

UNION COUNTY

FINANCE

POLICIES

AND

PROCEDURES

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Chapter 1

Introduction

Section 1.1 Purpose: The purpose of this manual is to provide a guide for county departments and employees regarding all policies and procedures established by the Financial Management Committee (The Committee) as required by the adoption of the “County Financial Management Act of 1981” (The Act). This system requires a County Financial Management Committee that establishes policies, procedures and regulations to implement a sound, efficient county financial system. TCA § 5-21-105

The Act provides the basis for a centralized Department of Finance to administer the finances of the county for all funds handled by the Trustee.

This manual was approved by the Union County Financial Management Committee at its December 3, 2013 meeting and supersedes any previous guidance on the matters herein.

Section 1.2 Implementation: The Act was adopted by the Union County Board of Commissioners at its July 9, 2012 meeting. The Act allows an implementation period beginning July 1 of the next fiscal year and ending by August 1 of the second fiscal year, making the fiscal year ending June 30, 2014 the implementation year for Union County.

Section 1.3 Suspension of Private or Local Acts: Upon ratification by the county legislative body and the full implementation of The Act, the operation of all private or local acts relative to county finances, budgeting, and purchasing that conflict with the policies and procedures approved by The Committee are suspended.

Section 1.4 Distribution: This manual will be distributed to all members of the County Commission and Financial Management Committee, county departments, and other County employees involved in areas covered by this manual. All recommended changes or corrections should be forwarded in writing to the Finance Director, Union County Finance Department, 300 Main Street, Maynardville, TN 37807.

Section 1.5 Revisions: This manual is to serve as a permanent, up-to-date guide of all approved Financial Management Committee Policies and Procedures. As additions and revisions are approved by the Committee, the added sections or revised pages will be forwarded to users of the manual for updating.

Chapter 2

General Policies

Section 2.1 Financial Management Committee: The Financial Management Committee is charged with establishing policies and procedures and regulations for implementation of a sound and efficient financial system for administering the funds of the county.

Section 2.2 Finance Department Personnel: Employees performing the functions of purchasing, payroll, accounting and budgeting shall be supervised by the Director of Finance. All financial books and records, including contracts, are to be maintained under the control of the Finance Director.

Finance Department employees are responsible for purchasing, accounting, budgeting, payroll, cash management and reporting for the County and will be held to high professional and ethical standards.

Appropriate training and staffing are necessary to provide expected levels of service to county offices and officials. The ability to provide expected and necessary information will be assessed on an annual basis to determine if the needs of the County are being met under present staffing. Changes in needs shall be addressed during the budget-planning process and incorporated into the appropriations request. Annual training will be offered to maintain and improve the skills and knowledge necessary for optimum job performance.

Section 2.3 Conflict of Interest: It is a breach of ethical conduct for any employee or official to participate, directly or indirectly, in a contract or procurement when he/she or

any immediate family member has a financial interest in the transaction. County officials and employees shall not solicit, nor may they accept, gratuities, favors of any monetary value from contractors/vendors, potential contractors/vendors, or other parties with financial interest in any arrangement. This does not include incidentals such as pens, coffee mugs, notepads, or other similar items.

Section 2.4 Internal Controls & Segregation of Duties: Tennessee Code Annotated, Section 9-18-102 is the legislation relative to internal controls for local governments. Internal controls are established to safeguard Union County in regard to obligations and cost being lawful; funds, property & other assets being safeguarded against waste, loss, unauthorized use or misappropriation; and the maintenance of accurate and reliable financial/statistical reports. Organization charts, process spreadsheets and segregated duties forms utilized in the practice or internal controls and segregation of duties are kept on file with the finance department.

Section 2.5 Government Records: The Tennessee Code Annotated § 39-16-504 states that it is unlawful for any person knowingly:

- a) to make a false entry in, or false alteration of, a government record;
- b) to make, present or use any record, document or thing with knowledge of its falsity and with intent that it will be taken as a genuine government record; or
- c) to intentionally and unlawfully destroy, conceal, remove or otherwise impair the verity, legibility or availability of a government document.

Section 2.6 Records Management: The finance department follows all federal and state guidelines in regard to records management of all financial, payroll & purchasing records within the finance department. A listing of these requirements are kept on file in the finance director's office and can be found online at: <http://eli.ctas.tennessee.edu/reference/records-management>

Section 2.6.1 Public Request for Information: The finance department abides by the open records laws of the State of Tennessee. The procedures and policies and official form, in regard to Union County government and public information request are kept on file with the finance director.

Section 2.7 Disaster Recovery Policy: The finance department has implemented disaster recovery plan to minimize the interruptions of services for Union County, TN with regards to the services provided by the finance department. This plan will help minimize the economic impact to Union County. The procedures are kept on file with the finance director.

Chapter 3 Accounting

Section 3.1 General: Under the Act, a finance department is created to administer the finances of the county for all funds handled by the Trustee. Records are to be maintained in conformity with generally accepted principles of governmental accounting, and the rules and regulations established by the state Comptroller of the Treasury, state Commissioner of Education, and state law. TCA § 5-21-124

Section 3.2 Purpose: The objectives of accounting are to provide information for decision making concerning the use of limited resources, effective direction and control of human and material resources, and control of and accountability for expendable financial resources. The primary considerations of the governmental environment are compliance and accountability. Therefore, accounting, reporting and auditing of the governmental unit are principally tools of compliance control and accountability demonstration.

The Governmental Accounting Standards Board (GASB) is the authoritative source for governmental accounting and is responsible for establishing accounting standards for activities and transactions of state and local governments.

Section 3.3 Audit: An annual audit is required to provide reasonable assurance that the financial statements of Union County present fairly the financial position, results of operation and cash flows or changes in financial position in accordance with generally accepted accounting principles. Legal compliance is considered an integral part of both managerial responsibility and accountability of the fiscal audit.

Section 3.3.1 Audit Committee: In May 2014, the Union County Commission created an independent audit committee for oversight of the Union County, Tennessee's budget, financial and fiscal controls. The finance director is

responsible to work with the audit committee in request and resolution to such matters involving the finance department.

Section 3.4 Maintenance of Effort: The finance director has the overall responsibility to insure that the Union County Commission is meeting the required maintenance of local revenue to other funds/departments on an annual basis during the budget process. The departments that have the maintenance of effort review are the Highway Fund 131, School General Fund 141.

The Highway maintenance of effort is checked at the end of each fiscal year by completing a “5Yr Average Highway Revenue” spreadsheet and working with the County Technical Assistance Services Agency of the State of Tennessee. The School Fund maintenance of effort is checked at the end of each fiscal year by a Tennessee Department of Education Fiscal Representative in cooperation with finance accounting personnel. There are forms and instructions to this process on the Tennessee Department of Education website as follows: <http://www.tn.gov/education/topic/finance>.

Chapter 4

County Personnel Policies

Section 4.1 General: The State Legislature has placed authority over personnel with various individual officeholders. Therefore, the County Commission cannot adopt personnel policies and apply them to all county employees without the agreement of the officeholders.

The County Uniform Highway Law provides that the chief administrative officer of the highway department has control of and responsibility for personnel policies for the highway department employees. TCA § 54-7-109

The Civil Service Commission establishes personnel policies for the sheriff's department. The sheriff has authority to hire and fire employees pursuant to the policies established. TCA § 8-8-401

The County Board of Education is responsible for establishing personnel policies for both certified and non-certified personnel and is responsible for personnel matters for the Department of Education TCA § 49-2-203, 49-2-209

State statutes give elected county officials authority over personnel matters within their offices. These officials can develop separate personnel policies for their staff. Any official who chooses to develop separate policies must include policies for leave, wage and hour, non-discrimination and sexual harassment, and drug and alcohol testing for those employees who are required by law to be tested. TCA § 5-23-104

All other county employees and employees of county officials without separate policies are governed by the policies and procedures developed by the County Executive and the County Commission.

