

Procurement and Contracts

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Agenda

- Procurement
- Legal Framework
- Federal Regulations
- Purchasing Cycle
- Contract Requirements
- Resources

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Procurement

What is Procurement?

- A vital business process responsible for acquiring all the goods and services needed by an organization.



Steps for Procurement

- Involves a series of steps:
 - Identify needs and requirements
 - Supplier research and selection
 - Submit a purchase request
 - Solicitation of bids (ITB,RFP, RFQ)
 - Evaluation and negotiation
 - Purchase order and/or contract creation
 - Receipt and inspection HK1
 - Payment processing
 - Property disposition

HK2

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Slide 6

HK1 Should we reference contracts? Maybe "Purchase order and/or contract creation"?

Holly Kellar, 2026-03-14T18:09:17.317

HK2 Would it make sense to put "Property management" above "Property disposition"?

Holly Kellar, 2026-03-14T18:11:18.131

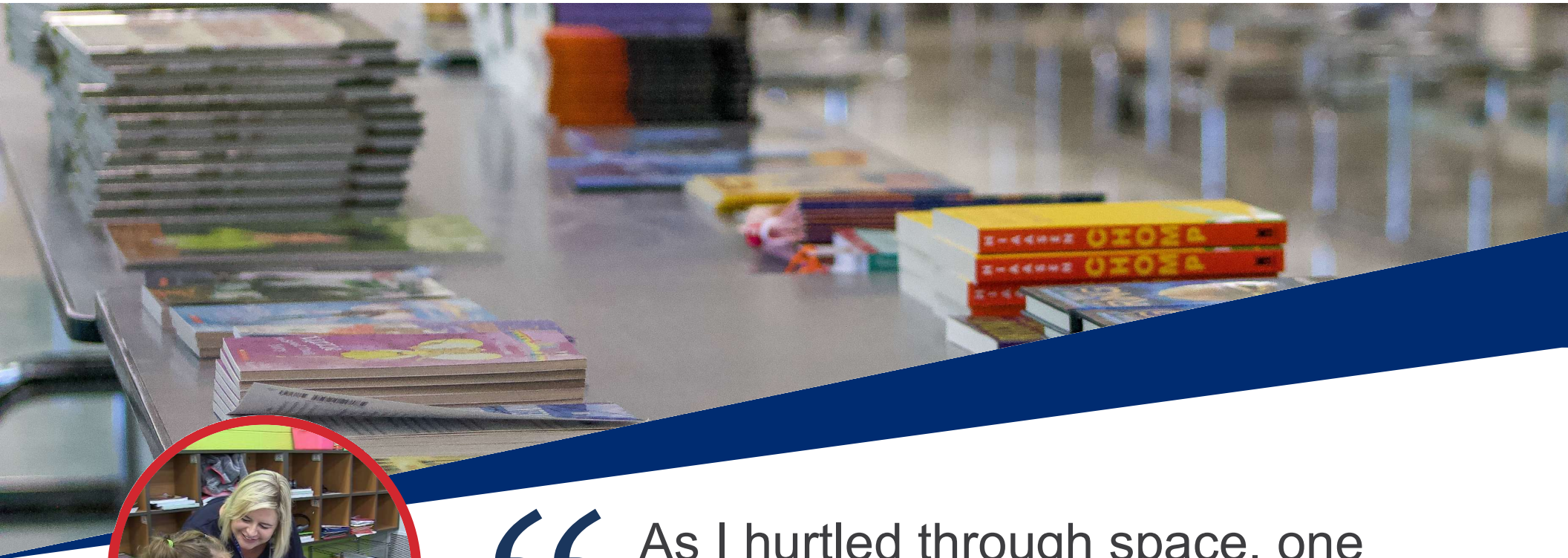
Procurement Objectives

- Obtain the right materials and services
- Supply end users with an uninterrupted flow of goods and services
- Competitive purchasing
 - Maximize Competition
 - Equal and Fair Competition
- Place emphasis on quality and best value

