



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
COMMISSIONER'S OFFICE
ANDREW JACKSON BUILDING, 6TH FLOOR
500 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0675

BILL HASLAM
GOVERNOR

E. DOUGLAS VARNEY
COMMISSIONER

January 26, 2015

RE: Changes to Contracts Documentation

Dear Grantee:

The purpose of this letter is to let you know about several changes that have been made to State of Tennessee contract documentation, including Grant Contracts, Governmental Grant Contracts, Contracts, and other procurement documentation.

The Tennessee Procurement Commission has approved these changes as brought to them by the Procurement Advisory Council and the Procurement Policy Subcommittee, which is comprised of agency representatives, members of the Tennessee Department of General Services' Central Procurement Office, and members of the Tennessee Comptroller's Office.

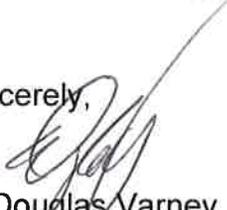
The documentation has been changed as part of the ongoing implementation of state procurement reform. There has been an overall effort to make the documents more user-friendly, easier to read and understand, and to incorporate changes in both federal and state law.

The attached document highlights many of the changes you will see in your state fiscal year 2016 (FY2016) contract.

If you have any questions, please do not hesitate to contact Assistant Commissioner Rodney Bragg, Assistant Commissioner Sejal West, the Office of Contracts and Privacy (MHSAS.Contracts@tn.gov) or my office.

Thank you for all you do to help us provide mental health and substance abuse services to the citizens of Tennessee!

Sincerely,


E. Douglas Varney, Commissioner

Attachment: Changes to Contracts Documents as approved by Tennessee's Procurement Commission



Changes to Contracts Documents as approved by Tennessee's Procurement Commission

- **Changes In Arrangement and Language**
 - There is a re-organization of clauses to further differentiate between "Standard Terms and Conditions" (Section D.) and "Special Terms and Conditions" (Section E.) and legalese was replaced with plain English
- **Changes to the "Annual Report and Audit" Clause**
 - The "Annual Report and Audit" clause has been split into two (2) clauses [now D.18. and D.19.]:
 - Annual and Final Reports -- which now requires the State Agency to make the final report documents to be completed by the Grantee available on its website or as an attachment to the Grant Contract; and
 - Audit Report -- the threshold for an audit has changed from \$500,000 to \$750,000
- **Changes For State Grant Contracts that are Federally Funded**
 - When a Grantee is a subrecipient of Federal funds, there is a new Federal Award Identification Worksheet to be completed and attached to the Grant Contract
 - Each Grantee (subrecipient) is required to have a DUNS number
- **New Information to be Collected and Maintained by the State**
 - Each Grantee's DUNS number (and entity name as registered for DUNS, if different than name used for business)
 - Each Grantee's Fiscal Year End
 - Each Grantee's Ownership/Control status [select from those found on the Grant Contract cover sheet]
- **Clauses that have changed enough to point out (other than the "Annual Report and Audit" change discussed above)**
 - Term of Contract [Section B.] has changed to state the term as a number of months; we received approval to continue to include a specific end date
 - Communications and Contacts has been relocated from Section E. [was E.2.] to Section D. [now D.8.]
 - HIPAA Compliance [Section D.11.] now includes compliance with HITECH and a hold harmless provision [NOTE: the hold harmless provision is not included in a Grant Contract with a governmental entity]
 - Public Notice [Section D.13.] -- we have received approval to have notices, informational pamphlets, press releases, research reports, signs, and similar public notices contain the statement "This project is funded by the Tennessee Department of Mental Health and Substance Abuse Services."
 - Records [Section D.15.] has been revised to include references to specific standards [FASB, PCAOB, GASB] [NOTE: The requirements are slightly different in a Grant Contract with a governmental entity]
 - Independent Contractor [Section D.22.] still includes a 2nd paragraph with the requirement for the Grantee to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other forms of insurance on the Grantee's employees, and to pay all applicable taxes incident to the Grant Contract -- the corresponding clause in Section E. that used to give the types of insurance and limits has been removed. [NOTE: the 2nd paragraph is not included in a Grant Contract with a governmental entity]
 - Force Majeure [Section D.24.] has been enhanced.
 - State and Federal Compliance [Section D.28.] now includes a website address where one can find the U.S. Office of Management and Budget's Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
 - Rule 2 Compliance [E.10.] now contains a hold harmless provision similar to the one in the HIPAA clause [NOTE: the hold harmless provision is not included in a Grant Contract with a governmental entity]
- **New Clauses**
 - Transfer of Grantee's Obligations has been added as a new provision in Section E. [now E.9.; E.8. in a Grant Contract with a governmental entity]
- **What was the driving force behind the changes?**
 - Changes in federal law (the OMB's new "supercircular" replacing A-133, effective 12/26/2014)
 - Changes in state law (ongoing implementation of Procurement Reform)

If you would like a copy of the new Grant Contract prior to receiving your FY2016 Grant Contract, please contact either Sejal West or Rodney Bragg.