

PLATEAU STATE

CASH MANAGEMENT STRATEGY

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ABBREVIATIONS

PLSG	Plateau State Government
OAG	Office of the Accountant General
ACF	Arrears Clearance Framework
SFTAS	State Fiscal Transparency Accountability and Sustainability Programme for Results
DLI	Disbursement Link Indicator
DAC	Debt Arrears Committee
DLR	Disbursement Link Result
APA	Annual Performance Assessment
DMO	Debt Management Office
FGN	Federal Government of Nigeria
VAT	Value Added Tax
IGR	Internally Generated Revenue
CBN	Central Bank of Nigeria
TSA	Treasury Single Account
MDAs	Ministries, Departments and Agencies
GDP	Gross Domestic Products
FRA	Fiscal Responsibility Act
FRL	Fiscal Responsibility Law
FSP	Fiscal Sustainability Plan
FAAC	Federal Account Allocation Committee
FY	Fiscal Year for the Government (January 1 – December 31)
HFD	Home Finance Department (State Ministry of Finance)
IVA	Independent Verification Agent
CMS	Cash Management Strategy
MTEF	Medium Term Expenditure Framework
PFM	Public Financial Management

PforR	Programme for Results
GNP	Gross National Products
IMF	International Monetary Fund
SEC	Security and Exchange Commission
EFCC	Economic and Financial Crimes Commission
ICPC	Independent Corrupt Practice & Other Related Offences Commission
FDI	Foreign Direct Investment
NAICOM	National Insurance Commission
MPR	Monetary Policy Rate
WB	World Bank

CHAPTER 1

1.1 Overview

There is a general perception of what constitutes good or bad practices in Government cash management. A Treasury Single Account (TSA) is a requirement for modern cash management; it involves the consolidation of all Government cash balances into a single account, preferably at the Central Bank. This consolidation allows the State Ministry of Finance to minimize the volume of idle balances in the banking system, with consequent cost savings. These are derived from the interest saved from using cash surpluses in one area of Government activity to cover cash shortages in another. If cash is not consolidated, the excess cash requirement has to be financed by outsourcing.

The TSA has no preferred way in which it interacts with the Government's invoice processing or payment arrangements. All expenditure transactions of the State Government are approved centrally by the Executive Governor of Plateau State.

The Plateau State Liquidity (cash) Management Strategy is aimed at streamlining short term cash flows and cash balances for cost effectiveness, value for money, reduction or total elimination of the State domestic arrears- especially contractors' arrears, pension and gratuity, staff claims, salary arrears, judgment debts and others.

To realize this, the Management Committee is expected to do the following based on its terms of reference:

- The preparation of a realistic monthly cash for the State with clear commitment limits.
- Proper review of the budget to ensure that it is realistic and credible before approval of memos.
- Recommend monthly memos based on monthly cash forecast and cash availability for the month.
- Facilitate timely processing of payments, to avoid deferral and the incidences of idle cash balances in Government accounts.

- Establish a realistic quarterly cash projection for the State by estimating the receivables and determining the funding gap.
- Ensure that Government borrowings are based on pre-determined funding gap.
- Ensure the full implementation of the Treasury Single Account (TSA) to enhance the effectiveness of the Committee.
- Interact with MDAs, Government Departments and Agencies to ensure efficient management of Government receipts and payment.

1.2 METHODOLOGY

Upon receipt of all submitted memos from the office of the Governor, the Committee shall:

- a) Ensure that the office of the Accountant General submits all account balances after all first line deductions (Salary, Pension and ISPOs) are effected.
- b) Sort all memos according to sectors.
- c) Prioritize memos based on budget flows.
- d) Ensure that copies of recommended memos are stamped and signed before being sent to the Governor for approval.
- e) Ensure that all outstanding approved part-payments memos in the office of the Accountant General, forms part of subsequent months' submission.
- f) Ensure that office of the Accountant General submits reports of compliance of approved payments at the end of the month to the Committee.
- g) In the event the amount available is insufficient to meet the critical needs of the State for a particular month, the Committee may recommend for other sources like borrowing (overdraft or Team Loan).
- h) Quarterly forecast of cash commitments and requirements.

1.3 Objective Cash Management Strategy (CMS)

The Objective of Cash Management Strategy (CMS) is to document cash management guidance for Ministries, Departments and Agencies (MDAs) of Plateau State. The Ministry of Finance is to ensure effective management of cash and financial operations encompassing billings, deposits, collections, and disbursements. Cash management is practices and techniques designed to accelerate and control collections, ensure prompt deposit of receipts, improve control over disbursement methods, and eliminate idle cash balances.

It is required that all MDAs comply with the standards contained in the practices. Each Ministry/Department/Agency, however, may define supplementary directives and standards to satisfy its unique needs, as long as they are consistent with the

Cash Management Strategy (CMS).

The scope of material included in Cash Management is defined by the roles and responsibilities of the Office of the Accountant General and Debt Management Debt as opposed to those of other offices such as the Office of Budget and the Office of the Auditor General, and by the historical division in interior of accounting functions from other supporting functions such as payroll and contracting. Other offices and functions have policy or procedure manuals covering their responsibilities. Cash Management Strategy (CMS) includes guidance related to Office of Accountant General's responsibilities, and includes summaries and references to other offices' policies, as needed, to describe the interactions of Office of Accountant General (OAG) activities with other interior activities.

This Cash Management documents, guidance and procedures are to:

- describe opportunities to improve cash flow processes;

- provide specifics on implementing cash management and to improve the cash flow functions;
- raise the consciousness of Financial Managers about the time-value-of-money;
- emphasize the use of Electronic Funds Transfer (EFT) mechanisms for collecting receipts and making payments.

1.4 Cash Flows Forecasting

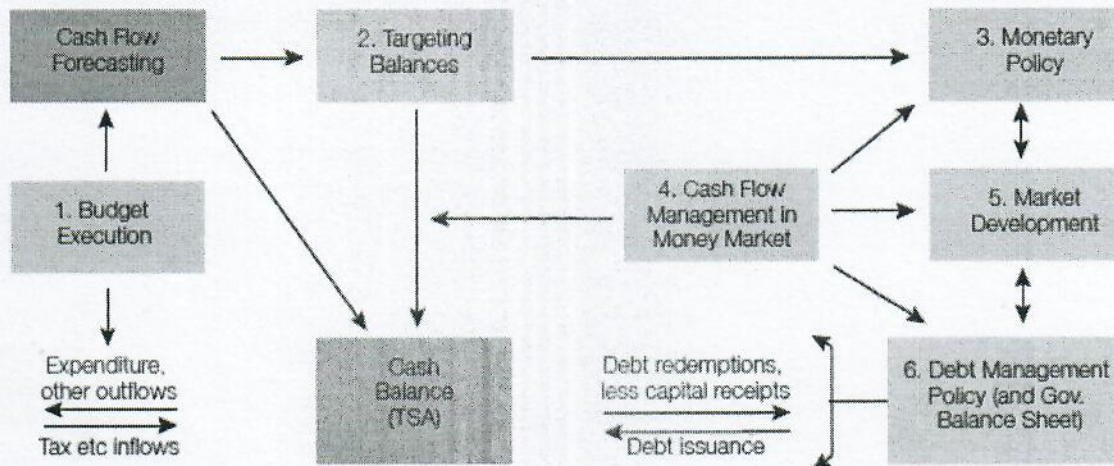
Cash flow Forecasting for the future is essential for more active cash management. The separation between the permission to spend and making actual cash payments means that flows through the TSA must be the focus of the forecast. In real terms, forecasts of daily cash flows across the TSA should be available for at least three months ahead. This must be coupled with an ability to monitor actual changes in the aggregate balance of the TSA top account, certainly the following morning if not closer to real time.

1.5 Policy Integration

The TSA is a very important aspect of cash management policy. How cash managers interact with other functions has important implications for a range of wider financial policies. (These interactions are illustrated in Figure 1.)

The TSA fluctuates with cash inflows and outflows generated by income (taxes) and expenditures and debt and other capital transactions.

