

**AGENDA**  
**ADVISORY COUNCIL ON STATE PROCUREMENT MEETING #047**  
**TUESDAY, OCTOBER 4, 2021, 2:00 P.M.**  
**NASHVILLE ROOM**

<b>AGENDA ITEM</b>	<b>PAGE #</b>
I. Call to Order	--
II. Approve Minutes from March 22, 2021 Meeting .....	<b>3</b>
III. Advisory Council Agenda Items Overview..... (see attached documentation)	<b>8</b>
IV. New Business  Proposed revisions to the following Central Procurement Office documents (see attached documentation):	
(1) RFP (Section 1.1.2.) and RFQ Template (Section 1.1.) .....	<b>11</b>
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V. Other Business	--
VI. Adjournment	--

**MINUTES OF MARCH 22, 2021  
MEETING**

**MINUTES**  
**ADVISORY COUNCIL ON STATE PROCUREMENT MEETING #046**  
**THURSDAY, MARCH 22, 2021, 2:00 P.M.**  
**WEBEX**

**Members in Attendance:**

Mike Perry, Jennifer Pfeiffer, Summer Carr Johnson, Ted Hayden, Brad Eskind, Sean Newman, Buddy Lea, Brian Wilcox, Jay Malpass, Stewart Shunk, Jasmine Quattlebaum

**Others in Attendance:**

Paul Krivacka, Jenny Young, Debi Moss, Robin Upchurch, Bryan Chriske, Mark Naftel, Megan Buell, Shannon Mohundro, Terry Mason, Toni Stuart, Jessica Starling, Angela White, Christy Allen, Chris Salita, John Bissell, Davis Nwankwo, Randy Dean, Lorraine Lassourreille

**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. Minutes from the January 7, 2021 Meeting:** Mr. Perry asked if there were any corrections or additions to the minutes from the January 7, 2021 meeting. Hearing none, a motion was made by Mr. Ted Hayden, Executive Director of Compliance, State of Tennessee Real Estate Asset Management, to accept the minutes as presented. The motion was seconded by Mr. Buddy Lea, Assistant Commissioner, Department of Finance and Administration. All members voted in favor – none opposed.

**III. 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. Krivacka proceeded to present agenda item (1):

(1) RFP and RFQ Guide

Mr. Krivacka summarized the following points about the RFP and RFQ Guide proposal:

- This proposal is a minor revision to soften the solicitation language from “must” to “should” as it relates to the instructions to respondents for organizing the response contents page guide.

Hearing no discussion on agenda item (1), Mr. Lea made a motion to recommend the RFP and RFQ Guide proposal as presented to the Procurement Commission for approval. The motion was seconded by Ms. Summer Carr-Johnson, 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) Click-Wrap Agreement Approval Request

Mr. Krivacka presented the following points regarding the Click-Wrap Agreement Approval Request proposal:

- This proposed change removes references to the AGSPRS email account, which is being phased out due to automation initiatives.
- Click-Wrap Agreement Approval Requests are submitted using the eForms in Edison.

Hearing no discussion on agenda item (2), Mr. Hayden, made a motion to recommend Click-Wrap Agreement Approval Request 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) Contract Approval – Agency Legal Certification

Mr. Krivacka presented the following points about Contract Approval – Agency Legal Certification proposal:

- This proposed change consolidates the Agency Legal Certification and the Smaller Agency Certification into one document.
- This proposed change softens the language in the standard Agency Legal Certification while still encouraging agency legal staff involvement and certification that contracts are following CPO Template language (or an approved Rule Exception Request has been obtained).

Hearing no discussion on agenda item (3), Ms. Jennifer Pfeiffer, Chief of Staff, Comptroller's Office, made a motion to recommend Contract Approval – Agency Legal Certification proposal as presented to the Procurement Commission for approval. The motion was seconded by Ms. Summer Carr. All members voted in favor – none opposed.

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

(4) e-Health Pre-Approval Endorsement [Removal]

Mr. Krivacka presented the following points regarding the e-Health Pre-Approval Endorsement [Removal] proposal:

- Adoption of this proposed change will remove the e-Health Pre-Approval Endorsement and related references in CPO policies and procedures.
- TennCare's office of eHealth has advised the CPO that there is no longer a benefit to this endorsement primarily due to advances in technology that capture the interoperability of data between state agencies.
- Removal of this requirement will benefit all State Agencies through the reduction of required documentation.

Hearing no discussion on agenda item (4), Mr. Lea made a motion to recommend e-Health Pre-Approval Endorsement [Removal] 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 (5):

(5) No Cost Intellectual Property Indemnity (formerly "Copyrights and Patents")

Mr. Krivacka presented the No Cost Intellectual Property Indemnity (formerly "Copyrights and Patents") proposal:

- This proposed change will revise the “Copyrights and Patents” term in the No Cost (“NC”) contract to make it consistent with the terminology used in the “Intellectual Property Indemnity” term in the FA Template.

Hearing no discussion on agenda item (5), Ms. Pfeiffer made a motion to recommend No Cost Intellectual Property Indemnity (formerly “Copyrights and Patents”) proposal as presented to the Procurement Commission for approval. The motion was seconded by Ms. Carr-Johnson. All members voted in favor – none opposed.

Mr. Krivacka then proceeded to present agenda item (6):

(6) Contractor Commitment to Diversity contract term

Mr. Krivacka presented the Contractor Commitment to Diversity contract term proposal:

- This proposed change will assist the State with monitoring spend with diversity businesses, by making the Contractor Commitment to Diversity term included as a default term, with the option to remove this term without an RER when it is not applicable.
- This term is currently an optional term and if not included in the Contract then some Contractors are not reporting their diversity spend.
- This proposed change will also make it more likely that the Contractor Commitment to Diversity term is included in the contract and therefore assist State Agencies and Go-DBE in more accurately reporting diversity spend dollars.

Mike Perry, Chief Procurement Officer, stated that this proposal will assist the Central Procurement Office in accurately reporting total Diversity Business spend at the end of the year. CPO is required to submit an annual report to the General Assembly and the Governor’s office on or before December 31<sup>st</sup> of each year.

Hearing no discussion on agenda item (6), Mr. Lea made a motion to recommend the Contractor Commitment to Diversity contract term 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 (7):

(7) Statewide Contract Reports contract term

Mr. Krivacka presented the following points about the Statewide Contract Reports contract term proposal:

- This proposed change will add the Statewide Contract Reports as an optional term to the FA template.
- These reports are often requested by the Category Management teams in the CPO on statewide contracts on an ad hoc basis and this will standardize the inclusion of the reports term.

Hearing no further discussion on agenda item (7), Mr. Hayden made a motion to recommend Statewide Contract Reports contract term proposal as presented to the Procurement Commission for approval. The motion was seconded by Mrs. Pfeiffer. All members voted in favor – none opposed.

Mr. Krivacka then proceeded to present agenda item (8):

(8) Statewide Payment Card Policy 2015-010

Mr. Krivacka presented the following points about the Statewide Payment Card Policy 2015-010 proposal:

- Section 4.5. - clarifies that Cardholder Supervisors need to complete both the Cardholder and the Agency Coordinator training.
- Section 4.7. - clarifies when a part-time employee requires a P-Card to complete their duties, a Rule Exception Request must be submitted and approved before P-Card issuance.
- Section 5.3. – adds a reminder that all F&A Division of Accounts accounting policies should be followed for P-Card transactions and usage.
- Sections 5.8 and 8.4. – adds instructions for State Agencies to contact the Statewide P-Card Administration Team as needed to unblock Merchant Category Codes (and to not contact the Bank directly).
- Section 11 – adds reference to where to find assistance with submitting the P-Card Rule Exception Request eForm (on the Central Procurement Office’s Learning and Development job aid page on TEAM TN).

Hearing no discussion on agenda item (8), Mr. Lea made a motion to recommend Statewide Payment Card Policy 2015-010 proposal as presented to the Procurement Commission for approval. The motion was seconded by Ms. Carr-Johnson. All members voted in favor – none opposed.

**Adjournment:** Hearing no other business, a motion for adjournment was made by Mr. Perry. The motion was seconded by Mr. Hayden. All members voted in favor – none opposed, whereupon March 22, 2021, Advisory Council meeting was adjourned.

**ADVISORY COUNCIL  
AGENDA ITEMS OVERVIEW**

## Overview of Agenda Items:

1. RFP (Section 1.1.2.) and RFQ Template (Section 1.1.):
  - Tenn. Code Ann. § 12-3-305(c) was recently amended by deleting the language “maximum liability or total estimated purchase by agencies of state government” and substituting instead the language “total estimated scope or volume.”
  - This change updates the requirement in the RFP and RFQ Templates accordingly.
2. Reverse Auction definition:
  - This proposal updates a citation reference from Tenn. Code Ann. § 12-3-219 to Tenn. Code Ann. § 12-3-513.
  - So, “Reverse Auction” shall have the meaning set forth in Tenn. Code Ann. § 12-3-513.
3. Renewal or Extension Request:
  - Adds instructional text to the signature block (similar to the instructions already approved in other formal request documents) to: **[Either upload signed Renewal or Extension Request in Edison or capture authorized agency approval in Edison Workflow.]**
4. Delegated Grant Authority (“DGA”):
  - Adds instructional text that the 30-day rule does apply to DGAs as well.
  - This is to ensure that there is sufficient time for the review and approval process.
5. Contractor Hosted Services Requirements and Confidential Data Options:
  - Updates the name and acronym of the State’s Annual Comprehensive Financial Report, (“ACFR”).
  - Removes the FedRAMP requirement for contracts that involve CMS Data.
6. Statewide Payment Card Policy and Procedures 2015-010:
  - This request removes the section paragraph at the bottom of section 5.8. advising P-Card Users to contact the Statewide P-Card Program Administration Team. This has caused confusion and is not adding any additional information.
  - Adds a new section #14 – Travel. This reminds procurement professionals to comply with F&A Travel Regs and that there is a virtual p-card that may be used for air travel, through SWC # 747.
7. State Agency P-Card Procedures Model:
  - More details have been added to the instructions and the optional agency procedures model has been updated to reflect changes made to Statewide Payment Card Policy 2015-010 at the last two Procurement Commission meetings.
8. RFP - References:
  - Moved B.17. References instructions to RFP Attachment 6.4. References Questionnaire and moved References out of section B. so no longer scored by evaluation committee;



- The instructional text now included at RFP Attachment 6.4. has been revised so the prohibition on State employees providing references is removed – as long as wall between the procuring state agency and referencing state agency; and,
- Reference Questionnaire itself is now much shorter so less questions for reference and easier to complete.

9. Grant Contract (“GR”) and Governmental Grant (“GG”) Contract Templates:

- Global request to change all references to “CFDA” to “Assistance Listing” to be consistent with federal language.
- Adds reference to a “budget period” reference (see C.F.R. § 200.1) to be consistent with federal language.
- Revises the default number of days from 60 days to 90 days for contract section C.7— Disbursement Reconciliation and Close Out (see 2 C.F.R. 200.344(a)).
- Changes the applicability threshold for inclusion of the optional Federal Funding Accountability and Transparency Act (“FFATA”) to comply with recent updates (see 2 CFR Pt. 170, App. A).
- Adds additional instructions for Prohibition on Certain Telecommunications applicability.
- Adds new optional terms for [Domestic Preference for Procurements](#) and for [Never Contract with the Enemy](#).

10. Contract Models & Template – Federal Terms:

- (This request makes similar changes that were made for Grant Contracts to other non-grant contract templates and models.)
- Changes the applicability threshold for inclusion of the optional Federal Funding Accountability and Transparency Act (“FFATA”) to comply with recent updates (see 2 CFR Pt. 170, App. A).
- Adds additional instructions for Prohibition on Certain Telecommunications applicability.
- Adds new optional terms for “Domestic Preference for Procurements.”