Section 4.2 Employee Handbooks: As part of the hiring process, employees shall be provided the appropriate personnel handbook by their department head or supervisor. Questions concerning personnel policy may be answered by the department head. Questions may also be addressed to the Finance Department, as it is responsible for payroll and benefit administration.

The finance Department must be provided with copies of personnel handbooks and with updates and revisions as they occur. It is the responsibility of the department head and elected official to ensure the Finance Department is kept current so that it may effectively and accurately administer payroll and benefits.

Section 4.3 Travel and Mileage Procedure: Within 3 business days upon return, the employee is responsible for submitting an itemized expense report(s) to the appropriate Department Head. The itemized expense form(s) must include all necessary receipts and documentation to support the cost of the mileage/travel.

The Department Head will review the expense report(s) and approve it by affixing his/her signature. Forms will be returned to the employee if any discrepancy or unsupported or unreasonable costs are identified. No reimbursement will be allowed for items for which the employee cannot substantiate costs.

The Department Head will forward the approved, itemized expense report to the Union County Finance Department. Within 14 business days or less of receipt by the Finance Department, reimbursement will be provided to the employee incurring allowed mileage and travel costs.

4.3.1 MILEAGE

1. Mileage for employees of the Union County employees may be reimbursed only for travel required by the State of Tennessee, Director of Schools, or appropriate department head for duties directly related to employees' successful completion of job duties for which employees utilize their own automobiles (e.g., conferences, training sessions, professional development activities, etc.). Reimbursement for mileage using a rented vehicle is not allowed without specific prior approval from the appropriate department head. All mileage reimbursed must have prior approval from the appropriate department head.
2. Mileage is reimbursed at the state approved rate. Information concerning this variable rate may be obtained from Accounts Payable in the Central Finance Office.
3. Mileage forms are to be submitted to the appropriate department head no later than the last working day of the month for which travel reimbursement is requested. Department heads are to submit approved mileage request forms to Accounts Payable no later than the close of the first working day of the month following the month for which reimbursement is requested.
4. Parking is reimbursed only upon presentation of a receipt of pre-paid parking. Such receipts must be attached to the mileage reimbursement form.
5. No employee is to be reimbursed for mileage expenses incurred while using a vehicle owned by Union County.
6. Three types of mileage may be reimbursed.
 - a. In-county mileage may be reimbursed for those employees who are stationed at two or more locations within one school day or who have an assignment that requires travel for completion of job. Travel Form A (attached) is to be used for in-county mileage requests for reimbursement. Approval for reimbursement for in-county travel must be approved at the time of employment or reassignment by the Director of Schools.
 - b. In-state mileage may be reimbursed for those employees who are required by the State Department of Education, Director of Schools or a Supervisor to travel to any location within the state for training or completion of assigned job duties. Travel Form A is to be used for one day in-state mileage; Travel Form B is to be used for overnight in-state mileage. Approval for in-state mileage must be obtained in advance from the Director of Schools which will be funding the reimbursement.

- c. Out-of-state mileage may be reimbursed for those employees who are required by the United States or State of Tennessee Departments of Education, Director of Schools, or an Administrator/Supervisor of an appropriate program for travel to any location within the United States for training or completion of assigned job duties. Approval for out-of-state travel must be obtained in advance from the Director of Schools which will be funding the reimbursement. Travel Form B is to be used for all out-of-state mileage.
- 7. Mileage to a foreign country must have direct advance approval of the Director of Schools and is handled on a situational basis. Travel Form B is to be used for all out-of-country mileage.
- 8. Employees will not be reimbursed for any fines for traffic violations or parking tickets. Costs incurred to private vehicles due to accidents or the costs of repairs due to breakdowns of private vehicles will not be reimbursed to employees.
- 9. Employees will be allowed the cost of local transportation by taxi, bus or other public carrier from any airport and from lodging accommodations to conference site, training session, or professional development activity and return. Private limo service will not be reimbursed and will be paid by the employee.
- 10. The Union County Board of Education Finance Office will issue a reimbursement check to employees for mileage expenses within 14 business days or less of receipt of the reimbursement request (Travel Form A or B as detailed above).
- 11. Violation of mileage procedures (fraud) may result in disciplinary action and/or criminal prosecution of employees.

4.3.2

TRAVEL

- 1. Permission for travel must be granted by the appropriate department head -Director of Schools (upon recommendation of the employee's principal, supervisor, or appropriate program director prior to the initiation of travel). No travel arrangements or reservations shall be made until approval is granted.
- 2. Advances paid to the employee for travel are not allowed. Upon approval of the appropriate Administrator/Supervisor, the Union County Board of Education will prepay fees, tuition, and/or lodging costs. Employees are expected to use their own cash or credit for meals and other incidental expenses. The Union County Board of Education Finance Office will issue a reimbursement check to the employee for out-of-pocket expenses within 14 business days or less of receipt of the reimbursement request (Travel Form A or B as detailed below).

3. Meals are reimbursed only for travel requiring more than one day at the following rates: breakfast \$10.00; lunch \$15.00; dinner \$25.00. To determine allowances, the following shall be used:
 - a. Travel requiring departure before 7:00 a.m. will include breakfast allowance.
 - b. Travel ending after 5:00 p.m. will include dinner allowance.
 - c. Full per idem will include all three meals.
4. No receipts are required for meal reimbursement. Meal allowances will not be provided when meal events are included in conference registrations or are otherwise provided at no cost to the employee. At no time will the cost of alcoholic beverages be reimbursed.
5. Employees will be allowed actual and reasonable cost of lodging. All allowable costs must be detailed on Travel Form A or B (as appropriate) for submission upon return. Expenses for overnight lodging must be supported in full by pre-paid receipts for reimbursement. Unsupported expenses will be disallowed.
6. Travel requiring pre-payment of conference fees, lodging, etc. requires a purchase requisition, signed purchase order, and pre-approval of the Financial Manager.
7. An employee attending a conference, training session, or professional development activity held at a hotel/motel shall be allowed to lodge at that hotel/motel at the conference rate. If the conference, training session, or professional development activity is held at an off-site location, the employee shall lodge at the nearest location with the lowest rate available. Should hotel internet access be necessary for the employee to maintain connectivity with the school system office in order to perform the essential functions and duties of their job, the employee will be reimbursed for that cost at the rate charged.
8. Hotel expenses shall not be paid for any employee for conferences, training sessions, or professional development activities that are one day sessions less than 100 miles from the Union County Board of Education Central Office without prior approval from the Director of Schools.
9. Travel reimbursement by the Union County Board of Education is only for employees of the Union County Board of Education. Employees are responsible for all charges incurred by non-employees of the Union County Board of Education who may accompany them on approved travel for the school system. Prior approval for non-employees of the Union County Board of Education to accompany an employee on travel for an approved conference, training session, or professional development activity should be obtained from the Director of Schools prior to departure.

10. Transportation by air must have prior approval from the Director of Schools.
11. If an unforeseen circumstance prevents the employee from attending a conference, training session, or professional development activity for which s/he has registered, it shall be that employee's responsibility to cancel all reservations made for that event. Expenses incurred for failure to make a good faith effort to cancel reservations shall be the responsibility of the employee.
12. Travel reimbursement is not allowed for: personal phone calls; gambling debts; personal entertainment tickets/costs.
13. The employee assumes all liability for travel required by the school system, state or federal departments of education when using privately owned automobiles.

Violation of travel procedures (fraud) may result in disciplinary action and/or criminal prosecution of employees.

Chapter 5

Payroll

Section 5.1 General: The Finance Department has the responsibility for processing payroll for the county, including County General, Highway and Schools. An orderly process for notification of new hires, changes in pay and payroll status, leaves of absence and both voluntary and involuntary termination is essential to the payroll operation.

