METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

Metropolitan Government of Nashville and Davidson County - Finance Dept. Policy: Departmental Use of Funds Approval

Effective Date: September 1, 2016
Revision Date: September 16, 2025
Policy Number: 1.7
Sponsor: Division of Accounts

Purpose

The purpose of the Departmental Use of Funds Approval Policy is to establish uniform standards that guide the appropriate use, approval, and oversight of public funds at the departmental level. Pursuant to the authority granted under Metro Charter Section 8.103(f), the Finance Director designates certain responsibilities under this policy to department heads. This ensures that all expenditures are properly approved, tracked, legally compliant, fiscally responsible, and aligned with both departmental objectives and the broader mission of the Metropolitan Government.

Definitions

Department: Refers to any department or agency or component unit within the Metropolitan Government for which the Metropolitan Council provides an annual budget appropriation.

Department Head Designee: Refers to any staff member within the department who the Department Head has authorized through paper and/or electronic forms provided by the Finance Department to approve the use of funds on behalf of the Department Head.

Use of Funds: Refers to the payment of funds from any Departmental budget or funding source. This includes - but is not limited to - operating, capital, 4% and special revenue, debt service, internal service, and enterprise funds and includes – but is not limited to – payments matched against a purchase order, direct payments and payroll payments.

Enterprise Resource Planning (ERP): Refers to the automated enterprise-wide system that includes the financial accounting, accounts payable, and payroll systems.

Payroll Payments: Refers to wages and related payments made to or on behalf of employees processed through the ERP payroll system.

Non-payroll Payments: Refers to payments made for goods and services that are processed through the ERP accounts payable system.

Workflow: Refers to automated routing and approval systems within the ERP accounts payable system.

Audit: For the purpose of this policy, audit means the Department Heard or their designee has provided review and approval for the use of funds to ensure expenditures are accurate, appropriate, and compliant with applicable laws, regulations, and Metro policies before funds are disbursed. According to Generally Accepted Accounting Principles (GAAP), an audit is an independent examination of a company's financial statements and accounting records to ensure they are accurate, complete, and prepared in accordance with GAAP. As such, financial transactions approved per this policy are not required to be audited in advance of payments.

General Policies

Allowable Use of Funds

Departmental funds may be used for the following:

- Personnel Costs: Salaries, wages, and associated benefits in accordance with HR policies.
- Operational expenses: Office supplies, software, printing, utilities, and other necessary day-to-day expenditures.
- Training and Development: Conference registrations, workshops, certifications, and educational materials relevant to job functions.
- Travel: Transportation, lodging, meals, and per diem for approved business travel.
- Professional Services: Payments to consultants, contractors, or service providers, subject to procurement policies.
- Programmatic Activities: Costs directly tied to projects, research, or program delivery, including materials and logistics.

Prohibited Use of Funds

Departmental funds may not be used for the following:

- Personal expenses or purchases
- Alcohol, entertainment, or gifts
- Political contributions
- Fines, penalties, or legal settlements -unless otherwise authorized and approved by the Law Department, Finance Director or the Metropolitan Council
- Expenditures not aligned with budget appropriations, grant restrictions, legal requirements, debt covenants, and capital spending plans. Restrictions shall be determined by funding source.

Any use of funds requires the approval of a Department Head or Department Head Designee prior to payment.

Specifically:

- All non-payroll payments must be approved by a Department Head or Department Head Designee prior to payment through the ERP accounts payable system.
- Payroll payments are initially approved when a Department Head or Department Head Designee authorizes the Human Resources Department to hire an employee and must also be approved by a Department Head or Department Head Designee with the submission of each payroll to the Department of Finance’s Payroll Section in order to ensure that any payments above base pay are appropriately reviewed and approved.

Departmental Responsibility for Compliance

The Department Head shall ensure the following:

- Use of funds are aligned with approved purposes,
- Use of funds does not exceed approved budgetary limits as authorized by the Metropolitan Council,
- That departmental processes – whether manual processes or automated workflow processes – are established to ensure that all uses of funds from all sources are appropriately approved by the Department Head or authorized Department Head Designees.

Finance Department Coordination of Compliance

To document the approval of non-payroll payments, the Finance Department’s Division of Accounts shall annually send each Department’s accounts payable workflow approval routing that is set up in the ERP to each Department Head and/or the Department Head Designee for review and approval. For Departments that are not set up for automated accounts payable workflow approval, the Division of Accounts shall annually send a direct payment authorization form to Department Heads for review and approval.

To document the approval of payroll payments, the Finance Department’s Payroll Section will annually send a payroll payment authorization form to each Department Head or the Department Head Designee for review and approval.

It is the responsibility of each Department Head to inform and update either the Division of Accounts regarding changes to a department's accounts payable approval or the Payroll Section regarding changes to payroll payment authorizations as they occur, but not less than 5 business days of a required change.

Compliance and Audit

Departmental approved use of funds is subject to compliance monitoring and audit by the Department of Finance and the Office of Internal Audit.

Exceptions to This Policy

Component units or agencies of the Metropolitan Government that have financial transactions that occur outside of Metro's Enterprise Resource Planning (ERP) system are not governed by this policy but are encouraged to adopt written policies consistent with this Use of Funds policy for these transactions. Departmental policies for financial transactions occurring outside of the ERP shall be subject to audit and monitoring for agencies of the Metropolitan Government.

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 § 8.103 (f): Audit before payment all bills, invoices, payrolls and other claims, demands or charges against the metropolitan government and approve the same only if proper, legal and correct, and duly authorized by appropriations or allotments of appropriations.

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.

Associated Policies

Finance Department Policy 2.1 Budget Accountability Reports

Finance Department Policy 5.1 Disallowances and Questioned Costs

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