



## **Metropolitan Government of Nashville and Davidson County - Finance Dept. Policy: Bank Account Establishment**

**Effective Date:** August 2006

**Revision Date:** July 1, 2016

**Policy Number:** Treasury Policy #11

**Sponsor:** Office of the Treasurer

### **Purpose**

To define the authority governing the set up and maintenance of bank accounts for the Metropolitan government and to establish the procedures for an agency to request an additional bank account to be opened for a specific purpose necessary to the operation of its business.

### **General Policies**

As a general policy in accordance with the Metropolitan Charter, all accounts of Metro are maintained, administered and supervised by the Metropolitan Treasurer. As such, requests to establish new bank accounts should be handled in accordance with the procedures maintained by the Treasurer's Office. Except as noted below, all Metro agencies are covered by this policy.

For those Metro officials and agencies mentioned in the following sections that have the authority to establish and maintain bank accounts outside the supervisory authority of the Metropolitan Treasurer, the Office of the Treasurer is available to serve in an advisory role to assist in a review of their current banking arrangements and to provide recommendations regarding the most cost effective and efficient services.

Any Metro agency without the authority to independently establish and maintain Metro bank accounts, that wishes to request a new account, must make its request in writing to the Office of the Treasurer. The following information must be provided in the request for consideration:

- 1) Department name
- 2) Division name
- 3) Name and title of person requesting account
- 4) Authorization of department head
- 5) Detailed description of purpose of account
- 6) Justification for establishing a separate account
- 7) Reference to any applicable statutory provisions relating to establishment of account

Appropriate personnel within the Office of the Treasurer will review the information submitted. If the new account request is approved, signatories will be identified, the account will be opened and signature cards will be completed and returned to the bank by the Office of the Treasurer. The Office of the Treasurer will notify staff in Financial Operations the details of the new bank account.

If the new account request is not approved, the Office of the Treasurer will work with the requestor to determine which existing Metro account(s) should be used for the purpose submitted in the request.

### **Applicable Local, State or Federal Regulations**

#### **Departments**

Charter, Section 8.106 - "Division of Treasury created; duties of metropolitan treasurer. ...The metropolitan treasurer shall supervise and be responsible for the custody and disbursement of all funds belonging to the metropolitan government and all funds handled by metropolitan government officers as agents or trustees except as otherwise provided in this Charter or by ordinance or general law not inconsistent with this Charter...."



## **METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY**

### **Statutory Offices**

The statutory offices consist of the offices established by the Constitution of the State of Tennessee or general laws as codified in the Tennessee Code. T.C.A § 5-8-207 requires a "county official" handling "public funds" to maintain an official bank account. The Metro Legal department has determined that the Juvenile Court Clerk, Circuit Court Clerk (which includes the Probate Court Clerk), Criminal Court Clerk, Clerk & Master of the Chancery Court, District Attorney General, and Register of Deeds are not only authorized but required to maintain bank accounts to the extent they handle public funds. The Metro Legal Department has determined that the County Clerk is also so authorized, when acting as a collector of state revenues. (With regard to Metro funds, the Metro Legal Department has advised that Metropolitan Charter Sec. 8.118 requires the County Clerk to deposit all Metro funds with the Metropolitan Treasurer on a daily basis. Thus, the County Clerk, when acting as a collector of Metro funds, is subject to the Metro policy for establishing departmental bank accounts previously described. The Metro Legal Department has opined that the County Clerk could, but is not required, to use a bank account maintained under the auspices of the Metropolitan Treasurer to fulfill the obligation to maintain an official bank account to which all state funds handled by this office must be deposited.)

Although these offices are authorized to establish their own bank accounts outside the authority of the Metropolitan Treasurer, these accounts would give rise to a contract for services, thus requiring competitive procurement pursuant to the Metropolitan Procurement Code. In lieu of going through a competitive procurement process, these offices and officials may use the banking arrangements of the Metropolitan Treasurer.

### **Public Corporations and Authorities**

Public Corporations and Authorities, created by the Legislature and authorized by the Metropolitan Council, have their operational authority prescribed by statute. In most cases, they are governed by their own corporate charters, even though they may be instrumentalities of the Metropolitan Government. As such, the revenue they generate does not fall under the Metropolitan Treasurer's scope of authority. Therefore, the Metropolitan Treasurer does not have authority over the establishment of their bank accounts unless specifically stated in their corporate charter. (In those cases where the corporate charter gives banking authority to the Metropolitan Treasurer, the entity is subject to the Metro policy for establishing departmental bank accounts previously described.) Examples of Public Corporations and Authorities include the Metropolitan Development and Housing Authority (T.C.A. § 7-67-101 et. seq.), the Industrial Development Board (T.C.A. § 7-53-101 et. seq.), the Metropolitan Nashville Airport Authority (T.C.A. § 42-3-101 et. seq.), the Community Access Corporation (Metropolitan Ordinance O83-1197 & Metropolitan Resolution R84-131), the Health & Educational Facilities Board (T.C.A. § 48-101-301 et. seq.), the Hospital Authority (T.C.A. § 7-57- 101 et. seq.), and the Emergency Communications District Board (T.C.A. § 7-86-101 et. seq.).

Section 5.8 of the By-laws of the Sports Authority states that the Sports Authority Treasurer shall deposit Sports Authority funds in the name of the Sports Authority in banks selected in conformity with the provisions of applicable statutes, the Charter of the Metro Government and resolutions of the Board of Directors. Additionally, the funds of the Sports Authority shall be handled and accounted for by the Metro Director of Finance. As such, the Sports Authority is subject to the Metro policy for establishing departmental bank accounts previously described.

### **Private Act and Miscellaneous Entities**

Some agencies of the Metropolitan Government were created by Private Acts of the General Assembly and expressly continued by the Metropolitan Charter. (Examples of these entities include the Electric Power Board, the Metropolitan Transit Authority, the Farmer's Market Board and the Board of Fair Commissioners.) The Metro Legal Department also advises that the Metropolitan Charter grants the Electric Power Board the authority to maintain bank accounts outside the authority of the Metropolitan Treasurer, with the exception of bank accounts established for the purpose of holding bond proceeds.

In the same opinion, Metro Legal stated that the Metropolitan Transit Authority, the Farmer's Market Board and the Board of Fair Commissioners all lack the authority to maintain bank accounts that are not subject to the Metropolitan Treasurer's supervisory authority as stated in the Metropolitan Charter. As such, these entities are subject to the Metro policy for establishing departmental bank accounts previously described.



## METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

### General Sessions Courts

Section 14.23 of the Metropolitan Charter authorizes General Sessions judges to authorize the clerk to establish such bank accounts as may be necessary for the management of funds held as judgments including court costs and fees in civil cases. Other funds such as salaries fall under the authority of the Treasurer.

### Associated Policies

None.

### Effective Date

This Policy Statement shall become effective upon issuance and shall be applied to all Metro departments and agencies.

### Approvals

#### Approval of the Director of Finance

I hereby approve this Policy Statement of the Department of Finance and as such agree with and authorize the actions necessary to implement its requirements.

Talia Lomax-O'dneal

Director of Finance

**Date:** July 22, 2016