

**AGENDA**  
**ADVISORY COUNCIL ON STATE PROCUREMENT MEETING #045**  
**THURSDAY, JANUARY 7, 2021, 2:00 P.M.**  
**WEBEX**

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I. Call to Order	--
II. Introduction of New Advisory Council Members – Jay Malpass and Brian Wilcox	
III. Approve Minutes from February 10, 2020 Meeting.....	<b>3</b>
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V. New Business	
Proposed revisions to the following Central Procurement Office documents (see attached documentation):	
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**MINUTES OF FEBURARY 10, 2020  
MEETING**

**MINUTES**  
**ADVISORY COUNCIL ON STATE PROCUREMENT MEETING #044**  
**MONDAY, FEBRUARY 10, 2020, 2:00 P.M.**  
**TN TOWER – 3<sup>RD</sup> FLOOR, NASHVILLE ROOM**

**Members in Attendance:**

Mike Perry, Bryan Chriske, Summer Carr, Ted Hayden, Brad Eskind, Jasmine Quattlebaum, Sean Newman, Buddy Lea, Bob Vincent, Stu Shunk

**Others in Attendance:**

Paul Krivacka, Jenny Young, Randy Dean, Debi Moss, Davis Nwankwo, Robin Upchurch, Kevin Wieck, Beth Henderson

**Others Participating by Phone:**

Angela White, Megan Buell

- I. **Call to Order:** Mr. Mike Perry, Chief Procurement Officer, called the meeting to order and recognized that a quorum of voting members was present.
  
- II. **Introduction of New Advisory Council Member:** Mr. Perry announced Bob Vincent as a new non-voting member to the Advisory Council (“Council”). Mr. Perry stated that Mr. Vincent has a wealth, many years of experience public community service. He has been the Mayor of Dayton, served on the City Council as Vice Mayor, School Board, very involved in the community, many great projects and improvements there in his many years. Mr. Perry further stated that the Advisory Council welcomes his extensive public and community service. Mr. Perry stated that Mr. Vincent was appointed by Chairman Travis of Fiscal Review.
  
- III. **Announcements:** Mr. Perry announced that Bryan Chriske, Office of the Comptroller of the Treasury has been designated by Comptroller Wilson to attend in Jason Mumpower’s place.
  
- IV. **Minutes from the October 29, 2019 Meeting:** Mr. Perry asked if there were any corrections or additions to the minutes from the October 29, 2019 meeting. Seeing none, a motion was made by Mr. Buddy Lea, Assistant Commissioner, Department of Finance and Administration, to accept the minutes as presented. The motion was seconded by Mr. Bryan Chriske, Office of the Comptroller of the Treasury. All members voted in favor – none opposed.
  
- V. **New Business:**

Mr. Perry asked Paul Krivacka, Lead Attorney/Director of Category Management, Central Procurement Office, to present the following New Business agenda items:

Mr. Perry asked if any items would be taken together. Mr. Krivacka stated that items (5) and (6) should be taken together. There were no objections.

Mr. Krivacka proceeded to present agenda item (1):

(1) E.#. Capital Asset (TDOT)

Mr. Krivacka summarized the following points with regard to the E.#. Capital Asset (TDOT) proposal:

- This proposal revises the optional language used by TDOT when funding involves assistance related to capital assets (e.g., vehicles, equipment or facilities). The revised term clarifies the definition of Capital Asset and modifies the insurance requirement.

Mr. Chriske asked if these have been approved by CPO's Risk Manager. Mr. Krivacka replied that he believes the CPO's Risk Manager has had a chance to review and be consulted about the revisions.

Seeing no further discussion on agenda item (1), Mr. Lea, made a motion to recommend the E.#. Capital Asset (TDOT) proposal as presented to the Procurement Commission for approval. The motion was seconded Ms. Summer Carr, Assistant General Counsel, Department of Economic and Community Development. All members voted in favor – none opposed.

Mr. Krivacka then proceeded to present agenda item (2):

(2) Conflict of Interest (RFQ and RFP Templates)

Mr. Krivacka presented the following points with regard to the Conflict of Interest (RFQ and RFP Templates) proposal:

- This proposal modifies the Conflict of Interest language in the RFQ and RFP Templates to broaden the Tenn. Code Ann. section reference from § 12-4-101 to 12-4-101 -105.
- This is a housekeeping that refreshes the statutory references.

Seeing no discussion on agenda item (2), Ted Hayden, Executive Director of Compliance, State of Tennessee Real Estate Asset Management made a motion to recommend Conflict of Interest (RFQ and RFP Templates) proposal as presented to the Procurement Commission for approval. The motion was seconded by Mr. Lea. All members voted in favor – none opposed.

Mr. Krivacka then proceeded to present agenda item (3):

(3) Solicitation Notice and NDA Model - NEW

Mr. Krivacka presented the following points with regard to the Solicitation Notice and NDA Model - NEW proposal:

- This is a new solicitation notice developed for those unique situations where a solicitation has been identified by STS as containing information that is confidential under Tenn. Code Ann. § 10-7-504(j).
- Potential respondents will be required to sign the proposed NDA and agree to safeguard any Confidential State Data before the full contents of the solicitation document, would be released to them for review.

Seeing no discussion on agenda item (3), Mr. Lea made a motion to recommend Solicitation Notice and NDA Model - NEW proposal as presented to the Procurement Commission for approval. The motion was seconded by Mr. Hayden. All members voted in favor – none opposed.

Mr. Krivacka then proceeded to present agenda item (4):

(4) A.#. MyTN Integration Language – NEW

Mr. Krivacka presented the following points with regard to the A.#. MyTN Integration Language – NEW proposal:

- This is a new optional contract term within section A. provided by STS for contracts that involve software.
- This term puts the Contractor on notice that the State may require the software developed or provided by the Contractor to integrate with the State’s customer-facing portal, MyTN.gov.
- When included, the procurement professional should also add the Additional Lines, Items, or Options contract term – as described in the optional language instructions.

Seeing no discussion on agenda item (4), Mr. Chriske made a motion to A.#. MyTN Integration Language – NEW proposal as presented to the Procurement Commission for approval. The motion was seconded by Mr. Lea. All members voted in favor – none opposed.

Mr. Krivacka then proceeded to present agenda items (5) and (6) :

(5) GR and GG Cover Sheet

Mr. Krivacka presented the (5) GR and GG Cover Sheet and (6) Policy Number 2013-007 Grant Management and Subrecipient Monitoring Policy and Procedures proposals:

- This revision modifies the checkbox from “Contractor” to “Recipient.”
- If a Grantor State Agency determines that a Contractor relationship exists, they would not use a Grant Contract model or template. Under a Grant Contract, the options should be either a Recipient or Subrecipient depending on the status of the counterparty.
- Additional clarifying language has been proposed to the Grant Management Policy and modification of these checkboxes will also help reduce confusion in light of those changes.

(6) Policy Number 2013-007 Grant Management and Subrecipient Monitoring Policy and Procedures

- The Grants Management Policy has been revised to provide additional clarification around the definitions of and characteristics that support classification of a counter party's status as a Contractor, Recipient, or Subrecipient.
- This proposed change will provide additional clarification around the Grantor State Agency Monitoring Requirements.

Mr. Lea commented that he knows there was a lot of involvement and engagement with other state agencies on the development of the language changes in the policy. He thought there was a lot of good input and good healthy discussion about that because it does impact a good number of agencies for a large number of contracts and there's significant consequences, obviously, if a contract is determined to be a subrecipient relationship in the monitoring that is associated with that. So, he just wanted to commend the CPO office for the inclusion and healthy debate that went into that, he thought we landed at a very good place. Mr. Krivacka replied that it was an outstanding collaborative effort.

Seeing no further discussion on agenda items (5) and (6) Mr. Lea made a motion to recommend GR and GG Cover Sheet and Policy Number 2013-007 proposals as presented to the Procurement Commission for approval. The motion was seconded by Mr. Hayden. All members voted in favor - none opposed.

Mr. Krivacka then proceeded to present agenda item (7):

(7) Advisory Council Bylaws - NEW

Mr. Krivacka presented the following points with regard to the Advisory Council Bylaws - NEW proposal:

- As discussed at the last Advisory Council meeting (Oct. 29), this proposal seeks to address a recent audit finding regarding the lack of bylaws and conflict of interest policy for Advisory Council members.
- These new Bylaws and Rules of Procedure outline such things as members, meetings, voting and a Conflict of Interest Policy. Under this policy, the Conflict of Interest Policy needs to be signed by each member on an annual basis.
- You may not vote or participate on a matter if you have a "conflict of interest." If one believes they may have an COI they are required to disclose this to MR. Perry so that he can review the facts and circumstances and make a determination. Those members having a conflict of interest would simply not participate in the discussion or vote.

Mr. Chriske asked if there are conflicts, pursuant to this policy, how are those addressed? Are those conflicts disclosed? Mr. Krivacka replied yes, for example, the document the members are asked to sign will lay out what the policy is, what a conflict of interest is, and what each member's duty is with respect to each conflict of interest. Each member will be executing the acknowledge of the policy on an annual basis. The policy basically says that a member will not vote on a matter or participate in discussion on a matter where the member has an actual or potential conflict of interest. As a practical matter what will happen is if a member determines that he or she may have a conflict of interest, the member would disclose that to Mr. Perry. The CPO would review that the facts and circumstances given rise to the member's belief that he or she has an actual or potential conflict of interest. If it's determined that the member does have a conflict of interest,

the member would simply recuse himself or herself and not participate in discussion or a vote. If turns out that there is no conflict, based on the CPO's analysis, the member is then free to participate and vote.

Mr. Perry added that it would be on a case-by-case basis, similar to what you hear in the Senate. They will say "declare rule thirteen" meaning they have a conflict, so they recuse themselves.

Mr. Chriske commented that he just wanted to make sure that there was a requirement to disclose. Mr. Krivacka replied yes.

Seeing no further discussion on agenda item (7), Mr. Hayden made a motion to recommend Advisory Council Bylaws – NEW proposal as presented to the Procurement Commission for approval. The motion was seconded by Mr. Chriske. All members voted in favor – none opposed.

**Adjournment:** Seeing no other business, a motion for adjournment was made by Mr. Chriske. All members voted in favor – none opposed; whereupon the February 10, 2020 Advisory Council meeting was adjourned.

# **ADVISORY COUNCIL AGENDA ITEMS OVERVIEW**



## Overview of Agenda Items:

### C.1. RFP Instructions:

- No changes to requisite approvals or approval process. This just removes reference to the CPO's AGSPRS email address, which is being phased out due to automation projects.

### C.2. RFP Option, Field Test:

- Adds the option to include an "Oral Presentation" or "Field Test" instead of just an "Oral Presentation." Adding this option will allow procurement professionals to more accurately describe what may be requested of respondents during the solicitation.
- For certain solicitations, State Agencies may need to have more of a technical demonstration and opportunity to field test a product that is being proposed and in other situations an Oral Presentation may be more appropriate.

### C.3. Insurance:

- In response to feedback from several respondents, this request revises the standard insurance clause to remove the word "certified" from the following sentence:  
"The State reserves the right to require complete, ~~certified~~ copies of all required insurance policies, including endorsements required by these specifications, at any time."
- There is an additional cost that may be associated with certified copies and a complete copy is sufficient for the State's purposes.

### C.4. Limitation of State's Liability - (Optional Statewide Term):

- This requested change provides clarity to Contractors that the Estimated Liability is just an estimate.
- Under some circumstances, actual invoices may exceed the Estimated Liability amount on Statewide Contracts.

### C.5. Delegated Grant Authority Template:

- The DGA Template Cover Sheet includes "Contractor" as an option to choose from on the cover sheet where describing the type of relationship the grant contract will establish.
- This option needs to be removed and replaced with "Recipient" to comply with the CPO Grant Management and Subrecipient Monitoring Policy and Procedures, Policy Number 2013-007.
- Also, the DGA Template at Section E. should be modified to add a note that the maximum liability of the Delegated Grant Authority may not exceed ten million dollars unless there is an approved Rule Exception Request.
- This requirement is already included in the Delegated Authority Amendment instructions and the absence of reference to whether there is a limit or not has raised questions.
- This will clearly state that a RER will be required for DGAs over \$10,000,000 moving forward.

### C.6. USDA Food and Nutrition Service Requirement of Non-discrimination clause - NEW:

- This would add an optional provision to the GR Template to reduce need for RER moving forward.
- Term used by DHS to comply with contracts with the USDA Food and Nutrition Service.

NB.1. Counterpart - NEW:

- Adds a new Counterpart Term – “This Grant Contract may be executed in two or more dated counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same effective instrument.”
- This will reduce the administrative burden for procurement professionals collecting time sensitive signatures for grant contracts.

NB.2. Procurement Procedures Manual (Sections 5.10. and 5.11):

- This proposal will require evaluator training as a prerequisite for an evaluator to score responses and adds additional information for Evaluation Committee Meetings.
- These changes are designed to improve the quality of technical evaluations.

NB.3. License Term – NEW:

- The State has a number of active licensed trademarks and this request would add an optional term for instances where the State is granting a license to Contractors or Grantees.

NB.4. Federal Procurement Terms - NEW:

- This request adds more optional contract terms to the FA, GR, and GG and configurator to reduce the number of RERs required when federal funds are involved.

NB.5. Warranty – Option – NEW:

- This request adds a new option to the FA template to provide more flexibility to remove or revise the Warranty option with approval from CPO Legal.

NB.6. Statewide Purchasing Card Policy and Procedures, Policy 2015-010:

- The P-Card Team and P-Card program participants have extensively reviewed the P-Card Policy and have recommended a number of revisions to the Policy such as updated definitions; grouping of similar sections; and, reorganization including the addition of two appendices for informational purposes.

# **RFP INSTRUCTIONS**

## **REDLINE**

**REQUEST: Revise the RFP Template instructions as follows:**

## **REQUEST FOR PROPOSALS (RFP) STANDARD TEMPLATE**

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This template prescribes the format and content for a Request for Proposals (RFP). A RFP is a competitive solicitation used to award a contract based on Respondent qualifications, experience, technical approach and cost. Documents of this type must adhere to this template with revisions only as instructions permit. A Rule Exception Request is required unless the deviation is immaterial; however, even immaterial deviations are subject to disapproval.

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### **APPROVAL INSTRUCTIONS**

Each RFP must be approved for release in accordance with the instructions below. Approval is also required for any RFP amendment or RFP cancellation. For detailed guidance on contract approvals, see the Procurement Procedures Manual of the Central Procurement Office (CPO) at § 5.15.3. All references below to requisite Comptroller's Office submission and approvals should be followed only as applicable.

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 with appropriate font and color. The standard RFP Template begins on the following page. Additional RFP instructions, considerations, and options follow the standard RFP Template.

Procurement professionals should submit the RFP draft at least 20 business days before the desired RFP release date. (Notwithstanding compliance with this deadline, circumstances may necessitate a delay of the release date.) To prevent additional delays, any approved Rule Exception Requests, endorsements, justifications, or other required approvals must be submitted with the RFP draft. If there are any questions as to whether a Rule Exception Request is required, consult CPO staff for guidance. ~~The RFP draft should be submitted via e-mail to: [Agsprs.Agsprs@tn.gov](mailto:Agsprs.Agsprs@tn.gov) as a digital file in DOC format and copy to: [COT.CPC@cot.tn.gov](mailto:COT.CPC@cot.tn.gov).~~ Each draft must:

1. be clearly marked as "REVIEW DRAFT";
2. specify a number indicating the draft version;
3. highlight all deviations from the template language; and
4. highlight any changes between draft versions that may be necessary prior to release.
  - CPO staff will: (a) review the draft and confer with procuring agency staff by means of e-mailed review notes and redrafts; and (b) e-mail the proposed document to Comptroller staff when the CPO review is completed.
  - Comptroller staff will: (a) review the draft and confer directly with CPO staff and copy procuring agency staff by means of review notes and redrafts exchanged by e-mail; and (b) e-mail approval notice to both the CPO staff and procuring agency staff when the latest draft appears acceptable for release.

### **PUBLICATION INSTRUCTIONS**

Upon Comptroller approval, prepare the RFP for public release by removing any highlighting, changing all text to an appropriate color, and removing any draft version number or other extraneous notations. On the business day before the date approved for public solicitation, e-mail the RFP prepared for public release to the CPO contact assigned to the procuring agency and to the Comptroller so that CPO staff can post the digital document(s) on the Internet as appropriate. The documents presented for publication must consist of one or more (clearly and logically separated component) digital files in PDF and DOC format. If previously approved, the cost proposal attachment may be presented for publication in XLS, spreadsheet format.

ALWAYS confirm that each document is properly posted for public review on the CPO's website. If, for any reason, a RFP is not properly published to the Internet, it may be necessary for the State to revise the approved RFP schedule of events to add additional time before the Q&A and Respondent deadlines.

# **RFP INSTRUCTIONS**

**CLEAN**

**REQUEST: Revise the RFP Template instructions as follows:**

## **REQUEST FOR PROPOSALS (RFP) STANDARD TEMPLATE**

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This template prescribes the format and content for a Request for Proposals (RFP). A RFP is a competitive solicitation used to award a contract based on Respondent qualifications, experience, technical approach and cost. Documents of this type must adhere to this template with revisions only as instructions permit. A Rule Exception Request is required unless the deviation is immaterial; however, even immaterial deviations are subject to disapproval.

