

## CASH MANAGEMENT

### POLICY

EPD has responsibility to safeguard public monies and private monies held under trust arrangements.

Officers must make all reasonable efforts to recover amounts lost through fraud, theft, or overpayment of either public money or trust money. In cases of fraud and theft, reporting and follow-up action should be in accordance with the Directorate's Fraud Prevention Plan.

### RATIONALE FOR POLICY

This guideline is intended to assist directorate staff to appropriately discharge their responsibilities.

### RESPONSIBILITIES AND ACCOUNTABILITIES

The primary responsibilities and accountabilities in relation to cash management rest with the following:

Position	Responsibility
Director-General	<ul style="list-style-type: none"> <li>• approve the establishment and operation of official bank accounts and trust accounts for the Directorate, including cheque signatories;</li> <li>• approve the use of Westpac Banking for the Directorate's bank accounts; and</li> <li>• approve the appointment of Authorising Officers for the Directorate's bank account.</li> </ul>
Chief Finance Officer	<ul style="list-style-type: none"> <li>• manage the Directorate's cash levels in accordance with the Territory's Cash Management Regime;</li> <li>• review the continuing need for existing bank accounts at least annually; and</li> <li>• advising the Finance and Budget Division (FABD) of the need for any <i>Financial Management Act 1996</i> (FMA) instruments including transfers between Directorates or bank account transfers due to Administration Arrangement or Treasurer Advance requests.</li> <li>• authorise investments (if applicable).</li> </ul>
EPD Finance Staff	<ul style="list-style-type: none"> <li>• liaising with the Shared Services Banking Officer to assist in providing the Chief Finance Officer with required information for fortnightly draw-down requests;</li> <li>• report cash requirements to Investment Branch and obtain approvals for forecast cash requirements;</li> <li>• banking of cash, providing acknowledgement of receipt to customer, and sending receipt details to SSC, including revenue coding and documentation;</li> <li>• maintain agency owned merchant facilities including EFTPOS terminals and card facilities;</li> </ul>

	<ul style="list-style-type: none"> <li>• authorise payment runs as agreed with SSC;</li> <li>• communicate to SSC any significant payments and receipts which may cause variations in the cash-flow, including signoff on forecast daily; and</li> <li>• after 60 days, investigate and resolve any discrepancies from bank accounts to the general ledger reconciliation and advise SSC of the appropriate treatment, including clearing accounts.</li> </ul>
Executive	<p>in relation to all funded projects, ensure:</p> <ul style="list-style-type: none"> <li>• the invoice received is correct;</li> <li>• the amount on the invoice does not exceed the total amount appropriated for the project; and</li> <li>• the invoice is forwarded to EPD Finance for actioning.</li> </ul>
Shared Services	<ul style="list-style-type: none"> <li>• act on investment instructions made by authorised agencies;</li> <li>• receipt cheques mailed to SSC;</li> <li>• liaise with the Directorate regarding drawdown requirements and record drawdown transactions in the General Ledger;</li> <li>• approve (where agreed with Directorate) and action payment runs, transmit EFT payments and remittances, print cheques and mail out to creditors;</li> <li>• provide advice to agencies in relation to cash management prior to payment runs and drawdown requests;</li> <li>• check and notify agencies of drawdown variances;</li> <li>• reconcile bank accounts to the General Ledger at end of period, investigate and resolve discrepancies and allocate bank charges; and</li> <li>• file and retrieval of source documentation.</li> </ul>

### NON-COMPLIANCE

Failure to comply with these procedures may result in fraud against the Directorate.

Staff are therefore accountable to the Director-General for the fulfilment of their responsibilities under these procedures. Non-compliance will be taken as a serious matter and may result in disciplinary action or be reflected in performance reviews.

### TARGET USERS

These procedural rules are for all officers responsible for the management of cash.

