comply with and assume responsibility for compliance by his or her employees with the following requirements:

1.1 All work will be done under the supervision of the Contractor or the Contractor's employees.

1.2 Any federal tax returns or return information (hereafter referred to as returns or return information) made available shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of this contract. Inspection by or disclosure to anyone other than an officer or employee of the contractor is prohibited.

1.3 All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output will be given the same level of protection as required for the source material.

1.4 No work involving returns and return information furnished under this Contract will be subcontracted without prior written approval of the IRS.

1.5 The Contractor will maintain a list of employees authorized access. Such list will be provided to the State and, upon request, to the IRS reviewing office.

1.6 The State will have the right to void the Contract if the Contractor fails to provide the safeguards described above.

2. CRIMINAL/CIVIL SANCTIONS:

2.1 Each officer or employee of any person to whom returns or return information is or may be disclosed will be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as five thousand dollars ($5,000) or imprisonment for as long as five (5) years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized further disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than one thousand dollars ($1,000) with respect to each instance of unauthorized disclosure. These penalties are prescribed by IRC §§ 7213 and 7431 and set forth at 26 CFR 301.6103(n)-1.

2.2 Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract. Inspection by or disclosure to anyone without an official need-to-know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as one thousand dollars ($1,000) or imprisonment for as long as one (1) year, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount equal to the sum of the greater of one thousand ($1,000) for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. These penalties are prescribed by IRC §§ 7213A and 7431.

2.3 Additionally, it is incumbent upon the Contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. § 552a. Specifically, 5 U.S.C. § 552a(i)(1), which is made applicable to contractors by 5 U.S.C. § 552a(m)(1), provides that any officer or employee of a contractor, who by virtue of his or her employment or official position, has possession of or access to State records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than five thousand dollars ($5,000).

2.4 Granting a Contractor access to FTI must be preceded by certifying that each individual understands the State's security policy and procedures for safeguarding IRS information. Contractors must maintain their authorization to access FTI through annual recertification. The initial certification and recertification must be documented and placed in the State's files for review. As part of the certification and at least annually afterwards, Contractors must be advised of the provisions of IRC §§ 7431, 7213, and 7213A. The training provided before the initial certification and annually thereafter must also cover the incident response policy and procedure for reporting unauthorized disclosures and data breaches. For both the initial certification and the annual certification, the Contractor must sign, either with ink or electronic signature, a confidentiality statement certifying their understanding of the security requirements.

3. INSPECTION:

The IRS and the State shall have the right to send its officers and employees into the offices and plants of the Contractor for inspection of the facilities and operations provided for the performance of any work under this Contract. On the basis of such inspection, specific measures may be required in cases where the Contractor is found to be noncompliant with Contract safeguards.

POLICY NO. 2013-006:

CENTRAL PROCUREMENT OFFICE DELEGATION OF AUTHORITY POLICY

REDLINE VERSION

~~AMENDED 8-22-13~~ **Policy Number 2013-006**
Central Procurement Office ~~Authority~~
Delegation of Authority Policy ~~and Procedures~~

Effective: August 22, 2013
Last Amended: DATE
Prepared by: The Central Procurement Office of the State of Tennessee

1. Purpose.

To establish conditions under which ~~the authority of~~ the Chief Procurement Officer ~~may be delegated~~, with the approval of the Comptroller of the Treasury, may delegate authority to State Agencies ~~for the purposes of issuing, executing, and managing grants, loans, procurements~~to issue, execute, and manage contracts, purchases, ~~or~~grant contracts, or loans.

2. Scope.

This policy applies to all ~~grants, loans, procurements, purchases, or contracts including revenue or no-cost contracts executed or approved by a State Agency where such execution or approval is otherwise required by the Chief Procurement Officer under statute or rule~~contracts, purchases, grant contracts, or loans that are issued pursuant to the delegated authority application process.

3. Definitions.

For purposes of this policy, the following terms shall have the meanings described below:

"Agency" - means each State board, commission, committee, department, officer, or any other unit of State government.

"Contract" - means any duly authorized and legally binding written agreement or purchase order for goods or services by and between the State of Tennessee and any person or any separate entity with the independent legal capacity to contract and sue and be sued.

"Central Procurement Office" - means the ~~Central Procurement Office of the State of Tennessee acting by and through the Chief Procurement Officer or his or her designee as the context requires.~~State office established and empowered by Tenn. Code Ann. § 4-56-104.

~~"Delegated Authority" - means authority granted to a Delegated State Agency under a Delegated Grant Authority, Delegated Loan Authority, or Delegated Purchase Authority.~~Chief Procurement Officer" - means the official as defined by Tenn. Code Ann. § 4-56-104.

"Delegated ~~Grant~~ Authority" - means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to ~~issue grants~~purchase goods or services or execute contracts within specified limits and guidelines.

"Delegated Grant Authority" - means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to execute grant contracts for an individual program within specified limits and guidelines.

"Delegated Loan Authority" - means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to loan funds and to enter into loan agreements with ~~Contracting Parties~~contracting parties in accordance with a State or federally funded program.

~~"Delegated Purchase Authority" - means the approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to purchase services for an individual program, within specified limits and guidelines.~~

"Delegated State Agency" - means a State Agency that has received approval from the Chief Procurement Officer and the Comptroller of the Treasury to ~~procure~~purchase goods or services, ~~award grants, enter into~~execute contracts, including revenue or no-cost contracts, execute grant contracts, or make loans for an individual program within specified limits and guidelines.

~~"Emergency Purchase" - means a State Agency purchase made during an actual emergency arising from unforeseen causes.~~

~~"Primary Agency Purchasing Official" - means the individual responsible for the day-to-day management of a State Agency's purchasing function.~~

~~"Procurement" - means buying, purchasing, renting, leasing, or otherwise acquiring any goods or services. It also includes all functions that pertain to the obtaining of any goods or services, including the description of requirements, selection and solicitation of sources, negotiation, preparation and award of a contract, and all phases of contract administration.~~

"Purchase Order" - means a document issued by the Central Procurement Office or a State Agency to a ~~Contracting Party~~contracting party authorizing a purchase. Upon delivery to the ~~Contracting Party~~contracting party, a "purchase order" becomes a binding contract on both parties.

"Special Delegated Authority~~" - for a Declared Disaster~~" - means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to ~~a State Agency to enter into agreements for individual programs within specified limits and guidelines~~the Tennessee Emergency Management Agency to execute grant contracts related to a specific federal or state declared disaster.

"State" - means the State of Tennessee, including its departments, agencies, and entities that fall under its purview.

"State Building Commission" or "SBC" - means the entity created pursuant to Tenn. Code Ann. § 4-15-101.

"State Agency" - means the departments, agencies, and entities of the State of Tennessee.

"Statewide Contract" - means a contract for goods or services established by the ~~Central~~Chief Procurement ~~Office~~Officer that all State Agencies must utilize and that may be used by local governments, higher education, and certain not-for-profit entities~~.~~ under Tenn. Code Ann. § 33-2-1001.

4. Delegated Authority - Generally.

~~No grants, loans, procurements, purchases, or contracts including revenue or no-cost contracts shall be initiated and no obligation shall be incurred on behalf of the State by a State Agency unless a Delegated Authority is granted by~~In no event shall a State Agency initiate a purchase, contract, grant contract, or loan agreement under a delegated authority until the Chief Procurement Officer and Comptroller of the Treasury approve the delegated authority application. An approved delegated authority application shall remain in force and effect for no more than one (1) fiscal year unless the delegated authority application involves federal funds and the term of the federal grant award extends beyond one (1) fiscal year. In such event, the Chief Procurement Officer and Comptroller of the Treasury~~. The granting of an initial or subsequent change to a Delegated Authority requires the approval of~~ may approve a delegated authority application for as long as the federal grant award's term. Amendments to a delegated authority must use the Delegated Authority Amendment Model prescribed by the Central Procurement Office and must be approved by the Chief Procurement Officer and the Comptroller of the Treasury. An approved delegated authority application may be revoked at any time if the Delegated State Agency fails to comply with State or federal law, or with Central Procurement Office rules, policies, and procedures.

5. Delegated Authority Types Covered by This Policy.

This policy applies to any Delegated ~~Purchase~~ Authority, Delegated Grant Authority, Delegated Loan Authority~~,~~ and Special Delegated Authority ~~and Miscellaneous Delegated Authority. A State Agency may request other forms of Delegated Authority, which may be approved at the discretion of the Chief Procurement Officer and the Comptroller of the Treasury. Applicable Delegated Authority application templates are available on the Central Procurement Office website~~for a Declared Disaster.

5.1. *Delegated ~~Purchase~~ Authority.*

A Delegated ~~Purchase~~ Authority authorizes a State Agency to ~~make purchases~~purchase goods or services or execute contracts for the specified program within the limits, guidelines, and conditions specified within the approved Delegated ~~Purchase~~ Authority. Use of a Delegated Authority is appropriate when the Delegated Authority's maximum liability is greater than fifty

thousand dollars ($50,000) or the goods or services being purchased are inappropriate for the use of the State Agency's local purchase authority. State Agencies shall not use a Delegated Authority to procure goods or services that are available on a Statewide or Agency Term Contract.

5.1.1. A Delegated ~~Purchase~~ Authority for purchases may be approved when:

~~The subject service needs are~~

- The need for goods or services is sporadic, and ~~it is not possible to determine in~~an advance ~~their~~determination of the volume, delivery, or exact costs of goods or services needed is not possible;
- It is impractical to award one or more fee-for-service contracts for the category of goods or services needed with compensation based upon unit or milestone rates;
- The program needs and general categories of goods or services are such that adequate guidelines can be developed to direct the ~~agency in competitively procuring services~~State Agency in competitively making each purchase;
- All goods or services purchased can be delivered or performed in ninety (90) days or fewer or represent a single transaction, as provided in Central Procurement Office Policy 2013-004, Section 4.3.2;
- The procurement terms, conditions, and criteria to be followed by the agency in ~~conducting~~making each purchase ~~shall~~will be of such uniformity that the ~~approval~~Central Procurement Office's individual, independent, and prior approval of each purchase is unnecessary; and
- The purchases involved will be of such uniformity, volume, and pressing need that the individual approval of each purchase by the Central Procurement Office ~~of each individual purchase is not necessary;~~is impractical.

All purchases made under an approved Delegated Authority shall be made using purchase orders that include the terms and conditions specified in the Purchase Order Terms and Conditions Template.

5.1.2. A Delegated Authority for contracts may be approved when:

- The ~~individual purchases involved are such that individual review by the Central Procurement Office is impractical; and~~program needs and general categories of services are such that adequate guidelines can be developed to direct the State Agency in competitively executing a number of similar contracts;

- The ~~procuring agency staff has made appropriate and justified inquiries and assured the validity and justification of the maximum rates detailed in the authority.~~

~~A Delegated Purchase Authority shall set forth all provisions including but not limited to selection criteria and limitations required by the~~individual contracts involved will be of such uniformity and standardization of processes, procedures, and contract terms that individual, independent, and prior approval is unnecessary and impractical; and

- All individual contracts executed will create a "contractor" relationship as defined in Central Procurement Office~~.~~ Policy 2013-007.

~~All purchases made pursuant to a Delegated Purchase Authority shall be made by the use of a written authorization to vendor approved by the Chief Procurement Officer. No changes shall be made to the approved authorization to vendor without a formal amendment of the approved Delegated Purchase Authority.~~

5.2. *Delegated Grant Authority.*

A Delegated Grant Authority authorizes a State Agency to ~~award grants~~execute grant contracts for a ~~grant~~particular program or programs within the limits, guidelines, and conditions specified within the approved Delegated Grant Authority.

~~Such a delegation~~ A Delegated Grant Authority may be approved when:

- The program needs and category of services are such that adequate guidelines can be developed to direct the agency in competitively ~~issuing~~or impartially executing a number of similar ~~grants~~grant contracts; and
- The individual ~~grants~~grant contracts involved are of such uniformity and standardization of processes, procedures, and contract terms that ~~there is little necessity or practicality in~~ individual review and approval by the Central Procurement Office is unnecessary and impractical.

A Delegated Grant Authority shall set forth all provisions, including but not limited to selection criteria, required by the Central Procurement Office rules, policies, and applicable State statutes.

No changes shall be made to the ~~approved~~terms and conditions of the grant ~~form detailed~~contracts included within the approved Delegated Grant Authority without an amendment to the Authority.

5.3. *Delegated Loan Authority.*

A Delegated Loan Authority authorizes a State Agency to make loans and associated loan agreements for the specified program that are within the limits, guidelines, and conditions specified within the approved Delegated Loan Authority.

A Delegated Loan Authority shall set forth all provisions, including but not limited to selection criteria, required by the Central Procurement Office rules, policies, and applicable State statutes.

No changes shall be made to the approved loan and associated loan agreement form detailed within the Delegated Loan Authority without an amendment to the Authority.

~~*Special Delegated Authority.*~~

~~A Special Delegated Authority authorizes a State Agency to make agreements or payments for the specified program without individual, independent approval review, so long as all such agreements and payments are within the limits, guidelines, and conditions specified within the approved Special Delegated Authority.~~

~~A Special Delegated Authority is unique and there is not a standard application template. The application document should be drafted in consultation with Central Procurement Office staff and include selection criteria.~~

~~*Miscellaneous Delegated Authorities.*~~

~~Miscellaneous Delegated Authorities include Delegated No Cost Contract Authority (DN), Delegated Revenue Contract Authority (DR), Authorization to Vendor Less than $1,000 Delegated Authority (DAV1000), Delegated Purchase Authority for Court Reporting Service (DPCR), Special Delegated Authority for Funding Awards (DA). State Agencies seeking authorizations relating to these authorities should utilize model application templates for these grants of authority. A Miscellaneous Delegated Authority requires the approval of the Chief Procurement Officer and the Comptroller of the Treasury.~~

5.4. *Special Delegated Authority for Federal or State Declared Disaster.*

A Special Delegated Authority for Declared Disaster is for Tennessee Emergency Management Agency ("TEMA") use only. It authorizes TEMA to ~~issue~~ execute grant agreements related to funds awarded for the response to and recovery from a disaster formally declared by the ~~Federal~~federal government or the Governor of Tennessee.

~~*Emergency Purchase Authority*~~

6. Delegated State Agency Requirements and Responsibilities.

~~The Chief Procurement Officer solely may delegate Emergency Purchase Authority to a State Agency to meet emergencies arising from any unforeseen cause, including, but not limited to, delays by contractors, delays in transportation, unanticipated work volume, and acts of God. Such delegations will be made when the emergency occurs outside of regular State business hours, and must not conflict with an activated Tennessee Emergency Management Agency (TEMA) declared emergency.~~ Delegated authority applications must be signed by the State Agency head or authorized designee. Unless purchases, contracts, grant contracts, or loan agreements made or entered into under an approved delegated authority application are authorized by the State Agency head or his or her designee, they are null and void.

~~Delegated State Agencies may procure goods or services via the Emergency Purchase method in accordance with applicable rules, policies, and procedures. State agencies should make Emergency Purchases through the Edison system and submit in writing to the Central Procurement Office the following information as soon as practicable:~~

~~The circumstances leading to the Emergency Purchase;~~
~~The procurement-related actions taken in response to the emergency, including procurement methods used;~~
~~A complete list of goods or services procured, including prices paid and total purchase amount; and~~
~~As applicable, additional purchases expected, including expected price and total purchase amount, as of the time of the report.~~

~~Allowable Actions Under Delegated Authority.~~

~~Purchase Orders and Contracts $50,000 and below:~~
~~Delegated State Agencies may procure goods and services valued over $10,000 and up to $50,000 via the informal written, verbal or telephone quotation method in accordance with applicable rules, policies, and procedures. Purchase Orders and Contracts, within Delegated State Agency authority, are subject to the final approval of the Central Procurement Office. Purchase Orders or Contracts may not be artificially divided by a Delegated State Agency in order to make the purchase amount fall below limitations established in rule or policy. All contracts procured under a Delegated Authority shall comply with Central Procurement Office Policy.~~

~~Delegated State Agency Responsibilities and Revocation of Delegated Authority.~~All purchases, contracts, grant contracts, and loans made or entered into under a delegated authority are subject to applicable Central Procurement Office rules, policies and procedures. The Delegated State Agency must use the current Central Procurement Office templates and models and maintain a procurement file for all purchases, contracts, grant contracts, and loans made or entered into under a delegated authority. All relevant documentation must also be maintained in Edison as appropriate.

The Delegated State Agency is responsible for ensuring that it does not exceed ~~its Delegated Authority~~the scope of its authority delegation and that all conditions of the ~~Delegated Authority~~approved delegated authority application are met. Further, the head of the Delegated State Agency is responsible for ensuring all staff ~~exercising such Delegated Authority~~carrying out the terms of the approved delegated authority application are properly authorized and ~~complete all required training by the Central Procurement Office~~trained to perform the ~~assigned~~necessary tasks. The exercise of ~~the Delegated Authority~~delegated authority shall not violate or circumvent ~~State~~state or ~~Federal~~federal law, executive orders, appropriations, or ~~Central Procurement Office rule and policy.~~ state rules, policies, and procedures.

Delegated State Agencies must develop written procedures for implementing ~~the Delegated Authority. They~~approved delegated authority applications. A Delegated State Agency's procedures must comply with applicable Central Procurement Office rules, policies, and procedures and may contain more restrictive requirements~~, but they must conform to the provisions of Central Procurement Office rule and policy and shall be available for public inspection and to the Central Procurement Office upon request~~ than those specified by the Central

Procurement Office. The Chief Procurement Officer may revoke a Delegated Authority at any time, at his or her sole discretion. The Chief Procurement Officer ~~will~~shall notify the Comptroller of the Treasury in writing of any such revocation.

~~**Limitations.**~~

~~Agencies shall procure a good or service available on a Statewide or Agency Term Contract through such contract, rather than a Delegated Purchase Authority. Delegated Authority granted under this policy does not substitute for other approvals as may be required by applicable statute, rule or policy. Pre-approval~~Approvals or endorsements may be required for certain contracts depending upon the nature of the proposed contract scope of service. The Delegated State Agency must obtain signed approval or endorsement documentation ~~as~~and submit it with the delegated authority application to the Central Procurement Office and Comptroller of the Treasury. Required approvals and endorsements are indicated in the table below~~:~~.

Contract Subject Matter	Required Approval or Endorsement
• Information technology	OIR Endorsement
• Medical/mental health-related professional, pharmaceutical, laboratory, or imaging	F&A eHealth Initiative Endorsement
• Contract between State Agencies that includes provisions for cooperative programs~~;~~	Governor
• Provision for State legal consultation services	Attorney General~~[1]~~
• Contract with an individual; • Contract that involves training State employees (except training pursuant to an information technology system procurement); • Services relating to the employment of current or prospective State employees	Human Resources Commissioner
• Contract that involves engineering or architectural services relating to an improvement (including demolition) to real property in which the State of Tennessee has an interest	State Architect

• Delegation of procurement or contract authority by the ~~CPO~~Central Procurement Office; • Procurements for goods and services where authority exists under both the SBC and ~~CPO~~Central Procurement Office to procure and contract; • Auditing services; • Cooperative agreements as provided in ~~§ 12-3-512~~ Tenn. Code Ann. § ~~4-56-108(a)(4)~~;	Comptroller of the Treasury[2]

[1] See Tenn. Code Ann. § 8-6-106.

[2] Pursuant to Tenn. Code Ann. § 4-56-108(b), without limitation of the audit authority of the comptroller of the treasury, the comptroller is authorized to examine any documents under the authority of the chief procurement officer.

• Fee-For-Service procurements or contracts with a maximum liability > $5,000,000; • Grant contracts with a maximum liability > $5,000,000; • Fee-For-Service procurements or contracts for new or replacement information systems and technical infrastructure projects for goods and services > $500,000; • Procurements or contracts utilizing competitive or non-competitive negotiations with a maximum liability > $250,000; • Revenue procurements/contracts; • No-Cost procurements/contracts; • Procurements/contracts with a term > 60 months (5 years); • Procurements/contracts that propose to limit liability to <less than 2 times the maximum liability or revenue of the contract; • Procurements/contracts that propose to change the Records, Annual Report, Audit, or Monitoring clauses; • Procurements/contracts that allow for the negotiation of a necessary, mandatory, or standard contract clause; • Procurements allowing a cost proposal to be evaluated contemporaneously with or prior to the technical proposal evaluation; • Procurements/contracts containing an automatic price escalator; and • Such other procurements/contracts or other items as may be directed by the ~~Commissioner of Finance and Administration or by~~Central Procurement Office or the Procurement Commission.	Comptroller of the Treasury[2]

• All requests to procure goods or services by negotiation with a single service provider (a noncompetitive contract) having a term of more than one (1) year or which contain term extension language authorizing a term of greater than one (1) year AND a cumulative value of $250,000 or more~~; and~~	Fiscal Review Committee[3]

Related Statutes, Rules and Policies
Tenn. Code Ann. Title 12, Chapter 3.

[3] Pursuant to Tenn. Code Ann. § 4-56-107(b)(4), the Fiscal Review Committee, pursuant to its jurisdiction under § 3-7-103(a), is authorized to review any other State contract or contract amendment regardless of whether the contract or contract amendment meets these requirements.