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“ Price is what you pay. Value is what you get.” — *Warren Buffett*



“ As I hurtled through space, one thought kept crossing my mind - every part of this rocket was supplied by the lowest bidder." — *John Glenn*



Legal Framework

Legal Framework

- State Law - Tennessee Code Annotated Sections
- Resolutions or Ordinances
- Case Law
- Federal Law – Uniform Grants Guidance
- Private Acts



Legal Framework

- LEAs should understand the laws that govern their purchasing system.
- Education purchasing laws are codified in Title 49 of the Tennessee Code Annotated.
 - Tenn. Code Ann. § 49-2-203(a)(3) gives local boards of education the authority to make purchases.
- Counties may have adopted one of the two optional general laws of local application (Tenn. Code Ann. §§ 5-14-101–207, 5-21-101–130) or have a private act passed by the General Assembly.

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County Purchasing Law of 1957

- One of the two optional laws counties can adopt to centralize purchasing functions.
 - Codified in Tenn. Code Ann. § 5-14-101 et seq.
 - Education department may or may not fall under this
 - May be adopted by a county upon a two-thirds majority vote of the county legislative body or upon the majority of the voters casting votes approving this law in any election held for this purpose (Tenn. Code Ann. § 5-14-102)

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County Financial Management System of 1981

- One of two optional laws a county can adopt to centralize its purchasing functions.
 - Tenn. Code Ann. § 5-21-101 et seq.
 - Provides a unified financial management system that consolidates all county financial functions
 - May be adopted by a county upon a two-thirds majority vote of the county legislative body or upon a majority of the voters casting votes approving this law in any election held for this purpose (Tenn. Code Ann. § 5-21-126)

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State Regulations

Tennessee Code Annotated

- Tenn. Code Ann. § 12-3-1212
 - Sets competitive threshold amounts
 - Written quotes
 - Aggregate purchases
- Tenn. Code Ann. § 12-3-1203
 - Allows piggybacking
- Tenn. Code Ann. § 12-3-1205
 - Allows for cooperative purchases

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Tennessee Code Annotated

- Tenn. Code Ann. § 12-3-1209
 - Requirements for professional services
- Tenn. Code Ann. § 5-14-108
 - Purchases can not be split to avoid competition

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Federal Regulations

HK1 Wouldn't a section for State Regulations be helpful? We can discuss this.

For example, you could include the state thresholds for procurement (TCA 12-3-1212) and other state laws. Here is an audit finding from FY24 (DeKalb) that has a few good citations you might use:

The department did not employ a registered architect or engineer to design plans, specifications, or estimates for the project. Section 62-2-107, Tennessee Code Annotated (TCA), requires a registered architect or engineer to be employed whenever construction projects are estimated to exceed \$50,000. Competitive bids were not solicited for some of the construction materials used for the project. Purchasing procedures for the county are governed by a private act which requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. The school department purchased the materials for the bleachers through Sourcewell, a national purchasing cooperative. Section 12-3-1205, TCA, allows governments to make purchases through cooperatives; however, Section 12-3-1205(b)(4)(B), TCA, specifically prohibits the purchase of certain items, including construction materials, through cooperative agreements.

Holly Kellar, 2026-03-15T01:01:12.506

CS1 0 Added Slides 12 and 23-25. We will cover examples here during the presentation.

Cindy Smith, 2026-03-17T21:17:24.137

General Procurement Standards (2 C.F.R. § 200.318)

- Documented Procurement Procedures
 - Maintain written procurement procedures that align with all applicable state and local laws
- Complete Procurement Records
 - Maintain detailed records for every transaction to show full history of the transaction.

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General Procurement Standards (cont.)

- Contractor Oversight
 - Ensure contractors perform in accordance with contract terms, deliverables, and expectations.
- Avoid Unnecessary Purchases
 - Analyze needs before buying to prevent wasteful or duplicative purchases.

