

## Tenn. Code Ann. § 5-8-210

TENNESSEE CODE ANNOTATED

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\*\*\* CURRENT THROUGH THE 2010 REGULAR SESSION \*\*\*

Title 5 Counties

Chapter 8 Receipt and Management of Funds

Part 2 Bank Accounts

Tenn. Code Ann. § 5-8-210 (2011)

5-8-210. Checking system.

(a) Each county trustee may adopt a checking system for the disbursing of county funds by the county trustee as prescribed by this section by giving at least thirty (30) days notice to each official authorized to sign checks. Once adopted, any trustee may, with the approval of the county finance committee created pursuant to § 5-8-201, or with the approval of the county legislative body, discontinue the application of this section.

(b) For purposes of this section, the "county master account" means all accounts maintained by the county trustee for the purpose of handling banking transactions of the various county funds required by law to be managed by the county trustee, except for any check clearing account as defined in subsection (c). The county trustee shall reconcile all county master accounts and shall maintain all records as required by law relating to such accounts, including maintaining paid checks.

(c) For purposes of this section, "check clearing account" includes any account created for combined offices and departments or created for separate offices or departments, or both, that the county trustee establishes as a separate checking account for county payrolls or as a method of certifying checks. If any check clearing account is established, such account shall be reconciled by the county trustee, except that a separate clearing account established for a single office or department shall be reconciled by that office or department; provided, that if the county trustee deems it necessary or advisable, the county trustee may reconcile any check clearing account established for a single office or department, which shall include maintaining the paid checks.

(d) Any financial institution charges incurred by a county for a county master account or for a check clearing account shall be an allowable office expense for the county trustee; provided, that any financial institution charges incurred for a check clearing account established for a single office or department shall be a charge against the funds of the office or department.

(e) In any county coming under this section, a county master account and a check clearing account shall be established by the county trustee at a financial institution selected by the county finance committee created pursuant to § 5-8-201 or, if the county legislative body has not created a county finance

committee or the county finance committee fails to specify one (1) or more financial institutions, then the county trustee may select a financial institution authorized to handle such account. Any financial institution shall be selected based on the institution offering the highest and best bid or bids to pay interest on daily balances of the county's funds, considering the lowest service charges, and considering other factors affecting safety and liquidity of county moneys.

(f) When the financial institution has been selected, the county trustee shall establish one (1) or more county master bank accounts or one (1) or more check clearing accounts, or both, and have each official authorized by law to sign checks drawn on each account to complete forms as required by the financial institution. The forms shall be completed and returned to the financial institution prior to any checks being issued on the account. Persons who have the authority to sign checks drawn on the account shall promptly complete these forms and return them to the county trustee. The county trustee shall maintain a copy of these forms and shall provide a copy of each completed form to the county mayor and to each person who is authorized to sign checks drawn on the account.

(g) The county trustee, in conjunction with the financial institution, may designate specifications for checks used to make withdrawals on any account established pursuant to this section. In the event of a written objection to the specifications by the county mayor, a department head, the director of accounts and budgets, or the director of finance is filed with the trustee, the county trustee's specifications for checks shall be approved by the finance committee created pursuant to § 5-8-201, or by the county legislative body.

(h) In any county that adopts the provisions of this section, the issuance of checks shall be certified by one (1) of the following methods adopted by the county trustee:

(1) List Certification Method -- This method requires each department, including the county mayor, a department head, director of accounts and budgets, and a director of finance, to submit a list by fund to the county trustee of the checks being issued showing the date of the check, check number, payee and amount. The county trustee verifies the department's fund balance and certifies that funds are available or will be available in the "check clearing account" for payment of those checks. The county trustee then transfers funds from the "county master account" to the "check clearing account." The county trustee may develop a procedure for emergency certification by the county trustee in circumstances where such would be reasonable, in which event the county trustee must be provided with a written document for certification by the end of the next business day;

(2) Check Signing/Validation Method -- This method requires each department, including the county mayor, department heads, director of accounts and budgets, and directors of finance, to submit a list to the county trustee of checks being issued showing the date of the check, check number, payee and amount. The county trustee verifies the department's fund balance. The county trustee signs or validates each check if sufficient funds are or will be available and makes any necessary transfer of funds from the master account to the check clearing account;

(3) Combination Method -- The method outlined in subdivision (h)(1) may be followed for some offices and departments, and the method outlined in subdivision (h)(2) followed for other offices and departments in the discretion of the county trustee; or

(4) Any other certification method requested by the county trustee and approved by the comptroller of the treasury.

(i) When the county trustee has certified that funds are available, the total amount certified shall be charged to the fund on which the check or checks are drawn on at least a daily basis so that a current balance is maintained.

(j) Any reference in this code or regulations issued pursuant to this code that require or authorize the issuance or acceptance of a county warrant shall also authorize the issuance or acceptance of a check drawn pursuant to this section and, to the extent that the provisions of this section conflict with other laws or regulations, the provisions of this section shall apply in any county in which this section has been adopted by the county trustee as provided in subsection (a).

(k) Any person who signs or issues any check required by this section to be certified by the county trustee, that has not been certified by the county trustee in accordance with this section, is in violation of this section, subject to removal from position or office, and subject to personal liability for any improperly disbursed funds.

HISTORY: Acts 1992, ch. 743, §§ 1, 2; 1995, ch. 130, § 1; 2003, ch. 90, § 2.

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