

## **POLICY MANUAL**

### **CHAPTER 1 - PROCUREMENT POLICIES**

#### **1.2 NON-MAJOR PROCUREMENT POLICY**

##### **1.2.1 PURPOSE:**

The policies set forth herein shall govern all non-major procurements of the Tennessee Education Lottery Corporation. These policies are designed to ensure the timely delivery of high quality goods and services at a fair price, in the best interest of the Corporation. In addition, these policies will ensure that the procurement process is conducted in a cost-effective manner, and that all qualified suppliers, including minority business concerns, are encouraged to compete for the Tennessee Education Lottery Corporation's non-major procurements.

##### **1.2.2 DEFINITIONS:**

The following definitions shall apply to these policies unless expressly provided otherwise. In addition to the terms defined below or elsewhere herein, the Corporation hereby incorporates by reference the various definitions established and set forth in T.C.A. § 4-51-102 or elsewhere in the Act.

- A. "Act" means the Tennessee Lottery Implementation Act, Tennessee Code Annotated, Title 4, and Chapter 51.
- B. "Board" means the Board of Directors of the Tennessee Education Lottery Corporation.
- C. "Corporation" or "TEL" means the Tennessee Education Lottery Corporation.
- D. "Equal Business Opportunity Program" means the Corporation's Equal Business Opportunity Program, as adopted by the Corporation and as amended from time to time.
- E. "Non-major procurement" means the act or process of securing a non-major procurement contract or the obtaining of the products or services that are the subject of a non-major procurement contract.
- F. "Non-major procurement contract" means a contract for (i) the procurement of materials, supplies, equipment and services common to the ordinary operations of a corporation, regardless of the amount; and (ii) the

procurement of any gaming equipment or services, advertising contracts, annuity contracts, prize payment agreements, consulting services, equipment, tickets, and other products and services unique to the TEL, costing \$75,000 or less. *Amended November 29, 2004*

- G. “Proposal,” “bid,” “quote,” and “offer” shall all denote that which is provided for competitive consideration or comparison under any competitive procurement process.
- H. “Single Supplier having exclusive rights to offer a particular service or product” shall mean any supplier possessing (i) exclusive and/or predominant capabilities to provide services or products (or a bundled combination of products and services) needed by the Corporation, which in the judgment of the Corporation, are not obtainable from other providers and/or (ii) predominant capabilities to offer services or products (or a bundled combination of products and/or services) which, in the judgment of the Corporation, contain features and specific characteristics that provide superior utility not obtainable from similar products.
- I. “Solicitation” means all documents, whether attached or incorporated by reference, utilized for soliciting bids, offers, quotes or proposals with respect to a particular procurement.
- J. “Specification” means a description of the required physical, functional or performance characteristics, or of the nature of, a product or service. A specification includes, as appropriate, requirements for inspecting, testing or preparing a product or service.

### 1.2.3 TYPES OF PROCUREMENTS:

- A. **Competitive Solicitations** This method will be required for the purchase of goods or services not obtained through Sole Source Procurements, or State Contracts. Such solicitations require either oral or written bids, proposals, offers, and quotes from a minimum of three (3) suppliers capable of providing the requisite goods or services. Oral offers must be confirmed by written documentation obtained via facsimile, electronic mail or postal or private carrier.
  - 1. **Invitations to Bid** will be issued for the purchase of goods and services when exact specifications can be defined and the TEL is making a selection based predominately on price.
  - 2. **Request for Proposals, Qualifications, or Quotations** will be required for the purchase of goods and services when exact specifications cannot be defined, i.e. professional and artistic services. The TEL will evaluate the proposals on various criteria it considers appropriate, including but not limited to, price, quality,

service, minimal risk, financial stability, capability to deliver the product/service and a demonstrated commitment to assist the Corporation in striving to maximize participation of minority-owned businesses, in accordance with the Act.

3. Blanket Purchase Orders will be negotiated on an annual basis for certain goods and services that the TEL will require on a regular or recurring basis for corporate-wide use or by a particular functional area or district.
- B. **State Contracts** This method, where available, may be used by TEL as an additional source to procure its goods and services, provided these contracts meet TEL's procurement purpose, as stated above.
- C. **Sole Source Procurements** This method may be used for the following purchases:
1. Goods/services less than \$5,000, individually or on an annual basis;
  2. Emergency purchases necessitated by a sudden or unexpected event or a series of events, (i.e. acts of God, riots, fires, floods, accidents, or any circumstances or cause beyond the control of the TEL in the normal conduct of its business, or those events which may affect the effective, efficient operation of the TEL), which may be rectified by an immediate purchase of equipment, supplies, materials or services. This requisition must be fully justified in writing as to its urgency, with the same approval levels as noted in 1.2.4 below;
  3. Goods/services that are only available from a Single Supplier;
  4. Goods/services, where after solicitation of a number of sources, competition is determined inadequate;
  5. Goods/services negotiated at or below the price made available through State Contracts;
  6. Gaming services/goods not meeting the statutorily defined definition of major procurement.

#### **1.2.4 APPROVAL LEVELS ON REQUISITION OF GOODS OR SERVICES:**

- A. The following levels of approval are required on requisitions of goods and services in the normal course of business:

1. Purchases up to \$1,999 require the written approval of the functional area's Vice President and other requestors such as the Manager, if so warranted. *Amended November 29, 2004*
  2. Purchases between \$ 2,000 and \$24,999 require the written approval of the Chief Officer of the Division. *Amended November 29, 2004*
  3. Purchases between \$25,000 and \$49,999 in addition to the approval levels required by number two (2) above require the written approval of the Chief Financial and Information Systems Officer.
  4. Purchases greater than \$50,000 requires the approval of the Chief Executive Officer (CEO), or his/her designee, in addition to the approval levels required by number three (3) above. *Amended November 29, 2004*
  5. All approved purchase requisitions must be submitted to the Purchasing Administrator prior to the order being placed or services performed.
- B. Requisition of information system hardware, software and related technology services require the review and approval of the Chief Financial and Information Systems Officer, in addition to the approval levels noted above.

### **1.2.5 ISSUANCE OF PURCHASE ORDERS:**

All purchases over \$500.00 require the issuance of a purchase order unless such goods or services are purchased with a corporate purchase card. All such purchases via a corporate purchase card, must be approved by the Chief Financial and Information Systems Officer in addition to the above noted requisition approval. *Amended November 29, 2004*

Purchase orders must be approved in accordance with the following levels of authority: *Amended November 29, 2004*

- A. Purchasing Administrator—All purchases;
- B. Vice President of Financial Management—All purchases over \$25,000;
- C. Chief Financial and Information Systems Officer —All purchases over \$50,000.

### **1.2.6 SEPARATE/AUXILIARY AGREEMENTS FOR GOODS OR SERVICES:**

Any contract for goods or services, other than Purchase Orders, requires the review of the executive level officer of the functional area making such request, the Legal Services Department and the Chief Financial and Information Systems Officer. The CEO or his/her designee, as authorized by the Board of Directors, must execute all contracts. All such contracts must be in accordance with the Board authorized contractual signature authority. *Amended November 29, 2004*

### **1.2.7 MINORITY PARTICIPATION:**

It is an overall objective of the TEL to encourage involvement by minority contractors and suppliers in business activities generated by the Corporation, while assuring that such activities will be conducted in accordance with all applicable laws. Furthermore, in accordance with the Act, it is the declared policy and intent of the Corporation to strive to maximize participation of minority owned businesses to achieve a minimum participation of fifteen percent (15%) through all business contracting opportunities. In furtherance of such policy and intent, and in order to achieve to the greatest extent possible a level of participation by minority-owned businesses, taking into account the total number of all retailers and vendors, including any subcontractors, the Board shall adopt an Equal Business Opportunity Program, which shall be incorporated by reference in these policies and procedures.