STATE OF TENNESSEE
PROCUREMENT COMMISSION
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- AGENDA -

PROCUREMENT COMMISSION MEETING #022
THURSDAY, AUGUST 18, 2016 – 2:00 P.M.
TN TOWER, 3RD FLOOR, NASHVILLE ROOM

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I.	Call to Order	--
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III.	New Business:	
	Proposed changes to the following Central Procurement Office documents (see attached documentation):	
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LARRY B. MARTIN, Chairman
Commissioner of Finance & Administration

JUSTIN P. WILSON
Comptroller of the Treasury

ROBERT E. OGLESBY
Commissioner of General Services

MICHAEL F. PERRY
Chief Procurement Officer

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MINUTES OF JUNE 20, 2016 MEETING

MINUTES
PROCUREMENT COMMISSION MEETING #021
MONDAY, JUNE 20, 2016 – 2:00 P.M.
TN TOWER, 3RD FLOOR, NASHVILLE ROOM

Members in Attendance:

Larry B. Martin, Commissioner, Department of Finance and Administration; Justin P. Wilson, Comptroller of the Treasury; Robert E. Oglesby, Commissioner, Department of General Services; Mike Perry, Chief Procurement Officer

Others in Attendance:

Shannon Howell, Buddy Lea, Tim Drown, Don Ivancic, Paul Krivacka, Kathy Taylor, Bryan Chriske, John Stites, Stroud Vaughn, Andy Kidd, Thad Watkins, Shelia Simpson, Douglas Whitcomb, Shane Taylor, Caitlin Seale, Jenny Young, Laura Kinard, Kyle Hunter, Kaci Stewart, Charlotte McKinney

I. Call to Order.

Commissioner Martin called the meeting to order and recognized that a quorum of Procurement Commission ("Commission") members was present.

II. Minutes from the March 24, 2016 Procurement Commission Meeting.

Commissioner Martin presented the March 24, 2016, minutes for approval. Comptroller Wilson called attention to his comments as noted in the minutes that the meeting was held without Commissioner Martin present on March 24, which should not be construed as a precedent for meetings to be held without all members present and that it should be done rarely and only under unusual circumstances. Commissioner Martin and Commissioner Oglesby concurred. Comptroller Wilson made a motion to approve the minutes from the March 24, 2016, Procurement Commission meeting as presented. The motion was seconded by Commissioner Oglesby; whereupon the minutes were approved.

III. Election of Procurement Commission Vice Chairperson.

Commissioner Martin indicated that election of the Procurement Commission Vice Chair is done on an annual basis and asked Mike Perry, Chief Procurement Officer, to assist with this agenda item. Mr. Perry explained that the position of Procurement Commission Chair is appointed by the Governor and the Procurement Commission Vice Chair is elected by the Commission members. Mr. Perry added that this item was on the agenda for the last Procurement Commission meeting but was deferred because all Commission members could not be present.

Commissioner Oglesby made a motion to nominate Comptroller Wilson to serve as Vice Chair and Commissioner Martin seconded the motion. Comptroller Wilson agreed to accept the nomination to serve as Procurement Commission Vice Chair and Commissioner Martin thanked him for his willingness to serve.

New Business:

IV. Proposed Changes to the following Central Procurement Office documents.

Commissioner Martin asked Paul Krivacka, Lead Attorney/Director of Category Management, Central Procurement Office, to present the New Business agenda items.

(1) Request for Qualifications (RFQ) and Request for Proposals (RFP) Templates - Statement of Certifications and Assurances

Mr. Krivacka summarized the following points with regard to the Request for Qualifications (RFQ) and Request for Proposals (RFP) Templates - Statement of Certifications and Assurances:

- This proposal is consistent with efforts of the Central Procurement Office ("CPO") to remove sensitive information from the public domain. This request is to remove the Federal Employer Identification Number ("FEIN") or social security number line from the RFP and RFQ Templates - at the Statement of Certifications and Assurances.

Comptroller Wilson stated that this proposal is an excellent idea and made a motion to approve the Request for Qualifications (RFQ) and Request for Proposals (RFP) Templates - Statement of Certifications and Assurances as presented. The motion was seconded by Commissioner Oglesby; whereupon the item was approved.

(2) Edison Document Naming Convention Model

Mr. Krivacka presented the following points with regard to the Edison Document Naming Convention Model:

- The Edison Document Naming Convention Model is a new document that was created in collaboration with CPO, Office of Comptroller of the Treasury ("COT"), and agency personnel.
- The use of this naming convention is a model and therefore, is not mandatory. Its use, however, will be strongly recommended by CPO in order to further consistency in the way documents are named in Edison. It will make looking for documents in Edison much easier during the review process or if a contract issue comes up after the contract award.
- The purpose is to standardize the method of naming all contract documents uploaded into Edison so that all of the attachments will be organized in a logical, standardized order making it very easy to locate any given document.

With the understanding that CPO will strongly urge the use of the Edison Document Naming Convention Model, Comptroller Wilson made a motion to approve the item as presented. The motion was seconded by Commissioner Oglesby; whereupon the item was approved.

Comptroller Wilson requested that agenda items (3) and (4) be presented together since they are closely related.

(3) FA Template – Revised Instructions to include Liquidated Damages Request
(4) Liquidated Damages Request Document

Mr. Krivacka summarized the following points with regard to agenda item (3) FA Template – Revised Instructions to include Liquidated Damages Request and agenda item (4) Liquidated Damages Request Document:

- Liquidated Damages can be a good tool if used properly and can be used to encourage certain contract behavior. In some situations it may be difficult to prove or ascertain damages that the State may suffer in the event of a breach at the very beginning of a contract. If a liquidated damages provision is used fairly narrowly and not overly broadly or done in such a way that makes it unenforceable, such as in the event where it is punitive in nature, then it can be a very effective contract tool. In some situations liquidated damages provisions are being included in contracts and decisions are being made by people who do not have a lot of experience with liquidated damages provisions.
- Because of concerns by COT and CPO, additional instructions have been added to the optional language in the FA Template so that procurement professionals will have some guidance on when a liquidated damages provision should be used and when it should not be used. Along with that change, using the Liquidated Damages provision will now require an approved Liquidated Damages Request. One of the problems with procurement professionals using the liquidated damages provision was the lack of memorialization of how the liquidated damages amount was determined. In the event of litigation, the failure to document how the liquidated damages amount was determined can be problematic.
- The new Liquidated Damages Request will prompt the agencies to consider why liquidated damages are needed in a contract.
- In the past, the State has not consistently memorialized how the liquidated damages amount was determined and why it was needed.

Commissioner Martin clarified that Mr. Krivacka was asking for approval of agenda items (3) and (4) together. Comptroller Wilson stated that any lawyer would vouch for the difficulty of liquidated damages and he believes this proposal will provide good evidence. Comptroller Wilson made a motion to approve agenda item (3) FA Template – Revised Instructions to include Liquidated Damages Request and agenda item (4) Liquidated Damages Request Document as presented. The motion was seconded by Commissioner Oglesby.

Commissioner Martin asked if the concerns that TennCare had in regard to this topic had been addressed. Mr. Krivacka indicated that he had met with Gabe Roberts from TennCare and Mr. Krivacka believes TennCare is in a different situation than most contractors. Mr. Krivacka continued that he and Mr. Roberts discussed TennCare developing another

proposed liquidated damages provision that would be brought to the Procurement Commission later as an optional provision and once approved, it could be used with the Liquidated Damages Request form without seeking a Rule Exception Request. The Liquidated Damages Request form is helpful to TennCare in the event that they are in litigation. Comptroller Wilson indicated that he has had several conversations with TennCare in regard to this matter. Seeing no further discussion, Commissioner Martin stated there had been a motion and a second to approve agenda item (3) FA Template – Revised Instructions to include Liquidated Damages Request and agenda item (4) Liquidated Damages Request Document as presented; whereupon, agenda items (3) and (4) were approved.