Figure 1. Cash Management and its Interaction with other Policy Areas



1.6 Cash and Debt Management

Financing the State Government's gross borrowing requirement requires choices between instruments: internal or external, short or long-term, fixed-rate or floating-rate, retail or wholesale, and so on. Good practice dictates that these choices are made in the context of a medium-term debt management strategy (MTDS), which sets out how the Government intends the composition of the debt portfolio to develop over time, consistently with its trade-off between cost and risk. These strategic choices will have direct implications for the mix of shorter-term and longer-term instruments, that is, between treasury bills (T-Bills) and treasury bonds (T-Bonds). Decisions as to which instrument to issue, and when, should be made by the Debt Manager.

1.7 Changes and Interpretation of Cash Management Strategy (CMS)

The Office of the Accountant General is responsible for establishing and implementing a policy development and maintenance process, modification and interpretation of Cash Management Strategy (CMS).

The guidance, principles, and standards stated in the Cash Management Strategy do not relieve MDAs from complying with current laws or regulations published by the central agencies.

CHAPTER 2

2.1 Cash Management

This Chapter provides the general standards, specific standards and guidance, responsibilities of designated offices and positions, the penalties for improperly handling and using public moneys, and the safeguarding of public funds.

2.2 Cash Management Standards

Plateau State Ministry of Finance must provide appropriate control over all collections and disbursements. MDAs must make use of every available tool to collect and disburse funds as efficiently and effectively as practical to ensure that the maximum amount of cash is made available to Treasury for purposes of investment and to avoid unnecessary borrowing.

The CMS contains broad guidance and standards to MDAs to follow in managing and accounting for billings, deposit, collections and disbursement. Detailed procedures and regulations for each of these activities are available from the Office of the Accountant General (OAG),

2.3 Standards and Guidance to Cash Management

The Standards and guidance of Cash Management is deliberately broad; keeping duplication of policy and procedural material readily available from the central administrative entities of the State Government to a minimum. This guidance and standards are specific to interior needs, financial systems, and programme requirements, with particular emphasis on the operational requirements of the accounting systems.

2.4 Cash Management Accounting Standards Effective cash management requires that the Ministry of Finance disburses funds at the appropriate time, neither before nor after they are due and recognize cash, including imprest funds, as an asset.

2.5 Cash Management Guidance

Ministry of Finance maintains complete cash accountability in accordance with the requirements specified by Treasury. The purpose of cash management guidance and procedures is to ensure the use of the most economical and effective cash flow techniques in financing the State's programmes. This is achieved through a commitment to certain basic cash management principles, such as:

2.5.1 Cash Receipts:

1. Prepare and send billings to entities outside the Government promptly, after the goods or services have been rendered. If advances are authorized by statute, follow billing procedures included therein. To ensure that funds are received promptly, these billings shall clearly indicate the requirement for timely payment.
2. Levy charges for late payments in the form of interest, penalties, and administrative costs on delinquent receivables to offset the cost of funds to the Government and administrative costs incurred in collecting delinquent debts.
3. Design collection systems with explicit consideration to the volume and character of the collections and the most expeditious availability of cash to Treasury.
4. Include procedures in collection systems, which provide for prompt and continuing action to collect outstanding receivables, with particular attention to delinquent receivables.
5. Keep the aggregate total of uncollected receivables to the minimum amount possible.
6. Include a payment schedule, provide notice of late charges for delinquency, and when legally authorized, provide for the receipt of payment in advance or acceptance of individual credit cards (approved by

Treasury) for the sale of Government's goods or services in contracts or agreements to an entity outside the Government.

2.5.2 Cash Payments:

1. Design payment systems so that payments are made neither early nor late, and in accordance with the provisions of the PPA.
2. Do not make payment on an invoice before receiving the related goods or services, except as specifically authorized or required by law.
3. Incorporate procedures in payment systems that will allow routine application of economical cash discounts without the need for special handling.
4. Monitor cash advances for grants, procurement, or authorized employee entitlements to avoid amounts in excess of that required for immediate disbursement needs. Promptly withdraw or seek refund when excessive.
5. Hold Imprest funds, and other cash held outside the Treasury, to a minimum. Frequently review to ensure that fund balances do not exceed the amounts authorized, are not idle, and are commensurate with actual disbursement needs.
6. Administer funds kept in interest bearing accounts so that they yield the highest possible interest rate commensurate with efficient administration of the account, as authorized by law or by Treasury.
7. Purchase foreign currencies acquired through commercial channels with U.S. dollars at the most favorable legal exchange rate obtainable from a legally authorized source.
8. Issue internal instructions to monitor the cause of any interest penalties incurred, take necessary corrective or disciplinary action, and deal with inquiries.