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### **APPROVAL INSTRUCTIONS**

Each RFP must be approved for release in accordance with the instructions below. Approval is also required for any RFP amendment or RFP cancellation. For detailed guidance on contract approvals, see the Procurement Procedures Manual of the Central Procurement Office (CPO) at § 5.15.3. All references below to requisite Comptroller's Office submission and approvals should be followed only as applicable.

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 with appropriate font and color. The standard RFP Template begins on the following page. Additional RFP instructions, considerations, and options follow the standard RFP Template.

Procurement professionals should submit the RFP draft at least 20 business days before the desired RFP release date. (Notwithstanding compliance with this deadline, circumstances may necessitate a delay of the release date.) To prevent additional delays, any approved Rule Exception Requests, endorsements, justifications, or other required approvals must be submitted with the RFP draft. If there are any questions as to whether a Rule Exception Request is required, consult CPO staff for guidance. Each draft must:

1. be clearly marked as "REVIEW DRAFT";
2. specify a number indicating the draft version;
3. highlight all deviations from the template language; and
4. highlight any changes between draft versions that may be necessary prior to release.
  - CPO staff will: (a) review the draft and confer with procuring agency staff by means of e-mailed review notes and redrafts; and (b) e-mail the proposed document to Comptroller staff when the CPO review is completed.
  - Comptroller staff will: (a) review the draft and confer directly with CPO staff and copy procuring agency staff by means of review notes and redrafts exchanged by e-mail; and (b) e-mail approval notice to both the CPO staff and procuring agency staff when the latest draft appears acceptable for release.

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Upon Comptroller approval, prepare the RFP for public release by removing any highlighting, changing all text to an appropriate color, and removing any draft version number or other extraneous notations. On the business day before the date approved for public solicitation, e-mail the RFP prepared for public release to the CPO contact assigned to the procuring agency and to the Comptroller so that CPO staff can post the digital document(s) on the Internet as appropriate. The documents presented for publication must consist of one or more (clearly and logically separated component) digital files in PDF and DOC format. If previously approved, the cost proposal attachment may be presented for publication in XLS, spreadsheet format.

ALWAYS confirm that each document is properly posted for public review on the CPO's website. If, for any reason, a RFP is not properly published to the Internet, it may be necessary for the State to revise the approved RFP schedule of events to add additional time before the Q&A and Respondent deadlines.

**RFP OPTION, FIELD TEST**

**REDLINE**

**REQUEST: Add the following to the Request for Proposals (“RFP”) Template at the RFP Instructions, Considerations, and Options:**

**2. RFP SCHEDULE OF EVENTS**

**Option: Oral Presentation or Field Test Event.**

Complete and insert the following rows, in order and immediately after the Response Deadline event. Re-number subsequent events as appropriate.

#. State Schedules Respondent <b>Oral Presentation or Field Test</b>		
#. Respondent <b>Oral Presentation or Field Test</b>	8 a.m. - 4:30 p.m.	

**5. EVALUATION & CONTRACT AWARD**

**Option: Oral Presentation or Field Test Points – Example 1.**

Replace the RFP Section 5.1. table with the following if an Oral Presentation or Field Test requirement is proposed. Only include this section if the Oral Presentation or Field Test will be evaluated as a separate evaluation category.

EVALUATION CATEGORY	MAXIMUM POINTS POSSIBLE
<b>General Qualifications &amp; Experience</b> (refer to RFP Attachment 6.2., Section B)	<b>NUMBER</b>
<b>Technical Qualifications, Experience &amp; Approach</b> (refer to RFP Attachment 6.2., Section C)	<b>NUMBER</b>
<b>Oral Presentation or Field Test</b> (refer to RFP Attachment 6.2., Section D)	<b>NUMBER ≤ 10% OF TOTAL POINTS</b>
<b>Cost Proposal</b> (refer to RFP Attachment 6.3.)	<b>NUMBER ≥ 30% OF TOTAL POINTS</b>

**Option: Oral Presentation or Field Test Points – Example 1.**

The procuring state agency must maintain an accurate record of each Respondent’s Oral Presentation or Field Test session such that all pertinent dialogue between Proposal Evaluation Team members, technical advisers, and Respondents shall be reduced to writing or otherwise memorialized. Procurement Professionals should consider using a court reporter, video recording, or audio recording to memorialize the Oral Presentation or Field Test.

Insert the following as sections 5.2.1.5., et seq. (and renumber current section 5.2.1.5. accordingly) if a(n) Oral Presentation or Field Test is required.



5.2.1.5. The Solicitation Coordinator will invite each apparently responsive and responsible Respondent to make a(n) [Oral Presentation or Field Test](#).

5.2.1.5.1. The [Oral Presentations or Field Tests](#) are mandatory. The Solicitation Coordinator will schedule Respondent [Presentations or Field Tests](#) during the period indicated by the RFP Section 2, Schedule of Events. The Solicitation Coordinator will make every effort to accommodate each Respondent's schedules. When the Respondent [Presentations or Tests](#) schedule has been determined, the Solicitation Coordinator will contact Respondents with the relevant information as indicated by RFP Section 2, Schedule of Events.

5.2.1.5.2. Respondent [Presentations or Tests](#) are only open to the invited Respondent, Proposal Evaluation Team members, the Solicitation Coordinator, and any technical consultants who are selected by the State to provide assistance to the Proposal Evaluation Team.

5.2.1.5.3. [Oral Presentations or Field Tests](#) provide an opportunity for Respondents to explain and clarify their responses [and for the State to test to better understand the practical application of the good or service as applicable](#). Respondents must not materially alter their responses and [Presentations or Field Tests](#) will be limited to addressing the items detailed in RFP Attachment 6.2., Technical Response & Evaluation Guide. Respondent pricing shall not be discussed [or provided](#) during [Oral Presentations or Field Tests](#).

5.2.1.5.4. The State will maintain an accurate record of each Respondent's [Oral Presentation or Field Test](#) session. The record of the Respondent's [Oral Presentation or Field Test](#) shall be available for review when the State opens the procurement files for public inspection.

5.2.1.5.5. Proposal Evaluation Team members will independently evaluate each [Oral Presentation or Field Test](#) in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D.

5.2.1.5.6. The Solicitation Coordinator will calculate and document the average of the Proposal Evaluation Team member scores for

RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D, and record that number as the score for Respondent's Technical Response section.

**Option: Oral Presentation or Field Test Threshold Requirement.**

A threshold requirement should not be arbitrary and may require legal counsel recommendation.

The optional language for RFP section 5.2.1.5. (above) may be revised to establish a minimum standard or threshold requirement that must be met before an invitation to make an Oral Presentation or Field Test is extended by the State. The minimum standard or threshold requirement must be detailed in the RFP. See possible examples below:

**Option: Ranking**

The Solicitation Coordinator will invite the top NUMBER (#) ranked Respondents to make an Oral Presentation or Field Test. The ranking will be determined after the Technical Response score is totaled and ranked (e.g., 1 – the best evaluated ranking, etc.).

**Option: Percentile**

The Solicitation Coordinator will invite Respondents whose Technical Response scores have attained a combined score of NUMBER (#). This minimum score threshold represents a score of NUMBER (#)% of the maximum possible Technical Response score.

**Option: Minimum Score**

The Solicitation Coordinator will invite Respondents to make an Oral Presentation or Field Test who have attained a minimum score of NUMBER (#).

**Option: Oral Presentation or Field Test No Points – Example 2.**

The procuring state agency must maintain an accurate record of each Respondent's Oral Presentation or Field Test session such that all pertinent dialogue between Proposal Evaluation Team members, technical advisers, and Respondents shall be reduced to writing or otherwise memorialized. Procurement Professionals should consider using a court reporter, video recording, or audio recording to memorialize the Oral Presentation or Field Test.

Insert the following optional language as sections 5.2.1.5., *et seq.* (and renumber current section 5.2.1.5. accordingly) if an Oral Presentation or Field Test is proposed.

5.2.1.5. The Solicitation Coordinator will invite each Respondent, who is apparently responsive and responsible, to make an Oral Presentation or Field Test.

5.2.1.5.1. The Oral Presentations or Field Tests are mandatory. The Solicitation Coordinator will schedule Respondent Presentation or Field Test during the period indicated by the RFP Section 2, Schedule of Events. The Solicitation Coordinator will make every effort to accommodate each

Respondent's schedules. When the Respondent **Presentations or Field Tests** schedule has been determined, the Solicitation Coordinator will contact Respondents with the relevant information as indicated by RFP Section 2, Schedule of Events.

5.2.1.5.2. Respondent **Presentations or Field Tests** are only open to the invited Respondent, Proposal Evaluation Team members, the Solicitation Coordinator, and any technical consultants who are selected by the State to provide assistance to the Proposal Evaluation Team.

5.2.1.5.3. **Oral presentations or Field Tests** provide an opportunity for Respondents to explain and clarify their responses and for the State to test to better understand the practical application of the good or service as applicable. —Respondents must not materially alter their responses and **Presentations or Field Tests** will be limited to addressing the items detailed in RFP Attachment 6.2., Technical Response & Evaluation Guide. Respondent pricing shall not be discussed during **Oral presentations or Field Tests**. Evaluators may adjust Respondents' Technical Response scores based on **Oral presentations or Field Tests**.

5.2.1.5.4. The State will maintain an accurate record of each Respondent's **Oral presentations or Field Tests** session. The record of the Respondent's **Oral presentations or Field Tests** shall be available for review when the State opens the procurement files for public inspection.

**TECHNICAL RESPONSE & EVALUATION GUIDE**

**SECTION D: ORAL PRESENTATION OR FIELD TEST.** The Respondent must address ALL **Oral Presentation or Field Test** Items (below).

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the oral presentation or field test response to each item. Each evaluator will use the following whole-number, raw point scale for scoring each item:

**0 = little value      1 = poor      2 = fair      3 = satisfactory      4 = good      5 = excellent**

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's raw, weighted score for purposes of calculating the section score as indicated.

<b>RESPONDENT LEGAL ENTITY NAME:</b>				
<b>Oral Presentation or Field Test Items</b>		<b>Item Score</b>	<b>Evaluation Factor</b>	<b>Raw Weighted Score</b>
<b>D.1.</b>	<b>ORAL PRESENTATION OR FIELD TEST TOPIC OR QUESTION TO BE ADDRESSED</b>		<b>NUMBER</b>	
<b>D.2.</b>	<b>REPEAT REQUIREMENT ITEMS &amp; ASSOCIATED ITEM REFERENCES AND WEIGHTS AS NECESSARY</b>		<b>NUMBER</b>	
<p align="center"><b>Total Raw Weighted Score</b> (<i>sum of Raw Weighted Scores above</i>):</p> <p align="center">The Solicitation Coordinator will use this sum and the formula below to calculate the score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.</p>				
$\frac{\text{total raw weighted score}}{\text{maximum possible raw weighted score}} \times \text{RFP § 5.1. NUMBER} = \text{SCORE:}$ <p align="center"><i>(i.e., 5 x the sum of item weights above)</i>      <i>(maximum section score)</i></p>				
<i>State Use – Evaluator Identification:</i>				
<i>State Use – Solicitation Coordinator Signature, Printed Name &amp; Date:</i>				

**SCORE SUMMARY MATRIX**

	<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>	
<b>GENERAL QUALIFICATIONS &amp; EXPERIENCE</b> (maximum: § 5.1. NUMBER)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE:</b>		<b>AVERAGE:</b>		<b>AVERAGE:</b>	
<b>TECHNICAL QUALIFICATIONS, EXPERIENCE &amp; APPROACH</b> (maximum: § 5.1. NUMBER)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE:</b>		<b>AVERAGE:</b>		<b>AVERAGE:</b>	
<b>ORAL PRESENTATION/ FIELD TEST</b> (maximum: § 5.1. NUMBER)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE:</b>		<b>AVERAGE:</b>		<b>AVERAGE:</b>	
<b>COST PROPOSAL</b> (maximum: § 5.1. NUMBER)	<b>SCORE:</b>		<b>SCORE:</b>		<b>SCORE:</b>	
<b>TOTAL RESPONSE EVALUATION SCORE:</b> (maximum: NUMBER)						
Solicitation Coordinator Signature, Printed Name & Date:						

**RFP OPTION, FIELD TEST**

**CLEAN**

**REQUEST: Add the following to the Request for Proposals (“RFP”) Template at the RFP Instructions, Considerations, and Options:**

**2. RFP SCHEDULE OF EVENTS**

**Option: Oral Presentation or Field Test Event.**

Complete and insert the following rows, in order and immediately after the Response Deadline event. Re-number subsequent events as appropriate.

#. State Schedules Respondent <b>Oral Presentation or Field Test</b>		
#. Respondent <b>Oral Presentation or Field Test</b>	8 a.m. - 4:30 p.m.	

**5. EVALUATION & CONTRACT AWARD**

**Option: Oral Presentation or Field Test Points – Example 1.**

Replace the RFP Section 5.1. table with the following if an Oral Presentation or Field Test requirement is proposed. Only include this section if the Oral Presentation or Field Test will be evaluated as a separate evaluation category.

EVALUATION CATEGORY	MAXIMUM POINTS POSSIBLE
<b>General Qualifications &amp; Experience</b> (refer to RFP Attachment 6.2., Section B)	<b>NUMBER</b>
<b>Technical Qualifications, Experience &amp; Approach</b> (refer to RFP Attachment 6.2., Section C)	<b>NUMBER</b>
<b>Oral Presentation or Field Test</b> (refer to RFP Attachment 6.2., Section D)	<b>NUMBER ≤ 10% OF TOTAL POINTS</b>
<b>Cost Proposal</b> (refer to RFP Attachment 6.3.)	<b>NUMBER ≥ 30% OF TOTAL POINTS</b>

**Option: Oral Presentation or Field Test Points – Example 1.**

The procuring state agency must maintain an accurate record of each Respondent’s **Oral Presentation or Field Test** session such that all pertinent dialogue between Proposal Evaluation Team members, technical advisers, and Respondents shall be reduced to writing or otherwise memorialized. Procurement Professionals should consider using a court reporter, video recording, or audio recording to memorialize the **Oral Presentation or Field Test**

Insert the following as sections 5.2.1.5., *et seq.* (and renumber current section 5.2.1.5. accordingly) if a(n) **Oral Presentation or Field Test** is required.

5.2.1.5. The Solicitation Coordinator will invite each apparently responsive and responsible Respondent to make a(n) **Oral Presentation or Field Test**.

5.2.1.5.1. The **Oral Presentations or Field Tests** are mandatory. The Solicitation Coordinator will schedule Respondent **Presentations or Field Tests** during the period indicated by the RFP Section 2, Schedule of Events. The Solicitation Coordinator will make every effort to accommodate each Respondent's schedules. When the Respondent **Presentations or Tests** schedule has been determined, the Solicitation Coordinator will contact Respondents with the relevant information as indicated by RFP Section 2, Schedule of Events.

5.2.1.5.2. Respondent **Presentations or Tests** are only open to the invited Respondent, Proposal Evaluation Team members, the Solicitation Coordinator, and any technical consultants who are selected by the State to provide assistance to the Proposal Evaluation Team.

5.2.1.5.3. **Oral Presentations or Field Tests** provide an opportunity for Respondents to explain and clarify their responses and for the State to test to better understand the practical application of the **good or service** as applicable. Respondents must not materially alter their responses and **Presentations or Field Tests** will be limited to addressing the items detailed in RFP Attachment 6.2., Technical Response & Evaluation Guide. Respondent pricing shall not be discussed or provided during **Oral Presentations or Field Tests**.

5.2.1.5.4. The State will maintain an accurate record of each Respondent's **Oral Presentation or Field Test** session. The record of the Respondent's **Oral Presentation or Field Test** shall be available for review when the State opens the procurement files for public inspection.

5.2.1.5.5. Proposal Evaluation Team members will independently evaluate each **Oral Presentation or Field Test** in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D.

5.2.1.5.6. The Solicitation Coordinator will calculate and document the average of the Proposal Evaluation Team member scores for



RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D, and record that number as the score for Respondent's Technical Response section.

**Option: Oral Presentation or Field Test Threshold Requirement.**

A threshold requirement should not be arbitrary and may require legal counsel recommendation.

The optional language for RFP section 5.2.1.5. (above) may be revised to establish a minimum standard or threshold requirement that must be met before an invitation to make an **Oral Presentation or Field Test** is extended by the State. The minimum standard or threshold requirement must be detailed in the RFP. See possible examples below:

**Option: Ranking**

The Solicitation Coordinator will invite the top **NUMBER (#)** ranked Respondents to make an **Oral Presentation or Field Test**. The ranking will be determined after the Technical Response score is totaled and ranked (e.g., 1 – the best evaluated ranking, etc.).

**Option: Percentile**

The Solicitation Coordinator will invite Respondents whose Technical Response scores have attained a combined score of **NUMBER (#)**. This minimum score threshold represents a score of **NUMBER (#)%** of the maximum possible Technical Response score.

**Option: Minimum Score**

The Solicitation Coordinator will invite Respondents to make an **Oral Presentation or Field Test** who have attained a minimum score of **NUMBER (#)**.