The supervisor is responsible for notification of changes, additions and termination of employees. The information shall be forwarded to the appropriate department head, who is then responsible for notification to the Finance Department. It is imperative that this information is received timely.

Section 5.2 New Hires, Payroll Changes and Terminations: Although employees of the County may work for different areas, County General, Highway or Schools, all are employees of Union County. It is the responsibility of the Finance Department to ensure that the appropriate paperwork and supporting documentation are on file so that compliance with State and Federal laws is documented.

All new hires shall be directed to report to the Finance Department for processing of appropriate paperwork, including completion of forms W-4 and I-9, and enrollment in the County's insurance programs and benefits.

The Finance Department must be notified promptly by the appropriate department head of changes in pay rates, regularly scheduled hours, leaves of absence and terminations. Prompt notification is required for proper processing of payroll and record-keeping.

A copy of the current Personnel Action Form for new hires, payroll changes, and terminations is included in the forms section of this manual. Questions concerning the form may be addressed to the Finance Director or Payroll Manager.

Section 5.3 Schedule: A schedule for payroll processing shall be developed for in-house use. This schedule shall include for each pay category (Highway, substitute teacher, etc.) and for each payroll period the following information:

- ◆ the date time sheets or time cards are due to the Finance Department
- ◆ the date payroll must be run in-house
- ◆ the date deposits are due to the banks for direct deposit
- ◆ the date deposits of Federal withholding and FICA taxes must be made
- ◆ the date deposits of voluntary deductions must be made
- ◆ the date payroll checks must be run and sorted
- ◆ the date payroll checks are available for distribution

The dates time sheets or time cards are due to the Finance Department and the date payroll checks are available for distribution shall be shared with the department heads and supervisors for planning purposes.

Section 5.4 Payroll Warrants or Checks: Warrants for payroll or payroll deposits for tax and voluntary deduction withholdings can be drawn under the name of the Finance Director.

Section 5.5 Fair Labor Standards Act: The Fair Labor Standards Act (FLSA) governs minimum wage and overtime pay standards, record keeping requirements and provisions regulating the employment of minors.

Non-exempt employees who work more than 40 hours during the work week must be paid the overtime rate for the excess hours. The employee, with approval of the employer, may choose compensatory (comp) time instead of receiving cash payment. Comp time accrues at the rate of one and one-half hours for each excess hour worked. Comp time cannot accrue over the maximum of 240 hours.

In order to comply with the FLSA regulations, and to prove compliance, the Finance Department must maintain certain records and information for each employee. These records and information include the employment application, date of hire, rate of pay, regularly scheduled hours of work, completed W-4 and I-9 forms, and time and attendance records for each pay period that accurately reflect the hours worked by the employee.

Section 5.6 Voluntary Deductions: The management and administration of voluntary payroll deductions is done as a courtesy. An example of a voluntary payroll deduction is a premium for insurance coverage not provided by Union County Government and for which the employee pays 100% of the cost. In this instance, the Finance Department withholds the amount of the insurance premium from the employee's paycheck and then writes a check to the insurance provider.

In order to keep the number of voluntary payroll deductions to a manageable level, all voluntary payroll deductions must be within the guidelines of the appropriate governing body and require approval of the Finance Director before being offered to County employees. At least 20% of the eligible employees must enroll in the program offered in order for the program to be included as a voluntary payroll deduction. If enrollment meets the 20% guideline and later drops, the program is open for reevaluation and can be discontinued. This does not mean the employee loses the coverage, simply that the employee would be responsible for remitting payment.

Teacher dues and deductions taken out on a pre-tax basis, such as tax deferred annuities and employer offered health insurance, are excluded from the 20% minimum requirement but must meet a common sense standard to justify staff time required.

Chapter 6

Cash Management

Section 6.1 General: The Finance Department shall assist the Trustee in projecting cash flow resources and uses. This information shall be available when making decisions as to the investment of idle funds. The County Commission is responsible for establishing policies and procedures for the investment of idle funds. The Trustee is given the authority to make the investments within the guidelines set by the law and the Commission's policies.

Section 6.2 Debt Management: In an effort to establish best practice methods in regard to Union County, Tennessee's debt management, the Union County Commission in December 2011 adopted a "Debt Management Policy". This aids in decision process transparency, hiring outside professionals, potential conflict of interest issues and all other requirements for new debt. The Debt Management Policy is on file with the finance office for review & use.

Chapter 7

Budgeting

Section 7.1 General: The annual budgetary process is extremely important as it is an expression of public policy and intent. The budget is a financial plan that indicates the proposed expenditures for the next year and the means of financing them. The adoption of a budget implies that decisions have been made, on the basis of a planning process, as to how each department is to reach its objectives. The accounting system assists the supervisors and administrators control the activities authorized in order that the plans can be carried out, and prepares statements that permit comparison of actual operations with the budget and evaluation of the variances.

The County Commissioners adopt the budget as the annual appropriation of the County any time after July 1 but before September 1 of each fiscal year. When approved by the County Commission, the budgetary expenditure estimates become binding appropriations that both authorize expenditures and limit the amount that can be expended for each specified purpose.

Section 7.2 Committee: The Committee shall establish and approve policies, forms and documents, procedures and regulations necessary for the preparation of the annual operating and capital improvement budgets.

Section 7.3 Budget Amendments: The budget is a plan for revenue and expenditure that is adopted in order to provide specific services and, thereby, implement the policies of the Board. It is also the legal authority to receive and expend funds. As it is a plan, it is recognized that changing conditions will require budget adjustments. The continuing process of reviewing budgeted and actual revenues and comparing appropriations, expenditures and encumbrances, and revising the budget as needed in view of changing

circumstances, is considered good financial management. These revisions to the budget will be processed in the form of a Budget Amendment in accordance with the procedures and approvals as discussed in the following sections.

Section 7.3.1 Line Item Budget Amendments – Required Approvals: With the approval of the County Executive and the Director of Finance, amendment of line items within a department/function budget of the General Fund is authorized provided there is no net change to the total department/function budget.

With the approval of the Superintendent of Highways and Director of Finance, amendment of line items within a department/function of the Road and Bridge Fund is authorized provided there is no net change to the total department/function budget.

With the approval of the Director of Schools and the Finance Director, amendment of line items within a department/function budget of the School Fund is authorized provided there is no net change to the total department/function budget.

Section 7.3.2 Other Budget Amendments – Required Approvals: The Board of County Commissioners will be the approving authority for:

- ◆ Budget amendments that result in an increase or decrease of the total budgeted revenue or expenditure of a fund.
- ◆ Revisions to line items with a department/function change from one department/function to another within the same fund.

Proposed budget amendments shall be submitted to the Highway Commission, School Board or the Financial Management Committee, as appropriate, for recommendation to the County Commission.

Section 7.4 Annual Budget Schedule: Sound financial planning requires that budget preparation begin in time for its adoption before the beginning of the budget period. The normal budget process starts with a required meeting of The Committee prior to the 1st of March and results in an approved tax rate and budget prior to September 1 by the Board of County Commissioners.

At the initial meeting, the required assumptions, procedures, forms calendar, etc. are determined. The Committee will approve preliminary estimates of the overall budgetary outlook and provide guidelines and direction to the various departments for use in projecting budgeted needs.

Based on this information, each department shall submit to the Finance Director a proposed budget for the succeeding fiscal year with appropriate documentation and support. The Finance Director shall meet with the department head or manager as necessary to prepare a consolidated budget.

The consolidated budget shall be presented to The Committee for review and discussion. Revisions and changes shall be communicated to the department head and manager as required. A recommended budget and tentative tax rate shall be presented to the County Commission at least ten (10) days prior to budget approval.

Chapter 8

Purchasing

Section 8.1 General: The basic responsibilities and procedures for an economical and efficient purchasing system are set forth in TCA § 5-21-118 through 5-21-129. The primary objectives of centralized purchasing are cost savings through uniform consolidated purchasing practices and verification of funds availability prior to obligation.