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Competition (2 C.F.R. § 200.319)

- Full and Open Competition
 - Federal regulations require that all procurement transactions be conducted in a manner that provides full and open competition.
- Practices That Restrict Competition (Not Allowed)
 - Arbitrary actions such as not following written procedures
 - Using brand names without allowing “or equal” specifications

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Competition (cont.)

- Requirements for Compliance
 - Maintain written procurement procedures identifying bid and proposal requirements.



Why Competition Matters

- Ensures efficient use of public funds
- Encourages innovation, fairness, and best value
- Protects against fraud, waste, and abuse



Procurement Methods (2 C.F.R. § 200.320)

- Three categories
 - Non-competitive- Used only when specific conditions justify no competition
 - Informal- Lower-dollar purchases with simpler requirements
 - Formal*- Higher-dollar purchases requiring sealed bids or proposals

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Procurement Methods

- Types
 - Micro-purchase
 - Simplified Acquisition
 - Bids*
 - Proposals*



Informal Procurement

- Micro-purchase
 - Small purchases under the LEA-determined threshold (up to the federal \$15,000 level)
 - No bids/solicitation required
 - Can base decision on research, experience, purchase history, etc.

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Informal Procurement (cont.)

- Simplified Acquisition
 - Purchases above the micro-purchase level but that do not exceed the simplified acquisition threshold
 - Quotes/solicitations from “adequate” number of sources

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Formal Procurement

- Used for purchases that exceed the LEA's formal bid threshold
- Sealed Bids (IFB – Invitation for Bid)
 - Detailed, complete specifications are available
 - At least two responsible bidders are expected
 - Award is based on the lowest responsible price
 - Follow your written procurement procedures
 - Ensure transparency and equal opportunity
 - Maintain full documentation throughout the process

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Formal Procurement

- Used when factors other than price are important in the selection process
 - Proposals (RFP – Request for Proposal, RFQ – Request for Quotation)
 - Specifications are not fully available or can not be described in detail
 - Only one bidder/respondent may be anticipated
 - Evaluation considers multiple factors, not just cost
 - Price must be an evaluation factor unless procurement relates to Architecture or Engineering (A/E) Services
 - Public announcement soliciting proposals, with evaluation factors
 - Contract awarded to the most advantageous proposal

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Non-competitive Procurement

- Permitted types:
 - Micro-purchase
 - Lack of competition
 - Prior written permission
 - Emergency procurements
 - Sole Source
- Always keep documentation justifying the method.

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Sole Source Procurement

- A sole source purchase is when only one vendor can reasonably supply the needed goods or services.
- The vendor holds exclusive rights.
 - Patents or copyrights
- The product or service is unique in design, capability, or compatibility.
 - Key requirement:
 - Maintain all justification and supporting documentation for audit purposes.

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Conflicts of Interest (2 C.F.R. § 200.318(c))

- A conflict of interest occurs when a **covered individual** involved in the procurement process has a financial or other interest in or a tangible personal benefit from a vendor or contractor.

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Conflicts of Interest

- Who is a Covered Individual?
 - Employees
 - Officers
 - Agents
 - Board Members
 - Immediate Family Members
 - Partners