9. Assure that effective internal control systems are established and maintained to provide reasonable assurance that cash management activities are effectively and efficiently carried out and that internal management controls over receipt of collections and acceptance of goods and services are in place and being observed.
10. Establish a quality control (QC) programme to assess performance of payment systems and provide a reliable way to estimate payment performance.

2.6 Designated Offices Responsibility

Virtually every financial transaction in the State Government involves the receipt or payment of funds. Because of the wide scope and high volume of these transactions, the Accountant General's personnel cannot exclusively achieve cash management objectives. Coordinated efforts by all State Government managers and employees are needed.

2.7 Strategy for Investment of Funds

Plateau State's MDAs that have legislated investment authority, can invest fees collected from services provided or from other approved activities. These entities are responsible for ensuring that the financial institutions in which their funds are invested are designated by the Treasury as a depository and financial agent of the State Government and for complying with applicable regulations, including those of the Treasury. Depending on legislated authority, entities may have various investment options. Entities with investments are responsible for monitoring and periodically evaluating the return on investment(s) and the solvency of the financial institution(s) in which investment(s) are held.

2.8 Office of the Accountant General (OAG):

Office of the Accountant General (OAG) is responsible for establishing Departmental cash management policies and procedures, publishing the policies in the Departmental Manual, and publishing guidance and procedures in the CMS, providing assistance to MDAs in the administration of cash accountability, and monitoring agency compliance with published cash management guidelines and directives. Supplemental cash management information is issued as Financial Management Memorandum.

MDAs – Some of the major cash management responsibilities assigned to MDAs are:

- Make a continuous effort to promote effective cash management practices among all managers and employees.
- Maintain adequate internal control over cash processing.
- Encourage other MDAs managers to include cash management objectives and accomplishments in performance plans and evaluations of those whose duties involve decision making for the receipt, commitment, programming, or expenditure of Departmental funds.
- Monitor regularly the cash management functions and performance of cash management officers to ensure that they are performing cash management duties and responsibilities expeditiously and effectively, in accordance with applicable laws, regulations, and Departmental policies.
- Take the necessary disciplinary action when employees mishandle funds.

2.9 Penalties for Improperly Handling or Using Public Moneys:

The penalties imposed by law for the improper handling or using of public moneys are in line with the law of the Federal Republic of Nigeria **and edict of Plateau State**. The head of each MDA is responsible for ensuring that employees under his/her jurisdiction who handle public moneys are familiar with the penalties.

Public financial management is concerned with the planning, organizing, procurement and utilization of Government financial resources as well as the formulation of appropriate policies in order to achieve the aspirations of members of that society.

2.10 Safeguarding Public Funds:

- Provide access to the funds storage facility or area only to those designated employees having direct responsibility for the funds.
- Designate employees, by proper authority, in writing to receive, handle, or deposit public moneys.
- Keep funds not deposited in a fireproof safe (or safe-type cabinet with a bar and combination lock). Under no circumstances, should public moneys be held in desk drawers, file cabinets with key locks, or other devices where they are readily susceptible to theft. In any situation where a fund custodian has to leave the physical location of the funds, the funds must be secured in a fireproof safe (or safe-type cabinet with a bar and combination lock) similar or the same as that used by the custodian at the close of business.
- The safe's combination should be changed when the collection officer is changed or alternatively it should be changed at least annually.

- The safe's combination should always be placed in a sealed, signed, and dated envelope and retained in a secured place. Collection officers are responsible for the security of any copy of the safe combination for their personal use. The collection officer should not maintain any further copy or copies of the safe combination or any annotations of any kind.