**Option: Oral Presentation or Field Test No Points – Example 2.**

The procuring state agency must maintain an accurate record of each Respondent's **Oral Presentation or Field Test** session such that all pertinent dialogue between Proposal Evaluation Team members, technical advisers, and Respondents shall be reduced to writing or otherwise memorialized. Procurement Professionals should consider using a court reporter, video recording, or audio recording to memorialize the **Oral Presentation or Field Test**.

Insert the following optional language as sections 5.2.1.5., *et seq.* (and renumber current section 5.2.1.5. accordingly) if an **Oral Presentation or Field Test** is proposed.

5.2.1.5. The Solicitation Coordinator will invite each Respondent, who is apparently responsive and responsible, to make an **Oral Presentation or Field Test**.

5.2.1.5.1. The **Oral Presentations or Field Tests** are mandatory. The Solicitation Coordinator will schedule Respondent **Presentation or Field Test** during the period indicated by the RFP Section 2, Schedule of Events. The Solicitation Coordinator will make every effort to accommodate each

Respondent's schedules. When the Respondent **Presentations or Field Tests** schedule has been determined, the Solicitation Coordinator will contact Respondents with the relevant information as indicated by RFP Section 2, Schedule of Events.

5.2.1.5.2. Respondent **Presentations or Field Tests** are only open to the invited Respondent, Proposal Evaluation Team members, the Solicitation Coordinator, and any technical consultants who are selected by the State to provide assistance to the Proposal Evaluation Team.

5.2.1.5.3. **Oral presentations or Field Tests** provide an opportunity for Respondents to explain and clarify their responses and for the State to test to better understand the practical application of the **good or service as applicable**. Respondents must not materially alter their responses and **Presentations or Field Tests** will be limited to addressing the items detailed in RFP Attachment 6.2., Technical Response & Evaluation Guide. Respondent pricing shall not be discussed during **Oral presentations or Field Tests**. Evaluators may adjust Respondents' Technical Response scores based on **Oral presentations or Field Tests**.

5.2.1.5.4. The State will maintain an accurate record of each Respondent's **Oral presentations or Field Tests** session. The record of the Respondent's **Oral presentations or Field Tests** shall be available for review when the State opens the procurement files for public inspection.

**TECHNICAL RESPONSE & EVALUATION GUIDE**

**SECTION D: ORAL PRESENTATION OR FIELD TEST.** The Respondent must address ALL **Oral Presentation or Field Test** Items (below).

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the oral presentation or field test response to each item. Each evaluator will use the following whole-number, raw point scale for scoring each item:

**0 = little value      1 = poor      2 = fair      3 = satisfactory      4 = good      5 = excellent**

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's raw, weighted score for purposes of calculating the section score as indicated.

<b>RESPONDENT LEGAL ENTITY NAME:</b>				
<b>Oral Presentation or Field Test Items</b>		<b>Item Score</b>	<b>Evaluation Factor</b>	<b>Raw Weighted Score</b>
<b>D.1.</b>	<b>ORAL PRESENTATION OR FIELD TEST TOPIC OR QUESTION TO BE ADDRESSED</b>		<b>NUMBER</b>	
<b>D.2.</b>	<b>REPEAT REQUIREMENT ITEMS &amp; ASSOCIATED ITEM REFERENCES AND WEIGHTS AS NECESSARY</b>		<b>NUMBER</b>	
<p align="center"><b>Total Raw Weighted Score</b> (<i>sum of Raw Weighted Scores above</i>):</p> <p align="center">The Solicitation Coordinator will use this sum and the formula below to calculate the score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.</p>				
$\frac{\text{total raw weighted score}}{\text{maximum possible raw weighted score}}$ <p align="center"><i>(i.e., 5 x the sum of item weights above)</i></p>			<p align="center"><b>X RFP § 5.1. NUMBER</b></p> <p align="center"><i>(maximum section score)</i></p>	<p align="center"><b>= SCORE:</b></p>
<i>State Use – Evaluator Identification:</i>				
<i>State Use – Solicitation Coordinator Signature, Printed Name &amp; Date:</i>				

**SCORE SUMMARY MATRIX**

	<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>	
<b>GENERAL QUALIFICATIONS &amp; EXPERIENCE</b> (maximum: § 5.1. NUMBER)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE:</b>		<b>AVERAGE:</b>		<b>AVERAGE:</b>	
<b>TECHNICAL QUALIFICATIONS, EXPERIENCE &amp; APPROACH</b> (maximum: § 5.1. NUMBER)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE:</b>		<b>AVERAGE:</b>		<b>AVERAGE:</b>	
<b>ORAL PRESENTATION/ FIELD TEST</b> (maximum: § 5.1. NUMBER)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE:</b>		<b>AVERAGE:</b>		<b>AVERAGE:</b>	
<b>COST PROPOSAL</b> (maximum: § 5.1. NUMBER)	<b>SCORE:</b>		<b>SCORE:</b>		<b>SCORE:</b>	
<b>TOTAL RESPONSE EVALUATION SCORE:</b> (maximum: NUMBER)						
Solicitation Coordinator Signature, Printed Name & Date:						

**INSURANCE**

**REDLINE**

**REQUEST: Revise the insurance clause in all applicable models and templates as follows:**

| The State reserves the right to require complete, ~~certified~~ copies of all required insurance policies, including endorsements required by these specifications, at any time.

**INSURANCE**

**CLEAN**

**REQUEST: Revise the insurance clause in all applicable models and templates as follows:**

The State reserves the right to require complete copies of all required insurance policies, including endorsements required by these specifications, at any time.



**LIMITATION OF STATE'S LIABILITY –  
(OPTIONAL STATEWIDE TERM)**

**REDLINE**

**REQUEST: Revise the Limitation of State’s Liability term in the FA Template and Document Configurator as follows:**

**Option: Statewide Contracts Estimated Liability**

For statewide contracts with no Maximum Liability, replace D.17. and D.18. with the following:

D.17. Limitation of State’s Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. Notwithstanding anything else herein, the State’s total liability under this Contract (including without limitation any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Estimated Liability, except for payment of properly submitted invoices under this Contract. This limitation of liability is cumulative and not per incident.

**LIMITATION OF STATE'S LIABILITY –  
(OPTIONAL STATEWIDE TERM)**

**CLEAN**

**REQUEST: Revise the Limitation of State’s Liability term in the FA Template and Document Configurator as follows:**

**Option: Statewide Contracts Estimated Liability**


For statewide contracts with no Maximum Liability, replace D.17. and D.18. with the following:

D.17. Limitation of State’s Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. Notwithstanding anything else herein, the State’s total liability under this Contract (including without limitation any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Estimated Liability, except for payment of properly submitted invoices under this Contract. This limitation of liability is cumulative and not per incident.

**DELEGATED GRANT AUTHORITY  
TEMPLATE**

**REDLINE**

Request: Revise the Delegated Grant Authority Cover Sheet and Section E. as follows:

 <h2 style="margin: 0;">DELEGATED GRANT AUTHORITY</h2>					
<b>Agency Tracking #</b>	<b>Edison ID</b>	<b>Begin Date</b>	<b>End Date</b>		
Edison ID of prior, similar DGA (if any)		Last possible Start Date of authorized grant contracts			
<b>Service Caption</b>					
<b>Funding —</b>					
<b>FY</b>	<b>State</b>	<b>Federal</b>	<b>Interdepartmental</b>	<b>Other</b>	<b>TOTAL Maximum Liability</b>
<b>TOTAL:</b>					
<b>Each grant contract will establish the following type of relationship:</b>				<input type="checkbox"/> SUBRECIPIENT <input type="checkbox"/> <del>RECIPIENT/CONTRACTOR</del>	
<b>Budget Officer Confirmation:</b> 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.				<i>CPO USE – DGA</i>	
<b>Speed Chart</b> (optional)		<b>Account Code</b> (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”).

<b>Grantor State Agency:</b>	<b>Agency Name</b>	
<b>Service Caption:</b>	<b>Program Identification</b>	
<b>A. What will be the maximum number of individual grant contracts?</b>		<b>Number</b>
<b>B. What will be the maximum term of an individual grant contract?</b> The term of any individual grant contract cannot extend beyond the approved DGA’s end date. An approved DGA may remain in force and effect for up to twelve (12) months unless an approved Rule Exception Request for the DA or DGA templates is obtained.		<b>Number months</b>
<b>C. What is the justification to extend the DGA in excess of twelve (12) months?</b> Please only complete if the Delegation is <b>exclusively federally funded</b> and the term is in excess of twelve (12) months. Include a description of the Federal funds in the justification.  <input type="checkbox"/> Please check this box if there are <b>no</b> restrictions in the federal notice of award on the use of funds beyond the first year of the grant.  <b>Brief justification and an explanation of any restrictions HERE:</b>		
<b>D. What will be the maximum amount of an individual grant contract?</b>  This amount may not exceed five million dollars (\$5,000,000) unless an approved RER is obtained.		<b>\$ Amount</b>
<b>E. What is the maximum liability of the Delegated Grant Authority?</b>  <a href="#">This amount may not exceed ten million dollars (\$10,000,000) unless an approved RER is obtained.</a>		<b>\$ Amount</b>
<b>F. GRANTOR STATE AGENCY DECLARATION:</b>		
<ol style="list-style-type: none"> <li>1. Each of the following is true and applicable:               <ol style="list-style-type: none"> <li>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</li> <li>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.</li> </ol> </li> <li>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.</li> <li>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.</li> <li>4. The Grantor State Agency will draft each grant contract with the exact “scope of</li> </ol>		


<b>Grantor State Agency:</b>	<b>Agency Name</b>
<b>Service Caption:</b>	<b>Program Identification</b>
<p>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.</p> <ol style="list-style-type: none"> <li>5. The Grantor State Agency will ensure that every grant contract entered into under the Delegated Grant Authority: <ol style="list-style-type: none"> <li>a) Has sufficient funds budgeted and available;</li> <li>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;</li> <li>c) Shall not create an employer/employee relationship as prohibited by the Tenn. R. &amp; Regs. § 0690-03-01-.17;</li> <li>d) Shall not procure goods, materials, supplies, equipment, or services EXCEPT as provided in this Delegated Grant Authority; and</li> <li>e) Shall not provide for the payment of any amount directly or indirectly to an employee or official of the State.</li> </ol> </li> <li>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.</li> <li>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.</li> <li>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”).</li> </ol> <p><b>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.</b></p>	
<b>Grantor Agency Head Name &amp; Title</b>	<b>Date</b>



**DELEGATED GRANT AUTHORITY  
TEMPLATE**

**CLEAN**

Request: Revise the Delegated Grant Authority Cover Sheet and Section E. as follows:

 <h2 style="margin: 0;">DELEGATED GRANT AUTHORITY</h2>					
<b>Agency Tracking #</b>	<b>Edison ID</b>	<b>Begin Date</b>	<b>End Date</b>		
Edison ID of prior, similar DGA (if any)		Last possible Start Date of authorized grant contracts			
<b>Service Caption</b>					
<b>Funding —</b>					
<b>FY</b>	<b>State</b>	<b>Federal</b>	<b>Interdepartmental</b>	<b>Other</b>	<b>TOTAL Maximum Liability</b>
<b>TOTAL:</b>					
<b>Each grant contract will establish the following type of relationship:</b>				<input type="checkbox"/> SUBRECIPIENT <input type="checkbox"/> RECIPIENT	
<b>Budget Officer Confirmation:</b> 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.			<i>CPO USE – DGA</i>		
<b>Speed Chart (optional)</b>		<b>Account Code (optional)</b>			

## 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”).

<b>Grantor State Agency:</b>	<b>Agency Name</b>	
<b>Service Caption:</b>	<b>Program Identification</b>	
<b>A. What will be the maximum number of individual grant contracts?</b>		<b>Number</b>
<b>B. What will be the maximum term of an individual grant contract?</b> The term of any individual grant contract cannot extend beyond the approved DGA’s end date. An approved DGA may remain in force and effect for up to twelve (12) months unless an approved Rule Exception Request for the DA or DGA templates is obtained.		<b>Number months</b>
<b>C. What is the justification to extend the DGA in excess of twelve (12) months?</b> Please only complete if the Delegation is <b>exclusively federally funded</b> and the term is in excess of twelve (12) months. Include a description of the Federal funds in the justification.  <input type="checkbox"/> Please check this box if there are <b>no</b> restrictions in the federal notice of award on the use of funds beyond the first year of the grant.  <b>Brief justification and an explanation of any restrictions HERE:</b>		
<b>D. What will be the maximum amount of an individual grant contract?</b>  This amount may not exceed five million dollars (\$5,000,000) unless an approved RER is obtained.		<b>\$ Amount</b>
<b>E. What is the maximum liability of the Delegated Grant Authority?</b>  This amount may not exceed ten million dollars (\$10,000,000) unless an approved RER is obtained.		<b>\$ Amount</b>
<b>F. GRANTOR STATE AGENCY DECLARATION:</b>		
<ol style="list-style-type: none"> <li>1. Each of the following is true and applicable:               <ol style="list-style-type: none"> <li>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</li> <li>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.</li> </ol> </li> <li>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.</li> <li>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.</li> <li>4. The Grantor State Agency will draft each grant contract with the exact “scope of</li> </ol>		

<b>Grantor State Agency:</b>	<b>Agency Name</b>
<b>Service Caption:</b>	<b>Program Identification</b>
<p>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.</p> <ol style="list-style-type: none"> <li>5. The Grantor State Agency will ensure that every grant contract entered into under the Delegated Grant Authority: <ol style="list-style-type: none"> <li>a) Has sufficient funds budgeted and available;</li> <li>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;</li> <li>c) Shall not create an employer/employee relationship as prohibited by the Tenn. R. &amp; Regs. § 0690-03-01-.17;</li> <li>d) Shall not procure goods, materials, supplies, equipment, or services EXCEPT as provided in this Delegated Grant Authority; and</li> <li>e) Shall not provide for the payment of any amount directly or indirectly to an employee or official of the State.</li> </ol> </li> <li>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.</li> <li>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.</li> <li>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”).</li> </ol> <p><b>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.</b></p>	
<b>Grantor Agency Head Name &amp; Title</b>	<b>Date</b>

**USDA FOOD AND NUTRITION SERVICE  
REQUIREMENT OF  
NON-DISCRIMINATION CLAUSE**

**NEW**

**REQUEST: Add the following to the GR Template:**

**Option: USDA Food and Nutrition Service Requirement of Nondiscrimination.**

Add the following optional text as applicable and if required by the USDA Food and Nutrition Service.

**#.** USDA Food and Nutrition Service Requirement of Nondiscrimination. The Grantee agrees that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Grantee on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Grantee shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

a. The Grantee agrees to comply with Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352), section 11(c) of the Food and Nutrition Act of 2008, as amended, the Age Discrimination Act of 1975 (Pub. L. 94-135), and the Rehabilitation Act of 1973 (Pub. L. 93-112, sec. 504), and all requirements imposed by the regulations issued pursuant to these Acts by the U.S. Department of Agriculture to the effect that, no person in the United States shall, on the grounds of sex, race, color, age, political belief, religion, disability, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subject to discrimination under the Supplemental Nutrition Assistance Program (SNAP).

b. Meaningful Access for Individuals with Limited English Proficiency (LEP)

Subrecipients and contractors that participate in the SNAP must take reasonable steps to ensure that LEP persons have meaningful access to programs, services, and benefits. This includes the requirement to provide bilingual program information and certification materials and interpretation services to single language minorities in certain project areas. SNAP subrecipients and contractors that do not provide meaningful access for LEP individuals risk violating prohibitions against discrimination based on National Origin in the Food and Nutrition Act of 2008, as amended, Title VI of the Civil Rights Act of 1964 (Title VI) and SNAP program regulations at 7 CFR 272A(b). They also risk noncompliance with the USDA policy guidance titled, "Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons", published in 79 FR 70771 - 70784 (November 28, 2014).

SNAP subrecipients and contractors should develop an implementing plan to address the language assistance needs of the LEP population served. This may include contracting for oral interpretation services, hiring bilingual staff, arranging telephone interpreters and/or language lines, coordinating community volunteers, translating vital documents, and providing written notice that language services are available in appropriate languages. Quality and accuracy of the language service is critical in order to avoid serious consequences to the LEP person and to the recipient. USDA's 2014 policy guidance includes detailed information on assessing LEP needs, identifying practices for translating documents that will be seen as strong evidence of compliance. LEP needs should be considered in developing budgets and front line staff should understand how to obtain

language assistance services. For additional assistance and information regarding LEP matters, please also visit <http://www.lep.gov>.

c. Ensuring Equal Opportunity Access for Persons with Disabilities

SNAP subrecipients and contractors must also ensure equal opportunity access for persons with disabilities. This includes ensuring that communications with applicants, participants, members of the public, and companions with disabilities are as effective as communications with people without disabilities. Subrecipients and contractors that do not provide persons with disabilities equal opportunity access to programs may risk violating prohibitions against disability discrimination in the Rehabilitation Act of 1978, the American with Disabilities Act (ADA) of 1990, as amended, and SNAP program regulations.