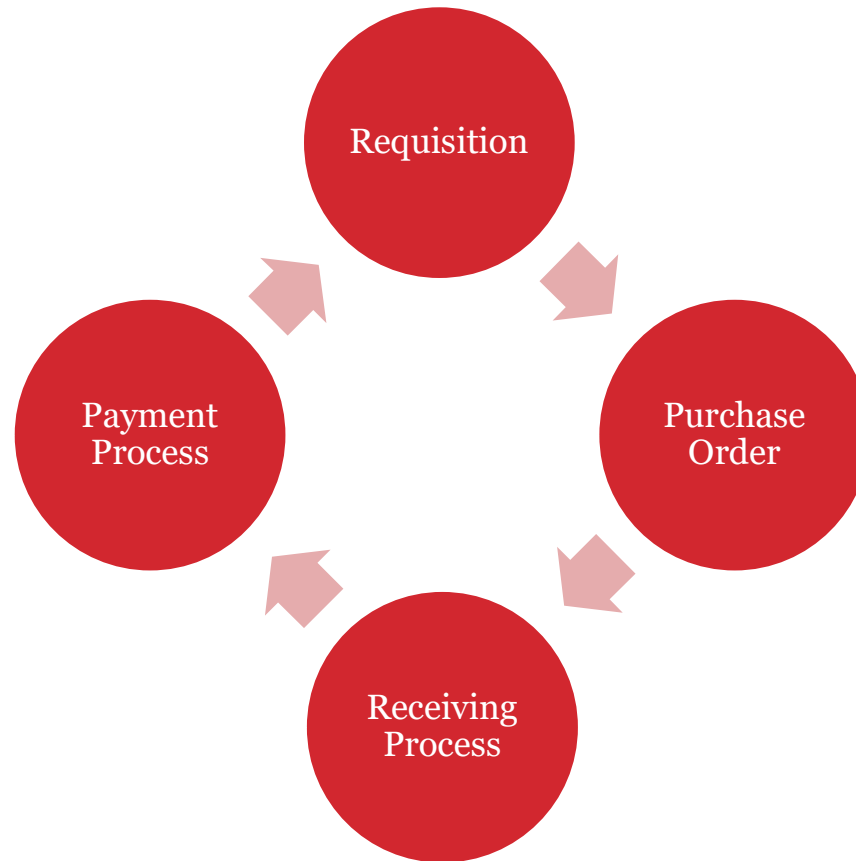
Conflicts of Interest (cont.)

- What creates a conflict?
 - Receiving a tangible personal benefit from an actual or potential vendor, including:
 - Money
 - Gifts, tickets, favors
 - Any item of value
- Requirements 2 C.F.R. § 200.318(c)
 - LEAs must maintain written standards of conduct
 - Policies must outline consequences for violations
 - Unsolicited items of nominal value may be permitted

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Purchasing Cycle

The Purchasing Cycle



What is a Requisition?

- A requisition is the formal request to initiate a purchase. It informs the purchasing department of a need and provides the details required to begin the procurement process.



What is a Requisition? (cont.)

- Purpose
 - Communicates the department's needs clearly
 - Identifies the goods or services required
 - Ensures purchasing can obtain the correct items, on time, and in the right location
- Authorization Role
 - Initiate the procurement process
 - Engage with vendors
 - Enter into a contract for goods or services



What is a Requisition? (cont.)

- Includes:
 - Description of goods or services
 - Quantity and specifications
 - Required delivery or service date
 - Delivery location or service site
 - Any supporting documentation if needed



The Purchase Order

- A purchase order (P.O.) is the formal, written evidence of a contract between the buyer and the supplier for goods or services at an agreed-upon price and delivery date.
 - The P.O. is the official document the buyer uses to formalize the contract with the supplier.
 - It is a legal document and must include all the essential elements of the contract.
 - The P.O. provides the supplier with the authorization to ship goods or deliver services and to invoice the buyer.



The Receiving Process

- After receiving good or services, the department must verify delivery by comparing the items received with both the packing list and purchase order documenting any discrepancies, damages, or partial shipments.



The Receiving Process (cont.)

- The confirmed receipt should be communicated to the purchasing/accounting department.
 - If an official receiving report is unavailable, provide one of the following:
 - Signed delivery ticket
 - Email confirmation for online purchases
 - Other written proof showing the item was received



The Payment Process

- Vendor submits the invoice to the purchasing/accounting department.
- Accounting verifies that the purchase order, receiving documents, and invoice agree, and pays the invoice.



Contract Requirements

What Is a Contract?

- A contract is a legal instrument used by a recipient or subrecipient to conduct procurement transactions under a federal award (2 C.F.R. § 200.1).
- Forms of contracts:
 - Written agreements
 - Purchase orders



What is a Contract?

