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Fiscal Procedure Law

Dear Reader:

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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 county 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 CTAS website material.

Sincerely,

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Director of Budgets and Accounts

Private Acts of 1972 Chapter 229

COMPILER'S NOTE: According to information supplied to CTAS, Blount County has adopted the optional general law known as the County Financial Management System of 1981, codified at T.C.A. § 5-21-101 et seq. Under the provisions of T.C.A. § 5-21-128, upon adoption of this optional general law, private acts relative to county finances, budgeting and purchasing in conflict with this 1981 act are suspended until such time as the provisions of the 1981 act are revoked. Therefore, this private act appears to be suspended.

SECTION 1. The county judge of Blount County shall appoint, with approval of the quarterly county court, a director of accounts and budgets who shall be a county employee. He shall be qualified by training and experience in the field of accounting to perform his duties in a proficient manner and in accordance with generally recognized principles of governmental accounting. Before assuming his duties he shall execute a corporate surety bond; the amount of which shall be established by the county judge at not less than ten thousand dollars (\$10,000) nor more than twenty-five thousand dollars (\$25,000). The bond shall be approved by the quarterly county court and shall be recorded in the office of the register of deeds in the same manner as are the bonds of all county officials. The premium for such bond shall be paid from the county general fund.

The compensation of the director of accounts and budgets, which shall not be in excess of compensation allowed county officials in accordance with Sections 8-2402-8-2403, Tennessee Code Annotated, shall be set annually by the quarterly county court. The amount of such compensation, the compensation of such stenographers, typists, or assistants as he may need, and the other necessary expenses of his office shall be provided for by annual appropriation from the county general fund.

The director of accounts and budgets shall have power, in accordance with such regulations as may be established from time to time by the county judge, to appoint and remove his assistants, to prescribe their duties, and to fix their salaries within the limits of the annual appropriation.

SECTION 2. There shall be set up and maintained in the office of the director of accounts and budgets a system of fiscal procedure, control and centralized accounting, hereinafter set out and described, which shall be under the administrative control and direction of the director of accounts and budgets. Such system shall be conducted in full accordance with the general law of this state respecting the duties and responsibilities of the county judge as fiscal agent of the county.

The system of fiscal procedure, control and accounting herein provided shall conform to generally accepted principles of governmental accounting and shall be in substantial agreement with the recommendations of the national committee on governmental accounting.

The system shall include such records and procedures as may be required to reflect accurately the assets, liabilities, income, and expenditures of each fund of the county, together with such records, accounts and files as are necessary to record and control:

1. The transactions relating to county revenues, and the revenues for each of its several funds;
2. The transactions relating to the adopted budget and appropriations, including the expenditures and encumbrances against each item of appropriations;
3. The transactions relating to the bonded debt; and
4. Such other records as may be necessary to facilitate the operation of the adopted budget and the proper accounting for each item of county expenditure.

SECTION 3. It shall be the duty of the director of accounts and budgets to post and otherwise keep the records of the central accounting system to verify all bills, invoices, payrolls and claims against the county before payment, and to check the settlements and reports of the various officials and department heads of the county government.

The director shall also, after careful pre-audit of invoices, bills, and claims against the county or any of its funds, prepare disbursement warrants on all county funds. It shall be the duty of such director to sign all county disbursement warrants as evidence of his audit and approval of the expenditure made thereby, but no disbursement warrant drawn on the county trustee shall become a county liability payable by the county trustee until such warrant shall also have been signed by the county judge, county superintendent

of schools, or other official or officials whose signatures are required on such warrants.

The director shall install, with the approval of the comptroller of the treasury, a uniform classification of accounts, including a classification of revenues and expenditures, to be used in accounting, budgeting, and financial reporting respecting all county funds, offices, agencies and activities of the county governments, with the exception of school funds administered by the county board of education and the county superintendent of schools, and shall prescribe the forms to be used by each official and employee of the county in connection therewith. The classification and expenditures and receipts of county school funds shall conform to the classification of accounts as prescribed by the state commissioner of education.

The director shall set up and maintain a double entry system of accounting for recording the transactions of all the county's funds, including both proprietary and budgetary accounts, in conformity with the requirements set out in Section 2. The accounts shall be kept on the modified cash basis.

The director shall set up the necessary accounts to properly record the annual budget and each appropriation made by the quarterly county court. All encumbrances, expenditures or other charges against any item of the budget shall be promptly recorded in order that the unencumbered balance of each item of the budget shall be readily ascertainable at all times.

At the end of each month the director shall prepare a comprehensive report of all revenues and expenditures of the county and of each of its several funds, departments, offices, agencies, and activities, all encumbrances against the several appropriations, and the condition of each item of appropriation in the annual budget. The most recent of such reports shall be presented to the quarterly county court at each quarterly meeting and copies of such reports shall be furnished the members thereof.

The director shall pre-audit all payrolls of the county before payment and shall maintain complete earnings records of each employee of the county. The director and the county judge are hereby authorized to maintain a special county payroll account at a local bank at the county seat, in which disbursement warrants for the total of each payroll may be deposited and against which individual net earning checks may be issued to each of the county employees. The county judge may authorize the issuance of such payroll checks on the signature of the director of accounts and budgets, and in such event the depository bank shall be so instructed.

SECTION 4. Excepting taxes such as the county trustee is authorized to collect, the payment of all moneys to the county trustee by any collectors authorized by statute, or by anyone on account due the county, shall be made only by issuance of a receivable warrant signed by the county judge instructing the trustee to receive the amount named, for which the trustee shall issue his receipt, duplicate of which shall be delivered to the director of accounts and budgets to be used by him in posting the accounting records.

SECTION 5. Before any obligation against the county shall be paid or any disbursement warrant or voucher issued therefor, a detailed invoice or statement approved by the head of the office, department or agency for which the obligation was made shall be filed with the director of accounts and budgets. Said director shall make a careful pre-audit of such invoice or statement, including a comparison with any encumbrance document previously posted or filed authorizing such obligation, and shall approve for payment only such items as appear to be correct, properly authorized, and not exceeding the otherwise unencumbered balance of the allotments or appropriations against which they are chargeable. Disbursement warrants shall be promptly prepared for all such approved items by the director of accounts and budgets and mailed or delivered to the payees thereof.

A duplicate copy of all disbursement warrants, with all original invoices and/or other supporting documents attached thereto, shall be kept on file in the office of the director of accounts and budgets.

SECTION 6. Each official, office, department, institution, agency, board, committee, commission or employee of the county shall furnish such information and make such reports as may be required to properly maintain the central accounting system and fiscal procedures herein authorized and prescribed, and such information and reports shall be furnished at such times and in such form as may be prescribed by the director of accounts and budgets.

The records of all county offices, departments, and agencies shall be made available by their respective officials or employees for examination at all reasonable hours by the director of accounts and budgets.

SECTION 7. Any official named in this Act or any other official, agent, or employee of the county who shall fail or refuse to perform the duties required of him under this Act, or who shall otherwise fail or refuse to conform to the provisions of this Act, shall be guilty of a misdemeanor and subject to removal from office.

SECTION 8. This Act shall have no effect unless it is approved by a two-thirds ($\frac{2}{3}$) vote of the quarterly county court of Blount County. Its approval or non-approval shall be proclaimed by the presiding officer of the court and certified by him to the Secretary of State.

SECTION 9. This Act shall take effect on becoming a law, the public welfare requiring it.

PASSED: February 15, 1972.

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