DOJ published revised final regulations implementing Title II and Title III of the ADA on September 15, 2010. These regulations are codified at 28 CFR Part 35 "Nondiscrimination on the Basis of Disability in State and Local Government Services" and at 28 CFR Part 36 "Nondiscrimination on the Basis of Disability in Public Accommodations and Commercial Facilities". In accordance with the implementing regulations, subrecipients and contractors must provide auxiliary aids and services where necessary to ensure effective communication and equal opportunity access to program benefits for individuals with disabilities. The type of auxiliary aids and services required will vary, but a subrecipient or contractor may not require an individual with a disability to bring another individual to interpret, and may rely on a person accompanying a disabled individual only in limited circumstances. When a subrecipient or contractor communicates with applicants and beneficiaries by telephone, it must provide text telephone services (TTY) or have access to an equally effective electronic telecommunications system to communicate with individuals who are deaf, hard of hearing, or hearing impaired. Subrecipients and contractors must also ensure that interested persons, including persons with impaired vision or hearing, can obtain information as to the existence and location of accessible services, activities, and facilities. For more information, please visit the ADA website: <http://www.ada.gov>.

**COUTERPART**

**NEW**



**REQUEST: Add the following as an optional term to the GR and GG templates.**

**Counterpart**

Add the following optional term as appropriate.

**E.#.** Counterpart. This Grant Contract may be executed in two or more dated counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same effective instrument.

**PROCUREMENT PROCEDURES  
MANUAL (SECTIONS 5.10 AND 5.11)**

**REDLINE**

**NB.2. Procurement Procedures Manual at sections §§ 5.10. and 5.11.4.**

**REQUEST: Revise the *Procurement Procedures Manual of the Central Procurement Office* as follows:**

5.10. *Evaluation Committee.*

The number of evaluation committee members of a solicitation may vary but should consist of at least three (3) members, each of whom should have the technical expertise in terms of education, training and experience to aid the evaluation committee with respect to the technical aspects of the solicitation. If necessary, the solicitation coordinator should seek out State employees or consultants who can attend presentations and provide meaningful technical expertise to evaluation committee members. Only state employees may serve as evaluation committee members, but non-state employees with technical expertise that is helpful to the evaluation committee should be included as consulting, *ex officio* or non-voting members. Before the commencement of the evaluation process, the evaluation committee should attend evaluation training, review and familiarize themselves with the solicitation, applicable statutes, rules and regulations, Central Procurement Office Policy and this *Manual*. All Evaluation Committee members should understand the general solicitation requirements and the specific requirements of the subject solicitation. Only Evaluation committee members that have completed the requisite evaluator training -are permitted to score responses.

No individual involved in evaluating a solicitation or the associated scope of service should have a financial interest in a prospective respondent or have the appearance of a conflict of interest with regard to the solicitation or prospective respondent. Ensuring the independence of each person involved in the evaluation of responses is the solicitation coordinator's responsibility. The solicitation coordinator should follow the Central Procurement Office's *Business Conduct and Ethics Policy and Procedures*, which are incorporated in these Procedures by reference. *Appendixes A and B* to the *Business Conduct and Ethics Policy and Procedures* contains all necessary conflict of interest disclosure forms for evaluation committee members.

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5.11.4. *Evaluation Committee Meetings.*

Once the responses have been evaluated and scored by individual evaluation committee members, the full evaluation committee may meet to discuss the responses and arrive at the final scoring. In the event the Solicitation Coordinator determines that an evaluation committee meeting is necessary to correct evaluator score anomalies or to ensure the integrity of the evaluator process, attendance by the full evaluation committee, either in person or electronically, is mandatory for all members. Only Evaluation Committee members who are present in person or

electronically during oral presentations may participate in scoring responses. The full Evaluation Committee should discuss all aspects of the responses so that there is a “unified understanding” of the criteria and corresponding responses. Only an individual Evaluation Committee member may adjust his or her individual score at this point. Respondent scoring should be based on the written responses and respondents’ oral presentations. For example, ambiguous or unclear information provided in a response or during oral presentations or incapable of being clarified after attempts by the solicitation coordinator at seeking clarifications should be downgraded accordingly.

**PROCUREMENT PROCEDURES  
MANUAL (SECTIONS 5.10 AND 5.11)**

**CLEAN**

**NB.2. Procurement Procedures Manual at sections §§ 5.10. and 5.11.4.**

**REQUEST: Revise the *Procurement Procedures Manual of the Central Procurement Office* as follows:**

5.10. *Evaluation Committee.*

The number of evaluation committee members of a solicitation may vary but should consist of at least three (3) members, each of whom should have the technical expertise in terms of education, training and experience to aid the evaluation committee with respect to the technical aspects of the solicitation. If necessary, the solicitation coordinator should seek out State employees or consultants who can attend presentations and provide meaningful technical expertise to evaluation committee members. Only state employees may serve as evaluation committee members, but non-state employees with technical expertise that is helpful to the evaluation committee should be included as consulting, *ex officio* or non-voting members. Before the commencement of the evaluation process, the evaluation committee should attend evaluation training, review and familiarize themselves with the solicitation, applicable statutes, rules and regulations, Central Procurement Office Policy and this *Manual*. All Evaluation Committee members should understand the general solicitation requirements and the specific requirements of the subject solicitation. Only Evaluation committee members that have completed the requisite evaluator training are permitted to score responses.

No individual involved in evaluating a solicitation or the associated scope of service should have a financial interest in a prospective respondent or have the appearance of a conflict of interest with regard to the solicitation or prospective respondent. Ensuring the independence of each person involved in the evaluation of responses is the solicitation coordinator's responsibility. The solicitation coordinator should follow the Central Procurement Office's *Business Conduct and Ethics Policy and Procedures*, which are incorporated in these Procedures by reference. *Appendixes A and B* to the *Business Conduct and Ethics Policy and Procedures* contains all necessary conflict of interest disclosure forms for evaluation committee members.

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electronically during oral presentations may participate in scoring responses. The full Evaluation Committee should discuss all aspects of the responses so that there is a “unified understanding” of the criteria and corresponding responses. Only an individual Evaluation Committee member may adjust his or her individual score at this point. Respondent scoring should be based on the written responses and respondents’ oral presentations. For example, ambiguous or unclear information provided in a response or during oral presentations or incapable of being clarified after attempts by the solicitation coordinator at seeking clarifications should be downgraded accordingly.

# **LICENSE TERM**

**NEW**



**REQUEST: Add the following as a new optional term to the FA, GR, GG, NC, and RV contract templates.**

**License.**

If the contract will involve the State granting a license, e.g., use of the State of TN registered trademark, add the following Section as appropriate:

- E.#.** License. State hereby grants to **Contractor/Grantee** the non-exclusive, non-transferable license, privilege and authority to use the Property in connection with the project as approved, set out in this Contract **at Section A/Attachment Reference** all other rights being reserved to State for the Term of this contract as provided below.
- a. Property. The “Property” licensed **[Insert word portion of mark, if any]** mark:  
**[Insert picture of mark]**
  - i. Exclusivity. None.
  - ii. Territory. Worldwide.
  - b. Term. **Contractor/Grantee** shall begin to use the Property as set out in **Contract Section A/Attachment Reference** and shall cease upon termination of the Contract unless otherwise agreed to herein.
  - c. Use Limitations and Collateral Materials. The Property may be used on signs, promotional materials, marketing materials, Contractor/Grantee’s visitor website, and/or as otherwise set out in **Contract [insert Contract #], Section A/Attachment Reference**. The License also includes the right to create and use promotional, advertising and packing material in connection with marketing of the services. In advertising and promoting with use of the Property, **Contractor/Grantee** shall seek prior approval as set out in this Section. The **Contractor/Grantee** does not have any rights to use the Property on any consumer products or merchandise rights.
  - d. Use of Signage and Other Materials. Upon expiration of this License, Grantee shall cease use of the Property on current materials. If this License is terminated earlier than contemplated by this Contract, **Contractor/Grantee** and State shall negotiate in good faith the wind up of the License.
  - e. Sub-licensing. Sub-licensing is not allowed.
  - f. Approvals. All use of the Property shall require State’s prior written approval. Failure to obtain approvals at all stages shall be cause for termination of Contractor’s/Grantee’s use of the Property, only, and not the remainder of the Contract unless failure to use the Property results in a material breach.
  - g. Intellectual Property Notices. The Property shall always be displayed with the “®” symbol and the following notice shall appear, where space permits, on all marketing or collateral materials bearing the Property:  
**[Insert word portion of Mark, if any]** is a registered trademark and is used under license to the **Contractor/Grantee**.
  - h. Exclusive Property of State. The Property is and shall remain the exclusive property of State and all rights arising from the use of the Property, shall inure to State. **Contractor/Grantee** acknowledges that it does not now have and in the future will not

assert any right, title or interest of any kind or nature whatsoever in or to the Property nor will it change or contest any of State's rights therein.

- i. Royalty Rate. This License shall be royalty free.

# **FEDERAL PROCUREMENT TERMS**

**NEW**

**REQUEST: Add the following to the FA Template, Configurator, and GG and GR (substituting Contractor for Grantee and Grant Contract for Contract where applicable):**

**Procurement of Recovered Materials**

Add the following as appropriate.

<p><b>E.#.</b> <u>Procurement of Recovered Materials.</u></p> <ul style="list-style-type: none"><li>a. In the Performance of this contract, the Contractor shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired competitively within a timeframe providing for compliance with the contract performance schedule; meeting contract performance requirements; or at a reasonable price.</li><li>b. Information about this requirement, along with the list of EPA-designated items, is available at EPA's Comprehensive Procurement Guidelines website, <a href="https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program">https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program</a>.</li><li>c. The Contractor also agrees to comply with all other applicable requirements of Section 6002 of the Solid Waste Disposal Act.</li></ul>
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**Access to Records**

Add the following as appropriate.

<p><b>E.#.</b> <u>Access to Records.</u></p> <ul style="list-style-type: none"><li>a. The Contractor agrees to provide the State, the [insert name of recipient], the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Contractor which are directly pertinent to this contract for purposes of making audits, examinations, excerpts, and transcriptions.</li><li>b. The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.</li><li>c. The Contractor agrees to provide the FEMA Administrator or his authorized representatives access to construction or other work sites pertaining to the work being completed under the contract.</li><li>d. In Compliance with the Disaster Recovery Act of 2018, the State and the Contractor acknowledge and agree that no language in this contract is intended to prohibit the audits or internal reviews by the FEMA Administrator or the Comptroller General of the United States.</li></ul>
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**Use of DHS Logo**

Add the following Section as appropriate.

<p><b>E.#.</b> <u>Use of DHS Logo.</u> The contractor shall not use the DHS seal(s), logos, crests, or reproductions of flags or likenesses of DHS agency officials without specific FEMA pre-approval.</p>
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**Compliance with Federal Law, Regulations, and Executive Orders**

Add the following Section as appropriate.

**E.#.** Compliance with Federal Law, Regulations, and Executive Orders. This is an acknowledgement that FEMA financial assistance will be used to fund all or a portion of the contract. The contractor will comply with all applicable Federal law, regulations, executive orders, FEMA policies, procedures, and directives.

**No Obligation by Federal Government**

Add the following Section as appropriate.

**E.#.** No Obligation by Federal Government. The Federal Government is not a party to this contract and is not subject to any obligations or liabilities to the non-Federal entity, contractor, or any other party pertaining to any matter resulting from the Contract.

**Compliance with The False Claims Act**

Add the following as appropriate.

**E.#.** Compliance with The False Claims Act. The Contractor acknowledges that 31 U.S.C. Chap. 38 (Administrative Remedies for False Claims and Statements) applies to the Contractor's actions pertaining to this contract.

**Equal Employment Opportunity**

Add the following as appropriate.

**E.#.** Equal Employment Opportunity. During the performance of this contract, the contractor agrees as follows:

- a. The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
- b. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
- c. The contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including

an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.

- d. The contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- e. The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- f. The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- g. In the event of the contractor's non-compliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- h. The contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.  
The applicant further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, That if the applicant so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.

The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel,

terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such applicant; and refer the case to the Department of Justice for appropriate legal proceedings.

#### **Compliance with Contract Work Hours and Safety Standards Act**

Add the following as appropriate.

##### **E.#. Compliance with Contract Work Hours and Safety Standards Act.**

- a. Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
- b. Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (b)(1) of this section the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (b)(1) of this section, in the sum of \$27 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (b)(1) of this section.
- c. Withholding for unpaid wages and liquidated damages. The (write in the name of the Federal agency or the loan or grant recipient) shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.
- d. Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (b)(1) through (4) of this section.

## Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment

Add the following Section as appropriate.

- E.#.** Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment. If applicable and as required by 2 CFR 200.216, **Contractor/Grantee** is prohibited from obligating or expending loan or grant funds to procure or obtain; extend or renew a contract to procure or obtain; or enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as a critical technology as part of any system. As described in Public Law 115-232, Section 889, “covered telecommunications equipment” is as follows:
- a. Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
  - b. For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
  - c. Telecommunications or video surveillance services provided by such entities or using such equipment.
  - d. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.



# **WARRANTY - OPTION**

**NEW**

**Request: Add the following as a new option in the FA Template:**

**Option: Warranty Additional Options**

The standard Warranty term may be removed or revised, with approval by CPO legal.

**STATEWIDE PURCHASING CARD  
POLICY AND PROCEDURE,  
POLICY 2015-010**

**REDLINE**

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

Revised: ~~December 14, 2017~~January 21, 2021  
Prepared by: The Central Procurement Office of the State of Tennessee

**1. PROGRAM OVERVIEW:**

The State of Tennessee ~~Purchasing~~Payment 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 ~~and all~~. All rules, policies, and procedures of the Central Procurement Office applicable to the procurement of goods and services must be followed unless exempt.

**2. ~~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 the entity issuing the State’s P-Card or any of its subsidiaries as the context may require.

~~“Billing Cycle” means the one-month period between statements issued by the Bank. The State’s Billing Cycle begins with the sixteenth (16th) day of the month through the fifteenth (15th) of the following month. Bank statements are issued in accordance with this cycle.~~

“Cardholder” means the State Agency employee who is issued a physical P-Card to initiate payments on behalf of the State ~~and is responsible for ensuring that such transactions are appropriate and adequately supported pursuant to this Policy. The Cardholder is also responsible for ensuring that all transactions made during a Billing Cycle are verified by established deadlines.~~

“Cardholder Agreement ~~and Application~~” means the document ~~signed~~approved by all requisite parties and completed by the Cardholder to verify that he or she completed P-Card training, received a copy of and understands this Policy.

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~~“Cardholder Application Proxy” 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 employee assigned to a Cardholder who may upload attachments or verify the Cardholder’s P-Card transactions when the Cardholder is unable to do so. The assigned Cardholder Proxy shall never use or possess the P-Card of the Cardholder or Cardholders to which he or she is assigned.~~

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“Cardholder Supervisor” means the State Agency employee with supervisory authority over the Cardholder. This person may also serve as the “State Agency Approver.”

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“Central Fiscal Office P-Card” means the P-Card assigned to a Cardholder with a Single Transaction Limit of up to fifty thousand dollars (\$50,000).

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

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

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~~“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 supplier provides.

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“Online Banking Program” means the Bank’s 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.

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~~“Payment”~~ ~~“P-Card Account”~~ means the unique account number assigned to a Cardholder as determined by the Bank.

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~~“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 Payment Card”~~ or “P-Card” shall also include “Virtual ~~Purchasing Payment~~ Cards” or “Virtual P-Cards” as the context requires.

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

“Profile” means the unique profile associated with a Cardholder in the Bank’s system that contains monetary or MCC limits on the Cardholder’s ability to make purchases on behalf of the State.

~~“Purchasing Card Profile”~~ means the unique profile associated with a Cardholder that contains monetary or MCC limits on the Cardholder’s ability to “P-Card Program” means the program established by the State and managed by the Central Procurement Office through which Cardholders and Virtual P-Card Users make purchases on behalf of the State ~~of Tennessee.~~

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~~“Single Transaction Limit”~~ or “STL” means the maximum dollar limit, per purchase transaction, that can be assigned to the physical P-Card. The STL is assigned per Cardholder at the discretion of the ~~Fiscal Director.~~ This Policy establishes the STL for the designated State Agency Central Fiscal Office P-Card as up to fifty thousand dollars (\$50,000) and for all other physical P-Cards as up to ten thousand dollars (\$10,000) without Statewide P-Card Program Administrator approval. ~~State Agency Fiscal Director.~~

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

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“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.

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~~“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.

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

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

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

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~~“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.~~

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

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~~“Statewide P-Card Program AdministratorDirector” means the employee within the Central Procurement Office who is responsible for managing and overseeing the P-Card Program.~~

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“Supplier” 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.

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

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“Virtual ~~PurchasingPayment~~ Card” or “Virtual P-Card” means the unique credit card account number, ~~embedded within Edison, which is~~ assigned to a State Agency ~~or an individual~~ for payment ~~of to select~~ suppliers authorized to accept ~~P-Card as the form of payment for approved Edison purchase orders~~ Virtual P-Card payments.

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“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.

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### 3. ~~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 account’s access cancelled 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~~ Director.

