STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

BILL HASLAM
GOVERNOR

ROBERT E. OGLESBY, AIA
COMMISSIONER

AGENDA

ADVISORY COUNCIL ON STATE PROCUREMENT MEETING #019
MONDAY, DECEMBER 29, 2014 – 3:00 P.M.
TN TOWER – 3rd FLOOR, NASHVILLE ROOM

	AGENDA ITEM	PAGE #
I.	Call to Order	--
II.	Welcome to new Advisory Council members: • Ted Hayden, Department of General Services • Reappointment of Michelle Lane, Metro Nashville Government • Jane Greenlee, 3M	
III.	Approve Minutes from October 27, 2014 Meeting ..... (see attached documentation)	**1**
IV.	New Business Proposed revisions to the following Central Procurement Office documents (see attached documentation): 1. Delegated Authority (DA) Template (new) ..... 2. Purchase Order Terms and Conditions Template (new) ..... 3. GR Template ..... 4. Governmental Grant (GG) Template ..... 5. Central Procurement Office Policy Number 2013-007, *Grant Management and Subrecipient Monitoring Policy and Procedures* ..... 6. Sections 5.15 – 5.17 of the *Procurement Procedures Manual of the Central Procurement Office* ..... 7. Amendment Request form ..... 8. Terms and conditions for purchase orders issued under an agency's local purchase authority	 10 19 22 113 116 143 157 164
V.	Adjournment	--

CENTRAL PROCUREMENT OFFICE
312 ROSA L. PARKS AVENUE, 3RD FLOOR • NASHVILLE, TENNESSEE 37243
(615) 741-1035 • FAX: (615) 741-0684 • WWW.TN.GOV/GENERALSERV/

MINUTES OF OCTOBER 27, 2014 MEETING

MINUTES
ADVISORY COUNCIL ON STATE PROCUREMENT MEETING #018
MONDAY, OCTOBER 27, 2014 – 10:00 A.M.
TN TOWER – 3rd FLOOR – NASHVILLE ROOM

Members in Attendance:

Mike Perry, Sondra Howe, Buddy Lea, Kelly Smith, Jason Mumpower, Rick Peppers, Michelle Lane, Melissa Kmiecik

Others in Attendance:

Paul Krivacka, Toni Stuart, Sandra Braber-Grove, Kaci Stewart, Melinda Parton, Kathy Stickel, Bryan Chriske, Keith West, Colleen Mallea, Kyle Hunter, Shay Oliphant, Jamil Moore, Charlotte McKinney

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

II. **Minutes from the August 4, 2014 Meeting:** Chief Procurement Officer Perry asked if there were any corrections or additions to the minutes from the August 4, 2014 meeting. Seeing none, a motion was made by Jason Mumpower, Chief of Staff, Comptroller's Office, to accept the minutes as presented. The motion was seconded by Kelly Smith, Assistant Commissioner, Department of General Services. All members voted in favor – none opposed.

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

(1) Fee for Goods or Services Contract ("FA") Template

Mr. Krivacka stated that the "FA" in the title of the template stood for Finance and Administration and that it had no particular meaning to the actual document. Mr. Krivacka continued that the acronyms assigned to documents by Edison are very important and since attempting to change it would create potential problems the template name would remain as is. Mr. Krivacka clarified that the significance of this document being a template versus a model was that as a template, any change to the

content required an approved Rule Exception Request. Mr. Krivacka then summarized the following points with regard to the FA Template:

- When revising the FA Template, the Policy Review Subcommittee ("Subcommittee") had three primary goals: (1) to make the document easier to use; (2) to reduce risk to the State; and (3) to substitute plain English for "legalese."
- Revisions that promote ease of use include:
    - Moving the standard terms to the first half of the document and placing optional terms and instructions in the second half;
    - Improving instructional language; and
    - Moving all mandatory terms to Section D and reserving Section E for special terms.
- Revisions that reduce risk to the State include:
    - Changing the document from a model to a template and emphasizing that any modifications to a template requires an approved Rule Exception Request;
    - Adding or improving the "Limitation of State's Liability," "Warranty," "Force Majeure," "Maximum Liability," and "Confidentiality of Records" terms;
    - Moving the "Hold Harmless" term and other mandatory terms to Section D;
    - Adding instructions before Section E stating that in the event of a conflict between a Section E term and Section D, the Section E term is subordinate; and
    - Adding language that the contract does not grant the Contractor any exclusive rights or guarantee that the State will buy a minimum quantity of goods or services.

Chief Procurement Officer Perry stated that updating the FA Template was a significant undertaking that took several months and he appreciated all the work of the Subcommittee. Mr. Perry asked if there were any additional comments or questions regarding the FA Template. Seeing none, Buddy Lea, Assistant Commissioner, Department of Finance and Administration, made a motion to recommend the FA Template as presented to the Procurement Commission for approval. Kelly Smith seconded the motion. All members voted in favor – none opposed.

(2) Governmental Grant ("GG") Template

Mr. Krivacka summarized the following points with regard to the GG Template:

- The Procurement Commission approved significant changes to the GG Template at the August 2014 meeting.
- This request involves refining the GG Template to better align it with the FA Template and to respond to agency feedback.

- In order to match the FA Template, this request moves all mandatory terms to Section D and reserves Section E for special terms only.
- Other proposed revisions include clarifying the instructional language to resolve ambiguities and detail when Rule Exception Requests are required.
- After further review of Tenn. Code Ann. § 12-3-309, this request deletes the "Prohibition of Illegal Immigrants" provision. Tenn. Code Ann. § 12-3-309 suggests that the attestation requirement applies to entities that are providing goods or services to the State. Even with deletion of this provision, a local government that knowingly hires an illegal immigrant is subject to civil, criminal, and tax consequences under federal law.

Mr. Krivacka stated that the "Prohibition of Illegal Immigrants" provision was erroneously included in the GG Template as approved by the Procurement Commission in August 2014. After receiving feedback from agencies regarding the fact that it was a change in procedure and required them to biannually monitor attestations from governmental entities with which they are entering into grant contracts, the Central Procurement Office ("CPO") reviewed further and felt that it was not appropriate to have the "Prohibition of Illegal Immigrants" provision in the GG Template. At the request of Jason Mumpower, Chief of Staff, Comptroller's Office, legal research was done in regard to penalties if a governmental entity willfully employed illegal immigrants to perform work on a grant contract. It was found that there is a sufficient body of federal law that would impose substantial penalties on the governmental entity as well as the individual who performed the work.

Chief Procurement Officer Perry asked if the same federal penalties would apply to non-profit organizations and Mr. Krivacka responded that yes, the same penalties would apply.

Mr. Mumpower thanked Mr. Krivacka for performing the additional research for two reasons. First, because Mr. Mumpower was a member of the legislature when the referenced legislation was adopted and he feels that addressing the issue of illegal immigrants and potential taxpayer money being used to support them would meet the spirit of the legislature at that time and even more now. Second, because the Comptroller of the Treasury, as someone elected by the legislature and as a representative of the legislature, has equally strong feelings on the issue. For the record, Mr. Mumpower stated that in light of the legal research indicating that fairly stringent federal law would govern the use of illegal immigrants as labor, he believed this provision being included would be bureaucratic and a duplicative measure. Mr. Mumpower continued that based on the legal research that he was provided, it seems that there are sufficient measures in place, legally, that would so jeopardize a local government if they chose to knowingly employ illegal immigrants in the course of their business, that this would be superfluous to the process.

Chief Procurement Officer Perry thanked Mr. Mumpower for his comments and for requesting the additional legal research. Mr. Perry noted that the Procurement

Commission members should be made aware of the legal research when the GG Template was presented to them for approval.

Chief Procurement Officer Perry asked if there were any additional comments or questions regarding the proposed GG Template. Seeing none, a motion was made by Mr. Lea to recommend the proposed GG Template as presented to the Procurement Commission for approval. Ms. Smith seconded the motion. All members voted in favor – none opposed.

(3) Delegated Grant Authority ("DG") Template

Mr. Krivacka summarized the following points with regard to the DG Template:

- Since delegated grant authorities may involve multi-million dollar expenditures, many of the proposed changes to this document aim to reduce risk to the State.
- Proposed changes include: making the document a template and emphasizing that any modification of a template requires an approved Rule Exception Request; requiring the agency to submit examples of the grant contracts it will use under the delegated grant authority (previously, submission of the scope of services only was required); capping the maximum liability of any one grant contract executed under a delegated grant authority at five million dollars; and eliminating references to no longer applicable Finance and Administration rules and policies.

Chief Procurement Officer Perry asked if there were any additional comments or questions regarding the proposed DG Template. Seeing none, Ms. Smith made a motion to recommend the DG Template as presented to the Procurement Commission for approval. Mr. Lea seconded the motion. All members voted in favor – none opposed.

(4) Grant Contract cover sheet

Mr. Krivacka summarized the following points with regard to the Grant Contract cover sheet:

- The U.S. OMB issued new regulations on grants and subrecipient monitoring. These regulations take effect December 26, 2014 and some terms on the Grant Contract cover sheet must be changed for consistency with the new regulations.
- Other proposed changes include adding a section for the grantee's fiscal year end (which is important for subrecipient monitoring), replacing Office of Contract Review ("OCR") with Central Procurement Office ("CPO"), and eliminating references to American Recovery and Reinvestment Act funds because these funds were exhausted some time ago.

Chief Procurement Officer Perry asked if there were any additional comments or questions regarding the Grant Contract cover sheet. Mr. Lea stated that these changes not only help on the Grant Contract cover sheet but other processes downstream from

grant monitoring that occur based on the information on the Grant Contract cover sheet. Mr. Lea stated the Subcommittee did a great job in thinking through all the processes and consequences downstream and he believed that the changes would have a positive impact.

Chief Procurement Officer Perry thanked Mr. Lea for his comments and recognized him as a resident executive branch expert with institutional knowledge of the grant process. Mr. Perry stated that the CPO was conducting training on the new processes for agency personnel who are involved in the grant process and asked that the training be communicated to all agencies.

Chief Procurement Officer Perry asked if there were any additional comments or questions regarding the Grant Contract cover sheet. Seeing none, a motion was made by Ms. Smith to recommend the proposed Grant Contract cover sheet as presented to the Procurement Commission for approval. Mr. Lea seconded the motion. All members voted in favor – none opposed.

(5) Section 6.2.4, "Required Agency Documentation" of the *Procurement Procedures Manual of the Central Procurement Office* ("Manual")

Mr. Krivacka summarized the following points with regard to Section 6.2.4, "Required Agency Documentation" of the *Procurement Procedures Manual of the Central Procurement Office:*

- This request clarifies the section of the Manual on the documentation required for sole source procurements.
- The proposed language makes it clear that a letter verifying the vendor has exclusive rights to provide the goods or services is required only if the vendor's exclusive rights are the basis for the sole source procurement.
- This request should reduce agency confusion over sole source procurements and thus make the process more efficient because it better details what documentation is required. There are grounds for a sole source procurement other than a vendor's exclusive rights.

Chief Procurement Officer Perry asked if there were any additional comments or questions regarding Section 6.2.4, "Required Agency Documentation" of the *Procurement Procedures Manual of the Central Procurement Office.* Seeing none, a motion was made by Mr. Lea to recommend the proposed revisions to Section 6.2.4, "Required Agency Documentation" of the *Procurement Procedures Manual of the Central Procurement Office* as presented to the Procurement Commission for approval. The motion was seconded by Ms. Smith. All members voted in favor – none opposed.

(6) Section 10.8, "P-Card Purchases" of the *Procurement Procedures Manual of the Central Procurement Office*

Mr. Krivacka summarized the following points with regard to Section 10.8, "P-Card Purchases" of the *Procurement Procedures Manual of the Central Procurement Office:*

- This request modifies the P-Card Purchases section of the Manual to reflect the Procurement Commission's approval of a $10,000 threshold for small purchases.
- Ensuring that the maximum amount for P-Card purchases matches the maximum amount for small purchases may encourage P-Card use.

Chief Procurement Officer Perry indicated that historically whatever threshold limit the Procurement Commission approved over which competitive bids were required had been in sync with the P-Card limit and this proposed revision would harmonize those limits.

Chief Procurement Officer Perry stated that revisions to the P-Card policies and procedures manual were currently underway by the Subcommittee with the goal of growing the P-Card program as well as managing the risks associated with the program.

A motion was made by Mr. Lea to recommend the proposed revisions to Section 10.8, "P-Card Purchases" of the *Procurement Procedures Manual of the Central Procurement Office* as presented to the Procurement Commission for approval. The motion was seconded by Mr. Mumpower. All members voted in favor – none opposed.

(7) Addition of Section 6.7, "Purchase Order Exemptions" to the *Procurement Procedures Manual of the Central Procurement Office*

Mr. Krivacka summarized the following points with regard to Section 6.7, "Purchase Order Exemptions" to the *Procurement Procedures Manual of the Central Procurement Office:*

- This request proposes adding a new section to the *Procurement Procedures Manual of the Central Procurement Office* to identify certain purchases that agencies can make without submitting a purchase order.
- Purchases that are exempt from the purchase order requirement must be: unavailable on a statewide or agency term contract; supported by an invoice; and performed by the vendor in 90 days or less.
- This request also promotes use of the P-Card by reminding agencies that purchase orders are not required when using the P-Card in compliance with the P-Card policy.

Chief Procurement Officer Perry stated that this section had historically been included in procurement policies even prior to creation of the Central Procurement Office but was somehow overlooked. Mr. Perry indicated that the proposed section was written in conjunction with Finance and Administration Accounts staff Jan Sylvis and Mike Corricelli.

Chief Procurement Officer Perry asked if there were any additional comments or questions regarding the addition of Section 6.7, "Purchase Order Exemptions" to the *Procurement Procedures Manual of the Central Procurement Office.* Seeing none, a motion was made by Ms. Smith to recommend the addition of Section 6.7, "Purchase Order Exemptions" to the *Procurement Procedures Manual of the Central Procurement Office* as presented to the Procurement Commission for approval. The motion was seconded by Mr. Mumpower. All members voted in favor – none opposed.

(8) Terms and conditions for purchase orders issued under an agency's local purchase authority

Mr. Krivacka summarized the following points with regard to Terms and conditions for purchase orders issued under an agency's local purchase authority:

- Currently, when agencies issue purchase orders under their small or local purchase authority, the purchase orders lack terms and conditions.
- Adding terms and conditions to this type of purchase order reduces risk to the State and better protects the State's interests.
- Among the proposed terms and conditions for purchase orders issued under an agency's local purchase authority are: Inspection and Acceptance; Limitation of [the State's] Liability; Termination for Convenience; and Hold Harmless.

Chief Procurement Officer Perry stated that this was a much overdue change that will assist agencies in providing governance for the State and the vendor.

Chief Procurement Officer Perry asked if there were any additional comments or questions regarding the Terms and conditions for purchase orders issued under an agency's local purchase authority. Seeing none, a motion was made by Mr. Lea to recommend the Terms and conditions for purchase orders issued under an agency's local purchase authority as presented to the Procurement Commission for approval. The motion was seconded by Sondra Howe, Department of Military. All members voted in favor – none opposed.

IV. Other Business:

Chief Procurement Officer Perry announced with sadness that the term of office for the following Council members would expire on October 31, 2014: Hugh Holt, Melissa Kmiecik, Michelle Lane, and Kelly Smith. Mr. Perry expressed his gratitude to each of them for their service on the Council and for the wealth of knowledge and experience that

they brought to the Council. As a token of thanks, Mr. Perry presented a certificate of appreciation to each retiring Council member.

Chief Procurement Officer Perry asked for any other business that the Council needed to discuss. Seeing none, he took this opportunity to thank all the members of the Council and the Policy Review Subcommittee for their time and hard work in reviewing and providing input on Central Procurement Office templates, models, and policies and procedures.

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

DELEGATED AUTHORITY (DA) TEMPLATE

(NEW)

DELEGATED AUTHORITY (DA) TEMPLATE

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

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

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

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

COVER SHEET

Complete summary cover sheet fields as indicated within the template.

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

APPROVALS

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

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

DELEGATED AUTHORITY

Agency Tracking #	Edison ID	Effective Date	End Date
–			

Edison ID of prior, similar document (if any)	

Service Caption

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Maximum Liability
TOTAL:					

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

CPO USE – DA

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

DELEGATED AUTHORITY

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

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

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

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

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

impractical; and

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

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

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

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

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

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

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

State Agency head name and title **Date**

ATTACHMENT 1

AUTHORIZED GOODS OR SERVICES & MAXIMUM RATE SCHEDULE

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

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

ATTACHMENT 2

EXACT CONTRACT SCOPE OF SERVICES TEXT

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

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

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

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

ATTACHMENT 3

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

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

Describe the process for selecting vendors or contractors.

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

PURCHASE ORDER TERMS AND CONDITIONS TEMPLATE

(NEW)

REQUEST: Delete the Authorization to Vendor (DPAV) Model from the Central Procurement Office website and replace it with the template below.

PURCHASE ORDER TERMS AND CONDITIONS TEMPLATE

This template prescribes the format and content for terms and conditions attached to a purchase order issued under an approved purchase order delegation. Procurement professionals shall use this template only after a Delegated Authority application has been approved and attach this document to all purchase orders issued under the approved delegation. Procurement professionals shall adhere to this template with revisions only as instructions permit. Changes to the Standard Terms and Conditions, other than those identified in the instructions, require a Rule Exception as set forth in Tenn. Comp. R. & Regs. 0690-03-01-.17 and the *Procurement Procedures Manual of the Central Procurement Office.*

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

Terms and Conditions

A. Standard Terms and Conditions

1. Total Purchase Order Amount. In no event shall the liability of the State under this Purchase Order exceed Written Dollar Amount ($Number) ("Total Purchase Order Amount").

2. Inspection and Acceptance. The State shall have the right to inspect all goods or services provided by Vendor under this Purchase Order. If, upon inspection, the State determines that the goods or services are defective, the State shall notify Vendor, and Vendor shall re-deliver the goods or provide the services at no additional cost to the State. If after a period of thirty (30) days following delivery of goods or performance of services the State does not provide a notice of any defects, the goods or services shall be deemed to have been accepted by the State.

3. Modification, Amendment or Change Order. This Purchase Order may be modified only by a written amendment or change order signed by the State and the Vendor.

4. Limitation of Liability. The State shall have no liability except as specifically provided in this Purchase Order. In no event shall the State be liable to the Vendor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise. The State's total liability under this Purchase Order or otherwise shall under no circumstances exceed the Total Purchase Order Amount.

5. Limitation of Vendor's Liability. The Vendor's liability for all claims arising under this Purchase Order shall be limited to an amount equal to two (2) times the Total Purchase Order Amount. In no event shall this Section limit the Vendor's liability for intentional torts, criminal acts, fraudulent conduct, or omissions that result in personal injuries or death.

6. Termination for Convenience. The State shall have the right to immediately terminate this Purchase Order, without cause and for any reason, upon written notice to the Vendor, delivered by mail or electronic means. The State's notice of termination is effective upon the State's issuance.

7. Subject to Funds Availability. The State's payment of this Purchase Order is subject to the appropriation and availability of State or federal funds. In the event that funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Purchase Order, effective immediately, upon written notice to the Vendor. If the State terminates this Purchase Order due to lack of funds availability, the Vendor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date.
8. Payment of Purchase Order. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or other matter. A payment by the State shall not be construed as acceptance of goods delivered, any part of the services provided, or as approval of any amount invoiced.

9. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Vendor, under any contract between the Vendor and the State.

Delete the following term, "Hold Harmless," if the Vendor is a governmental entity. Re-number the subsequent terms accordingly.

10. Hold Harmless. The Vendor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omission, or negligence on the part of the Vendor, its employees, or any other person acting for or on its or their behalf relating to this Purchase Order. The Vendor further agrees it shall be liable for the reasonable costs of attorneys for the State to enforce the terms of this Purchase Order.

In the event of any suit or claim, the State and Vendor shall give each other immediate notice and provide all necessary assistance to respond. The State's failure to give notice shall only relieve the Vendor of its obligations under this Section to the extent that the Vendor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Vendor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

11. State and Federal Compliance. The Vendor shall comply with all applicable state and federal laws and regulations in the provision of goods or services under this Purchase Order.

12. Governing Law. This Purchase Order shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Purchase Order. The Vendor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Purchase Order shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 through 9-8-407.

13. Entire Agreement. This Purchase Order contains the entire understanding between the State and the Vendor relating to its subject matter, including all terms and conditions of the parties' agreement. This Purchase Order supersedes any and all prior understandings, representations, negotiations, and agreements between the State and the Vendor, whether written or oral.

B. Special Terms and Conditions

14. Conflicting Terms and Conditions. Should any of these Special Terms and Conditions in Section B conflict with the Standard Terms and Conditions in Section A, the Standard Terms and Conditions shall control.

Add clear, non-conflicting terms and conditions as appropriate.

GR TEMPLATE

REDLINE VERSION

GR TEMPLATE

This template prescribes the format and content for a cost-reimbursement grant contract with an individual, business, non-profit, or a government entity of another state or country.

Procurement professionals shall adhere to this template with revisions only as instructions permit. Changes to this template require a Rule Exception Request as set forth in Tenn. Comp. R. & Regs. 0690-03-01-.17 and the *Procurement Procedures Manual of the Central Procurement Office.*

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

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

~~*Agency Tracking #*~~	~~a unique number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345~~
~~*Subrecipient or Vendor*~~	~~Subrecipient or Vendor in accordance with OMB Circular A-133~~
~~*Funding*~~	~~amounts by fiscal year & funding source and with row & column totals; the sum of the TOTAL Contract Amount column (the grand total amount for all fiscal years & all sources of funding) MUST equal the contract maximum liability~~
~~*Ownership/Control*~~	~~African American if the contractor is ≥ 51% owned or controlled by descendants of the black peoples of Africa~~
	~~Asian if the contractor is ≥ 51% owned or controlled by descendants of the original peoples of the Far East, Asia, Southeast Asia, the subcontinent, or the Pacific Islands~~
	~~Government if the contractor is any governmental entity~~
	~~Hispanic if the contractor is ≥ 51% owned or controlled by persons of Cuban, Mexican, Puerto Rican, Central or South American, or other Spanish or Portuguese origin, culture, or descent, regardless of race, or having a Spanish surname~~
	~~Native American if the contractor is ≥ 51% owned or controlled by descendants of the peoples of the first nations of North America~~
	~~NOT Minority/Disadvantaged if the contractor is not ≥ 51% owned or controlled by minority or disadvantaged persons & is not a small business~~
	~~Other if the contractor is ≥ 51% owned or controlled by persons of a minority or disadvantaged ethnic background, national origin, etc. other than previously described~~
	~~Person w/Disability if the contractor is ≥ 51% owned or controlled by persons with a physical or mental impairment that substantially limits one or more major life activities (i.e., caring for oneself, writing, walking, seeing, hearing, speaking and breathing)~~
	~~Small Business if the contractor is independently owned and operated, has total gross receipts of ≤ $2 million for the last federal tax year, and has ≤ 30 full-time employees~~

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

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

PREAMBLE

Add additional information only if necessary.

In a contract with an individual, delete the preamble phrase, "Place of Incorporation or Organization: Location."

A. SCOPE OF SERVICES

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

Do NOT include payment terms in the scope of services.

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

Option: Grant Proposal Attachment

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

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

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

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

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

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

B. TERM OF GRANT CONTRACT

> **Do NOT route the Grant Contract for approval after the Effective Date.**

Draft the Grant Contract with an appropriate, definitive, and complete contract period not to exceed the five (5) year maximum permitted by service contracting rules.

Option: Term Renewal or Extension

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

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

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

C. PAYMENT TERMS AND CONDITIONS

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

Payment Methodology

> **Subject to approval consideration on a case-by-case basis considering the amount of the advance payment, the scope of service, and the grantee, options below permit partial, periodic, and advance payments. Generally, a provision for an advance payment will only be approved in a grant with a government or non-profit entity.**
>
> **The Comptroller's Procurement Oversight Office has informed that written justification for an advance payment provision of any type will be required.**

Option: Partial Advance Payment

To effect a partial advance payment, replace the section with the following.

C.3. Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the maximum liability established in section C.1. The amount of Written Dollar Amount ($Number) shall be paid to the Grantee in advance upon approval of this Grant Contract. Then, upon progress toward the completion of the work, as described in section A of this Grant Contract, the Grantee shall submit invoices for payment prior to any additional reimbursement of allowable costs. The total of all payments to the Grantee shall not exceed the maximum liability of this Grant Contract.

Option: Periodic Advance Payment

To effect periodic advance payments: (1) Replace the section with the following.

C.3. Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the maximum liability established in section C.1. The amount of Written Dollar Amount ($Number) shall be paid to the Grantee in advance upon approval of this Grant Contract and on Date(s) on which the state will make advance payment(s). The total of said payments shall not exceed the maximum liability of this Grant Contract.

(2) Delete the Invoice Requirements section (renumbering any subsequent sections accordingly).

(3) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following (which may be further revised to require more frequent grant disbursement reconciliation reports).

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) 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").

Option: Total Advance Payment

To effect a total advance payment: (1) Replace the section with the following.

C.3 Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the maximum liability established in section C.1. Payment to the Grantee shall be a lump sum made in advance upon approval of this Grant Contract.

(2) Delete the Invoice Requirements section (renumbering any subsequent sections accordingly).

(3) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following.

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) 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").

Invoice Requirements

Add clear, non-conflicting, invoice requirements to the section as appropriate (revising the first sentence "no more often than monthly" requirement as necessary).

Delete the section (and renumber subsequent sections appropriately) if the Payment Methodology section provides for a total advance payment or periodic advance payments.

Option: Late Invoices Prohibition

Add the following new subsection only if the additional requirement is appropriate (revising the maximum number of days to no less than 30).

(#) An invoice under this Grant Contract shall be presented to the State within sixty (60) days after the end of the calendar month in which the subject costs were incurred or services were rendered by the Grantee. An invoice submitted more than sixty (60) days after such date will NOT be paid. The State will not deem such Grantee costs to be allowable and reimbursable by the State unless, at the sole discretion of the State, the failure to submit a timely invoice is warranted. The Grantee shall submit a special, written request for reimbursement with any such untimely invoice. The request must detail the reason the invoice is untimely as well as the Grantee's plan for submitting future invoices as required, and it must be signed by a Grantee agent that would be authorized to sign this Grant Contract.

Budget Line-Items

The *Budget Line-Items* provision should NOT be amended after contract approval.

Revise line-item variance amount as appropriate and up to the maximum of twenty percent (20%).

Option: NO Line-Item Variance

Replace the section with the following alternative as appropriate.

C.6. Budget Line-items. Expenditures, reimbursements, and payments under this Grant Contract shall adhere to the Grant Budget. Reimbursable expenditures may NOT vary from the Grant Budget line-item amount(s) detailed.

Disbursement Reconciliation and Close Out

Revise the 1st paragraph of the section, as necessary, to require additional grant disbursement reconciliation reports.

Option: Grantee Match Requirement

If the Grant Budget details a grantee match requirement (in which the maximum total amount reimbursable by the state under the grant will be reduced by the amount of any Grantee failure to meet the match requirement) replace the section with the following (revising the maximum number of days to no less than 30).

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) days of the Grant Contract end date and in form and substance acceptable to the State.

a. The Grant Budget specifies a Grantee Match Requirement and the final grant disbursement reconciliation report shall detail all Grantee expenditures recorded to meet said requirement.

i. No Grantee expenditure shall be recorded and reported toward meeting a Grantee Match Requirement of more than one grant contract with the state of Tennessee.

ii. The final grant disbursement reconciliation report shall specifically detail the exact amount of any Grantee failure to meet a Match Requirement, and the maximum total amount reimbursable by the State pursuant to this Grant Contract, as detailed by the Grant Budget column "Grant Contract," shall be reduced by the amount that the Grantee failed to contribute to the Total Project as budgeted.

b. If total disbursements by the State pursuant to this Grant Contract exceed the amounts permitted by the section C, payment terms and conditions of this Grant Contract (including any adjustment pursuant to subsection a.ii. above), the Grantee shall refund the difference to the State. The Grantee shall submit said refund with the final grant disbursement reconciliation report.

c. The State shall not be responsible for the payment of any invoice submitted to the state after the grant disbursement reconciliation report. The State will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the State, and such invoices will NOT be paid.

d. The Grantee's failure to provide a final grant disbursement reconciliation report to the state as required shall result in the Grantee being deemed ineligible for reimbursement under this Grant Contract, and the Grantee shall be required to refund any and all payments by the state pursuant to this Grant Contract.

e. The Grantee must close out its accounting records at the end of the contract period in such a way that reimbursable expenditures and revenue collections are NOT carried forward.

D. STANDARD TERMS AND CONDITIONS

Do NOT add terms and conditions to section D (additional, necessary terms and conditions may be added to the section E, Special Terms and Conditions).

Termination for Convenience

Revise the thirty (30) days notice requirement as appropriate.

Option: Bilateral Termination

Replace the section with the following bilateral termination provision only if the contracting agency can justify that the bilateral provision is in the best interest of the state.

D. #. Termination for Convenience. The Grant Contract may be terminated by either party by giving written notice to the other, at least thirty (30) days before the effective date of termination. Should

either party exercise this provision, the Grantee shall be entitled to reimbursement for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the State be liable to the Grantee for any service which has not been rendered. The final decision as to the amount, for which the State is liable, shall be determined by the State. In the event of disagreement, the Grantee may file a claim with the Tennessee Claims Commission to seek redress.

Nondiscrimination

Replace the section with the following ONLY if contracting with a religious organization.

D.8. Nondiscrimination. The Grantee hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Grantee on the basis of any classification protected by Federal, Tennessee State constitutional, or statutory law. The Grantee shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

Prevailing Wage Rates

This section is drafted permissively and may remain in each contract even if it is not applicable. It may be omitted, EXCEPT in a contract involving construction and where the maximum liability is in excess of $50,000.

