

# 7.1 Cash Management Policy

## Policy Statement

This Cash Management Policy has been developed in order to safeguard the management of General Revenue Fund cash balances. It ensures accurate and timely receipt by the Department of Finance and Treasury Board of all information impacting Province of Nova Scotia General Revenue Fund cash flows.

## Authority

Cash management refers to the prudent and efficient management of receipts and disbursements of public money to and from the General Revenue Fund, and is the responsibility of the Minister of Finance and Treasury Board. The source of authority for this policy is the *Finance Act*, Section 13 and Section 14. The act states

- 13 (1) All money received by the Minister must be deposited to the credit of the Minister in the General Revenue Fund or the appropriate trust fund.
  - (2) Except as otherwise provided, where any expenditure of money or incurrence of an expense is authorized by an Act of the Legislature, such expenditure of money or incurrence of an expense may be charged to or made from the General Revenue Fund.
  - (3) The Minister shall establish accounts with such banks as the Minister designates for the deposit of public money.
- 14 Every person employed in the collection or management or charged with the receipt of public money shall
- (a) deposit it 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; and
  - (c) account for the public money in such manner and at such times as the Deputy Minister directs.

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

## Definitions

### **PUBLIC MONEY**

All money belonging or payable to, or received, collected or held by, for or on behalf of, the Province, and includes revenue of the Government Reporting Entity and money raised on the credit of the Province, but excludes trust funds (Section 2(z) of the *Finance Act*).

## Policy Objectives

This Cash Management Policy has been developed to ensure that public monies are safeguarded and that the General Revenue 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 General Revenue Fund, are received by the Department of Finance and Treasury Board. The receipt of such information is required to ensure that adequate safety, liquidity and efficiencies of cash balances are implemented throughout the General Revenue Fund and to allow for the accurate recording of all transactions.

## Application

All members of the Government Reporting Entity (GRE) with cash information that would impact the Province of Nova Scotia General Revenue Fund cash positioning process are required to notify the Department of Finance and Treasury Board, LMTS, Cash Management Services (email address *Cash-Advice-Information-Finance-LMTS@novascotia.ca*). The application of the policy includes all material cashflows that impact the General Revenue 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 General Revenue Fund, are the responsibility of the Minister of Finance and Treasury Board. Members of GRE are responsible for ensuring the timely receipt, control and deposit of public monies to the Province of Nova Scotia General Revenue Fund bank accounts.

Members of GRE with cumulative deposits of Province of Nova Scotia General Revenue Fund monies over \$200,000, or cumulative outflows, either via Electronic Vendor Payment or cheque, over \$500,000 are to advise Department of Finance and Treasury Board, LMTS in a timely manner. Members of GRE with material cash information are to forward via email to *Cash-Advice-Information-Finance-LMTS@novascotia.ca* indicating: (1) the name of department or member of GRE, (2) the Amount, the name of the bank of deposit or outflow (if outflow, identify if outflow is via Electronic Vendor Payment or cheque), (3) the date of cashflow, and (4) the contact information of the sender 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. Deposits are required to be made prior to 3:00 pm. Outflow amounts greater than \$10 million require a minimum of three (3) days advance notice.

All cash and cheques for deposit must be placed in a secure site with limited access prior to the deposit at the member of GRE'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. Any cheques returned to the Province of Nova Scotia require prompt action. Each member of GRE is responsible for collection of funds and any associated appropriate service charges are charged to that member of GRE. Adjustments or corrections for either overpayment or underpayment will be made after the deposit of monies.

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

## Policy Guidelines

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

Clearing Account reconciliations are to be conducted on a monthly basis 10 business days after month end and made available upon request to the Department of Finance and Treasury Board. Manager, Cash Management Services will forward a list of accounts of those Members of GRE that fail to ensure their accounts are cleared

and reconciled to the Department of Finance and Treasury Board, Controller and Department of Finance and Treasury Board, Director of Government Accounting annually.

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.

### **Accountability**

Department of Finance and Treasury Board, LMTS is responsible for the management of the General Revenue 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.

### **Monitoring**

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

### **References**

Management Manual 200, 9.1 Banking Services Policy

Department of Finance and Treasury Board's Policy on Trading & Signing Authorities

### **Enquiries**

Manager Cash Management Services

Department of Finance and Treasury Board (902) 424-3841

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