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#### ~~3.1.~~

##### ~~3.2.3.1.3.1.~~ **P-Card Accounts.**

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

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##### ~~3.3.3.2.3.2.~~ **Virtual P-Cards.**

Virtual P-Cards are cardless accounts that allow State Agencies to pay ~~for~~ approved, Edison purchase order transactions initiated by select suppliers authorized to accept Virtual P-Card ~~Users~~ payments. The account number ~~is may be~~ “embedded” in the ~~Edison P-Card module and is securely transmitted to the Supplier upon Edison based approval of a User’s purchase order transactions~~ supplier’s system. A Virtual P-Card may be used for payments to any Supplier that is registered in the State’s supplier registration system whose payment method has been activated to “P-Card” in Edison. Virtual P-Cards are ~~encouraged~~ valuable because 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~~ Director for more information on Virtual P-Cards.

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~~The ten thousand dollar (\$10,000) STL that applies to all physical P-Cards does not apply to Virtual P-Cards or Central Fiscal Office P-Cards; the maximum STL for a Central Fiscal Office P-Card is fifty thousand dollars (\$50,000) and 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 or department is limited to one (1) Virtual P Card Account.~~

#### **~~4. 4. OVERVIEW OF P-CARD PROGRAM ROLES AND RESPONSIBILITIES.~~**

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~~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 or 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 monthly Bank statement ;~~
- ~~• The Bank statement and receipts will be sent to the State Agency Reconciler for final reconciliation;~~
- ~~• The State Agency Reconciler will reconcile all Transactions in accordance with this Policy or their State Agency’s internal P Card Procedures, as applicable; and~~

- ~~• The State Agency Reconciler prepares all documentation for retention.~~

~~5.2. Statewide P-Card Program Administrator.~~

~~4.1. The Statewide P-Card Program Administrator~~**Statewide P-Card Program Director.**

~~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~~**Director'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 Procedures, as applicable;~~
- ~~Reviewing and approving, in conjunction with the Comptroller of the Treasury, each State Agency's internal P-Card Procedures, as applicable;~~
- Developing written internal procedures for ~~requesting exceptions to either state or internal policy requirements~~**P-Card Rule Exception Requests;**
- Ensuring that State Agency Transactions are reviewed ~~at least annually as needed;~~
- Developing State Agency specific training for all Cardholders, State Agency Approvers, State Agency Reconcilers, and State Agency Supervisors;
- Developing ~~appropriate~~**training and** refresher training to be delivered ~~at least annually as needed;~~ and
- Notifying State Agency P-Card Program Coordinators of changes in state rules, policies or procedures.

~~4.2. 5.3. State Agency Fiscal Director~~

~~The State Agency Fiscal Director is responsible for understanding this Policy, the State Agency's internal P-Card Procedures, as applicable, and ensuring that sound accounting practices and internal policies are in place and enforced.~~

~~4.3. 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 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~~**Administration Team** written notice within five (5) business days 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:

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

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- ~~• Completing training through the Statewide P-Card Program Administration Team;~~
- ~~• Signing the State Agency P-Card Program Coordinator designation form training in Edison;~~
- ~~• Collaborating with the Agency's State Agency Fiscal Director to develop and maintain the State Agency's internal P-Card Procedures to address policy areas unique to the State Agency or that are not covered by this Policy, as applicable;~~
- ~~• 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 support timely payment verification and for allocation of Transactions transactions to the chart of accounts at least monthly; and~~
- ~~• Ensuring that Transactions transactions are reconciled and supported by adequate documentation, including use of Edison or the Online Banking Program, as appropriate; and~~

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~~5.4. Ensuring that Cardholder Supervisors.~~

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~~The Profiles permit MCC groups that a Cardholder Supervisor responsible for supervising Cardholders must have a thorough knowledge of the Cardholders' needs to meet his or her 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 or rejecting all Transactions within the scheduled timeframe;~~
- ~~• Ensuring that all documentation is submitted according to this Policy and the State Agency's internal P-Card Procedures, as applicable;~~
- ~~• Maintaining knowledge of this Policy and State Agency's internal P-Card Procedures, as applicable; and~~
- ~~• Requesting reasonable spending limits in accordance with this Policy and State Agency's internal P-Card Procedures, as applicable.~~

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~~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.~~

~~4.4. 5.6. State Agency Approver.~~

~~The State Agency Approver is the State Agency employee who, within the Edison module, 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 (available online at <https://www.tn.gov/finance/looking-for/policies.html>). 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~~Completing the Cardholder training in Edison;
- ~~• Reviewing~~ Cardholder transactions to ensure that purchases made were:
  - o For the use and benefit of the State of Tennessee;
  - o Necessary for the official duties of the agency;
  - o Made in accordance with CPO policies and procedures;
  - o For goods or services actually received; ~~and,~~
  - o Transaction receipts are attached to the transaction in Edison.

~~—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.~~

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- ~~Immediately~~ Review, certify, and forward Cardholder transaction log pages, receipts or cycle statements in accordance with this Policy.

~~4.1.~~ ~~5.7.~~ **informing Cardholders.**

- ~~An important participant in the State Agency P-Card Program is the Cardholder. The Cardholder is Coordinator of any misuse, abuse or fraudulent use of a key element in making P-Card.~~
- ~~Notifying the State Agency P-Card Program successful Coordinator of Cardholder transfers or terminations. (Advanced notice is required if the State Agency Approver is aware of impending personnel actions.)~~

~~4.5.~~ ~~5.7.1.~~ **Cardholder Responsibilities Supervisors.**

~~The Cardholder Supervisor 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 may include:~~

- ~~Completing the Agency Coordinator training in Edison;~~
- ~~Reviewing all documentation and ensuring it is submitted according to this Policy and the State Agency's internal P-Card Procedures, as applicable;~~
- ~~Approving or rejecting all Transactions as to the appropriateness of the transaction;~~
- ~~Ensuring that all documentation is submitted according to this Policy and the State Agency's internal P-Card Procedures, as applicable;~~
- ~~Maintaining knowledge of this Policy and State Agency's internal P-Card Procedures, as applicable; and~~
- ~~Requesting reasonable spending limits in accordance with this Policy and State Agency's internal P-Card Procedures, as applicable.~~

**4.6. State Agency Reconciler.**

~~The State Agency Reconciler is the State Agency employee responsible for functions associated with post-purchase processing of P-Card Transactions including account allocation and providing a business purpose when required. The State Agency Reconciler may be the individual charged with preparing all documentation for retention. The State Agency Reconciler must complete the Cardholder training in Edison.~~

**4.7. Cardholders.**

~~The State is responsible for payment to the Bank. 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:~~

- Being a full-time State employee;
- Reading and becoming familiar with this Policy;

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- ~~Attending and passing/Completing the~~ Cardholder / ~~Approver~~ training course in Edison;
- ~~Signing Cardholder / Approver agreement;~~
- Being responsible for all purchases made on the P-Card; ~~and~~
- Being responsible for verifying transactions in Edison (confirming or disputing) and attaching appropriate supporting documentation on at least a weekly basis (per Section 9.3); and
- Adhering to this Policy and other applicable rules, policies, and procedures.

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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.

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 and Application as a condition for being issued a P-Card. The Cardholder Agreement and Application is evidence that the Cardholder has received training and a copy of this Policy and the State Agency’s internal P-Card Procedures, as applicable.

**4.8. Assigned Cardholder Proxies.**

A State Agency may have assigned Cardholder Proxies. Proxies have the following duties and responsibilities:

- Reading and becoming familiar with this Policy;
- Completing the Cardholder training in Edison;
- Adhering to this Policy and other applicable rules, policies, and procedures.

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**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.~~

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~~5.8. The assigned Cardholder Proxy (“Proxy”) role is limited in scope and pertains only to assisting the Cardholder with his or her normal tasks of verifying P-Card transactions within the Edison system. The Proxy role is not a role that acts in the capacity of making purchases with the Cardholder’s P-card or otherwise using the Cardholder’s P-Card to complete a transaction. Such functions would violate this Policy. The Proxy shall not have access to the Cardholder’s P-Card nor the Cardholder’s account number.~~

~~When a Cardholder is unable to verify his or her P-Card transactions in Edison, the assigned Cardholder Proxy shall be responsible for the Cardholder duties pertaining to verification.~~

#### **4.9. Virtual P-Card Users.**

~~A Virtual P-Card Users are critical to the P-Card Program’s success. A User has authority to make purchases in accordance with this Policy, utilizing his or her Agency’s local purchase authority and to make purchases from a Statewide Contract or,~~

#### **4.10. Segregation of Duties**

~~In order to maintain appropriate segregation of duties, certain P-Card Program roles should not be combined. Neither the State Agency Term Contract for official Fiscal Director nor the State Agency P-Card Program Coordinator shall be Cardholders. Neither the Cardholder Supervisor, the State business Agency Approver, nor the State Agency employees with an e-procurement Reconciler shall serve in the capacity as Supervisor, Approver or buyer role in Edison are eligible to be Users. Users must complete training on reconciliation procedures before initiating any Transactions with a Virtual Reconciler for his or her own transactions but may serve as such for other Cardholders. Any exceptions require an approved P-Card— Rule Exception Request.~~

#### **4.11. 6. Allowable P-Card Program Role Combinations**

~~One individual may function as both the Cardholder Supervisor and Cardholder Approver for a particular Cardholder. That individual will be responsible for all of the duties outlined for each of these roles in Sections 4.4 and 4.5.~~

### **5. P-CARD SECURITY.**

The security of each P-Card is the Cardholder’s responsibility. Every precaution should be used to protect the account number ~~from unauthorized access.~~ 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 Supplier from whom the Cardholder is making a purchase.

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~~5.1.~~ ~~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 the Bank’s customer service. Upon such notification, outstanding authorizations will be confirmed and the Bank will cancel the P-Card (further use of the P-Card will be blocked by the Bank). Neither the State nor the Cardholder will be responsible for fraudulent charges made to a promptly reported lost or stolen card.

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At the time of the notification, the Bank may 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

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The Cardholder must notify his or her State Agency P-Card Program Coordinator of the P-Card’s loss or theft **within 48 hours of reporting it to the bank** and make arrangements to receive a new P-Card. The Cardholder must complete and return an affidavit from the Bank to initiate an investigation, and send a copy of the Bank affidavit to the State Agency P-Card Program Coordinator. The Bank will then issue a new card with a new account number which will be delivered to the State Agency P-Card Program Coordinator. Separation from Employment.

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~~The State Agency P-Card Program Coordinator must report any theft, forgery, or credit card fraud to the office of the Comptroller of the Treasury in accordance with Tenn. Code Ann. § 8-4-119 and to the Statewide P-Card Program Administration Team. To comply with this requirement, the State Agency P-Card Program Coordinator shall send the completed Bank affidavit or an email to Robert.N.Allen@cot.tn.gov and P-Card@tn.gov with the following information: Cardholder’s name; last six (6) digits of the Cardholder’s account number; and information about the transactions in question (such as the merchants’ names, transaction date, and dollar amounts).~~

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~~6.2. Separation from Employment.~~

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~~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.~~

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### **5.2. 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.

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### **5.3. ~~6.3.~~ Purchasing Rules.**

~~The P-Card is only a vehicle for making purchases payments. 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.~~

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### **5.4. ~~6.4.~~ Tax Exemption.**

Tenn. Code Ann. ~~Purchases made~~ § 67-6-329(a) provides that all sales of services and tangible personal property made in Tennessee and for the use and benefit of the State of Tennessee are exempt from Tennessee sales and use tax. Cardholders should obtain an exemption certificate and present it to each supplierSupplier. This form is available on the Department of Revenue web site at <http://www.tn.gov/revenue/forms/sales/index.shtml> <https://www.tn.gov/content/tn/revenue/taxes/sales-and-use-tax/forms.html> or as may be amended in the "Sales and Use Tax Forms - Exemptions" section. Purchases made in other states may be subject to that state's sales tax.

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The Cardholder must be diligent when dealing with the supplierSupplier regarding taxes. Cardholders are responsible for ensuring that Suppliers do not charge tax or provide a credit for inadvertent charges. If the supplierSupplier 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 must still pursue steps to have the sales tax, he or she shall seek a credit refund of any sales taxes to the P-Card account charge removed.~~

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6.5. In the event a Cardholder is inappropriately charged for sales tax:

- The Cardholder must contact the Supplier to obtain a credit refund of any sales taxes to the P-Card Account.
- 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.

If a Supplier is unable to process a credit against the card, the Cardholder may accept a cash or check refund and contact their State Agency P-Card Program Coordinator for guidance on depositing the funds. However, under no circumstances may the Cardholder accept a credit through other means, including gift cards or store credit.

**5.5. Credits.**

Cardholders should avoid Suppliers with restrictive merchandise return policies. ~~— 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. If a supplier is unable to process a credit against the card, the Cardholder may accept a cash or check refund and contact their State Agency P-Card Program Coordinator for guidance and comply with the Department of Finance and Administration Policy 25, Deposit Practices. However, under no circumstances may the Cardholder accept a credit through other means, including gift cards or store credit.~~ The Cardholder or State Agency Approver is responsible for reviewing the Online Banking Program to ensure that credits are received and, if not, file the appropriate paperwork for disputed items. ~~Cardholders should avoid Suppliers with restrictive merchandise return policies.~~

**5.6. — 6.6. — Disputing Transactions.**

~~— If there is a problem with a Transaction, the Cardholder must first attempt to reach a resolution directly with the Supplier. If the dispute involves a Transaction that the cardholder believes to be fraudulent, the Cardholder should immediately notify the Bank and his or her State Agency P-Card Program Coordinator.~~ In most cases, disputes can be resolved between the Cardholder and the Supplier. The Supplier will usually issue a credit. See Section 5.5 regarding acceptable forms of 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 Supplier are unsuccessful or if a credit does not appear in the Online Banking Program or the Bank Statement, the Cardholder should file the appropriate dispute paperwork with the Bank and contact his or her State Agency P-Card Program Coordinator. The State Agency P-Card Program Coordinator will communicate with the Statewide P-Card Program Administration Team as necessary.~~

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**5.7. Forgery, Theft, or Fraudulent Transactions.**

Upon notification of any theft, forgery or credit card fraud, the State Agency P-Card Program Coordinator should report the incident to the office of the Comptroller of the Treasury in accordance with Tenn. Code Ann. § 8-4-119 and to the Statewide P-Card Program Administration Team.

~~If a Bank Statement contains a Transaction that needs to be disputed, the Cardholder should contact the Bank’s Customer Service 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.~~

~~**6.7.** To comply with this requirement, the State Agency P-Card Program Coordinator shall send the completed Bank affidavit or an email to TN.Investigations@cot.tn.gov and P.Card@tn.gov with the following information: Cardholder’s name; last six (6) digits of the Cardholder’s account number; and information about the transactions in question (such as the merchants’ names, transaction date, and dollar amounts).~~

**5.8. Declined Purchase Transactions.**

On occasion, a Cardholder’s purchase transaction may be declined. Cardholders should contact the Bank’s Customer Service to determine the reason for the decline before contacting their State Agency P-Card Program Coordinator for assistance. Declined transactions are reported to the P-Card Administration Team and subject to review.

Common reasons for ~~declines~~declined purchases include:

- MCC is restricted from the PurchasingPayment Card;
- The Cardholders has exceeded the STL, daily limit or monthly limitCycle Limit; or
- InvalidCard expiration.

**6. 7. CARD ISSUANCE AND CANCELLATION.**

**6.1. P-Card Issuance.**

The State Agency P-Card Program Coordinator is responsible for issuing all P-Cards within his or her Agency. Payment Cards are issued by the P-Card Program Coordinator following the receipt of documentation supporting:

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

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~~6.2.~~ **P-Card Cancellation.**

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~~Team should be notified of the need for any P-Card cancellations, for the following reasons:

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~~1.1.~~ ~~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.~~

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~~1.1.~~ ~~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; or~~
- ~~• Cardholder reports the loss or theft of the P-Card.~~

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The State Agency P-Card Program Coordinator may also suspend or cancel a P-Card as appropriate, such as for the following reasons:

- ~~• Cardholder misuses the P-Card; or~~
- ~~• UntimelyCardholder is untimely with confirming or disputing transactions; or~~

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- ~~• Cardholder lost 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.~~

If a P-Card is cancelled, it shall be destroyed. ~~The~~If a Cardholder learns of the cancellation of his or her P-Card by the Bank, the Cardholder shall notify the Statewide P-Card Program ~~Administrator~~Administration Team and Agency P-Card Program ~~Coordinator~~shall be notified of all P-Card cancellations.

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~~7.~~ **8. P-CARD PROGRAM TRAINING.**

~~All program participants must complete appropriate 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~~

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~~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 this Policy and the State Agency's internal P-Card Procedures, as applicable. The Statewide P-Card Program Administrator will coordinate Cardholder training with State Agency P-Card Program Coordinators. The following training is available in Edison and encouraged for all P-Card Program participants:~~

<u>Training:</u>	<u>Required by:</u>	<u>Recommended for:</u>
<u>Cardholder Training</u>	<u>Cardholders/Virtual P-Card User</u>	<u>All P-Card Program Participants</u>
-	<u>Cardholder Approvers</u>	-
-	<u>Cardholder Proxies</u>	-
-	<u>Cardholder Supervisors</u>	-
	<u>State Agency Reconcilers</u>	
<u>Agency Coordinator Training</u>	<u>State Agency P-Card Program Coordinators</u>	<u>State Agency Fiscal Directors</u>
-	<u>Cardholder Supervisor</u>	-

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**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.