No contract, purchase, or obligation of Union County for supplies, materials, equipment, contracted services or rentals shall be made without the prior execution of a purchase order except in the narrow definition of emergency purchase as defined in Section 8.6.

A primary objective of governmental accounting is to assist the administrator in controlling expenditures, including the prevention of over-spending. In order to maintain the necessary records, encumbrances are recorded when purchase orders are issued for goods and services.

The basic principle of an organized purchasing system is to plan the County's needs, develop minimum specifications, receive bids from the most bidders possible, and make the best use of County resources.

Section 8.2 Purchases \$24,999 and Greater: All purchases of \$24,999 and greater require competitive bids, solicited by advertisement in a newspaper of general circulation in the county. Public notice shall be at least ten days prior to the bid closing date.

Requisitions for items estimated to cost more than the limit for competitive bid will not be subdivided to circumvent the requirement for competitive procurement.

Bid procedures shall include the following essential elements:

- a) Preparation of bid specifications with appropriate department
- b) Preparation of invitation for bid including clear specifications
- c) Posting the invitation to bid in a place open to the public and advertising at least once in a newspaper of county-wide circulation at least ten days prior to the bid closing date; advertising in newspaper(s) of wider circulation depending on the goods or service
- d) Provision of adequate time for submission of bids consistent with the size and type of goods or service
- e) Public opening of the bids
- f) The Finance Director and appropriate department head (County Executive, Highway Superintendent, Director of Schools) will make the award based on the bid that is most advantageous to the County, price and other factors considered
- g) Proof of liability and worker's compensation insurance must be provided to the Finance Department at any time during the bid process.
- h) Union County practices a Drug Free Workplace policy. Use of alcohol and/or illegal substances while performing work for Union County Government is strictly prohibited and will result in immediate contract termination.
- i) Union County reserves the right to reject any and all bids.

Detailed bidding policies and procedures are included in the Forms Section of this policy and procedure manual

Section 8.2.2 Construction Projects exceeding \$25,000: In the case of construction projects that exceed \$25,000, it is the practice of Union County to contract with an engineer or architectural firm in order to comply with state & federal guidelines.

Section 8.3 Exceptions to Bid Requirement: State law provides several exceptions to bid requirements.

Section 8.3.1 Professional Services: Contracts for legal services, auditing services by certified public accountants and similar services by professional persons or groups shall not be based on competitive bids but shall be awarded on the basis of recognized qualifications of competence and integrity. Any contract service should have a W-9 form completed prior to making payment unless services are from an incorporated entity.

Section 8.3.2 Tennessee State Contract Pricing: Purchases through state contracts and price agreements meet the legal requirements for formal competitive bids. The County may purchase materials, supplies, commodities and equipment from any federal, state or local governmental unit or agency, without conforming to competitive bidding requirements.

Section 8.3.3 Perishable Goods and Commodities: Perishable goods are exempt from competitive bidding requirements when purchases are made in the open market. This exemption is not designed to discourage competitive bidding.

Section 8.3.4 Cooperative Purchasing: All departments of Union County Government may engage in cooperative purchasing when goods and services are available at a cost previously negotiated by the State of Tennessee, The Cooperative Purchasing Network (TCPN), National Joint Power Alliance (NJPA), U. S. Communities, National IPA (NIPA) approved by the legislative body by resolution on November 9, 2015 or any local government entity within the state. TCA Code 12-3-1205 changed effective July 1, 2016 to exclude purchasing of highway construction equipment under all national cooperative purchasing agreements which includes but is not limited to NJPA.

Section 8.3.5 Intergovernmental Agreements: Union County in its effort to safeguard unnecessary cost advocates intergovernmental agreements to meet the county's need when possible.

Section 8.3.6 Credit & Purchasing Card Purchases: The Union County Commission April 13, 2015, approved a Credit Card Policy that outlines the approved users and use of credit cards for Union County. This policy is kept on file with the finance director. The county has credit cards for the County Sheriff, County Mayor, and School Director, Superintendent of Roads and Finance Director. The county also has purchasing card accounts that are handled in the same matter as the credit card policy allows. The School Director keeps on file the Director cards for School Board use. The Sheriff's Department has cards on file for their use at the Sheriff's Department. The Finance Director keeps all other purchasing cards. These cards are signed out as needed for official county use upon receiving the required paperwork for procurement. Finance accounts payable personnel review the monthly statements and obtain the necessary backup documentation from all county employees that have utilized the credit or purchasing cards. If an unordinary purchase has been made by credit card it is reported to the finance director for review and resolution. Protest of charges and refunds are maintained by the accounts payable personnel in cooperation with the card end user to ensure Union County is not over charged for goods and services.

Section 8.4 Purchases Between \$500 and \$5,000: All purchases of at least \$500 but less than \$5,000 may be made in the open market without advertised or public notice.

Requisitions for items estimated to cost more than \$9,999 will not be subdivided to circumvent the requirement for competitive procurement.

When initiating purchases between \$5000 and \$9,999, a minimum of three informal bids must be documented and attached to the original requisition. This information can be obtained by telephone, soliciting informal quotes, by consulting catalogs, or other methods.

Section 8.5 Requisitions and Purchase Orders: No purchase shall be made until a requisition has been received in the Office of Finance, properly approved by Elected Officials or Appointed Department Heads, the Superintendent of Highways for Road and Bridge Fund purchases, and the Director of Schools for the School Department. The Director of Finance or appointee will verify the availability of funds. Purchase orders will not be issued without the proper approvals and without verification of available funds.

It shall be the duty of each office, department or agency to anticipate needs for equipment, materials, supplies, contracted services or other needs and place requisitions with advance time for procurement under an orderly purchasing procedure.

Section 8.5.1 Blanket Requisitions: Departments frequently have a need for recurring goods or services. Blanket requisitions may be issued for such needs. This assures continuity of the goods and services and also reduces paperwork.

Generally, the need for blanket requisitions is determined at the beginning of the fiscal year. The department head and Finance Director or appointee will reach an agreement on the blanket requisitions, vendors and the monthly amount of the charges. Once approved, monthly purchase orders will be issued for the blanket requisitions. At the end of each month, that month's purchase order will be closed out and a new purchase order issued. In no case may charges order exceed that approved for the monthly blanket requisition. The department head or manager is responsible for tracking the charges. He/she is also responsible for

anticipating departmental needs and for issuing a separate requisition for those goods and services that exceed the approved blanket requisition.

Section 8.5.2 Departmental Requisitions of Less Than \$5000: Single purchases of items on a departmental requisition totaling less than \$5000 may be purchased without comparative prices. This does not mean that no consideration of price is necessary, nor should one vendor be favored over another where quality, price and service are comparable.

Section 8.6 Emergency Purchases: Emergency purchases are those required under uncontrollable or unforeseeable circumstances where any delay would endanger the health or safety of Union County residents or cause additional and extensive damage to County property or adversely affect programs of Union County. Emergencies shall not include conditions arising from neglect or indifference in anticipating normal needs.

Emergency purchases may be made by any office, department or agency in the open market without obtaining a purchase order. Every attempt must be made to obtain competitive bids for the emergency purchase. Informal bids based upon telephone calls are sufficient, but must be documented. Such purchase may only be made when the Finance Department is closed. At all other times, purchases will be made with the concurrence of the Finance Department.

A written report of such emergency purchase shall be made to the Office of the Director of Finance before the close of business the next working day following the date of purchase. A copy of the emergency purchase form is included in the forms section of this manual.

Section 8.7 Obligations that Continue Beyond Current Fiscal Year: Obligations made on behalf of Union County must be paid from current year financial resources.

Any obligation for goods or services that extends into the next fiscal year and that requires funding from future financial resources must be approved prior to commitment by the County Commission.