(5) *Procurement Procedures Manual of the Central Procurement Office* - Section 11.2, General Information

Mr. Krivacka summarized the following points with regard to the *Procurement Procedures Manual of the Central Procurement Office* - Section 11.2, General Information:

- This section of the Procedures Manual serves as a reference for the numerous models, templates, and administrative documents that are available on the intranet. Since October 2015, there have been approximately 21 changes to various models, templates, forms, policies, and procedures. The list of documents that have been added, deleted, or changed must be updated from time-to-time and that is the reason for this request to update the *Procurement Procedures Manual of the Central Procurement Office*.

Seeing no questions or comments, Comptroller Wilson made a motion to approve *Procurement Procedures Manual of the Central Procurement Office* - Section 11.2, General Information as presented. Commissioner Oglesby seconded the motion; whereupon the item was approved.

(6) Governmental Grant ("GG") and GR Templates - B#. Optional Federal Pre-Award Authority Language

Mr. Krivacka summarized the following points with regard to the Governmental Grant ("GG") and GR Templates - B#. Optional Federal Pre-Award Authority Language:

- This agenda item deals with an effort to accommodate some of the issues that agencies are having with respect to governmental grants and also general grant contracts for grants to non-Tennessee and non-federal government agencies.
- Federal pre-award authority states that an entity can enter into binding obligations with the assumption that the federal government is going to provide funds at a later date. One of the problems encountered by grant management in the past involved syncing the effective date of the federal program and the effective date of the grant contract. The proposed changes will allow a greater ability to sync those dates.

Comptroller Wilson made a motion to approve Governmental Grant ("GG") and GR Templates - B#. Optional Federal Pre-Award Authority Language as presented. Commissioner Oglesby seconded the motion; whereupon the item was approved.

(7) Debarment and Suspension Language - Revised in various templates and models

Mr. Krivacka summarized the following points with regard to Debarment and Suspension Language - Revised in various templates:

- This proposed change deals with the current debarment and suspension language in State contracts. Currently solicitation documents require a respondent to certify whether they have been debarred, suspended, had a contract terminated by a state or federal government, been convicted of or charged with unfair competition, unfair trade practices, anti-trust, price fixing, etc. In reviewing the contract language, the Policy Review Subcommittee felt that the language needed greater clarification. This proposal will make it abundantly clear that a contractor has a continuing duty to disclose these events if they arise during the contract period.

Comptroller Wilson made a motion to approve Debarment and Suspension Language - Revised in various templates as presented. Commissioner Oglesby seconded the motion and asked if it included current indictments. Mr. Krivacka responded that the language does include disclosure of current indictments. Seeing no further discussion, agenda item (7) Debarment and Suspension Language - Revised in various templates was approved.

(8) *Procurement Procedures Manual of the Central Procurement Office* – Section 8.4.4., Continuing Duty to Disclose

Mr. Krivacka summarized the following points with regard to the *Procurement Procedures Manual of the Central Procurement Office* – Section 8.4.4., Continuing Duty to Disclose:

This agenda item is related to agenda item (7) in that the *Procurement Procedures Manual of the Central Procurement Office* has also been updated to reflect that a Contractor has an ongoing duty to disclose certain events if they occur during the term of the contract.

Seeing no comments or questions, Comptroller Wilson made a motion to approve *Procurement Procedures Manual of the Central Procurement Office* – Section 8.4.4., Continuing Duty to Disclose as presented. Commissioner Oglesby seconded the motion; whereupon the item was approved.

(9) FA Template – Insurance Provision

Mr. Krivacka summarized the following points with regard to the FA Template – Insurance Provision:

- This request deals with a problem encountered in obtaining proof of insurance requirements from vendors. Under the current language, the State requires policy limits without considering umbrella coverage. If a vendor has umbrella coverage that exceeds the required policy limits then technically the State would have to find that the vendor had insufficient coverage.
- For example, a vendor holds $1 million in liability coverage and a $6 million umbrella policy and the contract requires $2 million in liability coverage. Anyone

knowledgeable about insurance coverage should feel very comfortable with $1 million policy coverage plus an additional $6 million umbrella coverage. The proposed change would allow the State to consider any umbrella coverage that a vendor may have.

Seeing no comments or questions, Comptroller Wilson made a motion to approve FA Template – Insurance Provision as presented. Commissioner Oglesby seconded the motion; whereupon the item was approved.

(10) GR Template - Insurance Provision

Mr. Krivacka summarized the following points with regard to the GR Template – Insurance Provision:

- This agenda item was brought to the CPO's attention by one of the agency attorneys. The State has been requesting "all states coverage" but for many years that has not been available.
- Each state regulates insurance companies separately and apart from other states so "all states coverage" is something that the State cannot obtain because it is not available in the marketplace. This request would remove the "all states coverage" requirement.

Seeing no comments or questions, Comptroller Wilson made a motion to approve GR Template – Insurance Provision as presented. Commissioner Oglesby seconded the motion; whereupon the item was approved.

(11) Request for Qualifications (RFQ) and Request for Proposals (RFP) Templates - Section A., Mandatory Requirement Items

Mr. Krivacka summarized the following points with regard to the Request for Qualifications (RFQ) and Request for Proposals (RFP) Templates - Section A., Mandatory Requirement Items:

- This request is related to determining a respondent's financial responsibility to perform.
- The State has encountered a problem that in some cases companies that are privately held and are not borrowing do not have credit ratings that are reported by credit bureaus. The State needed a way to evaluate how those companies could perform from a financial standpoint vs. publicly traded companies that are reported by credit bureaus such as Dun and Bradstreet. This proposal allows for a holistic review of a respondent's financial ability to perform. The State could consider any one of three classes of documents to determine if a company has the financial ability to perform. The sources for this proposal came from a review of how the federal government determines financial ability to perform and information was obtained from approximately 20 other states as to how financial ability to perform is analyzed.
- It is anticipated that this method will provide a good framework to evaluate if a company will be able to perform financially for the State and because it is flexible, this approach will hopefully increase competition. There have been situations with solicitations where publicly traded companies with ample credit bureau reports are

competing with privately held companies with little available credit information. In some cases, bank reference letters are not useful. This proposal will allow the State to have the flexibility to look at various forms of information to determine if the company has the financial ability to perform.

Comptroller Wilson asked if the financial document review will be performed by the agency or the CPO. Comptroller Wilson stated that in reading the proposal it appears the review might be done by the agency and he has concerns if that is the case. Mr. Krivacka stated that he would also be concerned by the agencies performing the review because agencies may lack the expertise to do so. Comptroller Wilson indicated that was his concern. Mr. Krivacka stated that the CPO will urge agencies to contact the CPO Risk Manager to get guidance on whether documents submitted by a company are sufficient or whether the company would be required to do other things consistent with CPO policy in order to provide evidence of their ability to perform. Currently, CPO policy is fairly flexible and even if a company submits all the information, the CPO could make a determination that they do not have the financial ability to perform and require them to submit additional evidence of financial ability in order to move forward.

Comptroller Wilson restated that he does not have a problem with the CPO making those financial determinations but he does have a problem with agencies making financial determinations. Comptroller Wilson indicated that there has been a long history of agencies entering into contracts with companies that did not have the financial capacity to perform and he does not want that to persist.

Mr. Krivacka made a suggestion that the CPO could add to the instructions making it abundantly clear that agencies are required to contact the CPO Risk Manager prior to making any financial determinations. Comptroller Wilson stated that he would be fine with that suggestion and that would be all that is needed. Mr. Krivacka stated that the requirement for agencies to contact the CPO Risk Manager could be added to the instructions of the final version and asked if Comptroller Wilson would like to make a motion for approval based on that amendment. Comptroller Wilson so moved.

Commissioner Martin asked if Commissioner Oglesby heard the motion by Comptroller Wilson. Comptroller Wilson restated that his motion for approval was contingent upon the instructions requiring agencies to consult with the CPO Risk Manager prior to making any financial determinations. Commissioner Oglesby stated that Thad Watkins, Department of General Services Legal Counsel, mentioned that the State could be vulnerable to a lot of appeals if the evaluation process was not consistent (why was one company approved and another was not). Comptroller Wilson asked Mr. Watkins if the proposed change would help or hurt. Mr. Watkins responded that the State was going from a very consistent, black and white process to something that is gray. Mr. Watkins indicated that it is good that the State is trying to be more flexible and allow other qualifying information but there must be assurance that qualified staff is reviewing the documents submitted and making the financial determinations. Mr. Watkins stated that he was not sure if that would slow down the process or not and Comptroller Wilson added that even if it does slow down the process, evaluation by qualified staff must be done. Comptroller Wilson added that the CPO Risk Manager should be able to act pretty quickly on the evaluations.