**8.1. ~~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 the P-Card established by the Bank. The State Agency Fiscal Director is responsible for developing and reviewing this Policy, the State Agency's internal P-Card Procedures, as applicable, and ensuring that sound accounting practices and internal policies are in place and enforced. All State Agencies should ensure that the following principles are carried out in their programs All State Agencies should ensure:~~

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- ~~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);~~
- ~~Maintain~~ Appropriate segregation of duties as outlined in Section 4.10 above;
- Maintenance of approved, signed documentation for all Cardholders, State Agency Approvers and Cardholder Supervisors;
- ~~Limits~~ Appropriate limits on the number of Cardholders assigned to a Cardholder Supervisor or State Agency Approver in order to ensure adequate review of business need and documentation for each Transaction;
- Provision for ~~annual independent~~ a regular audit or review of the Agency's P-Card program by the State Agency ~~P-Card Program Coordinator, State Agency Fiscal Director, State Agency~~ Internal Audit unit, or other business unit assigned State Agency ~~audit~~ business process review responsibilities. A high-level summary of the reviews should be sent to the CPO P-Card Administration Team to assist with program improvement. Reviews must include adequacy of:
  - Internal policies and procedures, as applicable;
  - Cardholder Single Transaction Limit and Cycle (Credit) Limits;
  - Timeliness of monthly reconciliation procedures; and
  - Documentation for Transactions; ~~and~~
- Protocol for establishing designated State Agency Central Fiscal Office P-Cardholder and any alternate Central Fiscal Office P-Cardholders, including which Central Fiscal Office P-Card is primary and which alternate Central Fiscal Office P-Card is secondary and circumstances (e.g., unavailability of the primary Central Fiscal Office P-Card, etc.) under which an alternate Central Fiscal Office P-Card may be used.

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- ~~9.2.~~ Coordination of state agency employee roles with the Statewide P-Card Program Administration Team.

**8.2. State Agency P-Card Procedures.**

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Each State Agency may develop its own internal procedures to carry out the intent and purpose of this Policy and to address unique State Agency complexities or risk factors. If a State Agency chooses to develop its own internal procedures then such procedures should align with this Policy and must be submitted for review and approval by the Statewide P-Card Program Director and the Comptroller of the Treasury. If a State Agency chooses not to develop its own internal procedures then the State Agency must follow this Policy ~~and coordinate State Agency Employee roles with the Statewide P-Card Program Administration Team.~~

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~~8.3.~~ ~~9.3.~~ **Card Management and Reconciliation SystemsSystem.**

~~All Transaction reconciliationsverifications and approvals will be completed in Edison unless the Central Procurement Office approves an alternate method of reconciliation.~~

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~~8.4.~~ ~~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.~~

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- ~~The Statewide P-Card Program Administration Team manages the State-identified MCC groups that contain codes associated with suppliers that provide goods or services that are prohibited ~~for~~from purchase using the P-Card.~~
- ~~Although Transactions at unauthorizedUnauthorized 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 suppliers.~~
- ~~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.~~

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~~8.5.~~ ~~9.5.~~ **Cardholder Spending Limits and Utilization.**

~~The State Agency Fiscal Director may establish a is responsible for setting payment card maximum Single Transaction LimitLimits (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. Each State Agency Fiscal Director may also establish one (1) designated State Agency Central Fiscal Office P-Card with a STL of up to the fifty thousand dollar (\$50,000) maximum. Each State Agency Fiscal Director may also establish up to two (2) alternate designated State Agency Central Fiscal Office P-Cards with a STL of up to the fifty thousand dollar (\$50,000) maximum. If the transaction amount exceeds ten thousand dollars (\$10,000), then Cardholders and State Agency Fiscal Directors should consult the Procurement Procedures Manual of the Central Procurement Office with respect to contract and purchase order requirements and exemptions from contract and purchase order requirements. The State Agency Fiscal Director should also determine the total maximum per Cycle Limit for each Cardholder based on the individual's position and unique purchasing needs, and the State Agency's budget to ensure payment in full monthly.~~

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~~Imposing spending limits enables management to provide Cardholders with the purchasing power to perform their jobs without exposing the State to unnecessary risk. Limits (CL). Spending limits should be based on the Cardholder's job responsibilities, the position's unique purchasing needs, and the State Agency's budget. Cardholder spending limits must be reviewed at least annually to determine if actual usage is consistent with spending limits. Increases or decreases to monthly spending limits may be made by the State Agency Fiscal Director as needed for Cardholder Cycle Limits, a single transaction limit of up to ten thousand dollars (\$10,000) for a Cardholder and up to fifty thousand dollars (\$50,000) for a Central Fiscal Office P-Card. 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 periodically for appropriateness.~~

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~~9.6. An agency may establish one (1) designated State Agency Central Fiscal Office P-Card, and up to two (2) alternates. The Maximum STL for P-Card Program Roles are listed in the table below.~~

<u>Spending Limits</u>		
<u>Program Role</u>	<u>Permissible Single Transaction Amount</u>	<u>Cycle Limit</u>
<u>Agency Cardholder</u>	<u>\$1 up to \$10,000 STL</u>	<u>Set at the discretion of the State Agency Fiscal Director</u>
<u>Central Fiscal Office P-Card (limit 1 card with up to 2 alternates)</u>	<u>\$1 up to \$50,000 STL</u>	<u>Set at the discretion of the State Agency Fiscal Director</u>

**8.6. Dormant Cards.**

~~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 ensuring that this review is completed at least annually or in accordance with its own internal P-Card Procedures, as applicable.~~

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**9. 10. DOCUMENTATION AND ACCOUNTING.**

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~~9.1.~~ ~~10.1.~~ **Documentation.**

State Agencies ~~should use Edison for Transaction reconciliation and~~ should handle documentation for reconciliation in accordance with this Policy and State Agency internal P-Card Procedures, as applicable. Any State Agency seeking to use a manual or alternative method for Transaction reconciliation must obtain approval from the Central Procurement Office.

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

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- ~~• The Supplier'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.**

~~9.2.~~ **Purchase Documentation.**

• It is the Cardholder's responsibility to obtain ~~itemized receipts and any other pertinent backup~~ adequate supporting documentation ~~Other for the purchase. Such documentation may include receipts, invoices, shipping documents and bills of lading. This information will be used by the Agency to validate and reconcile charges. The supporting documentation shall include the following elements:~~

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- ~~• 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 Supplier's name, location, and contact information; but when this information is not available on the receipt (such as with online purchases) information should be included that would identify the vendor, such as the website address where purchase was made;~~
- ~~• Line item details, which may include quantity, description, unit price, and total price; but when no line item details are available on the receipt, other documentation should indicate description and quantity of items purchased;~~
- ~~• Evidence that the State was not charged for sales tax. If the supplier cannot show a separate line indicating that sales tax was not charged because of pre-set controls within its computer systems, this may be evidenced by the fact that the total of unit prices charged is equal to the total price.~~

- The amount on the ~~receipt~~ purchase documentation and the amount of the charge to the Cardholder's P-Card account must match. Any discrepancies in amounts should be resolved with the Supplier 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. Verification should be performed in Edison as often as possible in order to meet the deadlines published monthly by the P-Card Administration Team. Legible copies of supporting purchase documentation must be uploaded into Edison.

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### ~~10.3. Reconciliation.~~

- ~~Cardholders should perform reconciliation in Edison as often as possible or at a minimum 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. Dated receipts may be in an electronic format as long as they include an electronic signature and are legible. This should also occur on a weekly basis.~~

### ~~9.3. 10.4. Allocation to the Chart of Accounts.~~

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

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~~10.5. Default accounting strings should be reviewed to ensure that the expenditures are recorded to the appropriate chartfields during the verification and approval process.~~

### ~~9.4. 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>.

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### ~~9.5. 10.6. 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 Supplier's bank when the P-Card is the payment method for a reportable transaction. Because of the shift in responsibility, participants in the P-Card Program are no longer required to report total P-Card transactions in excess of six hundred dollars (\$600) with certain Suppliers. Reporting for all other payment methods, including

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~~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.~~

**9.6. P-Card Use when Purchase Orders Required.**

~~If a P-Card and not a Virtual P-Card is used for any purchase that would require a Purchase Order, State Agencies must ensure that purchase orders are created and properly relieved for any purchases that would require a purchase order.~~

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**10. 11. PROHIBITED PURCHASES AND TRANSACTIONS.**

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~~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.~~

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**10.1. 11.1. Prohibited Purchases.**

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

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- ~~• 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 or 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 and ready to be shipped or delivered 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.

<u>Prohibited Purchase Type</u>		<u>General Justification for Prohibition</u>
1	<u>Travel expenses</u>	<u>Travel expenses should comply with the Department of Finance and Administration - Policy 8, State Comprehensive Travel Regulations and are required to be processed through the Edison Expense Module for control and reporting purposes.</u>
2	<u>Rental of passenger vehicles of any kind</u>	<u>Rental of passenger vehicles are typically made in connection with employee travel expenses, which are prohibited.</u>
3	<u>Telephone billings</u>	<u>State telephone billings are typically centrally managed and controlled by the Department of Finance and Administration.</u>
4	<u>Political publications of any sort</u>	<u>Purchase of political publications are prohibited by Department of Finance and Administration - Policy 10, Organizational Dues, Subscriptions, and Sponsorships.</u>
5	<u>State Utility billings and connection fees</u>	<u>State utility billings are typically centrally managed and controlled by Department of Environment &amp; Conservation.</u>
6	<u>Payment to another State Agency</u>	<u>Payment to another State Agency is governed by and should follow Department of Finance and Administration - Policy 18, Interunit Journals.</u>
7	<u>Artifacts for historical or commemorative purposes (except for the State Museum)</u>	<u>These purchases must be processed through the Edison AP Module to ensure proper financial statement and asset management module recognition.</u>
8	<u>Employee moving expenses</u>	<u>These expenses must be processed through the Edison Expense Module to ensure IRS information reporting requirements can be met.</u>
9	<u>Purchases of any motor vehicle fuel for any vehicle or equipment leased from the DGS Vehicle Asset Management (VAM)</u>	<u>To track purchases by asset and prevent fraud, DGS-VAM has a dedicated, industry-specific fuel card for all fuel purchases.</u>
10	<u>Back orders or partial shipments</u>	<u>These types of purchases create numerous problems for reconciliation such as split invoices, reconciling across multiple cycles, and problematic tracking issues. Order fulfillment and accruing interest due the Bank are additional concerns.</u>

<u>Prohibited Purchase Type</u>		<u>General Justification for Prohibition</u>
<u>11</u>	<u>Service awards for State employees</u>	<u>These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.</u>
<u>12</u>	<u>Awards for private citizens</u>	<u>These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.</u>
<u>13</u>	<u>Honoraria expenses</u>	<u>These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.</u>
<u>14</u>	<u>Insurance policies</u>	<u>State insurance coverage is typically centrally managed and controlled by Department of Treasury, Risk Management.</u>
<u>15</u>	<u>Gift cards or gift certificates</u>	<u>These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.</u>
<u>16</u>	<u>Cash withdrawals, including ATM or debit withdrawals</u>	<u>These are prohibited for control purposes.</u>
<u>16</u>	<u>Any goods or services related to political activity as defined under “The Little Hatch Act,” Tenn. Code Ann. §§ 2-19-201 through 208</u>	<u>Purchase of political publications are prohibited by Department of Finance and Administration - Policy 10, Organizational Dues, Subscriptions, and Sponsorships.</u>
<u>17</u>	<u>Purchases Reserved for the Designated State Agency Central Fiscal Office Cardholder, unless in accordance with Section 11 of this Policy</u>	<u>Cardholders other than the person designated by the State Agency Fiscal Office Cardholder are prohibited from making certain purchases as outlined in section 11 of this Policy.</u>
<u>18</u>	<u>Purchases identified as Capital Assets by the Department of Finance &amp; Administration Capital Asset Guide</u>	<u>Purchases of goods or equipment that require tagging under the Department of Finance and Administration’s policies – Policy 33, should not utilize the P-Card as the primary payment method because these purchases require the prior approval of the Department of Finance and Administration, Division of Accounts, as the business owner of the Asset Management Module. Exceptions for emergency Asset purchases using the P-Card must be pre-approved by Asset Management.</u>

~~Code Ann. §§ 2-19-201 through 208.~~

State Agencies may request an exception from this paragraph by submitting a P-Card exception request in the form of a memorandum signed by the ~~for certain items through the use of a P-Card~~

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RER eForm in Edison initiated by the State Agency P-Card Program Coordinator and approved by the State Agency Fiscal Director to the Statewide P-Card Program Administrator at p.card@tn.gov and the Central Procurement Office.

**~~10.2.~~ ~~11.2.~~ Personal Purchases Prohibited.**

As provided in Sections 3.1, ~~5.74.3~~ and ~~11.10.1~~, 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.

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**~~10.3.~~ ~~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 suppliers 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 maximum STL for P-Card purchases using a physical P-Card is ten thousand dollars (\$10,000) ~~or fifty thousand dollars (\$50,000) for a Central Fiscal Office P-Card~~ unless a State Agency has designated a lower STL in its internal P-Card Procedures or has an approved exception from the Statewide P-Card Program ~~Administrator-Director~~.

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**~~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 supplier with an exemption certificate, as described in Section 6.4. Cardholders are responsible for ensuring that suppliers do not charge tax or provide a credit for inadvertent charges.~~

- ~~• If taxes are charged, the Cardholder must contact the supplier to obtain a credit to the account.~~
- ~~• Suppliers 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.~~

**10.4. 12. — Purchases by Someone Other than Assigned Cardholder Prohibited.**  
Purchases made using a P-Card by someone other than the Cardholder are prohibited. Cardholders should not share their card or account number with anyone in order for that person to make a payment on their behalf.

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**11. 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;
- Association entry fees; and
- Food, beverage, or catering charges for meetings.

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**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. — State Agencies may request an exception from this paragraph through the use of a P-Card Rule Exception Request eForm in Edison initiated by the State Agency P-Card Program Coordinator and approved by the State Agency Fiscal Director and the Central Procurement Office.**

The State Agency Fiscal Director may designate up to two (2) alternate Central Fiscal Office P-Cardholders who may make these purchases, as noted in Section 8.1 above. The State Agency should follow protocol established pursuant to Section 8.1 above in regard to the utilization of those alternate Central Fiscal Office P-Cardholders.

**12. ENCOURAGED USE OF P-CARDS.**

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**12.1. — 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

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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.

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## ~~12.2.~~ ~~14.2.~~ Utilization of Diversity Suppliers.

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

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## ~~13. 15.~~ SURCHARGES AND CONVENIENCE FEES.

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

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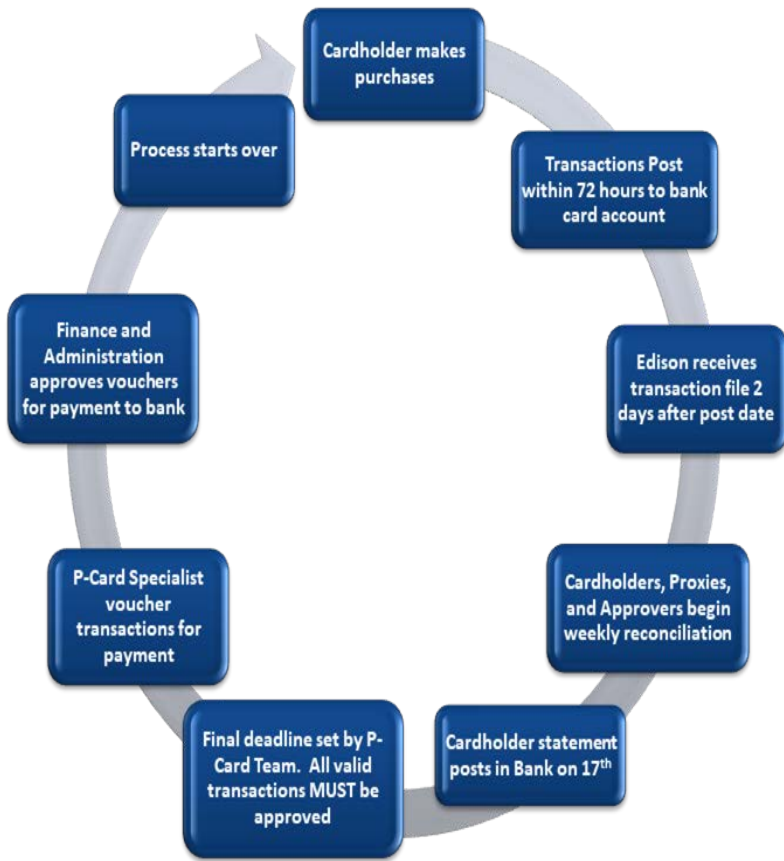
~~The maximum allowable surcharge is four percent (4%) and must be shown as a line item on the detailed invoice or receipt. Whenever a Supplier charges a surcharge, the following rules apply:~~

- ~~• The Supplier must have provided Visa and its bank at least thirty (30) days notification of their intent to impose surcharges;~~
- ~~• The fact that the Supplier 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 Supplier must inform the Cardholder or User:
  - ~~○ Of the exact percent of the surcharge;~~
  - ~~○ That the Supplier is the entity assessing the surcharge;~~
  - ~~○ That surcharges are applicable on credit transactions only; and~~
  - ~~○ That the surcharge is not greater than what the supplier pays to Visa.~~~~

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



**APPENDIX A – P-Card Processing Billing Cycle Overview**



**APPENDIX B – Typical Roles in Edison**

I. Edison Security Form. In order to assign P-Card related roles in Edison, Edison Security Form FA-1015 must be completed as required. The table below indicates the Edison Security Form roles typically assigned to State Agency P-Card program personnel:

<u>Edison Form FA-1015</u>	<u>Edison Form Role Name</u>	<u>Edison Role Description</u>	<u>Typical State Agency position assigned this Edison Role</u>
<u>AP-2003</u>	<u>TN2 AP AGENCY PCARD ADMIN</u>	<u>P-Card Agency Administrator</u>	<u>State Agency P-Card Program Coordinator</u>
<u>AP-2011</u>	<u>TN2 AP_CONFIG_PCARD_VIEW*</u>	<u>P-Card Inquiry Role</u>	<u>State Agency Reconciler*</u>
<u>AP-2020</u>	<u>TN2 AP PCARD APPROVER</u>	<u>P-Card Approver</u>	<u>State Agency Approver</u>
<u>AP-2022</u>	<u>TN2 AP PCARD HOLDER</u>	<u>P-Cardholder</u>	<u>Cardholder</u>
<u>AP-2023</u>	<u>TN2 AP PCARD PROXY</u>	<u>P-Card Proxy</u>	<u>Cardholder Proxy</u>
<u>PUWF-2103</u>	<u>TN2 WF EFORM AGENCY APPROVAL</u>	<u>Forms Agency (Exception Requests)</u>	<u>State Agency Fiscal Director</u>

II. The inquiry only role indicated with an asterisk (\*) above is typically granted to the State Agency Fiscal Director and the Cardholder Supervisor (if the Supervisor does not also serve in the role of the State Agency Approver) for review of P-Card transactions for the appropriate Cardholders. These roles are also granted to Internal Audit or State Audit for review of P-Card transactions.