Section 8.8 Purchasing Calendar: In order to receive volume discounts and to minimize delivery and storage problems, the Finance Director or appointee will consult with supervisors and department heads to project purchasing needs. From this information, a purchasing calendar will be developed to coordinate the bidding and purchasing cycle on an annual basis.

Section 8.9 Procedures: The basic purchasing procedures are described in the following paragraphs. A copy of the requisition form can be found in the forms section of this manual. It is the responsibility of the department head to notify the Finance office when the product or services have been received in the quantity and quality specified and that payment of product or services is approved.

Section 8.9.1 County General: All requisitions must be approved by the Elected Officials or Appointed Department Heads. The requisition shall be completed by the requesting party and sent to the Finance Department for verification of funds prior to a purchase order being processed.

Section 8.9.2 Schools: All requisitions must be approved by the Director of Schools. The requisition shall be completed by the requesting party. If originated at the school level, the requisition must be approved by the principal before being forwarded to the Director of Schools for review and approval. Once approved by the Director of Schools, the requisition is sent to the Finance Department for verification of funds prior to a purchase order being processed. The requesting party will be notified of the purchase order number and process the order.

Section 8.9.3 Highways: All requisitions must be approved by the Superintendent of Highways. The requisition shall be completed by the requesting party and sent to the Superintendent of Highways for approval. Once approved by the Superintendent of Highways, the requisition is sent to the Finance Department for verification of funds prior to a purchase order being processed. The requesting party will be notified of the purchase order number and process the order.

The requisition document will be available as an e-mail attachment. With the written approval of the Elected Officials or Appointed Department Heads, Director of Schools or Superintendent of Highways, e-mailed requisitions with electronic signature can be used. Faxed requisitions are also acceptable.

Purchase orders shall be signed by the Finance Director after receiving the requisition with the approval of either the Elected Officials or Appointed Department Heads, the Director of Schools or Superintendent of Highways and verification of funds. A copy of the signed purchase order shall be sent to the department of the originating party. Once the goods or services are received, notification of receipt of the goods or services must be sent to the Finance Department before payment to the vendor can be made.

Section 8.10 Lease & Contract Procedures

1. All contracts must be approved by the legislative body (UCBOE and/or UC Commission).
2. Contracts shall be made only with responsible suppliers.
3. Union County will not enter into contracts with entities that have been suspended or debarred from participating in contracts supported with federal funds. Each contractor will be checked against the federal Excluded Parties List located at www.sam.gov.

4. All contracts shall include language assuring supplier conformance with terms, conditions, and specifications of the contract or purchase order, and assurance of adequate and timely follow-up of all purchases.
5. Contracts shall contain such provisions or conditions which will allow for administrative, contractual, or legal remedies in instances where suppliers violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate.
6. All contracts, including those of individual schools, will meet all requirements of state and federal laws, rules, and regulations.
7. With the approval of, or ratification by, the Board of Education, contracts may be entered into only by the Director of Schools and/or the appropriate Administrators/Supervisors of programs, including Federal Programs and Special Education.
8. Contracts for legal services, educational consultants, and similar services by professional persons shall not be based upon competitive bids but shall be awarded on the basis of recognized competence and integrity.

Section 8.10.1 Lease & Contract Approval: All Union County Departments seeking to enter into a contract or lease agreement that spans more than one calendar or fiscal year must first have approval from the Union County Commission. Unexecuted lease or contract agreements shall be submitted to the Finance Director for review with the county attorney if necessary. The draft agreement then goes to the finance committee for approval and recommendation to the county commission. Upon finance committee approval the draft document shall be sent to the county commission with a resolution approving the agreement. When the county commission approves the document, the finance director is then approved to sign on behalf of Union County, Tennessee.

If the agreement incorporates debt on behalf of Union County, the certified resolution must be sent to the Tennessee State Comptroller, Division of State, and Local Finance for prior approval before execution of the document. All such documents are kept on file with the Finance Director.

Chapter 9

Fixed Assets

Section 9.1 General: Acquisition of fixed assets is an expenditure of governmental fund resources. The assets are capitalized in the General Fixed Assets Account Group. This account group is the basis for providing accountability and control. General fixed assets are classified as land, buildings and building improvements, infrastructure, machinery and equipment, and construction in progress. In order to record and report the manner in which fixed assets are acquired, it is necessary to group fixed assets according to the source of financing. General fixed assets shall be recorded at cost, or if cost is not practicably determinable, at estimated cost.

Section 9.2 Records: In order to track and maintain control of County assets, accurate records are imperative. Assets purchased that meet the capitalization and accountability policies shall be tagged and recorded. Transfers, sales or disposals of tagged assets must be communicated to the Finance Department for proper asset accounting.

Section 9.3 Capitalization Policy: It is the policy of Union County to capitalize assets.

1. The capitalization threshold dollar amount for capitalization of capital assets and infrastructure is \$5,000.
2. The Straight Line Method of Depreciation is used on all items depreciated
3. The useful life on each item on each item is as follows
 - a. Vehicles-Bus 10 years
 - b. Equipment used daily 5 years
 - c. Equipment used occasionally 20 years
 - d. Playground Equipment 10 years
 - e. Fences, doors and A/C units replaced 20 years
 - f. Buildings 40 years
4. The procedure for recording and identifying new/donated transferred assets as well as the disposal of assets are as follows:
 - a. New – At month end and at the end of the fiscal year, we will print a report of all items purchased with a cost of \$5,000 or more

- b. Donated – When items of \$5,000 value are donate, we will maintain a file and add donated item to the list
 - c. Transferred – It is the responsibility of the department to report to Finance any items of greater than \$5,000 value being transferred from their department to another. Finance will place the listing of this item in the appropriate department for the balance of the expected life
 - d. Disposal of assets- When items are to be disposed, we will advertise the item on GovDeals and take bids on the items to be disposed.
5. The procedure for tagging and tacking capital assets are as follows: Property tags are to be placed on each asset by the office holder/department making the purchase. When this items is tagged, that information must be relayed to the Finance department.
6. The procedure to keep records current are as follows:
- a. The department will be contacted annually for a list of their inventory. The finance department will review their list as well as the procedure described in step #4 and determine if all assets are recorded in the accounting software’s fixed assets module if the value of that item meets the threshold

Section 9.4 Accountability Policy: Assets with an original cost of \$5,000 and greater shall be included in the County’s asset listing along with capitalized assets for accountability purposes. A physical inventory shall be taken annually by the Finance Department and compared with the asset listing. Discrepancies shall be investigated and appropriate actions taken.

Department heads are authorized and encouraged to maintain inventory records of assets of smaller values, especially tools and electronic items.

Section 9.5 Sale of Surplus Equipment: Equipment and materials that are no longer used in County operations shall be sold in public sale to the highest bidder by the Finance Department. The Finance Director or appointee shall identify and organize surplus items until such auction is held. Internet technology may be utilized, per Resolution of the County Commission in January, 2015, by listing surplus items on GovDeals.com. If the item identified as surplus is inoperable and the replacement cost is less than \$100.00, the item will be disposed of without listing the item on GovDeals.com. When an item has been placed on GovDeals.com and no bids were received, the item will be rebid a second time. If there are no bids on the second submission, the item will be disposed of.

