

General Information (Sample)

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Reference Number: MTAS-1744

Federal Excise Tax

The city is exempt from the payment of excise taxes imposed by the federal government, and suppliers should be requested to deduct the amount of such taxes from their bids, quotations, and invoices.

Standardization Requirements

Standardizing supplies and materials that can be bought in large quantities can save a great deal of money. Thus, department heads should adopt as standards the minimum number of quantities, sizes, and varieties of commodities consistent with successful operation. Where practical, materials and supplies should be bought on the basis of requirements for a six-month period.

Inspection of Deliveries

No invoices for supplies, materials, or equipment shall be accepted for payment until such supplies, materials, etc., have been received and inspected by the department head.

Correspondence with Suppliers

Copies of any correspondence with suppliers concerning prices, adjustments, or defective merchandise shall be forwarded to the purchasing agent. All invoices, bills of lading, delivery tickets, and other papers relating to purchases shall be sent to the purchasing agent.

Claims

The purchasing agent shall prosecute all claims for shortages, breakages, or other complaints against either shipper or carrier in connection with shipments.

Public Inspection of Records

The purchasing agent shall keep a complete record of all quotations, bids, and purchase orders. Such records shall be open to public inspection.

Designee

When a position such as purchasing agent, finance officer, or department head is mentioned, their assistants or designees are acceptable substitutes if they have written permission to do so.

Definitions

- **Customarily Purchased:** Items that are purchased regularly under specific circumstances considered reasonable and appropriate. (Example: After two consecutive years; then, not required for two consecutive years of not attaining the total amount of \$2,500*).
- **Like Items:** Items that are similar and may be bought at the lowest common denominator, such as size, color, etc.
- **Lot:** A single grouping of like items to be purchased at one time.
- **Single Source of Supply:** When only one vendor is available for a product or service within a reasonable marketable distance of the city.
- **Proprietary Product:** A brand-name product made and marketed by one having the exclusive right to manufacture and sell.
- **Within the Limits of the Approved Budget:** Purchases must stay within appropriation limits in funds requiring budgets either by law, regulation, or policy. Appropriation limits do not apply to nonexpendable funds not requiring budgets, such as enterprise funds, intra-governmental service funds, and nonexpendable trust funds.
- **Performance and Bid Bonds:** Performance and bid bonds as may be determined by the purchasing agent or the governing body.

- **Architect or Engineer Required:** T.C.A. § 62-2-107 (a) states that state and local governments shall not engage in the construction of public works projects involving architecture, engineering or landscape architecture without having plans, specifications, and estimates made by registered architects, registered engineer or registered landscape architect. This requirement does not apply to exceptions listed in T.C.A. § 62-2-107 (b) (1) (A), which states if the cost of the complete project does not exceed fifty thousand dollars (\$50,000), and the work does not alter the structural, mechanical, or electrical system of the project; or T.C.A. § 62-2-107 (b) (1) (B), the project cost does not exceed one hundred thousand dollars (\$100,000), the project is located in a a state park, and the work is solely maintenance, as defined in the state building commission policy and procedures.

*Limit may be lowered or increased to a maximum of \$10,000 by the governing body.

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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