III. The above roles must be given to a user in order to perform the given functions. However, for certain roles, such as the State Agency P-Card Program Coordinator, the State Agency Approver, the State Agency Reconciler, or the assigned Cardholder Proxy, an individual may have multiple Cardholders for whom they perform such function. When a new Cardholder is set up, the Agency will indicate on the New Account Enrollment Workbook (the CPO Excel form used to setup a new Cardholder), who the individual is who should serve in each of these P-Card Program roles. If that individual already has the Edison role, there is no need for an additional Edison role to be added. The new Cardholder will just be added under that individual's "tree".

**STATEWIDE PURCHASING CARD  
POLICY AND PROCEDURE,  
POLICY 2015-010**

**CLEAN**

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

Revised: **January 21, 2021**

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

## **1. PROGRAM OVERVIEW**

The State of Tennessee Payment 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. All rules, policies, and procedures of the Central Procurement Office applicable to the procurement of goods and services must be followed unless exempt.

## **2. DEFINITIONS.**

“Bank” means the entity issuing the State's P-Card or any of its subsidiaries as the context may require.

“Billing Cycle” means the one-month period between statements issued by the Bank. The State's Billing Cycle begins with the sixteenth (16th) day of the month through the fifteenth (15th) of the following month. Bank statements are issued in accordance with this cycle.

“Cardholder” means the State Agency employee who is issued a physical P-Card to initiate payments on behalf of the State and is responsible for ensuring that such transactions are appropriate and adequately supported pursuant to this Policy. The Cardholder is also responsible for ensuring that all transactions made during a Billing Cycle are verified by established deadlines.

“Cardholder Agreement and Application” means the document approved by all requisite parties and completed by the Cardholder to verify that he or she completed P-Card training, received a copy of and understands this Policy.

“Cardholder Proxy” means the State Agency employee assigned to a Cardholder who may upload attachments or verify the Cardholder's P-Card transactions when the Cardholder is unable to do so. The assigned Cardholder Proxy shall never use or possess the P-Card of the Cardholder or Cardholders to which he or she is assigned.

“Cardholder Supervisor” means the State Agency employee with supervisory authority over the Cardholder. This person may also serve as the “State Agency Approver.”

“Central Fiscal Office P-Card” means the P-Card assigned to a Cardholder with a Single Transaction Limit of up to fifty thousand dollars (\$50,000).

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

“Cycle 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 supplier provides.

“Online Banking Program” means the Bank’s 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.

“Payment 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 “Payment Card” or “P-Card” shall also include “Virtual Payment Cards” or “Virtual P-Cards” as the context requires.

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

“Profile” means the unique profile associated with a Cardholder in the Bank’s system that contains monetary or MCC limits on the Cardholder’s ability to make purchases on behalf of the State.

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

“Single Transaction Limit” or “STL” means the maximum dollar limit, per purchase transaction, that can be assigned to the physical P-Card. The STL is assigned per Cardholder at the discretion of the State Agency Fiscal Director.

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

“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 Reconciler” means the State Agency employee responsible for the functions associated with post-purchase processing P-Card Transactions which may include 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 Director” means the employee within the Central Procurement Office who is responsible for managing and overseeing the P-Card Program.

“Supplier” 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.

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

“Virtual Payment Card” or “Virtual P-Card” means the unique credit card account number, assigned to a State Agency or an individual for payment to select suppliers authorized to accept Virtual P-Card payments.

“Virtual P-Card User” or “User” means the State Agency employee 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 account’s access cancelled 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 Director.

#### **3.1. P-Card Accounts**

P-Card accounts are those that involve the issuance of a physical P-Card 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 select suppliers authorized to accept Virtual P-Card payments. The account number may be “embedded” in the supplier’s system. A Virtual P-Card may be used for payments to any Supplier that

is registered in the State's supplier registration system whose payment method has been activated to "P-Card" in Edison. Virtual P-Cards are valuable because 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 Director for more information on Virtual P-Cards.

#### **4. P-CARD PROGRAM ROLES AND RESPONSIBILITIES.**

##### **4.1. Statewide P-Card Program Director.**

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

- Establishing written internal procedures to ensure compliance with state procurement statutes, rules, policies and procedures, including this Policy;
- Reviewing and approving, in conjunction with the Comptroller of the Treasury, each State Agency's internal P-Card Procedures, as applicable;
- Developing written internal procedures for P-Card Rule Exception Requests;
- Ensuring that State Agency Transactions are reviewed as needed;
- Developing State Agency specific training for all Cardholders, State Agency Approvers, State Agency Reconcilers, and State Agency Supervisors;
- Developing training and refresher training to be delivered as needed; and
- Notifying State Agency P-Card Program Coordinators of changes in state rules, policies or procedures.

##### **4.2. State Agency Fiscal Director**

The State Agency Fiscal Director is responsible for understanding this Policy, the State Agency's internal P-Card Procedures, as applicable, and ensuring that sound accounting practices and internal policies are in place and enforced.

##### **4.3. 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 Administration Team written notice within five (5) business days 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:

- Completing the Agency Coordinator training in Edison;
- Collaborating with the State Agency Fiscal Director to develop and maintain the State Agency's internal P-Card Procedures to address policy areas unique to the State Agency or that are not covered by this Policy, as applicable;

- 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 support timely verification and allocation of transactions to the chart of accounts at least monthly;
- Ensuring that transactions are reconciled and supported by adequate documentation; and
- Ensuring that Cardholder Profiles permit MCC groups that a Cardholder needs to meet his or her job requirements.

#### **4.4. State Agency Approver.**

The State Agency Approver is the State Agency employee who, within the Edison module, approves purchases made by the Cardholder to which he or she is assigned. By approving each P-Card transaction, the Approver exercises critical control by ensuring authorized and appropriate P-Card use and correct allocation of expenses. State Agency Approvers should also review receipts where appropriate to ensure compliance with this Policy. 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:

- Completing the Cardholder training in Edison;
- Reviewing 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; and,
  - Transaction receipts are attached to the transaction in Edison.

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. 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).

- Immediately informing the State Agency P-Card Program Coordinator of any misuse, abuse or fraudulent use of a P-Card.



- Notifying 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.)

#### **4.5. Cardholder Supervisors.**

The Cardholder Supervisor 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 may include:

- Completing the Agency Coordinator training in Edison;
- Reviewing all documentation and ensuring it is submitted according to this Policy and the State Agency's internal P-Card Procedures, as applicable;
- Approving or rejecting all Transactions as to the appropriateness of the transaction;
- Ensuring that all documentation is submitted according to this Policy and the State Agency's internal P-Card Procedures, as applicable;
- Maintaining knowledge of this Policy and State Agency's internal P-Card Procedures, as applicable; and
- Requesting reasonable spending limits in accordance with this Policy and State Agency's internal P-Card Procedures, as applicable.

#### **4.6. State Agency Reconciler.**

The State Agency Reconciler is the State Agency employee responsible for functions associated with post-purchase processing of P-Card Transactions including account allocation and providing a business purpose when required. The State Agency Reconciler may be the individual charged with preparing all documentation for retention. The State Agency Reconciler must complete the Cardholder training in Edison.

#### **4.7. Cardholders.**

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

- Being a full-time State employee;
- Reading and becoming familiar with this Policy;
- Completing the Cardholder training in Edison;
- Being responsible for all purchases made on the P-Card;
- Being responsible for verifying transactions in Edison (confirming or disputing) and attaching appropriate supporting documentation on at least a weekly basis (per Section 9.3); and
- Adhering to this Policy and other applicable rules, policies, and procedures.

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.

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 and Application as a condition for being issued a P-Card. The Cardholder Agreement and Application is evidence that the Cardholder has received training and a copy of this Policy and the State Agency’s internal P-Card Procedures, as applicable.

#### **4.8. Assigned Cardholder Proxies.**

A State Agency may have assigned Cardholder Proxies. Proxies have the following duties and responsibilities:

- Reading and becoming familiar with this Policy;
- Completing the Cardholder training in Edison;
- Adhering to this Policy and other applicable rules, policies, and procedures.

The assigned Cardholder Proxy (“Proxy”) role is limited in scope and pertains only to assisting the Cardholder with his or her normal tasks of verifying P-Card transactions within the Edison system. The Proxy role is not a role that acts in the capacity of making purchases with the Cardholder’s P-card or otherwise using the Cardholder’s P-Card to complete a transaction. Such functions would violate this Policy. The Proxy shall not have access to the Cardholder’s P-Card nor the Cardholder’s account number.

When a Cardholder is unable to verify his or her P-Card transactions in Edison, the assigned Cardholder Proxy shall be responsible for the Cardholder duties pertaining to verification.

#### **4.9. Virtual P-Card Users.**

A Virtual P-Card User has authority to make purchases in accordance with this Policy, utilizing his or her Agency’s local purchase authority.

#### **4.10. Segregation of Duties**

In order to maintain appropriate segregation of duties, certain P-Card Program roles should not be combined. Neither the State Agency Fiscal Director nor the State Agency P-Card Program Coordinator shall be Cardholders. Neither the Cardholder Supervisor, the State Agency Approver, nor the State Agency Reconciler shall serve in the capacity as Supervisor, Approver or Reconciler for his or her own transactions but may serve as such for other Cardholders. Any exceptions require an approved P-Card Rule Exception Request.

#### **4.11. Allowable P-Card Program Role Combinations**

One individual may function as both the Cardholder Supervisor and Cardholder Approver for a particular Cardholder. That individual will be responsible for all of the duties outlined for each of these roles in Sections 4.4 and 4.5.

## **5. P-CARD SECURITY.**

The security of each P-Card is the Cardholder's responsibility. Every precaution should be used to protect the account number from unauthorized access. 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 Supplier from whom the Cardholder is making a purchase.

### **5.1. Lost or Stolen Cards.**

If a P-Card is lost, stolen, or the card information has been compromised, the Cardholder must immediately contact the Bank's customer service. Upon such notification, outstanding authorizations will be confirmed and the Bank will cancel the P-Card (further use of the P-Card will be blocked by the Bank). 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, the Bank may 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 within 48 hours of reporting it to the bank and make arrangements to receive a new P-Card. The Cardholder must complete and return an affidavit from the Bank to initiate an investigation, and send a copy of the Bank affidavit to the State Agency P-Card Program Coordinator. The Bank will then issue a new card with a new account number which will be delivered to the State Agency P-Card Program Coordinator.

### **5.2. 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.

### **5.3. Purchasing Rules.**

The P-Card is only a vehicle for making payments. 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.

### **5.4. Tax Exemption.**

Tenn. Code Ann. § 67-6-329(a) provides that all sales of services and tangible personal property made in Tennessee and for the use and benefit of the State of Tennessee are exempt from Tennessee sales and use tax. Cardholders should obtain an exemption certificate and present it to each Supplier. This form is available on the Department of Revenue web site at <https://www.tn.gov/content/tn/revenue/taxes/sales-and-use-tax/forms.html> or as may be amended in the “Sales and Use Tax Forms - Exemptions” section. Purchases made in other states may be subject to that state’s sales tax.

The Cardholder must be diligent when dealing with the Supplier regarding taxes. Cardholders are responsible for ensuring that Suppliers do not charge tax or provide a credit for inadvertent charges. If the Supplier 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 and the Cardholder must still pursue steps to have the sales tax charge removed.

In the event a Cardholder is inappropriately charged for sales tax:

- The Cardholder must contact the Supplier to obtain a credit refund of any sales taxes to the P-Card Account.
- 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.

If a Supplier is unable to process a credit against the card, the Cardholder may accept a cash or check refund and contact their State Agency P-Card Program Coordinator for guidance on depositing the funds. However, under no circumstances may the Cardholder accept a credit through other means, including gift cards or store credit.

### **5.5. Credits.**

Cardholders should avoid Suppliers with restrictive merchandise return policies. If a Cardholder returns merchandise, a credit should be issued to the Cardholder’s P-Card and a credit receipt obtained. If a supplier is unable to process a credit against the card, the Cardholder may accept a cash or check refund and contact their State Agency P-Card Program Coordinator for guidance and comply with the Department of Finance and Administration Policy 25, Deposit Practices. However, under no circumstances may the Cardholder accept a credit through other means, including gift cards or store credit. The Cardholder or State Agency Approver is responsible for reviewing the Online Banking Program to ensure that credits are received and, if not, file the appropriate paperwork for disputed items.

### **5.6. Disputing Transactions.**

If there is a problem with a Transaction, the Cardholder must first attempt to reach a resolution directly with the Supplier. If the dispute involves a Transaction that the cardholder believes to be fraudulent, the Cardholder should immediately notify the Bank and his or her State Agency P-Card Program Coordinator. In most cases, disputes can be resolved between the Cardholder and the Supplier. The Supplier will usually issue a credit. See Section 5.5 regarding acceptable forms of 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 Supplier are unsuccessful or if a credit does not appear in the Online Banking Program or the Bank Statement, the Cardholder should file the appropriate dispute paperwork with the Bank and contact his or her State Agency P-Card Program Coordinator. The State Agency P-Card Program Coordinator will communicate with the Statewide P-Card Program Administration Team as necessary.

### **5.7. Forgery, Theft, or Fraudulent Transactions.**

Upon notification of any theft, forgery or credit card fraud, the State Agency P-Card Program Coordinator should report the incident to the office of the Comptroller of the Treasury in accordance with Tenn. Code Ann. § 8-4-119 and to the Statewide P-Card Program Administration Team. To comply with this requirement, the State Agency P-Card Program Coordinator shall send the completed Bank affidavit or an email to [TN.Investigations@cot.tn.gov](mailto:TN.Investigations@cot.tn.gov) and [P.Card@tn.gov](mailto:P.Card@tn.gov) with the following information: Cardholder's name; last six (6) digits of the Cardholder's account number; and information about the transactions in question (such as the merchants' names, transaction date, and dollar amounts).

### **5.8. Declined Purchase Transactions.**

On occasion, a Cardholder's purchase transaction may be declined. Cardholders should contact the Bank's Customer Service to determine the reason for the decline before contacting their State Agency P-Card Program Coordinator for assistance. Declined transactions are reported to the P-Card Administration Team and subject to review. Common reasons for declined purchases include:

- MCC is restricted from the Payment Card;
- The Cardholders has exceeded the STL or Cycle Limit; or
- Card expiration.

## **6. CARD ISSUANCE AND CANCELLATION.**

### **6.1. P-Card Issuance.**

The State Agency P-Card Program Coordinator is responsible for issuing all P-Cards within his or her Agency. Payment Cards are issued by the P-Card Program Coordinator following the receipt of documentation supporting:

- Completion of P-Card training;

- Completion of the Cardholder Application and Agreement; and
- Completion and approval of a Cardholder Profile.

**6.2. P-Card Cancellation.**

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 Team should be notified of the need for a P-Card cancellation for the following reasons:

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

The State Agency P-Card Program Coordinator may also suspend or cancel a P-Card as appropriate, such as for the following reasons:

- Cardholder misuses the P-Card;
- Cardholder is untimely with confirming or disputing transactions; or
- Cardholder lost 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.

If a P-Card is cancelled, it shall be destroyed. If a Cardholder learns of the cancellation of his or her P-Card by the Bank, the Cardholder shall notify the Statewide P-Card Program Administration Team and Agency P-Card Program Coordinator.