Section 9.6 School Equipment purchased with Federal Funds Policy:

- 9.6.1. Physical Inventory:** Title I and Special Ed. Equipment policies and procedures and notification of the results of the physical inventory (including corrective action, if necessary) are to be filed by the Coordinator of Federal Programs with the Tennessee State Department of Education No Child Left Behind Field Service Representative and Special Ed. Supervisor as appropriate. Special Ed. Equipment inventory purchased with Federal funds must be maintained by the LEA until disposition takes place.
- 9.6.2. Equipment Definition:** The definition of equipment is “all items purchased with an object code of 700-799 with a unit cost of \$5,000.00 or more and a minimum useful life expectancy of three years. Sensitive minor equipment is defined as “items purchased with an object code of 700-799 with a cost between \$100.00 and \$5,000.00. In IDEA, 34 CFR 300.14, the definition of equipment also means –
- 1) Machinery, utilities, and built-in equipment, and any necessary enclosures or structures to house the machinery, utilities, or equipment, and
 - 2) All other items necessary for the functioning of a particular facility as a facility for the provision of educational services, including items such as instructional equipment and necessary furniture, printed, published and audio-visual instructional materials; telecommunications, sensory and other technological aids and devices; and books, periodicals, documents, and other related materials.
- 9.6.3. Equipment Database:** The Coordinator of Federal Programs and Supervisor of Special Education are to maintain an equipment log/database for their respective programs including the following data elements for equipment purchased with federal funds: description of the item; serial number and other identifying numbers; source of the property; titleholder; acquisition date; cost; percentage of federal participation in the cost; location; use; condition; disposition data (date, method of disposition, sales price—if applicable) when property is retired from service.
- 9.6.4. Tags:** Federal equipment is to be tagged/labeled to denote the equipment is property of Federal Programs or Special Education.
- 9.6.5. Inventory Frequency:** The Coordinator of Federal Programs and Special Ed. Supervisor are to conduct a physical inventory for their respective programs at least biennially that meets the following objectives:
- ◆ Confirms the equipment was found at the location indicated on the log/database;
 - ◆ Assesses the condition of the equipment;
 - ◆ Confirms the equipment is located in a secure environment;
 - ◆ Updates the condition, location, and other data on the log/database based on the results of the physical inventory.

9.6.6. Corrective Action: The Union County Board of Education will determine the cause and implement corrective action if the results of the physical inventory indicate there is a systematic weakness relating to keeping the log/database current, security over equipment, or other area of non-compliance.

9.6.7 Guidelines for Equipment

Purchasing – Within the LEA Comprehensive Application, LEA will budget in the equipment line item sufficient funds for planned purchases of any items to be considered to be equipment in the LEA. The LEA will maintain all supporting documentation: inventory records, purchase orders, receipts, and vendor contracts.

For equipment purchases not included in the LEA Comprehensive Application, prior written approval by the Assistant Commissioner of Special Education is required for purchases of those items of equipment that have a unit cost of \$5,000.00 or more.

An LEA may purchase or lease equipment with IDEA funds if 1) it is reasonable and necessary to operate its federal program effectively, 2) existing equipment will not be sufficient and 3) the costs are reasonable.

Bar codes – A bar code or other type of secure tag must be affixed to identify each piece of equipment. The name of the LEA, the Title, and project year of the purchase is required unless the purchases are made as part of a schoolwide projects under IDEA regulations.

All items purchased as equipment, including sensitive equipment, as well as materials and supplies must be accounted for in such a manner as to avoid fraud, waste, or abuse. These purchases will be reviewed as a part of the regular monitoring process.

9.6.8. Private Schools: Equipment Requirements Concerning Private Schools (34 CFR 300.144)

The LEA must control and administer funds used to provide special education and related services under 300.137 through 300.139, and hold title to and administer materials, equipment, and property purchased with those funds for the uses and purposes provided in the Act.

The LEA may place equipment and supplies in a private school for the period of time needed for the Part B program.

The LEA must ensure that the equipment and supplies placed in a private school: 1) Are used only for Part B purposes; and 2) Can be removed from the private school without remodeling the private school facility.

The LEA must remove equipment and supplies from a private school if: 1) The equipment and supplies are no longer needed for Part B purposes; or 2) Removal is necessary to avoid unauthorized use of the equipment and supplies for other than Part B purposes.

No funds under Part B of the Act may be used for repairs, minor remodeling, or construction of private school facilities.

Barcodes or secure codes must be put on equipment, and it must be labeled with the name of the LEA, federal program purchased under, and the year of purchase. An accurate inventory of this equipment must be maintained.

9.6.9. Disposition of Equipment (EDGAR 80.32)

Equipment may be disposed of with no obligation to the federal government, if ALL of the following criteria are met:

- 1) Equipment is no longer needed in the current program.
- 2) Equipment is not needed in other programs currently or previously funded by a federal agency.
- 3) Equipment item has a current per-unit fair market value of less than \$5,000.00.

If the LEA disposes of equipment with a fair market value of less than \$5,000.00, the proceeds must be used to support the program for which the equipment was purchased. No request for approval of an equipment disposition is required.

If the equipment's fair market value is more than \$5,000.00, the LEA must submit a cover letter with supporting documentation as per the forms provided by the Office of Management Services to their IDEA Management Consultant for review and submission to the Office of Management Services. Once approval is provided, the LEA may proceed with the disposition process. If items are to be sold after approval of the disposition, the proceeds must be used to support the program for which the equipment was purchased. Documentation of such sale and use for the program must be maintained.

If authorized or required to sell property, proper sales procedures must be established to ensure the highest possible return.

PROCEDURES FOR PROPER HANDLING OF FEDERAL SCHOOL EQUIPMENT

1. Immediately upon learning of the theft of any school equipment, the school principal is to notify the Coordinator of Federal Programs or Special Ed. Supervisor. The Coordinator of Federal Programs or Special Ed. Supervisor will notify local law enforcement to report the theft and will obtain a police report that will be filed with the Director of Schools and the No Child Left Behind Consultant.
2. The Coordinator/Secretary of Federal Programs and Special Ed. Supervisor are responsible for ensuring that the equipment log/database is updated when there is discovered a change in any of the data elements on the log/database (e.g., change in location, change in condition, disposition of the equipment).
3. The Coordinator/Secretary of Federal Programs and Special Ed. Supervisor are responsible for ensuring scheduled maintenance for items of equipment for which regular maintenance is required for the equipment to attain normal life expectancy. The Coordinator/Secretary of Federal Programs and Special Ed. Supervisor will be notified by staff through a written request when maintenance of equipment is needed. This tracking system will aid in the maintenance and repair process.
4. The Coordinator/Secretary of Federal Programs and Special Ed. Supervisor are jointly responsible for working with the Director of Finance to assess the residual value of equipment before disposing of the equipment that is no longer needed.
5. Equipment policies and procedures and notification of the results of the physical inventory (including corrective action, if necessary) are to be filed by the Coordinator of Federal Programs with the Director of Schools and the Tennessee State Department of Education No Child Left Behind Field Service Representative as well as with Special Ed. Supervisor as appropriate.
6. The Coordinator/Secretary of Federal Programs and Special Ed. Supervisor are jointly responsible for maintaining an equipment log/database including the following data elements for equipment purchased with federal funds: description of the item; serial number and other identifying numbers; source of the property; titleholder; acquisition date; cost; percentage of federal participation in the cost; location; use; condition; disposition data (date, method of disposition, sales price—if applicable) when property is retired from service.
7. The Coordinator/Secretary of Federal Programs and Special Ed. Supervisor are jointly responsible for ensuring that equipment is tagged/labeled to denote the equipment as property of Federal Programs.
8. The Coordinator/Secretary of Federal Programs and Special Ed. Supervisor are jointly responsible for conducting a physical inventory at least biennially that meets the following objectives:
 - confirms the equipment was found at the location indicated on the log/database;
 - assesses the condition of the equipment;
 - confirms the equipment is located in a secure environment;
 - updates the condition, location, and other data on the log/database based on the results of the physical inventory.

9. The Director of Schools, acting in the interest of the Union County Board of Education, will determine the cause and implement corrective action if the results of the physical inventory indicate there is a systematic weakness relating to keeping the log/database current, security over equipment, or other area of non-compliance.

10. The appropriate supervisor of each Federal program has internal control for developing and approving purchases through requisitions for purchases prior to the finance department issuing a purchase order. The requisition is reviewed and approved by the direct supervisor and forwarded to the Director of Schools for review and approval. The signed document is then submitted to the finance department.