2.11 Government's Policies and Agencies to Fight Corruption

The pressure by the international community on the need to curb the trend of corruption and lack of accountability by those occupying positions of authority in Nigeria necessitated the establishment of the following Agencies and policies formulation.

2.11.1 Freedom of Information Act 2011

This is in line with the requirement of International Public Sector Accounting Standards (IPSAS) 24 which relates to disclosure of financial information and prepares its financial statement under the accrual basis of accounting.

The law was enacted by the National Assembly of the Federal Republic of Nigeria on the 28th day of May, 2011. It is an Act to make public records and information more freely available, provide for public access to public record and information, protect public records and information to the extent consistent with the public interest and the protection of personal privacy, protect serving public officers from adverse consequences of disclosing certain kinds of official information without authorization and establish procedures for the achievement of those purposes and for related matters.

Notwithstanding anything contained in any other Act or regulation, the right of any person to access or request information, whether or not

contained in any written form, which is in the custody or possession of any public official, agency or institution how so ever described, is established. An applicant under this Act needs not demonstrate any specific interest in the information being applied for, any person entitled to the right to information under this Act, shall have the right to institute proceedings in the court to compel any public institution to comply with the provision of this Act. A public institution shall ensure that it records and keeps information about all its activities, operations and business.

2.11.2 Fiscal Responsibility Act

The Fiscal Responsibility Act in Plateau State, which was passed into law by the Plateau State House of Assembly and assented to by His Excellence Rt. Hon. Simon Bako Lalong, the Executive Governor of Plateau State.

It is an Act to provide for prudent management of the States resources, ensure long-term macro-economic stability of the state economy, secure greater accountability and transparency in fiscal operations within a medium term fiscal policy framework, and the establishment of the fiscal responsibility commission to ensure the promotion and enforcement of the State's economic objectives.

2.11.3 The Economic and Financial Crimes Commission (EFCC)

The need to fight corruption allowed for the promulgation of the EFCC Act in 2004 was a swift response by the government to give legal backing to the watchdog agency. The Commission as at 2006 noted that Nigeria was target with regard to financial accountability and mismanagement within the Commonwealth Nations and as such, it was to operate with

zero tolerance for corruption which it hoped to achieve its mandate through diverse strategies.

2.11.4 Independent Corrupt Practices & Other Related Offences

Commission (ICPC)

It emerged as a policy response from Government to fight and curb corruption.

The mandate of ICPC in line with the Act setting it up was to prohibit and prescribe punishment for corruption, fraud, embezzlement, bribery and forgery perpetrated by Nigerians at home and abroad with impunity. The ICPC Act 2000 brings under its purview all Nigerians, in the private and public sectors and even those political office-holders with constitutional immunity. The Provision of Section 6 (a-f) of the ICPC Act 2000 sets out the duties of the Commission.

CHAPTER 3

3.1 Billings and Collections

This chapter provides a summary of guidance and procedures governing Ministries, Departments and Agencies' (MDAs) billings and collection practices. It emphasizes the vital elements of cash management to bill promptly for goods and services provided by the State Government and to provide for rapid collection of amounts due.

3.2 Financial Guidance and Procedures governing Ministries, Departments and Agencies (MDAs)

- Each Ministry/Department must establish and maintain effective internal control procedures consistent with Office of the Accountant General and Treasury requirements.
- All Financial Managers must establish procedures to bill and collect amounts due as quickly and as efficiently as possible. To achieve this objective, all MDAs responsible for preparing invoices for goods or services to those outside the State Government shall ensure that each invoice is prepared within one-working day following the day the billing office is advised that the goods have been shipped or released, or the services rendered.
- Each MDA must age receivables to identify amounts which may be past due and to take positive action to collect these accounts. In preparing aging schedules, consider amounts as delinquent if not paid within 30 days from the date of the invoice or if payment is not received by the due date prescribed on the invoice.
- Each MDA is to establish and maintain methods and procedures whereby, on a monthly basis, accounts and loans receivable, including accounts receivable for accrued interest, are aged by individual debtor in categories

prescribed by the Treasury Report on receivables. Such categories will provide for summaries of: (a) total amounts due from debtors, and (b) total number of accounts.

