

7.1 Cash Management Policy

Policy Statement

This Cash Management Policy has been developed in order to safeguard the management of Consolidated Fund cash balances and ensure accurate and timely receipt of information affecting Province of Nova Scotia Consolidated Fund cash flows.

Authority

Cash management refers to the prudent and efficient management of receipts and disbursements of public money to and from the Consolidated Fund, and is the responsibility of the Minister of Finance. The source of authority for this policy is the *Provincial Finance Act*, Section 17 and Section 18. The act states

DEPOSITS, EXPENDITURES AND ACCOUNTS

- 17 (1) All public money received by the Minister (Minister of Finance) shall be deposited to the credit of the Minister in the Consolidated Fund or the appropriate special fund.
- (2) Except as otherwise provided, where any expenditure is authorized by any act such expenditure may be made from the Consolidated Fund.
- (3) The Minister (of Finance) shall establish accounts with such banks as he designates for the deposit of public money.

DUTY OF PERSON RECEIVING PUBLIC MONEY

- 18 Every person employed in the collection or management or charged with the receipt of public money shall
- (a) deposit same to the credit of the account of the Province at such places, in such manner and at such times as the Deputy Minister directs;
- (b) keep a record of receipts and deposits thereof in such form and manner as the Deputy Minister directs;
- (c) account for same in such manner and at such times as the Deputy Minister directs.

The Minister of Finance has delegated the authority for cash management and banking services through the Department of Finance's Policy on Trading and Signing Authorities to the Department of Finance, Liability Management and Treasury Services Division (LMTS) and the Capital Markets Administration Division.

Policy Objectives

This Cash Management Policy has been developed to ensure that public monies are safeguarded and that the Consolidated Fund is the sole recipient of any benefit derived from these funds.

This Cash Management Policy has also been enacted to ensure that accurate and timely information of cash receipts and disbursements, affecting the Province of Nova Scotia Consolidated Fund, are received by the Department of Finance. The receipt of such information is required to ensure that adequate safety, liquidity and efficiencies of cash balances are implemented throughout the consolidated fund and to allow for the accurate recording of all transactions.

Application

All Departments with cash information that would impact the Province of Nova Scotia Consolidated Fund cash positioning process are required to notify the Department of Finance, LMTS, Cash Management Services (email address *Cash Advice Information – Finance LMTS*). The application of the policy includes all material cashflows that impact the Consolidated Fund. Material cashflows are defined by this Policy as deposits over \$200,000 and outflows over \$500,000.

Policy Directives

Cash management, including deposits and outflows of public money and bank account operations of the Consolidated Fund, are the responsibility of the Minister of Finance. Government departments are responsible for ensuring the timely receipt, control and deposit of public monies to the Province of Nova Scotia Consolidated Fund bank accounts.

Departments with cumulative deposits of Province of Nova Scotia Consolidated Fund monies over \$200,000, or cumulative outflows, either via Electronic Vendor Payment or cheque, over \$500,000 are to advise Department of Finance, LMTS in a timely manner to ensure effective utilization of cash balances on a daily basis. Departments with Material cash information are to forward via email to *Cash Advice Information – Finance LMTS* indicating the Department, Amount, Bank of deposit (if outflow, identify if outflow is via Electronic Vendor Payment or cheque), date of cashflow, and department contact information as soon as the cashflow information is known. Deposit and outflow notifications are required prior to 11:30 am on the day of the cashflow to allow cash positioning by the Department of Finance to be done in a timely and efficient basis.

Notification of material deposits is to be forwarded prior to 11:30am each day. Deposits are required to be made prior to 3:00 pm to ensure the deposit is dated for the current date.

All cash and cheques for deposit must be placed in a secure site with limited access prior to the deposit at the Department's bank. All cheques received must be stamped on the back with the appropriate domicile stamp indicating the account of deposit and any related cash in transit location information to facilitate the tracking of cheques returned due to non sufficient funds. Any cheques returned to the Province of Nova Scotia require prompt action. Each Department is responsible for collection of funds and any associated appropriate service charges are charged to that Department. Adjustments or corrections for either overpayment or underpayment will be made after the deposit of monies.

All deposits must be verified by two departmental employees. Any deposits containing more than \$500 in cash must be transported to a Chartered Bank for deposit by courier service or by at least 2 employees to reduce chances of fraud or robbery.

Payments by wire transfer may be required at times where the capability to forward the payment via EVP is not available and forwarding the payment via cheque is not deemed to be appropriate. Currently EVP is only available to companies where the payment bank is located in Canada or the United States. Cheques may not be the payment method accepted for some vendors, and wire payment is the only alternative, especially for some international companies, whose payment bank is not located in Canada or the United States. The approval of the Director of the initiating division is required in such instances. For each wire transfer the initiating Department is required to provide the following information along with a copy of the approved purchase order/invoice forwarded to the Department of Finance, Treasury Services.

Bank and Bank Address

IBAN#; Swift Address

Payee and Payee Address

Purpose

Requests for new bank accounts or services or any changes in existing bank accounts or services must be forward by Banking Request Form (see Management Manual 200 Chapter 9 Banking Services Policy) to the Department of Finance, LMTS. Department of Finance, LMTS will notify the department when the request has been completed or will work with the user to identify any possible alternatives.

Policy Guidelines

Deposit notifications should be forwarded to the Department of Finance, LMTS prior to deposit at any Chartered bank. All deposits should be deposited into the correct account at a Chartered Bank, as soon as possible, preferably prior to the end of the banking day (3:00 pm) to prevent loss or theft.

Cash in Transit deposit reconciliations are to be emailed to the Department of Finance, LMTS, Cash Management Services (the email address *Cash Reconciliations – Clearing Accounts – Finance LMTS*) on a monthly basis 10 business days after month end. Manager, Cash Management Services will forward a list of accounts of those Departments that fail to ensure their accounts are cleared and reconciled to the Department of Finance, Controller and Department of Finance, Director of Government Accounting on a quarterly basis.

US Dollar deposits requiring refunds due to overpayments are to be refunded in US Dollars if the refund is greater than US\$10. Refunds under \$10 are to be returned only on request. Refunds are to be processed via the Province of Nova Scotia USD Dollar chequing account.

Where the Consolidated Fund is to receive the benefit of any cash balance or inflow of funds, such cash should be deposited immediately to the credit of the Consolidated Fund. Cash balances should not be maintained to the credit of any Department where such balances and the earnings thereon are intended to accrue to the Consolidated Fund.

Accountability

Department of Finance, LMTS is responsible for the management of the Consolidated Fund's operational cash flow, including managing daily banking functions, bank transfers, banking relationships, short term investing and borrowing and short term investments of special funds.

Department of Finance, LMTS is responsible under the Banking Services Policy for facilitating each banking contract ensuring the contract is reviewed by Legal Counsel and to ensure that all departments are aware that all bank functions and services delivered to the Province must be compliant with the *Freedom of Information and Protection of Privacy Act*, the *Personal Information International Disclosure Protection Act*, and all privacy policies.

Monitoring

Department of Finance, LMTS will monitor the policy for implementation, performance, and effectiveness.

References

Province of Nova Scotia, Treasury & Policy Board, Management Manual 200, Chapter 9, Banking Services Policy

Department of Finance's Policy on Trading & Signing Authorities

Enquiries

Manager Cash Management Services

Approval Date: January 22, 2009

Approved by: Executive Council

Manual release date: March 19, 2009

Most recent review:
