

7.1 Cash Management Policy

Policy Statement

This Cash Management Policy has been developed to safeguard the public monies of the General Revenue Fund (GRF). The policy formalizes the cashflow notification requirements and guidelines for cash receipts and disbursements to the GRF.

Definitions

CASH

Money or equivalent, such as cheques on deposit, electronic payments paid for goods or services at the time of purchase or delivery.

PUBLIC MONEY

All public 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 (GRE) and money raised on the credit of the Province, but excludes trust funds (Section 2(z) of the *Finance Act*).

GOVERNMENT REPORTING ENTITY

Aggregate of all organizations that are part of or controlled, for accounting purposes, by the Province and includes departments, governmental units, government business enterprises, government partnership arrangements and Crown corporations and, for greater certainty, does not include a university to which the *Universities Assistance Act* applies.

CASH MANAGEMENT

Cash management refers to the prudent and efficient management of receipts and disbursements of public monies to and from the GRF and is the responsibility of the Minister of Finance and Treasury Board.

Policy Objectives

The objective of this policy is to ensure public monies are safeguarded and the GRF is the sole recipient of any benefit derived from these funds.

Further, the policy ensures the accurate and timely notification of cash receipts and disbursements affecting the GRF. Cash receipt and disbursement notifications are required to ensure the adequate safety, liquidity, and efficiencies of cash balances of the GRF and to allow for the accurate recording of all transactions.

Application

This policy applies to members of the GRE. All entities to which this policy is applicable are responsible for ensuring all public monies are protected, safeguarded and to provide accurate and timely notification of cash receipts and disbursements affecting the GRF in accordance with this policy. The source of authority for this policy is the *Finance Act* Section 13 and Section 14.

The Minister of Finance and Treasury Board has delegated the authority for cash management and banking services to the Department of Finance and Treasury Board, Liability Management and Treasury Services Division (LMTS) and the Capital Markets Administration and Compliance Division (CMAC).

Policy Directives

Members of the GRE are responsible for ensuring the timely receipt, control, and deposit of public monies to the GRF bank accounts.

Members of GRE with daily cumulative deposits to the GRF bank accounts over \$200,000, or daily cumulative outflows, either via Electronic Vendor Payment or cheque, over \$500,000 are to advise LMTS.

Daily deposit and disbursement notifications are required prior to **11:30 am** on the day of the cashflow. Notification allows the Department of Finance and Treasury Board to complete cash positioning in a timely and efficient manner. Amounts greater than \$10 million require a minimum of three days advance notice.

Members of the GRE with deposits or disbursement notifications are to email the completed Banking Payment and Deposit Advice Form to banking@novascotia.ca as soon as cashflow information is known. The Banking Payment and Deposit Advice Form includes, but not limited to, the following information.

Business Area or Member of GRE

Amount

Bank account of deposit or outflow (if outflow, identify if outflow is via Electronic Vendor Payment or cheque)

Anticipated date of cashflow

All cash and cheques for deposit must be placed in a secure site with limited access prior to the deposit at a designated Chartered bank. Only pre-encoded deposit slips received by LMTS (banking@novascotia.ca) reflecting all appropriate deposit account and location information must be used. Unencoded bank deposit slips are never to be used. Deposit slips are to be validated for complete and correct information prior to use.

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.

Adjustments or corrections for either overpayment or underpayment will be made after the deposit of monies. All deposits must be verified by two employees, or have documented compensating controls available.

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 the GRE.

Policy Guidelines

Deposit notifications should be emailed to banking@novascotia.ca 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 completed monthly, 10 business days after month end and made available upon request LMTS.

On an annual basis, prior to January 31, LMTS will provide a list of accounts of those members of the 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, Executive Director of Government Accounting.

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 GRF'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

LMTS will provide necessary guidance to members of the GRE in applying this policy. Further, LMTS will monitor compliance with, and the effectiveness of, the policy across members of the GRE.

References

Finance Act, Section 8, 13 and 14

Policy 9.1 Banking Services Policy, Budgeting and Financial Management Manual, Corporate Administrative Policy Manuals

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

Enquiries

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