**7. P-CARD PROGRAM TRAINING.**

All program participants must complete appropriate training. The following training is available in Edison and encouraged for all P-Card Program participants:

<b>Training:</b>	<b>Required by:</b>	<b>Recommended for:</b>
<b>Cardholder Training</b>	Cardholders/Virtual P-Card User	All P-Card Program Participants
	Cardholder Approvers	
	Cardholder Proxies	
	Cardholder Supervisors	
	State Agency Reconcilers	

<b>Agency Coordinator Training</b>	State Agency P-Card Program Coordinators	State Agency Fiscal Directors
	Cardholder Supervisor	

## 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.

### 8.1. 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 the P-Card established by the Bank. All State Agencies should ensure:

- Appropriate segregation of duties as outlined in Section 4.10 above;
- Maintenance of approved, signed documentation for all Cardholders, State Agency Approvers and Cardholder Supervisors;
- Appropriate limits on the number of Cardholders assigned to a Cardholder Supervisor or State Agency Approver in order to ensure adequate review of business need and documentation for each Transaction;
- Provision for a regular audit or review of the Agency's P-Card program by the State Agency Internal Audit unit, or other business unit assigned State Agency business process review responsibilities. A high-level summary of the reviews should be sent to the CPO P-Card Administration Team to assist with program improvement. Reviews must include adequacy of:
  - Internal policies and procedures, as applicable;
  - Cardholder Single Transaction Limit and Cycle (Credit) Limits;
  - Timeliness of monthly reconciliation procedures; and
  - Documentation for Transactions;
- Protocol for establishing designated State Agency Central Fiscal Office P-Cardholder and any alternate Central Fiscal Office P-Cardholders, including which Central Fiscal Office P-Card is primary and which alternate Central Fiscal Office P-Card is secondary and circumstances (e.g., unavailability of the primary Central Fiscal Office P-Card, etc.) under which an alternate Central Fiscal Office P-Card may be used.
- Coordination of state agency employee roles with the Statewide P-Card Program Administration Team.

### 8.2. State Agency P-Card Procedures.

Each State Agency may develop its own internal procedures to carry out the intent and purpose of this Policy and to address unique State Agency complexities or risk factors. If

a State Agency chooses to develop its own internal procedures then such procedures should align with this Policy and must be submitted for review and approval by the Statewide P-Card Program Director and the Comptroller of the Treasury. If a State Agency chooses not to develop its own internal procedures then the State Agency must follow this Policy.

**8.3. Card Management and Reconciliation System.**

All Transaction verifications and approvals will be completed in Edison.

**8.4. 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 suppliers that provide goods or services that are prohibited from purchase using the P-Card.
- Unauthorized MCCs are blocked at the point-of-sale.
- 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.

**8.5. Cardholder Spending Limits and Utilization.**

The State Agency Fiscal Director is responsible for setting payment card maximum Single Transaction Limits (STL) and Cycle Limits (CL). Spending limits should be based on the Cardholder’s job responsibilities, the position’s unique purchasing needs, and the State Agency’s budget. Cardholder spending limits must be reviewed periodically for appropriateness.

An agency may establish one (1) designated State Agency Central Fiscal Office P-Card, and up to two (2) alternates. The Maximum STL for P-Card Program Roles are listed in the table below.

<b>Spending Limits</b>		
<b>Program Role</b>	<b>Permissible Single Transaction Amount</b>	<b>Cycle Limit</b>
Agency Cardholder	\$1 up to \$10,000 STL	Set at the discretion of the State Agency Fiscal Director
Central Fiscal Office P-Card (limit 1 card with up to 2 alternates)	\$1 up to \$50,000 STL	Set at the discretion of the State Agency Fiscal Director



### **8.6. Dormant Cards.**

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 ensuring that this review is completed at least annually or in accordance with its own internal P-Card Procedures, as applicable.

## **9. DOCUMENTATION AND ACCOUNTING.**

### **9.1. Documentation.**

State Agencies should handle documentation for reconciliation in accordance with this Policy and State Agency internal P-Card Procedures, as applicable. Any State Agency seeking to use a manual or alternative method for Transaction reconciliation must obtain approval from the Central Procurement Office.

Regardless of the Transaction reconciliation method, Cardholders should provide adequate documentation for all Transactions.

### **9.2. Purchase Documentation.**

It is the Cardholder's responsibility to obtain adequate supporting documentation for the purchase. Such documentation may include receipts, invoices, shipping documents and bills of lading. This information will be used by the Agency to validate and reconcile charges. The supporting documentation shall include the following elements:

- The Supplier's name, location, and contact information; but when this information is not available on the receipt (such as with online purchases) information should be included that would identify the vendor, such as the website address where purchase was made;
- Line item details, which may include quantity, description, unit price, and total price; but when no line item details are available on the receipt, other documentation should indicate description and quantity of items purchased;
- Evidence that the State was not charged for sales tax. If the supplier cannot show a separate line indicating that sales tax was not charged because of pre-set controls within its computer systems, this may be evidenced by the fact that the total of unit prices charged is equal to the total price.

The amount on the purchase documentation and the amount of the charge to the Cardholder's P-Card account must match. Any discrepancies in amounts should be resolved with the Supplier 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. Credits may be processed without a receipt, but the Cardholder must provide an explanation of the credit. Verification should be performed in Edison as often as possible in order to meet the deadlines published monthly by the P-Card Administration Team. Legible copies of supporting purchase documentation must be uploaded into Edison.

**9.3. Allocation to the Chart of Accounts.**

Default accounting strings should be reviewed to ensure that the expenditures are recorded to the appropriate chartfields during the verification and approval process.

**9.4. 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>.

**9.5. 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 Supplier’s bank when the P-Card is the payment method for a reportable transaction. Because of the shift in responsibility, participants in the P-Card Program are no longer required to report total P-Card transactions in excess of six hundred dollars (\$600) with certain Suppliers.

**9.6. P-Card Use when Purchase Orders Required.**

If a P-Card and not a Virtual P-Card is used for any purchase that would require a Purchase Order, State Agencies must ensure that purchase orders are created and properly relieved for any purchases that would require a purchase order.

**10. PROHIBITED PURCHASES AND TRANSACTIONS.**

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.

**10.1. Prohibited Purchases.**

The following types of purchases, payments, or transactions are prohibited:

Prohibited Purchase Type		General Justification for Prohibition
1	Travel expenses	Travel expenses should comply with the Department of Finance and Administration - <u>Policy 8</u> , State Comprehensive Travel Regulations and are required to be processed through the Edison Expense Module for control and reporting purposes.

<b>Prohibited Purchase Type</b>		<b>General Justification for Prohibition</b>
2	Rental of passenger vehicles of any kind	Rental of passenger vehicles are typically made in connection with employee travel expenses, which are prohibited.
3	Telephone billings	State telephone billings are typically centrally managed and controlled by the Department of Finance and Administration.
4	Political publications of any sort	Purchase of political publications are prohibited by Department of Finance and Administration - <u>Policy 10, Organizational Dues, Subscriptions, and Sponsorships</u> .
5	State Utility billings and connection fees	State utility billings are typically centrally managed and controlled by Department of Environment & Conservation.
6	Payment to another State Agency	Payment to another State Agency is governed by and should follow Department of Finance and Administration - <u>Policy 18, Interunit Journals</u> .
7	Artifacts for historical or commemorative purposes (except for the State Museum)	These purchases must be processed through the Edison AP Module to ensure proper financial statement and asset management module recognition.
8	Employee moving expenses	These expenses must be processed through the Edison Expense Module to ensure IRS information reporting requirements can be met.
9	Purchases of any motor vehicle fuel for any vehicle or equipment leased from the DGS Vehicle Asset Management (VAM)	To track purchases by asset and prevent fraud, DGS-VAM has a dedicated, industry-specific fuel card for all fuel purchases.
10	Back orders or partial shipments	These types of purchases create numerous problems for reconciliation such as split invoices, reconciling across multiple cycles, and problematic tracking issues. Order fulfillment and accruing interest due the Bank are additional concerns.
11	Service awards for State employees	These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.
12	Awards for private citizens	These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.
13	Honoraria expenses	These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.
14	Insurance policies	State insurance coverage is typically centrally managed and controlled by Department of Treasury, Risk Management.

Prohibited Purchase Type		General Justification for Prohibition
15	Gift cards or gift certificates	These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.
16	Cash withdrawals, including ATM or debit withdrawals	These are prohibited for control purposes.
16	Any goods or services related to political activity as defined under “The Little Hatch Act,” Tenn. Code Ann. §§ 2-19-201 through 208	Purchase of political publications are prohibited by Department of Finance and Administration - <a href="#">Policy 10</a> , Organizational Dues, Subscriptions, and Sponsorships.
17	Purchases Reserved for the Designated State Agency Central Fiscal Office Cardholder, unless in accordance with Section 11 of this Policy	Cardholders other than the person designated by the State Agency Fiscal Office Cardholder are prohibited from making certain purchases as outlined in section 11 of this Policy.
18	Purchases identified as Capital Assets by the Department of Finance & Administration <a href="#">Capital Asset Guide</a>	Purchases of goods or equipment that require tagging under the Department of Finance and Administration’s policies – <a href="#">Policy 33</a> , should not utilize the P-Card as the primary payment method because these purchases require the prior approval of the Department of Finance and Administration, Division of Accounts, as the business owner of the Asset Management Module. Exceptions for <i>emergency</i> Asset purchases using the P-Card must be pre-approved by Asset Management.

State Agencies may request an exception for certain items through the use of a P-Card RER eForm in Edison initiated by the State Agency P-Card Program Coordinator and approved by the State Agency Fiscal Director and the Central Procurement Office.

**10.2. Personal Purchases Prohibited.**

As provided in Sections 3.1, 4.3 and 10.1, 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.

**10.3. 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 suppliers when the total value of the purchase is ten thousand dollars (\$10,000) or less. Cardholders are prohibited 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 maximum STL for P-Card purchases using a physical P-Card is ten thousand dollars (\$10,000) or fifty thousand dollars (\$50,000) for a Central Fiscal Office P-Card unless a State Agency has designated a lower STL in its internal P-Card Procedures or has an approved exception from the Statewide P-Card Program Director.

**10.4. Purchases by Someone Other than Assigned Cardholder Prohibited.**

Purchases made using a P-Card by someone other than the Cardholder are prohibited. Cardholders should not share their card or account number with anyone in order for that person to make a payment on their behalf.

**11. 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;
- Association entry fees; and
- Food, beverage, or catering charges for meetings.

State Agencies may request an exception from this paragraph through the use of a P-Card Rule Exception Request eForm in Edison initiated by the State Agency P-Card Program Coordinator and approved by the State Agency Fiscal Director and the Central Procurement Office.

The State Agency Fiscal Director may designate up to two (2) alternate Central Fiscal Office P-Cardholders who may make these purchases, as noted in Section 8.1 above. The State Agency should follow protocol established pursuant to Section 8.1 above in regard to the utilization of those alternate Central Fiscal Office P-Cardholders.

**12. ENCOURAGED USE OF P-CARDS.**

**12.1. Statewide 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.

**12.2. Utilization of Diversity Suppliers.**

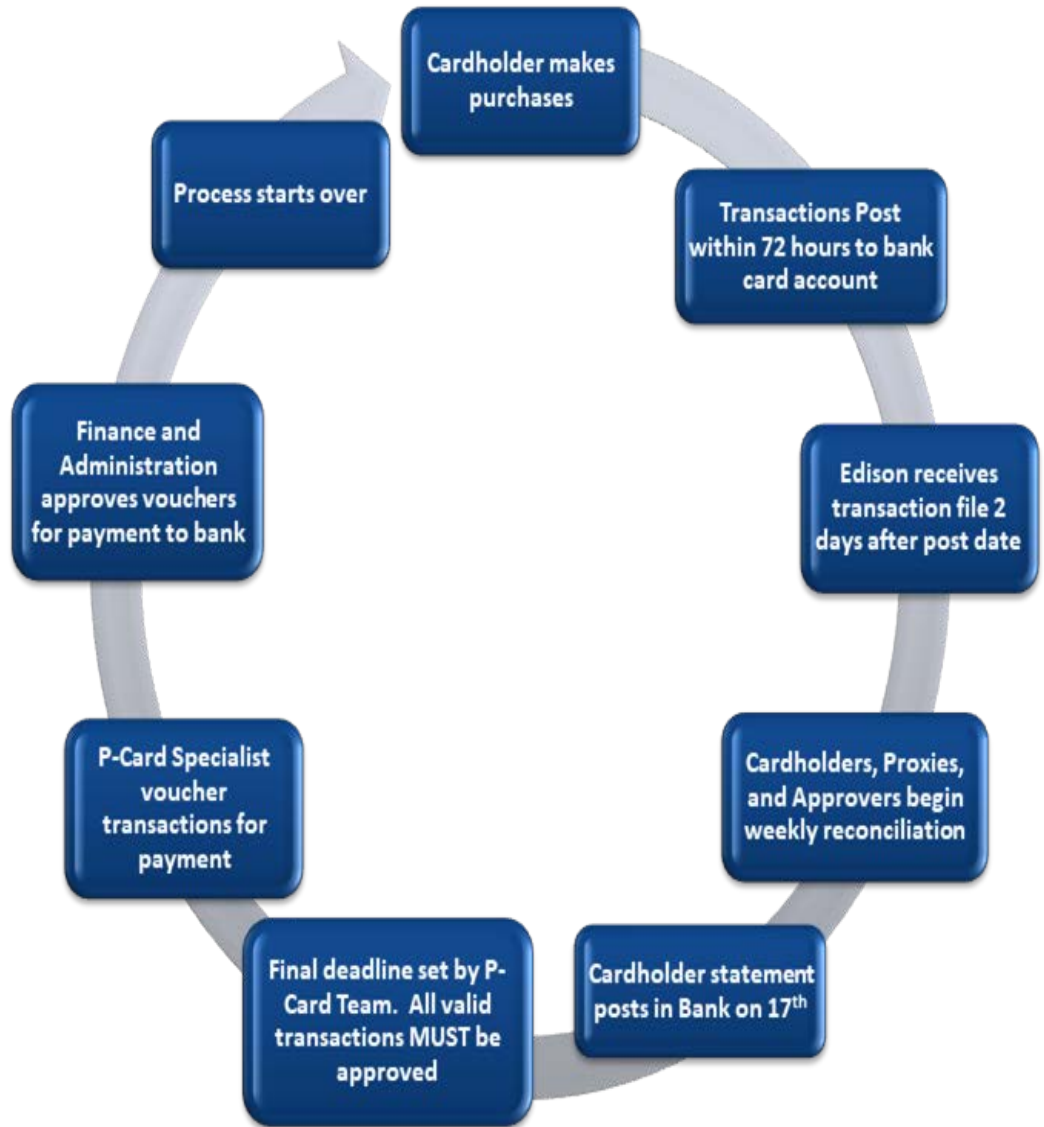
Cardholders are strongly encouraged to make authorized purchases from suppliers certified by the Governor's Office of Diversity Business Enterprise.

**13. SURCHARGES AND CONVENIENCE FEES.**

Many suppliers 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 supplier's bank charges them for processing the transaction. Also, the supplier cannot charge both a surcharge and a convenience fee.

## APPENDIX A – P-Card Processing Billing Cycle Overview



## APPENDIX B – Typical Roles in Edison

- I. Edison Security Form. In order to assign P-Card related roles in Edison, Edison Security Form FA-1015 must be completed as required. The table below indicates the Edison Security Form roles typically assigned to State Agency P-Card program personnel:

<b>Edison Form FA-1015 Role #</b>	<b>Edison Form Role Name</b>	<b>Edison Role Description</b>	<b>Typical State Agency position assigned this Edison Role</b>
AP-2003	TN2_AP_AGENCY_PCARD_ADMIN	P-Card Agency Administrator	State Agency P-Card Program Coordinator
AP-2011	TN2_AP_CONFIG_PCARD_VIEW*	P-Card Inquiry Role	State Agency Reconciler*
AP-2020	TN2_AP_PCARD_APPROVER	P-Card Approver	State Agency Approver
AP-2022	TN2_AP_PCARD HOLDER	P-Cardholder	Cardholder
AP-2023	TN2_AP_PCARD_PROXY	P-Card Proxy	Cardholder Proxy
PUWF-2103	TN2_WF_EFORM_AGENCY_APPROVAL	Forms Agency (Exception Requests)	State Agency Fiscal Director

- II. The inquiry only role indicated with an asterisk (\*) above is typically granted to the State Agency Fiscal Director and the Cardholder Supervisor (if the Supervisor does not also serve in the role of the State Agency Approver) for review of P-Card transactions for the appropriate Cardholders. These roles are also granted to Internal Audit or State Audit for review of P-Card transactions.
- III. The above roles must be given to a user in order to perform the given functions. However, for certain roles, such as the State Agency P-Card Program Coordinator, the State Agency Approver, the State Agency Reconciler, or the assigned Cardholder Proxy, an individual may have multiple Cardholders for whom they perform such function. When a new Cardholder is set up, the Agency will indicate on the New Account Enrollment Workbook (the CPO Excel form used to setup a new Cardholder), who the individual is who should serve in each of these P-Card Program roles. If that individual already has the Edison role, there is no need for an additional Edison role to be added. The new Cardholder will just be added under that individual's "tree".