11. Procurement Procedures Manual Section 5.18:

- Adds a reminder to the Manual that all procurement files should be maintained, retained, and destroyed in accordance with the applicable Records Disposition Authority (RDA), as published by The Office of the Secretary of State, Records Management Division.
- Also provides a [link](#) to the Secretary of State website with the published RDAs.

**RFP (SECTION 1.1.2.) AND RFQ  
TEMPLATE (SECTION 1.1.)**

**REDLINE**

**REQUEST:**                    **Revise the RFP and RFQ Templates as follows (note the following will appear in red instructional text):**

**RFP TRACK CHANGES:**

1.1.2. ONLY IF APPLICABLE AND IF THE MAXIMUM LIABILITY IS NOT INCLUDED IN THE *PRO FORMA* CONTRACT, INCLUDE INFORMATION REGARDING THE TOTAL ESTIMATED ~~PURCHASE BY AGENCIES OF STATE GOVERNMENT SCOPE OR VOLUME~~ FOR THE CURRENT CONTRACT PERIOD, IF APPLICABLE, AND FOR THE CONTRACT PERIOD OF THE CONTRACT AWARDED PURSUANT TO THIS RFP. (SEE TENN. CODE ANN. § 12-3-305).

**RFQ TRACK CHANGES:**

1.1.    **Statement of Procurement Purpose**

BRIEF, HIGH-LEVEL EXPLANATION OF GOODS OR SERVICES SOUGHT OR A SUMMARY OF THE PROBLEM TO BE ADDRESSED. HIGHLIGHT THE PURPOSE OF THE RFQ (TO SELECT A VENDOR/NUMBER OF VENDORS) THAT ARE QUALIFIED TO MEET THE STATE'S NEEDS FOR THE GOODS OR SERVICES REQUESTED BY THE STATE.

INCLUDE A SUMMARY OF THE PROBLEM TO BE ADDRESSED, FURTHER INFORMATION ABOUT INITIATIVE, SUMMARY BACKGROUND INFORMATION, ETC., AS NEEDED. DO NOT ASSUME THAT DETAILED SPECIFICATIONS OR SCOPE OF WORK (WHICH SHOULD BE SET OUT IN THE *PRO FORMA* CONTRACT), WILL BE APPROVED FOR THIS SECTION.

INCLUDE ~~THEAN TOTAL~~ ESTIMATED SCOPE OR VOLUME FOR THE CURRENT CONTRACT PERIOD, IF APPLCIABLE, AND FOR THE NEW CONTRACT PERIOD. OF THE PURCHASE REQUIREMENTS FOR THE CURRENT CONTRACT PERIOD, IF APPLICABLE.

**RFP (SECTION 1.1.2.) AND RFQ  
TEMPLATE (SECTION 1.1.)**

**CLEAN**

**REQUEST:**                    **Revise the RFP and RFQ Templates as follows (note the following will appear in red instructional text):**

**RFP TRACK CHANGES:**

1.1.2. ONLY IF APPLICABLE AND IF THE MAXIMUM LIABILITY IS NOT INCLUDED IN THE *PRO FORMA* CONTRACT, INCLUDE INFORMATION REGARDING THE TOTAL ESTIMATED SCOPE OR VOLUME FOR THE CURRENT CONTRACT PERIOD, IF APPLICABLE, AND FOR THE CONTRACT PERIOD OF THE CONTRACT AWARDED PURSUANT TO THIS RFP. (SEE TENN. CODE ANN. § 12-3-305).

**RFQ TRACK CHANGES:**

1.1.    **Statement of Procurement Purpose**

BRIEF, HIGH-LEVEL EXPLANATION OF GOODS OR SERVICES SOUGHT OR A SUMMARY OF THE PROBLEM TO BE ADDRESSED. HIGHLIGHT THE PURPOSE OF THE RFQ (TO SELECT A VENDOR/NUMBER OF VENDORS) THAT ARE QUALIFIED TO MEET THE STATE'S NEEDS FOR THE GOODS OR SERVICES REQUESTED BY THE STATE.

INCLUDE A SUMMARY OF THE PROBLEM TO BE ADDRESSED, FURTHER INFORMATION ABOUT INITIATIVE, SUMMARY BACKGROUND INFORMATION, ETC., AS NEEDED. DO NOT ASSUME THAT DETAILED SPECIFICATIONS OR SCOPE OF WORK (WHICH SHOULD BE SET OUT IN THE *PRO FORMA* CONTRACT), WILL BE APPROVED FOR THIS SECTION.

INCLUDE THE TOTAL ESTIMATED SCOPE OR VOLUME FOR THE CURRENT CONTRACT PERIOD, IF APPLICABLE, AND FOR THE NEW CONTRACT PERIOD.

# **REVERSE AUCTION DEFINITION**

## **REDLINE**

**REQUEST:**     **Revise the *Procurement Methods Policy and Procedures CPO Policy Number 2013-002***  
**as follows:**

“Reverse Auction” shall have the meaning set forth in Tenn. Code Ann. § 12-3-~~219~~513.

# **REVERSE AUCTION DEFINITION**

**CLEAN**



**REQUEST:**     **Revise the *Procurement Methods Policy and Procedures CPO Policy Number 2013-002***  
**as follows:**

“Reverse Auction” shall have the meaning set forth in Tenn. Code Ann. § 12-3-513.

# **RENEWAL OR EXTENSION REQUEST**

## **REDLINE**

**REQUEST:**                    **Revise the Renewal or Extension Request eForm Signature block by adding the following instructions:**

**Signature of Agency head or authorized designee, title of signatory, and date** (the authorized designee may sign his or her own name if indicated on the Signature Certification and Authorization document)

[Either upload signed Renewal or Extension Request in Edison or capture authorized agency approval in Edison Workflow.]

# **RENEWAL OR EXTENSION REQUEST**

**CLEAN**

**REQUEST:**                    **Revise the Renewal or Extension Request eForm Signature block by adding the following instructions:**

**Signature of Agency head or authorized designee, title of signatory, and date** (the authorized designee may sign his or her own name if indicated on the Signature Certification and Authorization document)

[Either upload signed Renewal or Extension Request in Edison or capture authorized agency approval in Edison Workflow.]

**DELEGATED GRANT AUTHORITY  
("DGA)**

**REDLINE**

**REQUEST:**                    **Revise the Delegated Grant Authority (DGA) Template as follows:**

## **DELEGATED GRANT AUTHORITY (DGA) TEMPLATE**

Do NOT route a DGA for approval after its begin date. Any DGA routed for approval after its begin date is subject to disapproval or may be approved with a begin date later than the one proposed. Agencies may obtain a begin date that occurs before the routing date with an approved RER. If a signed Delegated Grant Authority (DGA) is not submitted to the Central Procurement Office at least thirty (30) days prior to the Effective Date, then the CPO may require that the Delegated Grant Authority (DGA) be resubmitted with a new Effective Date or require a Rule Exception Request that explains why the Delegated Grant Authority (DGA) was submitted less than thirty (30) days before the Effective Date. In no event shall the Grantee deliver goods or perform services prior to the Effective Date.

**DELEGATED GRANT AUTHORITY  
("DGA)**

**CLEAN**



**REQUEST:                    Revise the Delegated Grant Authority (DGA) Template as follows:**

**DELEGATED GRANT AUTHORITY (DGA) TEMPLATE**

**Do NOT route a DGA for approval after its begin date. Any DGA routed for approval after its begin date is subject to disapproval or may be approved with a begin date later than the one proposed. Agencies may obtain a begin date that occurs before the routing date with an approved RER. If a signed Delegated Grant Authority (DGA) is not submitted to the Central Procurement Office at least thirty (30) days prior to the Effective Date, then the CPO may require that the Delegated Grant Authority (DGA) be resubmitted with a new Effective Date or require a Rule Exception Request that explains why the Delegated Grant Authority (DGA) was submitted less than thirty (30) days before the Effective Date. In no event shall the Grantee deliver goods or perform services prior to the Effective Date.**

**CONTRACTOR HOSTED SERVICES  
REQUIREMENTS AND CONFIDENTIAL  
DATA OPTIONS**

**REDLINE**

**REQUEST: Revise the “Contractor Hosted Services Requirements and Confidential Data Options” section in all applicable models and templates as follows:**

**Contractor Hosted Services Requirements and Confidential Data Options**

Section E.#.e: ~~CAFRACFR~~ or Single Audit Requirements

Add Section E.#.e as an additional Comptroller audit requirement, if the Contractor or Subcontractor will host services that store or process State financial or other data that (1) is used for reporting through the State’s ~~Comprehensive~~ Annual Comprehensive Financial Report (~~CAFRACFR~~) or (2) is used for demonstrating compliance with the requirements of Title 2, Code of Federal Regulations, Part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance). The Contractor must provide to the State a System and Organization Controls (SOC) 1 Type II or SOC 2 Type II audit report annually. The Contractor must also verify that all Subcontractors, including data center vendors, successfully complete and provide to the State an annual SOC Type II audit report. Additionally, the State should consider obtaining and reviewing the latest available SOC report for the Contractor and Subcontractor prior to the awarding of the Contract. This requirement should be added to the solicitation Technical Response requirements.

If Section E.#.e, ~~CAFRACFR~~ or Single Audit Requirements is included, remove Section E.#.a.3 unless the contract will involve CJIS data or, FTI data, ~~or CMS data~~, which requires replacing E.#.a.3 as described in the options below. In this case, both a SOC Type II audit report and FEDRAMP authorization are required.

**Option: ~~CAFRACFR~~ or Single Audit Requirements**

If the contract will involve applications that store or process State financial or other data that is used for reporting through the State’s ~~Comprehensive~~ Annual Comprehensive Financial Report (~~CAFRACFR~~) or for demonstrating compliance with Uniform Guidance, include Section E.#.e.

e. The Contractor and any Subcontractor used by the Contractor to host State data, including data center vendors, shall be subject to an annual engagement by a CPA firm in accordance with the standards of the American Institute of Certified Public Accountants (“AICPA”) for a System and Organization Controls for service organizations (“SOC”) Type II audit. The State shall approve the SOC audit control objectives. The Contractor shall provide the State with the Contractor’s and Subcontractor’s annual audit report within 30 days from when the CPA firm provides the audit report to the Contractor or Subcontractor. The Contractor shall submit corrective action plans to the State for any issues included in the audit report within 30 days after the CPA firm provides the audit report to the Contractor and Subcontractor.

If the scope of the most recent SOC audit report does not include all of the current State fiscal year, upon request from the State, the Contractor must provide to the State a letter from the Contractor or Subcontractor stating whether the Contractor or Subcontractor made any material changes to their control environment since the prior audit and, if so, whether the changes, in the opinion of the Contractor or Subcontractor, would negatively affect the auditor’s opinion in the most recent audit report.

No additional funding shall be allocated for these audits as they are included in the Maximum Liability of this Contract.

**Option: Federal Risk and Authorization Management Program (“FedRAMP”)**

If the contract will involve CJIS data ~~or~~, FTI data ~~, or CMS data~~ include all of the General Requirements above, except replace section E.#.a.(3) with the following and add each additional requirement as applicable.

(3) The Contractor shall maintain a Security Management Certification from the Federal Risk and Authorization Management Program (“FedRAMP”). A “Security Management Certification” shall mean written confirmation from FedRAMP that FedRAMP has assessed the Contractor’s information technology Infrastructure, using a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services, and has certified that the Contractor meets FedRAMP standards. Information technology “Infrastructure” shall mean the Contractor’s entire collection of hardware, software, networks, data centers, facilities and related equipment used to develop, test, operate, monitor, manage and/or support information technology services. The Contractor shall provide proof of current certification annually and upon State request. No additional funding shall be allocated for these certifications, authorizations, or audits as these are included in the Maximum Liability of this Contract.

**Option: Centers for Medicare and Medicaid Services (“CMS”) Data**

As applicable, if the contract will involve CMS data, also add the following sentence to the optional section E.#.a.~~(3) (FedRAMP) language above:~~

Contractor shall meet requirements of current version of Minimum Acceptable Risk Standards for Exchanges (“MARS-E”) controls.

**CONTRACTOR HOSTED SERVICES  
REQUIREMENTS AND CONFIDENTIAL  
DATA OPTIONS**

**CLEAN**

**REQUEST: Revise the “Contractor Hosted Services Requirements and Confidential Data Options” section in all applicable models and templates as follows:**

**Contractor Hosted Services Requirements and Confidential Data Options**

Section E.#.e: ~~CAFRACFR~~ or Single Audit Requirements

Add Section E.#.e as an additional Comptroller audit requirement, if the Contractor or Subcontractor will host services that store or process State financial or other data that (1) is used for reporting through the State’s ~~Comprehensive~~ Annual Comprehensive Financial Report (~~CAFRACFR~~) or (2) is used for demonstrating compliance with the requirements of Title 2, Code of Federal Regulations, Part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance). The Contractor must provide to the State a System and Organization Controls (SOC) 1 Type II or SOC 2 Type II audit report annually. The Contractor must also verify that all Subcontractors, including data center vendors, successfully complete and provide to the State an annual SOC Type II audit report. Additionally, the State should consider obtaining and reviewing the latest available SOC report for the Contractor and Subcontractor prior to the awarding of the Contract. This requirement should be added to the solicitation Technical Response requirements.

If Section E.#.e, ~~CAFRACFR~~ or Single Audit Requirements is included, remove Section E.#.a.3 unless the contract will involve CJIS data or, FTI data, ~~or CMS data~~, which requires replacing E.#.a.3 as described in the options below. In this case, both a SOC Type II audit report and FEDRAMP authorization are required.

**Option: ~~CAFRACFR~~ or Single Audit Requirements**

If the contract will involve applications that store or process State financial or other data that is used for reporting through the State’s ~~Comprehensive~~ Annual Comprehensive Financial Report (~~CAFRACFR~~) or for demonstrating compliance with Uniform Guidance, include Section E.#.e.

e. The Contractor and any Subcontractor used by the Contractor to host State data, including data center vendors, shall be subject to an annual engagement by a CPA firm in accordance with the standards of the American Institute of Certified Public Accountants (“AICPA”) for a System and Organization Controls for service organizations (“SOC”) Type II audit. The State shall approve the SOC audit control objectives. The Contractor shall provide the State with the Contractor’s and Subcontractor’s annual audit report within 30 days from when the CPA firm provides the audit report to the Contractor or Subcontractor. The Contractor shall submit corrective action plans to the State for any issues included in the audit report within 30 days after the CPA firm provides the audit report to the Contractor and Subcontractor.

If the scope of the most recent SOC audit report does not include all of the current State fiscal year, upon request from the State, the Contractor must provide to the State a letter from the Contractor or Subcontractor stating whether the Contractor or Subcontractor made any material changes to their control environment since the prior audit and, if so, whether the changes, in the opinion of the Contractor or Subcontractor, would negatively affect the auditor’s opinion in the most recent audit report.

No additional funding shall be allocated for these audits as they are included in the Maximum Liability of this Contract.

**Option: Federal Risk and Authorization Management Program (“FedRAMP”)**

If the contract will involve CJIS data ~~or~~, FTI data ~~, or CMS data~~ include all of the General Requirements above, except replace section E.#.a.(3) with the following and add each additional requirement as applicable.

(3) The Contractor shall maintain a Security Management Certification from the Federal Risk and Authorization Management Program (“FedRAMP”). A “Security Management Certification” shall mean written confirmation from FedRAMP that FedRAMP has assessed the Contractor’s information technology Infrastructure, using a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services, and has certified that the Contractor meets FedRAMP standards. Information technology “Infrastructure” shall mean the Contractor’s entire collection of hardware, software, networks, data centers, facilities and related equipment used to develop, test, operate, monitor, manage and/or support information technology services. The Contractor shall provide proof of current certification annually and upon State request. No additional funding shall be allocated for these certifications, authorizations, or audits as these are included in the Maximum Liability of this Contract.

**Option: Centers for Medicare and Medicaid Services (“CMS”) Data**

As applicable, if the contract will involve CMS data, also add the following sentence to the optional section E.#.a.~~(3) (FedRAMP) language above:~~

Contractor shall meet requirements of current version of Minimum Acceptable Risk Standards for Exchanges (“MARS-E”) controls.

**STATEWIDE PAYMENT CARD POLICY  
AND PROCEDURES 2015-010**

**REDLINE**



**REQUEST: Revise CPO Policy Number 2015-010, Statewide Payment Card Policy and Procedures as follows:**

### **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.

### **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.

~~If after learning about the reason for the declined transaction, a Cardholder needs to request a change then State Agencies should contact the Statewide P-Card Program Administration Team or follow the P-Card Rule Exception Request eForm procedure in Edison as applicable.~~

## **14. TRAVEL.**

Travel is governed by the Department of Finance & Administration, Policy 8, Comprehensive Travel Regulations. The State maintains a Statewide Contract (#747) for air travel. Flights are booked through the contracted entity according to the Statewide Contract usage instructions.

Payments are made to the airlines using Virtual P-Cards. One Virtual P-Card is assigned to each participating State Agency and embedded within the Supplier's system. Agencies reconcile their air travel statement each month and report any irregularities to the contract administrator and the P-Card Administration Team. The P-Card Administration Team creates the voucher for payment to the Bank.

**STATEWIDE PAYMENT CARD POLICY  
AND PROCEDURES 2015-010**

**CLEAN**

**REQUEST: Revise CPO Policy Number 2015-010, Statewide Payment Card Policy and Procedures as follows:**

**3.2. Virtual P-Cards.**

Virtual P-Cards that allow State Agencies to pay select suppliers authorized to accept Virtual P-Card payments.

**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.

**14. TRAVEL.**

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**STATE AGENCY P-CARD PROCEDURES  
MODEL**

**REDLINE**

## STATE AGENCY P-CARD PROCEDURES MODEL

Style Definition: Comment Text

Instructions: ~~Replace or otherwise address red instructional text as indicated. The following text This model serves as a guide if a State Agency chooses to develop its own internal P-Card procedures and is intended to have the flexibility to adjust to each State Agency's specific needs. ~~Submit~~Any State Agency P-Card Procedures should align with CPO Policy 2015-010, Statewide Payment Card Policy and Procedures and must be submitted for review and approval by the Statewide P-Card Program Director and the Comptroller of the Treasury. ~~Replace or otherwise address red instructional text as indicated and submit~~ completed procedures in a digital file (DOC format) to: [P.Card@tn.gov](mailto:P.Card@tn.gov) and copy to: [COT.CPC@cot.tn.gov](mailto:COT.CPC@cot.tn.gov). ~~if completed procedures are not submitted, the State Agency must follow the Statewide Policy and~~~~

~~If a State Agency chooses not to develop its own internal procedures, then the presumption is that the State Agency is following CPO Policy 2015-010, Statewide Payment Card Policy and Procedures and will~~ coordinate State Agency Employee roles with the Statewide P-Card Program Administration Team.

State Agency Name  
State Agency ~~PurchasingPayment~~ Card Procedures  
Effective: ~~Date~~

### 1. Overview.

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

### 2. Definitions.

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

"Bank" means 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.~~

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“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 ~~the P-Card~~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

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the ability to view and download statement information, update and manage accounts, set limits and permissions, reset passwords, and process Cardholder requests.

~~“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 these State Agency Procedures 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.~~

~~“Purchasing Card” “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. -Per Statewide Policy, the maximum STL that can be assigned to any individual physical P-Card is ten thousand dollars (\$10,000) without approval by the Statewide P-Card Program Administrator. -These State Agency Procedures establish the STL for physical P-Cards as Number (\$ #) and up to fifty thousand dollars (\$50,000) for the designated State Agency Central Fiscal Office P-Card.~~

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

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

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~~“Statewide Policy” means the Central Procurement Office’s Policy Number 2015-010, the Statewide Purchasing Card Policy and Procedures.~~



“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 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. Types of Accounts.

#### 3.1. P-Card Accounts.

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

~~If your agency has already implemented the Virtual P-Card, please delete the [reserved] language in the Virtual P-Cards sections below.~~

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#### 3.2. Virtual P-Cards. ~~[Reserved]~~

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~~Virtual P-Cards are cardless accounts that allow State Agency Name, to pay for approved, Edison purchase order transactions initiated by select suppliers authorized to accept Virtual P-Card Users payments. The account number may be “embedded” in the supplier’s system. A Virtual P-Card may be used for payments to any supplierSupplier that is registered in the State’s supplier registration system whose payment method has been activated to “P-Card” in Edison. There is no STL for purchases made with a Virtual P-Card. The Bank determines the Cycle Limit for Virtual P-Cards; 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. State Agency Name’s P-~~

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Card Coordinator should contact the Statewide P-Card Program Director for more information on Virtual P-Cards.

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#### 4. Records Retention Requirements.

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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

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

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SW23 provides:

• 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; ~~and~~ RDA SW23 is available in its entirety at <http://www.tnsos.net/rmd/rda/index.php>.

• ~~At the end of the five year period, the documents must be destroyed.~~

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

#### 5. P-Card Program Roles and Responsibilities.

##### 5.1. State Agency P-Card Program Coordinator.

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

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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 Name’s [insert title of the person who serves as the Agency’s Fiscal Director] to develop these Procedures and ensure it addresses procedures unique to State Agency Name and maintain the State Agency’s Name internal P-Card Procedures to address policy areas unique to the State Agency’s Name 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;

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- Working with ~~State Agency Name~~, management to determine appropriate Cardholder spending limits based on budget restrictions, job requirements, historical spending patterns, and overall procurement practices;
- Evaluating Cardholder spending limits against actual usage at least annually;
- Terminating a Cardholder’s status ~~as a Cardholder and cancelling P-Cards if necessary (e.g., due to separation from employment, transfer to another State Agency, low P-Card usage) and cancelling a P-Card;~~
- Ensuring ~~all P-Card transactions are verified and approved at least weekly and comply with the statewide and agency~~Agency-wide reconciliation procedures ~~for accuracy and timeliness; support timely verification and allocation of transactions to the chart of accounts at least monthly;~~
- Ensuring that ~~Transactions~~transactions are reconciled and supported by adequate documentation, ~~including use of Edison; and~~
- ~~Ensuring that Cardholder Profiles permit MCC groups that a Cardholder needs to meet his or Online Banking Program, as appropriate; her job requirements.~~
- ~~Immediately informing the Statewide P-Card Program Administrator of any misuse, abuse or fraudulent use of a P-Card; and~~
  - ~~Add other, non-conflicting responsibilities to reflect your Agency’s needs.~~

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## 5.2. Cardholder Supervisors.

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

### Carefully reviewing

- ~~Completing the Agency Coordinator training in Edison;~~
- ~~Reviewing all documentation to ensure that and ensuring it meets the minimum requirements as set forth in -is submitted according to this Policy and the Statewide Policy before approving State Agency’s internal P-Card Transactions; Procedures, as applicable;~~
- Approving or rejecting all Transactions ~~within the scheduled timeframes as to the appropriateness of the transaction;~~
- Ensuring that all documentation is submitted according to the Statewide Policy and ~~State Agency~~Agency’s Name internal P-Card Procedures, ~~as applicable;~~
- Maintaining knowledge of the Statewide Policy and ~~State Agency~~Agency’s Name internal P-Card Procedures; ~~, as applicable; and~~
- Requesting reasonable spending limits in accordance with the -Statewide Policy and ~~State Agency~~Agency’s Name internal P-Card Procedures; ~~and, as applicable.~~
- ~~Add other, non-conflicting responsibilities to reflect your Agency’s needs.~~
  - ~~Any one Agency may have several Cardholder Supervisors.~~

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**5.3. State Agency Reconciler.**

The State Agency Reconciler is the **State Agency Name** employee responsible for all the functions associated with post-purchase processing of P-Card Transactions including account allocation and providing a business purpose when required. ~~A State Agency Name's Reconciler CANNOT make purchases using~~ may be the P-Card belonging to an individual charged with preparing all documentation for retention. The State Agency Reconciler must complete the Cardholder for whom he or she reconciles. training in Edison.

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**5.4. State Agency Approver.**

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

The State Agency Approver is the **State Agency Name** employee who, within the Edison module, approves purchases made by the Cardholder to which he or she is assigned. ~~The State Agency By approving each P-Card transaction, the Approver is responsible for exercises critical control by~~ ensuring authorized and appropriate P-Card use and correct allocation of ~~expenditures in accordance with policies of the Department of Finance and Administration, Division of Accounts, expenses.~~ State Agency Approvers should also review receipts where appropriate to ensure compliance with ~~the Statewide this Policy (available online at http://www.tn.gov/generalservices/topic/education-library), State Agency Procedures, and Department of Finance and Administration, Division of Accounts policies (available online at http://www.tn.gov/finance/topic/fa-policyinfo).~~ No Cardholder may approve his or her own P-Card transactions nor may he or she direct someone else to approve P-Card transactions in a manner that could violate ~~the Statewide this Policy, State Agency Procedures, or Department applicable policies of Finance and Administration F&A, Division of Accounts policies.~~ The. 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:

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- 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 agency;
  - o Made in accordance with CPO policies and procedures; ~~and~~
  - o For goods or services actually received; ~~and,~~
  - o Transaction receipts are attached to the transaction in Edison.

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- If a State Agency Approver is in doubt about any of the above, he or she the State Agency Approver should immediately question the Cardholder and seek advice from the State Agency Name's P-Card Program Coordinator. Elaborate on this process as

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~~needed. Note that if the~~ 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).

~~Review, certify, and approve P-Card Transactions in accordance with these State Agency Procedures.~~

- ~~Immediately inform~~ informing the State Agency P-Card Program Coordinator of any misuse, abuse, or fraudulent use of a P-Card.
- ~~Notify~~ Notifying the State Agency P-Card Program Coordinator of Cardholder transfers or terminations. (Advanced notice is required if the State Agency Name's Approver is aware of impending personnel actions.) Elaborate on this process as needed. Note that the Statewide Policy requires advanced notice if the State Agency Approver is aware of impending personnel actions.

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### 5.5. *Cardholders.*

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

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- ~~Being a full-time State employee (note: when a part-time employee requires a P-Card to complete their duties, a P-Card Rule Exception Request must be submitted before P-Card issuance);~~
- Reading and becoming familiar with ~~the Statewide this~~ Policy and State Agency Procedures;
- ~~Attending and passing~~ Completing the Cardholder / Approver training course in Edison;
- ~~Signing the Cardholder / Approver agreement;~~
  - 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 ~~the Statewide this~~ Policy, State Agency Procedures, and other applicable rules, policies, and procedures; and
  - Add other, non-conflicting duties and responsibilities to reflect your Agency's needs.

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

The P-Card is for official State business use only and the purchase of personal or disallowable goods or services is strictly prohibited. Misuse of the P-Card may result in disciplinary action up to and including termination of employment and

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prosecution to the —extent permitted by law. Cardholders will be required to reimburse the State, including —sales tax, for any improper purchases.

Add other, non-conflicting information on the Cardholder’s responsibility to protect the security of the P-Card as needed.

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.

**5.6. Virtual P-Card Users.** [Reserved]

—A Virtual P-Card User has authority to make purchases in accordance with this Policy, utilizing his or her State Agency Name’s —local purchase authority and to make purchases from a Statewide Contract or Agency — Term Contract for official State business.

Describe your Agency’s eligibility —requirements for Users and the training Users must complete before initiating any —Transactions with a Virtual P-Card. Minimum eligibility requirement: e-procurement or —buyer role in Edison. Minimum training requirement: training on reconciliation —procedures.

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**6. P-Card Issuance and Cancellation.**

**6.1. P-Card Issuance.**

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

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~~**6.1. P-Card Issuance.**~~

~~The State Agency. Payment Cards are issued by the P-Card Program Coordinator shall not issue a P-Card until the prospective Cardholder completes, in the following order, the receipt of documentation supporting:~~

- Completion of P-Card training;
- Completion of the Cardholder Application, the Cardholder profile, P-Card training, and the Cardholder Agreement. The Cardholder Agreement is evidence that the Cardholder completed P-Card training, and received
- Completion and approval of a copy of the Statewide Policy. Cardholder Profile.

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Add further details on the P-Card issuance process in your Agency as needed. When creating Cardholder profiles, your Agency's P-Card Program Coordinator should ensure that a profile permits only those MCC groups that the particular Cardholder needs to meet his or her job requirements.

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### 6.2. P-Card Cancellation.

~~The State Agency Name's~~ P-Card Program Coordinator has authority to terminate a Cardholder's status as a Cardholder and cancel P-Cards. ~~Add further information about your Agency's process for destroying cancelled P-Cards as needed.~~

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~~The Statewide P-Cards shall~~ Card Program Team should be cancelled when ~~any~~ 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;

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State Agency Name's 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~~
- ~~Untimely~~ Cardholder is untimely with confirming or disputing transactions; ~~;~~ Add details on what your Agency will consider untimely. ~~or~~
- Cardholder lost receipts and resorted 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.
- Add other, non-conflicting grounds for cancellation as needed.

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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 State Agency Name's P-Card Program Coordinator.

## 7. P-Card Use.

### 7.1. P-Card Processing Cycle.

The typical cycle for P-Card use is:

- An individual Cardholder-, with State Agency Name's 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;

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- Transactions are ~~typically~~ posted in the Edison P-Card module (usually within 24-72 hours after the purchase is made);
- The Cardholder ~~will log~~ logs into the Edison P-Card module [insert how frequently transaction review will occur in your Agency; minimum requirement is weekly] to review transactions and account coding and take necessary action to correct errors in the purchase details;
- The Cardholder or his or her State Agency Approver or Cardholder Supervisor confirms, or disputes Transactions posted to the card account;
- The credit line is replenished for the ~~amount of the~~ Transactions;
- The Cardholder ~~will receive~~ receives a hard-copy or electronic Bank statement monthly;
- The hard-copy or electronic Bank statement and receipts ~~will be~~ sent to the State Agency Reconciler for final reconciliation;
- The State Agency Reconciler ~~will reconcile~~ reconciles all Transactions by [specify your Agency's reconciliation process, including how frequently reconciliation will occur; under section 98.3 of the Statewide Policy, reconciliation will be completed in Edison unless the CPO approves an alternate method]; and
- The State Agency Reconciler prepares all documentation for retention by [specify your Agency's record retention process; refer to section 9.4 for record retention requirements].

### 7.2. *Purchasing Rules.*

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

All F&A Division of Accounts accounting policies should be followed for P-Card transactions and usage.

### 7.3. *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. The Cardholder~~ 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

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disputed items. ~~Cardholders should avoid Suppliers with restrictive merchandise return policies.~~

#### 7.4. *Disputing Transactions.*

—If there is a problem with a Transaction, the Cardholder must first attempt to reach a resolution directly with the Supplier. If the dispute involves a Transaction that the Cardholder believes to be fraudulent, the Cardholder should immediately notify the Bank and State Agency Name’s 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 of the Policy regarding acceptable forms of credit.

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—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 State Agency Name’s P-Card Program Coordinator. State Agency Name’s P-Card Program Coordinator will communicate with the Statewide P-Card Program Administration Team as necessary.

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~~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 State Agency Name’s P-Card Program Coordinator to ensure the disputed transaction has been documented. If the dispute cannot be resolved between the Cardholder and the Bank, the Cardholder shall immediately notify the State Agency Name’s P-Card Program Coordinator and [describe your Agency’s process for disputing a transaction under these circumstances].~~

#### 7.5. *Declined Purchase Transactions.*

—On occasion, a Cardholder’s purchase transaction may be declined. Cardholders should contact the Bank’s Customer Service to determine the reason for the decline before contacting State Agency Name’s 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:

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

#### 7.6. *Lost or Stolen P-Cards.*

If a P-Card is lost, stolen, or the card information has been compromised, the Cardholder must immediately contact the Bank’s ~~Customer Service~~, customer service. Upon such

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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:~~

~~At the time of the notification, the Bank may request the following information:~~

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

The Cardholder must notify ~~his or her~~State Agency Name's 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~~initiate an investigation, and send a copy of the Bank affidavit to ~~the~~State Agency Name's 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 Name's~~ P-Card Program Coordinator.

~~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 may send the completed Bank affidavit or an email to [Robert.N.Allen@cot.tn.gov](mailto:Robert.N.Allen@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).~~

#### 7.7. ~~Cardholder Transfer or Separation from Employment.~~

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

## 8. Internal Controls.

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

Your State Agency must establish an internal control structure that ensures compliance with the State's procurement laws, CPO rules, policies and procedures, the Statewide Policy, and the terms and conditions of P-Card established by the Bank. The State Agency employee who serves as the Agency's Fiscal Director is responsible for developing and reviewing the State Agency Procedures and ensuring that sound accounting practices and internal controls are in place and enforced.

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

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

If your State Agency has a designated State Agency Central Fiscal Office P-Card, then the protocol for establishing the card needs to be addressed either in your procedures or as an addendum to your procedures. If included in the procedures, modify section 8.2. Cardholder Spending Limits and P-Card use below to address your agency's protocol for establishing a designated State Agency Central Fiscal Office P-Card and any alternate Central Fiscal Office P-Cards, including which Central Fiscal Office P-Card is primary and which is alternate.

**8.2. Cardholder Spending Limits and P-Card Use.**

~~The State Agency Name employee who serves as the Agency's Name's Fiscal Director may establish a~~ is responsible for setting payment card maximum Single Transaction Limit Limits (STL) ~~of up to and Cycle Limits (CL). Spending limits should be based on the Cardholder's job responsibilities, the ten thousand dollars (\$10,000) maximum for Cardholders as he or she determines appropriate taking into account position's unique purchasing needs, and the State Agency's overall needs.~~

The State Agency Name employee who serves as the Agency's Fiscal Director may also establish a Single Transaction Limit (STL) of up to the fifty thousand dollars (\$50,000) maximum budget. Cardholder spending limits must be reviewed periodically for Central

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~~Fiscal Office P-Cards as he or she determines appropriate taking into account the State Agency's overall needs appropriateness.~~

~~State Agency Name 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>

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~~Add details related to the protocol for establishing a designated State Agency Central Fiscal Office P-Card and any alternate Central Fiscal Office P-Cards, including which is primary and which are alternates. Include any circumstances (e.g., unavailability of the primary Central Fiscal Office P-Card) under which an alternate Central Fiscal Office P-Card may be used.~~

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~~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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~~State Agency Name's P-Card Program Coordinator will review Cardholder spending limits [insert frequency of review; minimum is annually] to determine if actual usage is consistent with spending limits. Cardholders are prohibited from splitting a single purchase between one or more P-Cards or between a Card transaction and a purchase order to circumvent the STL or CPO rules, policies or procedures.~~

### **8.3. Dormant Cards.**

~~When a P-Card has not been used for length of time, it will be considered inactive. Describe how your Agency will respond when a P-Card is deemed inactive. The CPO recommends reducing the 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 length of some time, the State Agency Name's P-Card Program Coordinator will 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. Add further details about the review of dormant cards as needed.~~

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**9. Documentation, Reconciliation, and Accounting.**

**9.1. Documentation**

Describe your Agency’s procedures for documentation of Transactions. At minimum, your procedures shall require Cardholders to provide invoices or receipts (either electronic or hard copy format) for all Transactions. Invoices or receipts shall include: (a) the Supplier’s name, location, and contact information; (b) line-item details, including quantity, description, unit price, and total price; and (c) a line showing the State was not charged for sales tax. If your Agency decides to use logs as a form of documentation, specify procedures for maintaining logs. Include procedures for lost receipts and describe any consequences if a Cardholder loses receipts more than three (3) times during a fiscal year. Consult section 109.2 of the Statewide Policy for further guidance regarding Purchase Documentation.

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**9.2. Reconciliation.**

~~Reconciliation of Transactions is performed~~ All Transaction verifications and approvals will be completed in Edison.

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

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

Describe your Agency’s procedures for allocation of charges to the chart of accounts. The procedures must ensure: (a) compliance with State accounting and budgetary policies; and (b) all Transactions are allocated to the chart of accounts before the end of the ~~monthly reconciliation cycle.~~ Billing Cycle.

**10. Prohibited Purchases and Transactions.**

**10.1. Prohibited Purchases.**

~~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 of equipment leased from the Department of General Services' Division of Motor Vehicle Management ("MVM");~~
- ~~Back orders or partial shipments—goods or services must be in stock or otherwise available at the time of purchase;~~
- ~~Purchases made using a P-Card or other account by someone other than the Cardholder or account holder;~~
- ~~Service awards for state employees;~~
- ~~Awards for private citizens;~~
- ~~Honoraria expenses;~~
- ~~Insurance policies;~~
- ~~Gift cards or gift certificates; and~~

Any goods or services related to political activity as defined under "The Little Hatch Act," Tenn.

<u>Prohibited Purchase Type</u>		<u>General Justification for Prohibition</u>
<u>1</u>	<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>
<u>2</u>	<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>
<u>3</u>	<u>Telephone billings</u>	<u>State telephone billings are typically centrally managed and controlled by the Department of Finance and Administration.</u>
<u>4</u>	<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>
<u>5</u>	<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>
<u>6</u>	<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>

<b><u>Prohibited Purchase Type</u></b>	<b><u>General Justification for Prohibition</u></b>
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>
11 <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>
12 <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>
13 <u>Honoraria expenses</u>	<u>These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.</u>
14 <u>Insurance policies</u>	<u>State insurance coverage is typically centrally managed and controlled by Department of Treasury, Risk Management.</u>
15 <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>
16 <u>Cash withdrawals, including ATM or debit withdrawals</u>	<u>These are prohibited for control purposes.</u>
16 <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>

	<b>Prohibited Purchase Type</b>	<b>General Justification for Prohibition</b>
17	<u>Purchases Reserved for the Designated State Agency Central Fiscal Office Cardholder, unless in accordance with Section 11 of the Statewide 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 the Statewide Policy.</u>
18	<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 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.~~

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~~As provided above,~~ **10.2. Personal Purchases Prohibited.**

Cardholders are prohibited from using a P-Card for the purchase of ~~any~~any goods or services not directly related to job responsibilities or other official State ~~business.~~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.~~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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**10.23. Split Purchases Prohibited.**

~~—~~Tenn. Code Ann. § 12-3-503(b) and CPO Policy Number 2013-003 authorize State Agencies to make a purchase without soliciting quotes or proposals from multiple ~~Suppliers~~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

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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. The STL for P-Card purchases using a physical P-Card is ten thousand dollars (\$10,000), unless your State Agency designates a lower STL in its State Agency Procedures, and up to fifty thousand dollars (\$50,000) for a Central Fiscal Office P-Card.

**10.3. — Payment of Sales and Use Tax4. Tax Exemption.**

Under Tenn. Code Ann. § 67-6-329(a), purchases) 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 from the Department of Revenue website 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 or invoice 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, he or she shall seek :

- The Cardholder must contact the Supplier to obtain a credit refund of any sales taxes to the P-Card 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.
- 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. Add further, non-conflicting information about documentation of attempts to obtain credit as needed.

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

Only the person(s) designated by State Agency Name’s [title of Agency employee who serves as

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the Agency's Fiscal Director and or budget director or officer] as Central Fiscal P-Cardholders may use his or her individual P-Card for the following types of 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 more than~~ two hundred dollars (\$200) per day or for more than five (5) days;
- Convention or registration fees; and
- Association entry fees.
- Food, beverage, or catering charges for meetings.

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

The State Agency Name's 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. State Agency Name should follow protocol established pursuant to Section 8.1 above regarding the utilization of those alternate Central Fiscal Office P-Cardholders.

## 12. 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.

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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. ~~explained below.~~

~~The maximum allowable Visa mandated surcharge is four percent (4%) and must be shown as a line item on the detailed invoice or receipt. Whenever a 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 Name's P-Card Program Coordinator will be sufficient.~~

**13. Travel.**

Travel is governed by the Department of Finance & Administration, Policy 8, Comprehensive Travel Regulations. The State maintains a Statewide Contract (#747) for air travel. Flights are booked through the contracted entity according to the Statewide Contract usage instructions.

Payments are made to the airlines using Virtual P-Cards. One Virtual P-Card is assigned to each participating State Agency and embedded within the Supplier's system. Agencies reconcile their air travel statement each month and report any irregularities to the contract administrator and the P-Card Administration Team. The P-Card Administration Team creates the voucher for payment to the Bank.

**STATE AGENCY P-CARD PROCEDURES  
MODEL**

**CLEAN**

## STATE AGENCY P-CARD PROCEDURES MODEL

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Instructions: This model serves as a guide if a State Agency chooses to develop its own internal P-Card procedures and is intended to have the flexibility to adjust to each State Agency's specific needs. Any State Agency P-Card Procedures should align with [CPO Policy 2015-010](#), Statewide Payment Card Policy and Procedures and must be submitted for review and approval by the Statewide P-Card Program Director and the Comptroller of the Treasury. Replace or otherwise address red instructional text as indicated and submit completed procedures in a digital file (DOC format) to: [P.Card@tn.gov](mailto:P.Card@tn.gov) and copy to: [COT.CPC@cot.tn.gov](mailto:COT.CPC@cot.tn.gov).

If a State Agency chooses not to develop its own internal procedures, then the presumption is that the State Agency is following [CPO Policy 2015-010](#), Statewide Payment Card Policy and Procedures and will coordinate State Agency Employee roles with the Statewide P-Card Program Administration Team.

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**State Agency Name**  
State Agency Payment Card Procedures  
Effective: **Date**

### 1. Overview.

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

### 2. Definitions.

"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 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.**

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

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

If your agency has already implemented the Virtual P-Card, please delete the [reserved] language in the Virtual P-Cards sections below.

### **3.2. Virtual P-Cards. [Reserved]**

Virtual P-Cards allow **State Agency Name** 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. **State Agency Name’s** P-Card Coordinator should contact the Statewide P-Card Program Director for more information on Virtual P-Cards.

## **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 Agency Name** must 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>.

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

## **5. P-Card Program Roles and Responsibilities.**

### **5.1. State Agency P-Card Program Coordinator.**

The State Agency P-Card Program Coordinator serves as the main point-of-contact between the **State Agency Name** and the Statewide P-Card Program Administration Team. **State Agency’s Name** 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 Name’s [insert title of the person who serves as the Agency’s Fiscal Director]** to develop and maintain the **State**



- **Agency's Name** internal P-Card Procedures to address policy areas unique to the **State Agency's Name** 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 Name** management to determine appropriate Cardholder spending limits based on budget restrictions, job requirements, historical spending patterns, and overall procurement practices;
- Evaluating Cardholder spending limits against actual usage at least annually;
- Terminating a Cardholder's status 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.
- **Add other, non-conflicting responsibilities to reflect your Agency's needs**

### **5.2. Cardholder Supervisors.**

Cardholder Supervisors must have a thorough knowledge of the Cardholders' job responsibilities to determine if purchases are job-related or otherwise authorized by CPO rules, policies or procedures. The Cardholder Supervisor's roles, 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 the Statewide Policy and **State Agency's Name** internal P-Card Procedures, as applicable;
- Maintaining knowledge of the Statewide Policy and **State Agency's Name** internal P-Card Procedures, as applicable; and
- Requesting reasonable spending limits in accordance with the Statewide Policy and **State Agency's Name** internal P-Card Procedures, as applicable.
- **Add other, non-conflicting responsibilities to reflect your Agency's needs.**

**Any one Agency may have several Cardholder Supervisors.**

### **5.3. State Agency Reconciler.**

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

#### **5.4. State Agency Approver.**

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

The State Agency Approver is the **State Agency Name** employee who, 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 Name's** Approver is aware of impending personnel actions.) **Elaborate on this process as needed. Note that the Statewide Policy requires advanced notice if the State Agency Approver is aware of impending personnel actions.**

#### **5.5. Cardholders.**

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

- Being a full-time State employee (note: when a part-time employee requires a P-Card to complete their duties, a P-Card Rule Exception Request must be submitted before P-Card issuance);
- 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.
- **Add other, non-conflicting duties and responsibilities to reflect your Agency's needs.**

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.

**Add other, non-conflicting information on the Cardholder's responsibility to protect the security of the P-Card as needed.**

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.

#### **5.6. *Virtual P-Card Users.*** [Reserved]

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

**Describe your Agency's eligibility requirements for Users and the training Users must complete before initiating any Transactions with a Virtual P-Card. Minimum eligibility requirement: e-procurement or buyer role in Edison. Minimum training requirement: training on reconciliation procedures-**

## **6. P-Card Issuance and Cancellation.**

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

**State Agency Name's** 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.

Add further details on the P-Card issuance process in your Agency as needed. When creating Cardholder profiles, your Agency's P-Card Program Coordinator should ensure that a profile permits only those MCC groups that the Cardholder needs to meet his or her job requirements.

### **6.2. P-Card Cancellation.**

**State Agency Name's** P-Card Program Coordinator has authority to terminate a Cardholder's status as a Cardholder and cancel P-Cards. Add further information about your Agency's process for destroying cancelled P-Cards as needed.

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.

**State Agency Name's** 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; Add details on what your Agency will consider untimely. or
- Cardholder lost receipts and resorted 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.

Add other, non-conflicting grounds for cancellation as needed.

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 **State Agency Name's** P-Card Program Coordinator.

## **7. P-Card Use.**

### **7.1. P-Card Processing Cycle.**

The typical cycle for P-Card use is:

- An individual Cardholder, with **State Agency Name's** approved spending limits, initiates a purchase using a P-Card;
- The individual Cardholder retains an original, legible copy of the purchase's receipt for use in reconciliation;
- Transactions are posted in the Edison P-Card module (usually within 24-72 hours after the purchase is made);
- The Cardholder logs into the Edison P-Card module **[insert how frequently transaction review will occur in your Agency; minimum requirement is weekly]** to review transactions and account coding and take necessary action to correct errors in the purchase details;
- The Cardholder or his or her **State Agency Approver or Cardholder Supervisor** confirms, or disputes Transactions posted to the card account;
- The credit line is replenished for the Transactions;
- The Cardholder receives a **hard-copy or electronic** Bank statement monthly;
- The **hard-copy or electronic** Bank statement and receipts are sent to the State Agency Reconciler for final reconciliation;
- The State Agency Reconciler reconciles all Transactions by **[specify your Agency's reconciliation process, including how frequently reconciliation will occur; under section 8.3 of the Statewide Policy, reconciliation will be completed in Edison unless the CPO approves an alternate method]**; and
- The State Agency Reconciler prepares all documentation for retention by **[specify your Agency's record retention process; refer to section 9.4 for record retention requirements]**.

### **7.2. Purchasing Rules.**

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

All F&A Division of Accounts accounting policies should be followed for P-Card transactions and usage.

### **7.3. 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.

#### **7.4. *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 **State Agency Name's** 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 of the Policy 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 **State Agency Name's** P-Card Program Coordinator. **State Agency Name's** P-Card Program Coordinator will communicate with the Statewide P-Card Program Administration Team as necessary.

#### **7.5. *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 **State Agency Name's** 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.

#### **7.6. *Lost or Stolen P-Cards.***

If a P-Card is lost, stolen, or the card information has been compromised, the Cardholder must immediately contact 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 **State Agency Name's** 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 **State Agency Name's** 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 Name's** P-Card Program Coordinator.

#### ***7.7. Separation from Employment***

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

### **8. Internal Controls.**

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

Your State Agency must establish an internal control structure that ensures compliance with the State's procurement laws, CPO rules, policies and procedures, the Statewide Policy, and the terms and conditions of P-Card established by the Bank. The State Agency employee who serves as the Agency's Fiscal Director is responsible for developing and reviewing the State Agency Procedures and ensuring that sound accounting practices and internal controls are in place and enforced.

#### ***8.1. Regular Review of State Agency Name's P-Card Program.***

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

If your State Agency has a designated State Agency Central Fiscal Office P-Card, then the protocol for establishing the card needs to be addressed either in your procedures or



as an addendum to your procedures. If included in the procedures, modify section 8.2. Cardholder Spending Limits and P-Card use below to address your agency’s protocol for establishing a designated State Agency Central Fiscal Office P-Card and any alternate Central Fiscal Office P-Cards, including which Central Fiscal Office P-Card is primary and which is alternate.

**8.2. Cardholder Spending Limits and P-Card Use.**

The State Agency Name’s 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.

State Agency Name 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.

Spending Limits		
Program Role	Permissible Single Transaction Amount	Cycle Limit
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

Add details related to the protocol for establishing a designated State Agency Central Fiscal Office P-Card and any alternate Central Fiscal Office P-Cards, including which is primary and which are alternates. Include any circumstances (e.g., unavailability of the primary Central Fiscal Office P-Card) under which an alternate Central Fiscal Office P-Card may be used.

**8.3. 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. Add further details about the review of dormant cards as needed.

**9. Documentation, Reconciliation, and Accounting.**



**9.1. Documentation**

Describe your Agency’s procedures for documentation of Transactions. At minimum, your procedures shall require Cardholders to provide invoices or receipts (either electronic or hard copy format) for all Transactions. Invoices or receipts shall include: (a) the Supplier’s name, location, and contact information; (b) line-item details, including quantity, description, unit price, and total price; and (c) a line showing the State was not charged for sales tax. If your Agency decides to use logs as a form of documentation, specify procedures for maintaining logs. Include procedures for lost receipts and describe any consequences if a Cardholder loses receipts more than three (3) times during a fiscal year. Consult section 9.2 of the Statewide Policy for further guidance regarding Purchase Documentation.

**9.2. Reconciliation.**

All Transaction verifications and approvals will be completed in Edison.

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

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

Describe your Agency’s procedures for allocation of charges to the chart of accounts. The procedures must ensure: (a) compliance with State accounting and budgetary policies; and (b) all Transactions are allocated to the chart of accounts before the end of the Billing Cycle.

**10. Prohibited Purchases and Transactions.**

**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.
2	Rental of passenger vehicles of any kind	Rental of passenger vehicles are typically made in connection with employee travel expenses, which are prohibited.

<b>Prohibited Purchase Type</b>		<b>General Justification for Prohibition</b>
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</u> , <u>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</u> , <u>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.
15	Gift cards or gift certificates	These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.

Prohibited Purchase Type		General Justification for Prohibition
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 the Statewide 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 the Statewide 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.**

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 Purchases Prohibited.**

Tenn. Code Ann. § 12-3-503(b) and CPO Policy Number 2013-003 authorize State Agencies to make a purchase without soliciting quotes or proposals from multiple 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. **The STL for P-Card purchases using a physical P-Card is ten thousand dollars (\$10,000), unless your State Agency designates a lower STL in its State Agency Procedures, and up to fifty thousand dollars (\$50,000) for a Central Fiscal Office P-Card.**

#### ***10.4. 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. **Add further, non-conflicting information about documentation of attempts to obtain credit as needed.**

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

Only the person(s) designated by **State Agency Name**’s [title of Agency employee who serves as the Agency’s Fiscal Director and or budget director or officer] as Central Fiscal P-Cardholders may use his or her individual P-Card for the following types of 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 more than two hundred dollars (\$200) per day or for more than five (5) days;
- Convention or registration fees; and
- Association entry fees.
- Food, beverage, or catering charges for meetings.

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

The **State Agency Name's** 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. **State Agency Name** should follow protocol established pursuant to Section 8.1 above regarding the utilization of those alternate Central Fiscal Office P-Cardholders.

## **12. 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.

## **13. Travel.**

Travel is governed by the Department of Finance & Administration, Policy 8, Comprehensive Travel Regulations. The State maintains a Statewide Contract (#747) for air travel. Flights are booked through the contracted entity according to the Statewide Contract usage instructions.

Payments are made to the airlines using Virtual P-Cards. One Virtual P-Card is assigned to each participating State Agency and embedded within the Supplier’s system. Agencies reconcile their air travel statement each month and report any irregularities to the contract administrator and the P-Card Administration Team. The P-Card Administration Team creates the voucher for payment to the Bank.

# **RFP – REFERENCES**

## **REDLINE**

**REQUEST: Revise the Request for Proposals (“RFP”) Template as follows:**

**Delete B.17. and renumber subsequent sections accordingly:**

	<b>B.17.</b>	<p><del>Provide a statement and any relevant details addressing whether the Respondent is any of the following:–</del></p> <ul style="list-style-type: none"> <li><del>(a) is presently debarred, suspended, proposed for debarment, or voluntarily excluded from covered transactions by any federal or state department or agency;</del></li> <li><del>(a) has within the past three (3) years, been convicted of, or had a civil judgment rendered against the contracting party from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;</del></li> <li><del>(b) is presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed above; and</del></li> <li><del>(c) has within a three (3) year period preceding the contract had one or more public transactions (federal, state, or local) terminated for cause or default.</del></li> <li><del>(d) Enclose all sealed reference envelopes within a larger, labeled envelope for inclusion in the Technical Response as required.</del></li> </ul> <p><del>NOTES:</del></p> <ul style="list-style-type: none"> <li><del>• The State will not accept late references or references submitted by any means other than that which is described above, and each reference questionnaire submitted must be completed as required.</del></li> <li><del>• The State will not review more than the number of required references indicated above.</del></li> <li><del>• While the State will base its reference check on the contents of the sealed reference envelopes included in the Technical Response package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires, and may consider clarification responses in the evaluation of references.</del></li> </ul> <p><del>The State is under <u>no</u> obligation to clarify any reference information.</del></p>
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**RFP ATTACHMENT 6.4.**

### REFERENCE QUESTIONNAIRE

**The standard reference questionnaire provided on the following pages of this attachment **MUST should** be completed by all individuals offering a reference for the Respondent.**

The Respondent will be solely responsible for obtaining completed reference questionnaires as detailed below, and for enclosing the sealed reference envelopes within the Respondent’s Technical Response. Provide references from individuals who are not current State employees of the procuring State Agency for projects similar to the goods or services sought under this RFP and which represent:

- two (2) contracts Respondent currently services that are similar in size and scope to the services required by this RFP; and
- three (3) completed contracts that are similar in size and scope to the services required by this RFP.

References from at least three (3) different individuals are required to satisfy the requirements above, e.g., an individual may provide a reference about a completed project and another reference about a currently serviced account. The individual contact reference provided for each contract or project shall not be a current State employee of the procuring State agency. Procuring State agencies that accept references from another State agency shall document, in writing, a plan to ensure that no contact is made between the procuring State agency and a referring State agency. The standard reference questionnaire, should be used and completed, and is provided on the next page of this RFP Attachment 6.4.

The Respondent will be solely responsible for obtaining completed reference questionnaires and including them in the sealed Technical Response. In order to obtain and submit the completed reference questionnaires follow the process below.

(a) Add the Respondent's name to the standard reference questionnaire at RFP Attachment 6.4. and make a copy for each reference.

(b) Send a reference questionnaire and new, standard #10 envelope to each reference.

(c) Instruct the reference to:

(i) complete the reference questionnaire;

(ii) sign and date the completed reference questionnaire;

(iii) seal the completed, signed, and dated reference questionnaire within the envelope provided;

(iv) sign his or her name in ink across the sealed portion of the envelope; and

(v) return the sealed envelope directly to the Respondent (the Respondent may wish to give each reference a deadline, such that the Respondent will be able to collect all required references in time to include them within the sealed Technical Response).

(d) Do NOT open the sealed references upon receipt.

(e) Enclose all sealed reference envelopes within a larger, labeled envelope for inclusion in the Technical Response as required.

**NOTES:**

- The State will not accept late references or references submitted by any means other than that which is described above, and each reference questionnaire submitted must be completed as required.
- The State will not review more than the number of required references indicated above.
- While the State will base its reference check on the contents of the sealed reference envelopes included in the Technical Response package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires, and may consider clarification responses in the evaluation of references.
- The State is under no obligation to clarify any reference information.



**RFP # NUMBER REFERENCE QUESTIONNAIRE**

**REFERENCE SUBJECT:** RESPONDENT NAME (completed by Respondent before reference is requested)

---

The “reference subject” specified above, intends to submit a response to the State of Tennessee in response to the Request for Proposals (RFP) indicated. As a part of such response, the reference subject must include a number of completed and sealed reference questionnaires (using this form).

Each individual responding to this reference questionnaire is asked to follow these instructions:

- complete this questionnaire (either using the form provided or an exact duplicate of this document);
  - sign and date the completed questionnaire;
  - seal the completed, signed, and dated questionnaire in a new standard #10 envelope;
  - sign in ink across the sealed portion of the envelope; and
  - return the sealed envelope containing the completed questionnaire directly to the reference subject.
- 

(1) **What is the name of the individual, company, organization, or entity responding to this reference questionnaire?**

(2) **Please provide the following information about the individual completing this reference questionnaire on behalf of the above-named individual, company, organization, or entity.**

<b>NAME:</b>	
<b>TITLE:</b>	
<b>TELEPHONE #</b>	
<b>E-MAIL ADDRESS:</b>	

(3) **What goods or services does/did the reference subject provide to your company or organization?**

~~(4)~~ What is the level of your overall satisfaction with the reference subject as a vendor of the goods or services described above?

~~Please respond by circling the appropriate number on the scale below.~~

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
least satisfied						most satisfied

**RFP # NUMBER REFERENCE QUESTIONNAIRE — PAGE 2**

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~~If you circled 3 or less above, what could the reference subject have done to improve that rating?~~

~~(5)~~(4) If the goods or services that the reference subject provided to your company or organization are completed, were the goods or services provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.

~~(6)~~(5) If the reference subject is still providing goods or services to your company or organization, are these goods or services being provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.

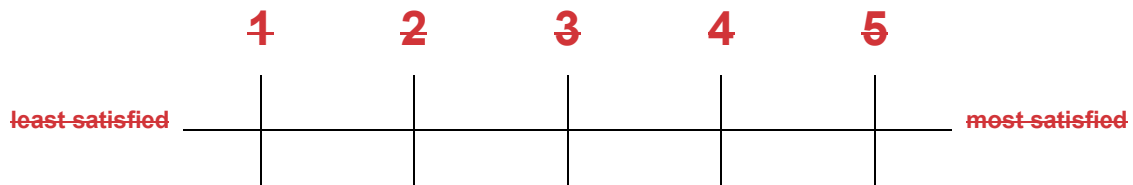
~~(7)~~(6) How satisfied are you with the reference subject's ability to perform based on your expectations and according to the contractual arrangements?

~~(8)~~ In what areas of goods or service delivery does/did the reference subject excel?

~~(9) — In what areas of goods or service delivery does/did the reference subject fall short?~~

~~(10) — What is the level of your satisfaction with the reference subject's project management structures, processes, and personnel?~~

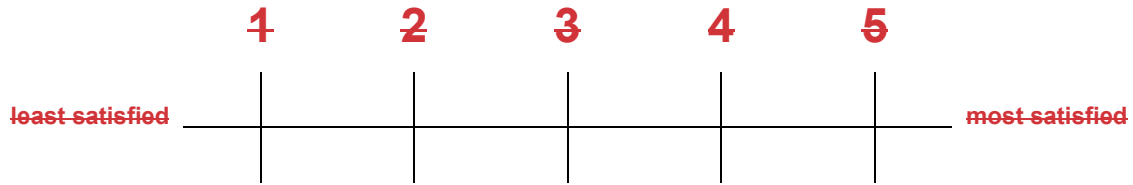
~~*Please respond by circling the appropriate number on the scale below.*~~



~~What, if any, comments do you have regarding the score selected above?~~

~~(11) — Considering the staff assigned by the reference subject to deliver the goods or services described in response to question 3 above, how satisfied are you with the technical abilities, professionalism, and interpersonal skills of the individuals assigned?~~

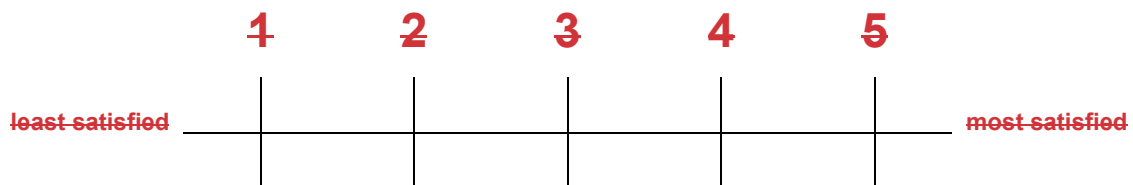
~~*Please respond by circling the appropriate number on the scale below.*~~



~~What, if any, comments do you have regarding the score selected above?~~

~~(12) — Would you contract again with the reference subject for the same or similar goods or services?~~

~~*Please respond by circling the appropriate number on the scale below.*~~



~~What, if any, comments do you have regarding the score selected above?~~

**REFERENCE SIGNATURE:**

(by the individual completing this  
request for reference information)

---

(must be the same as the signature across the envelope seal)

**DATE:**

## RFP Instructions, Considerations, and Options:

### 6.2. TECHNICAL RESPONSE & EVALUATION GUIDE ATTACHMENT – SECTION B

#### General Qualifications & Experience

The entire set of General Qualification & Experience items detailed in the template for this section MUST be evaluated together as indicated.

RFP Attachment 6.2., Section B and the methodology for evaluating responses may NOT be revised except to add new evaluation items.

#### ~~B.17. References~~

##### ~~Option: Revised Reference Requirements.~~

~~Do not assume automatic approval of any revision of the template text.~~

~~Revise the number of required references as appropriate. Revise the template text, as appropriate, to detail an alternate process for obtaining and evaluating references. Any such revision must be exactly detailed and clearly uniform in application with all Respondents.~~

### 6.4. REFERENCE QUESTIONNAIRE ATTACHMENT

#### Option: Questionnaire Revision.

Add, delete, or revise questionnaire items as appropriate to the subject procurement so that the State has the best possible information upon which to make a contractor selection.

#### Option: Revised Reference Requirements.

Revise the number of required references as appropriate. Revise the template text, as appropriate, to detail an alternate process for obtaining and evaluating references. Any such revision must be exactly detailed and clearly uniform in application with all Respondents.

# **RFP – REFERENCES**

## **CLEAN**

**REQUEST: Revise the Request for Proposals (“RFP”) Template as follows:**

**Delete B.17. and renumber subsequent sections accordingly:**

---

**RFP ATTACHMENT 6.4.**

**REFERENCE QUESTIONNAIRE**

**The standard reference questionnaire provided on the following pages of this attachment should be completed by all individuals offering a reference for the Respondent.**

The Respondent will be solely responsible for obtaining completed reference questionnaires as detailed below, and for enclosing the sealed reference envelopes within the Respondent’s Technical Response. Provide references from individuals who are not current State employees of the procuring State Agency for projects similar to the goods or services sought under this RFP and which represent:

- two (2) contracts Respondent currently services that are similar in size and scope to the services required by this RFP; and
- three (3) completed contracts that are similar in size and scope to the services required by this RFP.

References from at least three (3) different individuals are required to satisfy the requirements above, e.g., an individual may provide a reference about a completed project and another reference about a currently serviced account. The individual contact reference provided for each contract or project shall not be a current State employee **of the procuring State agency. Procuring State agencies that accept references from another State agency shall document, in writing, a plan to ensure that no contact is made between the procuring State agency and a referring State agency.** The standard reference questionnaire, should be used and completed, and is provided on the next page of this RFP Attachment 6.4.

The Respondent will be solely responsible for obtaining completed reference questionnaires and including them in the sealed Technical Response. In order to obtain and submit the completed reference questionnaires follow the process below.

- (a) Add the Respondent’s name to the standard reference questionnaire at RFP Attachment 6.4. and make a copy for each reference.
- (b) Send a reference questionnaire and new, standard #10 envelope to each reference.
- (c) Instruct the reference to:
  - (i) complete the reference questionnaire;
  - (ii) sign and date the completed reference questionnaire;
  - (iii) seal the completed, signed, and dated reference questionnaire within the envelope provided;
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  - (v) return the sealed envelope directly to the Respondent (the Respondent may wish to give each reference a deadline, such that the Respondent will be able to collect all required references in time to include them within the sealed Technical Response).
- (d) Do NOT open the sealed references upon receipt.
- (e) Enclose all sealed reference envelopes within a larger, labeled envelope for inclusion in the Technical Response as required.

NOTES:

- The State will not accept late references or references submitted by any means other than that which is described above, and each reference questionnaire submitted must be completed as required.
- The State will not review more than the number of required references indicated above.
- While the State will base its reference check on the contents of the sealed reference envelopes included in the Technical Response package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires, and may consider clarification responses in the evaluation of references.
- The State is under no obligation to clarify any reference information.



**RFP # NUMBER REFERENCE QUESTIONNAIRE**

**REFERENCE SUBJECT:** RESPONDENT NAME (completed by Respondent before reference is requested)

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The “reference subject” specified above, intends to submit a response to the State of Tennessee in response to the Request for Proposals (RFP) indicated. As a part of such response, the reference subject must include a number of completed and sealed reference questionnaires (using this form).

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- complete this questionnaire (either using the form provided or an exact duplicate of this document);
  - sign and date the completed questionnaire;
  - seal the completed, signed, and dated questionnaire in a new standard #10 envelope;
  - sign in ink across the sealed portion of the envelope; and
  - return the sealed envelope containing the completed questionnaire directly to the reference subject.
- 

**(1) What is the name of the individual, company, organization, or entity responding to this reference questionnaire?**

**(2) Please provide the following information about the individual completing this reference questionnaire on behalf of the above-named individual, company, organization, or entity.**

<b>NAME:</b>	
<b>TITLE:</b>	
<b>TELEPHONE #</b>	
<b>E-MAIL ADDRESS:</b>	

**(3) What goods or services does/did the reference subject provide to your company or organization?**

- (4) If the goods or services that the reference subject provided to your company or organization are completed, were the goods or services provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (5) If the reference subject is still providing goods or services to your company or organization, are these goods or services being provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (6) How satisfied are you with the reference subject's ability to perform based on your expectations and according to the contractual arrangements?

**REFERENCE SIGNATURE:**

(by the individual completing this request for reference information)

---

(must be the same as the signature across the envelope seal)

**DATE:**

## **RFP Instructions, Considerations, and Options:**

### **6.2. TECHNICAL RESPONSE & EVALUATION GUIDE ATTACHMENT – SECTION B**

#### **General Qualifications & Experience**

The entire set of General Qualification & Experience items detailed in the template for this section MUST be evaluated together as indicated.

RFP Attachment 6.2., Section B and the methodology for evaluating responses may NOT be revised except to add new evaluation items.

### **6.4. REFERENCE QUESTIONNAIRE ATTACHMENT**

#### **Option: Questionnaire Revision.**

Add, delete, or revise questionnaire items as appropriate to the subject procurement so that the State has the best possible information upon which to make a contractor selection.

#### **Option: Revised Reference Requirements.**

Revise the number of required references as appropriate. Revise the template text, as appropriate, to detail an alternate process for obtaining and evaluating references. Any such revision must be exactly detailed and clearly uniform in application with all Respondents.

**GRANT CONTRACT (“GR”) AND  
GOVERNMENTAL GRANT (“GG”)  
CONTRACT TEMPLATES**

**REDLINE**

**REQUEST:** Global request to change all references to “CFDA” to “Assistance Listing” and revise the Grant Contract (“GR”) and Governmental Grant (“GG”) Contract Templates as follows:

**ATTACHMENT REFERENCE**

**Federal Award Identification Worksheet**

Subrecipient’s name (must match registered name in DUNS)	
Subrecipient’s DUNS number	
Federal Award Identification Number (FAIN)	
Federal award date	
<del>CFDA Assistance Listing</del> number (formerly known as the CFDA number) and <del>Assistance Listing program title.</del> name	
Grant contract’s <u>budget period</u> begin date	
Grant contract’s <u>budget period</u> end date	
Amount of federal funds obligated by this grant contract	
Total amount of federal funds obligated to the subrecipient	
Total amount of the federal award to the pass-through entity (Grantor State Agency)	
Name of federal awarding agency	
Name and contact information for the federal awarding official	
Is the federal award for research and development?	
Indirect cost rate for the federal award (See 2 C.F.R. §200.331 for information on type of indirect cost rate)	

**B. TERM OF GRANT CONTRACT:**

This Grant Contract shall be effective during the budget period starting on DATE (“Effective Date”) and extend for a period of number (#) months after the Effective Date (“Term”). The State shall have no obligation for goods or services provided by the Grantee prior to the Effective Date.

**Option: Term of Grant Contract**

To revise the Term of Grant Contract language to include a specific end date, replace the section with the following.

**B. TERM OF GRANT CONTRACT:**

This Grant Contract shall be effective for the during the budget period beginning on Date (“Effective Date”) and ending on Date, (“Term”). The State shall have no obligation to the Grantee for fulfillment of the Scope outside the Term.

The following revisions should be made: **Changes are in red**

C.7. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within **ninety (90)** days of the Grant Contract end date, in form and substance acceptable to the State.

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within **ninety (90)** days of the Grant Contract end date and in form and substance acceptable to the State (and include, as applicable, documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations").

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within **ninety (90)** days of the Grant Contract end date and in form and substance acceptable to the State (and include, as applicable, documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations").

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within **ninety (90)** days of the Grant Contract end date and in form and substance acceptable to the State.

**Federal Funding Accountability and Transparency Act**

Add the following Section if the Grant Contract will be funded in whole or part by ~~a federal funds grant or contract of twenty five thousand dollars (\$25,000) or more (excluding grants subject to section 1512 of the American Recovery and Reinvestment Act of 2009)), and the grant will provide for the expenditure of anticipated to equal or exceed \$30,000.~~ **twenty five thousand dollars (\$25,000) or more in federal funds.**

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

Add the following Section as appropriate. Federal law prohibits the obligation or expending of federal award funds on certain telecommunication products or from certain entities for national security reasons. Use of this term is required when federal funds are involved pursuant to 2 C.F.R. Part 200, Appendix II, § K (citing 2 C.F.R. § 200.216).

**Add the following as NEW Optional Terms to the GR and GG Templates:**

**Option: Future Budget Periods**

If anticipated that “Period of Performance” will include multiple budget periods, the State Agency must indicate by adding the following language at the end of B. Term of Grant Contract. Note this will only apply when there are multi-year contracts. Please see 2 CFR § 200.211(c)(iv) for more details.

Subsequent budget periods are subject to availability of funds, program authority, satisfactory performance, and compliance with the terms and conditions of the Federal Award.

**Domestic Preference for Procurements.**

Add the following section as appropriate or when required by federal funding source. See 2 C.F.R. Part 200, Appendix II, § L (citing [2 C.F.R. § 200.322](#)).

**E.#.** Domestic Preference for Procurements. As appropriate, and to the extent consistent with law, the Grantee should, to the greatest extent practicable, provide a preference for the purchase, acquisition, or use of goods, products or materials produced in the United States. This includes, but is not limited to iron, aluminum, steel, cement, and other manufactured products. For purposes of this clause: (1) “Produced in the United States” means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States; (2) “Manufactured products” means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

**Never Contract with the Enemy.**

In accordance with [2 C.F.R. 183](#), the following terms apply if the award exceeds \$50,000 and is performed outside the United States, including U.S. territories, and is in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. It does not apply to the authorized intelligence or law enforcement activities of the Federal Government.

**E.#.** Prohibition on Providing Funds to the Enemy.

(a) The recipient must -

(1) Exercise due diligence to ensure that none of the funds, including supplies and services, received under this grant or cooperative agreement are provided directly or indirectly (including through subawards or contracts) to a person or entity who is actively opposing the United States or coalition forces involved in a contingency operation in which

members of the Armed Forces are actively engaged in hostilities, which must be completed through 2 CFR 180.300 prior to issuing a subaward or contract and;

(2) Terminate or void in whole or in part any subaward or contract with a person or entity listed in SAM as a prohibited or restricted source pursuant to subtitle E of Title VIII of the NDAA for FY 2015, unless the Federal awarding agency provides written approval to continue the subaward or contract.

(b) The recipient may include the substance of this clause, including paragraph (a) of this clause, in subawards under this grant or cooperative agreement that have an estimated value over \$50,000 and will be performed outside the United States, including its outlying areas.

(c) The Federal awarding agency has the authority to terminate or void this grant or cooperative agreement, in whole or in part, if the Federal awarding agency becomes aware that the recipient failed to exercise due diligence as required by paragraph (a) of this clause or if the Federal awarding agency becomes aware that any funds received under this grant or cooperative agreement have been provided directly or indirectly to a person or entity who is actively opposing coalition forces involved in a contingency operation in which members of the Armed Forces are actively engaged in hostilities.



**GRANT CONTRACT (“GR”) AND  
GOVERNMENTAL GRANT (“GG”)  
CONTRACT TEMPLATES**

**CLEAN**

**REQUEST:** Global request to change all references to “CFDA” to “Assistance Listing” and revise the Grant Contract (“GR”) and Governmental Grant (“GG”) Contract Templates as follows:

**ATTACHMENT REFERENCE**

**Federal Award Identification Worksheet**

Subrecipient’s name (must match registered name in DUNS)	
Subrecipient’s DUNS number	
Federal Award Identification Number (FAIN)	
Federal award date	
Assistance Listing number (formerly known as the CFDA number) and Assistance Listing program title.	
Grant contract’s budget period begin date	
Grant contract’s budget period end date	
Amount of federal funds obligated by this grant contract	
Total amount of federal funds obligated to the subrecipient	
Total amount of the federal award to the pass-through entity (Grantor State Agency)	
Name of federal awarding agency	
Name and contact information for the federal awarding official	
Is the federal award for research and development?	
Indirect cost rate for the federal award (See 2 C.F.R. §200.331 for information on type of indirect cost rate)	

**B. TERM OF GRANT CONTRACT:**

This Grant Contract shall be effective during the budget period starting on DATE (“Effective Date”) and extend for a period of number (#) months after the Effective Date (“Term”). The State shall have no obligation for goods or services provided by the Grantee prior to the Effective Date.

**Option: Term of Grant Contract**

To revise the Term of Grant Contract language to include a specific end date, replace the section with the following.

**B. TERM OF GRANT CONTRACT:**

This Grant Contract shall be effective for the during the budget period beginning on Date (“Effective Date”) and ending on Date, (“Term”). The State shall have no obligation to the Grantee for fulfillment of the Scope outside the Term.

The following revisions should be made: Changes are in red

- C.7. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within ninety (90) days of the Grant Contract end date, in form and substance acceptable to the State.
- C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within ninety (90) days of the Grant Contract end date and in form and substance acceptable to the State (and include, as applicable, documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations").
- C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within ninety (90) days of the Grant Contract end date and in form and substance acceptable to the State (and include, as applicable, documentation and receipts as required by the above-referenced "State Comprehensive Travel Regulations").
- C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within ninety (90) days of the Grant Contract end date and in form and substance acceptable to the State.

**Federal Funding Accountability and Transparency Act**

Add the following Section if the Grant Contract will be funded in whole or part by federal funds anticipated to equal or exceed \$30,000.

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

Add the following Section as appropriate. Federal law prohibits the obligation or expending of federal award funds on certain telecommunication products or from certain entities for national security reasons. Use of this term is required when federal funds are involved pursuant to 2 C.F.R. Part 200, Appendix II, § K (citing 2 C.F.R. § 200.216).

**Add the following as NEW Optional Terms to the GR and GG Templates:**

**Option: Future Budget Periods**

If anticipated that “Period of Performance” will include multiple budget periods, the State Agency must indicate by adding the following language at the end of B. Term of Grant Contract. Note this will only apply when there are multi-year contracts. Please see 2 CFR § 200.211(c)(iv) for more details.

Subsequent budget periods are subject to availability of funds, program authority, satisfactory performance, and compliance with the terms and conditions of the Federal Award.

**Domestic Preference for Procurements.**

Add the following section as appropriate or when required by federal funding source. See 2 C.F.R. Part 200, Appendix II, § L (citing [2 C.F.R. § 200.322](#)).

**E.#.** Domestic Preference for Procurements. As appropriate, and to the extent consistent with law, the Grantee should, to the greatest extent practicable, provide a preference for the purchase, acquisition, or use of goods, products or materials produced in the United States. This includes, but is not limited to iron, aluminum, steel, cement, and other manufactured products. For purposes of this clause: (1) “Produced in the United States” means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States; (2) “Manufactured products” means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

**Never Contract with the Enemy.**

In accordance with [2 C.F.R. 183](#), the following terms apply if the award exceeds \$50,000 and is performed outside the United States, including U.S. territories, and is in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. It does not apply to the authorized intelligence or law enforcement activities of the Federal Government.

**E.#.** Prohibition on Providing Funds to the Enemy.

(a) The recipient must -

(1) Exercise due diligence to ensure that none of the funds, including supplies and services, received under this grant or cooperative agreement are provided directly or indirectly (including through subawards or contracts) to a person or entity who is actively opposing the United States or coalition forces involved in a contingency operation in which members of the Armed Forces are actively engaged in hostilities, which must be completed through 2 CFR 180.300 prior to issuing a subaward or contract and;

(2) Terminate or void in whole or in part any subaward or contract with a person or entity listed in SAM as a prohibited or restricted source pursuant to subtitle E of Title VIII of the NDAA for FY 2015, unless the Federal awarding agency provides written approval to continue the subaward or contract.

(b) The recipient may include the substance of this clause, including paragraph (a) of this clause, in subawards under this grant or cooperative agreement that have an estimated value over \$50,000 and will be performed outside the United States, including its outlying areas.

(c) The Federal awarding agency has the authority to terminate or void this grant or cooperative agreement, in whole or in part, if the Federal awarding agency becomes aware that the recipient failed to exercise due diligence as required by paragraph (a) of this clause or if the Federal awarding agency becomes aware that any funds received under this grant or cooperative agreement have been provided directly or indirectly to a person or entity who is actively opposing coalition forces involved in a contingency operation in which members of the Armed Forces are actively engaged in hostilities.

**CONTRACT MODELS & TEMPLATE –  
FEDERAL TERMS**

**REDLINE**

**REQUEST: Revise and add the following in the FA Template and all contract templates and models, as applicable:**

**Federal Funding Accountability and Transparency Act**

Add the following Section if the contract will be funded in whole or part by a federal ~~funds grant or contract of \$25,000 or more and the contract will provide for the expenditure of \$25,000 or more in federal funds.~~

~~anticipated to equal or exceed \$30,000.~~

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

Add the following Section as appropriate. ~~Federal law prohibits the obligation or expending of federal award funds on certain telecommunication products or from certain entities for national security reasons. Use of this term is required when federal funds are involved pursuant to 2 C.F.R. Part 200, Appendix II, § K (citing 2 C.F.R. § 200.216).~~

**Domestic Preference for Procurements.**

Add the following section as appropriate or when required by federal funding source. See 2 C.F.R. Part 200, Appendix II, § L (citing 2 C.F.R. § 200.322).

<p>E.#. <u>Domestic Preference for Procurements. As appropriate, and to the extent consistent with law, the Grantee should, to the greatest extent practicable, provide a preference for the purchase, acquisition, or use of goods, products or materials produced in the United States. This includes, but is not limited to iron, aluminum, steel, cement, and other manufactured products. For purposes of this clause: (1) "Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States; (2) "Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.</u></p>
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**CONTRACT MODELS & TEMPLATE –  
FEDERAL TERMS**

**CLEAN**



**REQUEST: Revise and add the following in the FA Template and all contract templates and models, as applicable:**

**Federal Funding Accountability and Transparency Act**

Add the following Section if the contract will be funded in whole or part by federal funds anticipated to equal or exceed \$30,000.

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

Add the following Section as appropriate. Federal law prohibits the obligation or expending of federal award funds on certain telecommunication products or from certain entities for national security reasons. Use of this term is required when federal funds are involved pursuant to 2 C.F.R. Part 200, Appendix II, § K (citing 2 C.F.R. § 200.216).

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Add the following section as appropriate or when required by federal funding source. See 2 C.F.R. Part 200, Appendix II, § L (citing [2 C.F.R. § 200.322](#)).

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**PROCUREMENT PROCEDURES  
MANUAL SECTION 5.18**

**REDLINE**

**REQUEST:**        **Revise the *Procurement Procedures Manual of the Central Procurement Office* at section 5.18. The Procurement File, by adding the following at the end of the section:**

All files should be maintained, retained, and destroyed in accordance with the applicable Records Disposition Authority (RDA), as published by The Office of the Secretary of State, Records Management Division. Some of the RDAs applicable to procurements are SW12 (Contracts); SW27 (RFP Documents – Not selected); 3063 (Bonds); SW23 (P-Card); and, SW20 (Fiscal Administrative Documents). All Statewide RDAs are available online at: <http://www.tnsos.net/rmd/rda/index.php>.

**PROCUREMENT PROCEDURES  
MANUAL SECTION 5.18**

**CLEAN**

**REQUEST:**        **Revise the *Procurement Procedures Manual of the Central Procurement Office* at section 5.18. The Procurement File, by adding the following at the end of the section:**

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