



METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

Metropolitan Government of Nashville and Davidson County - Finance Dept. Policy: Prompt Pay

Effective Date: July 1, 2006

Revision Date: September 16, 2025

Policy Number: 1.6

Sponsor: Division of Accounts

Purpose

The purpose of the Prompt Pay Policy is to establish uniform guidelines for the timely payment of goods and services to vendors, in accordance with established payment terms, the Federal Prompt Payment Final Rule, and the Tennessee Prompt Pay Act.

Definitions

The following definitions shall apply to this policy statement:

Prompt Pay refers to the timely payment of vendors in accordance with applicable payment terms, contract provisions, and relevant state and federal laws.

Invoice Date refers to the date issued on the vendor invoice.

Vendor Payment Term is the established time period within which the vendor should be paid based on the vendor classification.

Payment Due Date is a date calculated based on the vendor invoice date and the vendor payment terms dictated by the vendor classification and contract or purchase order terms.

Vendor Classification includes Small and Disadvantaged Business and Non-Small and Disadvantaged Businesses. Vendor classifications are determined by a combination of three factors including the type of ownership, the amount of annual sales and the number of employees.

An Acceptable Invoice is any invoice or payment request received by Metro Payment Services or by a Metro agency, which conforms to the required criteria established by this policy. Invoices must be complete and include the following critical elements; the Invoice Number, Invoice Date, Prices and Description of Items being invoiced, Invoice Amount, and Purchase Order number if applicable, and must be delivered to the appropriate mailing address as designated by Metro Government. An invoice is not complete if it includes goods or services that have not been delivered.

General Policies

Metro Government agencies shall pay for goods or services within the payment terms only when both of the following requirements are met:

- Receipt and acceptance of goods/services in accordance with the terms of the contract or purchase order, and
- Receipt of an **acceptable** invoice.

Goods/services shall be considered received when they have been delivered and accepted in accordance with the terms and conditions of the contract or purchase order by the end user. Departmental approval of invoices including on-line approval of invoices for payment shall be considered as confirmation of receipt of acceptable goods and services.



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All payments made by Metro departments/agencies are subject to monitoring and audit reviews to determine compliance with this policy.

Payments shall be made within the vendor payment terms as applicable. Early payments may be made if a discount is available or if there is a contractual agreement to pay sooner.

Receipt of Unacceptable Goods and/or Invoice

Departments that receive defective or nonconforming goods/services, and or an incomplete or incorrect invoice, shall contact the vendor immediately and request corrections or reissuance. Payment timelines shall be paused until the delivery and acceptance of acceptable goods/services. Upon the receipt of acceptable goods/services, the vendor shall provide an updated invoice dated after the delivery of the acceptable goods/services.

Required Prompt Pay Quarterly Reports

The Office of Financial Accountability within the Department of Finance shall review departmental performance on prompt payments and publish quarterly reports summarizing results. These reports shall be publicly available and distributed to internal stakeholders, department heads, and applicable oversight bodies.

Expectations of All Metro Departments/Agencies

Each Metro Government department and agency is responsible for:

- Ensuring timely submission and approval of acceptable invoices.
- Confirming timely receipt and acceptance of goods and services.
- Approving the transaction shall be responsible for ensuring that payment approvals are in compliance with payment terms and conditions established in this policy, by law, and/or contract terms.
- Responding promptly to inquiries from the Office of Financial Accountability regarding prompt pay performance.

Compliance

Failure to comply with this policy may result in:

- Interest charges and penalties,
- Departmental budget impacts
- Monitoring and/or audit by the Metro Finance Department or the Office of Internal Audit

For repeated violations, the Finance Director may request a corrective action plan from the department/agency head to bring the department/agency into compliance.

Applicable Local, State or Federal Regulations

Metro. Charter art. 8 § 8.103: The director of finance shall be responsible to the mayor for the administration of the financial affairs of the metropolitan government.

Metro. Charter art. 8, § 8.104: The budget officer, with the advice and assistance of the chief accountant, shall write, revise and maintain a proper standard procedure instruction manual to be followed by all officers, departments, boards and other agencies of the government to ensure uniform accounting and budgetary procedures.

Metro. Charter art. 8, § 8.105: The chief accountant shall maintain a general accounting system and such cost accounting records as shall be required by the director of finance.

Federal Prompt Payment Final Rule 5 CFR Part 1315

Tennessee Prompt Payment Act – T.C.A §§ 12-4-701 et seq.



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Associated Policies

Finance Department Policy 1.7 Departmental Use of Funds Approval

Finance Department Policy 8.2 Procurement Regulations

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.

Jenneen Reed

Director of Finance

Date: September 16, 2025