- MDAs will establish procedures to identify the causes of overpayments, delinquencies, and defaults and take the corrective actions needed.
- MDAs should establish collection procedures that:
 - i. Make the collection and deposit of funds in a timely manner and in a way that is most advantageous to the Government, with collection by Electronic Funds Transfer (EFT).
 - ii. Perform a reconciliation of all deposits between the Treasury's records and those maintained by each MDA accounting office at the close of each month.
 - iii. Record the collection immediately to the proper appropriation or deposit account, if known.
 - iv. Make collections from State entities through non-expenditure transactions.

3.3 Billing and Collection

Billing: Finance officers are responsible for cash management operations and for ensuring that the cash management guidance and procedures are followed. Generally, this function may be formally re-delegated to a Ministry/Department Cash Management Officer.

The Director, Finance and Supplies (DFS), shall coordinate all matters on cash management within the Department. The he will also serve as the liaison with Treasury on cash management matters and provide guidance to MDAs on cash management issues.

Collections: The Finance Officer is the sole designee within each Ministry/ Department that is authorized to collect and deposit funds to the credit of

the Treasury. All remittances should be sent directly to the Finance Officer unless the head of that office has made an arrangement(s) with another organization unit of the Ministry/Department to handle the collections. Any such arrangement(s) must follow the provisions of the Cash Management Strategy (CMS) on the frequency of deposit.

3.4 Requirements for Bill

Billing of all Government contract and agreement under which the goods and services rendered to the public are consistent with the programme and legislative requirements. It will be required that payment be received in advance, upon delivery and no later than the due date.

Payment of amounts owed the Government by organizations, businesses, and individuals are due in accordance with the terms of the arrangement for the payment stated in the contract, agreement or notification of indebtedness. If payment is overdue, MDAs will apply and collect late charges in the form of interest, penalties, and administrative charges for payments.

When a customer has paid the basic invoice, but not interest, the billing office should decide whether it is economical to waive the interest in view of the collection cost which may have been incurred. Finance Offices should collect overdue amounts in one lump sum but may accept regular installment payments.

3.5 Analyzing the Cost of Collections

Ministry/Department collection procedures will provide for periodic comparison of cost of collection incurred and amounts collected. Use data on costs and corresponding recovery rates for debts of different types and in the various ranges to compare the cost effectiveness of alternative

collection techniques. MDAs will establish guidelines that: (a) identify when cost of further collection efforts are likely to exceed recoveries; (b) assist in evaluation offers in compromise; and (c) establish minimum amounts below which collection efforts need not be taken, Cost and recovery data should be useful in justifying adequate resources for an effective collection programme.

CHAPTER 4

4.1 Finance Collections and Deposits

This chapter discusses the regulations governing finance systems and procedures for making collections and deposits.

4.2 Guidance for Ministries Departments and Agencies:

MDAs should follow collection and deposit guidance by the Office of the Accountant General. Additionally, MDAs are to:

- Maintain records of cash collections in sufficient detail to readily identify all collections from the point-of-receipt to the time-of-deposit. Internal procedures must provide for such controls as pre-numbered receipts, tickets, and cash register receipts to assure full accountability.
- Reconcile cash collections on a monthly basis including reconciling the general ledger to subsidiary ledgers for cash accounts and reconciling cash balances with Treasury.
- Properly classify and report cash in the financial statements in accordance with IPSAS for Selected Assets and Liabilities.
- Maintain proper control and records for checks and money orders received as bid deposits.
- Maintain control records which will disclose:
 - ❖ Collections received.
 - ❖ Collections which have not been deposited.
 - ❖ Deposits in transit, which have not been acknowledged by the depository.
 - ❖ Deposits which have been acknowledged by the depository.
- Achieve deposit of funds as required.

- Separate the flow of receipts from the flow of related documents at the earliest possible processing point.
- Maximize the use of electronic funds transfer (EFT) systems for both payments and collections.
- When establishing new banking relationships, give due consideration to import of the office of the Accountant General.
- Refer debts more than 180 days past due to the Treasury Debt Management Service for collection.

4.3 Deposit Process in Ministries/Departments should Process

Funds received in offices other than the depositing office must be sent to the depositing office promptly, but no later than one working day after receipt. A programme official with a question about a collection will not delay transmission pending resolution.

4.4 Sufficient Internal Controls over Collections

In order to sufficiently discharge this responsibility and to ensure that the prescribed administrative procedures are being followed, MDAs will conduct a management control review or similar internal study of all collection activities in accordance with the Management Accountability and Control reporting requirements as follows;

- Verify the cash amount recorded and entered into the accounting system and the reported cash balance with Treasury in the financial statements with the source documents as a test of the cash accountability procedures.
- Examine the numbered receipts of collections to ensure that receipts are properly accounted for, recorded, and support the collections and deposits reported through Treasury's cash concentration and reporting network.

- Identify the relative risks and use statistical sampling techniques where possible to verify that the performance of established controls is adequate in planning the frequency and depth of an internal control review.
- Conduct management control reviews or studies independently (i.e. collection officers performing the function should not conduct them) to assure that the policies and procedures used provide effective controls over collections and balances for which collection officers are responsible; and that appropriate administrative actions are taken to correct identified deficiencies.
- Review, periodically, the increased vulnerability or risks from check theft and check tampering because of advances in modern technology such as chemical washing of cheques (changing dollar amount and payee), counterfeiting cheques using desktop publishing equipment, and other techniques. In addition, examine the safeguarding facilities and procedures.
- Prepare and submit a written summary report on the results of the management control review or study to the Ministry/Department Head by the office in charge of the collection activity. Include any recommendations and corrective actions to address identified deficiencies.
- All officers and employees of Plateau State Government, who officially receive funds for the Government, shall keep proper records, provide adequate physical control over such funds, and place the collections under accounting control promptly after receipt. This includes donated, quasi-public, and unearned monies. Designated accountable officers shall account for all receipts and deposits. Good cash management involves efficient and timely collection of amounts owed the Government.

4.5 Adequate Internal Controls on Collections

MDAs are to ensure that they conduct a management control review or similar internal study of all collection activities in accordance with the Management Accountability and Control reporting. Conduct management control reviews or studies independently to assure that the policies and procedures used provide effective controls over collections and balances for which collection officers are responsible and that appropriate administrative actions are taken to correct identified deficiencies.

MDAs are to prepare and submit a written summary report on the results of the management control review to the office in charge of the collection activity. Submit a copy of the report to the Office of the Accountant General. All officers are to keep proper records, provide adequate physical control over such funds, and place the collection under accounting control promptly after receipt.

4.6 Reporting Collection to Treasury Department

The Principal means of reporting disbursements and/or collections is via the Monthly Statement of Transactions. Rules and regulations on reporting are in fund balance with TSA reconciliation procedure.

The Features of this report are as follows:

Title – Classification according to Appropriation, Fund, and Receipt Account, and Related Control Totals.

Purpose – Provide Treasury with a monthly statement of the payments and collections of Agencies for which Treasury disburses, classified by appropriation, fund, and receipt accounts. (Payments are reported based on vouchers paid by Treasury disbursing centers; collections are reported based on monies received by Agencies for deposit, whether deposited or not.) This is the basis for Treasury's monthly reports to Plateau State

House of Assembly and the public on State Government's revenue by source and expenditure by appropriation or fund account.

Preparation – Finance offices prepare all statements for each collection.

Submission – The finance offices transmit the statement to the agreement of the Accountant General (AG). The MDA keeps a signed copy of the statement for auditing and reconciliation purposes.

Frequency – Monthly, transmit statements to Treasury no later than the third business day of the month following the month for which information was reported.

CHAPTER 5

5.1 FUNDS DISBURSEMENTS

This chapter includes Plateau State Ministry of Finance and Accountant General Guidance, responsibilities, payment processing, and responsibilities of individuals involved in the payment process, document retention, reporting disbursements to the Internal Revenue Service, and required audits.

5.2 Funds Disbursements Guidance

- Directors of Finance and Supplies (DFS) are designated as the officials responsible to assess financial payment, collection, and collateral transactions and to assign them to appropriate risk categories, as specified in Treasury's Electronic Authentication Policy.
- MDAs are encouraged to use Electronic Fund Transfer (EFT) when disbursing Government funds. This requirement applies whether the payment is recurring or non-recurring.
- Remote field locations may retain paper documents supporting vendor payments or travel claims under procedures contained herein.
- Travel claims submitted by State Government employees and travel reimbursement payment certifications processed over Government networks (Intranet) are deemed by the Department to be Low Risk transactions when appropriate sampling procedures are utilized by the Ministries.
- All payments to State Government employees shall be made by EFT direct deposit.
- MDAs must make it clear at the earliest possible point of contact with intended payment recipients that the submission of a Taxpayer

Identification Number (TIN) and banking information to facilitate payment by EFT is a condition for payment.

- MDAs must manage procurement activities to achieve low cost to the Government for property and services purchased, while maintaining good business relationships with suppliers. To achieve this goal, MDAs shall:
- Pay bills by the established due date;
- Pay interest on bills paid late, which are subject to the Prompt Payment Act, without businesses requesting late penalties; and
- Take economical cash discounts on a routine basis, consistent with applicable Treasury guidelines.
- Directors of Finance and Supplies (DFS) of MDA's are designated the official responsible to assess, determine, and monitor that paper documents retained in remote storage locations are being maintained by properly trained personnel in accordance with standards set forth in this guidance, Treasury policy, and Office of the Accountant General best practices guidance.

5.3 Modern Payment Processes

Modern payment processes like statistical sampling; fast pay procedures, electronic signatures, and record retention at remote sites do not reduce the need for effective internal control nor relieve the MDAs of its responsibility. These measures merely provide a mechanism to reduce clerical costs and expedite processing while continuing to meet prompt payment requirements and maintain effective internal control.

5.4 General Controls

Except as specifically provided by contract, lawful agreement, or MDAs implemented fast pay procedures, do not make payment on an invoice before accepting the related goods or services. Process invoices and other claims for payment to permit the issuance and mailing of cheques on

time. A payment is considered made either on the date an EFT payment is specified for settlement at a bank or the date a check for payment is dated.

- Each MDA shall maintain an invoice tracking system to facilitate timely payment of invoices. The tracking system shall include a provision that prior administrative approval, or electronic approval, of an invoice or claim by the appropriate approving official (supervisor, contracting officer, or programme officer, as applicable) is required before an invoice or claim is paid.
- Prepare and transmit receiving reports promptly to the payment office. Delays in sending a receiving report to the payment office do not extend the due date.

5.5. Audits

Effective control over disbursements generally requires that the certifying officer audits and approves vouchers before certifying for payment. Automated control procedures and computer assisted audit techniques can provide viable alternatives to the traditional requirement for the 100 percent prepayment examination of vouchers. Bureaus/Offices can use such techniques to reduce the need to conduct 100% audit of vouchers.

CHAPTER 6

6.1 Cash Advances

This chapter establishes Departmental policies and procedures for the administration of cash advances (advances) made under the Plateau State Government cash management system.

6.2 Guidance to Advances

Ministries Departments and Agencies authorizing funds may provide advanced financing to government Units as part of the disbursement agreement. However, no Department/Agency is automatically entitled to receive advances. Eligibility requirements for receiving advances and considerations as to the adequacy of the recipient's financial management system are discussed in this chapter.

6.3 Advances to Employees:

Generally, public funds are not advanced to government employees. However, there are some exceptions. Imprest fund cashiers may, in certain cases, issue advances to employees to cover the cost of a small purchase. Advances of payment and allowances are generally not authorized, but payments and allowances may be advanced to employees assigned to posts under applicable regulations.

6.4 Adequacy of Financial Management Systems:

The financial management system of Plateau State is to provide effective control over and accountability for advances. The adequacy of the financial management system will be initially determined during the pre-award procedures. In addition, the Office of the Auditor General will review the adequacy of a recipient's financial management system during regularly scheduled or specially requested audits. The single audit is a major accountability mechanism for grants management at the state and local level.



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Dr. (Mrs.) Regina P.B. Soemlat (FCNA)
Hon. Commissioner of Finance



Dr. Cyril Tsenyil (FCNA)
Accountant General