- What should they include:
 - Scope of work or goods/services
 - Performance expectations and deliverables
 - Pricing and payment terms
 - Remedies for breach and termination conditions
 - Applicable federal, state, and local requirements
 - Required federal contract clauses (as applicable)



Mandatory Contract Provisions

- Contracts must include all applicable federal provisions required under Appendix II to 2 C.F.R. Part 200.
 - Ensure compliance
 - Protect federal funds
 - Clearly define contractor obligations



Mandatory Contract Provisions

- Commonly required provisions:
 - Termination for Convenience- Required for contracts \$10,000 and above
 - Suspension and Debarment- Mandatory assurance that the vendor is not suspended or debarred
 - Byrd Anti-Lobbying Amendment- Required for contracts exceeding \$100,000
 - Domestic Preference



Mandatory Contract Provisions

- Commonly required provisions (continued):
 - Davis-Bacon and Related Acts- Applies to construction-related contracts
 - Contract Cost and Price Analysis- Required for every procurement transaction in excess of the simplified acquisition threshold.
 - Federal threshold > \$350,000
 - **LEA threshold** = Check district's board policies and procedures



Suspension or Debarment

- LEAs must not contract with any vendor that is suspended or debarred. 2 C.F.R. § 200.214
- Verification required for:
 - Contracts \$25,000 or above
 - Contracts for federally required audit services



Suspension or Debarment (cont.)

- How do I verify?
 - Check SAM.gov
 - Collect a certification from the vendor
- Maintain all documentation



Other Procurement Rules

- Prohibition on certain telecommunication and video surveillance equipment or services (2 C.F.R. § 200.216)
- Disadvantaged Group Preference (2 C.F.R. § 200.321)
 - Encourages consideration of contracting with small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms.
- Domestic Preference (2 C.F.R. § 200.322)
 - Provide a preference for goods, products, and materials produced in the United States.



Resources

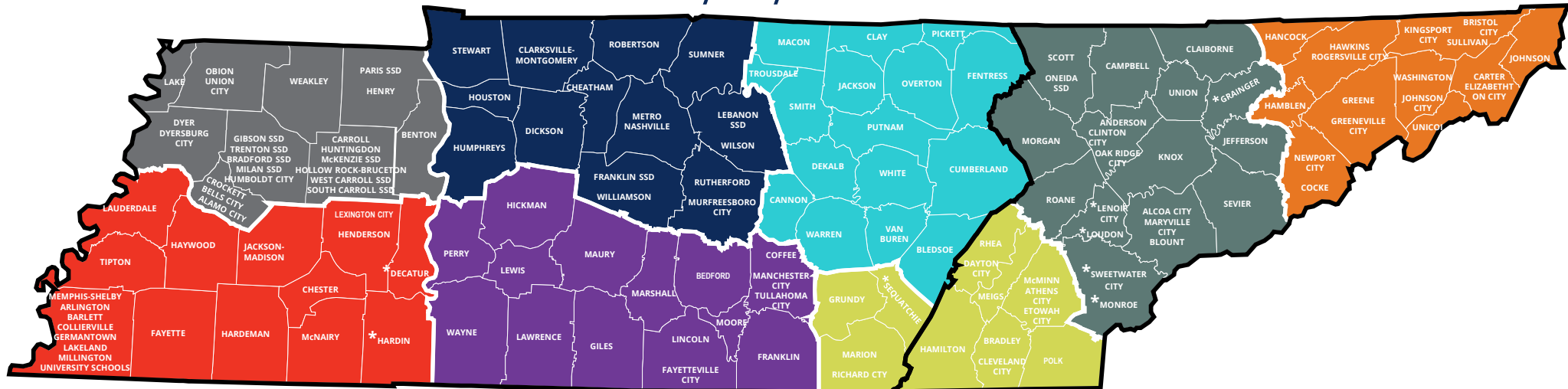
Resources

- County Technical Assistance Service - Procurement Process
- Tenn. Code Ann. § 49-2-203 Duties and Powers

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Regional Finance Consultant District Map

1/26/2026



← CENTRAL TIME ZONE | EASTERN TIME ZONE →

Northwest	Southwest	Mid Cumberland	Upper Cumberland	South Central	Southeast	East TN	First TN
Cindy Smith	Meribeth Carpenter	Rob Mynhier	Joshua Dehnz	Bryan Clark	Taffe Bishop	Shelby Ownbey	Open Position
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Regional Finance Consultant District Assignments

1/26/2026

Northwest	Southwest	Mid Cumberland	Upper Cumberland	South Central	Southeast	East TN	First TN
Cindy Smith	Meribeth Carpenter	Rob Mynhier	Joshua Dehnz	Bryan Clark	Taffe Bishop	Shelby Ownbey	Open Position
Cindy.Smith@tn.gov	Meribeth.B.Carpenter@tn.gov	Robert.Mynhier@tn.gov	Joshua.Dehnz@tn.gov	Bryan.W.Clark@tn.gov	Taffe.Bishop@tn.gov	Shelby.Ownbey@tn.gov	+ Temporarily Assigned to Multiple Consultants
Districts: Alamo City Bells City Benton County Bradford SSD Carroll County Crockett County Dyer County Dyersburg City Gibson County SSD Henry County Hollow Rock-Bruceton SSD Humboldt City Huntingdon SSD Lake County McKenzie SSD Milan SSD Obion County Paris SSD South Carroll SSD Trenton SSD Union City Weakley County West Carroll SSD	Districts: Achievement School District Arlington Community Bartlett City Chester County Collierville Schools Fayette County Germantown Municipal Hardeman County Haywood County Henderson County Jackson-Madison County Lakeland School System Lauderdale County Lexington City McNairy County Memphis-Shelby County Millington Municipal Tipton County University Schools-Memphis West TN School for the Deaf	Districts: Cheatham County Clarksville-Montgomery Dickson County Dept. of Children Services Dept. of Corrections Franklin SSD Houston County Humphreys County Lebanon SSD Metro Nashville Murfreesboro City Robertson County Rutherford County Stewart County Sumner County TN Charter Commission TN School for the Blind Williamson County Wilson County	Districts: Alvin C. York Institute Bledsoe County Cannon County Clay County Cumberland County DeKalb County Fentress County Jackson County Macon County Overton County Pickett County Putnam County Smith County Trousdale County Van Buren County Warren County White County *Sequatchie County	Districts: Bedford County Coffee County Fayetteville City Franklin County Giles County Hickman County Lawrence County Lewis County Lincoln County Manchester City Marshall County Maury County Moore County Perry County Tulahoma City Wayne County *Decatur County *Hardin County	Districts: Athens City Bradley County Cleveland City Dayton City Etowah City Grundy County Hamilton County Marion County McMinn County Meigs County Polk County Rhea County Richard City SSD *Lenoir City *Loudon County *Monroe County *Sweetwater City *Bristol City *Carter County *Cocke County *Elizabethton City *Greene County *Greeneville City *Hamblen County *Hancock County *Hawkins County	Districts: Alcoa City Anderson County Blount County Campbell County Claiborne County Clinton City Jefferson County Knox County Maryville City Morgan County Oak Ridge Oneida SSD Roane County Scott County Sevier County TN School for the Deaf Union County *Johnson City *Johnson County *Kingsport City *Newport City *Rogersville City *Sullivan County *Unicoi County *Washington County *Grainger County	Districts: Bristol City Carter County Cocke County Elizabethton City Greene County Greeneville City Hamblen County Hancock County Hawkins County Johnson City Johnson County Kingsport City Newport City Rogersville City Sullivan County Unicoi County Washington County

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Fiscal-District Technical Assistance

- Federal Subfunds, Revenue Codes, and ALNs
- Reimbursement Requests Overview
- State Revenue Code Listing
- TISA Calculator
- Year-End Close One Pagers
- Standardized System of Accounting and Reporting
- TN Comptroller of the Treasury Chart of Accounts



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1-800-232-5454

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comptroller.tn.gov/hotline





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