### PROCEDURES

The following procedures are addressed by these guidelines:

- cheques;
- electronic funds transfer (EFT - direct credit);
- receipts and deposits;
- cash advances; and

- investment of funds.

### Cheques

Cheque books are pre-numbered accountable forms and should be treated in accordance with the instructions for Accountable Forms (refer DGFI - Accountable Forms).

For official accounts, cheques will be generated by an automated accounting system with appropriate internal controls. Manual cheques should only be used in exceptional cases. (For more information refer to the DGFI - Payment of Accounts).

Cancelled cheques and returned cheques must be recorded in the Directorate's accounting systems and records as soon as possible. Action should be taken to resolve the matter as quickly as possible, to maintain compliance with supplier payment arrangements and minimise the impact on projected cash flows.

In line with standard commercial banking practices, if a cheque is unrepresented after 15 months from the date of issue, the cheque should be cancelled and written back into the accounting system.

### Electronic Funds Transfer (EFT)

Electronic funds transfers (EFT) are subject to controls in the same way that manual transactions are subject to controls. (For more information on EFT payments and controls refer the DGFI - Payment of Accounts).

Officers responsible for administering bank accounts must ensure that transactions are accurately processed as soon as possible.

As part of the bank reconciliation process, responsible officers should monitor errors and timing differences arising from EFT arrangements, and take appropriate actions to ensure sufficient controls are maintained.

Transfers between directorate bank accounts should be authorised and carried out as if each transaction was between a Directorate and an external party.

### Receipts and Deposits

Generally, all monies received by the Directorate should be banked on a daily basis. The only exception to this requirement is where the amounts of money collected are so small as to make it inefficient to bank daily, and the monies are secured in a safe. These monies should be banked at least weekly.

Where monies are banked on less than a daily basis, a reconciliation between cash and cheques held and receipts issued must be conducted each day.

Unidentified receipts should be credited to a ledger account established for the purpose and held until they can be identified. Staff must take reasonable steps, as soon as possible, to determine the correct account to which monies should be credited.

A reconciliation of monies held in the ledger account for unidentified monies should be performed as required.

### Cash Advances

Cash advances may be established for the purposes of petty cash, or as change drawers for cash collection areas. Advances are given at a certain level, and accounting records must be maintained in order to acquit the advance to that level every time the cash is counted.

An advance holder is personally responsible for the advance, and must ensure adequate security over the advance.

Advance holders should reconcile cash on hand to advance levels at least monthly and immediately prior to seeking reimbursements.

The manager of the area receiving the advance should nominate the advance holder.

The Chief Finance Officer may authorise the establishment of a cash advance in accordance with their delegation.

Shared Services Finance is responsible for providing clear instructions to advance holders regarding procedures for management of the advance and records required to be kept.

At least once every two months, managers should ensure a surprise check is carried out of each cash advance in their area. Managers must maintain evidence of these surprise checks. Cash counts may also be conducted by Internal or External Audit. For more information on Cash Advances refer to Procedure 2.3 *Payment of Accounts*.

### Investing

Under the cash management framework, directorates are unable to make new investments and earn interest, except where the following conditions apply:

- specific conditions are attached to particular monies that require that they must earn and retain interest that must be spent for an express purpose; and
- the monies specifically addressed by the above requirement are quarantined in a separate directorate account that is solely used for holding "special funds".

The Directorate has a bank account "EPD Joint Funded Account" that meets the above criteria. Monies held in this account have specific conditions contained in the contract between the Commonwealth and the ACT Government. These conditions require that the fund must earn and retain interest for the purpose of providing further program funding. The monies specifically addressed by the above requirement are quarantined in a separate directorate account that is solely used for holding "special funds".

The account is monitored by Shared Services and the Directorate.

### REFERENCES

Source	Description
FMA	<a href="#">s32-38, s49-53</a>
FMA Regs/FMOs	n/a
Other legislation/regs	n/a
Related DGFIs	Delegation of Authority
Related Guidelines	n/a