~~the above term and dollar threshold requirements where the amendment: 1) increases or decreases the maximum liability, 2) extends or shortens the contract term, 3) changes the entity or name of the entity with which the State is contracting, or 4) otherwise changes an original contract or amended contract in a substantive manner.~~	

~~Any endorsement or approval granted to a Delegated State Agency shall remain in force and effect for no more than five (5) years. An endorsement or approval may be revoked by the Chief Procurement Officer if a Delegated State Agency fails to comply with Central Procurement Office Policy.~~

~~**Required Actions Under Delegated Authority.**~~

~~All purchases or contracts are subject to applicable provisions of Central Procurement Office rules or policy. The Delegated State Agency must use and apply all current Central Procurement Office approved templates and forms, and maintain a procurement file for all Procurements in accordance with Central Procurement Office Policy. All relevant documentation must also be maintained in Edison as appropriate.~~

~~**Authorized Signatories.**~~

~~Requests for Delegated Authority must identify the primary Agency purchasing official and each individual proposed to have signature and approval authority under the Delegated Authority.~~

Contracts executed by individuals not identified in a Delegated Authority as having signature authority, or otherwise approved in violation of this policy, shall be null and void.

Related Statutes, Rules and Policies

Tenn. Code Ann. §§ 4-56-101, *et seq.*

Tenn. Code Ann. §§ 12-3-101, *et seq.*

Tenn. Code Ann. §§ 12-4-101, *et seq.*

Document comparison by Workshare Compare on Friday, February 27, 2015 12:21:07 PM

Input:	
Document 1 ID	file://C:\Users\BA10408\Desktop\AuthorityDelegationPolicy_original.pdf
Description	AuthorityDelegationPolicy_original
Document 2 ID	file://M:\C.Mallea's documents\Policy subcommittee\Ready for AC review\Next AC Meeting\Policy 2013-006_clean.docx
Description	Policy 2013-006_clean
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	159
Deletions	127
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	304

POLICY NO. 2013-006:

CENTRAL PROCUREMENT OFFICE DELEGATION OF AUTHORITY POLICY

CLEAN VERSION

Policy Number 2013-006
Central Procurement Office
Delegation of Authority Policy

Effective:	August 22, 2013
Last Amended:	DATE
Prepared by:	The Central Procurement Office of the State of Tennessee

1. Purpose.

To establish conditions under which the Chief Procurement Officer, with the approval of the Comptroller of the Treasury, may delegate authority to State Agencies to issue, execute, and manage contracts, purchases, grant contracts, or loans.

2. Scope.

This policy applies to all contracts, purchases, grant contracts, or loans that are issued pursuant to the delegated authority application process.

3. Definitions.

For purposes of this policy, the following terms shall have the meanings described below:

"Agency" - means each State board, commission, committee, department, officer, or any other unit of State government.

"Contract" - means any duly authorized and legally binding written agreement or purchase order for goods or services by and between the State of Tennessee and any person or any separate entity with the independent legal capacity to contract and sue and be sued.

"Central Procurement Office" - means the State office established and empowered by Tenn. Code Ann. § 4-56-104.

"Chief Procurement Officer" - means the official as defined by Tenn. Code Ann. § 4-56-104.

"Delegated Authority" - means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to purchase goods or services or execute contracts within specified limits and guidelines.

"Delegated Grant Authority" - means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to execute grant contracts for an individual program within specified limits and guidelines.

"Delegated Loan Authority" - means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to loan funds and to enter into loan agreements with contracting parties in accordance with a State or federally funded program.

"Delegated State Agency" - means a State Agency that has received approval from the Chief Procurement Officer and the Comptroller of the Treasury to purchase goods or services, execute contracts, including revenue or no-cost contracts, execute grant contracts, or make loans for an individual program within specified limits and guidelines.

"Purchase Order" - means a document issued by the Central Procurement Office or a State Agency to a contracting party authorizing a purchase. Upon delivery to the contracting party, a "purchase order" becomes a binding contract on both parties.

"Special Delegated Authority for a Declared Disaster" - means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to the Tennessee Emergency Management Agency to execute grant contracts related to a specific federal or state declared disaster.

"State" - means the State of Tennessee, including its departments, agencies, and entities that fall under its purview.

"State Building Commission" or "SBC" - means the entity created pursuant to Tenn. Code Ann. § 4-15-101.

"State Agency" - means the departments, agencies, and entities of the State of Tennessee.

"Statewide Contract" - means a contract for goods or services established by the Chief Procurement Officer that all State Agencies must utilize and that may be used by local governments, higher education, and certain not-for-profit entities under Tenn. Code Ann. § 33-2-1001.

4. Delegated Authority - Generally.

In no event shall a State Agency initiate a purchase, contract, grant contract, or loan agreement under a delegated authority until the Chief Procurement Officer and Comptroller of the Treasury approve the delegated authority application. An approved delegated authority application shall remain in force and effect for no more than one (1) fiscal year unless the delegated authority application involves federal funds and the term of the federal grant award extends beyond one (1) fiscal year. In such event, the Chief Procurement Officer and Comptroller of the Treasury may approve a delegated authority application for as long as the federal grant award's term. Amendments to a delegated authority must use the Delegated Authority Amendment Model prescribed by the Central Procurement Office and must be approved by the Chief Procurement Officer and the Comptroller of the Treasury. An approved delegated authority application may be revoked at any time if the Delegated State Agency fails to comply with State or federal law, or with Central Procurement Office rules, policies, and procedures.

5. Delegated Authority Types Covered by This Policy.

This policy applies to any Delegated Authority, Delegated Grant Authority, Delegated Loan Authority and Special Delegated Authority for a Declared Disaster.

5.1. *Delegated Authority.*

A Delegated Authority authorizes a State Agency to purchase goods or services or execute contracts for the specified program within the limits, guidelines, and conditions specified within the approved Delegated Authority. Use of a Delegated Authority is appropriate when the Delegated Authority's maximum liability is greater than fifty thousand dollars ($50,000) or the goods or services being purchased are inappropriate for the use of the State Agency's local purchase authority. State Agencies shall not use a Delegated Authority to procure goods or services that are available on a Statewide or Agency Term Contract.

5.1.1. A Delegated Authority for purchases may be approved when:

- The need for goods or services is sporadic, and an advance determination of the volume, delivery, or exact costs of goods or services needed is not possible;
- It is impractical to award one or more fee-for-service contracts for the category of goods or services needed with compensation based upon unit or milestone rates;
- The program needs and general categories of goods or services are such that adequate guidelines can be developed to direct the State Agency in competitively making each purchase;
- All goods or services purchased can be delivered or performed in ninety (90) days or fewer or represent a single transaction, as provided in Central Procurement Office Policy 2013-004, Section 4.3.2;
- The procurement terms, conditions, and criteria to be followed by the agency in making each purchase will be of such uniformity that the Central Procurement Office's individual, independent, and prior approval of each purchase is unnecessary; and
- The purchases involved will be of such uniformity, volume, and pressing need that the individual approval of each purchase by the Central Procurement Office is impractical.

All purchases made under an approved Delegated Authority shall be made using purchase orders that include the terms and conditions specified in the Purchase Order Terms and Conditions Template.

5.1.2. A Delegated Authority for contracts may be approved when:

- The program needs and general categories of services are such that adequate guidelines can be developed to direct the State Agency in competitively executing a number of similar contracts;

- The individual contracts involved will be of such uniformity and standardization of processes, procedures, and contract terms that individual, independent, and prior approval is unnecessary and impractical; and
- All individual contracts executed will create a "contractor" relationship as defined in Central Procurement Office Policy 2013-007.

5.2. *Delegated Grant Authority.*

A Delegated Grant Authority authorizes a State Agency to execute grant contracts for a particular program or programs within the limits, guidelines, and conditions specified within the approved Delegated Grant Authority.

A Delegated Grant Authority may be approved when:

- The program needs and category of services are such that adequate guidelines can be developed to direct the agency in competitively or impartially executing a number of similar grant contracts; and
- The individual grant contracts involved are of such uniformity and standardization of processes, procedures, and contract terms that individual review and approval by the Central Procurement Office is unnecessary and impractical.

A Delegated Grant Authority shall set forth all provisions, including but not limited to selection criteria, required by the Central Procurement Office rules, policies, and applicable State statutes.

No changes shall be made to the terms and conditions of the grant contracts included within the approved Delegated Grant Authority without an amendment to the Authority.

5.3. *Delegated Loan Authority.*

A Delegated Loan Authority authorizes a State Agency to make loans and associated loan agreements for the specified program that are within the limits, guidelines, and conditions specified within the approved Delegated Loan Authority.

A Delegated Loan Authority shall set forth all provisions, including but not limited to selection criteria, required by the Central Procurement Office rules, policies, and applicable State statutes.

No changes shall be made to the approved loan and associated loan agreement form detailed within the Delegated Loan Authority without an amendment to the Authority.

5.4. *Special Delegated Authority for Federal or State Declared Disaster.*

A Special Delegated Authority for Declared Disaster is for Tennessee Emergency Management Agency ("TEMA") use only. It authorizes TEMA to execute grant agreements related to funds awarded for the response to and recovery from a disaster formally declared by the federal government or the Governor of Tennessee.

6. Delegated State Agency Requirements and Responsibilities.

Delegated authority applications must be signed by the State Agency head or authorized designee. Unless purchases, contracts, grant contracts, or loan agreements made or entered into under an approved delegated authority application are authorized by the State Agency head or his or her designee, they are null and void.

All purchases, contracts, grant contracts, and loans made or entered into under a delegated authority are subject to applicable Central Procurement Office rules, policies and procedures. The Delegated State Agency must use the current Central Procurement Office templates and models and maintain a procurement file for all purchases, contracts, grant contracts, and loans made or entered into under a delegated authority. All relevant documentation must also be maintained in Edison as appropriate.

The Delegated State Agency is responsible for ensuring that it does not exceed the scope of its authority delegation and that all conditions of the approved delegated authority application are met. Further, the head of the Delegated State Agency is responsible for ensuring all staff carrying out the terms of the approved delegated authority application are properly authorized and trained to perform the necessary tasks. The exercise of delegated authority shall not violate or circumvent state or federal law, executive orders, appropriations, or state rules, policies, and procedures.

Delegated State Agencies must develop written procedures for implementing approved delegated authority applications. A Delegated State Agency's procedures must comply with applicable Central Procurement Office rules, policies, and procedures and may contain more restrictive requirements than those specified by the Central Procurement Office. The Chief Procurement Officer may revoke a Delegated Authority at any time, at his or her sole discretion. The Chief Procurement Officer shall notify the Comptroller of the Treasury in writing of any such revocation.

Approvals or endorsements may be required for certain contracts depending upon the nature of the proposed contract scope of service. The Delegated State Agency must obtain signed approval or endorsement documentation and submit it with the delegated authority application to the Central Procurement Office and Comptroller of the Treasury. Required approvals and endorsements are indicated in the table below.

Contract Subject Matter	Required Approval or Endorsement
• Information technology	OIR Endorsement
• Medical/mental health-related professional, pharmaceutical, laboratory, or imaging	F&A eHealth Initiative Endorsement
• Contract between State Agencies that includes provisions for cooperative programs	Governor
• Provision for State legal consultation services	Attorney General[1]
• Contract with an individual; • Contract that involves training State employees (except training pursuant to an information technology system procurement); • Services relating to the employment of current or prospective State employees	Human Resources Commissioner
• Contract that involves engineering or architectural services relating to an improvement (including demolition) to real property in which the State of Tennessee has an interest	State Architect
• Delegation of procurement or contract authority by the Central Procurement Office; • Procurements for goods and services where authority exists under both the SBC and Central Procurement Office to procure and contract; • Auditing services; • Cooperative agreements as provided in Tenn. Code Ann. § 4-56-108(a)(4);	Comptroller of the Treasury[2]

[1] See Tenn. Code Ann. § 8-6-106.

[2] Pursuant to Tenn. Code Ann. § 4-56-108(b), without limitation of the audit authority of the comptroller of the treasury, the comptroller is authorized to examine any documents under the authority of the chief procurement officer.

• Fee-For-Service procurements or contracts with a maximum liability > $5,000,000; • Grant contracts with a maximum liability > $5,000,000; • Fee-For-Service procurements or contracts for new or replacement information systems and technical infrastructure projects for goods and services > $500,000; • Procurements or contracts utilizing competitive or non-competitive negotiations with a maximum liability > $250,000; • Revenue procurements/contracts; • No-Cost procurements/contracts; • Procurements/contracts with a term > 60 months (5 years); • Procurements/contracts that propose to limit liability to less than 2 times the maximum liability or revenue of the contract; • Procurements/contracts that propose to change the Records, Annual Report, Audit, or Monitoring clauses; • Procurements/contracts that allow for the negotiation of a necessary, mandatory, or standard contract clause; • Procurements allowing a cost proposal to be evaluated contemporaneously with or prior to the technical proposal evaluation; • Procurements/contracts containing an automatic price escalator; and • Such other procurements/contracts or other items as may be directed by the Central Procurement Office or the Procurement Commission.	Comptroller of the Treasury[2]

• All requests to procure goods or services by negotiation with a single service provider (a noncompetitive contract) having a term of more than one (1) year or which contain term extension language authorizing a term of greater than one (1) year AND a cumulative value of $250,000 or more	Fiscal Review Committee[3]

Related Statutes, Rules and Policies
Tenn. Code Ann. Title 12, Chapter 3.

[3] Pursuant to Tenn. Code Ann. § 4-56-107(b)(4), the Fiscal Review Committee, pursuant to its jurisdiction under § 3-7-103(a), is authorized to review any other State contract or contract amendment regardless of whether the contract or contract amendment meets these requirements.

DELEGATED AUTHORITY (DA) TEMPLATE

REDLINE VERSION

DELEGATED AUTHORITY (DA) TEMPLATE

This template prescribes the format and content for a Delegated Authority ("DA") application. Procurement professionals should use this template to request authority either to: (1) purchase goods or services ("purchase order delegation"), or (2) execute contracts ("contract delegation") as specified without additional, individual, independent approval. Use of this template is appropriate when the DA's maximum liability is greater than fifty thousand dollars ($50,000) or the goods or services being purchased are inappropriate for use of the Agency's local purchase authority. Procurement professionals shall use this template to facilitate approval of a DA for a maximum period of one (1) fiscal year. unless the DA application involves federal funds and the term of the federal grant award extends beyond one (1) fiscal year. In such event, the Chief Procurement Officer and Comptroller of the Treasury may approve a DA application for as long as the federal grant award's term. Any modifications to this template other than those identified in the instructions require an approved Rule Exception Request ("RER").

A purchase order delegation is appropriate only when the goods or services will be provided within ninety (90) days or less or represent a single transaction, as provided in CPO Policy 2013-004, Section 4.3.2. If a purchase order delegation is not appropriate, use this template for contract delegation authority. For a DA requesting contract delegation authority, the applicant State Agency shall attach the entire proposed contract or contracts. If the proposed contracts include modifications or additions to the Central Procurement Office's contract templates or models, the State Agency shall redline the modifications or additions, and include the redlined document as an attachment. An approved Rule Exception Request ("RER") is required when proposed contracts involve modifications or additions to a template.

> **Procurement professionals shall obtain all required signatures and submit the DA for Central Procurement Office ("CPO") approval no less than thirty (30) days before the Effective Date. If a signed DA is not submitted to the CPO at least thirty (30) days prior to the Effective Date, then the CPO may request that the DA be resubmitted with a new Effective Date or request that the procurement professional provide a written explanation as to why the DA was submitted less than thirty (30) days before the Effective Date. In no event shall the applicant State Agency submit a purchase order or execute a contract under this DA before the Effective Date.**

Procurement professionals should complete form fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will/will not) as indicated and with conforming font and color.

COVER SHEET

Complete summary cover sheet fields as indicated within the template.

Agency Tracking #	unique tracking number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Funding	amounts by fiscal year and funding source with row and column totals; contract maximum liability MUST equal the sum of the TOTAL Contract Amount column (i.e., the grand total amount for all fiscal years & all sources of funding)

APPROVALS

The DA must be signed by the State Agency head or an authorized designee. Procurement professionals should attach any supporting documentation in PDF format to the Edison record including:

- a PDF copy of the previously approved DA if a DA with the same or a similar purpose to the proposed DA was previously approved; and
- a PDF copy of any necessary RERs.

DELEGATED AUTHORITY

Agency Tracking #	Edison ID	Effective Date	End Date
–			

Edison ID of prior, similar document (if any)	

Service Caption

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Maximum Liability
TOTAL:					

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

CPO USE – DA

Speed Chart (optional)	Account Code (optional)

DELEGATED AUTHORITY

This Delegated Authority ("DA") application, if approved in accordance with Central Procurement Office ("CPO") rules, policies, and procedures, shall authorize the applicant state agency ("State Agency") to purchase goods or services or execute contracts for the specified program without individual, independent approval, PROVIDED THAT all purchases and executed contracts comply with CPO rules, policies and procedures, and are within the limits, guidelines, and conditions of this DA. All purchases under an approved DA shall be made using purchase orders in compliance with CPO Policy 2013-004, Section 4.3.2. Where a contract is required under Policy 2013-004, Section 4.3.2., the State Agency shall attach a copy of the proposed contract that will be used under the DA. If the proposed contract includes modifications or additions to the CPO's contract templates or models, the State Agency shall redline the modifications or additions and include the redlined document as an attachment. An approved RER is required when the proposed contract involves modifications or additions to a template.

Contracting Agency:	**Agency Name**	
Subject Program:	**Program Identification**	
A.	**What is the purpose of this DA, and why is it necessary?** **Answer**	
B.	**What is the Maximum Liability of the DA? The Maximum Liability shall not exceed ten million dollars ($10,000,000) without an approved RER.**	**$ Amount**
C.	A purchase order is appropriate when the goods or services will be provided within ninety (90) days or less or represent a single transaction, as provided in CPO Policy 2013-004, Section 4.3.2. **What is the Maximum Liability of a purchase order to be submitted or contract to be executed under this DA? The Maximum Liability of a purchase order or contract shall not exceed five million dollars ($5,000,000) without an approved RER.**	**$ Amount**
D.	**What is the maximum number of individual contracts to be executed under this DA? If the proposed number of contracts is five (5) or fewer, provide a justification for why a DA is appropriate.**	**Number**
E.	**What is the maximum term of an individual contract to be executed under this DA?**	**Number months**

F. Under CPO Policy 2013-004, Section 4.3.2, a purchase order is appropriate when goods or services will be provided within ninety (90) days or less. The State Agency certification for contracts is in Section G.

State Agency certification for <u>purchases</u>:

1. **The requesting State Agency certifies that each of the following is true and applicable:**
   - a) **The need for goods or services is sporadic, and an advance determination of the volume, delivery, or exact costs of goods or services needed is not possible;**
   - b) **It is impractical to award one or more fee-for-service contracts for the category of goods or services needed with compensation based upon unit or milestone rates;**
   - c) **The program needs and general categories of goods or services are such that adequate guidelines can be developed to direct the State Agency in competitively making each purchase;**
   - d) **All goods or services purchased can be delivered or performed in ninety (90) days or fewer or represent a single transaction, as provided in CPO Policy 2013-004, Section 4.3.2;**
   - e) **The procurement terms, conditions, and criteria to be followed by the agency in making each purchase will be of such uniformity that the Central Procurement Office's individual, independent, and prior approval of each purchase is unnecessary;**
   - f) **The purchases involved will be of such uniformity, volume, and pressing need that the individual approval of each purchase by the Central Procurement Office is impractical;**

and

g) The State Agency staff has made appropriate and justified inquiries and assured the validity and justification of the maximum amounts in this DA application.

2. The summary cover sheet correctly records the requested delegated authority period in which every purchase must be made. Delivery may occur after the period.
3. The State Agency will limit purchases to the goods or services and associated maximum payment rates for each line item detailed in Attachment 1.
4. The State Agency shall make each purchase:
   a) In strict accordance with the pre-defined, competitive process detailed in Attachment 3; and
   b) Using the purchase order document designated by the Central Procurement Office.
5. The State Agency shall ensure that every purchase made under the DA:
   a) Has sufficient funds budgeted and available:
   b) Complies with: Tennessee laws and regulations; Central Procurement Office rules, policies and procedures; program rules, policies and procedures; and any federal laws, rules, regulations, or requirements;
   c) Creates a "contractor" relationship as defined in the US O.M.B.'s *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*;
   d) Shall not create an employer/employee relationship as prohibited by Tenn. R. & Regs. § 0690-03-01-.17;
   e) Shall not involve the procurement of goods, materials, supplies, equipment, or services EXCEPT as provided in this DA; and
   f) Shall not provide for the payment of any amount directly or indirectly to an employee or official of the state of Tennessee.
6. The State Agency will require the following documentation prior to payment for any purchase:
   a) a copy of the CPO's designated purchase order document signed by the State Agency and the Vendor; and
   b) A certification that the contractor selection process detailed in Attachment 3 was followed and the requested goods or services were delivered and accepted.
7. The State Agency shall retain records to document that all purchases have been made in accordance with the limits, guidelines, and conditions specified in this DA.
8. The State Agency shall provide all such reports and information relating to the purchases made under the approved DA as may be requested by state officials.

G. Under CPO Policy 2013-004, Section 4.3.2, a contract shall be executed if goods or services cannot be provided within ninety (90) days.

State Agency certification for <u>contracts</u>:

1. The requesting State Agency certifies that each of the following is true and applicable:
   a) The program needs and general categories of services are such that adequate guidelines can be developed to direct the State Agency in competitively executing a number of similar contracts;
   b) The individual contracts involved will be of such uniformity and standardization of processes, procedures, and contract terms that individual, independent, and prior approval is unnecessary and impractical; and
   c) All individual contracts executed will create a "contractor" relationship as defined in Central Procurement Office Policy 2013-007.
2. The summary cover sheet correctly records the requested delegated authority period in which every contract must begin.
3. The State Agency will draft each contract either with the exact scope of services ("Scope") detailed in Attachment 2 or using a combination of the provisions detailed in Attachment 2. In no event shall the Scope contain provisions that do not appear in Attachment 2. The State agency will draft each contract in compliance with the appropriate contract templates and models in effect at the time that each contract is drafted. Each contract must include a completed summary cover sheet attached at the front of each copy.

4. The State Agency will select contractors in strict accordance with the pre-defined, competitive process detailed in Attachment 3.
5. The State Agency will ensure that every contract entered into under this DA:
   a) Has sufficient funds budgeted and available;
   b) Complies with: Tennessee laws and regulations; Central Procurement Office rules and policies; program policies, rules, and regulations; and any federal laws, rules, regulations, and requirements;
   c) Shall not create an employer/employee relationship as prohibited by Tenn. R. & Regs. § 0690-03-01-.17;
   d) Shall not procure goods, materials, supplies, equipment, or services EXCEPT as provided in this DA; and
   e) Shall not provide for the payment of any amount directly or indirectly to an employee or official of the State.
6. The State Agency will retain records to document that every contract has been executed in accordance with the limits, guidelines, and conditions specified in this DA.
7. The State Agency will provide all such reports and information relating to the executed contracts under this DA as may be requested by state officials.
8. The State Agency shall attach a copy of the proposed contract(s) that will be used under the DA. If the proposed contract or contracts include modifications or additions to contract templates or models, redline the modifications or additions in the attachment(s) and include an approved Rule Exception Request ("RER").

IN WITNESS WHEREOF, and by signature below, I certify that all information in this DA is, to the best of my knowledge, accurate and represents the limits, guidelines, conditions, and procedures that the State Agency shall follow in making each purchase or executing each contract.

State Agency head name and title **Date**

ATTACHMENT 1

AUTHORIZED PURCHASE OF GOODS OR SERVICES & MAXIMUM RATE SCHEDULE

The rates below are maximum rates allowed, NOT standard or set rates (unless based upon federal government or TennCare set rates). The State Agency is encouraged to buy goods or services at lower rates than those below. All purchases under this DA shall comply with the vendor selection procedures specified in Attachment 3.

Good or Service	Maximum Rate
Travel Compensation/Reimbursement (relating to authorized service delivery)	**This Delegated Authority shall NOT authorize payment or reimbursement of a contractor's travel expenses to the site where goods are delivered or services are provided. If the State requires that the contractor travel somewhere other than the site where goods are delivered or services are performed, reimbursement shall be subject to amounts and limitations specified in the current "State Comprehensive Travel Regulations." Only necessary expenses incurred away from and back to the site where goods are delivered or services are performed shall be reimbursable.** ***Note: This does NOT apply to any travel reimbursements paid to state clients (which may be provided for in this schedule).***
Service Definition	**Maximum Rate (*e.g.*, $ Amount per Unit)**
Repeat Service Lines as Necessary	**Maximum Rate (*e.g.*, $ Amount per Unit)**

ATTACHMENT 2

~~EXACT~~ CONTRACT SCOPE OF SERVICES TEXT

Insert the ~~exact~~ scope of services ("Scope") that will be used in executed contracts or identify all provisions that will possibly appear in the Scope. If all contracts will contain the same Scope, note that below and include the Scope in the pro forma contract attached to the DA application. There is no need to provide the Scope in this Attachment and in the pro forma contract. If there will be a menu of scopes, identify all provisions that will possibly appear in the Scope in this Attachment. Then leave the Scope and Section C.3.b of the pro forma contract blank.

The Scope describes the services and deliverables that contractors must provide. It must specify all associated functional and technical requirements. The State Agency may include payment terms outside of Section C with an approved Rule Exception Request.

The State Agency head or designee signifies by signing this DA that all information in this DA is, to the best of his or her knowledge, accurate and represents the limits, guidelines, conditions, and procedures that the State Agency shall follow in executing each contract.

Scope (Contract section A)	Cost (Contract section C.3.b)
Deliverable 1	$ / unit
Deliverable 2	$ / unit

ATTACHMENT 3

PRE-DEFINED VENDOR OR CONTRACTOR SELECTION PROCESS AND CONTRACT MAXIMUM LIABILITY AMOUNT DETERMINATION PROCESS

The State Agency shall select vendors or contractors in strict accordance with the pre-defined, competitive or otherwise approved process described below. Any selection process authorized by CPO rules, policies, or manuals is acceptable, though some processes will require additional documentation or approvals. The State Agency shall retain records to show the basis of each purchase made or each contract executed under this Delegated Authority, including documentation that each purchase or contract was made in accordance with the processes below.

Describe the process for selecting vendors or contractors.

If requesting a contract delegation, describe the process for determining the contract Maximum Liability amount.

Document comparison by Workshare Compare on Tuesday, March 10, 2015 9:29:36 AM

Input:	
Document 1 ID	file://C:\Users\BA10408\Desktop\DATemplate_Approved1.15.15.docx
Description	DATemplate_Approved1.15.15
Document 2 ID	file://M:\C.Mallea's documents\Policy subcommittee\Ready for AC review\Next AC Meeting\DATemplate_clean.docx
Description	DATemplate_clean
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	2
Deletions	3
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	5

DELEGATED AUTHORITY (DA) TEMPLATE

CLEAN VERSION

DELEGATED AUTHORITY (DA) TEMPLATE

This template prescribes the format and content for a Delegated Authority ("DA") application. Procurement professionals should use this template to request authority either to: (1) purchase goods or services ("purchase order delegation"), or (2) execute contracts ("contract delegation") as specified without additional, individual, independent approval. Use of this template is appropriate when the DA's maximum liability is greater than fifty thousand dollars ($50,000) or the goods or services being purchased are inappropriate for use of the Agency's local purchase authority. Procurement professionals shall use this template to facilitate approval of a DA for a maximum period of one (1) fiscal year unless the DA application involves federal funds and the term of the federal grant award extends beyond one (1) fiscal year. In such event, the Chief Procurement Officer and Comptroller of the Treasury may approve a DA application for as long as the federal grant award's term. Any modifications to this template other than those identified in the instructions require an approved Rule Exception Request ("RER").

A purchase order delegation is appropriate only when the goods or services will be provided within ninety (90) days or less or represent a single transaction, as provided in CPO Policy 2013-004, Section 4.3.2. If a purchase order delegation is not appropriate, use this template for contract delegation authority. For a DA requesting contract delegation authority, the applicant State Agency shall attach the entire proposed contract or contracts. If the proposed contracts include modifications or additions to the Central Procurement Office's contract templates or models, the State Agency shall redline the modifications or additions, and include the redlined document as an attachment. An approved Rule Exception Request ("RER") is required when proposed contracts involve modifications or additions to a template.

> **Procurement professionals shall obtain all required signatures and submit the DA for Central Procurement Office ("CPO") approval no less than thirty (30) days before the Effective Date. If a signed DA is not submitted to the CPO at least thirty (30) days prior to the Effective Date, then the CPO may request that the DA be resubmitted with a new Effective Date or request that the procurement professional provide a written explanation as to why the DA was submitted less than thirty (30) days before the Effective Date. In no event shall the applicant State Agency submit a purchase order or execute a contract under this DA before the Effective Date.**

Procurement professionals should complete form fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will/will not) as indicated and with conforming font and color.

COVER SHEET

Complete summary cover sheet fields as indicated within the template.

Agency Tracking #	unique tracking number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Funding	amounts by fiscal year and funding source with row and column totals; contract maximum liability MUST equal the sum of the TOTAL Contract Amount column (i.e., the grand total amount for all fiscal years & all sources of funding)

APPROVALS

The DA must be signed by the State Agency head or an authorized designee. Procurement professionals should attach any supporting documentation in PDF format to the Edison record including:

- a PDF copy of the previously approved DA if a DA with the same or a similar purpose to the proposed DA was previously approved; and
- a PDF copy of any necessary RERs.

DELEGATED AUTHORITY

Agency Tracking #	Edison ID	Effective Date	End Date
–			

Edison ID of prior, similar document (if any)	

Service Caption

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Maximum Liability
TOTAL:					

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

CPO USE – DA

Speed Chart (optional)	Account Code (optional)

DELEGATED AUTHORITY

This Delegated Authority ("DA") application, if approved in accordance with Central Procurement Office ("CPO") rules, policies, and procedures, shall authorize the applicant state agency ("State Agency") to purchase goods or services or execute contracts for the specified program without individual, independent approval, PROVIDED THAT all purchases and executed contracts comply with CPO rules, policies and procedures, and are within the limits, guidelines, and conditions of this DA. All purchases under an approved DA shall be made using purchase orders in compliance with CPO Policy 2013-004, Section 4.3.2. Where a contract is required under Policy 2013-004, Section 4.3.2., the State Agency shall attach a copy of the proposed contract that will be used under the DA. If the proposed contract includes modifications or additions to the CPO's contract templates or models, the State Agency shall redline the modifications or additions and include the redlined document as an attachment. An approved RER is required when the proposed contract involves modifications or additions to a template.

Contracting Agency:	**Agency Name**	
Subject Program:	**Program Identification**	
A.	**What is the purpose of this DA, and why is it necessary?** **Answer**	
B.	**What is the Maximum Liability of the DA? The Maximum Liability shall not exceed ten million dollars ($10,000,000) without an approved RER.**	**$ Amount**
C.	A purchase order is appropriate when the goods or services will be provided within ninety (90) days or less or represent a single transaction, as provided in CPO Policy 2013-004, Section 4.3.2. **What is the Maximum Liability of a purchase order to be submitted or contract to be executed under this DA? The Maximum Liability of a purchase order or contract shall not exceed five million dollars ($5,000,000) without an approved RER.**	**$ Amount**
D.	**What is the maximum number of individual contracts to be executed under this DA? If the proposed number of contracts is five (5) or fewer, provide a justification for why a DA is appropriate.**	**Number**
E.	**What is the maximum term of an individual contract to be executed under this DA?**	**Number months**

F. Under CPO Policy 2013-004, Section 4.3.2, a purchase order is appropriate when goods or services will be provided within ninety (90) days or less. The State Agency certification for contracts is in Section G.

State Agency certification for <u>purchases</u>:

1. **The requesting State Agency certifies that each of the following is true and applicable:**
   - a) **The need for goods or services is sporadic, and an advance determination of the volume, delivery, or exact costs of goods or services needed is not possible;**
   - b) **It is impractical to award one or more fee-for-service contracts for the category of goods or services needed with compensation based upon unit or milestone rates;**
   - c) **The program needs and general categories of goods or services are such that adequate guidelines can be developed to direct the State Agency in competitively making each purchase;**
   - d) **All goods or services purchased can be delivered or performed in ninety (90) days or fewer or represent a single transaction, as provided in CPO Policy 2013-004, Section 4.3.2;**
   - e) **The procurement terms, conditions, and criteria to be followed by the agency in making each purchase will be of such uniformity that the Central Procurement Office's individual, independent, and prior approval of each purchase is unnecessary;**
   - f) **The purchases involved will be of such uniformity, volume, and pressing need that the individual approval of each purchase by the Central Procurement Office is**

impractical; and

g) The State Agency staff has made appropriate and justified inquiries and assured the validity and justification of the maximum amounts in this DA application.

2. The summary cover sheet correctly records the requested delegated authority period in which every purchase must be made. Delivery may occur after the period.
3. The State Agency will limit purchases to the goods or services and associated maximum payment rates for each line item detailed in Attachment 1.
4. The State Agency shall make each purchase:
   a) In strict accordance with the pre-defined, competitive process detailed in Attachment 3; and
   b) Using the purchase order document designated by the Central Procurement Office.
5. The State Agency shall ensure that every purchase made under the DA:
   a) Has sufficient funds budgeted and available:
   b) Complies with: Tennessee laws and regulations; Central Procurement Office rules, policies and procedures; program rules, policies and procedures; and any federal laws, rules, regulations, or requirements;
   c) Creates a "contractor" relationship as defined in the US O.M.B.'s *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*;
   d) Shall not create an employer/employee relationship as prohibited by Tenn. R. & Regs. § 0690-03-01-.17;
   e) Shall not involve the procurement of goods, materials, supplies, equipment, or services EXCEPT as provided in this DA; and
   f) Shall not provide for the payment of any amount directly or indirectly to an employee or official of the state of Tennessee.
6. The State Agency will require the following documentation prior to payment for any purchase:
   a) a copy of the CPO's designated purchase order document signed by the State Agency and the Vendor; and
   b) A certification that the contractor selection process detailed in Attachment 3 was followed and the requested goods or services were delivered and accepted.
7. The State Agency shall retain records to document that all purchases have been made in accordance with the limits, guidelines, and conditions specified in this DA.
8. The State Agency shall provide all such reports and information relating to the purchases made under the approved DA as may be requested by state officials.

G. Under CPO Policy 2013-004, Section 4.3.2, a contract shall be executed if goods or services cannot be provided within ninety (90) days.

State Agency certification for <u>contracts</u>:

1. The requesting State Agency certifies that each of the following is true and applicable:
   a) The program needs and general categories of services are such that adequate guidelines can be developed to direct the State Agency in competitively executing a number of similar contracts;
   b) The individual contracts involved will be of such uniformity and standardization of processes, procedures, and contract terms that individual, independent, and prior approval is unnecessary and impractical; and
   c) All individual contracts executed will create a "contractor" relationship as defined in Central Procurement Office Policy 2013-007.
2. The summary cover sheet correctly records the requested delegated authority period in which every contract must begin.
3. The State Agency will draft each contract either with the exact scope of services ("Scope") detailed in Attachment 2 or using a combination of the provisions detailed in Attachment 2. In no event shall the Scope contain provisions that do not appear in Attachment 2. The State agency will draft each contract in compliance with the appropriate contract templates and models in effect at the time that each contract is drafted. Each contract must include a completed summary cover sheet attached at the front of each copy.

4. The State Agency will select contractors in strict accordance with the pre-defined, competitive process detailed in Attachment 3.
5. The State Agency will ensure that every contract entered into under this DA:
   a) Has sufficient funds budgeted and available;
   b) Complies with: Tennessee laws and regulations; Central Procurement Office rules and policies; program policies, rules, and regulations; and any federal laws, rules, regulations, and requirements;
   c) Shall not create an employer/employee relationship as prohibited by Tenn. R. & Regs. § 0690-03-01-.17;
   d) Shall not procure goods, materials, supplies, equipment, or services EXCEPT as provided in this DA; and
   e) Shall not provide for the payment of any amount directly or indirectly to an employee or official of the State.
6. The State Agency will retain records to document that every contract has been executed in accordance with the limits, guidelines, and conditions specified in this DA.
7. The State Agency will provide all such reports and information relating to the executed contracts under this DA as may be requested by state officials.
8. The State Agency shall attach a copy of the proposed contract(s) that will be used under the DA. If the proposed contract or contracts include modifications or additions to contract templates or models, redline the modifications or additions in the attachment(s) and include an approved Rule Exception Request ("RER").

IN WITNESS WHEREOF, and by signature below, I certify that all information in this DA is, to the best of my knowledge, accurate and represents the limits, guidelines, conditions, and procedures that the State Agency shall follow in making each purchase or executing each contract.

State Agency head name and title **Date**

ATTACHMENT 1

AUTHORIZED PURCHASE OF GOODS OR SERVICES & MAXIMUM RATE SCHEDULE

The rates below are maximum rates allowed, NOT standard or set rates (unless based upon federal government or TennCare set rates). The State Agency is encouraged to buy goods or services at lower rates than those below. All purchases under this DA shall comply with the vendor selection procedures specified in Attachment 3.

Good or Service	Maximum Rate
Travel Compensation/Reimbursement (relating to authorized service delivery)	**This Delegated Authority shall NOT authorize payment or reimbursement of a contractor's travel expenses to the site where goods are delivered or services are provided. If the State requires that the contractor travel somewhere other than the site where goods are delivered or services are performed, reimbursement shall be subject to amounts and limitations specified in the current "State Comprehensive Travel Regulations." Only necessary expenses incurred away from and back to the site where goods are delivered or services are performed shall be reimbursable.** ***Note: This does NOT apply to any travel reimbursements paid to state clients (which may be provided for in this schedule).***
Service Definition	**Maximum Rate (*e.g.*, $ Amount per Unit)**
Repeat Service Lines as Necessary	**Maximum Rate (*e.g.*, $ Amount per Unit)**

ATTACHMENT 2

CONTRACT SCOPE OF SERVICES TEXT

Insert the scope of services ("Scope") that will be used in executed contracts or identify all provisions that will possibly appear in the Scope. If all contracts will contain the same Scope, note that below and include the Scope in the pro forma contract attached to the DA application. There is no need to provide the Scope in this Attachment and in the pro forma contract. If there will be a menu of scopes, identify all provisions that will possibly appear in the Scope in this Attachment. Then leave the Scope and Section C.3.b of the pro forma contract blank.

The Scope describes the services and deliverables that contractors must provide. It must specify all associated functional and technical requirements. The State Agency may include payment terms outside of Section C with an approved Rule Exception Request.

The State Agency head or designee signifies by signing this DA that all information in this DA is, to the best of his or her knowledge, accurate and represents the limits, guidelines, conditions, and procedures that the State Agency shall follow in executing each contract.

Scope (Contract section A)	Cost (Contract section C.3.b)
Deliverable 1	$ / unit
Deliverable 2	$ / unit

ATTACHMENT 3

PRE-DEFINED VENDOR OR CONTRACTOR SELECTION PROCESS AND CONTRACT MAXIMUM LIABILITY AMOUNT DETERMINATION PROCESS

The State Agency shall select vendors or contractors in strict accordance with the pre-defined, competitive or otherwise approved process described below. Any selection process authorized by CPO rules, policies, or manuals is acceptable, though some processes will require additional documentation or approvals. The State Agency shall retain records to show the basis of each purchase made or each contract executed under this Delegated Authority, including documentation that each purchase or contract was made in accordance with the processes below.

Describe the process for selecting vendors or contractors.

If requesting a contract delegation, describe the process for determining the contract Maximum Liability amount.

DELEGATED GRANT AUTHORITY (DG) TEMPLATE

REDLINE VERSION

DELEGATED GRANT AUTHORITY (DG) TEMPLATE

This template prescribes the format and content for the Delegated Grant Authority application ("DGA"). Approval of the DGA confers delegated authority to execute grant contracts for an individual program without additional, individual, independent approval.

Procurement professionals shall adhere to this template and attach a copy of the proposed grant contract(s) that will be used under the DGA. If the proposed grant contract or contracts include modifications or additions to grant contract templates or models, redline the modifications or additions in the attachment(s) and include an approved Rule Exception Request ("RER").

Do NOT route a DGA for approval after its begin date. Any DGA routed for approval after its begin date is subject to disapproval or may be approved with a begin date later than the one proposed. Agencies may obtain a begin date that occurs before the routing date with an approved RER.

~~**A DGA will ONLY be approved for a period of either all or some part of one (1) fiscal year.**~~ **An approved DGA shall remain in force and effect for no more than one (1) fiscal year unless the DGA involves federal funds and the term of the federal grant award extends beyond one (1) fiscal year. In such event, the Chief Procurement Officer and Comptroller of the Treasury may approve a DGA application for as long as the federal grant award's term. However, it may specify a contract period of up to five (5) years for any grant contract executed under the delegated authority. No single grant contract executed under a DGA shall have a maximum liability that exceeds five million dollars ($5,000,000).**

Procurement professionals should complete template fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will/will not) as indicated.

COVER SHEET

Complete summary cover sheet fields as indicated within the template.

Agency Tracking #	unique tracking number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Funding	amounts by fiscal year and funding source with row and column totals; contract maximum liability MUST equal the sum of the TOTAL Contract Amount column (i.e., the grand total amount for all fiscal years & all sources of funding)

A summary cover sheet properly completed and in accordance with the template is required for each grant contract executed under the DGA.

APPROVALS

Affix a signature by the Grantor State Agency head or an authorized designee. Prepare the Contract Entry Record for the Delegated Grant Authority as required by the Edison system. Then, scan the signed document with the completed summary cover sheet to a PDF file and attach the digital copy to the Edison record. Attach any supporting documentation in PDF format to the Edison record including:

- a PDF copy of the previously approved DGA if a DGA with the same or similar purpose to one proposed was approved in a prior year
- a PDF copy of any necessary RERs

Submit the Edison Contract Entry Record with the proposed DGA for approval routing.

DELEGATED GRANT AUTHORITY

Agency Tracking #	Edison ID	Begin Date	End Date
-			

Edison ID of prior, similar DG (if any)	Last possible End Date of authorized grant contracts

Service Caption

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Maximum Liability
TOTAL:					

Each grant contract will establish the following type of relationship: ☐ SUBRECIPIENT ☐ CONTRACTOR

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

CPO USE – DG

Speed Chart (optional)	**Account Code** (optional)

DELEGATED GRANT AUTHORITY

This Delegated Grant Authority application ("DGA"), if approved in accordance with Central Procurement Office rules, policies, and procedures, shall authorize the applicant state agency ("Grantor State Agency") to execute grant contracts for a particular program or programs without individual, independent approval, PROVIDED THAT all grant contracts are within the limits, guidelines, and conditions of this DGA. The Grantor State Agency shall attach a copy of the proposed grant contract(s) that will be used under the DGA. If the proposed grant contract or contracts include modifications or additions to grant contract templates or models, redline the modifications or additions in the attachment(s) and include an approved Rule Exception Request ("RER").

Grantor State Agency:	**Agency Name**
Service Caption:	**Program Identification**

A. What will be the maximum number of individual grant contracts?	**Number**
B. What will be the maximum period of an individual grant contract?	**Number months**
C. What will be the maximum amount of an individual grant contract (must not exceed five million dollars ($5,000,000))?	**$ Amount**
D. What is the maximum liability of the Delegated Grant Authority?	**$ Amount**

E. GRANTOR STATE AGENCY DECLARATION:

1. **Each of the following is true and applicable:**
   a) **The program needs and general categories of services are such that adequate guidelines can be developed to direct the Grantor State Agency in competitively or impartially awarding a number of similar grants; and**
   b) **The individual grant contracts involved will be of such uniformity and standardization of processes, procedures, and contract terms that individual, independent, and prior approval is unnecessary and impractical.**
2. **The summary cover sheet correctly records the requested delegated authority period in which every grant contract must begin as well as the relationship (as defined by Central Procurement Office Policy 2013-007) that each grant contract will create.**
3. **The Grantor State Agency will select grantees in strict accordance with a pre-defined, competitive or impartial process. This process is detailed in Attachment 1.**
4. **The Grantor State Agency will draft each grant contract with the exact "scope of services" detailed in Attachment 2, and in compliance with the form and content required by the appropriate grant contract templates and models in effect at the time that each grant contract is drafted. Each grant contract must include a completed summary cover sheet attached at the front of each copy.**
5. **The Grantor State Agency will ensure that every grant contract entered into under the Delegated Grant Authority:**
   a) **Has sufficient funds budgeted and available;**
   b) **Complies with: Tennessee laws and regulations; Central Procurement Office rules and policies; program policies, rules, and regulations; and any federal laws, rules, regulations, and requirements;**
   c) **Shall not create an employer/employee relationship as prohibited by the Tenn. R. & Regs. § 0690-03-01-.17;**
   d) **Shall not procure goods, materials, supplies, equipment, or services EXCEPT as**

Grantor State Agency:	Agency Name
Service Caption:	Program Identification

provided in this Delegated Grant Authority; and

e) Shall not provide for the payment of any amount directly or indirectly to an employee or official of the State.

6. The Grantor State Agency will retain records to document that every grant contract has been executed in accordance with the limits, guidelines, and conditions specified in this Delegated Grant Authority.

7. The Grantor State Agency will provide all such reports and information relating to the executed grant contracts under this Delegated Grant Authority as may be requested by state officials.

8. The Grantor State Agency shall attach a copy of the proposed grant contract(s) that will be used under the DGA. If the proposed grant contract or contracts include modifications or additions to grant contract templates or models, redline the modifications or additions in the attachment(s) and include an approved Rule Exception Request ("RER").

IN WITNESS WHEREOF, and by signature below, I certify that all information in this DGA is, to the best of my knowledge, accurate and represents the limits, guidelines, conditions, and procedures that the Grantor State Agency shall follow in executing each grant contract.

Grantor Agency Head Name & Title	Date

ATTACHMENT 1

PRE-DEFINED GRANTEE SELECTION & GRANT AMOUNT DETERMINATION PROCEDURES

The Grantor State Agency will select grantees in strict accordance with a pre-defined, competitive or impartial process described below. The Grantor State Agency shall retain records to show the clearly competitive or impartial basis of each grant contract executed, including documentation that each grant contract under this Delegated Grant Authority was executed in accordance with the grantee selection and grant contract amount determination procedures below.

Detailed grantee selection and grant contract amount determination procedures

ATTACHMENT 2

EXACT GRANT CONTRACT SCOPE OF SERVICES TEXT

Insert the exact scope of services ("Scope") that will be used in executed grant contracts. If the Grantor State Agency wishes to use more than one Scope, insert all Scopes and clearly identify each Scope and when it will be used.

The Scope describes the services and deliverables that the Grantee must provide. It must specify all associated functional and technical requirements. The Grantor State Agency may include payment terms outside of Section C with an approved Rule Exception Request.

The Grantor State Agency head or designee signifies by signing this DGA that all information in this DGA is, to the best of his or her knowledge, accurate and represents the limits, guidelines, conditions, and procedures that the Grantor State Agency shall follow in executing each grant contract.

Document comparison by Workshare Compare on Tuesday, March 10, 2015 9:32:40 AM

Input:	
Document 1 ID	file://C:\Users\BA10408\Desktop\DGTemplate_approved11.14.14.doc
Description	DGTemplate_approved11.14.14
Document 2 ID	file://M:\C.Mallea's documents\Policy subcommittee\Ready for AC review\Next AC Meeting\DG Template_clean.doc
Description	DG Template_clean
Rendering set	Standard

Legend:	
Insertion	
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Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	1
Deletions	1
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	2

DELEGATED GRANT AUTHORITY (DG) TEMPLATE

CLEAN VERSION

DELEGATED GRANT AUTHORITY (DG) TEMPLATE

This template prescribes the format and content for the Delegated Grant Authority application ("DGA"). Approval of the DGA confers delegated authority to execute grant contracts for an individual program without additional, individual, independent approval.

Procurement professionals shall adhere to this template and attach a copy of the proposed grant contract(s) that will be used under the DGA. If the proposed grant contract or contracts include modifications or additions to grant contract templates or models, redline the modifications or additions in the attachment(s) and include an approved Rule Exception Request ("RER").

> **Do NOT route a DGA for approval after its begin date. Any DGA routed for approval after its begin date is subject to disapproval or may be approved with a begin date later than the one proposed. Agencies may obtain a begin date that occurs before the routing date with an approved RER.**
>
> **An approved DGA shall remain in force and effect for no more than one (1) fiscal year unless the DGA involves federal funds and the term of the federal grant award extends beyond one (1) fiscal year. In such event, the Chief Procurement Officer and Comptroller of the Treasury may approve a DGA application for as long as the federal grant award's term. However, it may specify a contract period of up to five (5) years for any grant contract executed under the delegated authority. No single grant contract executed under a DGA shall have a maximum liability that exceeds five million dollars ($5,000,000).**

Procurement professionals should complete template fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will/will not) as indicated.

COVER SHEET

Complete summary cover sheet fields as indicated within the template.

Agency Tracking #	unique tracking number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Funding	amounts by fiscal year and funding source with row and column totals; contract maximum liability MUST equal the sum of the TOTAL Contract Amount column (i.e., the grand total amount for all fiscal years & all sources of funding)

A summary cover sheet properly completed and in accordance with the template is required for each grant contract executed under the DGA.

APPROVALS

Affix a signature by the Grantor State Agency head or an authorized designee. Prepare the Contract Entry Record for the Delegated Grant Authority as required by the Edison system. Then, scan the signed document with the completed summary cover sheet to a PDF file and attach the digital copy to the Edison record. Attach any supporting documentation in PDF format to the Edison record including:

- a PDF copy of the previously approved DGA if a DGA with the same or similar purpose to one proposed was approved in a prior year
- a PDF copy of any necessary RERs

Submit the Edison Contract Entry Record with the proposed DGA for approval routing.

DELEGATED GRANT AUTHORITY

Agency Tracking #	Edison ID	Begin Date	End Date
-			

Edison ID of prior, similar DG (if any)	Last possible End Date of authorized grant contracts

Service Caption

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Maximum Liability
TOTAL:					

Each grant contract will establish the following type of relationship: ☐ SUBRECIPIENT ☐ CONTRACTOR

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

CPO USE – DG

Speed Chart (optional)	Account Code (optional)

DELEGATED GRANT AUTHORITY

This Delegated Grant Authority application ("DGA"), if approved in accordance with Central Procurement Office rules, policies, and procedures, shall authorize the applicant state agency ("Grantor State Agency") to execute grant contracts for a particular program or programs without individual, independent approval, PROVIDED THAT all grant contracts are within the limits, guidelines, and conditions of this DGA. The Grantor State Agency shall attach a copy of the proposed grant contract(s) that will be used under the DGA. If the proposed grant contract or contracts include modifications or additions to grant contract templates or models, redline the modifications or additions in the attachment(s) and include an approved Rule Exception Request ("RER").

Grantor State Agency:	Agency Name
Service Caption:	Program Identification

A. What will be the maximum number of individual grant contracts?	Number
B. What will be the maximum period of an individual grant contract?	Number months
C. What will be the maximum amount of an individual grant contract (must not exceed five million dollars ($5,000,000))?	$ Amount
D. What is the maximum liability of the Delegated Grant Authority?	$ Amount

E. GRANTOR STATE AGENCY DECLARATION:

1. Each of the following is true and applicable:
   a) The program needs and general categories of services are such that adequate guidelines can be developed to direct the Grantor State Agency in competitively or impartially awarding a number of similar grants; and
   b) The individual grant contracts involved will be of such uniformity and standardization of processes, procedures, and contract terms that individual, independent, and prior approval is unnecessary and impractical.
2. The summary cover sheet correctly records the requested delegated authority period in which every grant contract must begin as well as the relationship (as defined by Central Procurement Office Policy 2013-007) that each grant contract will create.
3. The Grantor State Agency will select grantees in strict accordance with a pre-defined, competitive or impartial process. This process is detailed in Attachment 1.
4. The Grantor State Agency will draft each grant contract with the exact "scope of services" detailed in Attachment 2, and in compliance with the form and content required by the appropriate grant contract templates and models in effect at the time that each grant contract is drafted. Each grant contract must include a completed summary cover sheet attached at the front of each copy.
5. The Grantor State Agency will ensure that every grant contract entered into under the Delegated Grant Authority:
   a) Has sufficient funds budgeted and available;
   b) Complies with: Tennessee laws and regulations; Central Procurement Office rules and policies; program policies, rules, and regulations; and any federal laws, rules, regulations, and requirements;
   c) Shall not create an employer/employee relationship as prohibited by the Tenn. R. & Regs. § 0690-03-01-.17;

Grantor State Agency:	**Agency Name**
Service Caption:	**Program Identification**

d) **Shall not procure goods, materials, supplies, equipment, or services EXCEPT as provided in this Delegated Grant Authority; and**

e) **Shall not provide for the payment of any amount directly or indirectly to an employee or official of the State.**

6. **The Grantor State Agency will retain records to document that every grant contract has been executed in accordance with the limits, guidelines, and conditions specified in this Delegated Grant Authority.**

7. **The Grantor State Agency will provide all such reports and information relating to the executed grant contracts under this Delegated Grant Authority as may be requested by state officials.**

8. **The Grantor State Agency shall attach a copy of the proposed grant contract(s) that will be used under the DGA. If the proposed grant contract or contracts include modifications or additions to grant contract templates or models, redline the modifications or additions in the attachment(s) and include an approved Rule Exception Request ("RER").**

IN WITNESS WHEREOF, and by signature below, I certify that all information in this DGA is, to the best of my knowledge, accurate and represents the limits, guidelines, conditions, and procedures that the Grantor State Agency shall follow in executing each grant contract.

Grantor Agency Head Name & Title	**Date**

ATTACHMENT 1

PRE-DEFINED GRANTEE SELECTION & GRANT AMOUNT DETERMINATION PROCEDURES

The Grantor State Agency will select grantees in strict accordance with a pre-defined, competitive or impartial process described below. The Grantor State Agency shall retain records to show the clearly competitive or impartial basis of each grant contract executed, including documentation that each grant contract under this Delegated Grant Authority was executed in accordance with the grantee selection and grant contract amount determination procedures below.

Detailed grantee selection and grant contract amount determination procedures

ATTACHMENT 2

EXACT GRANT CONTRACT SCOPE OF SERVICES TEXT

Insert the exact scope of services ("Scope") that will be used in executed grant contracts. If the Grantor State Agency wishes to use more than one Scope, insert all Scopes and clearly identify each Scope and when it will be used.

The Scope describes the services and deliverables that the Grantee must provide. It must specify all associated functional and technical requirements. The Grantor State Agency may include payment terms outside of Section C with an approved Rule Exception Request.

The Grantor State Agency head or designee signifies by signing this DGA that all information in this DGA is, to the best of his or her knowledge, accurate and represents the limits, guidelines, conditions, and procedures that the Grantor State Agency shall follow in executing each grant contract.

DELEGATED AUTHORITY APPLICATION AMENDMENT TEMPLATE

REDLINE VERSION

AMEND-D MODELDELEGATED AUTHORITY APPLICATION AMENDMENT TEMPLATE

This model prescribes the format and content for a delegated authority amendment.

Documents of this type must adhere to this model (or the model version dated 7-1-11) with revisions only as instructions permit. Insignificant deviations from this model, while always subject to disapproval, will, typically, not require a specific rule exception unless an oversight examiner requires separate documentation in a particular instance. If a formal rule exception request is not required, oversight approval of the document will constitute selected rule exception(s) as may be necessary.

> NOTICE: A revision of the total "maximum liability" is the ONLY reason that a delegated authority should be amended.
>
> An amendment to change the scope or any other provisions of a delegated authority or its attachments will only be considered on a limited, case-by-case basis, and such changes are likely to necessitate a replacement or additional delegated authority. Accordingly, submit any such proposed amendment by e-mail attachment to the OCR mailbox (Agsprs.Agsprs@tn.gov) for pre-approval determination BEFORE submitting it for Edison approval routing.

Central Procurement Office Policy Number 2013-006 requires approvals or endorsements for certain contracts depending on the contract's Scope. A change in Scope may require re-approval or re-endorsement by the Office for Information Resource, Tennessee Department of Human Resources, or other State entity. If re-approval or re-endorsement is required, submit documentation of the approval or endorsement with the amendment.

Complete form fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will/ or will not) as indicated and with conforming font and color.

Complete summary cover fields as indicated within the template and the following field directions.

Agency Tracking #	unique tracking number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Increase/Decrease	amount by which the maximum liabilityMaximum Liability will change pursuant to this amendment; express the amount as a negative number using "( )" symbols if the maximum liabilityMaximum Liability is decreased; express it as "0" if there is no change in the total contract amount
Funding	amounts by fiscal year and funding source with row and column totals; contract maximum liability MUSTMaximum Liability must equal the sum of the TOTALtotal Contract Amount column (i.e., the grand total amount for all fiscal years &and all sources of funding)

A summary cover properly completed and in accordance the model is required for every copy of the contracting document.

MAXIMUM LIABILITY AMENDMENT TEXT:

Section #. is deleted in its entirety and replaced with the following:

#. What is the maximum liability of the requested delegated authority?	**$ Amount**

> If more than one amendment section is proposed (*i.e.*, to change the scope or any other provisions of a delegated authority), number each section consecutively.

EFFECTIVE DATE

> The effective date of an amendment may NOT be retroactive (*e.g.*, before the date that the amendment is submitted for Edison approval routing).

SIGNATURE

Draft the amendment so that the signature immediately follows the previous section text separated by ONLY one blank line. Do NOT insert an arbitrary page break prior to the signature section.

DELEGATED AUTHORITY AMENDMENT

Agency Tracking #	Edison ID	Delegated Authority #	Amendment #
-			

Amendment Purpose & Effect(s)

TOTAL Maximum Liability INCREASE or DECREASE per this Amendment (zero if N/A): **$**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Maximum Liability
TOTAL:					

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

OCRCPO USE

Speed Chart (optional)	Account Code (optional)

AMENDMENT WRITTEN NUMBER
TO DELEGATED AUTHORITY ASSIGNED NUMBER

This ~~application to amend the above-referenced delegated authority, if approved as required by professional service contacting regulations~~amendment to [insert Delegated Authority, Delegated Grant Authority, or Delegated Loan Authority] Number ("Amendment"), shall revise the delegated authority as follows~~:~~.

Amendment Text —— Refer to ~~Model~~Template Instructions

Required Approvals. This Amendment shall ~~be valid only upon approval by the contracting agency head and~~not be effective until it is approved by all appropriate officials in accordance with applicable Tennessee laws ~~and regulations~~ (depending upon the specifics of this delegated authority, ~~said~~ officials may include, but are not limited to, the Chief Procurement Officer, the Commissioner of Finance and Administration, the Commissioner of Human Resources, ~~and~~or the Comptroller of the Treasury).

Amendment Effective Date. The ~~revisions set forth herein shall be~~ effective date of this Amendment is DATE. All other terms and conditions of this delegated authority not expressly amended ~~herein~~ shall remain in full force and effect.

IN WITNESS WHEREOF:

Agency Head Name & Title **DATE**

AMENDMENT INSTRUCTIONS, CONSIDERATIONS, AND OPTIONS

Draft the amendment with the following sections, as appropriate. Number each amendment section consecutively.

Option: Change the Maximum Liability of the entire delegated authority application

The Maximum Liability shall not exceed ten million dollars ($10,000,000) without an approved RER.

Section #. is deleted in its entirety and replaced with the following:

#.	**What is the Maximum Liability of the [insert Delegated Authority, Delegated Grant Authority, or Delegated Loan Authority]?**	**$ Amount**

Option: Change the Maximum Liability of an individual contract, purchase order, grant contract, or loan.

The Maximum Liability of an individual contract, purchase order, or grant contract shall not exceed five million dollars ($5,000,000) without an approved RER.

Section #. is deleted in its entirety and replaced with the following:

#.	**What is the Maximum Liability of an individual [insert contract, purchase order, grant contract, or loan]?**	**$ Amount**

Option: Delete and Replace Section

Use the following to delete and replace an existing sub-section.

#. Contract or Grant Contract section Reference is deleted in its entirety and replaced with the following:

#. New Text — include all of the deleted language that continues to be necessary after this amendment.

Option: Delete and Replace Attachment

Use the following to delete and replace an existing attachment.

#. Contract or Grant Contract Attachment Reference is deleted in its entirety and replaced with Attachment Reference.

Option: Add Section

Adding an attachment reference alone does not add the attachment (refer to add attachment option below).

Use the following to add a new sub-section after all existing sub-sections of a contract or grant contract.

#. The following is added as [insert Contract or Grant Contract] section New Section Reference.

#. New Text

Option: Add Attachment

Use the following to add a new attachment.

#.	[Insert Contract or Grant Contract] Attachment New Attachment Reference attached hereto is added as a new attachment.

Option: Contractor or Grantee Name Amendment

Evidence of the legitimacy of the name change is required for approval.

Use the following to change the Contractor or Grantee's name.

#.	The following is added as [insert Contract or Grant Contract] section New Section Reference:
#.	[Insert Contractor or Grantee] Name. All references to "Original Legal Entity Name" or "Grantee Legal Entity Name" shall be deleted and replaced with "New Legal Entity Name."

EFFECTIVE DATE

The effective date of an amendment **shall not be retroactive (i.e.**, before the date that the amendment is submitted **to Edison for approvals)**.

SIGNATURE

Draft the amendment so that the signature immediately follows the previous section text separated by **only one blank line. Do not** insert an arbitrary page break prior to the signature section.

Document comparison by Workshare Compare on Tuesday, February 24, 2015 2:35:28 PM

Input:	
Document 1 ID	file://C:\Users\BA10408\Desktop\deleg author amend.doc
Description	deleg author amend
Document 2 ID	file://M:\C.Mallea's documents\Policy subcommittee\Ready for AC review\Next AC Meeting\Amend deleg authority_clean.doc
Description	Amend deleg authority_clean
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	57
Deletions	38
Moved from	7
Moved to	7
Style change	0
Format changed	0
Total changes	109

DELEGATED AUTHORITY APPLICATION AMENDMENT TEMPLATE

CLEAN VERSION

DELEGATED AUTHORITY APPLICATION AMENDMENT TEMPLATE

Central Procurement Office Policy Number 2013-006 requires approvals or endorsements for certain contracts depending on the contract's Scope. A change in Scope may require re-approval or re-endorsement by the Office for Information Resource, Tennessee Department of Human Resources, or other State entity. If re-approval or re-endorsement is required, submit documentation of the approval or endorsement with the amendment.

Complete form fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will or will not) as indicated and with conforming font and color.

Complete summary cover fields as indicated within the template and the following field directions.

Agency Tracking #	unique tracking number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Increase/Decrease	amount by which the Maximum Liability will change pursuant to this amendment; express the amount as a negative number using "( )" symbols if the Maximum Liability is decreased; express it as "0" if there is no change
Funding	amounts by fiscal year and funding source with row and column totals; contract Maximum Liability must equal the sum of the total Contract Amount column (i.e., the grand total amount for all fiscal years and all sources of funding)

DELEGATED AUTHORITY AMENDMENT

Agency Tracking #	Edison ID	Delegated Authority #	Amendment #
-			

Amendment Purpose & Effect(s)

TOTAL Maximum Liability INCREASE or DECREASE per this Amendment (zero if N/A): **$**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Maximum Liability
TOTAL:					

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

CPO USE

Speed Chart (optional)	Account Code (optional)

AMENDMENT WRITTEN NUMBER
TO DELEGATED AUTHORITY ASSIGNED NUMBER

This amendment to [insert Delegated Authority, Delegated Grant Authority, or Delegated Loan Authority] Number ("Amendment"), shall revise the delegated authority as follows:

Amendment Text — Refer to Template Instructions

Required Approvals. This Amendment shall not be effective until it is approved by all appropriate officials in accordance with applicable Tennessee laws (depending upon the specifics of this delegated authority, officials may include, but are not limited to, the Chief Procurement Officer, the Commissioner of Finance and Administration, the Commissioner of Human Resources, or the Comptroller of the Treasury).

Amendment Effective Date. The effective date of this Amendment is DATE. All other terms and conditions of this delegated authority not expressly amended shall remain in full force and effect.

IN WITNESS WHEREOF:

Agency Head Name & Title **DATE**

AMENDMENT INSTRUCTIONS, CONSIDERATIONS, AND OPTIONS

Draft the amendment with the following sections, as appropriate. Number each amendment section consecutively.

Option: Change the Maximum Liability of the entire delegated authority application
The Maximum Liability shall not exceed ten million dollars ($10,000,000) without an approved RER.

Section #. is deleted in its entirety and replaced with the following:

#.	**What is the Maximum Liability of the [insert Delegated Authority, Delegated Grant Authority, or Delegated Loan Authority]?**	**$ Amount**

Option: Change the Maximum Liability of an individual contract, purchase order, grant contract, or loan.
The Maximum Liability of an individual contract, purchase order, or grant contract shall not exceed five million dollars ($5,000,000) without an approved RER.

Section #. is deleted in its entirety and replaced with the following:

#.	**What is the Maximum Liability of an individual [insert contract, purchase order, grant contract, or loan]?**	**$ Amount**

Option: Delete and Replace Section
Use the following to delete and replace an existing sub-section.

#. Contract or Grant Contract section Reference is deleted in its entirety and replaced with the following:

#. New Text — include all of the deleted language that continues to be necessary after this amendment.

Option: Delete and Replace Attachment
Use the following to delete and replace an existing attachment.

#. Contract or Grant Contract Attachment Reference is deleted in its entirety and replaced with Attachment Reference.

Option: Add Section
Adding an attachment reference alone does not add the attachment (refer to add attachment option below).
Use the following to add a new sub-section after all existing sub-sections of a contract or grant contract.

#. The following is added as [insert Contract or Grant Contract] section New Section Reference.

#. New Text

Option: Add Attachment

Use the following to add a new attachment.

#.	[Insert Contract or Grant Contract] Attachment New Attachment Reference attached hereto is added as a new attachment.

Option: Contractor or Grantee Name Amendment

Evidence of the legitimacy of the name change is required for approval.

Use the following to change the Contractor or Grantee's name.

#.	The following is added as [insert Contract or Grant Contract] section New Section Reference: #. [Insert Contractor or Grantee] Name. All references to "Original Legal Entity Name" or "Grantee Legal Entity Name" shall be deleted and replaced with "New Legal Entity Name."

EFFECTIVE DATE

The effective date of an amendment shall not be retroactive (i.e., before the date that the amendment is submitted to Edison for approvals).

SIGNATURE

Draft the amendment so that the signature immediately follows the previous section text separated by only one blank line. Do not insert an arbitrary page break prior to the signature section.

INTERAGENCY AGREEMENT – GRANT MODEL

REDLINE VERSION

INTERAGENCY AGREEMENT – GRANT MODEL

This model provides the format and content for drafting a cost-reimbursement grant agreement between (1) two TNTennessee state agencies, neither of which has the separate legal capacity to contract or sue and be sued. (This model is optional with respect to; (2) a Tennessee state agency and a member of the University of Tennessee andor Board of Regents colleges and universities). educational systems. All agreements must comply with the requirements of the Central Procurement Policy Number 2013-007,Office's Grant Management and Subrecipient Monitoring Policy and Procedures and with the Office of Management and Budget (OMB) Circular A-133,(Policy Number 2013-007) and the U.S. OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as applicable. Please refer to Department of Finance and Administration – Policy 18 "Interunit Journals" for additional information, as applicable.

Complete form fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will/will not) as indicated and with conforming font and color.

Grant administrators should complete text fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will/will not) as indicated with appropriate font and color. The standard IG Model begins on the following page. Additional IG instructions, considerations, and options follow the standard IG model.

GRANT AGREEMENT COVER SHEET

Complete the Grant Agreement Cover Sheet fields as indicated within the model and the following field directions.

Agency Tracking #	unique tracking number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Funding	amounts by fiscal year and funding source with row and column totals; agreement maximum liability MUST equal the sum of the TOTAL Amount column (i.e., the grand total amount for all fiscal years & all sources of funding)

> A Grant Agreement Cover Sheet properly completed and in accordance the model is required for every copy of the agreement document.

PREAMBLE

Add additional information only if necessary.

A. SCOPE OF SERVICES

> It is the responsibility of the grantor state agency to adequately draft a scope of services. Oversight examiners will rely on the grantor state agency head's signature on the agreement document as certification and assurance that the proposed scope of services is clear and correct, adequate for all legal and enforcement purposes, and sufficiently detailed to ensure grantor state agency accountability and results.

Do NOT include payment terms in the scope of services.

Draft the scope of services to clearly, specifically, and definitively detail duties, responsibilities, and associated performance requirements and describe, in detail, the service and deliverable requirements and all related specifications.

Option: Grant Proposal Attachment

It is NOT acceptable to attach the associated grant proposal to the grant in lieu of a properly drafted scope of services. Proposals for funding are NOT adequately definitive to stand alone as the description of grantor state agency duties and responsibilities or performance requirements.

To attach an associated grant proposal to the agreement in support of a properly drafted scope of service, use the following optional section.

A.#. Incorporation of Additional Documents. Each of the following documents is included as a part of this Grant Agreement by reference or attachment. In the event of a discrepancy or ambiguity regarding the Grantee's duties, responsibilities, and performance hereunder, these items shall govern in order of precedence below.

a. this Grant Agreement document with any attachments or exhibits (excluding the items listed at subsections b. and c., below);

b. the State grant proposal solicitation as may be amended, if any;

c. the Grantee's proposal (Attachment Reference) incorporated to elaborate supplementary scope of services specifications.

B. TERM OF AGREEMENT

Do NOT route an agreement for approval after the Effective Date.

Draft the agreement with an appropriate, definitive, and complete agreement period not to exceed the five (5) year maximum permitted by Central Procurement Office rules.

Option: Term Renewal or Extension

To reserve the right to extend the Grant Contract's Term beyond the original period, change the designation of the paragraph under B. to B.1. and add one or both of the following sections, revising the length of the extension period(s) as appropriate.

B.#. Renewal Options. This Grant Contract may be renewed upon satisfactory completion of the Term. The State reserves the right to execute up to number (#) renewal options under the same terms and conditions for a period not to exceed twelve (12) months each by the State, at the State's sole option. In no event, however, shall the maximum Term, including all renewals or extensions, exceed a total of sixty (60) months.

B.#. Term Extension. It is understood and agreed that the State may extend the Term an additional period of time, not to exceed one hundred-eighty (180) days beyond the expiration date of this Grant Contract, under the same terms and conditions. In no event, however, shall the maximum Term, including all extensions or renewals, exceed a total of sixty (60) months.

C. PAYMENT TERMS AND CONDITIONS

Revise Payment Terms and Conditions sections only as provided in the instructions.

Payment Methodology

Subject to approval consideration on a case-by-case basis considering the amount of the advance payment, the scope of service, and the grantee, options below permit partial, periodic, and advance payments. Generally, a provision for an advance payment will only be approved in a grant with a government or non-profit entity.

The Comptroller's Procurement Compliance Office requires written justification for an advance payment provision of any type.

Option: Partial Advance Payment

To effect a partial advance payment, replace the section with the following.

C.3. Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the maximum liability established in section C.1. The amount of Written Dollar Amount ($Number) shall be paid to the Grantee in advance upon approval of this Grant Agreement. Then, upon progress toward the completion of the work, as described in section A of this Grant Agreement, the Grantee shall submit invoices for payment prior to any additional reimbursement of allowable costs. The total of all payments to the Grantee shall not exceed the maximum liability of this Grant Agreement.

Option: Periodic Advance Payment

To effect periodic advance payments, (1) Replace the section with the following.

C.3. Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the maximum liability established in section C.1. The amount of Written Dollar Amount ($Number) shall paid to the Grantee in advance upon approval of this Grant Agreement and on Date(s) on which the Grantor State Agency will make advance payment(s). The total of said payments shall not exceed the maximum liability of this Grant Agreement.

(2) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following (which may be further revised to require more frequent grant disbursement reconciliation reports).

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) calendar days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency (and include, as applicable, documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations").

Option: Total Advance Payment

To effect a total advance payment: (1) Replace the section with the following.

C.3. Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the maximum liability established in section C.1. Payment to the Grantee shall be a lump sum made in advance upon approval of this Grant Agreement.

(2) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following.

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) calendar days of the Grant Agreement end date and in form and substance acceptable to the State (and include, as applicable, documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations").

Budget Line-Items

The *Budget Line-Items* provision should NOT be amended after agreement approval.

Revise line-item variance amount as appropriate and up to the maximum of twenty percent (20%).

Option: NO Line-Item Variance

Replace the section with the following alternative as appropriate.

C.5. Budget Line-items. Expenditures, reimbursements, and payments under this Grant Agreement shall adhere to the Grant Budget. Reimbursable expenditures may NOT vary from the Grant Budget line-item amount(s) detailed. The Grant Budget is incorporated herein as though set forth verbatim.

Disbursement Reconciliation and Close Out

Revise the 1st paragraph of the section, as necessary, to require additional grant disbursement reconciliation reports.

Option: Grantee Match Requirement

If the Grant Budget details a grantee match requirement (in which the maximum total amount reimbursable by the state under the grant will be reduced by the amount of any Grantee failure to meet the match requirement), replace the section with the following (revising the maximum number of days to no less than 30).

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) calendar days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency.

a. The Grant Budget specifies a Grantee Match Requirement and the final grant disbursement reconciliation report shall detail all Grantee expenditures recorded to meet said requirement.

i. No Grantee expenditure shall be recorded and reported toward meeting a Grantee Match Requirement of more than one grant agreement with the state of Tennessee.

ii. The final grant disbursement reconciliation report shall specifically detail the exact amount of any Grantee failure to meet a Match Requirement, and the maximum total amount reimbursable by the Grantor State Agency pursuant to this Grant Agreement, as detailed by the Grant Budget column "Grant Agreement," shall be reduced by the amount that the Grantee failed to contribute to the Total Project as budgeted.

b. If total disbursements by the Grantor State Agency pursuant to this Grant Agreement exceed the amounts permitted by the section C, payment terms and conditions of this Grant Agreement (including any adjustment pursuant to subsection a.ii. above), the Grantee shall refund the difference to the Grantor State Agency. The Grantee shall submit said refund with the final grant disbursement reconciliation report.

c. The Grantor State Agency shall not be responsible for the payment of any invoice submitted after the grant disbursement reconciliation report. The Grantor State Agency will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the Grantor State Agency, and such invoices will NOT be paid.

d. The Grantee's failure to provide a final grant disbursement reconciliation report as required shall result in the Grantee being deemed ineligible for reimbursement under this Grant Agreement, and the Grantee shall be required to refund any and all payments by the Grantor State Agency pursuant to this Grant Agreement.

e. The Grantee must close out its accounting records at the end of the agreement period in such a way that reimbursable expenditures and revenue collections are NOT carried forward.

D. STANDARD TERMS AND CONDITIONS

Do NOT add terms and conditions to section D (additional, necessary terms and conditions may be added to the section E, Special Terms and Conditions).

Termination for Convenience

Increase the thirty (30) calendar days notice requirement as appropriate.

E. SPECIAL TERMS AND CONDITIONS

Wherever instructions direct legal counsel involvement, compliance will be assumed.

Add the following sections as indicated and in the order below, after which, add other special terms and conditions sections as appropriate, provided that none conflict with state interests or standard agreement provisions.

Charges To Service Recipients Prohibited

Delete the section as appropriate.

No Equipment Acquisition

Delete the section if the grant budget provides funding for the acquisition of equipment (if so, the contingently required State Interest In Equipment section below will likely be applicable).

State Interest In Equipment

Add the following section if the agreement provides for the reimbursement of expenditures for equipment (revising the last sentence of the first paragraph as necessary to establish a lower dollar threshold for the definition of "equipment").

E.#. State Interest in Equipment. The Grantee shall take legal title to all equipment and to all motor vehicles, hereinafter referred to as "equipment," purchased totally or in part with funds provided under this Grant Agreement, subject to the Grantor State Agency's equitable interest therein, to the extent of its *pro rata* share, based upon the Grantor State Agency's contribution to the purchase price. "Equipment" shall be defined as an article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds $5,000.00.

As authorized by the provisions of the terms of the Tennessee Uniform Commercial Code — Secured Transaction, found at Title 47, Chapter 9 of the *Tennessee Code Annotated*, and the provisions of the Tennessee Motor Vehicle Title and Registration Law, found at Title 55, Chapter 1 of the *Tennessee Code Annotated*, an intent of this Grant document and the parties hereto is to create and acknowledge a security interest in favor of the Grantor State Agency in the equipment and/or motor vehicles acquired by the Grantee pursuant to the provisions of this Grant document. A further intent of this Grant document is to acknowledge and continue the security interest in favor of the Grantor State Agency in the equipment or motor vehicles acquired by the Grantee pursuant to the provisions of this program's prior year Grants between the Grantor State Agency and the Grantee.

The Grantee hereto grants the Grantor State Agency a security interest in said equipment. This agreement is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the equipment herein specified which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and the Grantee hereby grants the Grantor State Agency a security interest in said equipment. The Grantee agrees that the Grantor State Agency may file this Grant Agreement or a reproduction thereof, in any appropriate office, as a financing statement for any of the equipment herein specified. Any reproduction of this or any other security agreement or financing statement shall be sufficient as a financing statement. In addition, the Grantee agrees to execute and deliver to the Grantor State Agency, upon the Grantor State Agency's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproduction of this Grant Agreement in such form as the Grantor State Agency may require to perfect a security interest with respect to said equipment. The Grantee shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements the Grantor State Agency may reasonably require. Without the prior written consent of the Grantor State Agency, the Grantee shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said equipment, including replacements and additions thereto. Upon the Grantee's breach of any covenant or agreement contained in this Grant Agreement, including the covenants to pay when due all sums secured by this Grant Agreement, the Grantor State Agency shall have the remedies of a secured party under the

Uniform Commercial Code and, at the Grantor State Agency's option, may also invoke the remedies herein provided.

The Grantee agrees to be responsible for the accountability, maintenance, management, and inventory of all property purchased totally or in part with funds provided under this Grant Agreement. The Grantee shall maintain a perpetual inventory system for all equipment purchased with funds provided under this Grant Agreement and shall submit an inventory control report which must include, at a minimum, the following:

a. Description of the equipment;
b. Manufacturer's serial number or other identification number, when applicable;
c. Consecutive inventory equipment tag identification;
d. Acquisition date, cost, and check number;
e. Fund source, State grant number, or other applicable fund source identification;
f. Percentage of state funds applied to the purchase;
g. Location within the Grantee's operations where the equipment is used;
h. Condition of the property or disposition date if Grantee no longer has possession;
i. Depreciation method, if applicable; and
j. Monthly depreciation amount, if applicable.

The Grantee shall tag equipment with an identification number which is cross referenced to the equipment item on the inventory control report. The Grantee shall inventory equipment annually. The Grantee must compare the results of the inventory with the inventory control report and investigate any differences. The Grantee must then adjust the inventory control report to reflect the results of the physical inventory and subsequent investigation.

The Grantee shall submit its inventory control report of all equipment purchased with funding through this agreement within thirty (30) days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency. This inventory control report shall contain, at a minimum, the requirements specified above for inventory control. The Grantee shall notify the Grantor State Agency, in writing, of any equipment loss describing reason(s) for the loss. Should the equipment be destroyed, lost, or stolen, the Grantee shall be responsible to the Grantor State Agency for the *pro rata* amount of the residual value at the time of loss based upon the Grantor State Agency's original contribution to the purchase price.

Upon termination of the Grant Agreement, where a further contractual relationship is not entered into, or at another time during the term of the Grant Agreement, the Grantee shall request written approval from the Grantor State Agency for any proposed disposition of equipment purchased with Grant funds. All equipment shall be disposed of in such a manner as parties may agree from among alternatives approved by Tennessee Department of General Services as appropriate and in accordance with any applicable federal laws or regulations.

Confidentiality of Records

As appropriate, add the following section or an alternative recommended by agency legal counsel.

E.#. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Grantee by the Grantor State Agency or acquired by the Grantee on behalf of the Grantor State Agency shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Grantee to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Grantee's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Grantee of this Grant Agreement; previously possessed by the Grantee without written obligations to the Grantor State Agency to

protect it; acquired by the Grantee without written restrictions against disclosure from a third party which, to the Grantee's knowledge, is free to disclose the information; independently developed by the Grantee without the use of the Grantor State Agency's information; or, disclosed by the Grantor State Agency to others without restrictions against disclosure. Nothing in this paragraph shall permit Grantee to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Grantee due to intentional or negligent actions or inactions of agents of the Grantor State Agency or third parties.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Grant Agreement.

HIPAA Compliance

Add the following section if it is applicable.

E.#. HIPAA Compliance. The Grantor State Agency and the Grantee shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

a. The Grantee warrants that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this agreement.

b. The Grantee warrants that it will cooperate with the Grantor State Agency, including cooperation and coordination with Grantor State Agency privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the grant so that both parties will be in compliance with HIPAA.

c. The Grantor State Agency and the Grantee will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the Grantor State Agency and the Grantee in compliance with HIPAA. This provision shall not apply if information received by the Grantor State Agency under this grant is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the Grantor State Agency to receive such information without entering into a business associate agreement or signing another such document.

Environmental Tobacco Smoke

Add the following section as appropriate.

E.#. Environmental Tobacco Smoke. Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the Tennessee "Children's Act for Clean Indoor Air of 1995," the Grantee shall prohibit smoking of tobacco products within any indoor premises in which services are provided to individuals under the age of eighteen (18) years. The Grantee shall post "no smoking" signs in appropriate, permanent sites within such premises. This prohibition shall be applicable during all hours, not just the hours in which children are present. Violators of the prohibition may be subject to civil penalties and fines. This prohibition shall apply to and be made part of any subcontract related to this Grant Agreement.

Grantee Participation

Add the following section as appropriate.

E. #. Grantee Participation. Grantee Participation amount(s) detailed in the Grant Budget are intended as a goal for the total project, and the amount of actual Grantee Participation expenditures will not impact the maximum amounts reimbursable to the Grantee as detailed by the Grant Budget column, "Grant Agreement."

Federal Economic Stimulus Funding

If the agreement is funded in whole or part by the American Recovery and Reinvestment Act of 2009 add the following section.

E.#. Federal Economic Stimulus Funding. This Grant Agreement requires the Grantee to provide products and/or services that are funded in whole or in part under the American Recovery and Reinvestment Act of 2009, Public Law 111-5, (Recovery Act). The Grantee is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of the Recovery Act are met and that the Grantee provides information to the Grantor State Agency as required.

The Grantee (and any subcontractor) shall comply with the following:

a. Federal Grant Award Documents, as applicable.

b. Executive Office of the President, Office of Management and Budget (OMB) Guidelines as posted at www.whitehouse.gov/omb/recovery_default/, as well as OMB Circulars, including but not limited to A-102 and A-133 as posted at www.whitehouse.gov/omb/financial_offm_circulars/.

c. Office of Tennessee Recovery Act Management Directives (posted on the Internet at www.tnrecovery.gov).

d. The Recovery Act, including but not limited to the following sections of that Act:

(1) Section 1604 – Disallowable Use. No funds pursuant to this Grant Agreement may be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

(2) Section 1512 – Reporting and Registration Requirements. The Grantee must report on use of Recovery Act funds provided through this Grant Agreement. Information from these reports will be made available to the public.

(3) Section 1553 – Recovery Act Whistleblower Protections. An employee of any non-Federal employer receiving covered funds under the Recovery Act may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing, including a disclosure made in the ordinary course of an employee's duties, to the Accountability and Transparency Board, an inspector general, the Comptroller General, a member of Congress, a state or federal regulatory or law enforcement agency, a person with supervisory authority over the employee (or other person working for the employer who has the authority to investigate, discover or terminate misconduct), a court or grand jury, the head of a Federal agency, or their representatives, information that the employee believes is evidence of one or more of the following related to the implementation or use of covered funds:

i. gross mismanagement,
ii. gross waste,
iii. substantial and specific danger to public health or safety,
iv. abuse of authority, or
v. violation of law, rule, or regulation (including those pertaining to the competition for or negotiation of a Grant Agreement).

Non-enforceability of Certain Provisions Waiving Rights and Remedies or Requiring Arbitration: Except as provided in a collective bargaining agreement, the rights and remedies provided to aggrieved employees by this section may not be waived by any agreement, policy, form, or condition of employment, including any predispute arbitration agreement. No predispute arbitration agreement shall be valid or enforceable if it requires arbitration of a dispute arising out of this section.

Requirement to Post Notice of Rights and Remedies: The Grantee and any

subcontractor shall post notice of the rights and remedies as required under Section 1553. (Refer to Section 1553 of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 located at www.recovery.gov, for specific requirements of this section and prescribed language for the notices.)

(4) Section 902 – Access Of Government Accountability Office. The Grantee shall provide that the Comptroller General and his representatives are authorized:

i. to examine any records of the Grantee or any of its subcontractors, that directly pertain to, and involve transactions relating to, this Grant Agreement or a subcontract; and

ii. to interview any officer or employee of the Grantee or any of its subcontractors regarding such transactions.

(5) Section 1514 – Inspector General Reviews. Any inspector general of a federal department or executive agency has the authority to review, as appropriate, any concerns raised by the public about specific investments using such funds made available in the Recovery Act. In addition, the findings of such reviews, along with any audits conducted by any inspector general of funds made available in the Recovery Act, shall be posted on the inspector general's website and linked to the website established by Recovery Act Section 1526, except that portions of reports may be redacted to the extent the portions would disclose information that is protected from public disclosure under sections 552 and 552a of title 5, United States Code.

(6) Section 1515 – Access of Offices of Inspector General to Certain Records and Employers. With respect to this Grant Agreement, any representative of an appropriate inspector general appointed under section 3 or 8G of the Inspector General Act of 1978 (5 U.S.C. App.), is authorized:

i. to examine any records, of the Grantee or any of its subcontractors, that pertain to and involve transactions relating or pursuant to this Grant Agreement; and

ii. to interview any officer or employee of the Grantee or any subcontractors regarding such transactions.

(7) Section 1606 – Wage Rate Requirements. All laborers and mechanics employed by pursuant to this Grant Agreement shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. All rulings and interpretations of the Davis-Bacon Act and related acts contained in 29 CFR 1, 3, and 5 are herein incorporated by reference.

For purposes of this Grant Agreement, laborer or mechanic includes at least those workers whose duties are manual or physical in nature (including those workers who use tools or who are performing the work of a trade), as distinguished from mental or managerial. The term laborer or mechanic includes apprentices, trainees, helpers, and, in the case of contracts subject to the Contract Work Hours and Safety Standards Act, watchmen or guards.

(8) Section 1605 – Buy American Requirements for Construction Material – Buy American, Use of American Iron, Steel, and Manufactured Goods. None of the funds provided by this Grant Agreement may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

e. The Grantee agrees to comply with any modifications or additional requirements that may be imposed by law and future guidance and clarifications of Recovery Act requirements.

f. If the Grantee enters into one or more subcontracts for any of the services performed under this Grant Agreement, each subcontract shall contain provisions specifically imposing on the subcontractor all requirements set forth in this agreement section E.#., "Federal Economic Stimulus Funding."

If the agreement also establishes a subrecipient relationship as defined by OMB Circular A-133, add the following as subsection E.#.d. (and re-letter all subsequent subsections accordingly).

d. The subrecipient Grantee, if covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, agrees to specifically identify Recovery Act expenditures separately for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133.

If the agreement also establishes a subrecipient relationship as defined by OMB Circular A-133, replace the newly designated section E.#.e.(2) with the following.

(2) Section 1512 – Reporting and Registration Requirements.

i. The Grantee must report on use of Recovery Act funds provided through this Grant Agreement. Information from these reports will be made available to the public.

ii. The subrecipient Grantee must maintain current registrations in the Central Contractor Registration (www.ccr.gov) at all times during which they have an active Grant Contract funded with Recovery Act funds.

Disclosure of Personal Identity Information

Add the following section as appropriate.

E.#. Disclosure of Personal Identity Information. The Grantee shall report to the Grantor State Agency any instances of unauthorized disclosure of confidential information that come to the attention of the Grantee. Any such report shall be made by the Grantee within twenty-four (24) hours after the instance has come to the attention of the Grantee. The Grantee, at the sole discretion of the Grantor State Agency, shall provide no cost credit monitoring services for individuals that are deemed to be part of a potential disclosure. The Grantee shall bear the cost of notification to individuals having personal identity information involved in a potential disclosure event, including individual letters and/or public notice.

Federal Funding Accountability and Transparency Act

Add the following section if the grant will be funded in whole or part by a federal grant or contract of $25,000 or more (excluding grants subject to section 1512 of the American Recovery and Reinvestment Act of 2009)), and the grant will provide for the expenditure of $25,000 or more in federal funds.

E.#. Federal Funding Accountability and Transparency Act (FFATA). This Grant requires the Grantee to provide supplies and/or services that are funded in whole or in part by federal funds that are subject to FFATA. The Grantee is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of FFATA are met and that the Grantee provides information to the State as required.

The Grantee shall comply with the following:

a. Reporting of Total Compensation of the Grantee's Executives.

(1) The Grantee shall report the names and total compensation of each of its five most highly compensated executives for the Grantee's preceding completed fiscal year, if in the Grantee's preceding fiscal year it received:

i. 80 percent or more of the Grantee's annual gross revenues from Federal procurement contracts and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

ii. $25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at http://www.sec.gov/answers/execomp.htm.).

Executive means officers, managing partners, or any other employees in management positions.

(2) Total compensation means the cash and noncash dollar value earned by the executive during the Grantee's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

i. Salary and bonus.

ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.

iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.

iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.

v. Above-market earnings on deferred compensation which is not tax qualified.

vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds $10,000.

b. The Grantee must report executive total compensation described above to the State by the end of the month during which this Grant is awarded.

c. If this Grant is amended to extend its term, the Grantee must submit an executive total compensation report to the State by the end of the month in which the amendment to this Grant becomes effective.

d. The Grantee will obtain a Data Universal Numbering System (DUNS) number and maintain its DUNS number for the term of this Grant. More information about obtaining a DUNS Number can be found at: http://fedgov.dnb.com/webform/

The Grantee's failure to comply with the above requirements is a material breach of this Grant for which the State may terminate this Grant for cause. The State will not be obligated to pay any outstanding invoice received from the Grantee unless and until the Grantee is in full compliance with the above requirements.

SIGNATURES

By agreement signature, the grantor state agency head shall assure and affirm that:

1. there is a balance in the appropriation from which obligations under the agreement are required to be paid that is not already encumbered to pay other obligations;
2. the contracting agency maintains documentation of a fair and impartial contractor selection in full compliance with the approved procurement methodology as indicated by the summary cover; and,
3. the proposed scope of services is clear and correct, adequate for all legal and enforcement purposes, and sufficiently detailed to ensure contractor accountability and results.

Additional approvals may be required, as such, please allow sufficient time for approvals. Draft the agreement so that the signature section immediately follows the previous section text separated by ONLY one blank line. Do NOT insert an arbitrary page break prior to the signature section.

GRANT BUDGET

ALL Grant Budgets must be type-written and mathematically correct in every aspect.

Each Grant Budget page must be numbered consecutively.

The Grant Agreement column total must equal the maximum liability of the grant.

Line-Item funding must comply with the Expense Object Line-Item Category Definitions provided by F&A Accounts Policy 03, Appendix A (which is posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf). Budget line-items and the definitions above have legal, audit, and federal funding implications, and grantor state agency staff are solely responsible for whether appropriate line-items are funded in accordance with the scope of service and the definitions set out by F&A Accounts Policy 03.

In line-items that WILL BE FUNDED, replace the zeros ("0.00") associated with each line-item as appropriate. If a line-item will NOT be funded, leave the associated, "0.00" dollar amount.

Grant Budget Line-Item Detail.

These instructions do NOT preclude adding Line-Item Detail (and associated requirements) for other line-items, provided that the additional detail is clear and mathematically correct.

Delete the entire Grant Budget Line-Item Detail page if NONE of the following five line-items, which requires detail, is funded: Professional Fee, Grant & Award; Interest; Depreciation; Other Non-Personnel; Capital Purchase.

For each line-item requiring detail that is funded by the budget, complete the appropriate line-item detail box.

Delete the line-item detail box for each of the line-items that is NOT funded.

Do NOT draft the Grant Budget Line-Item Detail to describe a line-item only as "contracts," "contracted services," "other," "professional services," or "miscellaneous."

Multiple Grant Budget Periods.

If a multi-year grant is to be written such that funding is restricted on an annual basis, such must be reflected in the grant budget by means of repeated use of the model grant budget pages, numbered consecutively, detailing funding information for consecutive period of applicability. If a grant budget attachment does include multiple pages respectively applicable to consecutive periods of applicability, a "roll-up" budget page totaling all lines for all periods is NOT required. However, the sum of all totals must agree with the grant maximum liability and any other relevant agreement provisions.

Option: Grant Budget Grantee Match Requirement

Replace the grant budget table with the table on the following page if a grantee match is required.

GRANT BUDGET	
Additional Identification Information As Necessary	
The grant budget line-item amounts below shall be applicable only to expense incurred during the following	
Applicable Period:	BEGIN: DATE END: DATE

POLICY 03 Object Line-Item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY [1]	GRANT AGREEMENT	GRANTEE MATCH	TOTAL PROJECT
1, 2	Salaries, Benefits & Taxes	0.00	0.00	0.00
4, 15	Professional Fee, Grant & Award [2]	0.00	0.00	0.00
5, 6, 7, 8, 9, 10	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications	0.00	0.00	0.00
11, 12	Travel, Conferences & Meetings	0.00	0.00	0.00
13	Interest [2]	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation [2]	0.00	0.00	0.00
18	Other Non-Personnel [2]	0.00	0.00	0.00
20	Capital Purchase [2]	0.00	0.00	0.00
22	Indirect Cost	0.00	0.00	0.00
24	In-Kind Expense	0.00	0.00	0.00

n/a	Grantee Match Requirement (for any amount of the required Grantee Match that is not specifically delineated by budget line-items above)	0.00	0.00	0.00
25	**GRAND TOTAL**	0.00	0.00	0.00

1 Each expense object-line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A.* (posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf).

2 Applicable detail follows this page if line-item is funded.

3 A Grantee Match Requirement is detailed by this Grant Budget, and the maximum total amount reimbursable by the State pursuant to this Grant Agreement, as detailed by the "Grant Agreement" column above, shall be reduced by the amount of any Grantee failure to meet the Match Requirement.

INTERAGENCY GRANT AGREEMENT COVER SHEET

(cost reimbursement grant agreement between two Tennessee state agencies, University of Tennessee, or Board of Regents colleges and universities)

Begin Date	End Date	Agency Tracking #	Edison ID

Grantee Name

Subrecipient or Contractor

☐ Subrecipient
☐ Contractor

CFDA #

Service Caption (one line only)

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Grant Agreement Amount

TOTAL:					

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

CPO USE - IG

~~Budget Officer Signature~~

GRANT AGREEMENT
BETWEEN THE STATE OF TENNESSEE,
GRANTOR STATE AGENCY NAME
AND
GRANTEE STATE AGENCY NAME

This Grant Agreement, by and between the State of Tennessee, ~~Grantor~~[Insert Name of State Agency, ~~hereinafter referred to as~~] (the "Grantor State Agency"), and ~~Grantee~~[Insert Name of State Agency, ~~hereinafter referred to as~~] (the "Grantee,"), is for the provision of ~~Short~~Scope of Service ~~Description~~Caption, as further defined in the "SCOPE OF SERVICES AND DELIVERABLES."

A. SCOPE OF SERVICES AND DELIVERABLES:

A.1. The Grantee shall provide ~~all service~~the scope of services and deliverables ("Scope") as required, described, and detailed ~~herein and shall meet all service and delivery timelines as specified by~~in this Grant Agreement.

A.#. Specify the services &and deliverables that the Grantee must provide as well as the technical specifications &and delivery requirements that must be met (include sufficient detail to ensure accountability &and definitive results). Do NOT include payment terms in the Scope of Service.

B. TERM OF AGREEMENT:

This Grant Agreement shall be effective on DATE ("Effective Date") and extend for a period of number (#) months after the Effective Date ("Term"). ~~The Grantee hereby acknowledges and affirms that the~~ The Grantor State Agency shall have no obligation ~~for Grantee services or expenditures that were not completed within this specified agreement period.~~ to the Grantee for fulfillment of the Scope outside the Term.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the ~~maximum liability~~Maximum Liability of the Grantor State Agency under this Grant Agreement exceed Written Dollar Amount ($Number) ("Maximum Liability"). The Grant Budget, attached and incorporated ~~hereto~~ as Attachment Reference, ~~shall constitute~~is the maximum amount due the Grantee ~~for all service and Grantee obligations hereunder~~under this Grant Agreement. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Grantee.

C.2. Compensation Firm. The ~~maximum liability~~Maximum Liability of the Grantor State Agency is not subject to escalation for any reason unless amended. The Grant Budget amounts are firm for the duration of the Grant Agreement and are not subject to escalation for any reason unless amended, except as provided in section C.5.

C.3. Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the ~~maximum liability~~Maximum Liability established in section C.1. Upon progress toward the completion of the ~~work~~Scope, as described in section A of this Grant Agreement, the Grantee shall submit invoices prior to any reimbursement of allowable costs.

C.4. Travel Compensation. Reimbursement to the Grantee for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time, and shall be contingent upon and limited by the Grant Budget funding for ~~said~~ reimbursement.

C.5. Budget Line-items. Expenditures, reimbursements, and payments under this Grant Agreement shall adhere to the Grant Budget. The Grantee may vary from a Grant Budget line-item amount by up to NUMBER percent (#%) of the line-item amount, provided that any increase is off-set by an equal reduction of other line-item ~~amount(s)~~amounts such that the net result of variances shall not increase the total Grant Agreement amount detailed by the Grant Budget. Any increase in the Grant Budget, grand total amounts shall require an amendment of this Grant Agreement.

C.6. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency.

a. If total disbursements by the Grantor State Agency pursuant to this Grant Agreement exceed the amounts permitted by ~~the~~ section C, payment terms and conditions of this Grant Agreement, the Grantee shall refund the difference to the Grantor State Agency. The Grantee shall submit ~~said~~the refund with the final grant disbursement reconciliation report.

b. The Grantor State Agency shall not be responsible for the payment of any invoice submitted after the grant disbursement reconciliation report. The Grantor State Agency will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the Grantor State Agency, and such invoices will ~~NOT~~not be paid.

c. ~~The Grantee's failure to provide a final grant disbursement reconciliation report as required shall result in the Grantee being deemed ineligible for reimbursement under this Grant Agreement, and the Grantee shall be required to refund any and all payments by the Grantor State Agency pursuant to this Grant Agreement.d.~~ The Grantee must close out its accounting records at the end of the ~~agreement period~~Term in such a way that reimbursable expenditures and revenue collections are ~~NOT~~not carried forward.

C.7. Indirect Cost. Should the Grantee request reimbursement for indirect cost, the Grantee must submit to the Grantor State Agency a copy of the indirect cost rate approved by the cognizant federal agency ~~and~~or the ~~State~~cognizant state agency, as applicable. The Grantee will be reimbursed for indirect cost in accordance with the approved indirect cost rate ~~to~~and amounts and limitations specified in the attached Grant Budget. Once the Grantee makes an election and treats a given cost as direct or indirect, it must apply that treatment consistently and may not change during the ~~agreement period~~Term. Any changes in the approved indirect cost rate must have prior approval of the cognizant federal agency ~~and~~or the ~~State.~~ cognizant state agency, as applicable. If the indirect cost rate is provisional during the ~~period of this agreement~~Term, once the rate becomes final, the Grantee agrees to remit any overpayment of funds to the Grantor State Agency, and subject to the availability of funds the Grantor State Agency agrees to remit any underpayment to the Grantee.

C.8. Cost Allocation. If any part of the costs to be reimbursed under this Grant ~~Contract~~Agreement are joint costs involving allocation to more than one program or activity, such costs shall be allocated and reported in accordance with the provisions of Department of Finance and Administration Policy Statement 03 or any amendments or revisions made to this policy statement during the ~~contract period~~Term.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The Grantor State Agency is not bound by this Grant Agreement until it is signed by the agency head, or his or her designee, of the state agencies that are parties to this Grant Agreement (depending upon the specifics of this ~~contract, said~~Grant Agreement, these officials may include, but are not limited to, the Commissioner of Finance and Administration, and the Commissioner of Human Resources~~, and the Comptroller of the Treasury~~).

D.2. Modification and Amendment. ~~Except as specifically provided herein, this~~This Grant Agreement may be modified only by a written amendment signed by all parties ~~hereto~~ and approved by ~~both~~ the officials who approved the ~~base agreement~~original Grant Agreement and, depending upon the specifics of the ~~agreement~~Grant Agreement as amended, any additional officials required by Tennessee laws and regulations (~~said~~the officials may include, but are not limited to, the Commissioner of Finance and Administration~~,~~ and the Commissioner of Human Resources~~, and the Comptroller of the Treasury~~).

D.3. Bilateral Termination for Convenience. ~~The~~This Grant Agreement may be terminated by either party by giving written notice to the other, at least thirty (30) days before the effective date of termination. Should either party exercise this provision, the Grantee shall be entitled to reimbursement for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the Grantor State Agency be liable to the Grantee for any service which has not been rendered. The final decision as to the amount, for which the Grantor State Agency is liable, shall be determined by the Grantor State Agency.

D.4. ~~Termination for Cause. If the Grantee fails to properly perform its obligations under this Grant in a timely or proper manner, or if the Grantee violates any terms of this Grant, the Grantor State Agency shall have the right to immediately terminate the Grant and withhold payments in excess of fair compensation for completed services.~~ Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Grant Agreement shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective party as set out below:

The Grantor State Agency:

State Contact Name & Title
State Agency Name
Address
Email Address
Telephone # Number
FAX # Number

The Grantee:

Grantee Contact Name & Title
Grantee Name
Address
Email Address
Telephone # Number
FAX # Number

A change to the above contact information requires written notice to the person designated by the other party to receive notice.

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

D.5. ~~Subcontracting. The Grantee shall not assign this Grant or enter into a subcontract for any of the services performed under this Grant without obtaining the prior written approval of the Grantor State Agency. Notwithstanding any use of approved subcontractors, the Grantee shall be the prime contractor and shall be responsible for all work performed.~~ Subject to Funds Availability. This Grant Agreement is subject to the appropriation and availability of State or Federal funds. In the

event that the funds are not appropriated or are otherwise unavailable, the Grantor State Agency reserves the right to terminate this Grant Agreement upon written notice to the Grantee. Upon receipt of the written notice, the Grantee shall cease all work associated with the Grant Agreement. In the event of a Grantor State Agency termination, the Grantee shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date.

D.6. ~~Monitoring. The Grantee's activities conducted and records maintained pursuant to this Grant Agreement shall be subject to monitoring and evaluation by the Grantor State Agency, the Comptroller of the Treasury, or their duly appointed representatives.~~ D.7. Progress Reports. The Grantee shall submit brief, periodic, progress reports to the Grantor State Agency as requested.

D.~~8.~~7. Procurement. If the other terms of this Grant Agreement allow reimbursement for the cost of goods, materials, supplies, equipment, ~~and/~~motor vehicles, or contracted services, ~~and if such reimbursement is to be made with funds derived wholly or partially from federal sources, the determination of cost shall be governed by and reimbursement shall be subject to the Grantee's compliance with applicable federal procurement requirements. The Grantee shall obtain prior approval from the Grantor State Agency before purchasing any equipment under this Grant.~~D.9. ~~State and Federal Compliance. The~~the procurement of these goods or services by the Grantee shall be competitive where practicable. For any procurement for which reimbursement is paid under this Grant Agreement, the Grantee shall document the competitive procurement method. In each instance where it is determined that use of a competitive procurement method is not practicable, supporting documentation shall include a written justification for the decision and for the use of a non-competitive procurement. If the Grantee is a subrecipient, the Grantee shall comply with ~~all applicable state and federal laws and regulations in the performance of this Grant Agreement~~2 C.F.R. §§ 200.318—200.326 when procuring property or services under a federal award.

D.~~10.~~8. Completeness. This Grant Agreement is complete and contains the entire understanding between the parties relating to the subject matter contained ~~herein~~in this Grant Agreement, including all the terms and conditions ~~of~~agreed to by the parties~~' agreement~~. This Grant Agreement supersedes any and all prior understandings, representations, negotiations, and agreements between the parties ~~relating hereto~~, whether written or oral.

D.~~11.~~9. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Agreement.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Grant Agreement, ~~these~~the special terms and conditions shall ~~control~~be subordinate to the Grant Agreement's other terms and conditions.

~~E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Grant Agreement shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.~~

~~The Grantor State Agency:~~

~~Grantor State Agency Contact Name & Title~~
~~Grantor State Agency Name~~
~~Address~~

~~Email Address~~
~~Telephone # Number~~
~~FAX # Number~~

~~The Grantee:~~

~~Grantee Contact Name & Title~~
~~Grantee Name~~
~~Address~~
~~Email Address~~
~~Telephone # Number~~
~~FAX # Number~~

~~All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.~~

~~E.3. Subject to Funds Availability. The Agreement is subject to the appropriation and availability of state and/or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the Grantor State Agency reserves the right to terminate the Agreement upon written notice to the Grantee State Agency. Said termination shall not be deemed a breach of Agreement by the Grantor State Agency. Upon receipt of the written notice, the Grantee State Agency shall cease all work associated with the Agreement. Should such an event occur, the Grantee State Agency shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Grantee State Agency shall have no right to recover from the Grantor State Agency any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.~~

~~E.4. Charges to Service Recipients Prohibited. The Grantee shall not collect any amount in the form of fees or reimbursements from the recipients of any service provided pursuant to this Grant Contract.~~

~~E.5. No Equipment Acquisition. This Grant Contract does not involve the acquisition and disposition of equipment acquired with funds provided under this Grant Contract.~~

Add ALL Necessary or Contingently Required Special Terms & Conditions

IN WITNESS WHEREOF,

GRANTEE STATE AGENCY:

GRANTEE SIGNATURE **DATE**

PRINTED NAME AND TITLE OF GRANTEE STATE AGENCY SIGNATORY (above)

GRANTOR STATE AGENCY NAME:

NAME & TITLE DATE

GRANT BUDGET

Additional Identification Information As Necessary

The grant budget line-item amounts below shall be applicable only to expense incurred during the following

Applicable Period: **BEGIN:** DATE **END:** DATE

POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY [1]	GRANT AGREEMENT	GRANTEE PARTICIPATION	TOTAL PROJECT
1, 2	Salaries, Benefits & Taxes	0.00	0.00	0.00
4, 15	Professional Fee, Grant & Award [2]	0.00	0.00	0.00
5, 6, 7, 8, 9, 10	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications	0.00	0.00	0.00
11, 12	Travel, Conferences & Meetings	0.00	0.00	0.00
13	Interest [2]	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation [2]	0.00	0.00	0.00
18	Other Non-Personnel [2]	0.00	0.00	0.00
20	Capital Purchase [2]	0.00	0.00	0.00
22	Indirect Cost	0.00	0.00	0.00
24	In-Kind Expense	0.00	0.00	0.00
25	**GRAND TOTAL**	**0.00**	**0.00**	**0.00**

[1] Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A.* (posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf).

[2] Applicable detail follows this page if line-item is funded.

GRANT BUDGET LINE-ITEM DETAIL:

PROFESSIONAL FEE, GRANT & AWARD	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

INTEREST	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

DEPRECIATION	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

OTHER NON-PERSONNEL	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

CAPITAL PURCHASE	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

IG INSTRUCTIONS, CONSIDERATIONS, and OPTIONS

The following pages contain additional IG instructions, considerations, and options. Replace or modify the standard IG model by including the following content as appropriate. Content included with a box around it is intended to be inserted into the standard IG model as appropriate.

Complete the fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will/will not) as indicated and with conforming font and color.

SUMMARY COVER SHEET

A summary cover sheet properly completed and in accordance with the model is required. Complete the summary cover sheet fields as indicated within the model and the following field directions.

Agency Tracking #	unique tracking number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Subrecipient or Contractor	Subrecipient or Contractor in accordance with the *OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
Funding	Amounts by fiscal year and funding source with row and column totals The Grant Agreement's Maximum Liability must equal the sum of the total amount column (i.e., the grand total amount for all fiscal years and all sources of funding)

PREAMBLE

Add additional information only if necessary.

A. SCOPE OF SERVICES AND DELIVERABLES

It is the responsibility of the Grantor State Agency to adequately draft the Scope. Oversight examiners will rely on the Grantor State Agency head's signature on the Grant Agreement as certification and assurance that the Scope is clear, correct, and sufficiently detailed to ensure Grantee accountability and results.

Do not include payment terms in the Scope.

Draft the Scope to clearly, specifically, and definitively detail duties, responsibilities, and associated performance requirements and describe, in detail, the service and deliverable requirements and all related specifications.

Option: Grant Proposal Attachment

It is not acceptable to attach the associated grant proposal to the Grant Agreement in lieu of a properly drafted scope of services. Proposals for funding are not adequately definitive to stand alone as the description of Grantee duties and responsibilities or performance requirements.

To attach an associated grant proposal to the Agreement in support of a properly drafted Scope, use the following optional section.

A.#. Incorporation of Additional Documents. Each of the following documents is included as a part of this Grant Agreement by reference or attachment. In the event of a discrepancy or ambiguity regarding the Grantee's duties, responsibilities, and performance, these items shall govern in order of precedence below:

a. this Grant Agreement document with any attachments or exhibits (excluding the items listed at subsections b. and c. below);

b. the State grant proposal solicitation as may be amended, if any; and

c. the Grantee's proposal (Attachment Reference) incorporated to elaborate supplementary scope of services specifications.

Option: Federal Award Identification Worksheet

If the Grantee is a subrecipient and the Grant Agreement involves any federal funds, the Grantor State Agency must complete the federal award identification worksheet on the following page and reference the worksheet by adding the following section. Include the worksheet as an attachment to the Grant Agreement. If some federal award identification worksheet information is not available, provide as much information as is available. Grantor State Agencies should update the worksheet no more than once every six (6) months to reflect any changes. Grantor State Agencies should also send the updated worksheet to the Grantee and upload a copy into Edison.

A.#. Incorporation of Federal Award Identification Worksheet. The federal award identification worksheet, which appears as Attachment #, is incorporated in this Grant Agreement.

ATTACHMENT REFERENCE

Federal Award Identification Worksheet

Subrecipient's name (must match registered name in DUNS)	
Subrecipient's DUNS number	
Federal Award Identification Number (FAIN)	
Federal award date	
CFDA number and name	
Grant Agreement's begin date	
Grant Agreement's end date	
Amount of federal funds obligated by this Grant Agreement	
Total amount of federal funds obligated to the subrecipient	
Total amount of the federal award to the pass-through entity (Grantor State Agency)	
Name of federal awarding agency	
Name and contact information for the federal awarding official	
Is the federal award for research and development?	
Indirect cost rate for the federal award (See 2 C.F.R. §200.331 for information on type of indirect cost rate)	

B. TERM OF AGREEMENT

Grant Administrators should obtain the Grantee's signature before submitting the Grant Agreement for Grantor State Agency signatures or approvals. The Grant Agreement should be drafted with an appropriate, definitive, and complete Term.

Option: Term Renewal or Extension

To reserve the right to extend the Term beyond the original period, the Grant Administrator should change the designation of the paragraph under B. to B.1. and add one or both of the following sections, revising the length of the extension periods as appropriate.

B.#. Renewal Options. This Grant Agreement may be renewed upon satisfactory completion of the Term. The Grantor State Agency reserves the right to execute up to number (#) renewal options under the same terms and conditions for a period not to exceed twelve (12) months each by the Grantor State Agency, at the Grantor State Agency's sole option. In no event, however, shall the maximum Term, including all renewals or extensions, exceed a total of sixty (60) months.

B.#. Term Extension. The Grantor State Agency may extend the Term an additional period of time, not to exceed one hundred-eighty (180) days beyond the expiration date of this Grant Agreement, under the same terms and conditions. In no event, however, shall the maximum Term, including all extensions or renewals, exceed a total of sixty (60) months.

C. PAYMENT TERMS AND CONDITIONS

Grant Administrators may revise payment terms and conditions as agreed to by the parties.

Payment Methodology

Option: Partial Advance Payment

To effect a partial advance payment, replace the section with the following.

C.3. Payment Methodology – Partial Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section C.1. The amount of Written Dollar Amount ($Number) shall be paid to the Grantee in advance upon approval of this Grant Agreement. Upon progress toward the completion of the work, as described in Section A of this Grant Agreement, the Grantee shall submit invoices for payment prior to any additional reimbursement of allowable costs. The total of all payments to the Grantee shall not exceed the Maximum Liability of this Grant Agreement.

Option: Periodic Advance Payment

To effect periodic advance payments, (1) Replace the section with the following.

C.3. Payment Methodology – Periodic Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in section C.1. The amount of Written Dollar Amount ($Number) shall paid to the Grantee in advance upon approval of this Grant Agreement and on Dates on which the Grantor State Agency will make advance payments. The total of said payments shall not exceed the Maximum Liability of this Grant Agreement.

(2) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following (which may be further revised to require more frequent grant disbursement reconciliation reports).

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) calendar days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency (and include, as applicable, documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations").

Option: Total Advance Payment

To effect a total advance payment: (1) Replace the section with the following.

C.3. Payment Methodology – Total Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in section C.1. Payment to the Grantee shall be a lump sum made in advance upon approval of this Grant Agreement.

(2) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following.

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) calendar days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency (and include, as applicable, documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations").

Budget Line-Items

Option 1: Revise line-item variance amount as appropriate and up to the maximum of twenty percent (20%). Budget line-item variation of more than the specified percentage will require an amendment. The Budget Line-Items provision should not be amended after Grant Agreement approval.

Option 2: If the Grantee is allowed to request budget line-item variance exceeding twenty percent (20%) per line item, replace the Section with the following:

C.5. Grant Budget and Revisions to Grant Budget Line-Items. Expenditures, reimbursements, and payments under this Grant Agreement shall adhere to the Grant Budget.

a. The Grantee may vary from a Grant Budget line-item amount by up to twenty percent (20%) of the line-item amount, provided that any increase is off-set by an equal reduction of other line-item amounts. The net result of any changes to Grant Budget line-item amounts shall not result in funding for a line-item that was previously funded at zero dollars ($0.00) or increase the total Grant Agreement amount detailed by the Grant Budget.

b. The Grantee may request in writing Grant Budget line-item revisions exceeding the limitation set forth in section C.6.a., above, giving full details supporting the Grantee's request, provided that such revisions do not result in funding for a line-item that was previously funded at zero dollars ($0.00) and do not increase the total Grant Agreement amount. Grant Budget line-item revisions may not be made without prior, written approval of the State in which the terms of the approved revisions are detailed. Any approval of a revision to a Grant Budget line-item greater than twenty percent (20%) shall be superseded by a subsequent revision of the Grant Budget by Grant Agreement amendment.

c. Any increase in the total Grant Agreement amount shall require a Grant Agreement Amendment.

Option 3: No Line-Item Variance

Replace the section with the following alternative as appropriate.

C.5. Budget Line-items. Expenditures, reimbursements, and payments under this Grant Agreement shall adhere to the Grant Budget. Reimbursable expenditures may NOT vary from the Grant Budget line-item amounts.

Disbursement Reconciliation and Close Out

Revise the first paragraph of the section, as necessary, to require additional grant disbursement reconciliation reports.

Option: Grantee Match Requirement

If the Grant Budget details a grantee match requirement (in which the maximum total amount reimbursable by the Grantor State Agency under the Grant Agreement will be reduced by the amount of any Grantee failure to meet the match requirement), replace the standard Disbursement Reconciliation and Close Out term with the following and revise the maximum number of days to no less than thirty (30).

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) calendar days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency.

a. The Grant Budget specifies a Grantee Match Requirement and the final grant disbursement reconciliation report shall detail all Grantee expenditures recorded to meet this requirement.

i. No Grantee expenditure shall be recorded and reported toward meeting a Grantee Match Requirement of more than one grant agreement with the State of Tennessee.

ii. The final grant disbursement reconciliation report shall specifically detail the exact amount of any Grantee failure to meet a Match Requirement, and the maximum total amount reimbursable by the Grantor State Agency pursuant to this Grant Agreement, as detailed by the Grant Budget column "Grant Agreement," shall be reduced by the amount that the Grantee failed to contribute to the Total Project as budgeted.

b. If total disbursements by the Grantor State Agency pursuant to this Grant Agreement exceed the Maximum Liability, the Grantee shall refund the difference to the Grantor State Agency. The Grantee shall submit the refund with the final grant disbursement reconciliation report.

c. The Grantor State Agency shall not be responsible for the payment of any invoice submitted after the grant disbursement reconciliation report. The Grantor State Agency will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the Grantor State Agency.

d. The Grantee's failure to provide a final grant disbursement reconciliation report as required shall result in the Grantee being deemed ineligible for reimbursement under this Grant Agreement, and the Grantee shall be required to refund any and all payments by the Grantor State Agency pursuant to this Grant Agreement.

e. The Grantee must close out its accounting records at the end of the Term in such a way that reimbursable expenditures and revenue collections are not carried forward.

D. STANDARD TERMS AND CONDITIONS

Do not add terms and conditions to section D. Any additional, necessary terms and conditions may be added to the section E, Special Terms and Conditions.

Bilateral Termination for Convenience

Increase the thirty (30) calendar days notice requirement as appropriate.

Option: Unilateral Termination for Convenience

Add the following section as appropriate.

D.#. Unilateral Termination for Convenience. The Grantor State Agency may terminate this Grant Agreement without cause for any reason. The Grantor State Agency shall give the Grantee at least thirty (30) days written notice before the effective termination date. The Grantee shall be entitled to compensation for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the Grantor State Agency be liable to the Grantee for compensation for any service that has not been rendered. The final decision as to the amount for which the Grantor State Agency is liable shall be determined by the Grantor State Agency

Procurement

Replace the section with the following if Grantor State Agency head approval is required for non-competitive procurements under the Grant Agreement.

D.#. Procurement. If other terms of this Grant Agreement allow reimbursement for the cost of goods, materials, supplies, equipment, motor vehicles, or contracted services, such procurements shall be made consistent with Central Procurement Office rules, policies and procedures or if the Grantee is the University of Tennessee or the Board of Regents, consistent with their procurement policies and procedures..

E. **SPECIAL TERMS AND CONDITIONS**

Add any other terms as agreed to by the parties. Should any of these special terms and conditions conflict with any other terms and condition of this Grant Agreement, the special terms and conditions shall be subordinate to the Grant Agreement's other terms and conditions.

SIGNATURES

By signing or approving this Grant Agreement, the Grantor State Agency head assures and affirms that:

- There is a balance in the appropriation from which obligations under the agreement are required to be paid that is not already encumbered to pay other obligations;
- The Scope is clear, correct, and sufficiently detailed to ensure Grantee accountability and results.

Draft the Grant Agreement so that the signature section immediately follows the previous section text separated by only one blank line. Do not insert an arbitrary page break prior to the signature section.

GRANT BUDGET

All Grant Budgets must be type-written and mathematically correct in every aspect. Each Grant Budget page must be numbered consecutively.
The Grant Agreement column total must equal the Maximum Liability of the Grant Agreement.
Line-Item funding must comply with the Expense Object Line-Item Category Definitions provided by F&A Accounts Policy 03, Appendix A (which is posted on the Internet at:
http://www.state.tn.us/finance/act/documents/policy3.pdf). Budget line-items and the definitions above have legal, audit, and federal funding implications, and Grantor State Agency staff are solely responsible for whether appropriate line-items are funded in accordance with the scope of service and the definitions set out by F&A Accounts Policy 03.

In line-items that **will be funded**, replace the zeros ("0.00") associated with each line-item as appropriate. If a line-item will **not** be funded, leave the associated, "0.00" dollar amount.

Grant Budget Line-Item Detail.

These instructions do **not** preclude adding Line-Item Detail (and associated requirements) for other line-items, provided that the additional detail is clear and mathematically correct.
Delete the entire Grant Budget Line-Item Detail page if **none** of the following five line-items, which requires detail, is funded: Professional Fee, Grant **and** Award; Interest; Depreciation; Other Non-Personnel; Capital Purchase.

For each line-item requiring detail that is funded by the budget, complete the appropriate line-item detail box.

Delete the line-item detail box for each of the line-items that **are not funded.**

Do not draft the Grant Budget Line-Item Detail to describe a line-item only as "contracts," "contracted services," "other," "professional services," or "miscellaneous."

Multiple Grant Budget Periods.

If a multi-year **Grant Agreement** is to be written such that funding is restricted on an annual basis, **this restriction** must be reflected in the **Grant Budget** by means of repeated use of the model grant budget pages, numbered consecutively, detailing funding information for consecutive period of applicability. If a grant budget attachment **includes** multiple pages respectively applicable to consecutive periods of applicability, a "roll-up" budget page totaling all lines for all periods is **not** required. However, the sum of all totals must agree with the **Grant Agreement Maximum Liability and any other relevant provisions of this Grant Agreement.**

Option: Grant Budget Grantee Match Requirement

Replace the **Grant Budget** table with the table on the following page if a grantee match is required.

GRANT BUDGET

Additional Identification Information As Necessary

The grant budget line-item amounts below shall be applicable only to expense incurred during the following

Applicable Period: BEGIN: DATE END: DATE

POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY [1]	GRANT AGREEMENT	GRANTEE MATCH	TOTAL PROJECT
1, 2	Salaries, Benefits & Taxes	0.00	0.00	0.00
4, 15	Professional Fee, Grant & Award [2]	0.00	0.00	0.00
5, 6, 7, 8, 9, 10	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications	0.00	0.00	0.00
11, 12	Travel, Conferences & Meetings	0.00	0.00	0.00
13	Interest [2]	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation [2]	0.00	0.00	0.00
18	Other Non-Personnel [2]	0.00	0.00	0.00
20	Capital Purchase [2]	0.00	0.00	0.00
22	Indirect Cost	0.00	0.00	0.00
24	In-Kind Expense	0.00	0.00	0.00
n/a	Grantee Match Requirement (for any amount of the required Grantee Match that is not specifically delineated by budget line-items above)	0.00	0.00	0.00
25	**GRAND TOTAL**	**0.00**	**0.00**	**0.00**

[1] Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A.* (posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf).

[2] Applicable detail follows this page if line-item is funded.

[3] A Grantee Match Requirement is detailed by this Grant Budget, and the maximum total amount reimbursable by the State pursuant to this Grant Agreement, as detailed by the "Grant Agreement" column above, shall be reduced by the amount of any Grantee failure to meet the Match Requirement.

Document comparison by Workshare Compare on Wednesday, February 18, 2015 4:05:18 PM

Input:	
Document 1 ID	file://C:\Users\BA10408\Desktop\IGModel_current.doc
Description	IGModel_current
Document 2 ID	file://M:\C.Mallea's documents\Policy subcommittee\Ready for AC review\Next AC Meeting\IG Model_clean.docx
Description	IG Model_clean
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	294
Deletions	355
Moved from	112
Moved to	112
Style change	0
Format changed	0
Total changes	873

INTERAGENCY AGREEMENT – GRANT MODEL

CLEAN VERSION

INTERAGENCY AGREEMENT – GRANT MODEL

This model provides the format and content for drafting a cost-reimbursement grant agreement between (1) two Tennessee state agencies, neither of which has the separate legal capacity to contract or sue and be sued; (2) a Tennessee state agency and a member of the University of Tennessee or Board of Regents educational systems. All agreements must comply with the requirements of the Central Procurement Office's Grant and Subrecipient Monitoring Policy (Policy Number 2013-007) and the U.S. OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as applicable. Please refer to Department of Finance and Administration – Policy 18 "Interunit Journals" for additional information, as applicable.

Grant administrators should complete text fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will/will not) as indicated with appropriate font and color. The standard IG Model begins on the following page. Additional IG instructions, considerations, and options follow the standard IG model.

INTERAGENCY GRANT AGREEMENT

(cost reimbursement grant agreement between two Tennessee state agencies, University of Tennessee, or Board of Regents colleges and universities)

Begin Date	End Date	Agency Tracking #	Edison ID
		-	

Subrecipient or Contractor	CFDA #
☐ Subrecipient ☐ Contractor	

Service Caption (one line only)

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Grant Agreement Amount
TOTAL:					

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

CPO USE - IG

Speed Chart (optional)	Account Code (optional)

GRANT AGREEMENT
BETWEEN THE STATE OF TENNESSEE,
GRANTOR STATE AGENCY NAME
AND
GRANTEE STATE AGENCY NAME

This Grant Agreement, by and between the State of Tennessee, [Insert Name of State Agency] (the "Grantor State Agency"), and [Insert Name of State Agency] (the "Grantee"), is for the provision of Scope of Service Caption, as further defined in the "SCOPE OF SERVICES AND DELIVERABLES."

A. SCOPE OF SERVICES AND DELIVERABLES:

A.1. The Grantee shall provide the scope of services and deliverables ("Scope") as required, described, and detailed in this Grant Agreement.

A.#. Specify the services and deliverables that the Grantee must provide as well as the technical specifications and delivery requirements that must be met (include sufficient detail to ensure accountability and definitive results). Do NOT include payment terms in the Scope of Service.

B. TERM OF AGREEMENT:

This Grant Agreement shall be effective on DATE ("Effective Date") and extend for a period of number (#) months after the Effective Date ("Term"). The Grantor State Agency shall have no obligation to the Grantee for fulfillment of the Scope outside the Term.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the Maximum Liability of the Grantor State Agency under this Grant Agreement exceed Written Dollar Amount ($Number) ("Maximum Liability"). The Grant Budget, attached and incorporated as Attachment Reference, is the maximum amount due the Grantee under this Grant Agreement. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Grantee.

C.2. Compensation Firm. The Maximum Liability of the Grantor State Agency is not subject to escalation for any reason unless amended. The Grant Budget amounts are firm for the duration of the Grant Agreement and are not subject to escalation for any reason unless amended, except as provided in section C.5.

C.3. Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in section C.1. Upon progress toward the completion of the Scope, as described in section A of this Grant Agreement, the Grantee shall submit invoices prior to any reimbursement of allowable costs.

C.4. Travel Compensation. Reimbursement to the Grantee for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time, and shall be contingent upon and limited by the Grant Budget funding for reimbursement.

C.5. Budget Line-items. Expenditures, reimbursements, and payments under this Grant Agreement shall adhere to the Grant Budget. The Grantee may vary from a Grant Budget line-item amount by up to NUMBER percent (#%) of the line-item amount, provided that any increase is off-set by an equal reduction of other line-item amounts such that the net result of variances shall not increase the total Grant Agreement amount detailed by the Grant Budget. Any increase in the Grant Budget, grand total amounts shall require an amendment of this Grant Agreement.

C.6. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency.

a. If total disbursements by the Grantor State Agency pursuant to this Grant Agreement exceed the amounts permitted by section C, payment terms and conditions of this Grant Agreement, the Grantee shall refund the difference to the Grantor State Agency. The Grantee shall submit the refund with the final grant disbursement reconciliation report.

b. The Grantor State Agency shall not be responsible for the payment of any invoice submitted after the grant disbursement reconciliation report. The Grantor State Agency will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the Grantor State Agency, and such invoices will not be paid.

c. The Grantee must close out its accounting records at the end of the Term in such a way that reimbursable expenditures and revenue collections are not carried forward.

C.7. Indirect Cost. Should the Grantee request reimbursement for indirect cost, the Grantee must submit to the Grantor State Agency a copy of the indirect cost rate approved by the cognizant federal agency or the cognizant state agency, as applicable. The Grantee will be reimbursed for indirect cost in accordance with the approved indirect cost rate and amounts and limitations specified in the attached Grant Budget. Once the Grantee makes an election and treats a given cost as direct or indirect, it must apply that treatment consistently and may not change during the Term. Any changes in the approved indirect cost rate must have prior approval of the cognizant federal agency or the cognizant state agency, as applicable. If the indirect cost rate is provisional during the Term, once the rate becomes final, the Grantee agrees to remit any overpayment of funds to the Grantor State Agency, and subject to the availability of funds the Grantor State Agency agrees to remit any underpayment to the Grantee.

C.8. Cost Allocation. If any part of the costs to be reimbursed under this Grant Agreement are joint costs involving allocation to more than one program or activity, such costs shall be allocated and reported in accordance with the provisions of Department of Finance and Administration Policy Statement 03 or any amendments or revisions made to this policy statement during the Term.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The Grantor State Agency is not bound by this Grant Agreement until it is signed by the agency head, or his or her designee, of the state agencies that are parties to this Grant Agreement (depending upon the specifics of this Grant Agreement, these officials may include, but are not limited to, the Commissioner of Finance and Administration and the Commissioner of Human Resources).

D.2. Modification and Amendment. This Grant Agreement may be modified only by a written amendment signed by all parties and approved by the officials who approved the original Grant Agreement and, depending upon the specifics of the Grant Agreement as amended, any additional officials required by Tennessee laws and regulations (the officials may include, but are not limited to, the Commissioner of Finance and Administration and the Commissioner of Human Resources).

D.3. Bilateral Termination for Convenience. This Grant Agreement may be terminated by either party by giving written notice to the other, at least thirty (30) days before the effective date of termination. Should either party exercise this provision, the Grantee shall be entitled to reimbursement for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the Grantor State Agency be liable to the Grantee for any

service which has not been rendered. The final decision as to the amount, for which the Grantor State Agency is liable, shall be determined by the Grantor State Agency.

D.4. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Grant Agreement shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective party as set out below:
The Grantor State Agency:

State Contact Name & Title
State Agency Name
Address
Email Address
Telephone # Number
FAX # Number

The Grantee:

Grantee Contact Name & Title
Grantee Name
Address
Email Address
Telephone # Number
FAX # Number

A change to the above contact information requires written notice to the person designated by the other party to receive notice.

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

D.5. Subject to Funds Availability. This Grant Agreement is subject to the appropriation and availability of State or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the Grantor State Agency reserves the right to terminate this Grant Agreement upon written notice to the Grantee. Upon receipt of the written notice, the Grantee shall cease all work associated with the Grant Agreement. In the event of a Grantor State Agency termination, the Grantee shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date.

D.6. Progress Reports. The Grantee shall submit brief, periodic, progress reports to the Grantor State Agency as requested.

D.7. Procurement. If the other terms of this Grant Agreement allow reimbursement for the cost of goods, materials, supplies, equipment, motor vehicles, or contracted services, the procurement of these goods or services by the Grantee shall be competitive where practicable. For any procurement for which reimbursement is paid under this Grant Agreement, the Grantee shall document the competitive procurement method. In each instance where it is determined that use of a competitive procurement method is not practicable, supporting documentation shall include a written justification for the decision and for the use of a non-competitive procurement. If the Grantee is a subrecipient, the Grantee shall comply with 2 C.F.R. §§ 200.318—200.326 when procuring property or services under a federal award.

D.8. Completeness. This Grant Agreement is complete and contains the entire understanding between the parties relating to the subject matter contained in this Grant Agreement, including all

the terms and conditions agreed to by the parties. This Grant Agreement supersedes any and all prior understandings, representations, negotiations, and agreements between the parties, whether written or oral.

D.9. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Agreement.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Grant Agreement, the special terms and conditions shall be subordinate to the Grant Agreement's other terms and conditions.

Add ALL Necessary or Contingently Required Special Terms & Conditions

IN WITNESS WHEREOF,

GRANTEE STATE AGENCY:

GRANTEE SIGNATURE **DATE**

PRINTED NAME AND TITLE OF GRANTEE STATE AGENCY SIGNATORY (above)

GRANTOR STATE AGENCY NAME:

NAME & TITLE **DATE**

GRANT BUDGET

Additional Identification Information As Necessary

The grant budget line-item amounts below shall be applicable only to expense incurred during the following

Applicable Period: **BEGIN:** DATE **END:** DATE

POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY [1]	GRANT AGREEMENT	GRANTEE PARTICIPATION	TOTAL PROJECT
1, 2	Salaries, Benefits & Taxes	0.00	0.00	0.00
4, 15	Professional Fee, Grant & Award [2]	0.00	0.00	0.00
5, 6, 7, 8, 9, 10	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications	0.00	0.00	0.00
11, 12	Travel, Conferences & Meetings	0.00	0.00	0.00
13	Interest [2]	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation [2]	0.00	0.00	0.00
18	Other Non-Personnel [2]	0.00	0.00	0.00
20	Capital Purchase [2]	0.00	0.00	0.00
22	Indirect Cost	0.00	0.00	0.00
24	In-Kind Expense	0.00	0.00	0.00
25	**GRAND TOTAL**	**0.00**	**0.00**	**0.00**

[1] Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A.* (posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf).

[2] Applicable detail follows this page if line-item is funded.

GRANT BUDGET LINE-ITEM DETAIL:

PROFESSIONAL FEE, GRANT & AWARD	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

INTEREST	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

DEPRECIATION	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

OTHER NON-PERSONNEL	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

CAPITAL PURCHASE	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

IG INSTRUCTIONS, CONSIDERATIONS, and OPTIONS

The following pages contain additional IG instructions, considerations, and options. Replace or modify the standard IG model by including the following content as appropriate. Content included with a box around it is intended to be inserted into the standard IG model as appropriate.

Complete the fields and follow, replace, or otherwise address red instructional text (*e.g.*, State Agency Name, amount, will/will not) as indicated and with conforming font and color.

SUMMARY COVER SHEET

A summary cover sheet properly completed and in accordance with the model is required. Complete the summary cover sheet fields as indicated within the model and the following field directions.

Agency Tracking #	unique tracking number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Subrecipient or Contractor	Subrecipient or Contractor in accordance with the *OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
Funding	Amounts by fiscal year and funding source with row and column totals The Grant Agreement's Maximum Liability must equal the sum of the total amount column (i.e., the grand total amount for all fiscal years and all sources of funding)

PREAMBLE

Add additional information only if necessary.

A. SCOPE OF SERVICES AND DELIVERABLES

It is the responsibility of the Grantor State Agency to adequately draft the Scope. Oversight examiners will rely on the Grantor State Agency head's signature on the Grant Agreement as certification and assurance that the Scope is clear, correct, and sufficiently detailed to ensure Grantee accountability and results.

Do not include payment terms in the Scope.

Draft the Scope to clearly, specifically, and definitively detail duties, responsibilities, and associated performance requirements and describe, in detail, the service and deliverable requirements and all related specifications.

Option: Grant Proposal Attachment

It is not acceptable to attach the associated grant proposal to the Grant Agreement in lieu of a properly drafted scope of services. Proposals for funding are not adequately definitive to stand alone as the description of Grantee duties and responsibilities or performance requirements.

To attach an associated grant proposal to the Agreement in support of a properly drafted Scope, use the following optional section.

A.#. Incorporation of Additional Documents. Each of the following documents is included as a part of this Grant Agreement by reference or attachment. In the event of a discrepancy or ambiguity regarding the Grantee's duties, responsibilities, and performance, these items shall govern in order of precedence below:

a. this Grant Agreement document with any attachments or exhibits (excluding the items listed at subsections b. and c. below);

b. the State grant proposal solicitation as may be amended, if any; and

c.	the Grantee's proposal (Attachment Reference) incorporated to elaborate supplementary scope of services specifications.

Option: Federal Award Identification Worksheet

If the Grantee is a subrecipient and the Grant Agreement involves any federal funds, the Grantor State Agency must complete the federal award identification worksheet on the following page and reference the worksheet by adding the following section. Include the worksheet as an attachment to the Grant Agreement. If some federal award identification worksheet information is not available, provide as much information as is available. Grantor State Agencies should update the worksheet no more than once every six (6) months to reflect any changes. Grantor State Agencies should also send the updated worksheet to the Grantee and upload a copy into Edison.

A.#.	Incorporation of Federal Award Identification Worksheet. The federal award identification worksheet, which appears as Attachment #, is incorporated in this Grant Agreement.

Federal Award Identification Worksheet

Subrecipient's name (must match registered name in DUNS)	
Subrecipient's DUNS number	
Federal Award Identification Number (FAIN)	
Federal award date	
CFDA number and name	
Grant Agreement's begin date	
Grant Agreement's end date	
Amount of federal funds obligated by this Grant Agreement	
Total amount of federal funds obligated to the subrecipient	
Total amount of the federal award to the pass-through entity (Grantor State Agency)	
Name of federal awarding agency	
Name and contact information for the federal awarding official	
Is the federal award for research and development?	
Indirect cost rate for the federal award (See 2 C.F.R. §200.331 for information on type of indirect cost rate)	

B. TERM OF AGREEMENT

Grant Administrators should obtain the Grantee's signature before submitting the Grant Agreement for Grantor State Agency signatures or approvals. The Grant Agreement should be drafted with an appropriate, definitive, and complete Term.

Option: Term Renewal or Extension

To reserve the right to extend the Term beyond the original period, the Grant Administrator should change the designation of the paragraph under B. to B.1. and add one or both of the following sections, revising the length of the extension periods as appropriate.

B.#. Renewal Options. This Grant Agreement may be renewed upon satisfactory completion of the Term. The Grantor State Agency reserves the right to execute up to number (#) renewal options under the same terms and conditions for a period not to exceed twelve (12) months each by the Grantor State Agency, at the Grantor State Agency's sole option. In no event, however, shall the maximum Term, including all renewals or extensions, exceed a total of sixty (60) months.

B.#. Term Extension. The Grantor State Agency may extend the Term an additional period of time, not to exceed one hundred-eighty (180) days beyond the expiration date of this Grant Agreement, under the same terms and conditions. In no event, however, shall the maximum Term, including all extensions or renewals, exceed a total of sixty (60) months.

C. PAYMENT TERMS AND CONDITIONS

Grant Administrators may revise payment terms and conditions as agreed to by the parties.

Payment Methodology

Option: Partial Advance Payment

To effect a partial advance payment, replace the section with the following.

C.3. Payment Methodology – Partial Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section C.1. The amount of Written Dollar Amount ($Number) shall be paid to the Grantee in advance upon approval of this Grant Agreement. Upon progress toward the completion of the work, as described in Section A of this Grant Agreement, the Grantee shall submit invoices for payment prior to any additional reimbursement of allowable costs. The total of all payments to the Grantee shall not exceed the Maximum Liability of this Grant Agreement.

Option: Periodic Advance Payment

To effect periodic advance payments, (1) Replace the section with the following.

C.3. Payment Methodology – Periodic Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in section C.1. The amount of Written Dollar Amount ($Number) shall paid to the Grantee in advance upon approval of this Grant Agreement and on Dates on which the Grantor State Agency will make advance payments. The total of said payments shall not exceed the Maximum Liability of this Grant Agreement.

(2) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following (which may be further revised to require more frequent grant disbursement reconciliation reports).

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) calendar days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency (and include, as applicable, documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations").

Option: Total Advance Payment

To effect a total advance payment: (1) Replace the section with the following.

C.3. Payment Methodology – Total Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in section C.1. Payment to the Grantee shall be a lump sum made in advance upon approval of this Grant Agreement.

(2) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following.

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) calendar days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency (and include, as applicable, documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations").

Budget Line-Items

Option 1: Revise line-item variance amount as appropriate and up to the maximum of twenty percent (20%). Budget line-item variation of more than the specified percentage will require an amendment. The Budget Line-Items provision should not be amended after Grant Agreement approval.

Option 2: If the Grantee is allowed to request budget line-item variance exceeding twenty percent (20%) per line item, replace the Section with the following:

C.5. Grant Budget and Revisions to Grant Budget Line-Items. Expenditures, reimbursements, and payments under this Grant Agreement shall adhere to the Grant Budget.

a. The Grantee may vary from a Grant Budget line-item amount by up to twenty percent (20%) of the line-item amount, provided that any increase is off-set by an equal reduction of other line-item amounts. The net result of any changes to Grant Budget line-item amounts shall not result in funding for a line-item that was previously funded at zero dollars ($0.00) or increase the total Grant Agreement amount detailed by the Grant Budget.

b. The Grantee may request in writing Grant Budget line-item revisions exceeding the limitation set forth in section C.6.a., above, giving full details supporting the Grantee's request, provided that such revisions do not result in funding for a line-item that was previously funded at zero dollars ($0.00) and do not increase the total Grant Agreement amount. Grant Budget line-item revisions may not be made without prior, written approval of the State in which the terms of the approved revisions are detailed. Any approval of a revision to a Grant Budget line-item greater than twenty percent (20%) shall be superseded by a subsequent revision of the Grant Budget by Grant Agreement amendment.

c. Any increase in the total Grant Agreement amount shall require a Grant Agreement Amendment.

Option 3: No Line-Item Variance

Replace the section with the following alternative as appropriate.

C.5. Budget Line-items. Expenditures, reimbursements, and payments under this Grant Agreement shall adhere to the Grant Budget. Reimbursable expenditures may NOT vary from the Grant Budget line-item amounts.

Disbursement Reconciliation and Close Out

Revise the first paragraph of the section, as necessary, to require additional grant disbursement reconciliation reports.

Option: Grantee Match Requirement

If the Grant Budget details a grantee match requirement (in which the maximum total amount reimbursable by the Grantor State Agency under the Grant Agreement will be reduced by the amount of any Grantee failure to meet the match requirement), replace the standard Disbursement Reconciliation and Close Out term with the following and revise the maximum number of days to no less than thirty (30).

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) calendar days of the Grant Agreement end date and in form and substance acceptable to the Grantor State Agency.

a. The Grant Budget specifies a Grantee Match Requirement and the final grant disbursement reconciliation report shall detail all Grantee expenditures recorded to meet this requirement.

i. No Grantee expenditure shall be recorded and reported toward meeting a Grantee Match Requirement of more than one grant agreement with the State of Tennessee.

ii. The final grant disbursement reconciliation report shall specifically detail the exact amount of any Grantee failure to meet a Match Requirement, and the maximum total amount reimbursable by the Grantor State Agency pursuant to this Grant Agreement, as detailed by the Grant Budget column "Grant Agreement," shall be reduced by the amount that the Grantee failed to contribute to the Total Project as budgeted.

b. If total disbursements by the Grantor State Agency pursuant to this Grant Agreement exceed the Maximum Liability, the Grantee shall refund the difference to the Grantor State Agency. The Grantee shall submit the refund with the final grant disbursement reconciliation report.

c. The Grantor State Agency shall not be responsible for the payment of any invoice submitted after the grant disbursement reconciliation report. The Grantor State Agency will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the Grantor State Agency.

d. The Grantee's failure to provide a final grant disbursement reconciliation report as required shall result in the Grantee being deemed ineligible for reimbursement under this Grant Agreement, and the Grantee shall be required to refund any and all payments by the Grantor State Agency pursuant to this Grant Agreement.

e. The Grantee must close out its accounting records at the end of the Term in such a way that reimbursable expenditures and revenue collections are not carried forward.

D. STANDARD TERMS AND CONDITIONS

Do not add terms and conditions to section D. Any additional, necessary terms and conditions may be added to the section E, Special Terms and Conditions.

Bilateral Termination for Convenience

Increase the thirty (30) calendar days notice requirement as appropriate.

Option: Unilateral Termination for Convenience

Add the following section as appropriate.

D.#.	Unilateral Termination for Convenience. The Grantor State Agency may terminate this Grant Agreement without cause for any reason. The Grantor State Agency shall give the Grantee at least thirty (30) days written notice before the effective termination date. The Grantee shall be entitled to compensation for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the Grantor State Agency be liable to the Grantee for compensation for any service that has not been rendered. The final decision as to the amount for which the Grantor State Agency is liable shall be determined by the Grantor State Agency

Procurement

Replace the section with the following if Grantor State Agency head approval is required for non-competitive procurements under the Grant Agreement.

D.#.	Procurement. If other terms of this Grant Agreement allow reimbursement for the cost of goods, materials, supplies, equipment, motor vehicles, or contracted services, such procurements shall be made consistent with Central Procurement Office rules, policies and procedures or if the Grantee is the University of Tennessee or the Board of Regents, consistent with their procurement policies and procedures..

E. SPECIAL TERMS AND CONDITIONS

Add any other terms as agreed to by the parties. Should any of these special terms and conditions conflict with any other terms and condition of this Grant Agreement, the special terms and conditions shall be subordinate to the Grant Agreement's other terms and conditions.

SIGNATURES

By signing or approving this Grant Agreement, the Grantor State Agency head assures and affirms that:

- There is a balance in the appropriation from which obligations under the agreement are required to be paid that is not already encumbered to pay other obligations;
- The Scope is clear, correct, and sufficiently detailed to ensure Grantee accountability and results.

Draft the Grant Agreement so that the signature section immediately follows the previous section text separated by only one blank line. Do not insert an arbitrary page break prior to the signature section.

GRANT BUDGET

All Grant Budgets must be type-written and mathematically correct in every aspect. Each Grant Budget page must be numbered consecutively.
The Grant Agreement column total must equal the Maximum Liability of the Grant Agreement.
Line-Item funding must comply with the Expense Object Line-Item Category Definitions provided by F&A Accounts Policy 03, Appendix A (which is posted on the Internet at:
http://www.state.tn.us/finance/act/documents/policy3.pdf). Budget line-items and the definitions above have

legal, audit, and federal funding implications, and Grantor State Agency staff are solely responsible for whether appropriate line-items are funded in accordance with the scope of service and the definitions set out by F&A Accounts Policy 03.
In line-items that will be funded, replace the zeros ("0.00") associated with each line-item as appropriate. If a line-item will not be funded, leave the associated, "0.00" dollar amount.

Grant Budget Line-Item Detail.

These instructions do not preclude adding Line-Item Detail (and associated requirements) for other line-items, provided that the additional detail is clear and mathematically correct.
Delete the entire Grant Budget Line-Item Detail page if none of the following five line-items, which requires detail, is funded: Professional Fee, Grant and Award; Interest; Depreciation; Other Non-Personnel; Capital Purchase.

For each line-item requiring detail that is funded by the budget, complete the appropriate line-item detail box.

Delete the line-item detail box for each of the line-items that are not funded.

Do not draft the Grant Budget Line-Item Detail to describe a line-item only as "contracts," "contracted services," "other," "professional services," or "miscellaneous."

Multiple Grant Budget Periods.

If a multi-year Grant Agreement is to be written such that funding is restricted on an annual basis, this restriction must be reflected in the Grant Budget by means of repeated use of the model grant budget pages, numbered consecutively, detailing funding information for consecutive period of applicability. If a grant budget attachment includes multiple pages respectively applicable to consecutive periods of applicability, a "roll-up" budget page totaling all lines for all periods is not required. However, the sum of all totals must agree with the Grant Agreement Maximum Liability and any other relevant provisions of this Grant Agreement.

Option: Grant Budget Grantee Match Requirement

Replace the Grant Budget table with the table on the following page if a grantee match is required.

GRANT BUDGET				
Additional Identification Information As Necessary				
The grant budget line-item amounts below shall be applicable only to expense incurred during the following				
Applicable Period: BEGIN: DATE			END: DATE	
POLICY 03 Object Line-Item Reference	**EXPENSE OBJECT LINE-ITEM CATEGORY [1]**	**GRANT AGREEMENT**	**GRANTEE MATCH**	**TOTAL PROJECT**
1, 2	Salaries, Benefits & Taxes	0.00	0.00	0.00
4, 15	Professional Fee, Grant & Award [2]	0.00	0.00	0.00
5, 6, 7, 8, 9, 10	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications	0.00	0.00	0.00
11, 12	Travel, Conferences & Meetings	0.00	0.00	0.00
13	Interest [2]	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation [2]	0.00	0.00	0.00
18	Other Non-Personnel [2]	0.00	0.00	0.00
20	Capital Purchase [2]	0.00	0.00	0.00
22	Indirect Cost	0.00	0.00	0.00
24	In-Kind Expense	0.00	0.00	0.00
n/a	Grantee Match Requirement (for any amount of the required Grantee Match that is not specifically delineated by budget line-items above)	0.00	0.00	0.00
25	**GRAND TOTAL**	**0.00**	**0.00**	**0.00**

[1] Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A.* (posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf).

[2] Applicable detail follows this page if line-item is funded.

[3] A Grantee Match Requirement is detailed by this Grant Budget, and the maximum total amount reimbursable by the State pursuant to this Grant Agreement, as detailed by the "Grant Agreement" column above, shall be reduced by the amount of any Grantee failure to meet the Match Requirement.