Chapter 10

Risk Management

Section 10.1 General: Union County Government recognizes its obligation to its employees to provide a safe place to work and to its constituents to minimize danger to its citizens and exposure to loss of assets and has developed a plan to address these concerns.

Section 10.2 Employee Safety: Employee safety is best addressed by education and training which helps to raise awareness and to reduce personal injuries, interruption of job progress, damage to equipment, loss of materials, extra job costs, and increased insurance costs. County employees also have the responsibility of using due care and precaution in the performance of their work.

County personnel must incorporate safety and loss prevention in their daily activities. Supervisors must ensure that each staff member understands his/her particular job, as well as the possible hazards and safety issues.

Education and training classes on safety and risk management will be provided periodically to county employees. Department managers are encouraged to develop criteria and subject matter to address individual office needs. These classes will be adapted to the unique needs of the individual departments and will be developed in conjunction with the County Safety Director.

Section 10.3 Loss of Assets: Loss of assets may result from pilfering, embezzlement and theft, fire, accidental breakage or destruction, and carelessness. The Finance Department shall be notified as soon as any loss is identified for appropriate action.

Appropriate action may include notification to an insurance carrier, filing of a police report, amendment of the fixed assets listing, etc.

Section 10.3.1 Backup of Financial Data: Backup of the financial records of Union County shall be done daily. Friday backups shall be maintained for four (4) weeks. Annual tape backups shall be done prior to close and after closing entries are posted. The Finance office utilizes Carbonite Online Disaster Recovery provided by Local Government that provided daily offsite financial records recovery by a third party.

Section 10.3.2 Record Keeping: Union County is required by State law to maintain specific books and records. Records maintenance shall follow the requirements of State law.

Section 10.4 Accident, Injury and Property Damage Reporting Procedures: Timely and accurate accident and loss reporting is a requirement of proper record keeping. It is the responsibility of each employee and supervisor to report all injuries, accidents, damages and other losses. For risk management and safety reasons all accidents and losses must be reported even if damage or loss is minimal.

Reportable losses fall into one of the following categories:

- ◆ Injury to an employee while on the job
- ◆ Losses caused to and by Union County automobiles, trucks, buses and heavy equipment
- ◆ Property damage or bodily injury loss to all persons other than county employees
- ◆ Damage and loss to county buildings, contents and other property

Reportable losses will be reviewed to assess what could have been done to prevent the loss and to determine if processes need clarification or amendment.

Section 10.5 Legal Actions: Increasingly, lawsuits and other claims are filed against local governments. Such claims include, but are not limited to, violation of employment laws, contractual actions, actions of government personnel, and claims relating to personal injury and property damage. The County Executive, Director of Schools, Superintendent of Highways and the County Attorney shall keep the Finance Director apprised of all pending lawsuits, settlements, dismissals, judgments, appeals, et al.

Claims against a government are contingencies and must be recognized in the financial statements if it is probable that the court case will be settled or adjudicated on behalf of the claimant and if the amount of the loss can be reasonably estimated. If the outcome is uncertain or if the amount of the loss cannot be estimated, the contingency is disclosed in the notes to the financial statements.

Section 10.6 Annual Review: An annual review shall be made of the County's insurance policies by the Finance Director to determine if coverage is adequate. Recommendations on improvements to training, protection and safety shall be forwarded as appropriate.

CHAPTER 11 CODE OF ETHICS

Section 11.1 Definitions:

(1) “County” means Union County, which includes all boards, committees, commissions, authorities, corporations or other instrumentalities appointed or created by the County or an official of the County, and specifically including the County School Board, the County Election Commission, the County Health Department, and utility districts in the County.

(2) “Officials and employees” means and includes any official, whether elected or appointed, officer, employee or servant, or any member of any board, agency, commission, authority or corporation (whether compensated or not), or any officer, employee or servant thereof, of the County.

(3) “Personal interest” means, for the purpose of disclosure of personal interests in accordance with this Code of Ethics, a financial interest of the official or employee, or a financial interest of the official’s or employee’s spouse or child living in the same household, in the matter to be voted upon, regulated, supervised, or otherwise acted upon in an official capacity.

Section 11.2 Disclosure of personal interest in voting matters: An official or employee with the responsibility to vote on a measure shall disclose during the meeting at which the vote takes place, before the vote and to be included in the minutes, any personal interest that affects or that would lead a reasonable person to infer that it affects the official’s or employee’s vote on the measure. In addition, the official or employee may, to the extent allowed by law, recuse himself or herself from voting on the measure.

Section 11.3 Disclosure of personal interest in non-voting matters: An official or employee who must exercise discretion relative to any matter other than casting a vote and who has a personal interest in the matter that affects or that would lead a reasonable person to infer that it affects the exercise of the discretion shall disclose, before the exercise of the discretion when possible, the interest on the attached disclosure form and file the disclosure form with the County Clerk. In addition, the official or employee may, to the extent allowed by law, recuse himself or herself from the exercise of discretion in the matter.

Section 11.4 Acceptance of gifts and other things of value: An official or employee, or an official’s or employee’s spouse or child living in the same household, may not accept, directly or indirectly, any gift, money, gratuity, or other consideration or favor of any kind from anyone other than the County:

(1) For the performance of an act, or refraining from performance of an act, that he would be expected to perform, or refrain from performing, in the regular course of his duties; or

(2) That a reasonable person would understand was intended to influence the vote, official action, or judgment of the official or employee in executing County business. It shall not be considered a violation of this policy for an official or employee to receive entertainment, food, refreshments, meals, health screenings, amenities, foodstuffs, or beverages that are provided in connection with a conference sponsored by an established or recognized statewide association of county government officials or by an umbrella or affiliate organization of such statewide association of county government officials.

Section 11.5 Ethics Complaints: A County Ethics Committee (the “Ethics Committee”) consisting of five members shall be appointed to one-year terms by the County Mayor with confirmation by the County legislative body, to be appointed each year at the same time as internal committees of the County legislative body. At least three members of the committee shall be members of the County legislative body; one member shall be a Constitutional County officer or, should no constitutional County officer be willing to accept appointment, an additional member of the County legislative body; and the remaining member may be either a member of a board, committee, commission, authority, corporation, or other instrumentality governed by this policy, or an additional member of the County legislative body. The Ethics Committee shall convene as soon as practicable after their appointment and elect a chair and a secretary. The records of the Ethics Committee shall be maintained by the secretary and shall be filed in the office of the County Clerk, where they shall be open to public inspection.

Questions and complaints regarding violations of this Code of Ethics or of any violation of state law governing ethical conduct should be directed to the chair of the Ethics Committee. Complaints shall be in writing and signed by the person making the complaint, and shall set forth in reasonable detail the facts upon which the complaint is based.

The County Ethics Committee shall investigate any credible complaint against any official or employee charging any violation of this Code of Ethics, or may undertake an investigation on its own initiative when it acquires information indicating a possible violation, and make recommendations for action to end or seek retribution for any activity that, in the Committee’s judgment, constitutes a violation of this Code of Ethics. If a member of the Committee is the subject of a complaint, such member shall recuse himself or herself from all proceedings involving such complaint.

The Committee may:

- (1) refer the matter to the County Attorney for a legal opinion and/or recommendations for action;
- (2) in the case of an official, refer the matter to the County legislative body for possible public censure if the County legislative body finds such action warranted;
- (3) in the case of an employee, refer the matter to the official responsible for supervision of the employee for possible disciplinary action if the official finds discipline warranted;

(4) in a case involving possible violation of State statutes, refer the matter to the District Attorney for possible ouster or criminal prosecution;

The interpretation that a reasonable person in the circumstances would apply shall be used in interpreting and enforcing this Code of Ethics. When a violation of this Code of Ethics also constitutes a violation of a personnel policy or a civil service policy, the violation shall be dealt with as a violation of the personnel or civil service provisions rather than as a violation of this Code of Ethics.

