METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

Metropolitan Government of Nashville and Davidson County - Finance Dept. Policy: Change Funds (formerly Petty Cash)

Effective Date: June 2007
Revision Date: September 16, 2025
Policy Number: 3.8
Sponsor: Office of the Treasurer

Purpose

The purpose of this policy is to establish uniform guidance for the establishment, use, and oversight of change funds within the Metropolitan Government of Nashville and Davidson County (Metro).

Definitions

Change funds: A pool of cash maintained on hand solely for the purpose of providing change to customers making payments in cash.

Imprest funds: A pool of cash maintained on hand for confidential expenditures as part of MNPD covert operations that cannot be easily processed through the standard accounts payable system.

Summary

Change funds are established to allow departments to provide cash change to customers when check, credit card transactions or electronic payments are unavailable. The initial amount of each change fund shall be determined at the time the fund is approved by the Metro Treasurer and Chief Accountant. Any subsequent adjustment to the fund requires advance approval of the Metro Treasurer and Chief Accountant.

The Department Head shall designate an employee to serve as the cash drawer custodian. The custodian shall be responsible for safeguarding, documenting, and accounting for all cash in the fund. Change funds must be securely stored in a locked and restricted access device.

General Policies

The Metropolitan Treasurer is responsible for the custody and disbursement of all funds belonging to the Metropolitan Government. This includes the oversight and management of change funds across all departments. To ensure financial efficiency and minimize risk, departments are encouraged to prioritize credit card and electronic payment methods whenever feasible. Change funds shall only be used when alternative payment methods are not available or appropriate.

To request the establishment of a change fund, the Department Head must submit a written request (e.g. Exhibit A) to the Metropolitan Treasurer and Chief Accountant, with a copy sent to the Director of the Division of Grants and Accountability in the Finance Department. Written change fund requests will be reviewed within 5 business days of receipt by the Treasurer and Chief Accountant. Departments shall be required to provide selected information regarding the fund at the time of the review. All renewal/cancellation decisions shall be made by the Treasurer and Chief Accountant.

Change Funds Guidelines

All change fund requests shall include:

- A description of the operational need for the fund,
- The physical location of where the funds will be stored, and
- The name of the designated custodian of the fund.

Change fund limits shall be determined based on daily and monthly transaction volume. The limits shall be reviewed at least once every two years by the Treasurer's Office for continued appropriateness.

The Chief Accountant and Treasurer shall be notified within 5 business days whenever there is a change in location or custodian.

Change fund amounts may be modified at the discretion of the Metropolitan Treasurer and the Chief Accountant. The Finance Director reserves the right to revoke a change fund or replace the designated custodian at any time.

Change Funds Procedures

Funds collected at agency locations shall be deposited into Metro's depository bank within one (1) business day of receipt in accordance with Metro Cash Deposit Policy.

A reconciliation log, signed by two individuals in the department, shall be maintained using the standard Monthly Cash Box Reconciliation Form (Exhibit B). Should the department have inadequate staff for two signature signoffs, the Treasurer's Office shall be contacted to establish reasonable internal control procedures to fulfil this requirement.

Reconciliation logs shall be retained for at least three years and shall be subject to audit/monitoring by the Department of Finance Grants and Accountability Division, the Metro Treasurer's Office, or the Metro's Office of Internal Audit.

Overages and Shortages

Overages and shortages shall be recorded by the custodian and reviewed and certified by the Department Head's designee. Significant discrepancies shall be immediately reported to the Department Head and the Director of the Division of Grants and Accountability within the Finance Department. Significant amounts are defined in the following table:

Change Fund Balance	Significant Overage/Shortage Amounts
<$100	Lesser of $25 or 50% of change fund balance
$101 - $400	$50
$401 - $1,000	$75
>$1,001	$100

If a pattern of recurring overages or shortages emerges or if any irregular activity is observed by the department, it shall be disclosed immediately to the Treasurer and the Chief Accountant. The Chief Accountant shall provide write-off accounting procedures.

Compliance

The sum of the cash and coins on hand should equal the limit established for each change fund at each fiscal year end.

Change funds are subject to unannounced cash counts by the Finance Department and/or the Office of Internal Audit to ensure compliance with this policy.

Exemptions

Imprest funds managed by the Metropolitan Nashville Police Department for covert operations shall be exempt from these policy requirements.

Applicable Local, State or Federal Regulations

Metro. Charter § 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.

Metro. Charter art. 8, § 8.106: 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.

Associated Policies

Finance Department Policy 3.4 Cash Deposit

Effective Date

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

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: July 1, 2026