Annual Report and Audit

Add the following text just prior to the final sentence of the section as appropriate.

The Grantee may be reimbursed by the State for audit fees made in accordance with OMB provisions and as provided in OMB Circular A-133, Section 230.

Procurement

Replace the section with the following if contracting agency head approval is required for non-competitive procurements under the grant.

D.17. Procurement. If other terms of this Grant Contract allow reimbursement for the cost of goods, materials, supplies, equipment, and/or contracted services, such procurement(s) shall be made on a competitive basis, including the use of competitive bidding procedures, where practical. The Grantee shall maintain documentation for the basis of each procurement for which reimbursement is paid pursuant to this Grant Contract. In each instance where it is determined that use of a competitive procurement method is not practical, supporting documentation shall include a written justification, approved by the State Agency Head Title, for such decision and non-competitive procurement. Further and notwithstanding the foregoing, if such reimbursement is to be made with funds derived wholly or partially from federal sources, the determination of cost shall be governed by and reimbursement shall be subject to the Grantee's compliance with applicable federal procurement requirements.

The Grantee shall obtain prior approval from the State before purchasing any equipment under this Grant Contract.

E. SPECIAL TERMS AND CONDITIONS

Wherever instructions direct legal counsel involvement, compliance will be assumed.

Add the following sections as indicated and in the order below. After which, add other special terms and conditions sections as appropriate, provided that none conflict with state interests or standard contract provisions.

Insurance

Add or delete subsections detailing coverage and revise minimum coverage amounts or delete the section as appropriate.

Charges To Service Recipients Prohibited

Delete the section as appropriate.

No Equipment Acquisition

Delete the section if the grant budget provides funding for the acquisition of equipment (if so, the contingently required State Interest In Equipment section below will likely be applicable).

State Interest In Equipment

> **Attorney General staff have advised that the contracting agency must file a UCC-1 or a perfect in accordance with applicable law to the extent that wishes to secure a security agreement and priority.**

Add the following section if the contract provides for the reimbursement of expenditures for equipment (revising the last sentence of the first paragraph as necessary to establish a lower dollar threshold for the definition of "equipment").

E.# State Interest in Equipment. The Grantee shall take legal title to all equipment and to all motor vehicles, hereinafter referred to as "equipment," purchased totally or in part with funds provided under this Grant Contract, subject to the State's equitable interest therein, to the extent of its *pro rata* share, based upon the State's contribution to the purchase price. "Equipment" shall be defined as an article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds $5,000.00.

As authorized by the provisions of the terms of the Tennessee Uniform Commercial Code — Secured Transaction, found at Title 47, Chapter 9 of the *Tennessee Code Annotated*, and the provisions of the Tennessee Motor Vehicle Title and Registration Law, found at Title 55, Chapter 1 of the *Tennessee Code Annotated*, an intent of this Grant document and the parties hereto is to create and acknowledge a security interest in favor of the State in the equipment and/or motor vehicles acquired by the Grantee pursuant to the provisions of this Grant document. A further intent of this Grant document is to acknowledge and continue the security interest in favor of the State in the equipment or motor vehicles acquired by the Grantee pursuant to the provisions of this program's prior year Grants between the State and the Grantee.

The Grantee hereto grants the State a security interest in said equipment. This agreement is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the equipment herein specified which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and the Grantee hereby grants the State a security interest in said equipment. The Grantee agrees that the State may file this Grant Contract or a reproduction thereof, in any appropriate office, as a financing statement for any of the equipment herein specified. Any reproduction of this or any other security agreement or financing statement shall be sufficient as a financing statement. In addition, the Grantee agrees to execute and deliver to the State, upon the State's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproduction of this Grant Contract in such form as the State may require to perfect a security interest with respect to said equipment. The Grantee shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements the State may reasonably require. Without the prior written consent of the State, the Grantee shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said equipment, including replacements and additions thereto. Upon the Grantee's breach of any covenant or agreement contained in this Grant Contract, including the covenants to pay when due all sums secured by this Grant Contract, the State shall have the remedies of a secured party under the Uniform Commercial Code and, at the State's option, may also invoke the remedies herein provided.

The Grantee agrees to be responsible for the accountability, maintenance, management, and

inventory of all property purchased totally or in part with funds provided under this Grant Contract. The Grantee shall maintain a perpetual inventory system for all equipment purchased with funds provided under this Grant Contract and shall submit an inventory control report which must include, at a minimum, the following:

a. Description of the equipment;
b. Manufacturer's serial number or other identification number, when applicable;
c. Consecutive inventory equipment tag identification;
d. Acquisition date, cost, and check number;
e. Fund source, State grant number, or other applicable fund source identification;
f. Percentage of state funds applied to the purchase;
g. Location within the Grantee's operations where the equipment is used;
h. Condition of the property or disposition date if Grantee no longer has possession;
i. Depreciation method, if applicable; and
j. Monthly depreciation amount, if applicable.

The Grantee shall tag equipment with an identification number which is cross referenced to the equipment item on the inventory control report. The Grantee shall inventory equipment annually. The Grantee must compare the results of the inventory with the inventory control report and investigate any differences. The Grantee must then adjust the inventory control report to reflect the results of the physical inventory and subsequent investigation.

The Grantee shall submit its inventory control report of all equipment purchased with funding through this contract within thirty (30) days of the Grant Contract end date and in form and substance acceptable to the State. This inventory control report shall contain, at a minimum, the requirements specified above for inventory control. The Grantee shall notify the State, in writing, of any equipment loss describing reason(s) for the loss. Should the equipment be destroyed, lost, or stolen, the Grantee shall be responsible to the State for the *pro rata* amount of the residual value at the time of loss based upon the State's original contribution to the purchase price.

Upon termination of the Grant Contract, where a further contractual relationship is not entered into, or at another time during the term of the Grant Contract, the Grantee shall request written approval from the State for any proposed disposition of equipment purchased with Grant funds. All equipment shall be disposed of in such a manner as parties may agree from among alternatives approved by Tennessee Department of General Services as appropriate and in accordance with any applicable federal laws or regulations.

Confidentiality of Records

As appropriate, add the following section or an alternative recommended by the contracting agency legal counsel.

E.#. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Grantee by the State or acquired by the Grantee on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Grantee to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Grantee's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Grantee of this Grant Contract; previously possessed by the Grantee without written obligations to the State to protect it; acquired by the Grantee without written restrictions against disclosure from a third party which, to the Grantee's knowledge, is free to disclose the information; independently developed by the Grantee without the use of the State's information; or, disclosed by the State to others without restrictions against

disclosure. Nothing in this paragraph shall permit Grantee to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Grantee due to intentional or negligent actions or inactions of agents of the State or third parties.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Grant Contract.

~~HIPAA Compliance~~

~~Add the following section if it is applicable.~~

E.# ~~HIPAA Compliance.~~ The State and the Grantee shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules").

a. The Grantee warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable HIPAA requirements in the course of this Grant Contract.

b. The Grantee warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of the Grant Contract so that both parties will be in compliance with the Privacy Rules.

c. The State and the Grantee will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and the Grantee in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Grant Contract is NOT "protected health information" as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.

d. The Grantee will indemnify the State and hold it harmless for any violation by the Grantee or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.

~~Printing Authorization~~

~~Add the following section as appropriate.~~

E.# ~~Printing Authorization.~~ The Grantee agrees that no publication coming within the jurisdiction of *Tennessee Code Annotated*, Section 12-7-101, *et seq.*, shall be printed pursuant to this contract unless a printing authorization number has been obtained and affixed as required by *Tennessee Code Annotated*, Section 12-7-103 (d).

~~State Furnished Property~~

~~Add the following section as appropriate.~~

E.# ~~State Furnished Property.~~ The Grantee shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Grantee's temporary use under this Grant Contract. Upon termination of this Grant Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the

Grantee shall be responsible to the State for the residual value of the property at the time of loss.

Work Papers Subject To Review

Add the following section only if the contract requires the performance of audit, accounting or financial analysis services.

E.# Work Papers Subject to Review. The Grantee shall make all audit, accounting, or financial analysis work papers, notes, and other documents available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Grant Contract.

Prohibited Advertising

Add the following section as appropriate.

E.# Prohibited Advertising. The Grantee shall not refer to this Grant or the Grantee's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Grantee or the Grantee's services are endorsed. It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Grant in perpetuity.

Environmental Tobacco Smoke

Add the following section as appropriate.

E.#. Environmental Tobacco Smoke. Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the Tennessee "Children's Act for Clean Indoor Air of 1995," the Grantee shall prohibit smoking of tobacco products within any indoor premises in which services are provided to individuals under the age of eighteen (18) years. The Grantee shall post "no smoking" signs in appropriate, permanent sites within such premises. This prohibition shall be applicable during all hours, not just the hours in which children are present. Violators of the prohibition may be subject to civil penalties and fines. This prohibition shall apply to and be made part of any subcontract related to this Grant Contract.

Performance Bond

> **A Performance Bond requirement is generally not recommended for several reasons. A performance bond can be very expensive and difficult for any business to obtain, and the requirement makes it virtually impossible for small and minority businesses to seek contract award. A performance bond is not a usual cost of doing business, and the cost associated with meeting the requirement will most certainly be passed directly to the state. Consequently, the requirement will undoubtedly increase state cost. Finally, the benefit purported to result from a performance bond is highly questionable. This type of bond can be difficult to enforce, and the state has little or no experience in enforcing such obligations. A performance bond is a poor insurance policy. There are much better methods for the state to ensure contractor performance (e.g., scope of service sufficiently detailed to ensure contractor accountability and results; payment methodology involving contingent, incremental payments; a retention of final payment provision; liquidated damages; and not least, sound contract management).**

Add the following section only as appropriate, and Provided That the contracting agency legal counsel: (1) drafts the referenced, state-prescribed, bond form; and (2) makes a determination that the bond requirement will be reasonably and legally enforceable under the subject contract as drafted.

E.#. Performance Bond. The Grantee shall provide to the State a performance bond guaranteeing full and faithful performance of all undertakings and obligations under this Grant Contract and in the amount equal to Written Dollar Amount ($Number). The Grantee shall submit the bond no later than the day immediately preceding the contract start date and in the manner and form prescribed by the State (at Attachment Reference hereto), and the bond shall be issued through a company licensed to issue such a bond in the state of Tennessee. The performance bond shall guarantee full and faithful performance of all undertakings and obligations under this Grant Contract for.

a. the initial contract term and all extensions thereof, or

b. the first annual period of the Grant Contract (ending December 31st following the Grant Contract start date) in the amount of Written Dollar Amount ($Number) and, thereafter, a new performance bond in the amount of Written Dollar Amount ($Number) covering each subsequent annual period of the Grant Contract. In which case, the Grantee shall provide annual performance bonds to the State no later than each December 10th preceding the annual covered period beginning on January 1st of each year.

Failure to provide the performance bond(s) as required herein prior to the Grant Contract start date and, as applicable in the case of an annual performance bond, no later than December 10th preceding each annual covered period beginning on January 1st of each year, shall result in contract termination. The Grantee understands and agrees that the stated amount of the performance bond required hereunder shall not be reduced during the contract period for any reason.

Copyrights and Patents

Add the following as appropriate if recommended by the contracting agency legal counsel.

E.#. Copyrights and Patents. The Grantee agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State for infringement of any laws regarding patents or copyrights which may arise from the Grantee's performance of this Grant Contract. In any such action brought against the State, the Grantee shall satisfy and indemnify the State for the amount of any final judgment for infringement. The Grantee further agrees it shall be liable for the reasonable fees of attorneys for the State in the event such service is necessitated to enforce the terms of this Grant Contract or otherwise enforce the obligations of the Grantee to the State. The State shall give the Grantee written notice of any such claim or suit and full right and opportunity to conduct the Grantee's own defense thereof.

Hold Harmless

> **Inclusion of this requirement should be carefully considered. The requirement is likely to chill interest in seeking the contract award, and so, it may reduce competition and increase cost (for a contractor to take on the additional risk).**

Add the following as appropriate if recommended by the contracting agency legal counsel.

E.# Hold Harmless. The Grantee agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Grantee, its employees, or any person acting for or on its or their behalf relating to this Grant Contract. The Grantee further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Grant Contract or otherwise enforce the obligations of the Grantee to the State.

In the event of any such suit or claim, the Grantee shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Grantee written notice of any such claim or suit, and the Grantee shall have full right and obligation to conduct the Grantee's own defense thereof. Nothing contained herein shall be deemed to accord to the Grantee, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

Grantee Participation

Add the following section as appropriate.

E. #. Grantee Participation. Grantee Participation amount(s) detailed in the Grant Budget are intended as a goal for the total project, and the amount of actual Grantee Participation expenditures will not impact the maximum amounts reimbursable to the Grantee as detailed by the Grant Budget column, "Grant Contract."

Federal Economic Stimulus Funding

If the contract is funded in whole or part by the American Recovery and Reinvestment Act of 2009 add the following section.

E.#. Federal Economic Stimulus Funding. This Grant Contract requires the Grantee to provide products and/or services that are funded in whole or in part under the American Recovery and Reinvestment Act of 2009, Public Law 111-5, (Recovery Act). The Grantee is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of the Recovery Act are met and that the Grantee provides information to the State as required.

The Grantee (and any subcontractor) shall comply with the following:

a. Federal Grant Award Documents, as applicable.

b. Executive Office of the President, Office of Management and Budget (OMB) Guidelines as posted at www.whitehouse.gov/omb/recovery_default/, as well as OMB Circulars, including but not limited to A-102 and A-133 as posted at www.whitehouse.gov/omb/financial_offm_circulars/.

c. Office of Tennessee Recovery Act Management Directives (posted on the Internet at www.tnrecovery.gov).

d. The Recovery Act, including but not limited to the following sections of that Act:

(1) Section 1604 – Disallowable Use. No funds pursuant to this Grant Contract may be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

(2) Section 1512 – Reporting and Registration Requirements. The Grantee must report on use of Recovery Act funds provided through this Grant Contract. Information from these reports will be made available to the public.

(3) Section 1553 – Recovery Act Whistleblower Protections. An employee of any non-Federal employer receiving covered funds under the Recovery Act may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing, including a disclosure made in the ordinary course of an employee's duties, to the Accountability and Transparency Board, an inspector general, the Comptroller General, a member of Congress, a State or Federal regulatory or law enforcement agency, a person with supervisory authority over the employee (or other person working for the employer who has the authority to investigate, discover or terminate misconduct), a court or grand jury, the head of a Federal agency, or their representatives, information that the employee believes is evidence of one or more of the following related to the implementation or use of covered funds:

i. gross mismanagement,
ii. gross waste,
iii. substantial and specific danger to public health or safety,
iv. abuse of authority, or
v. violation of law, rule, or regulation (including those pertaining to the competition for or negotiation of a Grant Contract).

~~Non-enforceability of Certain Provisions Waiving Rights and Remedies or Requiring Arbitration: Except as provided in a collective bargaining agreement, the rights and remedies provided to aggrieved employees by this section may not be waived by any agreement, policy, form, or condition of employment, including any predispute arbitration agreement. No predispute arbitration agreement shall be valid or enforceable if it requires arbitration of a dispute arising out of this section.~~

~~Requirement to Post Notice of Rights and Remedies: The Grantee and any subcontractor shall post notice of the rights and remedies as required under Section 1553. (Refer to Section 1553 of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 located at www.recovery.gov, for specific requirements of this section and prescribed language for the notices.)~~

~~(4) Section 902 – Access Of Government Accountability Office. The Grantee shall provide that the Comptroller General and his representatives are authorized:~~

~~i. to examine any records of the Grantee or any of its subcontractors, that directly pertain to, and involve transactions relating to, this Grant Contract or a subcontract; and~~
~~ii. to interview any officer or employee of the Grantee or any of its subcontractors regarding such transactions.~~

~~(5) Section 1514 – Inspector General Reviews. Any inspector general of a federal department or executive agency has the authority to review, as appropriate, any concerns raised by the public about specific investments using such funds made available in the Recovery Act. In addition, the findings of such reviews, along with any audits conducted by any inspector general of funds made available in the Recovery Act, shall be posted on the inspector general's website and linked to the website established by Recovery Act Section 1526, except that portions of reports may be redacted to the extent the portions would disclose information that is protected from public disclosure under sections 552 and 552a of title 5, United States Code.~~

~~(6) Section 1515 – Access of Offices of Inspector General to Certain Records and Employers. With respect to this Grant Contract, any representative of an appropriate inspector general appointed under section 3 or 8G of the Inspector General Act of 1978 (5 U.S.C. App.), is authorized:~~

~~i. to examine any records, of the Grantee or any of its subcontractors, that pertain to and involve transactions relating or pursuant to this Grant Contract; and~~
~~ii. to interview any officer or employee of the Grantee or any subcontractors regarding such transactions.~~

~~(7) Section 1606 – Wage Rate Requirements. All laborers and mechanics employed by pursuant to this Grant Contract shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. All rulings and interpretations of the Davis-Bacon Act and related acts contained in 29 CFR 1, 3, and 5 are herein incorporated by reference.~~

~~For purposes of this Grant Contract, laborer or mechanic includes at least those workers whose duties are manual or physical in nature (including those workers who use tools or who are performing the work of a trade), as distinguished from mental or managerial. The term laborer or mechanic includes apprentices, trainees, helpers, and, in the case of contracts subject to the Contract Work Hours and Safety Standards Act, watchmen or guards.~~

(8) Section 1605 – Buy American Requirements for Construction Material – Buy American, Use of American Iron, Steel, and Manufactured Goods. None of the funds provided by this Grant Contract may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

e. The Grantee agrees to comply with any modifications or additional requirements that may be imposed by law and future guidance and clarifications of Recovery Act requirements.

f. If the Grantee enters into one or more subcontracts for any of the services performed under this Grant Contract, each subcontract shall contain provisions specifically imposing on the subcontractor all requirements set forth in this contract section E.#., "Federal Economic Stimulus Funding."

If the contract also establishes a subrecipient relationship as defined by OMB Circular A-133, add the following as subsection E.#.d. (and re-letter all subsequent subsections accordingly).

d. The subrecipient Grantee, if covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, agrees to specifically identify Recovery Act expenditures separately for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133.

If the contract also establishes a subrecipient relationship as defined by OMB Circular A-133, replace the newly designated section E.#.e.(2) with the following.

(2) Section 1512 – Reporting and Registration Requirements.

i. The Grantee must report on use of Recovery Act funds provided through this Grant Contract. Information from these reports will be made available to the public.

ii. The subrecipient Grantee must maintain current registrations in the Central Contractor Registration (www.ccr.gov) at all times during which they have an active Grant Contract funded with Recovery Act funds.

Disclosure of Personal Identity Information

Add the following section as appropriate.

E.#. Disclosure of Personal Identity Information. The Grantee shall report to the State any instances of unauthorized disclosure of confidential information that come to the attention of the Grantee. Any such report shall be made by the Grantee within twenty-four (24) hours after the instance has come to the attention of the Grantee. The Grantee, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals that are deemed to be part of a potential disclosure. The Grantee shall bear the cost of notification to individuals having personal identity information involved in a potential disclosure event, including individual letters and/or public notice.

Federal Funding Accountability and Transparency Act

Add the following section if the grant will be funded in whole or part by a federal grant or contract of $25,000 or more (excluding grants subject to section 1512 of the American Recovery and Reinvestment Act of 2009)), and the grant will provide for the expenditure of $25,000 or more in federal funds.

E.#. Federal Funding Accountability and Transparency Act (FFATA). This Grant requires the Grantee to provide supplies and/or services that are funded in whole or in part by federal funds that are subject to FFATA. The Grantee is responsible for ensuring that all applicable requirements.

including but not limited to those set forth herein, of FFATA are met and that the Grantee provides information to the State as required.

The Grantee shall comply with the following:

a. Reporting of Total Compensation of the Grantee's Executives.

(1) The Grantee shall report the names and total compensation of each of its five most highly compensated executives for the Grantee's preceding completed fiscal year, if in the Grantee's preceding fiscal year it received:

i. 80 percent or more of the Grantee's annual gross revenues from Federal procurement contracts and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and sub awards); and
ii. $25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and sub awards); and
iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at http://www.sec.gov/answers/execomp.htm.).

Executive means officers, managing partners, or any other employees in management positions.

(2) Total compensation means the cash and noncash dollar value earned by the executive during the Grantee's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

i. Salary and bonus.
ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
v. Above-market earnings on deferred compensation which is not tax qualified.
vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds $10,000.

b. The Grantee must report executive total compensation described above to the State by the end of the month during which this Grant is awarded.

c. If this Grant is amended to extend its term, the Grantee must submit an executive total compensation report to the State by the end of the month in which the amendment to this Grant becomes effective.

d. The Grantee will obtain a Data Universal Numbering System (DUNS) number and maintain its DUNS number for the term of this Grant. More information about obtaining a DUNS Number can be found at: http://fedgov.dnb.com/webform/

The Grantee's failure to comply with the above requirements is a material breach of this Grant for which the State may terminate this Grant for cause. The State will not be obligated to pay any outstanding invoice received from the Grantee unless and until the Grantee is in full compliance with the above requirements.

Transfer of Contractor's Obligations

Add the following section as appropriate.

E.xx. TRANSFER OF CONTRACTOR'S OBLIGATIONS

E.xx.a. The Contractor shall immediately notify the State in writing of a proposed merger, acquisition or sale of its business operation, or the part of its business operation that provides services under this Contract, or that this Contract will be sold to or assumed by another entity. The entity that is proposed to assume the Contractor's duties under this Contract, whether through merger, acquisition, sale or other transaction, will be hereinafter described as the New Entity.

E.xx.b. The Contractor (or, if the Contractor no longer exists as a legal entity, the New Entity) will provide to the State within a reasonable time, information that the State may require about the merger, acquisition or sale, which may include

i. the date and terms of the merger, acquisition or sale, including specifically, but not limited to, adequate documentation of the financial solvency and adequate capitalization of the proposed New Entity

ii. evidence of financial solvency and adequate capitalization of the proposed New Entity which may consist of,

(1) Debt;
(2) Assets;
(3) Liabilities;
(4) Cash flow
(5) Percentage of the total revenues of the company that are represented by this Contract;
(6) The most recent annual financial reports;
(7) The most recent annual financial reports filed with government agencies, if applicable.

iii. a complete description of the relationship of any New Entity to any parent company or subsidiary or division resulting from the merger, acquisition or sale of the original Contractor's business or the part of the original Contractor's business that provides services under this Contract or from assumption by, or sale to, another entity of the contract itself, including:

(1) the names and positions of corporate or company officers, project managers, other Contractor management staff with responsibilities under the Contract, and numbers and the type of technical or other personnel who will be responsible for fulfilling the obligations of the Contract, and any subcontracts that will be used to provide any personal or other services under the Contract by the New Entity and,

(2) an organizational chart clearly describing the organizational structure of the New Entity, parent company, subsidiary, division or other unit of the entity or parent company with which it has merged or by which it, or the Contract, has been acquired.

iv. such additional evidence of financial solvency, adequate capitalization and information

regarding corporate organizational and personnel assigned to the Contract as the State determines is necessary to evaluate the status of the proposed or consummated merger, acquisition or sale.

E.xx.c. The original Contractor shall immediately notify the State in writing in the event of a change in its legal name and/or Federal Employer Identification Number (FEIN). The Contractor shall comply with State requests for copies of any documents that have been filed with state corporate records officials or other officials in the state of its incorporation that verify the name change and a narrative description of the reasons for the name change. If a New Entity has succeeded to the interest of the original Contractor, it shall immediately provide the State written notification of its Federal Employer Identification Number (FEIN), its complete corporate name, State of incorporation, and other documentation required to effectuate the transfer.

E.xx.d. Notwithstanding any other provisions of this Contract to the contrary, the State may immediately terminate this Contract in whole or in stages in the event that it determines that the New Entity

i. has been debarred from State or Federal contracting in the past five years

ii. has had a contract terminated for cause by the State of Tennessee within the past five years.

The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor or New Entity for compensation for any service which has not been rendered. Upon such termination, the Contractor or New Entity shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.xx.e. The New Entity shall provide to the State within ten (10) business days of the State's request, a notarized statement signed by an individual authorized to bind the New Entity certifying that all liabilities and obligations incurred by the former Contractor are assumed by the New Entity.

E.xx.f. If the New Entity owes money to the State of Tennessee, it acknowledges that Tennessee Code Annotated Section 9-4-604 requires repayment of these funds and will enter into a legally binding agreement for repayment.

SIGNATURES

By contract signature, the contracting agency head shall assure and affirm that:

1. **there is a balance in the appropriation from which obligations under the agreement are required to be paid that is not already encumbered to pay other obligations;**
2. **the contracting agency maintains documentation of a fair and impartial contractor selection in full compliance with the approved procurement methodology as indicated by the summary cover; and,**
3. **the proposed scope of services is clear and correct, adequate for all legal and enforcement purposes, and sufficiently detailed to ensure contractor accountability and results.**

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

GRANT BUDGET

ALL Grant Budgets must be type-written and mathematically correct in every aspect.

Each Grant Budget page must be numbered consecutively.

The Grant Contract column total must equal the maximum liability of the grant.

Line-item funding must comply with the Expense Object Line-Item Category Definitions provided by F&A Accounts Policy 03, Appendix A (which is posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf). Budget line-items and the definitions above have legal, audit, and federal funding implications, and contracting agency staff are solely responsible for whether appropriate line-items are funded in accordance with the scope of service and the definitions set out by F&A Accounts Policy 03.

In line-items that WILL BE FUNDED, replace the zeros ("0.00") associated with each line-item as appropriate. If a line-item will NOT be funded, leave the associated, "0.00" dollar amount.

Grant Budget Line-Item Detail.

> These instructions do NOT preclude adding Line-Item Detail (and associated requirements) for other line-items, provided that the additional detail is clear and mathematically correct.

Delete the entire Grant Budget Line-Item Detail page if NONE of the following five line-items, which requires detail, is funded: Professional Fee, Grant & Award; Interest; Depreciation; Other Non-Personnel; Capital Purchase.

For each line-item requiring detail that is funded by the budget, complete the appropriate line-item detail box.

Delete the line-item detail box for each of the line-items that is NOT funded.

Do NOT draft the Grant Budget Line-Item Detail to describe a line-item only as "contracts," "contracted services," "other," "professional services," or "miscellaneous."

Multiple Grant Budget Periods.

> If a multi-year grant is to be written such that funding is restricted on an annual basis, such must be reflected in the grant budget by means of repeated use of the grant budget pages, numbered consecutively, detailing funding information for consecutive period of applicability. If a grant budget attachment does include multiple pages respectively applicable to consecutive periods of applicability, a "roll-up" budget page totaling all lines for all periods is NOT required. However, the sum of all totals must agree with the grant maximum liability and any other relevant contract provisions.

Option: Grant Budget Grantee Match Requirement

Replace the grant budget table with the table on the following page if a grantee match is required.

GRANT BUDGET

Additional Identification Information As Necessary

The grant budget line-item amounts below shall be applicable only to expense incurred during the following

Applicable Period: BEGIN: DATE END: DATE

POLICY 03 Object Line-Item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY [1]	GRANT CONTRACT	GRANTEE MATCH	TOTAL PROJECT
1, 2	Salaries, Benefits & Taxes	0.00	0.00	0.00
4, 15	Professional Fee, Grant & Award [2]	0.00	0.00	0.00
5, 6, 7, 8, 9, 10	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications	0.00	0.00	0.00
11, 12	Travel, Conferences & Meetings	0.00	0.00	0.00
13	Interest [2]	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation [2]	0.00	0.00	0.00
18	Other Non-Personnel [2]	0.00	0.00	0.00
20	Capital Purchase [2]	0.00	0.00	0.00

22	~~Indirect Cost~~	~~0.00~~	~~0.00~~	~~0.00~~
24	~~In-Kind Expense~~	~~0.00~~	~~0.00~~	~~0.00~~
n/a	~~Grantee Match Requirement (for any amount of the required Grantee Match that is not specifically delineated by budget line-items above)~~	~~0.00~~	~~0.00~~	~~0.00~~
25	~~GRAND TOTAL~~	~~0.00~~	~~0.00~~	~~0.00~~

~~[1] Each expense object-line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A* (posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf).~~

~~[2] Applicable detail follows this page if line-item is funded.~~

~~[3] A Grantee Match Requirement is detailed by this Grant Budget, and the maximum total amount reimbursable by the State pursuant to this Grant Contract, as detailed by the "Grant Contract" column above, shall be reduced by the amount of any Grantee failure to meet the Match Requirement.~~

GRANT CONTRACT

(cost reimbursement grant contract with an individual, business, non-profit, or governmental entity of another state ***or country***)

Begin Date	End Date	Agency Tracking #	Edison ID
		-	

Grantee Legal Entity Name	Edison Vendor ID

Subrecipient or Contractor	CFDA #

☐ Subrecipient ☐ Contractor	**Grantee's fiscal year end**
Service Caption (one line only)	

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Grant Contract Amount

TOTAL:					

Ownership/Control

☐ African American ☐ Asian ☐ Hispanic ☐ Native American ☐ Female

☐ Person w/Disability ☐ Small Business ☐ Government ☐ NOT Minority/Disadvantaged

☐ Other:

Grantee Selection Process Summary

☐ Competitive Selection	Describe the competitive selection process used.
☐ Non-competitive Selection	Describe the reasons for a non-competitive grantee selection process.

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

CPO USE - GR

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

GRANT CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE AGENCY NAME
AND
GRANTEE NAME

This Grant Contract, by and between the State of Tennessee, State Agency Name, hereinafter referred to as the 'State" and Contractor Legal Entity Name, hereinafter referred to as the "Grantee," is for the provision of Scope of Service Caption, as further defined in the "SCOPE OF SERVICES."

The Grantee is a/an Individual, For-Profit Corporation, Non-Profit Corporation, Special Purpose Corporation Or Association, Partnership, Joint Venture, Or Limited Liability Company.
Grantee Place of Incorporation or Organization: Location
Grantee Edison Vendor ID # Number

A. SCOPE OF SERVICES AND DELIVERABLES:

A.1. The Grantee shall provide all ~~service~~services and deliverables ("Scope") as required, described, and detailed ~~herein and shall meet all service and delivery timelines as specified by~~in this Grant Contract.

A.#. Specify the services & deliverables that the Grantee must provide as well as the technical specifications & delivery requirements that must be met (include sufficient detail to ensure accountability & definitive results). Do NOT include payment terms in the Scope ~~of Service~~.

B. TERM OF GRANT CONTRACT:

This Grant Contract shall be effective 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.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Grant Contract exceed Written Dollar Amount ($Number) ("Maximum Liability"). The Grant Budget, attached and incorporated hereto as Attachment Reference, shall constitute the maximum amount due the Grantee ~~for all service and Grantee obligations hereunder~~under this Grant Contract. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Grantee.

C.2. Compensation Firm. The ~~maximum liability~~Maximum Liability of the State is not subject to escalation for any reason unless amended. The Grant Budget amounts are firm for the ~~duration of the Grant Contract~~Term and are not subject to escalation for any reason unless amended, except as provided in ~~section~~Section C.6.

C.3. Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the ~~maximum liability~~Maximum Liability established in ~~section~~Section C.1. Upon progress toward the completion of the ~~work~~Scope, as described in ~~section~~Section A of this Grant Contract, the Grantee shall submit invoices prior to any reimbursement of allowable costs.

C.4. Travel Compensation. Reimbursement to the Grantee for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are

amended from time to time, and shall be contingent upon and limited by the Grant Budget funding for said reimbursement.

C.5. Invoice Requirements. The Grantee shall invoice the State no more often than monthly, with all necessary supporting documentation, and present such to:

State Agency Billing Address

a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).

(1) Invoice/Reference Number (assigned by the Grantee).
(2) Invoice Date.
(3) Invoice Period (to which the reimbursement request is applicable).
(4) Grant Contract Number (assigned by the State).
(5) Grantor: State Agency & Division Name.
(6) Grantor Number (assigned by the Grantee to the above-referenced Grantor).
(7) Grantee Name.
(8) Grantee Tennessee Edison Registration ID Number Referenced in Preamble of this Grant Contract.
(9) Grantee Remittance Address.
(10) Grantee Contact for Invoice Questions (name, phone, ~~and/~~or fax).
(11) Itemization of Reimbursement Requested for the Invoice Period— it must detail, at minimum, all of the following:

i. The amount requested by Grant Budget line-item (including any travel expenditure reimbursement requested and for which documentation and receipts, as required by "State Comprehensive Travel Regulations," are attached to the invoice).
ii. The amount reimbursed by Grant Budget line-item to date.
iii. The total amount reimbursed under the Grant Contract to date.
iv. The total amount requested (all line-items) for the Invoice Period.

b. The Grantee understands and agrees to all of the following.

(1) An invoice under this Grant Contract shall include only reimbursement requests for actual, reasonable, and necessary expenditures required in the delivery of service described by this Grant Contract and shall be subject to the Grant Budget and any other provision of this Grant Contract relating to allowable reimbursements.
(2) An invoice under this Grant Contract shall not include any reimbursement request for future expenditures.
(3) An invoice under this Grant Contract shall initiate the timeframe for reimbursement only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

C.6. Budget Line-items. Expenditures, reimbursements, and payments under this Grant Contract shall adhere to the Grant Budget. The Grantee may vary from a Grant Budget line-item amount by up to one percent (1%) of the line-item amount, provided that any increase is off-set by an equal reduction of other line-item amount(s) such that the net result of variances shall not increase the total Grant Contract amount detailed by the Grant Budget. Any increase in the Grant Budget, grand total amounts shall require an amendment of this Grant Contract.

C.7. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) days of the Grant Contract end date ~~and~~, in form and substance acceptable to the State.

a. If total disbursements by the State pursuant to this Grant Contract exceed the amounts permitted by ~~the section C, payment terms and conditions~~Section C of this Grant Contract, the Grantee shall refund the difference to the State. The Grantee shall submit said refund with the final grant disbursement reconciliation report.

b. The State shall not be responsible for the payment of any invoice submitted to the state after the grant disbursement reconciliation report. The State will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the State, and such invoices will NOT be paid.

c. The Grantee's failure to provide a final grant disbursement reconciliation report to the state as required shall result in the Grantee being deemed ineligible for reimbursement under this Grant Contract, and the Grantee shall be required to refund any and all payments by the state pursuant to this Grant Contract.

d. The Grantee must close out its accounting records at the end of the contract period in such a way that reimbursable expenditures and revenue collections are NOT carried forward.

C.8. Indirect Cost. Should the Grantee request reimbursement for indirect ~~cost~~costs, the Grantee must submit to the State a copy of the indirect cost rate approved by the cognizant federal agency ~~and~~or the ~~State~~cognizant state agency, as applicable. The Grantee will be reimbursed for indirect ~~cost~~costs in accordance with the approved indirect cost rate and amounts and limitations specified in the attached Grant Budget. Once the Grantee makes an election and treats a given cost as direct or indirect, it must apply that treatment consistently and may not change during the ~~contract period~~Term. Any changes in the approved indirect cost rate must have prior approval of the cognizant federal agency ~~and~~or the ~~State~~cognizant state agency, as applicable. If the indirect cost rate is provisional during the ~~period of this agreement~~Term, once the rate becomes final, the Grantee agrees to remit any overpayment of funds to the State, and subject to the availability of funds the State agrees to remit any underpayment to the Grantee.

C.9. Cost Allocation. If any part of the costs to be reimbursed under this Grant Contract are joint costs involving allocation to more than one program or activity, such costs shall be allocated and reported in accordance with the provisions of Department of Finance and Administration Policy Statement 03 or any amendments or revisions made to this policy statement during the ~~contract period~~Term.

C.10. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any reimbursement, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount as an allowable cost.

C.11. ~~Unallowable~~Non-allowable Costs. Any amounts payable to the Grantee shall be subject to reduction for amounts included in any invoice or payment ~~theretofore made, which~~that are determined by the State, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, ~~not~~ to constitute non-allowable costs.

C.12. ~~Deductions~~State's Right to Set Off. The State reserves the right to deduct from amounts, ~~which~~ that are or shall become due and payable to the Grantee under this Grant Contract or any other contract between the Grantee and the State of Tennessee ~~any amounts, which are or shall become due and payable to the State of Tennessee by the Grantee~~under which the Grantee has a right to receive payment from the State.

C.13. Prerequisite Documentation. The Grantee shall not invoice the State under this Grant Contract until the State has received the following documentation properly completed.

a. The Grantee shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. ~~By doing so, the~~

~~Grantee acknowledges and agrees that, once said form is received by the State, all payments to the Grantee, under this or any other contract the Grantee has with the State of Tennessee shall be made by Automated Clearing House (ACH)~~The State will pay via ACH Credits.

b. The Grantee shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The Grantee taxpayer identification number ~~detailed by said form~~ must agree with the Federal Employer Identification Number or Social Security Number referenced in this Grant Contract or the Grantee's Tennessee Edison Registration.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Grant Contract until it is signed by the ~~contract~~ parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this ~~contract, said~~Grant Contract, the officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.2. Modification and Amendment. ~~Except as specifically provided herein, this~~This Grant Contract may be modified only by a written amendment signed by all parties ~~hereto~~ and approved by ~~both~~ the officials who approved the ~~base contract~~Grant Contract and, depending upon the specifics of the ~~contract~~Grant Contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.3. Termination for Convenience. The State may terminate this Grant Contract without cause for any reason. ~~Said~~A termination for convenience shall not be ~~deemed~~ a breach of ~~contract~~this Grant Contract by the State. The State shall give the Grantee at least thirty (30) days written notice before the effective termination date. The Grantee shall be entitled to compensation for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the State be liable to the Grantee for compensation for any service ~~which~~that has not been rendered. The final decision as to the amount~~,~~ for which the State is liable~~,~~ shall be determined by the State. ~~Should the State exercise this provision, the~~ The Grantee shall not have any right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount for the State's exercise of its right to terminate for convenience.

D.4. Termination for Cause. If the Grantee fails to properly perform its obligations under this Grant Contract in a timely or proper manner, or if the Grantee violates any terms of this Grant Contract ("Breach Condition"), the State shall have the right to immediately terminate the Grant Contract and withhold payments in excess of ~~fair~~ compensation for completed services or provided goods. Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Grant Contract ~~by the Grantee~~.

D.5. Subcontracting. The Grantee shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this ~~contract~~Grant Contract pertaining to "Conflicts of Interest," "Lobbying," "Nondiscrimination," "Public Accountability," "Public Notice," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Grantee shall ~~be the prime contractor and shall be~~remain responsible for all work performed.

D.6. Conflicts of Interest. The Grantee warrants that no part of the total Grant Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Grantee in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee acknowledges, understands, and agrees that this Grant Contract shall be null and void if the Grantee is, or within the past six months has been, an employee of the State of Tennessee or if the Grantee is an entity in which a controlling interest is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee.

D.7. Lobbying. The Grantee certifies, to the best of its knowledge and belief, that:

a. No federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Grantee shall complete and submit Standard Form-LLL, "~~"~~Disclosure ~~Form to Report~~of Lobbying Activities," in accordance with its instructions.

c. The Grantee shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by ~~section 1352, title 31,~~31 U.S. ~~Code.~~C. § 1352.

D.8. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Grant Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective party as set out below:

The State:

State Contact Name & Title
State Agency Name
Address
Email Address
Telephone # Number
FAX # Number

The Grantee:

Grantee Contact Name & Title
Grantee Name
Address
Email Address
Telephone # Number
FAX # Number

A change to the above contact information requires written notice to the person designated by the other party to receive notice.

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

D.9. Subject to Funds Availability. This Grant Contract is subject to the appropriation and availability of State or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Grant Contract upon written notice to the Grantee. The State's right to terminate this Grant Contract due to lack of funds is not a breach of this Grant Contract by the State. Upon receipt of the written notice, the Grantee shall cease all work associated with the Grant Contract. Should such an event occur, the Grantee shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Grantee shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.10. Nondiscrimination. The Grantee ~~hereby~~ agrees~~, warrants, and assures~~ that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Grantee on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Grantee shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.~~9.~~11. HIPAA Compliance. The State and the Grantee shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules"). The obligations set forth in this Section shall survive the termination of this Grant Contract.

a. The Grantee warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Grant Contract.

b. The Grantee warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of this Grant Contract so that both parties will be in compliance with the Privacy Rules.

c. The State and the Grantee will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and the Grantee in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Grant Contract is NOT "protected health information" as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.

d. The Grantee will indemnify the State and hold it harmless for any violation by the Grantee or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.

D.12. Public Accountability. If the Grantee is subject to ~~*Tennessee*~~Tenn. Code ~~*Annotated*, Title 8, Chapter 4, Part 4,~~Ann. § 8-4-401 *et seq.*, or if this Grant Contract involves the provision of services to citizens by the Grantee on behalf of the State, the Grantee agrees to establish a system through

which recipients of services may present grievances about the operation of the service program~~, and the~~. The Grantee shall also display in a prominent place, located near the passageway through which the public enters in order to receive Grant supported services, a sign at least ~~twelve~~eleven inches (~~12~~11") in height and ~~eighteen~~seventeen inches (~~18~~17") in width stating:

NOTICE: THIS AGENCY IS A RECIPIENT OF TAXPAYER FUNDING. IF YOU OBSERVE AN AGENCY DIRECTOR OR EMPLOYEE ENGAGING IN ANY ACTIVITY WHICH YOU CONSIDER TO BE ILLEGAL, IMPROPER, OR WASTEFUL, PLEASE CALL THE STATE COMPTROLLER'S TOLL-FREE HOTLINE: 1-800-232-~~5454~~5454.

The sign shall be on the form prescribed by the Comptroller of the Treasury. The Grantor State Agency shall obtain copies of the sign from the Comptroller of the Treasury, and upon request from the Grantee, provide Grantee with any necessary signs.

D.~~10.~~13. Public Notice. All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Grantee in relation to this Grant Contract shall include the statement, "This project is funded under ~~an agreement~~a Grant Contract with the State of Tennessee." ~~Any such~~All notices by the Grantee in relation to this Grant Contract shall be approved by the State.

D.~~11.~~14. Licensure. The Grantee and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses.

D.~~12.~~15. Records. The Grantee ~~(~~and any approved subcontractor~~)~~ shall maintain documentation for all charges under this Grant Contract. The books, records, and documents of the Grantee ~~(~~and any approved subcontractor~~)~~, insofar as they relate to work performed or money received under this Grant Contract, shall be maintained for a period of ~~three~~five (~~3~~5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the ~~state agency~~Grantor State Agency, the Comptroller of the Treasury, or their duly appointed representatives.

The records ~~of not-for-profit entities shall be maintained in accordance with the *Accounting and Financial Reporting for Not-for-Profit Recipients of Grant Funds in Tennessee*, published by the Tennessee Comptroller of the Treasury and found at http://www.comptroller1.state.tn.us/ma/finreptmanual.asp. The records for local governments shall be maintained in accordance with the *Internal Control and Compliance Manual for Tennessee Municipalities*, published by the Tennessee Comptroller of the Treasury and found at http://www.comptroller1.state.tn.us/ma/citymanual.asp and in accordance with GFOA's publication, *Governmental Accounting, Auditing and Financial Reporting*.~~shall be maintained in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification, Public Company Accounting Oversight Board (PCAOB) Accounting Standards Codification, or Governmental Accounting Standards Board (GASB) Accounting Standards Codification, as applicable, and any related AICPA Industry Audit and Accounting guides.

~~D.13. Prevailing Wage Rates. All grants and contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated*, Section 12-4-401 *et seq.*.~~

In addition, documentation of grant applications, budgets, reports, awards, and expenditures will be maintained in accordance with U.S. Office of Management and Budget's *Uniform Administrative Requirements, Audit Requirements, and Cost Principles for Federal Awards*.

The Grantee shall also comply with any recordkeeping and reporting requirements prescribed by the Tennessee Comptroller of the Treasury.

The Grantee shall establish a system of internal controls that utilize the COSO Internal Control - Integrated Framework model as the basic foundation for the internal control system. The Grantee shall incorporate any additional Comptroller of the Treasury directives into its internal control system.

Any other required records or reports which are not contemplated in the above standards shall follow the format designated by the head of the Grantor State Agency, the Central Procurement Office, or the Commissioner of Finance and Administration of the State of Tennessee.

D.~~14.~~16. Monitoring. The Grantee's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

D.~~15.~~17. Progress Reports. The Grantee shall submit brief, periodic, progress reports to the State as requested.

D.~~16.~~18. Annual ~~Report~~ and ~~Audit~~Final Reports. The Grantee shall ~~prepare and~~ submit, within ~~nine~~three (~~9~~3) months ~~after the close of the reporting period, an annual report of its activities funded under this Grant Contract to the commissioner or head of the Granting agency, the Tennessee Comptroller of the Treasury, and the Commissioner~~of the conclusion of each year of the Term, an annual report. For grant contracts with a term of less than one (1) year, the Grantee shall submit a final report within three (3) months of the conclusion of the Term. For grant contracts with multiyear terms, the final report will take the place of the annual report for the final year of the Term. The Grantee shall submit annual and final reports to the Grantor State Agency and the Department of Finance and Administration~~. The annual report for any Grantee that receives five~~ ("F&A"). Send electronic copies of annual and final reports to F&A at faaudit@tn.gov. At minimum, annual and final reports shall include: (a) the Grantee's name; (b) the Grant Contract's Edison identification number, Term, and total amount; (c) a narrative section that describes the program's goals, outcomes, successes and setbacks, whether the Grantee used benchmarks or indicators to determine progress, and whether any proposed activities were not completed; and (d) other relevant details requested by the Grantor State Agency. Annual and final report documents to be completed by the Grantee shall appear on the Grantor State Agency's website or as an attachment to the Grant Contract.

D.19. Audit Report. When the Grantee has received seven hundred fifty thousand dollars ($~~500,000~~750,000.00) or more in aggregate federal and state funding for all of its programs ~~shall include~~within the Grantee's fiscal year, the Grantee shall provide audited financial statements. ~~All books of account and financial records shall be subject to annual audit by~~ to the Tennessee Comptroller of the Treasury ~~or the Comptroller's duly appointed representative. When an audit is required, the~~. The Grantee may, with the prior approval of the Comptroller of the Treasury, engage a licensed independent public accountant to perform the audit. The audit contract between the Grantee and the licensed independent public accountant shall be on a contract form prescribed by the Tennessee Comptroller of the Treasury. ~~Any such~~When an audit is required under this Section, the audit shall be performed in accordance with ~~generally accepted government auditing standards, the provisions of OMB Circular A-133, if applicable, and the *Audit Manual for Governmental Units and Recipients of Grant Funds* published by~~*U.S. Office of Management and Budget's Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

The Grantee shall be responsible for reimbursing the Tennessee Comptroller of the Treasury. ~~The Grantee shall be responsible for reimbursement of the cost of the~~ for any costs of an audit prepared by the Tennessee Comptroller of the Treasury~~, and~~.

The Grantee shall be responsible for payment of fees for ~~the~~an audit prepared by ~~the~~a licensed independent public accountant. Payment of the audit fees ~~of~~for the licensed independent public accountant by the Grantee shall be subject to the ~~provisions~~provision relating to such fees contained ~~in the prescribed contract form noted above~~within this Grant Contract. Copies of such

~~audits~~audit reports shall be provided to the designated cognizant state agency, the Grantor State ~~Granting Department~~Agency, the Tennessee Comptroller of the Treasury, the Central Procurement Office, and the ~~Department~~Commissioner of Finance and Administration ~~and~~.

Audit reports shall be made available to the public.

D.~~17.~~20. Procurement. If other terms of this Grant Contract allow reimbursement for the cost of goods, materials, supplies, equipment, and/or contracted services, such procurement(s) shall be made on a competitive basis, including the use of competitive bidding procedures, where practical. The Grantee shall maintain documentation for the basis of each procurement for which reimbursement is paid pursuant to this Grant Contract. In each instance where it is determined that use of a competitive procurement method is not practical, supporting documentation shall include a written justification for ~~such~~the decision and for use of a non-competitive procurement. ~~Further, and notwithstanding the foregoing, if such reimbursement is to be made with funds derived wholly or partially from federal sources, the determination of cost shall be governed by and reimbursement shall be subject to the Grantee's compliance with applicable federal procurement requirements~~If the Grantee is a subrecipient, the Grantee shall comply with 2 C.F.R. §§ 200.318—300.326 when procuring property and services under a federal award..

The Grantee shall obtain prior approval from the State before purchasing any equipment under this Grant Contract.

D.~~18.~~21. Strict Performance. Failure by any party to this Grant Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

D.~~19.~~22. Independent Contractor. The parties ~~hereto, in the performance of this Grant Contract,~~ shall not act as employees, partners, joint venturers, or associates of one another. ~~It is expressly acknowledged by the parties hereto~~ in the performance of this Grant Contract. The parties acknowledge that ~~such parties~~they are independent contracting entities and that nothing in this Grant Contract shall be construed to create ~~an employer/employee~~a principal/agent relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Grantee, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Grantee's employees, and to pay all applicable taxes incident to this Grant Contract.

D.~~20.~~23. State Liability. The State shall have no liability except as specifically provided in this Grant Contract.

D.~~21. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.~~24. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Grant Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Grant Contract arising

from a Force Majeure Event is not a default under this Grant Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Grantee's representatives, suppliers, subcontractors, customers or business apart from this Grant Contract is not a Force Majeure Event under this Grant Contract. Grantee will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Grantee's performance longer than forty-eight (48) hours, the State may, upon notice to Grantee: (a) cease payment of the fees until Grantee resumes performance of the affected obligations; or (b) immediately terminate this Grant Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Grantee will not increase its charges under this Grant Contract or charge the State any fees other than those provided for in this Grant Contract as the result of a Force Majeure Event.

D.~~22.~~25. Tennessee Department of Revenue Registration. The Grantee shall be registered with the Department of Revenue for the collection of Tennessee sales and use tax. This registration requirement is a material requirement of this Grant Contract.

D.26. Charges to Service Recipients Prohibited. The Grantee shall not collect any amount in the form of fees or reimbursements from the recipients of any service provided pursuant to this Grant Contract.

D.27. No Acquisition of Equipment or Motor Vehicles. This Grant Contract does not involve the acquisition and disposition of equipment or motor vehicles acquired with funds provided under this Grant Contract.

D.28. State and Federal Compliance. The Grantee shall comply with all applicable state and federal laws and regulations in the performance of this Grant Contract.

D.~~23.~~29. Governing Law. This Grant Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Grantee agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Grant Contract. The Grantee acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising there from, shall be subject to and limited to those rights and remedies, if any, available under ~~Tennessee~~Tenn. Code ~~Annotated, Sections~~Ann. §§ 9-8-101 through 9-8-407.

D.~~24.~~30. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.~~25.~~31. Severability. If any terms and conditions of this Grant Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Grant Contract are declared severable.

D.~~26.~~32. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Grant Contract, ~~these~~the special terms and conditions shall ~~control~~be subordinate to the Grant Contract's other terms and conditions.

~~E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Grant Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.~~

~~The State:~~

~~State Contact Name & Title~~
~~State Agency Name~~
~~Address~~
~~Email Address~~
~~Telephone # Number~~
~~FAX # Number~~

~~The Grantee:~~

~~Grantee Contact Name & Title~~
~~Grantee Name~~
~~Address~~
~~Email Address~~
~~Telephone # Number~~
~~FAX # Number~~

~~All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.~~

~~E.3. Subject to Funds Availability. The Grant Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Grant Contract upon written notice to the Grantee. Said termination shall not be deemed a breach of contract by the State. Upon receipt of the written notice, the Grantee shall cease all work associated with the Grant Contract. Should such an event occur, the Grantee shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Grantee shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.~~

~~E.4. Insurance. The Grantee shall carry adequate liability and other appropriate forms of insurance.~~

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

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

~~(2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined~~

single limit not less than one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate.

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

(4) Professional Malpractice Liability with a limit of not less than one million dollars ($1,000,000) per claim and two million dollars ($2,000,000) aggregate.

b. At any time State may require the Grantee to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Grant Contract.

E.5 Tennessee Department of Revenue Registration. The Grantee shall be registered with the Department of Revenue for the collection of Tennessee sales and use tax. This registration requirement is a material requirement of this Contract.

E.6. Charges to Service Recipients Prohibited. The Grantee shall not collect any amount in the form of fees or reimbursements from the recipients of any service provided pursuant to this Grant Contract.

E.7. No Equipment Acquisition. This Grant Contract does not involve the acquisition and disposition of equipment acquired with funds provided under this Grant Contract.

E.8. Debarment and Suspension. The Grantee certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

b. have not within a three (3) year period preceding this Grant Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence 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;

c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and

d. have not within a three (3) year period preceding this Grant Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Grantee shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

Add ALL Necessary or Contingently Required Special Terms & Conditions

IN WITNESS WHEREOF,

GRANTEE LEGAL ENTITY NAME:

GRANTEE SIGNATURE **DATE**

PRINTED NAME AND TITLE OF GRANTEE SIGNATORY (above)

GRANTOR STATE AGENCY NAME:

NAME & TITLE **DATE**

ATTACHMENT REFERENCE ~~(page #)~~

GRANT BUDGET				
Additional Identification Information As Necessary				
The grant budget line-item amounts below shall be applicable only to expense incurred during the following Applicable Period: BEGIN: DATE END: DATE				
POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY [1]	GRANT CONTRACT	GRANTEE PARTICIPATION	TOTAL PROJECT
1, 2	Salaries, Benefits & Taxes	0.00	0.00	0.00
4, 15	Professional Fee, Grant & Award [2]	0.00	0.00	0.00
5, 6, 7, 8, 9, 10	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications	0.00	0.00	0.00
11, 12	Travel, Conferences & Meetings	0.00	0.00	0.00
13	Interest [2]	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation [2]	0.00	0.00	0.00
18	Other Non-Personnel [2]	0.00	0.00	0.00
20	Capital Purchase [2]	0.00	0.00	0.00
22	Indirect Cost	0.00	0.00	0.00
24	In-Kind Expense	0.00	0.00	0.00
25	**GRAND TOTAL**	**0.00**	**0.00**	**0.00**

[1] Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A.* (posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf).

[2] Applicable detail follows this page if line-item is funded.

ATTACHMENT REFERENCE ~~(page #)~~

GRANT BUDGET LINE-ITEM DETAIL:

PROFESSIONAL FEE, GRANT & AWARD	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

INTEREST	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

DEPRECIATION	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

OTHER NON-PERSONNEL	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

CAPITAL PURCHASE	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

GR INSTRUCTIONS, CONSIDERATIONS, and OPTIONS

The following pages contain additional GR instructions, considerations, and options. Replace or modify the standard GR Template by including the following content as appropriate. Content included with a box around it is intended to be inserted into the standard GR Template as appropriate.

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

COVER SHEET

A summary cover sheet properly completed and in accordance with the template is required. Complete summary cover fields as indicated within the template and the following field directions.

Agency Tracking #	a unique number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Subrecipient or Contractor	Subrecipient or Contractor in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
Funding	Amounts by fiscal year and funding source and with row and column totals; the Maximum Liability MUST equal the sum of the TOTAL Grant Contract Amount column
Grantee Ownership/Control	African American if the contractor is ≥ 51% owned or controlled by descendants of the black peoples of Africa
	Asian if the contractor is ≥ 51% owned or controlled by descendants of the original peoples of the Far East, Asia, Southeast Asia, the subcontinent, or the Pacific Islands
	Government if the contractor is any governmental entity
	Hispanic if the contractor is ≥ 51% owned or controlled by persons of Cuban, Mexican, Puerto Rican, Central or South American, or other Spanish or Portuguese origin, culture, or descent, regardless of race, or having a Spanish surname
	Native American if the contractor is ≥ 51% owned or controlled by descendants of the peoples of the first nations of North America
	NOT Minority/Disadvantaged if the contractor is not ≥ 51% owned or controlled by minority or disadvantaged persons & is not a small business
	Other if the contractor is ≥ 51% owned or controlled by persons of a minority or disadvantaged ethnic background, national origin, etc. other than previously described
	Person w/Disability if the contractor is ≥ 51% owned or controlled by persons with a physical or mental impairment that substantially limits one or more major life activities (i.e., caring for oneself, writing, walking, seeing, hearing, speaking and breathing)
	Small Business if the contractor is independently owned and operated, has total gross receipts of ≤ $2 million for the last federal tax year, and has ≤ 30 full-time employees

PREAMBLE

Add additional information only if necessary.

In a grant contract with an individual, delete the preamble phrase, "Place of Incorporation or Organization; Location."

A. SCOPE OF SERVICES

It is the Grantor State Agency's responsibility to adequately draft a scope of services and deliverables ("Scope"). Oversight examiners will rely on the authorized signature of the Grantor State Agency on the

Grant Contract as certification and assurance that the proposed Scope is clear and correct, adequate for all legal and enforcement purposes, and sufficiently detailed to ensure Grantee accountability and results.

Do NOT include payment terms in the Scope.

Draft the Scope to clearly, specifically, and definitively detail Grantee duties, responsibilities, and associated performance requirements. Describe, in detail, the service and deliverable requirements and all related specifications.

Option: Grant Proposal Attachment

It is NOT acceptable to attach the associated grant proposal to the Grant Contract in lieu of a properly drafted Scope. Proposals for funding are NOT adequately definitive to stand alone as the description of Grantee duties and responsibilities or performance requirements.

To attach an associated grant proposal to the Grant Contract in support of a properly drafted Scope, use the following optional section.

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

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

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

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

Option: Federal Award Identification Worksheet

If the Grantee is a subrecipient and the Grant Contract involves any federal funds, the Grantor must complete the federal award identification worksheet on the following page and reference the worksheet by adding the following section Include the worksheet as an attachment to the Grant Contract. If some federal award identification information is not available, provide as much information as is available. Agencies should update the worksheet no more than once every six (6) months to reflect any changes. Send the updated worksheet to the Grantee and upload a copy into Edison.

A.#. Incorporation of Federal Award Identification Worksheet. The federal award identification worksheet, which appears as Attachment #, is incorporated in this Grant Contract.

ATTACHMENT REFERENCE

Federal Award Identification Worksheet

Subrecipient's name (must match registered name in DUNS)	
Subrecipient's DUNS number	
Federal Award Identification Number (FAIN)	
Federal award date	
CFDA number and name	
Grant contract's begin date	
Grant contract's 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. GRANT CONTRACT TERM

Procurement professionals should obtain the Grantee's signature first before submitting the Grant Contract for State signatures or approvals. Procurement professionals shall obtain all required approvals prior to the Effective Date written in the Grant Contract and submit it for Central Procurement Office approval no less than thirty (30) days before the Effective Date.

If a signed Grant Contract 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 Grant Contract be resubmitted with a new Effective Date or require a Rule Exception Request that explains why the Grant Contract 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.

Draft the Grant Contract with an appropriate, definitive, and complete Term. Note that no Grant Contract with a Term exceeding sixty (60) months shall be awarded unless approved by the Central Procurement Officer as being in the best interests of the State. (Tenn. Comp. R. & Regs. 0690-03-01-.14(2)(c)). Comptroller of the Treasury approval will also be required.

Option: Term Renewal or Extension

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

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

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

C. PAYMENT TERMS AND CONDITIONS

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

Payment Methodology

Pursuant to Central Procurement Office Policy 2013-007, any Grantor State Agency seeking to effect a partial, periodic, or total advance payment shall submit a Rule Exception Request to justify the advance payment.

Option: Partial Advance Payment

To effect a partial advance payment, replace the section with the following.

C.3. Payment Methodology – Partial Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section C.1. The amount of Written Dollar Amount ($Number) shall be paid to the Grantee in advance upon approval of this Grant Contract. Then, upon progress toward the completion of the work, as described in Section A of this Grant Contract, the Grantee shall submit invoices for payment prior to any additional reimbursement of allowable costs. The total of all payments to the Grantee shall not exceed the Maximum Liability of this Grant Contract.

Option: Periodic Advance Payment

To effect periodic advance payments: (1) Replace the section with the following.

C.3. Payment Methodology – Periodic Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section C.1. The amount of Written Dollar Amount ($Number) shall be paid to the Grantee in advance upon approval of this Grant Contract and on Date(s) on which the state will make advance payment(s). The total of said payments shall not exceed the Maximum Liability of this Grant Contract.

(2) Delete the Invoice Requirements section (renumbering any subsequent sections accordingly).

(3) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following (which may be further revised to require more frequent grant disbursement reconciliation reports).

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) 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").

Option: Total Advance Payment

To effect a total advance payment: (1) Replace the section with the following.

C.3. Payment Methodology – Total Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section C.1. Payment to the Grantee shall be a lump sum made in advance upon approval of this Grant Contract.

(2) Delete the Invoice Requirements section (renumbering any subsequent sections accordingly).

(3) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following.

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) 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").

Invoice Requirements

Add clear, non-conflicting, invoice requirements to the section as appropriate (revising the first sentence "no more often than monthly" requirement as necessary).

Delete the Section (and renumber subsequent sections appropriately) if the Payment Methodology Section provides for a total advance payment or periodic advance payments.

Option: Late Invoices Prohibition

Add the following as C.5.b.(4) when appropriate and revise the maximum number of days to thirty (30) or more.

(4) An invoice under this Grant Contract shall be presented to the State within sixty (60) days after the end of the calendar month in which the subject costs were

incurred or services were rendered by the Grantee. An invoice submitted more than sixty (60) days after such date will NOT be paid. The State will not deem such Grantee costs to be allowable and reimbursable by the State unless, at the sole discretion of the State, the failure to submit a timely invoice is warranted. The Grantee shall submit a special, written request for reimbursement with any such untimely invoice. The request must detail the reason the invoice is untimely as well as the Grantee's plan for submitting future invoices as required, and it must be signed by a Grantee agent that would be authorized to sign this Grant Contract.

Budget Line-Items

Option 1: Revise line-item variance amount as appropriate and up to the maximum of twenty percent (20%). Budget line-item variation of more than the specified percentage will require an amendment. The Budget Line-Items provision should NOT be amended after Grant Contract approval.

Option 2: Grantee may Request Budget Line-Item Variance Exceeding Twenty Percent (20%) Per Line-Item

Replace the Section with the following:

C.6. Grant Budget and Revisions to Grant Budget Line-Items. Expenditures, reimbursements, and payments under this Grant Contract shall adhere to the Grant Budget.

a. The Grantee may vary from a Grant Budget line-item amount by up to twenty percent (20%) of the line-item amount, provided that any increase is off-set by an equal reduction of other line-item amounts. The net result of any changes to Grant Budget line-item amounts shall not result in funding for a line-item that was previously funded at zero dollars ($0.00) or increase the total Grant Contract amount detailed by the Grant Budget.

b. The Grantee may request in writing Grant Budget line-item revisions exceeding the limitation set forth in section C.6.a., above, giving full details supporting the Grantee's request, provided that such revisions do not result in funding for a line-item that was previously funded at zero dollars ($0.00) and do not increase the total Grant Contract amount. Grant Budget line-item revisions may not be made without prior, written approval of the State in which the terms of the approved revisions are detailed. Any approval of a revision to a Grant Budget line-item greater than twenty percent (20%) shall be superseded by a subsequent revision of the Grant Budget by Grant Contract amendment.

c. Any increase in the total Grant Contract amount shall require a Grant Contract Amendment.

Option 3: NO Line-Item Variance

Replace the Section with the following:

C.6. Budget Line-Items. Expenditures, reimbursements, and payments under this Grant Contract shall adhere to the Grant Budget. Reimbursable expenditures may NOT vary from the Grant Budget line-item amount(s) detailed.

Disbursement Reconciliation and Close Out

To require additional grant disbursement and reconciliation reports, revise the first paragraph of the standard C.7. Disbursement Reconciliation and Close Out language, as necessary.

Option: Grantee Match Requirement

If the Grant Budget details a grantee match requirement (in which the maximum total amount reimbursable by the State under the Grant Contract will be reduced by the amount of any Grantee failure to meet the match requirement), replace the Disbursement Reconciliation and Close Out Section with the following and revise the maximum number of days to thirty (30) or more.

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) days of the Grant Contract end date and in form and substance acceptable to the State.

a. The Grant Budget specifies a Grantee Match Requirement and the final grant disbursement reconciliation report shall detail all Grantee expenditures recorded to meet said requirement.

i. No Grantee expenditure shall be recorded and reported toward meeting a Grantee Match Requirement of more than one grant contract with the state of Tennessee.

ii. The final grant disbursement reconciliation report shall specifically detail the exact amount of any Grantee failure to meet a Match Requirement, and the maximum total amount reimbursable by the State pursuant to this Grant Contract, as detailed by the Grant Budget column "Grant Contract," shall be reduced by the amount that the Grantee failed to contribute to the Total Project as budgeted.

b. If total disbursements by the State pursuant to this Grant Contract exceed the amounts permitted by Section C of this Grant Contract (including any adjustment pursuant to subsection a ii. above), the Grantee shall refund the difference to the State. The Grantee shall submit the refund with the final grant disbursement reconciliation report.

c. The State shall not be responsible for the payment of any invoice submitted to the State after the grant disbursement reconciliation report. The State will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the State, and such invoices will NOT be paid.

d. The Grantee's failure to provide a final grant disbursement reconciliation report to the state as required shall result in the Grantee being deemed ineligible for reimbursement under this Grant Contract, and the Grantee shall be required to refund any and all payments by the State pursuant to this Grant Contract.

e. The Grantee must close out its accounting records at the end of the Term in such a way that reimbursable expenditures and revenue collections are NOT carried forward.

D. STANDARD TERMS AND CONDITIONS

Do NOT add terms and conditions to section D. Any additional, necessary terms and conditions may be added to the section E, Special Terms and Conditions.

Termination for Convenience

Increase the thirty (30) days written notice requirement as appropriate.

Option: Bilateral Termination

Replace the Section with the following bilateral termination provision only if the Grantor State Agency can justify that the bilateral provision is in the best interest of the State.

D. #. Termination for Convenience. The Grant Contract may be terminated by either party by giving written notice to the other, at least thirty (30) days before the effective date of termination. Should either party exercise this provision, the Grantee shall be entitled to reimbursement for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall

the State be liable to the Grantee for any service which has not been rendered. The final decision as to the amount, for which the State is liable, shall be determined by the State. In the event of disagreement, the Grantee may file a claim with the Tennessee Claims Commission to seek redress.

Nondiscrimination

Replace the Section with the following ONLY if the Grantee is a religious organization.

D.8. Nondiscrimination. The Grantee agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Grantee on the basis of any classification protected by Federal, Tennessee State constitutional, or statutory law. The Grantee shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

HIPAA Compliance

A Grantee must execute a Business Associate Agreement (BAA) if: (a) the Grantee is a "covered entity" as defined in the Privacy Rules; (b) the Grantee engages another person or entity outside of its workforce to perform activities on its behalf; and (c) those activities involve access to protected health information.

If the Grantor State Agency obtains an approved Rule Exception Request to delete the HIPAA Compliance provision, add the following Section:

D.11. **Reserved.**

Charges to Service Recipients Prohibited

If the Grantor State Agency obtains an approved Rule Exception to delete the Charges to Service Recipients Prohibited provision, add the following Section:

D.26. **Reserved.**

No Acquisition of Equipment or Motor Vehicles

Delete the Section if the Grant Budget provides funding for the acquisition of equipment or motor vehicles and insert the State Interest In Equipment or Motor Vehicles Section below.

State Interest in Equipment or Motor Vehicles

Attorney General staff have advised that the Grantor State Agency must file a UCC-1 or perfect in accordance with applicable law to the extent that it wishes to secure a security agreement and priority.

Add the following Section if the Grant Contract provides for the reimbursement of expenditures for equipment or motor vehicles (revising the second to last sentence of the first paragraph as necessary to establish a lower dollar threshold for the definition of "equipment or motor vehicles").

D.27. State Interest in Equipment or Motor Vehicles. The Grantee shall take legal title to all equipment or motor vehicles purchased totally or in part with funds provided under this Grant Contract, subject to the State's equitable interest therein, to the extent of its *pro rata* share, based upon the State's contribution to the purchase price. The term "equipment" shall include any article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds five thousand dollars ($5,000.00). The term "motor vehicle" shall include any article of tangible personal property that is required to be registered under the "Tennessee Motor Vehicle Title and Registration Law", Tenn. Code Ann. Title 55, Chapters 1-6.

As authorized by the Tennessee Uniform Commercial Code, Tenn. Code Ann. Title 47, Chapter 9 and the "Tennessee Motor Vehicle Title and Registration Law," Tenn. Code Ann. Title 55, Chapters

1-6, the parties intend this Grant Contract to create a security interest in favor of the State in the equipment or motor vehicles acquired by the Grantee pursuant to the provisions of this Grant Contract. A further intent of this Grant Contract is to acknowledge and continue the security interest in favor of the State in the equipment or motor vehicles acquired by the Grantee pursuant to the provisions of this program's prior year Grant Contracts between the State and the Grantee.

The Grantee grants the State a security interest in all equipment or motor vehicles acquired in whole or in part by the Grantee under this Grant Contract. This Grant Contract is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the equipment or motor vehicles herein specified which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and the Grantee hereby grants the State a security interest in said equipment or motor vehicles. The Grantee agrees that the State may file this Grant Contract or a reproduction thereof, in any appropriate office, as a financing statement for any of the equipment or motor vehicles herein specified. Any reproduction of this or any other security agreement or financing statement shall be sufficient as a financing statement. In addition, the Grantee agrees to execute and deliver to the State, upon the State's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproduction of this Grant Contract in such form as the State may require to perfect a security interest with respect to said equipment or motor vehicles. The Grantee shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements the State may reasonably require. Without the prior written consent of the State, the Grantee shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said equipment or motor vehicles, including replacements and additions thereto. Upon the Grantee's breach of any covenant or agreement contained in this Grant Contract, including the covenants to pay when due all sums secured by this Grant Contract, the State shall have the remedies of a secured party under the Uniform Commercial Code and, at the State's option, may also invoke the remedies herein provided.

The Grantee agrees to be responsible for the accountability, maintenance, management, and inventory of all property purchased totally or in part with funds provided under this Grant Contract. The Grantee shall maintain a perpetual inventory system for all equipment or motor vehicles purchased with funds provided under this Grant Contract and shall submit an inventory control report which must include, at a minimum, the following:

a. Description of the equipment or motor vehicles;
b. Manufacturer's serial number or other identification number, when applicable;
c. Consecutive inventory equipment or motor vehicles tag identification;
d. Acquisition date, cost, and check number;
e. Fund source, State Grant number, or other applicable fund source identification;
f. Percentage of state funds applied to the purchase;
g. Location within the Grantee's operations where the equipment or motor vehicles is used;
h. Condition of the property or disposition date if Grantee no longer has possession;
i. Depreciation method, if applicable; and
j. Monthly depreciation amount, if applicable.

The Grantee shall tag equipment or motor vehicles with an identification number which is cross referenced to the equipment or motor vehicle item on the inventory control report. The Grantee shall inventory equipment or motor vehicles annually. The Grantee must compare the results of the inventory with the inventory control report and investigate any differences. The Grantee must then adjust the inventory control report to reflect the results of the physical inventory and subsequent investigation.

The Grantee shall submit its inventory control report of all equipment or motor vehicles purchased with funding through this Grant Contract within thirty (30) days of its end date and in form and substance acceptable to the State. This inventory control report shall contain, at a minimum, the requirements specified above for inventory control. The Grantee shall notify the State, in writing, of any equipment or motor vehicle loss describing the reasons for the loss. Should the equipment or motor vehicles be destroyed, lost, or stolen, the Grantee shall be responsible to the State for the

pro rata amount of the residual value at the time of loss based upon the State's original contribution to the purchase price.

Upon termination of the Grant Contract, where a further contractual relationship is not entered into, or at another time during the term of the Grant Contract, the Grantee shall request written approval from the State for any proposed disposition of equipment or motor vehicles purchased with Grant funds. All equipment or motor vehicles shall be disposed of in such a manner as the parties may agree from among alternatives approved by the Tennessee Department of General Services as appropriate and in accordance with any applicable federal laws or regulations.

Prevailing Wage Rates

Add the following Section if the Grant Contract involves a construction project for the purpose of building, repairing, locating, relocating or repairing any Tennessee streets, highways, or bridges.

D.#. Prevailing Wage Rates. All State contracts for highway construction projects that are for the purpose of building, rebuilding, locating, relocating or repairing any streets, highways or bridges require compliance with the prevailing wage laws provided in Tenn. Code Ann. §§ 12-4-401--415.

Audit Report

Add the following text just prior to the final sentence of the Section as appropriate.

The State may reimburse the Grantee for a reasonably proportionate share of the costs of audits required by and performed in accordance with the "Single Audit Act Amendments of 1996" as provided in 2 C.F.R. § 200.425.

Procurement

Replace the Section with the following if Grantor State Agency head approval is required for non-competitive procurements under the grant.

D.17. Procurement. If other terms of this Grant Contract allow reimbursement for the cost of goods, materials, supplies, equipment, and/or contracted services, such procurement(s) shall be made on a competitive basis, including the use of competitive bidding procedures, where practical. The Grantee shall maintain documentation for the basis of each procurement for which reimbursement is paid pursuant to this Grant Contract. In each instance where it is determined that use of a competitive procurement method is not practical, supporting documentation shall include a written justification, approved by the State Agency Head Title, for such decision and non-competitive procurement. Further and notwithstanding the foregoing, if such reimbursement is to be made with funds derived wholly or partially from federal sources, the determination of cost shall be governed by and reimbursement shall be subject to the Grantee's compliance with applicable federal procurement requirements.

The Grantee shall obtain prior approval from the State before purchasing any equipment under this Grant Contract.

E. SPECIAL TERMS AND CONDITIONS

Add the following sections as appropriate and in the order below. An approved Rule Exception Request is required to add any Section E provisions that are not among the options below. Should any of these special terms and conditions conflict with any other terms and condition of this Grant Contract, the special terms and conditions shall be subordinate to the Grant Contract's other terms and conditions.

Insurance

Add the following Section as appropriate. Revise minimum coverage amounts and deleting any unneeded subsections. If unsure whether the Section is applicable, consult the CPO legal team.

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

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

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

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

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

(4) Professional Malpractice Liability with a limit of not less than one million dollars ($1,000,000) per claim and two million dollars ($2,000,000) aggregate.

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

Debarment and Suspension

Add the following Section as appropriate.

E.#. Debarment and Suspension. The Grantee certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

b. have not within a three (3) year period preceding this Grant Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence 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;

c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and

d. have not within a three (3) year period preceding this Grant Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Grantee shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

Confidentiality of Records

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

E.#. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Grantee by the State or acquired by the Grantee on behalf of the State that is regarded as confidential information under state or federal law shall be considered "Confidential Information." Nothing in this Section shall permit Grantee to disclose any Confidential Information, regardless of whether is has been disclosed or made available to the Grantee due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Grantee shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.The obligations set forth in this Section shall survive the termination of this Grant Contract.

Patient Protection and Affordable Care Act

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

E. #. Patient Protection and Affordable Care Act. The Grantee agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Grantee shall indemnify the State and hold it harmless for any costs to the State arising from Grantee's failure to fulfill its PPACA responsibilities for itself or its employees.

Printing Authorization

Add the following Section as appropriate.

E.#. Printing Authorization. The Grantee agrees that no publication coming within the jurisdiction of Tenn. Code Ann.§§ 12-7-101, *et seq.*, shall be printed pursuant to this Grant Contract unless a printing authorization number has been obtained and affixed as required by Tenn. Code Ann. § 12-7-103(d).

State Furnished Property

Add the following Section as appropriate.

E.#. State Furnished Property. The Grantee shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Grantee's temporary use under this Grant Contract. Upon termination of this Grant Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Grantee shall be responsible to the State for the residual value of the property at the time of loss.

Work Papers Subject To Review

Add the following Section only if the Grant Contract requires the performance of audit, accounting or financial analysis services.

E.#. Work Papers Subject to Review. The Grantee shall make all audit, accounting, or financial analysis work papers, notes, and other documents available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Grant Contract.

Prohibited Advertising

Add the following Section as appropriate.

E.#. Prohibited Advertising. The Grantee shall not refer to this Grant Contract or the Grantee's relationship with the State under this Grant Contract in commercial advertising in such a manner as to state or imply that the Grantee or the Grantee's goods or services are endorsed. The obligations set forth in this Section shall survive the termination of this Grant Contract.

Environmental Tobacco Smoke

Add the following Section as appropriate.

E.#. Environmental Tobacco Smoke. Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the "Children's Act for Clean Indoor Air of 1995," Tenn. Code Ann. §§ 39-17-1601 through 1606, the Grantee shall prohibit smoking of tobacco products within any indoor premises in which services are provided to individuals under the age of eighteen (18) years. The Grantee shall post "no smoking" signs in appropriate, permanent sites within such premises. This prohibition shall be applicable during all hours, not just the hours in which children are present. Violators of the prohibition may be subject to civil penalties and fines. This prohibition shall apply to and be made part of any subcontract related to this Grant Contract.

Performance Bond

This Section is optional unless the Grant Contract involves construction in excess of one hundred thousand dollars ($100,000). In which case, the Grantee must execute a performance bond for twenty-five percent (25%) of the Maximum Liability. A performance bond requirement is generally not recommended for several reasons. A performance bond can be very expensive and difficult for any business to obtain, and the requirement makes it virtually impossible for small and minority businesses to serve as grantees. A performance bond is not a usual cost of doing business, and the cost associated with meeting the requirement will most certainly be passed directly to the State. Finally, the benefit purported to result from a performance bond is highly questionable. This type of bond can be difficult to enforce, and the State has little or no experience in enforcing such obligations. A performance bond is a poor insurance policy. There are much better methods for the State to ensure Grantee performance (e.g., the Scope is sufficiently detailed to ensure Grantee accountability and results; payment methodology involves contingent, incremental payments; a retention of final payment provision; a liquidated damages provision; and sound contract management).

Add the following Section only as appropriate, and provided that the Grantor State Agency legal counsel: (1) drafts the referenced, state-prescribed, bond form; and (2) makes a determination that the bond requirement will be reasonably and legally enforceable under the Grant Contract.

E.#. Performance Bond. The Grantee shall provide to the State a performance bond guaranteeing full and faithful performance of all undertakings and obligations under this Grant Contract and in the amount equal to Written Dollar Amount ($Number). The Grantee shall submit the bond no later than the day immediately preceding the contract start date and in the manner and form prescribed by the State (at Attachment Reference hereto), and the bond shall be issued through a company licensed to issue such a bond in the state of Tennessee. The performance bond shall guarantee full and faithful performance of all undertakings and obligations under this Grant Contract for:

a. the initial contract term and all extensions thereof; or

b. the first, annual period of the Grant Contract (ending December 31st following the Grant Contract start date) in the amount of Written Dollar Amount ($Number) and, thereafter, a new performance bond in the amount of Written Dollar Amount ($Number) covering each subsequent annual period of the Grant Contract. In which case, the Grantee shall provide annual performance bonds to the State no later than each December 10th preceding the annual covered period beginning on January 1st of each year.

Failure to provide the performance bond(s) as required herein prior to the Grant Contract start date and, as applicable in the case of an annual performance bond, no later than December 10th preceding each annual covered period beginning on January 1st of each year, shall result in contract termination. The Grantee understands and agrees that the stated amount of the performance bond required hereunder shall not be reduced during the contract period for any reason.

Intellectual Property

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

E.# Intellectual Property. The Grantee agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State concerning or arising out of any claim of an alleged patent, copyright, trade secret or other intellectual property infringement. In any such claim or action brought against the State, the Grantee shall satisfy and indemnify the State for the amount of any settlement or final judgment, and the Grantee shall be responsible for all legal or other fees or expenses incurred by the State arising from any such claim. the The State shall give the Grantee notice of any such claim or suit and full right and opportunity to conduct the Grantee's own defense thereof, however, the failure of the State to give such notice shall only relieve the Grantee of its obligations under this Section to the extent Grantee can demonstrate actual prejudice arising from the State's failure to give notice. This Section shall not grant the Grantee, through its attorneys, the right to represent the State of Tennessee in any legal matter, as provided in Tenn. Code Ann. § 8-6-106.

Hold Harmless

Inclusion of this requirement should be carefully considered. The requirement is likely to chill interest in seeking the contract award, and so, it may reduce competition and increase cost (for a contractor to take on the additional risk).

Add the following Section if recommended by the Grantor State Agency's legal counsel.

E.# Hold Harmless. The Grantee agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Grantee, its employees, or any person acting for or on its or their behalf relating to this Grant Contract. The Grantee further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Grant Contract.

In the event of any such suit or claim, the parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Grantee of its obligations under this Section to the extent that the Grantee can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Grantee, through its attorney(s), the right to represent the State of Tennessee in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

Grantee Participation

Add the following Section as appropriate.

E. # Grantee Participation. Grantee Participation amount(s) detailed in the Grant Budget are intended as a goal for the total project, and the amount of actual Grantee Participation expenditures will not impact the maximum amounts reimbursable to the Grantee as detailed by the Grant Budget column, "Grant Contract."

Disclosure of Personally Identifiable Information

Add the following Section as appropriate.

E.#. Disclosure of Personal Identity Information. The Grantee shall report to the State any instances of unauthorized disclosure of personally identifiable information that comes to the Grantee's attention. The Grantee shall make any such report within twenty-four (24) hours after the instance has come to the Grantee's attention. The Grantee, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals that are deemed to be part of a potential disclosure. The Grantee shall bear the cost of notification to individuals having personally identifiable information involved in a potential disclosure event, including individual letters or public notice. The remedies set forth in this Section are not exclusive and are in addition to any claims or remedies available to the State under this Grant Contract or otherwise available at law.

Federal Funding Accountability and Transparency Act

Add the following **Section if the Grant Contract** will be funded in whole or part by a federal 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 **twenty-five thousand dollars ($25,000)** or more in federal funds.

E.#. Federal Funding Accountability and Transparency Act (FFATA). This Grant requires the Grantee to provide supplies or services that are funded in whole or in part by federal funds that are subject to FFATA. The Grantee is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of FFATA are met and that the Grantee provides information to the State as required.

The Grantee shall comply with the following:

a. Reporting of Total Compensation of the Grantee's Executives.

(1) The Grantee shall report the names and total compensation of each of its five most highly compensated executives for the Grantee's preceding completed fiscal year, if in the Grantee's preceding fiscal year it received:

i. 80 percent or more of the Grantee's annual gross revenues from federal procurement contracts and Federal financial assistance subject to the Transparency Act, as defined at 2 C.F.R. § 170.320 (and sub awards); and

ii. $25,000,000 or more in annual gross revenues from federal procurement contracts (and subcontracts), and federal financial assistance subject to the Transparency Act (and sub awards); and

iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m(a), 78o(d)) or § 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at http://www.sec.gov/answers/execomp.htm.).

As defined in 2 C.F.R. § 170.315, "Executive" means officers, managing partners, or any other employees in management positions.

(2) Total compensation means the cash and noncash dollar value earned by the executive during the Grantee's preceding fiscal year and includes the following (for more information see 17 § C.F.R. 229.402(c)(2)):

i. Salary and bonus.
ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
v. Above-market earnings on deferred compensation which is not tax qualified.
vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds $10,000.

b. The Grantee must report executive total compensation described above to the State by the end of the month during which this Grant Contract is established.

c. If this Grant is amended to extend the Term, the Grantee must submit an executive total compensation report to the State by the end of the month in which the amendment to this Grant becomes effective.

d. The Grantee will obtain a Data Universal Numbering System (DUNS) number and maintain its DUNS number for the term of this Grant. More information about obtaining a DUNS Number can be found at: http://fedgov.dnb.com/webform/

The Grantee's failure to comply with the above requirements is a material breach of this Grant for which the State may terminate this Grant Contract for cause. The State will not be obligated to pay any outstanding invoice received from the Grantee unless and until the Grantee is in full compliance with the above requirements.

Transfer of Grantee's Obligations

Add the following Section as appropriate.

E.#. Transfer of Grantee's Obligations.

The Grantee shall not transfer or restructure its operations related to this Grant Contract without the prior written approval of the State. The Grantee shall immediately notify the State in writing of a proposed transfer or restructuring of its operations related to this Grant Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving a proposed transfer or restructuring.

SIGNATURES

By signature, the Grantor State Agency head or authorized designee assures that:

1. there is a balance in the appropriation from which obligations under the Grant Contract are required to be paid that is not already encumbered to pay other obligations;

2. the Grantor State Agency maintains documentation of the Grantee process indicated on the summary cover sheet; and,

3. the proposed Scope is clear and correct, adequate for all legal and enforcement purposes, and sufficiently detailed to ensure Grantee accountability and results.

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

GRANT BUDGET ~~LINE-ITEM DETAIL:~~

ALL Grant Budgets must be type-written and mathematically correct in every aspect.

Each Grant Budget page must be numbered consecutively.

The Grant Contract column total must equal the Maximum Liability of the Grant Contract.

Line-Item funding must comply with the Expense Object Line-Item Category Definitions provided by F&A Accounts Policy 03, Appendix A (which is posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf). Budget line-items and the definitions above have legal, audit, and federal funding implications, and contracting agency staff are solely responsible for whether appropriate line-items are funded in accordance with the scope of service and the definitions set out by F&A Accounts Policy 03.

In line-items that WILL BE FUNDED, replace the zeros ("0.00") associated with each line-item as appropriate. If a line-item will NOT be funded, leave the associated, "0.00" dollar amount.

Grant Budget Line-Item Detail.

These instructions do NOT preclude adding Line-Item Detail (and associated requirements) for other line-items, provided that the additional detail is clear and mathematically correct.

Delete the entire Grant Budget Line-Item Detail page if NONE of the following five line-items, which requires detail, is funded: Professional Fee, Grant & Award; Interest; Depreciation; Other Non-Personnel; Capital Purchase.

For each line-item requiring detail that is funded by the Grant Budget, complete the appropriate line-item detail box.

Delete the line-item detail box for each of the line-items that is NOT funded.

Do NOT draft the Grant Budget Line-Item Detail to describe a line-item only as "contracts," "contracted services," "other," "professional services," or "miscellaneous."

Multiple Grant Budget Periods.

If a multi-year grant contract is to be written such that funding is restricted on an annual basis, such must be reflected in the Grant Budget by means of repeated use of the grant budget pages, numbered consecutively, detailing funding information for consecutive period of applicability. If a grant budget attachment does include multiple pages respectively applicable consecutive periods of applicability, a "roll-up" budget page totaling all lines for all periods is NOT required. However, the sum of all totals must agree with the Grant Contract's Maximum Liability and any other relevant provisions of this Grant Contract.

Option: Grant Budget Grantee Match Requirement

GRANT BUDGET
Additional Identification Information As Necessary
The Grant Budget line-item amounts below shall be applicable only to expenses incurred during the following applicable period:
BEGIN: DATE END: DATE

Replace the Grant Budget table with the table on the following page if a grantee match is required.

POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY [1]	GRANT CONTRACT	GRANTEE MATCH	TOTAL PROJECT
1, 2	Salaries, Benefits & Taxes	0.00	0.00	0.00
4, 15	Professional Fee, Grant & Award [2]	0.00	0.00	0.00
5, 6, 7, 8, 9, 10	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications	0.00	0.00	0.00
11, 12	Travel, Conferences & Meetings	0.00	0.00	0.00
13	Interest [2]	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation [2]	0.00	0.00	0.00
18	Other Non-Personnel [2]	0.00	0.00	0.00
20	Capital Purchase [2]	0.00	0.00	0.00
22	Indirect Cost	0.00	0.00	0.00
24	In-Kind Expense	0.00	0.00	0.00
n/a	Grantee Match Requirement (for any amount of the required Grantee Match that is not specifically delineated by budget line-items above)	0.00	0.00	0.00
25	GRAND TOTAL	0.00	0.00	0.00

[1] Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A* (posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf).

[2] Applicable detail follows this page if line-item is funded.

[3] A Grantee Match Requirement is detailed by this Grant Budget, and the maximum total amount reimbursable by the State pursuant to this Grant Contract, as detailed by the 'Grant Contract' column above, shall be reduced by the amount of any Grantee failure to meet the Match Requirement.

~~PROFESSIONAL FEE, GRANT & AWARD~~	~~AMOUNT~~
~~Specific, Descriptive, Detail (Repeat Row As Necessary)~~	~~Amount~~
~~TOTAL~~	~~Amount~~

INTEREST	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

DEPRECIATION	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

OTHER NON-PERSONNEL	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

CAPITAL PURCHASE	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

Document comparison by Workshare Compare on Wednesday, December 17, 2014 11:54:40 AM

Input:	
Document 1 ID	file://C:\Users\BA10408\Desktop\GRTemplate_approved11.14.14.doc
Description	GRTemplate_approved11.14.14
Document 2 ID	file://M:\C.Mallea's documents\Policy subcommittee\Ready for AC review\12.29.14 Meeting\GR Template_clean.doc
Description	GR Template_clean
Rendering set	Standard

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

Statistics:	
	Count
Insertions	523
Deletions	531
Moved from	198
Moved to	198
Style change	0
Format changed	0
Total changes	1450

GR TEMPLATE

CLEAN VERSION

GR TEMPLATE

This template prescribes the format and content for a cost-reimbursement grant contract with an individual, business, non-profit, or a government entity of another state or country.

Procurement professionals shall adhere to this template with revisions only as instructions permit. Changes to this template require a Rule Exception Request as set forth in Tenn. Comp. R. & Regs. 0690-03-01-.17 and the *Procurement Procedures Manual of the Central Procurement Office*.

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

GRANT CONTRACT

(cost reimbursement grant contract with an individual, business, non-profit, or governmental entity of another state or country)

Begin Date	End Date	Agency Tracking #	Edison ID
		-	

Grantee Legal Entity Name	Edison Vendor ID

Subrecipient or Contractor	CFDA #
☐ Subrecipient ☐ Contractor	Grantee's fiscal year end

Service Caption (one line only)

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Grant Contract Amount
TOTAL:					

Ownership/Control

☐ African American ☐ Asian ☐ Hispanic ☐ Native American ☐ Female
☐ Person w/Disability ☐ Small Business ☐ Government ☐ NOT Minority/Disadvantaged
☐ Other:

Grantee Selection Process Summary

☐ Competitive Selection	Describe the competitive selection process used.
☐ Non-competitive Selection	Describe the reasons for a non-competitive grantee selection process.

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

CPO USE - GR

Speed Chart (optional)	Account Code (optional)

GRANT CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE AGENCY NAME
AND
GRANTEE NAME

This Grant Contract, by and between the State of Tennessee, State Agency Name, hereinafter referred to as the 'State" and Contractor Legal Entity Name, hereinafter referred to as the "Grantee," is for the provision of Scope of Service Caption, as further defined in the "SCOPE OF SERVICES."

The Grantee is a/an Individual, For-Profit Corporation, Non-Profit Corporation, Special Purpose Corporation Or Association, Partnership, Joint Venture, Or Limited Liability Company.
Grantee Place of Incorporation or Organization: Location
Grantee Edison Vendor ID # Number

A. SCOPE OF SERVICES AND DELIVERABLES:

A.1. The Grantee shall provide all services and deliverables ("Scope") as required, described, and detailed in this Grant Contract.

A.#. Specify the services & deliverables that the Grantee must provide as well as the technical specifications & delivery requirements that must be met (include sufficient detail to ensure accountability & definitive results). Do NOT include payment terms in the Scope.

B. TERM OF GRANT CONTRACT:

This Grant Contract shall be effective 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.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Grant Contract exceed Written Dollar Amount ($Number) ("Maximum Liability"). The Grant Budget, attached and incorporated hereto as Attachment Reference, shall constitute the maximum amount due the Grantee under this Grant Contract. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Grantee.

C.2. Compensation Firm. The Maximum Liability of the State is not subject to escalation for any reason unless amended. The Grant Budget amounts are firm for the Term and are not subject to escalation for any reason unless amended, except as provided in Section C.6.

C.3. Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section C.1. Upon progress toward the completion of the Scope, as described in Section A of this Grant Contract, the Grantee shall submit invoices prior to any reimbursement of allowable costs.

C.4. Travel Compensation. Reimbursement to the Grantee for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time, and shall be contingent upon and limited by the Grant Budget funding for said reimbursement.

C.5. Invoice Requirements. The Grantee shall invoice the State no more often than monthly, with all necessary supporting documentation, and present such to:

State Agency Billing Address

a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).

(1) Invoice/Reference Number (assigned by the Grantee).
(2) Invoice Date.
(3) Invoice Period (to which the reimbursement request is applicable).
(4) Grant Contract Number (assigned by the State).
(5) Grantor: State Agency & Division Name.
(6) Grantor Number (assigned by the Grantee to the above-referenced Grantor).
(7) Grantee Name.
(8) Grantee Tennessee Edison Registration ID Number Referenced in Preamble of this Grant Contract.
(9) Grantee Remittance Address.
(10) Grantee Contact for Invoice Questions (name, phone, or fax).
(11) Itemization of Reimbursement Requested for the Invoice Period— it must detail, at minimum, all of the following:

i. The amount requested by Grant Budget line-item (including any travel expenditure reimbursement requested and for which documentation and receipts, as required by "State Comprehensive Travel Regulations," are attached to the invoice).
ii. The amount reimbursed by Grant Budget line-item to date.
iii. The total amount reimbursed under the Grant Contract to date.
iv. The total amount requested (all line-items) for the Invoice Period.

b. The Grantee understands and agrees to all of the following.

(1) An invoice under this Grant Contract shall include only reimbursement requests for actual, reasonable, and necessary expenditures required in the delivery of service described by this Grant Contract and shall be subject to the Grant Budget and any other provision of this Grant Contract relating to allowable reimbursements.
(2) An invoice under this Grant Contract shall not include any reimbursement request for future expenditures.
(3) An invoice under this Grant Contract shall initiate the timeframe for reimbursement only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

C.6. Budget Line-items. Expenditures, reimbursements, and payments under this Grant Contract shall adhere to the Grant Budget. The Grantee may vary from a Grant Budget line-item amount by up to one percent (1%) of the line-item amount, provided that any increase is off-set by an equal reduction of other line-item amount(s) such that the net result of variances shall not increase the total Grant Contract amount detailed by the Grant Budget. Any increase in the Grant Budget, grand total amounts shall require an amendment of this Grant Contract.

C.7. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) days of the Grant Contract end date, in form and substance acceptable to the State.

a. If total disbursements by the State pursuant to this Grant Contract exceed the amounts permitted by Section C of this Grant Contract, the Grantee shall refund the difference to

the State. The Grantee shall submit said refund with the final grant disbursement reconciliation report.

b. The State shall not be responsible for the payment of any invoice submitted to the state after the grant disbursement reconciliation report. The State will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the State, and such invoices will NOT be paid.

c. The Grantee's failure to provide a final grant disbursement reconciliation report to the state as required shall result in the Grantee being deemed ineligible for reimbursement under this Grant Contract, and the Grantee shall be required to refund any and all payments by the state pursuant to this Grant Contract.

d. The Grantee must close out its accounting records at the end of the contract period in such a way that reimbursable expenditures and revenue collections are NOT carried forward.

C.8. Indirect Cost. Should the Grantee request reimbursement for indirect costs, the Grantee must submit to the State a copy of the indirect cost rate approved by the cognizant federal agency or the cognizant state agency, as applicable. The Grantee will be reimbursed for indirect costs in accordance with the approved indirect cost rate and amounts and limitations specified in the attached Grant Budget. Once the Grantee makes an election and treats a given cost as direct or indirect, it must apply that treatment consistently and may not change during the Term. Any changes in the approved indirect cost rate must have prior approval of the cognizant federal agency or the cognizant state agency, as applicable. If the indirect cost rate is provisional during the Term, once the rate becomes final, the Grantee agrees to remit any overpayment of funds to the State, and subject to the availability of funds the State agrees to remit any underpayment to the Grantee.

C.9. Cost Allocation. If any part of the costs to be reimbursed under this Grant Contract are joint costs involving allocation to more than one program or activity, such costs shall be allocated and reported in accordance with the provisions of Department of Finance and Administration Policy Statement 03 or any amendments or revisions made to this policy statement during the Term.

C.10. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any reimbursement, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount as an allowable cost.

C.11. Non-allowable Costs. Any amounts payable to the Grantee shall be subject to reduction for amounts included in any invoice or payment that are determined by the State, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute non-allowable costs.

C.12. State's Right to Set Off. The State reserves the right to deduct from amounts that are or shall become due and payable to the Grantee under this Grant Contract or any other contract between the Grantee and the State of Tennessee under which the Grantee has a right to receive payment from the State.

C.13. Prerequisite Documentation. The Grantee shall not invoice the State under this Grant Contract until the State has received the following documentation properly completed.

a. The Grantee shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. The State will pay via ACH Credits.

b. The Grantee shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The Grantee taxpayer identification number must agree with the Federal Employer Identification Number or Social Security Number referenced in this Grant Contract or the Grantee's Tennessee Edison Registration.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Grant Contract until it is signed by the parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this Grant Contract, the officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment signed by all parties and approved by the officials who approved the Grant Contract and, depending upon the specifics of the Grant Contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.3. Termination for Convenience. The State may terminate this Grant Contract without cause for any reason. A termination for convenience shall not be a breach of this Grant Contract by the State. The State shall give the Grantee at least thirty (30) days written notice before the effective termination date. The Grantee shall be entitled to compensation for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the State be liable to the Grantee for compensation for any service that has not been rendered. The final decision as to the amount for which the State is liable shall be determined by the State. The Grantee shall not have any right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount for the State's exercise of its right to terminate for convenience.

D.4. Termination for Cause. If the Grantee fails to properly perform its obligations under this Grant Contract in a timely or proper manner, or if the Grantee violates any terms of this Grant Contract ("Breach Condition"), the State shall have the right to immediately terminate the Grant Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Grant Contract.

D.5. Subcontracting. The Grantee shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Grant Contract pertaining to "Conflicts of Interest," "Lobbying," "Nondiscrimination," "Public Accountability," "Public Notice," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Grantee shall remain responsible for all work performed.

D.6. Conflicts of Interest. The Grantee warrants that no part of the total Grant Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Grantee in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee acknowledges, understands, and agrees that this Grant Contract shall be null and void if the Grantee is, or within the past six months has been, an employee of the State of

Tennessee or if the Grantee is an entity in which a controlling interest is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee.

D.7. Lobbying. The Grantee certifies, to the best of its knowledge and belief, that:

a. No federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Grantee shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

c. The Grantee shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352.

D.8. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Grant Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective party as set out below:
The State:

State Contact Name & Title
State Agency Name
Address
Email Address
Telephone # Number
FAX # Number

The Grantee:

Grantee Contact Name & Title
Grantee Name
Address
Email Address
Telephone # Number
FAX # Number

A change to the above contact information requires written notice to the person designated by the other party to receive notice.

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

D.9. Subject to Funds Availability. This Grant Contract is subject to the appropriation and availability of State or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Grant Contract upon written notice to the Grantee. The State's right to terminate this Grant Contract due to lack of funds is not a breach of this Grant Contract by the State. Upon receipt of the written notice, the Grantee shall cease all work associated with the Grant Contract. Should such an event occur, the Grantee shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Grantee shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.10. Nondiscrimination. The Grantee agrees that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Grantee on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Grantee shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.11. HIPAA Compliance. The State and the Grantee shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules"). The obligations set forth in this Section shall survive the termination of this Grant Contract.

a. The Grantee warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Grant Contract.

b. The Grantee warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of this Grant Contract so that both parties will be in compliance with the Privacy Rules.

c. The State and the Grantee will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and the Grantee in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Grant Contract is NOT "protected health information" as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.

d. The Grantee will indemnify the State and hold it harmless for any violation by the Grantee or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.

D.12. Public Accountability. If the Grantee is subject to Tenn. Code Ann. § 8-4-401 *et seq.*, or if this Grant Contract involves the provision of services to citizens by the Grantee on behalf of the State, the Grantee agrees to establish a system through which recipients of services may present grievances about the operation of the service program. The Grantee shall also display in a

prominent place, located near the passageway through which the public enters in order to receive Grant supported services, a sign at least eleven inches (11") in height and seventeen inches (17") in width stating:

NOTICE: THIS AGENCY IS A RECIPIENT OF TAXPAYER FUNDING. IF YOU OBSERVE AN AGENCY DIRECTOR OR EMPLOYEE ENGAGING IN ANY ACTIVITY WHICH YOU CONSIDER TO BE ILLEGAL, IMPROPER, OR WASTEFUL, PLEASE CALL THE STATE COMPTROLLER'S TOLL-FREE HOTLINE: 1-800-232-5454.

The sign shall be on the form prescribed by the Comptroller of the Treasury. The Grantor State Agency shall obtain copies of the sign from the Comptroller of the Treasury, and upon request from the Grantee, provide Grantee with any necessary signs.

D.13. Public Notice. All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Grantee in relation to this Grant Contract shall include the statement, "This project is funded under a Grant Contract with the State of Tennessee." All notices by the Grantee in relation to this Grant Contract shall be approved by the State.

D.14. Licensure. The Grantee and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses.

D.15. Records. The Grantee and any approved subcontractor shall maintain documentation for all charges under this Grant Contract. The books, records, and documents of the Grantee and any approved subcontractor, insofar as they relate to work performed or money received under this Grant Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the Grantor State Agency, the Comptroller of the Treasury, or their duly appointed representatives.

The records shall be maintained in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification, Public Company Accounting Oversight Board (PCAOB) Accounting Standards Codification, or Governmental Accounting Standards Board (GASB) Accounting Standards Codification, as applicable, and any related AICPA Industry Audit and Accounting guides.

In addition, documentation of grant applications, budgets, reports, awards, and expenditures will be maintained in accordance with U.S. Office of Management and Budget's *Uniform Administrative Requirements, Audit Requirements, and Cost Principles for Federal Awards*.

The Grantee shall also comply with any recordkeeping and reporting requirements prescribed by the Tennessee Comptroller of the Treasury.

The Grantee shall establish a system of internal controls that utilize the COSO Internal Control - Integrated Framework model as the basic foundation for the internal control system. The Grantee shall incorporate any additional Comptroller of the Treasury directives into its internal control system.

Any other required records or reports which are not contemplated in the above standards shall follow the format designated by the head of the Grantor State Agency, the Central Procurement Office, or the Commissioner of Finance and Administration of the State of Tennessee.

D.16. Monitoring. The Grantee's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

D.17. Progress Reports. The Grantee shall submit brief, periodic, progress reports to the State as requested.

D.18. Annual and Final Reports. The Grantee shall submit, within three (3) months of the conclusion of each year of the Term, an annual report. For grant contracts with a term of less than one (1) year, the Grantee shall submit a final report within three (3) months of the conclusion of the Term. For grant contracts with multiyear terms, the final report will take the place of the annual report for the final year of the Term. The Grantee shall submit annual and final reports to the Grantor State Agency and the Department of Finance and Administration ("F&A"). Send electronic copies of annual and final reports to F&A at faaudit@tn.gov. At minimum, annual and final reports shall include: (a) the Grantee's name; (b) the Grant Contract's Edison identification number, Term, and total amount; (c) a narrative section that describes the program's goals, outcomes, successes and setbacks, whether the Grantee used benchmarks or indicators to determine progress, and whether any proposed activities were not completed; and (d) other relevant details requested by the Grantor State Agency. Annual and final report documents to be completed by the Grantee shall appear on the Grantor State Agency's website or as an attachment to the Grant Contract.

D.19. Audit Report. When the Grantee has received seven hundred fifty thousand dollars ($750,000.00) or more in aggregate federal and state funding for all of its programs within the Grantee's fiscal year, the Grantee shall provide audited financial statements to the Tennessee Comptroller of the Treasury. The Grantee may, with the prior approval of the Comptroller of the Treasury, engage a licensed independent public accountant to perform the audit. The audit contract between the Grantee and the licensed independent public accountant shall be on a contract form prescribed by the Tennessee Comptroller of the Treasury. When an audit is required under this Section, the audit shall be performed in accordance with *U.S. Office of Management and Budget's Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

The Grantee shall be responsible for reimbursing the Tennessee Comptroller of the Treasury for any costs of an audit prepared by the Tennessee Comptroller of the Treasury.

The Grantee shall be responsible for payment of fees for an audit prepared by a licensed independent public accountant. Payment of the audit fees for the licensed independent public accountant by the Grantee shall be subject to the provision relating to such fees contained within this Grant Contract. Copies of such audit reports shall be provided to the designated cognizant state agency, the Grantor State Agency, the Tennessee Comptroller of the Treasury, the Central Procurement Office, and the Commissioner of Finance and Administration.

Audit reports shall be made available to the public.

D.20. Procurement. If other terms of this Grant Contract allow reimbursement for the cost of goods, materials, supplies, equipment, and/or contracted services, such procurement(s) shall be made on a competitive basis, including the use of competitive bidding procedures, where practical. The Grantee shall maintain documentation for the basis of each procurement for which reimbursement is paid pursuant to this Grant Contract. In each instance where it is determined that use of a competitive procurement method is not practical, supporting documentation shall include a written justification for the decision and for use of a non-competitive procurement. If the Grantee is a subrecipient, the Grantee shall comply with 2 C.F.R. §§ 200.318—300.326 when procuring property and services under a federal award..

The Grantee shall obtain prior approval from the State before purchasing any equipment under this Grant Contract.

D.21. Strict Performance. Failure by any party to this Grant Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

D.22. Independent Contractor. The parties shall not act as employees, partners, joint venturers, or associates of one another in the performance of this Grant Contract. The parties acknowledge that they are independent contracting entities and that nothing in this Grant Contract shall be construed to create a principal/agent relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Grantee, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Grantee's employees, and to pay all applicable taxes incident to this Grant Contract.

D.23. State Liability. The State shall have no liability except as specifically provided in this Grant Contract.

D.24. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Grant Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Grant Contract arising from a Force Majeure Event is not a default under this Grant Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Grantee's representatives, suppliers, subcontractors, customers or business apart from this Grant Contract is not a Force Majeure Event under this Grant Contract. Grantee will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Grantee's performance longer than forty-eight (48) hours, the State may, upon notice to Grantee: (a) cease payment of the fees until Grantee resumes performance of the affected obligations; or (b) immediately terminate this Grant Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Grantee will not increase its charges under this Grant Contract or charge the State any fees other than those provided for in this Grant Contract as the result of a Force Majeure Event.

D.25. Tennessee Department of Revenue Registration. The Grantee shall be registered with the Department of Revenue for the collection of Tennessee sales and use tax. This registration requirement is a material requirement of this Grant Contract.

D.26. Charges to Service Recipients Prohibited. The Grantee shall not collect any amount in the form of fees or reimbursements from the recipients of any service provided pursuant to this Grant Contract.

D.27. No Acquisition of Equipment or Motor Vehicles. This Grant Contract does not involve the acquisition and disposition of equipment or motor vehicles acquired with funds provided under this Grant Contract.

D.28. State and Federal Compliance. The Grantee shall comply with all applicable state and federal laws and regulations in the performance of this Grant Contract.

D.29. Governing Law. This Grant Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Grantee agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Grant Contract. The Grantee acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising there from, shall be subject to and limited to those rights and remedies, if any, available under Tenn. Code Ann. §§ 9-8-101 through 9-8-407.

D.30. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.31. Severability. If any terms and conditions of this Grant Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Grant Contract are declared severable.

D.32. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Grant Contract, the special terms and conditions shall be subordinate to the Grant Contract's other terms and conditions.

IN WITNESS WHEREOF,

GRANTEE LEGAL ENTITY NAME:

GRANTEE SIGNATURE **DATE**

PRINTED NAME AND TITLE OF GRANTEE SIGNATORY (above)

GRANTOR STATE AGENCY NAME:

NAME & TITLE **DATE**

ATTACHMENT REFERENCE

GRANT BUDGET				
Additional Identification Information As Necessary				
The grant budget line-item amounts below shall be applicable only to expense incurred during the following Applicable Period: BEGIN: DATE END: DATE				
POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY [1]	GRANT CONTRACT	GRANTEE PARTICIPATION	TOTAL PROJECT
1, 2	Salaries, Benefits & Taxes	0.00	0.00	0.00
4, 15	Professional Fee, Grant & Award [2]	0.00	0.00	0.00
5, 6, 7, 8, 9, 10	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications	0.00	0.00	0.00
11, 12	Travel, Conferences & Meetings	0.00	0.00	0.00
13	Interest [2]	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation [2]	0.00	0.00	0.00
18	Other Non-Personnel [2]	0.00	0.00	0.00
20	Capital Purchase [2]	0.00	0.00	0.00
22	Indirect Cost	0.00	0.00	0.00
24	In-Kind Expense	0.00	0.00	0.00
25	**GRAND TOTAL**	**0.00**	**0.00**	**0.00**

[1] Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A.* (posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf).

[2] Applicable detail follows this page if line-item is funded.

ATTACHMENT REFERENCE

GRANT BUDGET LINE-ITEM DETAIL:

PROFESSIONAL FEE, GRANT & AWARD	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

INTEREST	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

DEPRECIATION	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

OTHER NON-PERSONNEL	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

CAPITAL PURCHASE	AMOUNT
Specific, Descriptive, Detail (Repeat Row As Necessary)	Amount
TOTAL	Amount

GR INSTRUCTIONS, CONSIDERATIONS, and OPTIONS

The following pages contain additional GR instructions, considerations, and options. Replace or modify the standard GR Template by including the following content as appropriate. Content included with a box around it is intended to be inserted into the standard GR Template as appropriate.

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

COVER SHEET

A summary cover sheet properly completed and in accordance with the template is required. Complete summary cover fields as indicated within the template and the following field directions.

Agency Tracking #	a unique number comprised of: 5-digit business unit # + unique, 5-digit # example: 31707-12345
Subrecipient or Contractor	Subrecipient or Contractor in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
Funding	Amounts by fiscal year and funding source and with row and column totals; the Maximum Liability MUST equal the sum of the TOTAL Grant Contract Amount column
Grantee Ownership/Control	African American if the contractor is ≥ 51% owned or controlled by descendants of the black peoples of Africa Asian if the contractor is ≥ 51% owned or controlled by descendants of the original peoples of the Far East, Asia, Southeast Asia, the subcontinent, or the Pacific Islands Government if the contractor is any governmental entity Hispanic if the contractor is ≥ 51% owned or controlled by persons of Cuban, Mexican, Puerto Rican, Central or South American, or other Spanish or Portuguese origin, culture, or descent, regardless of race, or having a Spanish surname Native American if the contractor is ≥ 51% owned or controlled by descendants of the peoples of the first nations of North America NOT Minority/Disadvantaged if the contractor is not ≥ 51% owned or controlled by minority or disadvantaged persons & is not a small business Other if the contractor is ≥ 51% owned or controlled by persons of a minority or disadvantaged ethnic background, national origin, etc. other than previously described Person w/Disability if the contractor is ≥ 51% owned or controlled by persons with a physical or mental impairment that substantially limits one or more major life activities (i.e., caring for oneself, writing, walking, seeing, hearing, speaking and breathing) Small Business if the contractor is independently owned and operated, has total gross receipts of ≤ $2 million for the last federal tax year, and has ≤ 30 full-time employees

PREAMBLE

Add additional information only if necessary.

In a grant contract with an individual, delete the preamble phrase, "Place of Incorporation or Organization: Location."

A. SCOPE OF SERVICES

It is the Grantor State Agency's responsibility to adequately draft a scope of services and deliverables ("Scope"). Oversight examiners will rely on the authorized signature of the Grantor State Agency on the

Grant Contract as certification and assurance that the proposed Scope is clear and correct, adequate for all legal and enforcement purposes, and sufficiently detailed to ensure Grantee accountability and results.

Do NOT include payment terms in the Scope.

Draft the Scope to clearly, specifically, and definitively detail Grantee duties, responsibilities, and associated performance requirements. Describe, in detail, the service and deliverable requirements and all related specifications.

Option: Grant Proposal Attachment

It is NOT acceptable to attach the associated grant proposal to the Grant Contract in lieu of a properly drafted Scope. Proposals for funding are NOT adequately definitive to stand alone as the description of Grantee duties and responsibilities or performance requirements.

To attach an associated grant proposal to the Grant Contract in support of a properly drafted Scope, use the following optional section.

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

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

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

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

Option: Federal Award Identification Worksheet

If the Grantee is a subrecipient and the Grant Contract involves any federal funds, the Grantor must complete the federal award identification worksheet on the following page and reference the worksheet by adding the following section Include the worksheet as an attachment to the Grant Contract. If some federal award identification information is not available, provide as much information as is available. Agencies should update the worksheet no more than once every six (6) months to reflect any changes. Send the updated worksheet to the Grantee and upload a copy into Edison.

A.#. Incorporation of Federal Award Identification Worksheet. The federal award identification worksheet, which appears as Attachment #, is incorporated in this Grant Contract.

ATTACHMENT REFERENCE

Federal Award Identification Worksheet

Subrecipient's name (must match registered name in DUNS)	
Subrecipient's DUNS number	
Federal Award Identification Number (FAIN)	
Federal award date	
CFDA number and name	
Grant contract's begin date	
Grant contract's 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. GRANT CONTRACT TERM

Procurement professionals should obtain the Grantee's signature first before submitting the Grant Contract for State signatures or approvals. Procurement professionals shall obtain all required approvals prior to the Effective Date written in the Grant Contract and submit it for Central Procurement Office approval no less than thirty (30) days before the Effective Date.

If a signed Grant Contract 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 Grant Contract be resubmitted with a new Effective Date or require a Rule Exception Request that explains why the Grant Contract 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.

Draft the Grant Contract with an appropriate, definitive, and complete Term. Note that no Grant Contract with a Term exceeding sixty (60) months shall be awarded unless approved by the Central Procurement Officer as being in the best interests of the State. (Tenn. Comp. R. & Regs. 0690-03-01-.14(2)(c)). Comptroller of the Treasury approval will also be required.

Option: Term Renewal or Extension

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

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

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

C. PAYMENT TERMS AND CONDITIONS

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

Payment Methodology

Pursuant to Central Procurement Office Policy 2013-007, any Grantor State Agency seeking to effect a partial, periodic, or total advance payment shall submit a Rule Exception Request to justify the advance payment.

Option: Partial Advance Payment

To effect a partial advance payment, replace the section with the following.

C.3.	Payment Methodology – Partial Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section C.1. The amount of Written Dollar Amount ($Number) shall be paid to the Grantee in advance upon approval of this Grant Contract. Then, upon progress

toward the completion of the work, as described in Section A of this Grant Contract, the Grantee shall submit invoices for payment prior to any additional reimbursement of allowable costs. The total of all payments to the Grantee shall not exceed the Maximum Liability of this Grant Contract.

Option: Periodic Advance Payment

To effect periodic advance payments: (1) Replace the section with the following.

C.3. Payment Methodology – Periodic Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section C.1. The amount of Written Dollar Amount ($Number) shall be paid to the Grantee in advance upon approval of this Grant Contract and on Date(s) on which the state will make advance payment(s). The total of said payments shall not exceed the Maximum Liability of this Grant Contract.

(2) Delete the Invoice Requirements section (renumbering any subsequent sections accordingly).

(3) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following (which may be further revised to require more frequent grant disbursement reconciliation reports).

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) 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").

Option: Total Advance Payment

To effect a total advance payment: (1) Replace the section with the following.

C.3. Payment Methodology – Total Advance Payment. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section C.1. Payment to the Grantee shall be a lump sum made in advance upon approval of this Grant Contract.

(2) Delete the Invoice Requirements section (renumbering any subsequent sections accordingly).

(3) Replace the first paragraph of the Disbursement Reconciliation and Close Out section with the following.

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit a grant disbursement reconciliation report within sixty (60) 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").

Invoice Requirements

Add clear, non-conflicting, invoice requirements to the section as appropriate (revising the first sentence "no more often than monthly" requirement as necessary).

Delete the Section (and renumber subsequent sections appropriately) if the Payment Methodology Section provides for a total advance payment or periodic advance payments.

Option: Late Invoices Prohibition

Add the following as C.5.b.(4) when appropriate and revise the maximum number of days to thirty (30) or more.

(4) An invoice under this Grant Contract shall be presented to the State within sixty (60) days after the end of the calendar month in which the subject costs were incurred or services were rendered by the Grantee. An invoice submitted more than sixty (60) days after such date will NOT be paid. The State will not deem such Grantee costs to be allowable and reimbursable by the State unless, at the sole discretion of the State, the failure to submit a timely invoice is warranted. The Grantee shall submit a special, written request for reimbursement with any such untimely invoice. The request must detail the reason the invoice is untimely as well as the Grantee's plan for submitting future invoices as required, and it must be signed by a Grantee agent that would be authorized to sign this Grant Contract.

Budget Line-Items

Option 1: Revise line-item variance amount as appropriate and up to the maximum of twenty percent (20%). Budget line-item variation of more than the specified percentage will require an amendment. The Budget Line-Items provision should NOT be amended after Grant Contract approval.

Option 2: Grantee may Request Budget Line-Item Variance Exceeding Twenty Percent (20%) Per Line-Item

Replace the Section with the following:

C.6. Grant Budget and Revisions to Grant Budget Line-Items. Expenditures, reimbursements, and payments under this Grant Contract shall adhere to the Grant Budget.

a. The Grantee may vary from a Grant Budget line-item amount by up to twenty percent (20%) of the line-item amount, provided that any increase is off-set by an equal reduction of other line-item amounts. The net result of any changes to Grant Budget line-item amounts shall not result in funding for a line-item that was previously funded at zero dollars ($0.00) or increase the total Grant Contract amount detailed by the Grant Budget.

b. The Grantee may request in writing Grant Budget line-item revisions exceeding the limitation set forth in section C.6.a., above, giving full details supporting the Grantee's request, provided that such revisions do not result in funding for a line-item that was previously funded at zero dollars ($0.00) and do not increase the total Grant Contract amount. Grant Budget line-item revisions may not be made without prior, written approval of the State in which the terms of the approved revisions are detailed. Any approval of a revision to a Grant Budget line-item greater than twenty percent (20%) shall be superseded by a subsequent revision of the Grant Budget by Grant Contract amendment.

c. Any increase in the total Grant Contract amount shall require a Grant Contract Amendment.

Option 3: NO Line-Item Variance

Replace the Section with the following:

C.6. Budget Line-items. Expenditures, reimbursements, and payments under this Grant Contract shall adhere to the Grant Budget. Reimbursable expenditures may NOT vary from the Grant Budget line-item amount(s) detailed.

Disbursement Reconciliation and Close Out

To require additional grant disbursement and reconciliation reports, revise the first paragraph of the standard C.7. Disbursement Reconciliation and Close Out language, as necessary.

Option: Grantee Match Requirement

If the Grant Budget details a grantee match requirement (in which the maximum total amount reimbursable by the State under the Grant Contract will be reduced by the amount of any Grantee failure to meet the match requirement), replace the Disbursement Reconciliation and Close Out Section with the following and revise the maximum number of days to thirty (30) or more.

C.#. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) days of the Grant Contract end date and in form and substance acceptable to the State.

a. The Grant Budget specifies a Grantee Match Requirement and the final grant disbursement reconciliation report shall detail all Grantee expenditures recorded to meet said requirement.

i. No Grantee expenditure shall be recorded and reported toward meeting a Grantee Match Requirement of more than one grant contract with the state of Tennessee.

ii. The final grant disbursement reconciliation report shall specifically detail the exact amount of any Grantee failure to meet a Match Requirement, and the maximum total amount reimbursable by the State pursuant to this Grant Contract, as detailed by the Grant Budget column "Grant Contract," shall be reduced by the amount that the Grantee failed to contribute to the Total Project as budgeted.

b. If total disbursements by the State pursuant to this Grant Contract exceed the amounts permitted by Section C of this Grant Contract (including any adjustment pursuant to subsection a.ii. above), the Grantee shall refund the difference to the State. The Grantee shall submit the refund with the final grant disbursement reconciliation report.

c. The State shall not be responsible for the payment of any invoice submitted to the State after the grant disbursement reconciliation report. The State will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the State, and such invoices will NOT be paid.

d. The Grantee's failure to provide a final grant disbursement reconciliation report to the state as required shall result in the Grantee being deemed ineligible for reimbursement under this Grant Contract, and the Grantee shall be required to refund any and all payments by the State pursuant to this Grant Contract.

e. The Grantee must close out its accounting records at the end of the Term in such a way that reimbursable expenditures and revenue collections are NOT carried forward.

D. STANDARD TERMS AND CONDITIONS

Do NOT add terms and conditions to section D. Any additional, necessary terms and conditions may be added to the section E, Special Terms and Conditions.

Termination for Convenience

Increase the thirty (30) days written notice requirement as appropriate.

Option: Bilateral Termination

Replace the Section with the following bilateral termination provision only if the Grantor State Agency can justify that the bilateral provision is in the best interest of the State.

D. #.	Termination for Convenience. The Grant Contract may be terminated by either party by giving written notice to the other, at least thirty (30) days before the effective date of termination. Should either party exercise this provision, the Grantee shall be entitled to reimbursement for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the State be liable to the Grantee for any service which has not been rendered. The final decision as to the amount, for which the State is liable, shall be determined by the State. In the event of disagreement, the Grantee may file a claim with the Tennessee Claims Commission to seek redress.

Nondiscrimination

Replace the Section with the following ONLY if the Grantee is a religious organization.

D.8.	Nondiscrimination. The Grantee agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Grantee on the basis of any classification protected by Federal, Tennessee State constitutional, or statutory law. The Grantee shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

HIPAA Compliance

A Grantee must execute a Business Associate Agreement (BAA) if: (a) the Grantee is a "covered entity" as defined in the Privacy Rules; (b) the Grantee engages another person or entity outside of its workforce to perform activities on its behalf; and (c) those activities involve access to protected health information.

If the Grantor State Agency obtains an approved Rule Exception Request to delete the HIPAA Compliance provision, add the following Section:

D.11.	**Reserved.**

Charges to Service Recipients Prohibited

If the Grantor State Agency obtains an approved Rule Exception to delete the Charges to Service Recipients Prohibited provision, add the following Section:

D.26.	**Reserved.**

No Acquisition of Equipment or Motor Vehicles

Delete the Section if the Grant Budget provides funding for the acquisition of equipment or motor vehicles and insert the State Interest In Equipment or Motor Vehicles Section below.

State Interest in Equipment or Motor Vehicles

Attorney General staff have advised that the Grantor State Agency must file a UCC-1 or perfect in accordance with applicable law to the extent that it wishes to secure a security agreement and priority.

Add the following Section if the Grant Contract provides for the reimbursement of expenditures for equipment or motor vehicles (revising the second to last sentence of the first paragraph as necessary to establish a lower dollar threshold for the definition of "equipment or motor vehicles").

D.27. State Interest in Equipment or Motor Vehicles. The Grantee shall take legal title to all equipment or motor vehicles purchased totally or in part with funds provided under this Grant Contract, subject to the State's equitable interest therein, to the extent of its *pro rata* share, based upon the State's contribution to the purchase price. The term "equipment" shall include any article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds five thousand dollars ($5,000.00). The term "motor vehicle" shall include any article of tangible personal property that is required to be registered under the "Tennessee Motor Vehicle Title and Registration Law", Tenn. Code Ann. Title 55, Chapters 1-6.

As authorized by the Tennessee Uniform Commercial Code, Tenn. Code Ann. Title 47, Chapter 9 and the "Tennessee Motor Vehicle Title and Registration Law," Tenn. Code Ann. Title 55, Chapters 1-6, the parties intend this Grant Contract to create a security interest in favor of the State in the equipment or motor vehicles acquired by the Grantee pursuant to the provisions of this Grant Contract. A further intent of this Grant Contract is to acknowledge and continue the security interest in favor of the State in the equipment or motor vehicles acquired by the Grantee pursuant to the provisions of this program's prior year Grant Contracts between the State and the Grantee.

The Grantee grants the State a security interest in all equipment or motor vehicles acquired in whole or in part by the Grantee under this Grant Contract. This Grant Contract is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the equipment or motor vehicles herein specified which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and the Grantee hereby grants the State a security interest in said equipment or motor vehicles. The Grantee agrees that the State may file this Grant Contract or a reproduction thereof, in any appropriate office, as a financing statement for any of the equipment or motor vehicles herein specified. Any reproduction of this or any other security agreement or financing statement shall be sufficient as a financing statement. In addition, the Grantee agrees to execute and deliver to the State, upon the State's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproduction of this Grant Contract in such form as the State may require to perfect a security interest with respect to said equipment or motor vehicles. The Grantee shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements the State may reasonably require. Without the prior written consent of the State, the Grantee shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said equipment or motor vehicles, including replacements and additions thereto. Upon the Grantee's breach of any covenant or agreement contained in this Grant Contract, including the covenants to pay when due all sums secured by this Grant Contract, the State shall have the remedies of a secured party under the Uniform Commercial Code and, at the State's option, may also invoke the remedies herein provided.

The Grantee agrees to be responsible for the accountability, maintenance, management, and inventory of all property purchased totally or in part with funds provided under this Grant Contract. The Grantee shall maintain a perpetual inventory system for all equipment or motor vehicles purchased with funds provided under this Grant Contract and shall submit an inventory control report which must include, at a minimum, the following:

a. Description of the equipment or motor vehicles;

b. Manufacturer's serial number or other identification number, when applicable;
c. Consecutive inventory equipment or motor vehicles tag identification;
d. Acquisition date, cost, and check number;
e. Fund source, State Grant number, or other applicable fund source identification;
f. Percentage of state funds applied to the purchase;
g. Location within the Grantee's operations where the equipment or motor vehicles is used;
h. Condition of the property or disposition date if Grantee no longer has possession;
i. Depreciation method, if applicable; and
j. Monthly depreciation amount, if applicable.

The Grantee shall tag equipment or motor vehicles with an identification number which is cross referenced to the equipment or motor vehicle item on the inventory control report. The Grantee shall inventory equipment or motor vehicles annually. The Grantee must compare the results of the inventory with the inventory control report and investigate any differences. The Grantee must then adjust the inventory control report to reflect the results of the physical inventory and subsequent investigation.

The Grantee shall submit its inventory control report of all equipment or motor vehicles purchased with funding through this Grant Contract within thirty (30) days of its end date and in form and substance acceptable to the State. This inventory control report shall contain, at a minimum, the requirements specified above for inventory control. The Grantee shall notify the State, in writing, of any equipment or motor vehicle loss describing the reasons for the loss. Should the equipment or motor vehicles be destroyed, lost, or stolen, the Grantee shall be responsible to the State for the *pro rata* amount of the residual value at the time of loss based upon the State's original contribution to the purchase price.

Upon termination of the Grant Contract, where a further contractual relationship is not entered into, or at another time during the term of the Grant Contract, the Grantee shall request written approval from the State for any proposed disposition of equipment or motor vehicles purchased with Grant funds. All equipment or motor vehicles shall be disposed of in such a manner as the parties may agree from among alternatives approved by the Tennessee Department of General Services as appropriate and in accordance with any applicable federal laws or regulations.

Prevailing Wage Rates

Add the following Section if the Grant Contract involves a construction project for the purpose of building, repairing, locating, relocating or repairing any Tennessee streets, highways, or bridges.

D.#. Prevailing Wage Rates. All State contracts for highway construction projects that are for the purpose of building, rebuilding, locating, relocating or repairing any streets, highways or bridges require compliance with the prevailing wage laws provided in Tenn. Code Ann. §§ 12-4-401--415.

Audit Report

Add the following text just prior to the final sentence of the Section as appropriate.

The State may reimburse the Grantee for a reasonably proportionate share of the costs of audits required by and performed in accordance with the "Single Audit Act Amendments of 1996" as provided in 2 C.F.R. § 200.425.

Procurement

Replace the Section with the following if Grantor State Agency head approval is required for non-competitive procurements under the grant.

x

D.17. Procurement. If other terms of this Grant Contract allow reimbursement for the cost of goods, materials, supplies, equipment, and/or contracted services, such procurement(s) shall be made on a competitive basis, including the use of competitive bidding procedures, where practical. The Grantee shall maintain documentation for the basis of each procurement for which reimbursement is paid pursuant to this Grant Contract. In each instance where it is determined that use of a competitive procurement method is not practical, supporting documentation shall include a written justification, approved by the State Agency Head Title, for such decision and non-competitive procurement.. Further and notwithstanding the foregoing, if such reimbursement is to be made with funds derived wholly or partially from federal sources, the determination of cost shall be governed by and reimbursement shall be subject to the Grantee's compliance with applicable federal procurement requirements.

The Grantee shall obtain prior approval from the State before purchasing any equipment under this Grant Contract.

E. SPECIAL TERMS AND CONDITIONS

Add the following sections as appropriate and in the order below. An approved Rule Exception Request is required to add any Section E provisions that are not among the options below. Should any of these special terms and conditions conflict with any other terms and condition of this Grant Contract, the special terms and conditions shall be subordinate to the Grant Contract's other terms and conditions.

Insurance

Add the following Section as appropriate. Revise minimum coverage amounts and deleting any unneeded subsections. If unsure whether the Section is applicable, consult the CPO legal team.

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

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

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

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

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

(4) Professional Malpractice Liability with a limit of not less than one million dollars ($1,000,000) per claim and two million dollars ($2,000,000) aggregate.

b. The Grantee shall provide a valid Certificate of Insurance naming the State as an additional insured and detailing Coverage Description; Insurance Company and Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date;

Limit(s) of Liability; and Name and Address of Insured. Grantee shall obtain from Grantee's insurance carrier(s) and will deliver to the State waivers of the subrogation rights under the respective policies. Failure to provide required evidence of insurance coverage shall be a material breach of this Grant Contract.

Debarment and Suspension

Add the following Section as appropriate.

E.#. Debarment and Suspension. The Grantee certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

b. have not within a three (3) year period preceding this Grant Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence 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;

c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and

d. have not within a three (3) year period preceding this Grant Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Grantee shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

Confidentiality of Records

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

E.#. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Grantee by the State or acquired by the Grantee on behalf of the State that is regarded as confidential information under state or federal law shall be considered "Confidential Information." Nothing in this Section shall permit Grantee to disclose any Confidential Information, regardless of whether is has been disclosed or made available to the Grantee due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Grantee shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.The obligations set forth in this Section shall survive the termination.of this Grant Contract.

Patient Protection and Affordable Care Act

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

E. #.	Patient Protection and Affordable Care Act. The Grantee agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Grantee shall indemnify the State and hold it harmless for any costs to the State arising from Grantee's failure to fulfill its PPACA responsibilities for itself or its employees.

Printing Authorization

Add the following Section as appropriate.

E.#.	Printing Authorization. The Grantee agrees that no publication coming within the jurisdiction of Tenn. Code Ann.§§ 12-7-101, *et seq.*, shall be printed pursuant to this Grant Contract unless a printing authorization number has been obtained and affixed as required by Tenn. Code Ann. § 12-7-103(d).

State Furnished Property

Add the following Section as appropriate.

E.#.	State Furnished Property. The Grantee shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Grantee's temporary use under this Grant Contract. Upon termination of this Grant Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Grantee shall be responsible to the State for the residual value of the property at the time of loss.

Work Papers Subject To Review

Add the following Section only if the Grant Contract requires the performance of audit, accounting or financial analysis services.

E.#.	Work Papers Subject to Review. The Grantee shall make all audit, accounting, or financial analysis work papers, notes, and other documents available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Grant Contract.

Prohibited Advertising

Add the following Section as appropriate.

E.#.	Prohibited Advertising. The Grantee shall not refer to this Grant Contract or the Grantee's relationship with the State under this Grant Contract in commercial advertising in such a manner as to state or imply that the Grantee or the Grantee's goods or services are endorsed. The obligations set forth in this Section shall survive the termination of this Grant Contract.

Environmental Tobacco Smoke

Add the following Section as appropriate.

E.#.	Environmental Tobacco Smoke. Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the "Children's Act for Clean Indoor Air of 1995," Tenn. Code Ann. §§ 39-17-1601

through 1606, the Grantee shall prohibit smoking of tobacco products within any indoor premises in which services are provided to individuals under the age of eighteen (18) years. The Grantee shall post "no smoking" signs in appropriate, permanent sites within such premises. This prohibition shall be applicable during all hours, not just the hours in which children are present. Violators of the prohibition may be subject to civil penalties and fines. This prohibition shall apply to and be made part of any subcontract related to this Grant Contract.

Performance Bond

This Section is optional unless the Grant Contract involves construction in excess of one hundred thousand dollars ($100,000). In which case, the Grantee must execute a performance bond for twenty-five percent (25%) of the Maximum Liability. A performance bond requirement is generally not recommended for several reasons. A performance bond can be very expensive and difficult for any business to obtain, and the requirement makes it virtually impossible for small and minority businesses to serve as grantees. A performance bond is not a usual cost of doing business, and the cost associated with meeting the requirement will most certainly be passed directly to the State. Finally, the benefit purported to result from a performance bond is highly questionable. This type of bond can be difficult to enforce, and the State has little or no experience in enforcing such obligations. A performance bond is a poor insurance policy. There are much better methods for the State to ensure Grantee performance (e.g., the Scope is sufficiently detailed to ensure Grantee accountability and results; payment methodology involves contingent, incremental payments; a retention of final payment provision; a liquidated damages provision; and sound contract management).

Add the following Section only as appropriate, and provided that the Grantor State Agency legal counsel: (1) drafts the referenced, state-prescribed, bond form; and (2) makes a determination that the bond requirement will be reasonably and legally enforceable under the Grant Contract.

E.#. Performance Bond. The Grantee shall provide to the State a performance bond guaranteeing full and faithful performance of all undertakings and obligations under this Grant Contract and in the amount equal to Written Dollar Amount ($Number). The Grantee shall submit the bond no later than the day immediately preceding the contract start date and in the manner and form prescribed by the State (at Attachment Reference hereto), and the bond shall be issued through a company licensed to issue such a bond in the state of Tennessee. The performance bond shall guarantee full and faithful performance of all undertakings and obligations under this Grant Contract for:

a. the initial contract term and all extensions thereof; or

b. the first, annual period of the Grant Contract (ending December 31st following the Grant Contract start date) in the amount of Written Dollar Amount ($Number) and, thereafter, a new performance bond in the amount of Written Dollar Amount ($Number) covering each subsequent annual period of the Grant Contract. In which case, the Grantee shall provide annual performance bonds to the State no later than each December 10th preceding the annual covered period beginning on January 1st of each year.

Failure to provide the performance bond(s) as required herein prior to the Grant Contract start date and, as applicable in the case of an annual performance bond, no later than December 10th preceding each annual covered period beginning on January 1st of each year, shall result in contract termination. The Grantee understands and agrees that the stated amount of the performance bond required hereunder shall not be reduced during the contract period for any reason.

Intellectual Property

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

E.#. Intellectual Property. The Grantee agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State concerning or arising out of any claim of an alleged patent, copyright, trade secret or other intellectual property infringement. In any such claim or action brought against the State, the Grantee shall satisfy and indemnify the State for the amount of any settlement or final judgment, and the Grantee shall be responsible for all legal or other fees or expenses incurred by the State arising from any such claim. the The State shall give the Grantee notice of any such claim or suit and full right and opportunity to conduct the Grantee's own defense thereof, however, the failure of the State to give such notice shall only relieve the Grantee of its obligations under this Section to the extent Grantee can demonstrate actual prejudice arising from the State's failure to give notice. This Section shall not grant the Grantee, through its attorneys, the right to represent the State of Tennessee in any legal matter, as provided in Tenn. Code Ann. § 8-6-106.

Hold Harmless

> **Inclusion of this requirement should be carefully considered. The requirement is likely to chill interest in seeking the contract award, and so, it may reduce competition and increase cost (for a contractor to take on the additional risk).**

Add the following Section if recommended by the Grantor State Agency's legal counsel.

E.#. Hold Harmless. The Grantee agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Grantee, its employees, or any person acting for or on its or their behalf relating to this Grant Contract. The Grantee further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Grant Contract.

In the event of any such suit or claim, the parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Grantee of its obligations under this Section to the extent that the Grantee can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Grantee, through its attorney(s), the right to represent the State of Tennessee in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

Grantee Participation

Add the following Section as appropriate.

E. #. Grantee Participation. Grantee Participation amount(s) detailed in the Grant Budget are intended as a goal for the total project, and the amount of actual Grantee Participation expenditures will not impact the maximum amounts reimbursable to the Grantee as detailed by the Grant Budget column, "Grant Contract."

Disclosure of Personally Identifiable Information

Add the following Section as appropriate.

E.#. Disclosure of Personal Identity Information. The Grantee shall report to the State any instances of unauthorized disclosure of personally identifiable information that comes to the Grantee's attention. The Grantee shall make any such report within twenty-four (24) hours after the instance has come to the Grantee's attention. The Grantee, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals that are deemed to be part of a potential disclosure. The Grantee shall bear the cost of notification to individuals having

personally identifiable information involved in a potential disclosure event, including individual letters or public notice. The remedies set forth in this Section are not exclusive and are in addition to any claims or remedies available to the State under this Grant Contract or otherwise available at law.

Federal Funding Accountability and Transparency Act

Add the following Section if the Grant Contract will be funded in whole or part by a federal 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 twenty-five thousand dollars ($25,000) or more in federal funds.

E.#. Federal Funding Accountability and Transparency Act (FFATA). This Grant requires the Grantee to provide supplies or services that are funded in whole or in part by federal funds that are subject to FFATA. The Grantee is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of FFATA are met and that the Grantee provides information to the State as required.

The Grantee shall comply with the following:

a. Reporting of Total Compensation of the Grantee's Executives.

(1) The Grantee shall report the names and total compensation of each of its five most highly compensated executives for the Grantee's preceding completed fiscal year, if in the Grantee's preceding fiscal year it received:

i. 80 percent or more of the Grantee's annual gross revenues from federal procurement contracts and Federal financial assistance subject to the Transparency Act, as defined at 2 C.F.R. § 170.320 (and sub awards); and
ii. $25,000,000 or more in annual gross revenues from federal procurement contracts (and subcontracts), and federal financial assistance subject to the Transparency Act (and sub awards); and
iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m(a), 78o(d)) or § 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at http://www.sec.gov/answers/execomp.htm.).

As defined in 2 C.F.R. § 170.315, "Executive" means officers, managing partners, or any other employees in management positions.

(2) Total compensation means the cash and noncash dollar value earned by the executive during the Grantee's preceding fiscal year and includes the following (for more information see 17 § C.F.R. 229.402(c)(2)):

i. Salary and bonus.
ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
iii. Earnings for services under non-equity incentive plans. This does not

include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.

iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.

v. Above-market earnings on deferred compensation which is not tax qualified.

vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds $10,000.

b. The Grantee must report executive total compensation described above to the State by the end of the month during which this Grant Contract is established.

c. If this Grant is amended to extend the Term, the Grantee must submit an executive total compensation report to the State by the end of the month in which the amendment to this Grant becomes effective.

d. The Grantee will obtain a Data Universal Numbering System (DUNS) number and maintain its DUNS number for the term of this Grant. More information about obtaining a DUNS Number can be found at: http://fedgov.dnb.com/webform/

The Grantee's failure to comply with the above requirements is a material breach of this Grant for which the State may terminate this Grant Contract for cause. The State will not be obligated to pay any outstanding invoice received from the Grantee unless and until the Grantee is in full compliance with the above requirements.

Transfer of Grantee's Obligations

Add the following Section as appropriate.

E.#. Transfer of Grantee's Obligations.

The Grantee shall not transfer or restructure its operations related to this Grant Contract without the prior written approval of the State. The Grantee shall immediately notify the State in writing of a proposed transfer or restructuring of its operations related to this Grant Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving a proposed transfer or restructuring.

SIGNATURES

By signature, the Grantor State Agency head or authorized designee assures that:

1. there is a balance in the appropriation from which obligations under the Grant Contract are required to be paid that is not already encumbered to pay other obligations;
2. the Grantor State Agency maintains documentation of the Grantee process indicated on the summary cover sheet; and,
3. the proposed Scope is clear and correct, adequate for all legal and enforcement purposes, and sufficiently detailed to ensure Grantee accountability and results.

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

GRANT BUDGET

ALL Grant Budgets must be type-written and mathematically correct in every aspect.

Each Grant Budget page must be numbered consecutively.

The Grant Contract column total must equal the Maximum Liability of the Grant Contract.

Line-Item funding must comply with the Expense Object Line-Item Category Definitions provided by F&A Accounts Policy 03, Appendix A (which is posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf). Budget line-items and the definitions above have legal, audit, and federal funding implications, and contracting agency staff are solely responsible for whether appropriate line-items are funded in accordance with the scope of service and the definitions set out by F&A Accounts Policy 03.

In line-items that WILL BE FUNDED, replace the zeros ("0.00") associated with each line-item as appropriate. If a line-item will NOT be funded, leave the associated, "0.00" dollar amount.

Grant Budget Line-Item Detail.

These instructions do NOT preclude adding Line-Item Detail (and associated requirements) for other line-items, provided that the additional detail is clear and mathematically correct.

Delete the entire Grant Budget Line-Item Detail page if NONE of the following five line-items, which requires detail, is funded: Professional Fee, Grant & Award; Interest; Depreciation; Other Non-Personnel; Capital Purchase.

For each line-item requiring detail that is funded by the Grant Budget, complete the appropriate line-item detail box.

Delete the line-item detail box for each of the line-items that is NOT funded.

Do NOT draft the Grant Budget Line-Item Detail to describe a line-item only as "contracts," "contracted services," "other," "professional services," or "miscellaneous."

Multiple Grant Budget Periods.

If a multi-year grant contract is to be written such that funding is restricted on an annual basis, such must be reflected in the Grant Budget by means of repeated use of the grant budget pages, numbered consecutively, detailing funding information for consecutive period of applicability. If a grant budget attachment does include multiple pages respectively applicable consecutive periods of applicability, a "roll-up" budget page totaling all lines for all periods is NOT required. However, the sum of all totals must agree with the Grant Contract's Maximum Liability and any other relevant provisions of this Grant Contract.

Option: Grant Budget Grantee Match Requirement

Replace the Grant Budget table with the table on the following page if a grantee match is required.

GRANT BUDGET

Additional Identification Information As Necessary

The Grant Budget line-item amounts below shall be applicable only to expenses incurred during the following applicable period:

BEGIN: DATE **END:** DATE

POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY [1]	GRANT CONTRACT	GRANTEE MATCH	TOTAL PROJECT
1, 2	Salaries, Benefits & Taxes	0.00	0.00	0.00
4, 15	Professional Fee, Grant & Award [2]	0.00	0.00	0.00
5, 6, 7, 8, 9, 10	Supplies, Telephone, Postage & Shipping, Occupancy, Equipment Rental & Maintenance, Printing & Publications	0.00	0.00	0.00
11, 12	Travel, Conferences & Meetings	0.00	0.00	0.00
13	Interest [2]	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation [2]	0.00	0.00	0.00
18	Other Non-Personnel [2]	0.00	0.00	0.00
20	Capital Purchase [2]	0.00	0.00	0.00
22	Indirect Cost	0.00	0.00	0.00
24	In-Kind Expense	0.00	0.00	0.00
n/a	Grantee Match Requirement (for any amount of the required Grantee Match that is not specifically delineated by budget line-items above)	0.00	0.00	0.00
25	**GRAND TOTAL**	**0.00**	**0.00**	**0.00**

[1] Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A.* (posted on the Internet at: http://www.state.tn.us/finance/act/documents/policy3.pdf).

[2] Applicable detail follows this page if line-item is funded.

[3] A Grantee Match Requirement is detailed by this Grant Budget, and the maximum total amount reimbursable by the State pursuant to this Grant Contract, as detailed by the "Grant Contract" column above, shall be reduced by the amount of any Grantee failure to meet the Match Requirement.

GOVERNMENTAL GRANT (GG) TEMPLATE

CLEAN AND REDLINE VERSION

REQUEST:

(1) Make the following changes to the "Force Majeure" and "Records" terms in the GG Template.

~~Force Majeure. The obligations of the parties to this Grant Contract are relieved to the extent the parties' non-performance is beyond the parties' control despite the exercise of due care due to, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.~~

Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.

~~Records. The Grantee (and any approved subcontractor) shall maintain documentation for all charges under this Grant Contract. The books, records, and documents of the Grantee (and any approved subcontractor), insofar as they relate to work performed or money received under this Grant Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the Grantor State Agency, the Comptroller of the Treasury, or duly appointed representatives.~~

~~The records shall be maintained in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification, Public Company Accounting Oversight Board (PCAOB) Accounting Standards Codification or Governmental Accounting Standards Board (GASB) Accounting Standards Codification, as applicable, and any related AICPA Industry Audit and Accounting guides.~~

~~In addition, documentation of grant applications, budgets, reports, awards, and expenditures will be maintained in accordance with U.S. Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.~~

~~The Grantee shall also comply with any recordkeeping and reporting requirements prescribed by the Tennessee Comptroller of the Treasury.~~

~~The Grantee shall establish a system of internal controls that utilize the COSO Internal Control - Integrated Framework model as the basic foundation for the internal control system. The Grantee shall incorporate any additional Comptroller of the Treasury directives into its internal control system.~~

~~Any other required records or reports which are not contemplated in the above standards shall follow the format designated by the head of the Grantor State Agency, the Central Procurement Office, or the Commissioner of Finance and Administration of the State of Tennessee.~~

Records. The Grantee and any approved subcontractor shall maintain documentation for all charges under this Grant Contract. The books, records, and documents of the Grantee and any approved subcontractor, insofar as they relate to work performed or money received under this Grant Contract, shall be maintained in accordance with Tenn. Code Ann. §§ 10-7-404 or 10-7-702, as appropriate. In no case shall the records be maintained for a period of less than five (5) full years from the date of the final payment. The Grantee's records shall be subject to audit at any reasonable time and upon reasonable notice by the Grantor State Agency, the Comptroller of the Treasury, or their duly appointed representatives.

The records shall be maintained in accordance with Governmental Accounting Standards Board (GASB) Accounting Standards or the Financial Accounting Standards Board (FASB) Accounting Standards Codification, as applicable, and any related AICPA Industry Audit and Accounting guides.

In addition, documentation of grant applications, budgets, reports, awards, and expenditures will be maintained in accordance with U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Grant expenditures shall be made in accordance with local government purchasing policies and procedures and purchasing procedures for local governments authorized under state law.

The Grantee shall also comply with any recordkeeping and reporting requirements prescribed by the Tennessee Comptroller of the Treasury.

The Grantee shall establish a system of internal controls that utilize the COSO Internal Control - Integrated Framework model as the basic foundation for the internal control system. The Grantee shall incorporate any additional Comptroller of the Treasury directives into its internal control system.

Any other required records or reports which are not contemplated in the above standards shall follow the format designated by the head of the Grantor State Agency, the Central Procurement Office, or the Commissioner of Finance and Administration of the State of Tennessee.

(2) Move the "Federal Award Identification" option to Section A of the optional terms portion of the GG Template and make the following changes to the instructional language.

FEDERAL AWARD IDENTIFICATION

If the Grantee is a subrecipient and the Grant Contract involves any federal funds, the Grantor must complete the ~~f~~Federal ~~a~~Award ~~i~~Identification worksheet on the following page and reference the worksheet by adding the following section. ~~Reference the worksheet in Section A and~~ Iinclude the worksheet as an ~~it as the first~~ attachment to the Grant Contract. If some federal award identification information is not available, provide as much information as is available. Agencies should update the worksheet no more than once every six (6) months to reflect any changes. ~~If any of the data elements in the worksheet change, complete another worksheet containing the updated information.~~ Send the updated worksheet to the Grantee and upload a copy into Edison.

A.#. Incorporation of Federal Award Identification Worksheet. The federal award identification worksheet, which appears as Attachment #, is incorporated in this Grant Contract.

POLICY NO. 2013-007:

CENTRAL PROCUREMENT OFFICE GRANT MANAGEMENT AND SUBRECIPIENT MONITORING POLICY AND PROCEDURES

REDLINE VERSION

Policy Number 2013-007
Central Procurement Office
Grant Management and Subrecipient Monitoring Policy and Procedures

Effective:	May 28, 2013
Last Amended:	~~May 15, 2014~~DATE
Prepared by:	The Central Procurement Office of the State of Tennessee

1. ~~Purpose.~~Purposes.

To provide uniformity in the reporting of, and controls over, the expenditure of awards in connection with the delivery of services by subrecipients of federal and ~~State~~state awards.

To establish guidelines for subrecipient monitoring by Grantor State Agencies.

2. Scope.

~~These policies and procedures apply~~This Policy applies to all State ~~agencies~~Agencies that award ~~State~~state or federal funds or non-cash assistance to ~~subrecipients~~Subrecipients. Direct Appropriation Grants are exempt from ~~the requirements of these policies and procedures~~this Policy.

3. Definitions.

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

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

"Award" - means any ~~grant of~~ money, loans, non-cash assistance, ~~etc. awarded~~granted to the State, or ~~awarded~~granted by the State to a person or legal entity, for the furnishing by the State of assistance, whether financial or otherwise, to any person or entity to support a program authorized by law.

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

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

"Cognizant State Agency" - means the State Agency whose funds comprise the greatest percentage of Awards received by a ~~subrecipient~~Subrecipient as determined by ~~the~~ Department of Finance and Administration (F&A) ~~as defined in F&A~~ Policy 3.

"Contractor" – means an entity that receives a contract as defined in the U.S. OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

"Cost Allocation Plan" - means the method of distributing to various programs the costs which benefit more than one program and are not directly assigned as approved by the Department of Finance and Administration.

~~"Central Procurement Office" - means the Central Procurement Office of the State of Tennessee acting by and through the Chief Procurement Officer or his or her designee as the context requires.~~

"Direct Appropriation Grant" - means a grant listed on the Department of Finance and Administration Division of Budget's annual direct appropriation list.

"Endowment Grant" - means a limited Grant Contract that originates from a specific appropriation, effecting an award and conveyance of funds or property to a Grantee for a particular purpose to benefit the general public as a whole or some population of the general public. An Endowment Grant is used to transfer funds to a Grantee pursuant to an appropriation.

"Grant" - means any grant of money awarded to the State, or awarded by the State to a person or legal entity, for the furnishing by the State of assistance, whether financial or otherwise, to any person or entity to support a program authorized by law. ~~The term "Grant" does not include an award with~~A Grant cannot be used for the primary purpose of procuring an end product, whether in the form of supplies, services, or construction, or any contract resulting from such an award that should otherwise be provided on a competitive basis.

"Grant Budget" - means a budget itemizing one or more specific activities or purposes under the grant and the maximum amounts a Grantee, a grant recipient or grant subrecipient may be reimbursed.

"Grant Contract" ~~-~~ means a written contract between the federal government, the State, a Grantee, or a Subrecipient that contains the terms and conditions ~~govern~~governing the parties' duties and responsibilities with respect to an Award.

"Grantee" - means the person or entity receiving an Award.

"Grantor State Agency" - means a State Agency that provides an Award to a person or entity.

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

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

"Subrecipient" - means a non-federal entity that ~~expends State or federal funds received from the State~~receives an Award from a pass-through entity to carry out part of a ~~State or~~

federal or state program; but does not include an individual that is a beneficiary of such program. ~~Subrecipients may also include, by example only, natural persons, not-for-profit organizations, for-profit organizations, cities, municipalities, counties, authorities, the State and its agencies, boards, commissions, or private and public colleges and universities if they receive federal funds from a State department or~~A Subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

~~"Vendor" means a dealer, distributor, merchant, or other seller providing goods or services that are in support of project activities. These goods or services may be for an organization's own use or for the use of beneficiaries of a State or federal program.~~

4. Grantee Selection Process.

Competition is encouraged with all Grantee selections. ~~If competition is not sought~~On the Grant Contract's cover sheet, the Grantor State Agency ~~is required to justify the selection of the Grantee~~shall identify whether the Grantee selection process was competitive or non-competitive. For a non-competitive selection, the Grantor State Agency shall provide reasons for the non-competitive selection. For a competitive selection, the Grantor State Agency shall provide a summary of the Grantee selection process to the Central Procurement Office ~~for approval on such forms as required by the Central Procurement Office~~.

5. Advance Payments.

~~It is recommended that all contracts generally provide that the State is only obligated to pay for goods received or services performed, which are acceptable to the State, prior to the date of the State's payment~~The State discourages advance payments. However, in extraordinary circumstances, advance payments may be authorized if doing so is in the best interests of the State. ~~Upon approval by the Chief Procurement Officer, a grant contract may authorize a partial, periodic, or total advance payment; however, total advance payment should be avoided unless warranted by exceptional circumstances.~~ The Grantor State Agency must provide a ~~written justification for any type of advance payment to the Chief Procurement Officer. All grant contracts with approved advance payments will also require approval of the Comptroller of the Treasury~~Rule Exception Request to justify an advance payment.

6. Cognizant Agency Determination Process.

The Cognizant State Agency shall be responsible for ~~approval of the cost allocation plan of~~approving the Grantee ~~State Agency~~'s Cost Allocation Plan. Other ~~funding~~ State Agencies~~, which also have~~ that grant funds ~~at~~to the Grantee ~~State Agency,~~ must abide by the ~~methods of cost allocation~~Cost Allocation Plan approved by the Cognizant State Agency. Determination of the Cognizant State Agency shall be made ~~by the~~according to Department of Finance and Administration~~.~~ (F&A) Policy 3. Once assigned, the term of responsibility shall ~~be indefinite, although responsibility~~continue until the Department of Finance and Administration makes a new determination. Responsibility may be reassigned upon written request and justification to the Department of Finance and Administration by either the Cognizant State Agency or ~~the Grantee~~a Grantor State Agency.

7. ~~Grant Budget/~~Cost Allocation ~~Plan~~Plans.

~~Allocation Plan requirements apply to subrecipients other than cities, counties (and subdivisions thereof), and state colleges universities and technology centers. Affected Subrecipients, include all legal entities, which includes without limitation, for profit entities and private not-for-profit entities that are subject to~~Cost Allocation Plans shall comply with the applicable accounting and financial ~~reporting~~ standards ~~promulgated by the~~, either Financial Accounting Standards Board ("FASB~~). Allocation Plan requirements also apply to governmental not-for-profit entities that are subject to~~") standards or Governmental Accounting Standards Board ("GASB") standards. ~~Vendor contracts are exempt from this requirement.Acceptable allocation methods to be used by Grantee shall be determined by~~Subrecipients shall submit any proposed Cost Allocation Plans to the Cognizant State Agency for approval. Methods used for allocating costs may differ between ~~Grantees~~Subrecipients. Once a ~~Grantee~~Subrecipient receives approval for its ~~method of cost allocation~~Cost Allocation Plan, all other Grantor State Agencies shall accept the ~~Grantee's program application~~approved Cost Allocation Plan. However, Grantor State Agencies are not required to fully fund the costs that are charged to a particular program under an ~~allocation method~~approved Cost Allocation Plan if such costs are not allowable under the Grantor State Agency's agreement with the ~~Grantee~~Subrecipient or exceed the prescribed funding percentage or budgets.

7.1 Types of Costs.

7.1.1 *Allowable Costs*

The total cost of an Award is the sum of the allowable direct and allocable indirect costs less any applicable credits. There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect cost in order to avoid possible double-charging of awards.

Allowable costs must be reasonable for the performance of the award and allocable. Unallowable costs include:

- Alcoholic beverages
- Bad debts
- Contingencies
- Contributions and donations
- Entertainment
- Fines and penalties
- Fundraising and investment management
- Legal services related to claims against the federal government

7.1.2 *Allocable Costs*

A cost is allocable to a particular Award or other cost objective if the goods or services involved are chargeable or assignable to that award or cost objective in accordance with relative benefits received. This standard is met if the cost:

(1) Is incurred specifically for the Award;

(2) Benefits both the Award and other work of the Subrecipient and can be distributed in proportions that may be approximated using reasonable methods; and

(3) Is necessary to the overall operation of the Subrecipient and is assignable in part to the Award.

~~7.1.1.~~
7.1.3. *Direct ~~costs.~~Costs*

Direct costs are those costs that can be identified ~~to benefit a specific program.~~specifically with a particular final cost objective, such as an Award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Such costs include:

- Salaries of persons who provide direct services to program beneficiaries and work on only one program (e.g. aging director, transportation program director);
- Travel costs that can be specifically identified to benefit a particular program;
- Equipment purchased for use in only one program;
- Maintenance or insurance for purchased equipment;
- Supplies which are utilized in only one program;
- A contract for professional services which benefits a single program; and
- Printing which benefits a single program.

~~7.1.2.~~7.1.4. *Allocable ~~direct costs.~~Direct Costs*

Allocable direct costs are those that benefit more than one program, but do not fall under the criteria of ~~administrative~~indirect costs. Such costs also include:

- Salaries and benefits of program employees whose work benefits more than one program (e.g. nurses, eligibility workers, etc.);
- ~~Travel~~ Travel costs of employees whose work benefits more than one program;
- ~~Occupancy~~ Occupancy costs of programs;
- ~~Telephone~~ Telephone costs of programs;
- ~~Supplies~~ Supplies utilized by more than one program;
- ~~Rental~~ Rental and maintenance of equipment used by more than one program;
- ~~Audit~~ Audit costs; and
- ~~Contracted Services~~services that benefit more than one program.

~~7.1.3. *Administrative costs.*~~
7.1.5. *Indirect Costs (facilities & administrative costs)*

~~Administrative~~Indirect costs are ~~those that benefit the operations of the entire entity, but~~overhead or administrative costs incurred for joint purposes that cannot easily be ~~identified to specific programs.~~ allocated to a single use. Such costs

include:

- Executive director's salary and benefits (or the administrative portion thereof if the executive director spends time on program-related activities);
- Fiscal ~~Officer~~officer's salary and benefits;
- Secretarial support of administrative employees;
- Supplies of administrative employees;
- Travel of administrative employees;
- Occupancy costs (e.g. rent and utilities) of administrative employees;
- Postage and telephone costs of administrative employees; and

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

(1) Administrative or clerical services are integral to a project or activity;

(2) Individuals involved can be specifically identified with the project or activity;

(3) Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and

(4) The costs are not also recovered as indirect costs.

7.2 ~~Liability Insurance.~~Cost Allocation.

7.2.1. *Allocation Methods*~~.~~

Requirements for developing and submitting indirect cost rate proposals and Cost Allocation Plans are contained in Appendices III-VII of the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* as follows below. In the event that a federal requirement for cost rate proposals or Cost Allocation Plans conflicts with a state requirement, the federal requirement shall control.

~~The periodic allocation of actual expenditures, rather than the use of a fixed or provisional indirect cost rate, is the most equitable method of cost allocation. The following are allowable methods to allocate administrative costs and allocable direct costs. Any exceptions to these methods must receive prior approval by the Cognizant State Agency.~~

(1) Appendix III to Part 200—Indirect Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)

~~Administrative costs allocable to programs should be accumulated in a separate cost pool. After allocating the administrative cost pool its share of the allocable direct costs, the total should be periodically allocated to the programs based on the percentage of direct program salaries versus total direct salaries, applied to total administrative costs.~~

(2) Appendix IV to Part 200—Indirect Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations;

~~Administrative costs may also be allocated by using total costs to distribute administrative costs. The actual administrative costs are allocated to each program based on its percentage of total actual direct costs for the period after allocation of allocable direct costs.~~

(3) Appendix V to Part 200—State/Local Government and Indian Tribe Central Service Cost Allocation Plans;

~~Usually, the appropriate time for allocation of allocable direct costs is when they are recorded on the books. However, cost pools may be used for various categories of allocable direct costs for periodic allocation to programs and the administrative cost pool. Examples of acceptable methods for the allocation of allocable direct costs include:~~

(4) Appendix VI to Part 200—Public Assistance Cost Allocation Plans; and

(5) Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals.

- ~~Salaries and Benefits—allocate on the basis of time records, records of the number of clients served, or other approved bases.~~
- ~~Travel—allocate on the same basis as salaries and benefits.~~
- ~~Occupancy costs for program areas—allocate based on the number of square feet occupied by the program area as a percentage of total square feet allocated to all program areas.~~
- ~~Telephone costs—allocate based on the number of personnel, number of lines, or other equitable method for local service.~~
- ~~Supplies—allocate based on the number of personnel per program, number of clients served, or other equitable method.~~
- ~~Contracts for services benefitting more than one program—allocate based on the number of clients served or other equitable method.~~
- ~~Equipment rental and maintenance—allocate based on usage logs or other equitable method.~~

The appendices can be found at the following web address: http://www.ecfr.gov/cgi-bin/text-idx?SID=c6b2f053952359ba94470ad3a7c1a975&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

7.2.2. *Instructions for Cost Allocation Plans*

Each ~~subrecipient~~Subrecipient shall prepare a narrative describing in detail the methods used to allocate costs to the various programs. The plan should include an organizational chart and documents and schedules to support the allocation methods.

The following guidelines should be used when preparing the Cost Allocation Plan:

- The nature of the charges to be allocated will depend on the sophistication of the

accounting system. The more sophisticated the system, the fewer the types of charges will be treated as allocable direct expense and included for distribution. For example, if each employee keeps a detailed time report, the payroll expenditures might be charged directly to each program, and cost allocation per se would not be involved.

- The ~~cost allocation plan~~Cost Allocation Plan must include plans for allocation of allocable direct costs as well as ~~administrative~~indirect costs. Allocable direct costs will be included with other direct costs of the program in reports to the ~~grantor~~Grantor State Agency. Allocations that are reported in separate line items on the grantor reports should involve the ~~administrative~~indirect cost pool only. An entity may wish to have more than one cost allocation pool so that certain types of costs are allocated on different bases.
- ~~All proposed cost allocation plans developed by the Grantee must be reviewed and approved by the entity's designated~~The Cognizant State Agency shall review proposed Cost Allocation Plans.
- Once the cost allocation plan has been approved by the Cognizant State Agency, all other funding state agencies must accept the approved plans. Where a contracting state agency has reason to believe that special factors affecting its awards necessitate special consideration, the contracting State Agency should communicate this to the Cognizant State Agency.
- If a dispute arises between the Cognizant State Agency and a Grantor State Agency, the dispute shall be resolved through an appeals process headed by the Commissioner of the Department of Finance and Administration or his or her designee.

8. ~~Subrecipient Contract Monitoring Plan – General Rule.~~How to Distinguish Between a Subrecipient and a Contractor.

The non-federal entity may concurrently receive federal awards as a recipient, Subrecipient, and a Contractor, depending on the substance of its agreement with federal awarding agencies and pass-through entities. Therefore, a State Agency must make case-by-case determinations whether each agreement it makes for the disbursement of federal or state program funds casts the party receiving funds in the role of a Subrecipient or Contractor.

If the agreement between the State and the non-federal entity creates a contractor relationship, the State Agency must ensure that the procurement, receipt, and payment for goods and services complies with applicable state and federal laws, regulations, and policies. If the agreement between the State and the non-federal entity creates a subrecipient relationship, the State Agency must comply with the subrecipient monitoring requirements in Section 10.

When determining whether an agreement creates a subrecipient or contractor relationship, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed below may not be present in all cases, and the State Agency must use judgment in classifying each agreement as creating a subrecipient or contractor relationship. The U.S. OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* provides guidance on how to distinguish between a Subrecipient and a Contractor in § 200.330:

8.1 Subrecipient. Characteristics which support the classification of an entity as a Subrecipient include when the entity:

- Determines who is eligible to receive state or federal financial assistance;
- Has its performance measured in relation to whether objectives of a state or federal program were met;
- Has responsibility for programmatic decision making;
- Is responsible for adherence to applicable state or federal program requirements specified in the Award; and
- In accordance with the agreement, uses the state or federal financial assistance to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of the State Agency.

8.2 Contractor. A contract is for the purpose of obtaining goods or services for the State Agency's own use and creates a procurement relationship with the Contractor. Characteristics which support the classification of the entity as a Contractor, when the entity receiving state or federal funds:

- Provides the goods or services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Normally operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of a state or federal program; and
- Is not subject to compliance requirements of the state or federal program as a result of the agreement, though similar requirements may apply for other reasons.

9. State Subrecipient Monitoring Requirements.

9.1 General Requirements for all Subrecipient Contracts

All subrecipient contracts must be monitored by the Grantor State Agency at least once every three years. This does not mean that all subrecipient contracts for a term of one year must be monitored. To determine whether subrecipient contracts with a one-year term will be monitored, Agencies should consider risk factors, e.g., the program's complexity, the Subrecipient's prior experience with the same or similar programs, whether the Subrecipient has new personnel or substantially changed systems, and the extent and results of any federal awarding agency monitoring. The Grantor State Agency shall perform more frequent monitoring if previous monitoring cycles revealed serious deficiencies. If federal subrecipient monitoring requirements on monitoring frequency are more stringent than those under this Policy, the Grantor State Agency shall comply with the federal requirements.

The Grantor State Agency should assign risk to all Subrecipients. At minimum, the Grantor State Agency's risk assignment process shall include the considerations identified in Section 9.2.2 below.

9.2 Annual Subrecipient Monitoring

Each year, all State Agencies governed by this Policy shall develop and submit an annual

monitoring plan for review and approval to the Central Procurement Office by October 1.

~~All State agencies affected by this Policy shall develop and submit an annual monitoring plan for review and approval to the Central Procurement Office annually by October 1.~~

9.2.1. *Monitoring Plan Components*

The monitoring plan is a summary of the ~~agency~~Grantor State Agency's planned monitoring activities for the ~~current~~upcoming annual monitoring cycle and ~~must~~shall include:

- The total subrecipient ~~contract~~contracts population;
- ~~All subrecipient contracts to be monitored during the agency monitoring cycle;~~
- ~~The identification of the agency~~Agency's monitoring cycle, ~~(~~e.g., the ~~State~~state or federal fiscal year~~)~~;
- All subrecipient contracts the Agency will monitor during its monitoring cycle;
- A description of each state or federal program to be monitored;
- Sample monitoring guides to be utilized for each ~~State or federal~~monitored program;
- Full-time equivalents and personnel classifications for all staff dedicated to monitoring activities;
- ~~A program description of each State or federal program to be monitored;~~
- A risk assessment for each ~~subrecipient~~Subrecipient and its related contracts;
- An explanation of the criteria used to assign risk to ~~subrecipients~~Subrecipients and their related contracts;
- ~~A summary~~An explanation of ~~the findings~~each finding from the previous monitoring cycle; and
- An explanation of the ~~agency~~Agency's corrective action process for each finding.

~~Any changes to the agency monitoring plan following approval by the Central Procurement Office shall be documented by the agency and maintained with their approved plan. Changes to the population of contracts to be monitored should be well documented with an explanation accompanying the changes.~~

~~**9. How to Distinguish Between a Subrecipient and a Vendor.**~~

~~If it is determined that the grantee is a subrecipient, monitoring requirements set forth in this policy shall apply.~~

~~There may be unusual circumstances or exceptions to the characteristics of subrecipients and vendors. When determining whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all subrecipient characteristics will be present. Judgment should be used in determining whether a contract represents a subrecipient or a vendor relationship. If the contractual relationship with the State meets the vendor criteria, the State agency must ensure that the procurement, receipt, and payment for goods and services comply with laws, regulations, and contract provisions.~~

~~Any entity meeting the subrecipient criteria will be subject to subrecipient contract monitoring. This includes private non-profit entities, for-profit entities, governmental entities, and State and local governments.~~

~~To distinguish a subrecipient from a vendor, the characteristics below from OMB Circular A-133, Section 210 should be considered.~~

~~9.1 *Subrecipient.*~~

~~9.1.1 *Subrecipient Characteristics.*~~

~~A subrecipient determines who is eligible to receive the State or Federal financial assistance available through the program that is administered:~~

- ~~A subrecipient determines the means and methods for carrying out the State or Federal program.~~
- ~~A subrecipient must fulfill the scope of work requirements.~~

~~A subrecipient has its performance measured against whether the objectives of the State or Federal program are met through methods such as, but not limited to:~~

- ~~A subrecipient must meet performance goals.~~
- ~~The State must monitor the subrecipient to ensure funds are properly expended.~~
- ~~The subrecipient must submit periodic progress reports.~~

~~A subrecipient has responsibility for programmatic decision making:~~

- ~~A subrecipient has the authority to make decisions within the terms of agreement.~~
- ~~A subrecipient determines how to implement its program.~~
- ~~A subrecipient determines the type of assistance to program beneficiaries.~~

9.2.2. *Determining the Population to be Monitored*

~~A subrecipient has responsibility for adherence to applicable State or federal program compliance requirements:~~

When selecting the population of subrecipient contracts to be included in its annual monitoring plan, Grantor State Agencies shall consider:

- ~~A subrecipient shall comply with applicable statutes, regulations, rules, and policies.~~ The Subrecipient's risk of noncompliance with federal statutes, regulations, and the federal award's terms;
  - ~~The State shall monitor the subrecipient for compliance with program requirements.~~

~~9.2 *Vendor*~~

~~9.2.1 Vendor's Characteristics~~

~~Vendor's characteristics include the following:~~

- ~~The vendor provides goods or services to many different purchasers.~~

~~Goods or services are provided by the vendor in the normal course of business operations and where:~~

- ~~The vendor controls the means and methods of how it will produce its goods and services.~~
- ~~The vendor is not required to provide periodic or year-end reports.~~
- ~~The vendor's performance is measured against whether it meets contract specifications, not whether it achieves a program's performance outcomes.~~

~~The vendor operates in a competitive environment, i.e., more than one vendor provides similar goods or services.~~

~~The vendor provides goods or services that are ancillary to the operation of a State or Federal program.~~

~~The vendor is not subject to compliance requirements of the State or Federal program, e.g., subrecipient monitoring.~~

~~10. State Monitoring Requirements.~~

~~All subrecipient grant contracts must be monitored by the Grantor State Agency at least once every three years. However, it is the Grantor State Agency's responsibility to monitor at a frequency required by the Federal Government. Additionally, more frequent monitoring should be conducted if there are findings from the previous monitoring efforts.~~

~~Subrecipient grant contracts with federal frequency monitoring requirements should be reviewed in accordance with such requirements.~~

~~Both State and federally funded subrecipient grant contracts shall be reviewed for compliance with the core monitoring areas listed in Section XI of this Policy. All applicable core monitoring areas must be addressed in each monitoring report.~~

~~Risk should be assigned to all subrecipients by the Grantor State Agency. At a minimum, the scope of a review must include the program-specific monitoring requirements and the core monitoring areas listed in Section XI of this Policy.~~

~~When the Grantor State Agency is selecting the population of grant contracts to be included in the monitoring plan, the following should be considered:~~

- The level of programmatic or financial risk to the State;

- Whether the ~~grant~~subrecipient contract has been monitored in the past three years; and
- Whether the ~~grant~~subrecipient contract has had prior findings indicating serious deficiencies.

~~**11. Core Monitoring Areas.**~~

9.2.3 *Monitoring Activities*

The Grantor State Agency's monitoring of the Subrecipients identified in its annual monitoring plan shall include:

- ~~In addition to State or federal~~Any program -specific monitoring requirements~~, all monitoring activities undertaken by any State agency should address the following areas:~~;
- All applicable requirements of Title VI of the *Civil Rights Act of 1964*, as defined in the Title VI Compliance Commission Advisory Memorandum No. 3, April 14, ~~2004.~~2004;

~~• The applicable core monitoring areas, as defined by OMB Circular No. A-133 Compliance Supplement. Currently, these core areas include: activities allowed or unallowed; allowable costs/cost principles; cash management; Davis-Bacon Act; eligibility; equipment and real property management; matching, level of effort, and earmarking; period of availability of funds; procurement, suspension and debarment; program income; real property acquisition and relocation assistance; reporting and special tests and provisions.~~

~~**12. Exception.**~~

~~Pursuant to Tenn. Code Ann. §§ 42-3-114 and 42-2-203, the Tennessee Department of Transportation (TDOT) may accept and expend transit and aviation grant dollars according to the terms and conditions as prescribed by the federal government.~~

~~The federal government permits grantees to incur preliminary incidental costs prior to the grant start date. For such TDOT subrecipient grants, preliminary incidental costs incurred by the grantee may be reimbursed~~

- Reviewing any reports required by 2 C.F.R. §§ 200.238 – 200.239;
- Reviewing financial and programmatic reports required by the Grant Contract; and
- Ensuring that the Subrecipient takes timely and appropriate action on all deficiencies pertaining to the Award that the Grantor State Agency detected and communicated to the Subrecipient.

~~Other exceptions to this policy may also be set forth in applicable Federal or State law.~~
To the extent possible, there should be a separation of duties between monitoring staff and program operations staff to allow for independence and objectivity. Possible conflicts of interest should be disclosed in agency monitoring plans.

9.2.4 *Changes to Monitoring Plans*

Agencies shall submit any proposed changes to an approved monitoring plan and an explanation for each proposed change to the Central Procurement Office for review and approval. The Agency shall document any approved changes to an existing plan.

~~13. Reporting Requirements.~~

9.2.5 *Monitoring Reports and Corrective Action Plans*

Grantor State ~~agencies~~Agencies shall issue reports summarizing any findings or observations identified during monitoring ~~reviews~~activities within thirty (30) business days of completing all field work. ~~Reports shall be distributed to the subrecipient entity~~ The Agency shall retain a copy of the monitoring report and distribute copies to the Subrecipient and the Comptroller of the Treasury, Division of State Audit. ~~The State agency shall retain a copy of the report.~~

Upon receipt of a monitoring report with findings, the ~~subrecipient~~Subrecipient shall prepare a corrective action plan detailing the actions to be taken to correct such findings. The corrective action plan shall include:

- ~~•~~ The name of the contact person responsible for the corrective action plan;
- ~~•~~ The corrective actions to be taken; and
- ~~•~~ The anticipated completion date.

The corrective action plan shall be submitted to the Grantor State Agency for review and approval. ~~It is the responsibility of the Grantor State Agency to notify the subrecipient, in a timely manner, of the approval or rejection of the corrective action~~The Grantor State Agency shall have thirty (30) business days to approve, reject, or request additional information about the Subrecipient's plan. If a corrective action plan is not approved, the Grantor State Agency and the ~~subrecipient~~Subrecipient shall work together to develop solutions for ~~correcting~~addressing the monitoring report's findings.

~~14.~~10. Compliance Reviews.

Agency records obtained ~~pursuant to~~under this Policy ~~shall be~~are subject to evaluation by the Chief
Procurement Officer ~~or~~, the Comptroller of the Treasury, or their duly appointed representatives.

Related Statutes, Rules and Policies
Tenn. Code Ann. §§ 4-56-101, *et seq.*
Tenn. Code Ann. §§ 12-3-101, *et seq.*
Tenn. Code Ann. §§ 12-4-101, *et seq.*

Document comparison by Workshare Compare on Wednesday, November 12, 2014 2:56:03 PM

Input:	
Document 1 ID	file://C:\Users\BA10408\Desktop\Policy 2013-007.docx
Description	Policy 2013-007
Document 2 ID	file://M:\C.Mallea's documents\Policy subcommittee\Ready for AC review\12.29.14 Meeting\Policy 2013-007_clean.docx
Description	Policy 2013-007_clean
Rendering set	Standard

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

Statistics:	
	Count
Insertions	211
Deletions	200
Moved from	15
Moved to	15
Style change	0
Format changed	0
Total changes	441

POLICY NO. 2013-007:

CENTRAL PROCUREMENT OFFICE GRANT MANAGEMENT AND SUBRECIPIENT MONITORING POLICY AND PROCEDURES

CLEAN VERSION

Policy Number 2013-007
Central Procurement Office
Grant Management and Subrecipient Monitoring Policy and Procedures

Effective:	May 28, 2013
Last Amended:	DATE
Prepared by:	The Central Procurement Office of the State of Tennessee

1. Purposes.

To provide uniformity in the reporting of, and controls over, the expenditure of awards in connection with the delivery of services by subrecipients of federal and state awards.

To establish guidelines for subrecipient monitoring by Grantor State Agencies.

2. Scope.

This Policy applies to all State Agencies that award state or federal funds or non-cash assistance to Subrecipients. Direct Appropriation Grants are exempt from this Policy.

3. Definitions.

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

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

"Award" - means any money, loans, non-cash assistance, granted to the State, or granted by the State to a person or legal entity, for the furnishing by the State of assistance, whether financial or otherwise, to any person or entity to support a program authorized by law.

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

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

"Cognizant State Agency" - means the State Agency whose funds comprise the greatest percentage of Awards received by a Subrecipient as determined by Department of Finance and Administration (F&A) Policy 3.

"Contractor" – means an entity that receives a contract as defined in the U.S. OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

"Cost Allocation Plan" - means the method of distributing to various programs the costs

which benefit more than one program and are not directly assigned as approved by the Department of Finance and Administration.

"Direct Appropriation Grant" - means a grant listed on the Department of Finance and Administration Division of Budget's annual direct appropriation list.

"Endowment Grant" - means a limited Grant Contract that originates from a specific appropriation, effecting an award and conveyance of funds or property to a Grantee for a particular purpose to benefit the general public as a whole or some population of the general public. An Endowment Grant is used to transfer funds to a Grantee pursuant to an appropriation.

"Grant" - means any grant of money awarded to the State, or awarded by the State to a person or legal entity, for the furnishing by the State of assistance, whether financial or otherwise, to any person or entity to support a program authorized by law. A Grant cannot be used for the primary purpose of procuring an end product, whether in the form of supplies, services, or construction, or any contract resulting from such an award that should otherwise be provided on a competitive basis.

"Grant Budget" - means a budget itemizing one or more specific activities or purposes under the grant and the maximum amounts a Grantee, a grant recipient or grant subrecipient may be reimbursed.

"Grant Contract" - means a written contract between the federal government, the State, a Grantee, or a Subrecipient that contains the terms and conditions governing the parties' duties and responsibilities with respect to an Award.

"Grantee" - means the person or entity receiving an Award.

"Grantor State Agency" - means a State Agency that provides an Award to a person or entity.

"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.

"Subrecipient" - means a non-federal entity that receives an Award from a pass-through entity to carry out part of a federal or state program; but does not include an individual that is a beneficiary of such program. A Subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

4. Grantee Selection Process.

Competition is encouraged with all Grantee selections. On the Grant Contract's cover sheet, the Grantor State Agency shall identify whether the Grantee selection process was competitive or non-competitive. For a non-competitive selection, the Grantor State Agency

shall provide reasons for the non-competitive selection. For a competitive selection, the Grantor State Agency shall provide a summary of the Grantee selection process to the Central Procurement Office.

5. Advance Payments.

The State discourages advance payments. However, in extraordinary circumstances, advance payments may be authorized if doing so is in the best interests of the State. The Grantor State Agency must provide a Rule Exception Request to justify an advance payment.

6. Cognizant Agency Determination Process.

The Cognizant State Agency shall be responsible for approving the Grantee's Cost Allocation Plan. Other State Agencies that grant funds to the Grantee must abide by the Cost Allocation Plan approved by the Cognizant State Agency. Determination of the Cognizant State Agency shall be made according to Department of Finance and Administration (F&A) Policy 3. Once assigned, the term of responsibility shall continue until the Department of Finance and Administration makes a new determination. Responsibility may be reassigned upon written request and justification to the Department of Finance and Administration by either the Cognizant State Agency or a Grantor State Agency.

7. Cost Allocation Plans.

Cost Allocation Plans shall comply with the applicable accounting and financial standards, either Financial Accounting Standards Board ("FASB") standards or Governmental Accounting Standards Board ("GASB") standards. Subrecipients shall submit any proposed Cost Allocation Plans to the Cognizant State Agency for approval. Methods used for allocating costs may differ between Subrecipients. Once a Subrecipient receives approval for its Cost Allocation Plan, all other Grantor State Agencies shall accept the approved Cost Allocation Plan. However, Grantor State Agencies are not required to fully fund the costs that are charged to a particular program under an approved Cost Allocation Plan if such costs are not allowable under the Grantor State Agency's agreement with the Subrecipient or exceed the prescribed funding percentage or budgets.

7.1 Types of Costs.

7.1.1 *Allowable Costs*

The total cost of an Award is the sum of the allowable direct and allocable indirect costs less any applicable credits. There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect cost in order to avoid possible double-charging of awards.

Allowable costs must be reasonable for the performance of the award and allocable. Unallowable costs include:

- Alcoholic beverages
- Bad debts
- Contingencies
- Contributions and donations
- Entertainment
- Fines and penalties
- Fundraising and investment management
- Legal services related to claims against the federal government

7.1.2 *Allocable Costs*

A cost is allocable to a particular Award or other cost objective if the goods or services involved are chargeable or assignable to that award or cost objective in accordance with relative benefits received. This standard is met if the cost:

(1) Is incurred specifically for the Award;

(2) Benefits both the Award and other work of the Subrecipient and can be distributed in proportions that may be approximated using reasonable methods; and

(3) Is necessary to the overall operation of the Subrecipient and is assignable in part to the Award.

7.1.3. *Direct Costs*

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as an Award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Such costs include:

- Salaries of persons who provide direct services to program beneficiaries and work on only one program (e.g. aging director, transportation program director);
- Travel costs that can be specifically identified to benefit a particular program;
- Equipment purchased for use in only one program;
- Maintenance or insurance for purchased equipment;
- Supplies which are utilized in only one program;
- A contract for professional services which benefits a single program; and
- Printing which benefits a single program.

7.1.4. *Allocable Direct Costs*

Allocable direct costs are those that benefit more than one program, but do not fall under the criteria of indirect costs. Such costs also include:

- Salaries and benefits of program employees whose work benefits more than one program (e.g. nurses, eligibility workers, etc.);

- Travel costs of employees whose work benefits more than one program;
- Occupancy costs of programs;
- Telephone costs of programs;
- Supplies utilized by more than one program;
- Rental and maintenance of equipment used by more than one program;
- Audit costs; and
- Contracted services that benefit more than one program.

7.1.5. *Indirect Costs (facilities & administrative costs)*

Indirect costs are overhead or administrative costs incurred for joint purposes that cannot easily be allocated to a single use. Such costs include:

- Executive director's salary and benefits (or the administrative portion thereof if the executive director spends time on program-related activities);
- Fiscal officer's salary and benefits;
- Secretarial support of administrative employees;
- Supplies of administrative employees;
- Travel of administrative employees;
- Occupancy costs (e.g. rent and utilities) of administrative employees;
- Postage and telephone costs of administrative employees; and

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

(1) Administrative or clerical services are integral to a project or activity;

(2) Individuals involved can be specifically identified with the project or activity;

(3) Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and

(4) The costs are not also recovered as indirect costs.

7.2 Cost Allocation.

7.2.1. *Allocation Methods*

Requirements for developing and submitting indirect cost rate proposals and Cost Allocation Plans are contained in Appendices III-VII of the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* as follows below. In the event that a federal requirement for cost rate proposals or Cost Allocation Plans conflicts with a state requirement, the federal requirement shall control.

(1) Appendix III to Part 200—Indirect Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)

(2) Appendix IV to Part 200—Indirect Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations;

(3) Appendix V to Part 200—State/Local Government and Indian Tribe Central Service Cost Allocation Plans;

(4) Appendix VI to Part 200—Public Assistance Cost Allocation Plans; and

(5) Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals.

The appendices can be found at the following web address: http://www.ecfr.gov/cgi-bin/text-idx?SID=c6b2f053952359ba94470ad3a7c1a975&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

7.2.2. *Instructions for Cost Allocation Plans*

Each Subrecipient shall prepare a narrative describing in detail the methods used to allocate costs to the various programs. The plan should include an organizational chart and documents and schedules to support the allocation methods.

The following guidelines should be used when preparing the Cost Allocation Plan:

- The nature of the charges to be allocated will depend on the sophistication of the accounting system. The more sophisticated the system, the fewer the types of charges will be treated as allocable direct expense and included for distribution. For example, if each employee keeps a detailed time report, the payroll expenditures might be charged directly to each program, and cost allocation per se would not be involved.
- The Cost Allocation Plan must include plans for allocation of allocable direct costs as well as indirect costs. Allocable direct costs will be included with other direct costs of the program in reports to the Grantor State Agency. Allocations that are reported in separate line items on the grantor reports should involve the indirect cost pool only. An entity may wish to have more than one cost allocation pool so that certain types of costs are allocated on different bases.
- The Cognizant State Agency shall review proposed Cost Allocation Plans.
- Once the cost allocation plan has been approved by the Cognizant State Agency, all other funding state agencies must accept the approved plans. Where a contracting state agency has reason to believe that special factors affecting its awards necessitate special consideration, the contracting State Agency should communicate this to the Cognizant State Agency.
- If a dispute arises between the Cognizant State Agency and a Grantor State Agency, the dispute shall be resolved through an appeals process headed by the Commissioner of the Department of Finance and Administration or his or her designee.

8. How to Distinguish Between a Subrecipient and a Contractor.

The non-federal entity may concurrently receive federal awards as a recipient, Subrecipient, and a Contractor, depending on the substance of its agreement with federal awarding agencies and pass-through entities. Therefore, a State Agency must make case-by-case determinations whether each agreement it makes for the disbursement of federal or state program funds casts the party receiving funds in the role of a Subrecipient or Contractor.

If the agreement between the State and the non-federal entity creates a contractor relationship, the State Agency must ensure that the procurement, receipt, and payment for goods and services complies with applicable state and federal laws, regulations, and policies. If the agreement between the State and the non-federal entity creates a subrecipient relationship, the State Agency must comply with the subrecipient monitoring requirements in Section 10.

When determining whether an agreement creates a subrecipient or contractor relationship, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed below may not be present in all cases, and the State Agency must use judgment in classifying each agreement as creating a subrecipient or contractor relationship. The U.S. OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* provides guidance on how to distinguish between a Subrecipient and a Contractor in § 200.330:

8.1 Subrecipient. Characteristics which support the classification of an entity as a Subrecipient include when the entity:

- Determines who is eligible to receive state or federal financial assistance;
- Has its performance measured in relation to whether objectives of a state or federal program were met;
- Has responsibility for programmatic decision making;
- Is responsible for adherence to applicable state or federal program requirements specified in the Award; and
- In accordance with the agreement, uses the state or federal financial assistance to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of the State Agency.

8.2 Contractor. A contract is for the purpose of obtaining goods or services for the State Agency's own use and creates a procurement relationship with the Contractor. Characteristics which support the classification of the entity as a Contractor, when the entity receiving state or federal funds:

- Provides the goods or services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Normally operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of a state or federal program; and
- Is not subject to compliance requirements of the state or federal program as a result of the agreement, though similar requirements may apply for other reasons.

9. State Subrecipient Monitoring Requirements.

9.1 General Requirements for all Subrecipient Contracts

All subrecipient contracts must be monitored by the Grantor State Agency at least once every three years. This does not mean that all subrecipient contracts for a term of one year must be monitored. To determine whether subrecipient contracts with a one-year term will be monitored, Agencies should consider risk factors, e.g., the program's complexity, the Subrecipient's prior experience with the same or similar programs, whether the Subrecipient has new personnel or substantially changed systems, and the extent and results of any federal awarding agency monitoring. The Grantor State Agency shall perform more frequent monitoring if previous monitoring cycles revealed serious deficiencies. If federal subrecipient monitoring requirements on monitoring frequency are more stringent than those under this Policy, the Grantor State Agency shall comply with the federal requirements.

The Grantor State Agency should assign risk to all Subrecipients. At minimum, the Grantor State Agency's risk assignment process shall include the considerations identified in Section 9.2.2 below.

9.2 Annual Subrecipient Monitoring

Each year, all State Agencies governed by this Policy shall develop and submit an annual monitoring plan for review and approval to the Central Procurement Office by October 1.

9.2.1. *Monitoring Plan Components*

The monitoring plan is a summary of the Grantor State Agency's planned monitoring activities for the upcoming annual monitoring cycle and shall include:

- The total subrecipient contracts population;
- The Agency's monitoring cycle, e.g., the state or federal fiscal year;
- All subrecipient contracts the Agency will monitor during its monitoring cycle;
- A description of each state or federal program to be monitored;
- Sample monitoring guides to be utilized for each monitored program;
- Full-time equivalents and personnel classifications for all staff dedicated to monitoring activities;
- A risk assessment for each Subrecipient and its related contracts;
- An explanation of the criteria used to assign risk to Subrecipients and their related contracts;
- An explanation of each finding from the previous monitoring cycle; and
- An explanation of the Agency's corrective action process for each finding.

9.2.2. *Determining the Population to be Monitored*

When selecting the population of subrecipient contracts to be included in its annual monitoring plan, Grantor State Agencies shall consider:

- The Subrecipient's risk of noncompliance with federal statutes, regulations,

and the federal award's terms;
- The level of programmatic or financial risk to the State;
- Whether the subrecipient contract has been monitored in the past three years; and
- Whether the subrecipient contract has had prior findings indicating serious deficiencies.

9.2.3 *Monitoring Activities*

The Grantor State Agency's monitoring of the Subrecipients identified in its annual monitoring plan shall include:
- Any program-specific monitoring requirements;
- All applicable requirements of Title VI of the *Civil Rights Act of 1964*, as defined in the
  Title VI Compliance Commission Advisory Memorandum No. 3, April 14, 2004;
- Reviewing any reports required by 2 C.F.R. §§ 200.238 – 200.239;
- Reviewing financial and programmatic reports required by the Grant Contract; and
- Ensuring that the Subrecipient takes timely and appropriate action on all deficiencies pertaining to the Award that the Grantor State Agency detected and communicated to the Subrecipient.

To the extent possible, there should be a separation of duties between monitoring staff and program operations staff to allow for independence and objectivity. Possible conflicts of interest should be disclosed in agency monitoring plans.

9.2.4 *Changes to Monitoring Plans*

Agencies shall submit any proposed changes to an approved monitoring plan and an explanation for each proposed change to the Central Procurement Office for review and approval. The Agency shall document any approved changes to an existing plan.

9.2.5 *Monitoring Reports and Corrective Action Plans*

Grantor State Agencies shall issue reports summarizing any findings or observations identified during monitoring activities within thirty (30) business days of completing all field work. The Agency shall retain a copy of the monitoring report and distribute copies to the Subrecipient and the Comptroller of the Treasury, Division of State Audit.

Upon receipt of a monitoring report with findings, the Subrecipient shall prepare a corrective action plan detailing the actions to be taken to correct such findings. The corrective action plan shall include:
- The name of the contact person responsible for the corrective action plan;

- The corrective actions to be taken; and
- The anticipated completion date.

The corrective action plan shall be submitted to the Grantor State Agency for review and approval. The Grantor State Agency shall have thirty (30) business days to approve, reject, or request additional information about the Subrecipient's plan. If a corrective action plan is not approved, the Grantor State Agency and the Subrecipient shall work together to develop solutions for addressing the monitoring report's findings.

10. Compliance Reviews.

Agency records obtained under this Policy are subject to evaluation by the Chief Procurement Officer, the Comptroller of the Treasury, or their duly appointed representatives.

Related Statutes, Rules and Policies
Tenn. Code Ann. §§ 4-56-101, *et seq.*
Tenn. Code Ann. §§ 12-3-101, *et seq.*
Tenn. Code Ann. §§ 12-4-101, *et seq.*

SECTIONS 5.15 – 5.17 OF THE *PROCUREMENT PROCEDURES MANUAL OF THE CENTRAL PROCUREMENT OFFICE*

REDLINE VERSION

5.15. ~~Closeout~~*Activities Required Before the Contract Effective Date*

All activities in this Section must be completed before a contract's effective date. A contract is not effective until all of the activities in this Section have been completed. If the activities in this Section are not completed before a contract's effective date, then the CPO may request that the contract be resubmitted with a new effective date. In no event shall the procuring State Agency request goods or services before the contract's effective date.

5.15.1. Contract Award.

Once the open file period has passed and no protests have been received, the solicitation coordinator may begin the award process in Edison with respect to an ITB. Awards of contracts pursuant to other procurement methods shall be conducted outside of Edison in accordance with the Rules, Central Procurement Office Policy and this Manual.

5.15.2. Edison.

The solicitation coordinator is responsible for all necessary uploading of contracts to be routed for approvals in Edison. For specifics as to Edison requirements relating to contract awards, the solicitation coordinator should consult the appropriate Edison manuals for procurement of goods or services.

5.15.3. Contract Approval.

5.15.3.1. Approval by State Officials.

The solicitation coordinator is responsible ~~to ensure that~~for obtaining all necessary approvals ~~have been obtained prior to contract closeout. In addition to the authorized signatory of the awarded respondent, the head of the agency and the agency's budget officer, in the case of an Agency Term Contract, and the~~prior to a contract's effective date. (A) Statewide Contracts must be approved by the following: (i) awarded respondent; (ii) solicitation coordinator; and (iii) Chief Procurement Officer~~, with respect to both Agency Term Contracts and Statewide Contracts, additional approvals are required for all contracts or amendments that fall within the following types of contract scope of services:~~ or designee. (B) Agency Term Contracts must be approved by the following: (i) awarded respondent; (ii) Agency budget officer or designee; and (iii) Agency head or designee. The Central Procurement Office ("CPO") does not review Agency Term

Contracts for fifty thousand dollars or less ($50,000) unless the contract involves a Rule Exception Request or Special Contract Request. Agency Term Contracts that are not subject to Central Procurement Office review will still be set to approved in Edison by authorized CPO personnel. Certain types of procurements and contracts require additional approvals, as specified in the chart below.

Contract Subject Matter	Required Approval or Endorsement
• Information technology	OIR Endorsement
• Medical/mental health-related professional, pharmaceutical, laboratory, or imaging	F&A eHealth Initiative Endorsement
• Contract between State Agencies that includes provisions for cooperative programs; • Provision for State legal consultation services	Governor
• Provision for State legal consultation services	Attorney General[1]
• Contract with an individual; • Contract that involves training State employees (except training pursuant to an information technology system procurement); • Services relating to the employment of current or prospective State employees	Human Resources Commissioner
• Contract that involves engineering or architectural services relating to an improvement (including demolition) to real property in which the State of Tennessee has an interest	State Architect
• Delegation of procurement or contract authority by the ~~CPO~~Chief Procurement Officer;	Comptroller of the Treasury[2]

[1] See Tenn. Code Ann. § 8-6-106.

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

Contract Subject Matter	Required Approval or Endorsement
• Procurements and contracts for goods and services where authority exists under both the SBC and CPO to procure and contract; • ~~Auditing~~Procurements and contracts for auditing services; • Cooperative agreements as provided in Tenn. Code Ann. § 12-3-512; • Fee-For-Service procurements or ~~contracts with a maximum liability > $5,000,000;~~ • ~~Grant~~ contracts with a maximum liability > $5,000,000; • Grant contracts with a maximum liability > $5,000,000; • Fee-For-Service procurements or contracts for new or replacement information systems and technical infrastructure projects for goods and services > $500,000; • Procurements or contracts utilizing competitive or non-competitive negotiations with a maximum liability > $250,000; • Revenue procurements~~/~~ or contracts; • No-Cost procurements~~/~~ or contracts; • Procurements~~/~~ or contracts with a term > 60 months (5 years); • Procurements~~/~~ or contracts that propose to limit liability to < 2 times the maximum liability; • Procurements~~/~~ or contracts that propose to change the Records, Annual Report, Audit, or Monitoring clauses; • Procurements~~/~~ or contracts that allow for the negotiation of a necessary, mandatory, or standard contract clause; • Procurements allowing ~~a~~evaluation of the cost proposal prior to ~~be evaluated~~or contemporaneously with ~~or prior to~~evaluation of the technical proposal ~~evaluation~~; • Procurements~~/~~ or contracts containing	

Contract Subject Matter	Required Approval or Endorsement
an automatic price escalator; and • Such other procurements~~/~~, contracts or other items as may be directed by the Commissioner of Finance and Administration or by the Commission.	
• All requests to procure goods or services by negotiation with a single service provider ~~(a noncompetitive contract)~~ having a term of more than one (1) year or which contain term extension language authorizing a term of greater than one (1) year AND a cumulative value of $250,000 or more; and • All amendments to a contract, whether competitively or noncompetitively procured, meeting the above term and dollar threshold requirements where the amendment: 1) increases or decreases the maximum liability, 2) extends or shortens the contract term, 3) changes the entity or name of the entity with which the State is contracting, or 4) otherwise changes an original contract or amended contract in a substantive manner.	Fiscal Review Committee[3]

~~Additionally, all contracts or amendments to such contracts with a duration period of more than twelve (12) months must be approved by the Office of the Comptroller. Amendments and renewals must follow the same approval process as that of the original, or base, contract. The termination of a contract, for any reason, must be approved by the Chief Procurement Officer (or Delegated State Agency official by Chief~~

[3] ~~Pursuant to~~Under Tenn. Code Ann. § 4-56-107(b)(4), the Fiscal Review Committee, pursuant to its jurisdiction under § 3-7-103(a), is authorized to review any other State contract or contract amendment regardless of whether the contract or contract amendment meets ~~these~~the requirements of § 4-56-107(b)(1).

~~Procurement Officer) and filed by the affected State Agency with the Office of the Comptroller.~~

~~[1] Pursuant to Tenn. Code Ann. § 4-56-107(b)(4), the Fiscal Review Committee, pursuant to its jurisdiction under § 3-7-103(a), is authorized to review any other State contract or contract amendment regardless of whether the contract or contract amendment meets these requirements.~~

5.15.3.2. Fiscal Review.

Certain contracts or amendments to certain contracts must be contemporaneously filed with the Central Procurement Office, Office of the Comptroller ~~for approval~~, and ~~with~~ the Fiscal Review Committee of the General Assembly for review. This includes, but is not limited to, the following:

- All proposed noncompetitive contracts with a term of greater than one year or containing a provision authorizing a contract renewal beyond one year, and having a cumulative value of $250,000 or more;

- Any amendment to a contract described above, whether originally procured competitively or noncompetitively which:

  - Increases or decreases funding;

  - Extends or shortens the contract term;

  - Changes the entity or name of the entity with which the State is contracting; or

  - Otherwise changes an original or amended contract in a substantive manner.

5.16 *Contract Amendments, Renewals, and Cancellations.*

Amendments and renewals must follow the same approval process as that of the original, or base, contract. The termination of a contract, for any reason, must be approved by the Chief Procurement Officer (or designee) and filed with the Office of the Comptroller.

~~5.16.~~5.17. *The Procurement File.*

A procurement file shall be maintained for every solicitation. Such file shall include, but is not limited to, the following documentation, if applicable:

- A copy of the solicitation and any amendments or clarifications thereof;
- A copy of any approved Rule Exception Request;
- Any Conflict of Interest Disclosure documentation;
- Any evaluator attestations;
- A list of all vendors solicited to participate in the procurement;

Document comparison by Workshare Compare on Wednesday, December 10, 2014 10:56:10 AM

Input:	
Document 1 ID	file://C:\Users\BA10408\Desktop\PPM Sections 5.15 - 5.16_original.docx
Description	PPM Sections 5.15 - 5.16_original
Document 2 ID	file://M:\C.Mallea's documents\Policy subcommittee\Ready for AC review\12.29.14 Meeting\PPM Sections 5.15 - 5.17_clean.docx
Description	PPM Sections 5.15 - 5.17_clean
Rendering set	Standard

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

Statistics:	
	Count
Insertions	31
Deletions	29
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	64

SECTIONS 5.15 – 5.17 OF THE *PROCUREMENT PROCEDURES MANUAL OF THE CENTRAL PROCUREMENT OFFICE*

CLEAN VERSION

5.15. *Activities Required Before the Contract Effective Date*

All activities in this Section must be completed before a contract's effective date. A contract is not effective until all of the activities in this Section have been completed. If the activities in this Section are not completed before a contract's effective date, then the CPO may request that the contract be resubmitted with a new effective date. In no event shall the procuring State Agency request goods or services before the contract's effective date.

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5.15.3. Contract Approval.

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

[1] See Tenn. Code Ann. § 8-6-106.

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

Contract Subject Matter	Required Approval or Endorsement
• Cooperative agreements as provided in Tenn. Code Ann. § 12-3-512; • Fee-For-Service procurements or contracts with a maximum liability > $5,000,000; • Grant contracts with a maximum liability > $5,000,000; • Fee-For-Service procurements or contracts for new or replacement information systems and technical infrastructure projects for goods and services > $500,000; • Procurements or contracts utilizing competitive or non-competitive negotiations with a maximum liability > $250,000; • Revenue procurements or contracts; • No-Cost procurements or contracts; • Procurements or contracts with a term > 60 months (5 years); • Procurements or contracts that propose to limit liability to < 2 times the maximum liability; • Procurements or contracts that propose to change the Records, Annual Report, Audit, or Monitoring clauses; • Procurements or contracts that allow for the negotiation of a necessary, mandatory, or standard contract clause; • Procurements allowing evaluation of the cost proposal prior to or contemporaneously with evaluation of the technical proposal; • Procurements or contracts containing an automatic price escalator; and • Such other procurements, contracts or other items as may be directed by the Commissioner of Finance and Administration or by the Commission.	

Contract Subject Matter	Required Approval or Endorsement
• All requests to procure goods or services by negotiation with a single service provider having a term of more than one (1) year or which contain term extension language authorizing a term of greater than one (1) year AND a cumulative value of $250,000 or more; and • All amendments to a contract, whether competitively or noncompetitively procured, meeting the above term and dollar threshold requirements where the amendment: 1) increases or decreases the maximum liability, 2) extends or shortens the contract term, 3) changes the entity or name of the entity with which the State is contracting, or 4) otherwise changes an original contract or amended contract in a substantive manner.	Fiscal Review Committee[3]

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- Any amendment to a contract described above, whether originally procured competitively or noncompetitively which:

[3] Under Tenn. Code Ann. § 4-56-107(b)(4), the Fiscal Review Committee, pursuant to its jurisdiction under § 3-7-103(a), is authorized to review any other State contract or contract amendment regardless of whether the contract or contract amendment meets the requirements of § 4-56-107(b)(1).

- Increases or decreases funding;
- Extends or shortens the contract term;
- Changes the entity or name of the entity with which the State is contracting; or
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5.17. *The Procurement File.*

A procurement file shall be maintained for every solicitation. Such file shall include, but is not limited to, the following documentation, if applicable:

- A copy of the solicitation and any amendments or clarifications thereof;
- A copy of any approved Rule Exception Request;
- Any Conflict of Interest Disclosure documentation;
- Any evaluator attestations;
- A list of all vendors solicited to participate in the procurement;

AMENDMENT REQUEST FORM

REDLINE VERSION

Amendment Request

This request form is not required for amendments to grant contracts. Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@tn.gov

APPROVED	
CHIEF PROCUREMENT OFFICER	DATE

~~Request Tracking~~Agency request tracking #	
1. Procuring Agency	
2. Contractor	
3. ~~Contract~~Edison contract ID #	
4. Proposed ~~Amendment~~amendment #	
5. ~~Edison ID #~~Contract's Effective Date	
6. ~~Contract Begin Date~~Current end date	
7. ~~Current Contract End Date~~Proposed end date ~~– with ALL options to extend exercised~~	
~~8. Proposed Contract End Date~~ ~~– with ALL options to extend exercised~~	~~—~~
8. ~~9.~~ Current Maximum ~~Contract Cost~~ Liability or Estimated Liability ~~– with ALL options to extend exercised~~	$
9. ~~10.~~ Proposed Maximum ~~Contract Cost~~Liability or Estimated Liability ~~– with ALL options to extend exercised~~	$
10. ~~11.~~ Office for Information Resources Pre-Approval Endorsement Request *– information technology service (N/A to THDA)*	☐ Not Applicable ☐ Attached
11. ~~12.~~ eHealth Pre-Approval Endorsement Request *– health-related professional, pharmaceutical, laboratory, or imaging*	☐ Not Applicable ☐ Attached
12. ~~13.~~ Human Resources Pre-Approval Endorsement Request *– state employee training service*	☐ Not Applicable ☐ Attached

~~Request Tracking~~Agency request tracking #	

~~14. Explanation Need for the Proposed Amendment~~

13. Explain why the proposed amendment is needed

~~15. Name & Address of the Contractor's Principal Owner(s)~~
~~*NOT required for a TN state education institution*~~

~~16. Evidence Contractor's Experience & Length Of Experience Providing the Goods or Services~~

~~17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives~~

~~18. Justification~~

~~Agency Head Signature and Date~~ ~~*MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented circumstances*~~

14. If the amendment involves a change in Scope, describe efforts to identify reasonable, competitive, procurement alternatives to amending the contract.

Signature of agency head or designee and date

Document comparison by Workshare Compare on Wednesday, December 10, 2014 11:48:32 AM

Input:	
Document 1 ID	file://C:\Users\BA10408\Desktop\AmendmentRequest_original.doc
Description	AmendmentRequest_original
Document 2 ID	file://M:\C.Mallea's documents\Policy subcommittee\Ready for AC review\12.29.14 Meeting\AmendmentReq_clean.doc
Description	AmendmentReq_clean
Rendering set	Standard

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

Statistics:	
	Count
Insertions	15
Deletions	26
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	41

AMENDMENT REQUEST FORM

CLEAN VERSION

Amendment Request

This request form is not required for amendments to grant contracts. Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@tn.gov

APPROVED	
CHIEF PROCUREMENT OFFICER	DATE

Agency request tracking #		
1. Procuring Agency		
2. Contractor		
3. Edison contract ID #		
4. Proposed amendment #		
5. Contract's Effective Date		
6. Current end date		
7. Proposed end date		
8. Current Maximum Liability or Estimated Liability		$
9. Proposed Maximum Liability or Estimated Liability		$
10. Office for Information Resources Pre-Approval Endorsement Request *– information technology service (N/A to THDA)*		☐ Not Applicable ☐ Attached
11. eHealth Pre-Approval Endorsement Request *– health-related professional, pharmaceutical, laboratory, or imaging*		☐ Not Applicable ☐ Attached
12. Human Resources Pre-Approval Endorsement Request *– state employee training service*		☐ Not Applicable ☐ Attached
13. Explain why the proposed amendment is needed		
14. If the amendment involves a change in Scope, describe efforts to identify reasonable, competitive, procurement alternatives to amending the contract.		

Agency request tracking #	
Signature of agency head or designee and date	

TERMS AND CONDITIONS FOR PURCHASE ORDERS ISSUED UNDER AN AGENCY'S LOCAL PURCHASE AUTHORITY

REQUEST:

(1) Make the following changes to the "Total Purchase Order Amount" term in the terms and conditions for purchase orders issued under an Agency's local purchase authority:

~~Total Purchase Order Amount. In no event shall the liability of the State under this Purchase Order exceed Written Dollar Amount ($Number) ("Total Purchase Order Amount").~~

Total Purchase Order Amount. In no event shall the liability of the State under this Purchase Order exceed the Total Purchase Order Amount.

(2) Add the following language to all purchase orders generated in Edison:

The terms and conditions that apply to this purchase order are: (a) the terms and conditions of the contract under which the purchase order is issued as identified on this document's face; (b) the terms and conditions attached to this purchase order; or (c) the terms and conditions found at: [insert URL].