Commissioner Martin asked for clarification that currently the State requires three years of audited financial statements. Mr. Watkins stated that it depends on the particular procurement. Mr. Krivacka stated that typically a credit bureau report is required but CPO policies do not specify a minimum score so there is some judgment involved and that process has existed for many years in state government. Mr. Krivacka indicated that in his opinion the current practice would be more of a risk for protests than the process being proposed. In addition to the credit bureau report, the CPO also requires a bank reference and some type of vendor or supplier reference. The new proposal would require a credit reference if the respondent has one, a bank reference, or audited financial statements. The three documents currently required are a current bank reference indicating positive standing, two credit references from vendors, and an official letter from a credit bureau indicating satisfactory rating. Unfortunately, those requirements are a barrier to entry for a lot of vendors, especially some small businesses. Mr. Krivacka continued that the issue about whether a vendor can financially perform or not is a fairly episodic determination with few going to the CPO Risk Manager. Mr. Krivacka indicated that it should not be too burdensome for the CPO Risk Manager to perform the financial evaluations.

Commissioner Martin stated that for State purposes the capacity of a vendor to provide whatever the contracted services might be is that they are able to deliver the resources that are there. Commissioner Martin stated that he believes that is reflected better in three years of audited financial statements than a review by people who know how to review financial statements. Commissioner Martin added that the State is extending credit in a way and the financial stability of a vendor is important. Commissioner Martin indicated that a bank line of credit reflects a point in time and added that he was not positive about certain credit ratings that the State might obtain. Commissioner Martin asked if he was correct in understanding that the State is trying to itemize a host of different types of financial and credit information that the State could draw from in order to make a sound decision. Mr. Krivacka responded that Commissioner Martin was correct in what the State is trying to accomplish and added that the State is trying to do it in a way that would not limit competition at the same time. Mr. Krivacka continued that the State does business with many small companies and, for example, if there is a need for a $200,000 janitorial contract or landscaping contract, providing three years of audited financial statements may be burdensome for a small business or they may not even have them to provide. On the other hand, if the State is using a small startup IT company for a $200 million dollar systems development project then the State would probably want to review audited financial statements because if half-way into the project the company cannot perform the State will have a partially developed system that would be useless to the State.

Commissioner Martin stated that Mr. Krivacka made some good points and added that the State needs to be careful with this issue. Commissioner Martin agreed that Mr. Watkins' concern about being consistent is also important. Mr. Watkins added that consistency can only be assured if the State has some sort of central review process because of all the potential variances if financial reviews are performed by different agencies. Mr. Watkins continued that any opposing attorney could study the different review methods used by agencies and accuse an agency of being arbitrary so there must be a central review process. Mr. Watkins stated that the problem for the State would not be in granting financial approval but in denying it and if a vendor is denied and disqualified based on a financial review the State must be able to point to a solid and definite process. Mr. Watkins stated that perhaps

this is where the expertise of the CPO would come into play if the State does not have black and white requirements.

Commissioner Oglesby asked Mr. Krivacka if the amended language as suggested would enable the State to minimize protest risk to the State to the extent possible. Mr. Krivacka responded that he did believe the amended language as suggested would be able to minimize protest risk. Mr. Krivacka continued that Mr. Watkins made a good point in that when the State tries to be more flexible and take a more holistic review where the State approves or denies, there is some protest risk if the State is arbitrary and not consistent in applying its discretion. To help address these concerns, Mr. Krivacka proposed that the CPO include some additional instructional language clearly stating that use of this provision requires consultation with the CPO Risk Manager. Requiring consultation with the CPO Risk Manager can deal with the issue of whether or not the agency is getting proper guidance from a person with expertise in making financial evaluation decisions. Mr. Krivacka continued that if an agency is doing its own procurement and decides to eliminate a vendor because of financial ability to perform, that decision would have to come through the CPO anyway for investigation.

Commissioner Martin asked if the financial requirements could possibly be calibrated to the size of the contract or scope of work. Mr. Watkins stated that he would defer that question to Mr. Krivacka but added that the higher the contract dollar amount the higher the approval standards should be. Mr. Watkins stated that for several years he reviewed DGS procurements and found that on some small procurements otherwise valid and responsible contractors could not meet the higher financial requirements and that it did not appear to pose that great of a risk. Mr. Watkins indicated that there does seem to be some relationship between size of procurement and risk. Mr. Krivacka agreed that typically with greater dollar amounts the contract will be more complicated in most cases.

Commissioner Martin stated that he hates to delay an item but would like to see the Commission members give more thought to the idea of calibrating the dollar amount and scope of work to the type of financial information the State would require, along with having a consistent process of who would review the financial information and sign off on the financial capacity of a vendor. Mr. Krivacka stated that this item could be brought back to the CPO Policy Review Subcommittee for additional study and changes. Comptroller Wilson stated he thought that would be a good idea as the State has a long history of contracting with providers who did not have the financial ability to perform. Comptroller Wilson stated that he would like to have some sort of review of the financial information done by the CPO but he did not know how it could be done best mechanically. Mr. Krivacka suggested that one option could be that the mandatory provision could stay the way it currently exists and if an agency wanted to use a different form the agency could submit a request form to explain why they wish to use a different form. Comptroller Wilson added that he understands how providing certain financial information could be burdensome to some vendors. Commissioner Oglesby commented that it could be particularly burdensome for small businesses and Comptroller Wilson added that the State would not want to eliminate small businesses from competition.

Chief Procurement Officer Perry added that typically the financial ability to perform would be a mandatory pass/fail item before the evaluation team would look at technical proposals and that could be added to the instructions.

All Procurement Commission members agreed that agenda item (11) Request for Qualifications (RFQ) and Request for Proposals (RFP) Templates - Section A., Mandatory Requirement Items would be deferred and sent back to the CPO Policy Review Subcommittee for additional study.

Commissioner Martin thanked Mr. Krivacka for presenting the New Business items and moved to the next agenda item.

V. Reports:

Chief Procurement Officer Perry presented the following standard reports for informational purposes:

1) Certification Related Items – lists any recertifications, new certifications, and decertifications
2) Limitation of Liability – lists those granted since last Procurement Commission meeting
3) Correction of Errors – lists corrections since last Procurement Commission meeting
4) Memorandum of Understanding – lists activity since last Procurement Commission meeting

Chief Procurement Officer Perry added that these standard reports were being presented for acknowledgement only by the Procurement Commission with no action needed.

Commissioner Martin acknowledged receipt of all four reports and thanked Mr. Perry for the information.

VI. Other Business.

Commissioner Martin asked if there was any other business that needed to be heard by the Procurement Commission.

VII. Adjournment.

Seeing no other business to be heard, a motion to adjourn was made by Comptroller Wilson and seconded by Commissioner Oglesby; whereupon the June 20, 2016 Procurement Commission meeting was adjourned.

IRAN DIVESTMENT ACT PROVISION IN CONFIGURATOR, FA TEMPLATE, AND PO TEMPLATE TERMS AND CONDITIONS

REQUEST: Add the following "Iran Divestment Act" as a contract term in the document configurator, a Mandatory contract term in the Fee for goods or services contract (FA) Template, and to the terms and conditions for POs issued under an agency's local purchase authority.

Contract Term:

D.#.	Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101, et. seq., addressing contracting with persons with investment activities in Iran, shall be a material provision of this Contract. The Contractor agrees, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.

IRAN DIVESTMENT ACT PROVISION –

NEW BID FACTOR IN EDISON AND REQUEST FOR QUALIFICATIONS (RFQ) AND REQUEST FOR PROPOSALS (RFP) TEMPLATES - STATEMENT OF CERTIFICATIONS AND ASSURANCES

REQUEST: Add the following "Iran Divestment Act" as a new bid factor (IRAN_DIVEST_ACT) in Edison and revise the Statement of Certifications and Assurances, included in substantially similar formats in the RFP and RFQ Templates, to address the new requirements of Tenn. Code Ann. § 12-12-101 et. seq.

Bid Factor:

Iran Divestment Act. By submission of this bid, each bidder and each person signing on behalf of any respondent certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.

RFP Template language:

RFP ATTACHMENT 6.1.

RFP # NUMBER STATEMENT OF CERTIFICATIONS AND ASSURANCES

The Respondent must sign and complete the Statement of Certifications and Assurances below as required, and it must be included in the Technical Response (as required by RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A, Item A.1.).

The Respondent does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:

1. The Respondent will comply with all of the provisions and requirements of the RFP.
2. The Respondent will provide all services as defined in the Scope of Services of the RFP Attachment 6.6., *Pro Forma* Contract for the total contract period.
3. The Respondent, except as otherwise provided in this RFP, accepts and agrees to all terms and conditions set out in the RFP Attachment 6.6., *Pro Forma* Contract.
4. The Respondent acknowledges and agrees that a contract resulting from the RFP shall incorporate, by reference, all proposal responses as a part of the contract.
5. The Respondent will comply with:
   (a) the laws of the State of Tennessee;
   (b) Title VI of the federal Civil Rights Act of 1964;
   (c) Title IX of the federal Education Amendments Act of 1972;
   (d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
   (e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
6. To the knowledge of the undersigned, the information detailed within the response submitted to this RFP is accurate.
7. The response submitted to this RFP was independently prepared, without collusion, under penalty of perjury.
8. No 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 Respondent in connection with this RFP or any resulting contract.
9. Both the Technical Response and the Cost Proposal submitted in response to this RFP shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract pursuant to the RFP.
10. The Respondent affirms the following statement, as required by the Iran Divestment Act Tenn. Code Ann. § 12-12-111.: "By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint response each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each Respondent is not on the list created pursuant to § 12-12-106." For reference purposes, the list is currently available online at: http://www.tn.gov/generalservices/article/Public-Information-library.

By signing this Statement of Certifications and Assurances, below, the signatory also certifies legal authority to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If the signatory is not the Respondent (if an individual) or the Respondent's company *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to bind the Respondent.

DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO BIND THE RESPONDENT

SIGNATURE: _____

PRINTED NAME & TITLE: _____

DATE: _____

RESPONDENT LEGAL ENTITY NAME: _____

RFQ Template language:

ATTACHMENT E

STATEMENT OF CERTIFICATIONS AND ASSURANCES

An individual responding in his or her individual capacity or legally empowered to contractually bind the Respondent must complete and sign the Statement of Certifications and Assurances below as required, and this signed statement must be included with the response as required by the Request for Qualifications.

The Respondent does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:

1. The Respondent will comply with all of the provisions and requirements of the RFQ.
2. The Respondent will provide all specified goods or services as required by the contract awarded pursuant to this RFQ.
3. The Respondent accepts and agrees to all terms and conditions set out in the contract awarded pursuant to this RFQ.
4. The Respondent acknowledges and agrees that a contract resulting from the RFQ shall incorporate, by reference, all Response responses as a part of the contract.
5. The Respondent will comply, as applicable, with:
6. the laws of the State of Tennessee;
7. Title VI of the federal Civil Rights Act of 1964;
8. Title IX of the federal Education Amendments Act of 1972;
9. the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
10. the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
11. To the best of the undersigned's knowledge, information or belief, the information detailed within the Response to the RFQ is accurate.
12. The Response submitted to the RFQ was independently prepared, without collusion, and under penalty of perjury.
13. No 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 Respondent in connection with the request or any potential resulting contract.
14. The Response submitted in response to the RFQ shall remain valid for at least 120 days subsequent to the date of the Response opening and thereafter in accordance with any contract pursuant to the RFQ.
15. The Respondent affirms the following statement, as required by the Iran Divestment Act Tenn. Code Ann. § 12-12-111.: "By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint response each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each Respondent is not on the list created pursuant to § 12-12-106." For reference purposes, the list is currently available online at: http://www.tn.gov/generalservices/article/Public-Information-library.

By signature below, the signatory certifies legal authority to bind the responding entity to the provisions of this request and any contract awarded pursuant to it. The State may, at its sole discretion and at any time, require evidence documenting the signatory's authority to be personally bound or to legally bind the responding entity.

DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO DO SO BY THE ENTITY RESPONDING TO THIS RFQ.

SIGNATURE & DATE: _____

PRINTED NAME & TITLE: _____

LEGAL ENTITY NAME: _____

IRAN DIVESTMENT ACT CERTIFICATION

STATE OF TENNESSEE

IRAN DIVESTMENT ACT CERTIFICATION

SUBJECT CONTRACT NUMBER(S):	
CONTRACTOR LEGAL ENTITY NAME:	
EDISON SUPPLIER IDENTIFICATION NUMBER:	

The Iran Divestment Act, Tenn. Code Ann. § 12-12-101 et. seq. requires a person that attempts to contract with the state, including a contract renewal or assumption, to certify at the time the bid is submitted or the contract is entered into, renewed, or assigned, that the person or the assignee is not identified on a list created pursuant to § 12-12-106.

Currently, the list is available online at the following website: http://www.tn.gov/generalservices/article/Public-Information-library.

The Contractor, identified above, certifies by signature below that it is not included on the list of persons created pursuant to Tenn. Code Ann. § 12-12-106 of the Iran Divestment Act.

CONTRACTOR SIGNATURE

NOTICE: This certification MUST be signed by an individual with legal capacity to contractually bind the Contractor.

PRINTED NAME AND TITLE OF SIGNATORY

DATE

CLICK-WRAP AGREEMENT APPROVAL REQUEST

Click-wrap Agreement Approval Request

Procurement professionals should use this document to seek approval to enter into a click-wrap agreement associated with a proposed one-time purchase made under an Agency's local purchase authority. This document cannot be used to modify an existing contract, even a contract executed under an Agency's local purchase authority. See sections 4.1. and 5.15.3.3. of the *Procurement Procedures Manual of the Central Procurement Office* for more information about click-wrap agreements.

Attach a copy of the proposed click-wrap agreement to this document and send the completed request in PDF format to: Agsprs.agsprs@tn.gov

APPROVED	**APPROVED**
CENTRAL PROCUREMENT OFFICE **DATE**	**STRATEGIC TECHNOLOGY SOLUTIONS** **DATE**

Agency request tracking #	
1. Requisition ID #	
2. Procuring Agency	
3. Agency Contact (Include name and email address)	
4. Vendor ID #	
5. Contractor	
6. Contractor Contact (Include name and email address to where proposed changes can be sent.)	
7. Click-wrap agreement's proposed Effective Date (This is the anticipated date for entering into the click-wrap agreement.)	
8. Click-wrap agreement's proposed End Date	
9. Description of goods or services	

PROCUREMENT PROCEDURES MANUAL OF THE CENTRAL PROCUREMENT OFFICE

SECTION 4.3, IDENTIFICATION CODES

REQUEST: Revise section 4.3. of the *Procurement Procedures Manual of the Central Procurement Office* as follows:

4.3. *Identification Codes.*

The United Nations Standard Products and Services Code (UNSPSC) is the standard item code utilized in Edison. UNSPSC is viewable in Edison and on the Central Procurement Office website. Any item that is on a contract or is an asset must have an Edison Item ID. If an item does not have an Edison Item ID, it can be requested from the Central Procurement Office Content Group.

PROCUREMENT PROCEDURES MANUAL OF THE CENTRAL PROCUREMENT OFFICE

SECTION 5.13.2, TIED RESPONSES – RESOLUTION

REQUEST: Revise section 5.13.2. of the *Procurement Procedures Manual of the Central Procurement Office* as follows:

5.13.2. Tied Responses – Resolution.

A tie exists when two or more respondents offer goods or services that meet all specifications, terms and conditions at identical prices including cash discount offered for prompt payment. A tie will be broken by considering the following factors, in descending order:

- First preference shall be given to a "Tennessee Respondent." Pursuant to Tenn. Code Ann. § 12-3-1113(c)(2), a "Tennessee Respondent" means a business that is:
  - Incorporated in this State;
  - Has its principal place of business in this State; or
  - Has an established physical presence in this State.
- Second preference shall be given to certified DBE respondents.
- Third preference shall be given to the respondent who was the low cost respondent on other items being bid for the same requisition.
- Fourth preference shall be given to the respondent who offers the best delivery.
- Fifth preference shall be given to further negotiations to break the tie.
- If a tie remains, it shall be broken by lot or coin toss.

CENTRAL PROCUREMENT OFFICE POLICY NUMBER 2013-002, *PROCUREMENT METHODS POLICY AND PROCEDURES*, SECTION 17 – TIE RESPONSES

REQUEST: Revise section 17., "Tie Responses" of Policy Number 2013-002 *Central Procurement Office Procurement Methods Policy and Procedures*

17. Tie Responses.

A tie will exist where two or more respondents offer goods or services that meet all specifications and terms and conditions at identical prices, including cash discount offered for prompt payment. A tie will be broken by considering the following factors, in descending order:

- First preference shall be given to a "Tennessee Respondent." Pursuant to Tenn. Code Ann. § 12-3-1113(c)(2) , a "Tennessee Respondent" means a business that is:
    - Incorporated in this State;
    - Has its principal place of business in this State; or
    - Has an established physical presence in this State.

- Second preference shall be given to certified disadvantaged business enterprise ("DBE") respondents.
- Third preference shall be given to the respondent who was the low cost respondent on other items being procured for the same solicitation.
- Fourth preference shall be given to the respondent who offers the best delivery.
- Fifth preference shall be given to further negotiations to break the tie.
- If a tie remains, it shall be broken by lot or coin toss.

CENTRAL PROCUREMENT OFFICE POLICY NUMBER 2015-010,

STATEWIDE PURCHASING CARD POLICY AND PROCEDURES

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

Revised: August 18, 2016
Prepared by: The Central Procurement Office of the State of Tennessee

1. PROGRAM OVERVIEW.

The State of Tennessee Purchasing Card Program streamlines the State's payment process for goods and services by eliminating the administrative burdens and costs associated with the State's traditional payment methods. The Program's objective is to simplify the documentation necessary for State Agency purchases by placing P-Cards in the hands of Cardholders. Cardholders may use the P-Card to purchase the types of goods and services subject to this Policy. Personal purchases are prohibited and all rules, policies, and procedures of the Central Procurement Office applicable to the procurement of goods and services must be followed unless exempt.

2. DEFINITIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Virtual Purchasing Card" or "Virtual P-Card" means the unique credit card account number, embedded within Edison, which is assigned to a State Agency for payment of suppliers authorized to accept P-Card as the form of payment for approved Edison purchase orders.

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

3. TYPES OF ACCOUNTS.

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

3.1. P-Card Accounts.

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

3.2. Virtual P-Cards.

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

The ten thousand dollar ($10,000) STL that applies to all physical P-Cards does not apply to Virtual P-Cards or Central Fiscal Office P-Cards; the STL for a Central Fiscal Office P-Card is fifty thousand dollars ($50,000) and there is no STL for purchases made with a Virtual P-Card. The Bank determines the Cycle Limit for Virtual P-Cards. Each State Agency is limited to one (1) Virtual P-Card Account.

3.2.1. Records Retention Requirements.

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

3.2.2. Internal Revenue Service 1099 Reporting.

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

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

The CPO is the State Agency that is primarily responsible for managing, overseeing, and coordinating the P-Card Program. The Statewide P-Card Program Administrator is the employee within the CPO who has the direct, day-to-day responsibility for managing, overseeing, and

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

5. P-CARD PROGRAM ROLES AND RESPONSIBILITIES.

5.1. P-Card Processing Cycle Overview.

The typical cycle for P-Card usage is:

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

5.2. Statewide P-Card Program Administrator.

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

- Establishing written internal procedures to ensure compliance with state procurement statutes, rules, policies and procedures, including this Policy, and reviewing each State Agency's internal P-Card Procedures;

- Developing written internal procedures for requesting exceptions to either state or internal policy requirements;
- Ensuring that State Agency Transactions are reviewed at least annually;
- Developing State Agency specific training for all Cardholders, State Agency Approvers, State Agency Reconcilers, and State Agency Supervisors;
- Developing appropriate refresher training to be delivered at least annually; and
- Notifying State Agency P-Card Program Coordinators of changes in state rules, policies or procedures.

5.3. State Agency P-Card Program Coordinator.

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

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

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

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

5.4. Cardholder Supervisors.

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

- Before approving the P-Card transactions, either by signing a transaction log or statement or signing off on transactions electronically, carefully reviewing

all documentation to ensure that all documentation meets the minimum requirements as set forth in this Policy;

- Approving or rejecting all Transactions within the scheduled timeframe;
- Ensuring that all documentation is submitted according to the State Agency's internal procedures and this Policy;
- Maintaining knowledge of State Agency internal procedures and policies and this Policy; and
- Requesting reasonable spending limits in accordance with State Agency internal procedures and policies and this Policy.

5.5. State Agency Reconciler.

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

5.6. State Agency Approver.

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

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

Cardholder transfers or terminations. Advanced notice is required if the State Agency Approver is aware of impending personnel actions.

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

5.7. Cardholders.

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

5.7.1. Cardholder Responsibilities.

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

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

5.7.2 Cardholder Misuse.

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

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

5.8. Virtual P-Card Users.

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

6. P-CARD SECURITY.

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

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

6.1. Lost or Stolen Cards.

If a P-Card is lost, stolen, or the card information has been compromised, the Cardholder must immediately contact the Bank's customer service . Upon such notification, outstanding authorizations will be confirmed and further use of the P-Card will be blocked by Citibank. Neither the State nor the Cardholder will be responsible for fraudulent charges made to a promptly reported lost or stolen card.

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

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

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

6.2. Separation from Employment.

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

6.3. Purchasing Rules.

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

6.4. Tax Exemption.

Purchases made in Tennessee and for the use and benefit of the State of Tennessee are exempt from Tennessee sales tax. Cardholders should obtain an exemption certificate and present it to each supplier. This form is available on the Department of Revenue web site at http://www.tn.gov/revenue/forms/sales/index.shtml in the "Exemption Applications/Certificates" section. Purchases made in other states may be subject to that state's sales tax. The Cardholder must be diligent when dealing with the supplier

regarding taxes. If the supplier cannot deduct the sales tax because of pre-set controls within its computer systems or will not honor the exemption, the Cardholder may continue with the purchase but must note the refusal on the receipt. In the event a Cardholder is inappropriately charged for sales tax, he or she shall seek a credit refund of any sales taxes to the P-Card account.

6.5. Credits.

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

6.6. Disputing Transactions.

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

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

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

6.7. Declined Purchase Transactions.

On occasion, a Cardholder's purchase transaction may be declined. Cardholders should contact the Bank's Customer Service to determine the reason for the decline before contacting their State Agency P-Card Program Coordinator for assistance.

Common reasons for declines include:

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

7. CARD ISSUANCE AND CANCELLATION.

The State Agency P-Card Program Coordinator is responsible for issuing all P-Cards within his or her Agency. State Agency P-Card Program Coordinators have authority to terminate a

Cardholder's status as a Cardholder and cancel P-Cards. The Statewide P-Card Program Administrator should be notified of any P-Card cancellations.

7.1. P-Card Issuance.

Purchasing Cards are issued following:

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

7.2. P-Card Cancellation.

P-Cards shall be cancelled by the following:

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

If a P-Card is cancelled, it shall be destroyed. The Statewide P-Card Program Administrator shall be notified of all P-Card cancellations.

8. P-CARD PROGRAM TRAINING.

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

9. INTERNAL CONTROLS.

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

9.1. Duty of State Agencies.

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

- Separation of duties between ordering cards (State Agency P-Card Program Coordinators), making Transactions (Cardholders and Users), and review or

approval of Transactions for payment (Cardholder Supervisors or Cardholder Approvers);

- Independent review of the P-Card Account maintenance activity at least monthly if the State Agency P-Card Program Coordinator is also a Cardholder or User.
- Limits on the number of Cardholders assigned to a Cardholder Supervisor in order to ensure adequate review of business need and documentation for each Transaction;
- Provision for annual independent audit or review of the Agency's P-Card program by the State Agency P-Card Program Coordinator, State Agency Internal Audit unit, or other business unit assigned State Agency audit responsibilities. Reviews must include adequacy of:
    - Internal policies and procedures;
    - Cardholder spending limits;
    - Monthly reconciliation procedures; and
    - Documentation for Transactions; and
- Protocol for establishing a designated State Agency Central Fiscal Office P-Card and any alternate Central Fiscal Office P-Cards, including which Central Fiscal Office P-Card is primary and which alternate Central Fiscal Office P-Card is secondary and circumstances (e.g., unavailability of the primary Central Fiscal Office P-Card, etc.) under which an alternate Central Fiscal Office P-Card may be used.

9.2. State Agency Internal P-Card Procedures.

Each State Agency must develop its own internal procedures to carry out the intent and purpose of this Policy.

9.3. Card Management and Reconciliation Systems.

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

9.4. Merchant Category Code Restrictions.

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

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

needs. A Cardholder's State Agency P-Card Program Coordinator should ensure that Cardholder profiles permit only those MCC groups that a Cardholder needs to meet his or her job requirements.

9.5. Cardholder Spending Limits and Utilization.

The State Agency Fiscal Director may establish a Single Transaction Limit (STL) of up to the ten thousand dollar ($10,000) maximum for Cardholders as he or she determines appropriate taking into account the State Agency's overall needs. Each State Agency Fiscal Director may also establish one (1) designated State Agency Central Fiscal Office P-Card with a STL of up to the fifty thousand dollar ($50,000) maximum. Each State Agency Fiscal Director may also establish up to two (2) alternate designated State Agency Central Fiscal Office P-Cards with a STL of up to the fifty thousand dollar ($50,000) maximum. If the transaction amount exceeds ten thousand dollars ($10,000), then Cardholders and State Agency Fiscal Directors should consult the *Procurement Procedures Manual of the Central Procurement Office* with respect to contract and purchase order requirements and exemptions from contract and purchase order requirements. Imposing spending limits enables management to provide Cardholders with the purchasing power to perform their jobs without exposing the State to unnecessary risk. Spending limits should be based on the Cardholder's job responsibilities. Cardholder spending limits must be reviewed at least annually to determine if actual usage is consistent with spending limits. Increases or decreases to spending limits may be made by the State Agency Fiscal Director as needed for a single transaction limit of up to ten thousand dollars ($10,000) for a Cardholder and up to fifty thousand dollars ($50,000) for a Central Fiscal Office P-Card. Cardholders are prohibited from splitting a single purchase between one or more P-Cards or between a Card transaction and a purchase order to circumvent the STL or CPO rules, policies or procedures. Each State Agency is required to perform a review of spending limits at least annually in order to determine if each Cardholder's spending limit is adequate and appropriate.

9.6. Dormant Cards.

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

10. DOCUMENTATION AND ACCOUNTING.

10.1. Documentation.

State Agencies should use Edison for Transaction reconciliation. When performing reconciliation in Edison, Cardholders must follow internal procedures for handling

documentation. Any State Agency seeking to use a manual method for Transaction reconciliation must obtain approval from the Central Procurement Office.

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

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

10.2. Receipts.

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

10.3. Reconciliation.

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

10.4. Allocation to the Chart of Accounts.

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

11. PROHIBITED PURCHASES AND TRANSACTIONS.

11.1. Prohibited Purchases.

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

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

11.2. Personal Purchases Prohibited.

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

11.3. Split Charges Prohibited.

Tenn. Code Ann. § 12-3-503(b) and CPO Policy Number 2013-003 authorize State Agencies to make a purchase without soliciting quotes or proposals from multiple suppliers when the total value of the purchase is ten thousand dollars ($10,000) or less.

Cardholders are prohibited by Tenn. Code Ann. § 12-3-503(b)(2) from splitting a transaction between two or more transactions on a single account, two or more transactions on multiple accounts, or two or more transactions using the P-Card and a purchase order, in order to circumvent the STL imposed on the P-Card. The STL for P-Card purchases using a physical P-Card is ten thousand dollars ($10,000) unless a State Agency has designated a lower STL in its internal P-Card policy.

11.4. Payment of Sales and Use Tax.

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

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

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

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

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

State Agencies may request an exception from this paragraph by submitting a P-Card exception request in the form of a memorandum signed by the Fiscal Director to the Statewide P-Card Program Administrator at p.card@tn.gov.

13. DECLARED EMERGENCIES AND NATURAL DISASTERS.

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

14. ENCOURAGED USE OF P-CARDS.

14.1. Statewide and Agency Term Contracts.

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

14.2. Utilization of Diversity Suppliers.

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

15. SURCHARGES AND CONVENIENCE FEES.

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

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

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

- The Supplier must have provided Visa and its bank at least thirty (30) days notification of their intent to impose surcharges;
- The fact that the Supplier imposes surcharges must be clearly posted on the door and at point-of-sale for physical locations and on web sites when sales are made via the internet; and
- The Supplier must inform the Cardholder or User:
    - Of the exact percent of the surcharge;
    - That the Supplier is the entity assessing the surcharge;
    - That surcharges are applicable on credit transactions only; and
    - That the surcharge is not greater than what the supplier pays to Visa.

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

STATE AGENCY P-CARD PROCEDURES MODEL

STATE AGENCY P-CARD PROCEDURES MODEL

Instructions: Replace or otherwise address red instructional text as indicated. The following text serves as a guide and is intended to have the flexibility to adjust to each State Agency's specific needs. Submit completed procedures in a digital file (DOC format) to: P.Card@tn.gov and copy to: COT.CPC@cot.tn.gov. If completed procedures are not submitted, the State Agency must follow the Statewide Policy and coordinate State Agency Employee roles with the Statewide P-Card Program Administration Team.

State Agency Name
State Agency Purchasing Card Procedures
Effective: Date

1. Overview.

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

2. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Single Transaction Limit" or "STL" means the maximum dollar limit, per purchase transaction, that can be assigned to the physical P-Card. The STL is assigned per Cardholder at the discretion of the Agency Fiscal Director. Per Statewide Policy, the maximum STL that can be assigned to any individual physical P-Card is ten thousand dollars ($10,000) without approval by the Statewide P-Card Program Administrator. These State Agency Procedures establish the STL for physical P-Cards as Number ($ #) and up to fifty thousand dollars ($50,000) for the designated State Agency Central Fiscal Office P-Card.

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

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

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

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

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

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

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

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

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

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

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

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

"Virtual Purchasing Card" or "Virtual P-Card" means the unique credit card account number, embedded within Edison, which is assigned to a State Agency for payment to suppliers authorized to accept P-Card as the form of payment for approved Edison purchase orders.

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

3. Types of Accounts.

3.1. P-Card Accounts.

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

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

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

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

4. Records Retention Requirements.

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

SW23 provides:

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

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

5. P-Card Program Roles and Responsibilities.

5.1. State Agency P-Card Program Coordinator.

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

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

- Collaborating with the State Agency Name's [insert title of the person who serves as the Agency's Fiscal Director] to develop these Procedures and ensure it addresses procedures unique to State Agency Name;
- Working with State Agency Name management to determine appropriate Cardholder spending limits based on budget restrictions, job requirements, historical spending patterns, and overall procurement practices;
- Evaluating Cardholder spending limits against actual usage at least annually;
- Terminating a Cardholder's status as a Cardholder and cancelling P-Cards;
- Ensuring all P-Card transactions are verified and approved at least weekly and comply with the statewide and agency-wide reconciliation procedures for accuracy and timeliness. ;
- Ensuring that Transactions are reconciled and supported by adequate documentation, including use of Edison or Online Banking Program, as appropriate;
- Immediately informing the Statewide P-Card Program Administrator of any misuse, abuse or fraudulent use of a P-Card; and
- Add other, non-conflicting responsibilities to reflect your Agency's needs.

5.2. Cardholder Supervisors.

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

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

Any one Agency may have several Cardholder Supervisors.

5.3. State Agency Reconciler.

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

5.4. State Agency Approver.

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

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

- Review Cardholder transactions to ensure that purchases made were:
  - For the use and benefit of the State;
  - Necessary for the official duties of the Agency;
  - Made in accordance with CPO policies and procedures; and
  - For goods or services actually received.
- If a State Agency Approver is in doubt about any of the above, he or she should immediately question the Cardholder and seek advice from the State Agency Name's P-Card Program Coordinator. Elaborate on this process as needed. Note that if the Cardholder is unavailable for questioning, the Agency P-Card Coordinator or the Statewide P-Card Administration Team may adjust the Cardholder's STL to one dollar ($1.00).
- Review, certify, and approve P-Card Transactions in accordance with these State Agency Procedures.
- Immediately inform the Agency P-Card Program Coordinator of any misuse, abuse or fraudulent use of a P-Card.
- Notify the Agency P-Card Program Coordinator of Cardholder transfers or terminations. Elaborate on this process as needed. Note that the Statewide Policy requires advanced notice if the State Agency Approver is aware of impending personnel actions.

5.5. Cardholders.

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

- Reading and becoming familiar with the Statewide Policy and State Agency Procedures;
- Attending and passing the Cardholder / Approver training course;
- Signing the Cardholder / Approver agreement;

- Being responsible for all purchases made on the P-Card;
- Adhering to the Statewide Policy, State Agency Procedures, and other applicable policies and procedures; and
- Add other, non-conflicting duties and responsibilities to reflect your Agency's needs.

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

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

5.6. Virtual P-Card Users. [Reserved]

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

6. P-Card Issuance and Cancellation.

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

6.1. P-Card Issuance.

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

6.2. P-Card Cancellation.

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

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

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

7. P-Card Use.

7.1. P-Card Processing Cycle.

The typical cycle for P-Card use is:

- An individual Cardholder , with State Agency approved spending limits, initiates a purchase using a P-Card;
- The individual Cardholder retains an original, legible copy of the purchase's receipt for use in reconciliation;
- Transactions are typically posted in the Edison P-Card module within 24-72 hours after the purchase is made;
- The Cardholder will log into the Edison P-Card module [insert how frequently transaction review will occur in your Agency; minimum requirement is weekly] to review transactions and account coding and take necessary action to correct errors in the purchase details;
- The Cardholder or his or her State Agency Approver or Cardholder Supervisor confirms or disputes Transactions posted to the card account;
-
- The credit line is replenished for the amount of the Transactions;
- The Cardholder will receive a hard-copy or electronic Bank statement monthly;
- The hard-copy or electronic Bank statement and original receipts will be sent to the State Agency Reconciler for final reconciliation;
- The State Agency Reconciler will reconcile all Transactions by [specify your Agency's reconciliation process, including how frequently reconciliation will occur; under section 9.3 of the Statewide Policy, reconciliation be completed in Edison unless the CPO approves an alternate method]; and
- The State Agency Reconciler prepares all documentation for retention by [specify your Agency's record retention process; refer to section 4 for record retention requirements].

7.2. Purchasing Rules.

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

7.3. Credits.

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

7.4. Disputing Transactions.

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

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

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

7.5. Declined Purchase Transactions.

On occasion, a Cardholder's purchase transaction may be declined. Cardholders should contact the Bank's Customer Service to determine the reason for the decline before contacting State Agency Name's P-Card Program Coordinator for assistance.

7.6. Lost or Stolen P-Cards.

If a P-Card is lost, stolen, or the card information has been compromised, the Cardholder must immediately contact the Bank's **Customer Service.** The Bank may request the following information:

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

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

7.7. Cardholder Transfer or Separation from Employment.

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

8. Internal Controls.

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

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

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

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

procedures; and (d) documentation for Transactions. Include results of the review in your Agency's annual risk assessment.

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

8.2. Cardholder Spending Limits and P-Card Use.

The State Agency Name employee who serves as the Agency's Fiscal Director may establish a Single Transaction Limit (STL) of up to the ten thousand dollars ($10,000) maximum for Cardholders as he or she determines appropriate taking into account the State Agency's overall needs.

The State Agency Name employee who serves as the Agency's Fiscal Director may also establish a Single Transaction Limit (STL) of up to the fifty thousand dollars ($50,000) maximum for Central Fiscal Office P-Cards as he or she determines appropriate taking into account the State Agency's overall needs.

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

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

8.3. Dormant Cards.

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

9. Documentation, Reconciliation, and Accounting.

9.1. Documentation

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

9.2. Reconciliation.

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

9.3. Allocation to the Chart of Accounts.

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

10. Prohibited Purchases and Transactions.

10.1. Prohibited Purchases.

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

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

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

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

10.2. Split Purchases Prohibited.

Tenn. Code Ann. § 12-3-503(b) and CPO Policy Number 2013-003 authorize State Agencies to make a purchase without soliciting quotes or proposals from multiple Suppliers when the total value of the purchase is ten thousand dollars ($10,000) or less. Cardholders are prohibited by Tenn. Code Ann. § 12-3-503(b)(2) from splitting a transaction between two or more transactions on a single account, two or more transactions on multiple accounts, or two or more transactions using the P-Card and a purchase order, in order to circumvent the STL imposed on the P-Card. The STL for P-Card purchases using a physical P-Card is ten thousand dollars ($10,000), unless your State Agency designates a lower STL in its State Agency Procedures, and up to fifty thousand dollars ($50,000) for a Central Fiscal Office P-Card.

10.3. Payment of Sales and Use Tax.

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

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

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

Only the person(s) designated by State Agency Name's [title of Agency employee who serves as the Agency's Fiscal Director and or budget director or officer] as Central Fiscal P-Cardholders may use his or her individual P-Card for the following types of purchases:

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

12. Surcharges and Convenience Fees.

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

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

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

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

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

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

CERTIFICATION RELATED DOCUMENTATION

STATE OF TENNESSEE
PROCUREMENT COMMISSION
3rd Floor, William R. Snodgrass TN Tower, 312 Rosa L. Parks Avenue
Nashville, Tennessee 37243-1102
(615) 741-1035 Fax (615) 741-0684

RE-CERTIFICATION

1. Item No. 763.A166
   Service: Janitorial Services
   Agency/Location: Tennessee Department of Military
   Tennessee Army National Guard, Building 130, 3041 Sidco Drive, Nashville, TN.
   Annual Price: $2,405.88 or $0.40 per square foot per year.
   No price increase requested.
   Satisfaction: No complaints have been filed.
   Re-Certification Requested for Period of 08/01/2016 – 07/31/2017

2. Item No. 763.A167
   Service: Janitorial Services
   Agency/Location: Tennessee Department of Environment and Conservation
   Cummins Falls State Park, 1081 Cummins Mill Road, Cookeville, TN.
   Annual Price for services from Memorial Day through Labor Day: $3,384.53 or $11.51 per hour.
   Annual Price for services from Labor Day through Memorial Day: $1,219.13 or $10.69 per hour.
   Annual Price for services on Memorial Day and Labor Day: $113.94 or $9.50 per hour.
   No price increase requested.
   Satisfaction: No complaints have been filed.
   Re-Certification Requested for Period of 08/01/2016 – 07/31/2017

3. Item No. 763.A176
   Service: Janitorial Services
   Agency/Location: Tennessee Department of Education
   York Agricultural Institute, 701 N. Main Street. Jamestown, TN.
   Annual Price: $16,705.04 or $9.83 per hour.
   No price increase requested.
   Satisfaction: No complaints have been filed.
   Re-Certification Requested for Period of 08/01/2016 – 07/31/2017

LARRY MARTIN, Chairman
Commissioner of Finance & Administration

JUSTIN P. WILSON
Comptroller of the Treasury

ROBERT E. OGLESBY
Commissioner of General Services

MIKE PERRY
Chief Procurement Officer

4. Item No. 763.A175
Service: Janitorial Services
Agency/Location: Tennessee Department of Military
Tennessee Army National Guard, Building 757
Nashville International Airport. Nashville, TN.
Annual Price: $13,412.64 or $1.39 per square foot.
No price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 08/01/2016 – 07/31/2017

LIMITATION OF LIABILITY REPORT

Approved Limitation of Liability Requests
for the Time Period June 1, 2016 to August 2, 2016

TRACKING	CALENDAR YEAR	ID	LOGGED	STATUS	STATUS DATE	SERVICE	CONTRACTING AGENCY	BASIS FOR REQUEST	COT APPROVAL OF REQUEST
32901-06549	16	6923	6/1/2016	APPROVED	6/10/2016	MAINTENANCE/SUPPORT AGREEMENT ON 22 FINGERPRINT MACHINES AND ASSOCIATED LASER PRINTERS LOCATED IN 22 COUNTIES IN TN	DEPARTMENT OF CORRECTION	PARTIES HAVE AGREED TO LEAVE THE LIMITATION OF CONTRACTOR LIABILITY PROVISION SILENT	6/14/2016
32701-02702	16	7013	6/21/2016	APPROVED	6/22/2016	CARRY CAPACITY FOR SELECT TN STATE PARKS	DEPARTMENT OF ENVIRONMENT AND CONSERVATION	PARTIES HAVE AGREED THAT CONTRACTOR'S LIABILITY BE LIMITED TO AMOUNT EQUAL TO TWO (2) TIMES THE MAXIMUM LIABILITY AMOUNT DETAILED IN SECTION C.1. AND IS SILENT AS TO REFERENCESS TO GOVERNING LAW AS CONTRACTOR IS A SOVEREIGN STATE.	6/24/2016
30504-02616	16	7015	6/22/2016	APPROVED	6/23/2016	FOR BIBLIOGRAPHIC AND EDUCATIONAL SERVICES	SECRETARY OF STATE-TENNESSEE STATE LIBRARY AND ARCHIVES	PARTIES HAVE AGREED THAT CONTRACTOR'S LIABILITY BE LIMITED TO AMOUNT EQUAL TO TWO (2) TIMES THE MAXIMUM LIABILITY AMOUNT DETAILED IN SECTION C.1. AND INCLUDES LANGUAGE THAT, IN PART, MIRROS THE STATE'S OWN LIMITATION OF LIABILITY LANGUAGE.	6/24/2016
32110-00313	16	7037	6/27/2016	APPROVED	6/27/2016	INTERACTIVE INTELLIGENCE CUSTOMER INTERACTION CENTER PLATFORM HARDWARE, SOFTWARE AND SUPPORT	DEPARTMENT OF GENERAL SERVICES, CENTRAL PROCUREMENT OFFICE	PARTIES HAVE AGREED THAT CONTRACTOR'S LIABILITY BE LIMITED TO AMOUNT EQUAL TO TWO (2) TIMES THE MAXIMUM LIABILITY AMOUNT DETAILED IN SECTION C.1. AND INCLUDES LANGUAGE THAT, IN PART, MIRROS THE STATE'S OWN LIMITATION OF LIABILITY LANGUAGE.	6/29/2016
32701-02702	16	7039	6/27/2016	APPROVED	6/27/2016	CARRY CAPACITY FOR SELECT TN STATE PARKS	DEPARTMENT OF ENVIRONMENT AND CONSERVATION	PARTIES HAVE AGREED TO LEAVE THE LIMITATION OF CONTRACTOR LIABILITY PROVISION SILENT	6/29/2016
30901-33117	16	7041	6/27/2016	APPROVED	6/28/2016	POST-IMPLEMENTATION SUPPORT SERVICES FOR THE TN CONSOLIDATED RETIREMENT SYSTEM ("TCRS") PENSION ADMINISTRATION SYSTEM, CONCORD	DEPARTMENT OF TREASURY	PARTIES HAVE AGREED THAT CONTRACTOR'S LIABILITY BE LIMITED TO AMOUNT EQUAL TO ONE AND ONE-HALF (1-1/2) TIMES THE MAXIMUM LIABILITY AMOUNT DETAILED IN SECTION C.1 AND LANGUAGE THAT, IN PART, MIRRORS THE STATE'S OWN LIMITATION LANGUAGE.	6/29/2016
34320-11917	16	7067	7/5/2016	APPROVED	7/6/2016	IMPLEMENTATION OF STATWIDE VITAL RECORDS SYSTEM	DEPARTMENT OF HEALTH	PARTIES HAVE AGREED THAT CONTRACTOR'S LIABILITY BE LIMITED TO AMOUNT EQUAL TO TWO (2) TIMES THE MAXIMUM LIABILITY AMOUNT DETAILED IN SECTION C.1 AND LANGUAGE THAT, IN PART, MIRRORS THE STATE'S OWN LIMITATION LANGUAGE	7/8/2016

CORRECTION OF ERRORS REPORT

Request to correct clerical errors:

(1) Update the website link to the Department of Finance & Administration's Policy 3 in the Grant (GR) and the Governmental Grant (GG) Templates. The correct website link is: http://www.tn.gov/finance/topic/fa-policyinfo.

(2) Change the reference to the "Office for Information Resources" at section 5.15.3.3 of the *Procurement Procedures Manual of the Central Procurement Office* to "Strategic Technology Solutions."

(3) Correct the instructions box included at Attachment B2 of *Policy Number 2013-009 Business Conduct and Ethics Policy and Procedures* so that all of the text is visible. The third line of the instructional text should state "to indicate an affirmation of the corresponding statement …"

(4) Correct the spelling of the word "identified" in section 4.9.3. of the RFQ Template.

(5) Correct the formatting for term D.26. for use by the Department of Health in the GR and GG Templates.

Explanation of clerical errors:

(1) The website address is no longer correct and needs to be updated.

(2) The correct reference to the office formerly known as the Office of Information Resources ("OIR") is now Strategic Technology Solutions ("STS").

(3) Currently, all of the words in the text box are not visible.

(4) "Identified" is currently misspelled as "indentified."

(5) The current numbering of the subsections is in style "(a)" and should just be in the style "a" to be consistent with the rest of the Grant Contract Templates.

Procurement Staff signatures:

Shannon Howell, Deputy Chief Procurement Officer — 8/8/16 Date

Buddy Lea, Assistant Commissioner of the Department of Finance & Administration — 8-5-16 Date

Donald Ivancic, Legislative Procurement Compliance Manager, Comptroller of the Treasury — 8/4/2016 Date

MEMORANDUM OF UNDERSTANDING REPORT

Number	SWC # / Edison Contract #	Contract Name	Category Specialist / Sourcing Analyst	Vendor Name	Description	MOU Active Date	Items Added via MOU
65	36239	Facilities Management Services	Chris Romaine	Jones Lang LaSalle Americas Inc	Facilities Management Services	7/17/2015	Approved Budget and Approved KPIs
66	36239	Facilities Management Services	Chris Romaine	Jones Lang LaSalle Americas Inc	Facilities Management Services	8/28/2015	Updated list of facilities
67	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	6/7/2016	Latitude 12 (7275) m7-6Y75 with 8gb/ 256 SSD /4gLTE/3-year NBD Service
68	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	6/7/2016	Latitude 12 (7275) m5-6Y57 with 8gb/ 256 SSD /4gLTE/3-year NBD Service
69	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	6/7/2016	Wireless Mouse (Open Market)
70	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	6/7/2016	Wireless Keyboard Mouse Bundle
71	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	6/7/2016	Stylus
72	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	6/7/2016	Power Companion
73	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	6/7/2016	Latitude 12 Slim Keyboard
74	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	6/7/2016	Thunderbolt Docking Station
75	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	6/7/2016	C Docking Station II
76	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	6/7/2016	adapter USB-C to VGA
77	387	MSP	Mike Leitzke	Knowledge Services	Temporary and Contract Staff Augmentation	6/17/2016	Executive Consultant
78	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	7/12/2016	Latitude 7275 m7-6Y75 4 year NBD Service w/Verizon
79	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	7/12/2016	Latitude 7275 m7-6Y75 3 year NBD Service w/Verizon & Harddrive Retention
80	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	7/12/2016	Latitude 7275 m7-6Y75 4 year NBD Service w/Verizon & Harddrive Retention
81	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	7/12/2016	Latitude 7275 m5-6Y57 3 year NBD Service W/ Verizon & Harddrive Retention
82	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	7/12/2016	Latitude 7275 m5-6Y57 4 year NBD Service W/ Verizon & Harddrive Retention
83	44232	Tablets	Trey Norris	Insight Public Sector Inc.	Tablets	7/12/2016	Latitude 7275 m5-6Y57 4 year NBD Service W/ Verizon