Section 11.6 Applicable State Laws: In addition to the ethical principles set out in this Code of Ethics, state laws also provide a framework for the ethical behavior of County officials and employees in the performance of their duties. Officials and employees should familiarize themselves with the State laws applicable to their office or position and the performance of their duties. To the extent that an issue is addressed by State law (law of general application, public law of local application, local option law, or private act), the provisions of that State law, to the extent they are more restrictive, shall control. Following is a brief summary of selected State laws concerning ethics in County government. For the full text of these statutes, see the Tennessee Code Annotated (T.C.A.) sections indicated.

Campaign finance – T.C.A. Title 2, Chapter 10. Part One (campaign financial disclosure) requires candidates for public office to disclose contributions and contributors to their campaigns. Part Three (campaign contribution limits) limits the total amount of campaign contributions a candidate may receive from an individual and sets limits on the amount a candidate may receive in cash.

Conflict of interest – T.C.A. § 12-4-101 is the general conflict of interest statute that applies in all counties. It prohibits anyone who votes for, lets out, or in any manner supervises any work or contract from having a direct financial interest in that contract, purchase or work, and it requires disclosure of indirect financial interests by public acknowledgement.

Conflict of interest – T.C.A. § 49-6-2003 applies to the **department of education** in all counties and prohibits direct and indirect conflicts of interest in the sale of supplies for use in public schools.

Conflict of interest – T.C.A. § 5-1-125 applies in all counties and prohibits **county officials** and employees from purchasing surplus county property except where it is sold by public bid.

Conflict of interest – T.C.A. § 54-7-203 applies in all counties that are governed by the County Uniform Highway Law. It prohibits officials and employees in the **Highway Department** and members of the County legislative body from having any personal interest in purchases of supplies, materials, machinery, and equipment for the Highway Department.

Conflict of interest – T.C.A. § 5-21-121 applies in counties that have adopted the County Financial Management System of 1981. It prohibits all County officials and employees from having any financial or other personal beneficial interest in the purchase of any supplies, materials or equipment for the County.

Conflict of interest – T.C.A. §§ 5-5-102 and 12-4-101 govern disclosures and abstentions from voting due to conflicts of interest of members of County legislative bodies.

Conflict of interest disclosure statements – T.C.A. § 8-50-501 and the following sections require candidates and appointees to local public offices to file a disclosure statement with the State Ethics Commission listing major sources of income, investments, lobbying activities, professional services provided, bankruptcies, certain loans, and other information, and to keep these statements up to date.

Gifts – T.C.A. § 5-21-121 applies in counties that have adopted the County Financial Management System of 1981. It prohibits the Finance Director, Purchasing Agent, and employees in those departments from accepting anything of value, directly or indirectly, from anyone who furnishes supplies, materials or equipment to the County.

Honoraria – T.C.A. § 2-10-116 prohibits elected officials from accepting an honorarium (including money or anything of value, but not including reimbursement for actual expenses) for an appearance, speech, or article in their official capacity.

Private use of public property – T.C.A. § 54-7-202 applies in counties that are governed

by the County Uniform Highway Law. It prohibits the private use of equipment, rock, and other highway materials.

Court sales – T.C.A. § 39-16-405 prohibits judges, clerks of court, court officers, and employees of court, from bidding on or purchasing any property sold through the court for which such person discharges official duties.

Rules of the Supreme Court – Rule 10, Cannon 5 (Code of Judicial Conduct) establishes ethical rules for judges and other court personnel when exercising judicial functions.

Fee statutes – T.C.A. §§ 8-21-101, 8-21-102, and 8-21-103 set out circumstances where fees are authorized, prohibit officials from requiring payment of fees in advance of performance of services except where specifically authorized, and set penalties for charging excessive or unauthorized fees.

Consulting fee prohibition for elected county officials – T.C.A. §§ 2-10-122 and 2-10-124 prohibit officials from receiving compensation for advising or assisting a person or entity in influencing county legislative or administrative action.

Crimes involving public officials – T.C.A. § 30-16-101 and the following sections prohibit bribery, soliciting unlawful compensation, and buying and selling in regard to offices.

Official misconduct – T.C.A. § 39-16-402 applies to public servants and candidates for office and prohibits unauthorized exercise of official power, acting in an official capacity exceeding the servant's power, refusal to perform a duty imposed by law, violating a law relating to the servant's office or employment, and receiving a benefit not provided by law.

Official oppression – T.C.A. § 39-16-403 prohibits abuse of power by a public servant.

Bribery for votes – T.C.A. §§ 2-19-121, 2-19-126 and 2-19-127 prohibit bribery of voters in elections.

Misuse of official information – T.C.A. § 39-16-404 prohibits a public servant from attaining a benefit or aiding another person in attaining a benefit from information which was obtained in an official capacity and is not available to the public.

Ouster law – T.C.A. § 8-47-101 sets out conduct that is punishable by ouster from office, including misconduct in office and neglect of duty.

Revisions Notation:

2nd Revision

Section 8.4, 8.5.2, changed purchase amount from \$500 to \$5000 requiring three informal bids.

Section 8.5, 8.9.3 changed” County Executive for all General Fund purchases” to “Elected Officials or Appointed Department Heads”

Section 8.9.1 changed” County Executive for all General Fund purchases” to “Elected Officials or Appointed Department Heads” and removed “The requisition will then be given to the County Executive for approval. Once approved by the County Executive, the purchase order is returned to the Finance Department for order and processing.”

Section 8.9.2 added “The requesting party will be notified of the purchase order number and process the order.”

3rd Revision

Added Section 4.3 through 4.3.2, Added Section 8.10, Added Section 9.6-9.6.9 to include requirements for Federal Projects

4th Revision

December 3, 2013 Section 9.5 replaced “open auction” with “public sale” to better define method of selling surplus

5th Revision

April 4, 2014 Chapter 11 Added Code of Ethics/Conflict of Interest Policy

6th Revision –Section 8.9

October 7, 2014 Receipt responsibility of Department Head

7th Revision –Section 11.1

April 7, 2015 Revised Code of Ethics/Conflict of Interest Policy

8th Revision –Section 9.3

October 5, 2015 Revised Capitalization Policy

9th Revision – June 30, 2016

Section 1.4 Distribution of manual

Section 2.3 Conflict of interest

Section 2.4 Internal Controls

Section 2.5 Government Records

Section 2.6 Records Management

Section 2.7 Disaster Recovery Policy

Section 3.3 Audit Committee

Section 3.4 Maintenance of Effort

Section 6.2 Debt Management

Section 8.2 g) h) bid procedure updates

Section 8.2.2 Construction projects

Section 8.3.4 Cooperative Purchasing

Section 8.3.5 Intergovernmental Agreements

Section 8.3.6 Credit & Purchasing Card Purchases

Section 8.10 Lease and Contract Procedure

10th Revision – November 14, 2016

Section 2.4 Change Franklin County to Union County

Section 4.3.2.3 Change travel reimbursement rate for schools

Section 5.2 All new hires directed to finance?

Section 7.4 Start date of normal budget process to 1st of March

Section 8.2 Change bid limit from \$9,999 to \$24,999

Section 8.2.2 Change Franklin County to Union County

Section 8.3.4 List approved Cooperative Purchasing providers

Section 8.3.6 Remove reference to Mayor’s P Card. and remove “for her” for Finance Director

Section 8.9 Remove “and requisition shall”

Section 8.1 and 8.10.1, Contracts/Leases require commission approval?

Section 10.3.1 Remove monthly backups and For security and safety reason...

11th Revision February 6, 2018

Section 9.5 Add guidance for disposal of items non-bid and inoperable items

Section 8.3.4 Highway department construction equipment exclusion

FORMS: