

NIGER STATE
MINISTRY OF FINANCE
OFFICE OF THE ACCOUNTANT GENERAL

**REVISED CASH PLANNING & MANAGEMENT
STRATEGY**

31ST DECEMBER, 2020

TABLE OF CONTENT

PAGE

i.	Contents	2-3
ii.	Abbreviations and Acronyms	4

CHAPTER 1

1.1	Overview	5
1.2	Methodology	5
1.3	Objectives of the Cash Management Strategy (CMS)	6
1.4	Cash Flows Forecasting	7
1.5	Policy Integration	7
1.6	Cash and debt management coordination	8
1.7	Changes and interpretation of Cash Management Strategy (CMS)	8

CHAPTER 2

2.1	Cash Management	9
2.2	General Standards of Cash Management	9
2.3	Standards and Guidance of Cash Management	9
2.4	Cash Management Accounting Standards	9
2.5	Cash Management Guidance	9
2.6	Designated Offices Responsibility	11
2.7	strategy for investment of Funds	11
2.8	Office of the Accountant General	11
2.9	Penalties for Improperly Handling or using Public Funds	12
2.10	Safeguarding public Funds	13
2.11	Governments Policies and Agencies to Fight Corruption	13

CHAPTER 3

3.1	Billings and Collections	15
3.2	Financial Guidance and Procedure Governing MDAs	15
3.3	Billing and Collection	16
3.4	Requirements for Billing	16
3.5	Analyzing the Cost of Collections	16-17

CHAPTER 4

4.1	Finance Collection and Deposit	18
4.2	Guidance for Ministries, Departments and Agencies:	18
4.3	Deposit Process in Ministries /Department Should Process	19

4.4 Sufficient Internal Controls Over Collections	19
4.5 Adequate Internal Controls on Collections	19
4.6 Reporting Collection to Treasury Department	20

CHAPTER 5

5.1 Funds Disbursement	21
5.2 Funds Disbursement Guidance	22
5.3 Modern Payment Processes	22
5.4 General Controls	22
5.5 Audits	22

CHAPTER 6

6.1 Cash Advances	23
6.2 Guidance to Advances	23
6.3 Advances to Employee	23
6.4 Adequacy of Financial Management Systems	23

CHAPTER 7

Conclusion	24
------------	----

ABBREVIATIONS

NSG	Niger State Government
OAG	Office of the Accountant General
ACF	Arrears Clearance Framework
SFTAS	State Fiscal Trenchancy Accountability and Sustainability Programme for Results
DLI	Disbursement Link indicator
DAC	Debt Arrears Committee
DLR	Disbursement Link Result
APA	Annual Performance assessment
DMO	Department 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 of Department and Agencies
GDP	Gross Domestic Products
TRA	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 Agent
MTEF	Medium Term Expenditure Framework
PFM	Public Financial Management
PforR	Programme for Result
GNP	Gross National Product
IMF	International Monitoring Fun
SEC	Security and Exchange Commission
EFCC	Economic and Financial Crime Commission
ICPC	Independent Corrupt Practice and Other Related Offence Commission
FDI	Foreign Direct Investment
NICON	National Insurance Commission
MPR	Monetary policy rate
WB	World Bank

CHAPTER 1

1.1 OVERVIEW

There is a general perception of what constitute 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. The consolidation allows a State Ministry of Finance to minimize the volume of ideal balances in the banking system, with consequent cost savings. These are derived from the interest saved from using cash surplus in one area of Government activity to cover cash shortages in the other. 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 invoice processing or payment arrangements. All expenditure transaction in the state Government are approved centrally by the Executive Governor of Niger State.

The Niger State liquidity (cash) management strategy is aimed at streamlining short term cash flows and cash balances for course effectiveness, value for money, reduction or total elimination of the state domestic arrears especially contractor's arrears, pension and gratuity, staff claims, salary arrears, judgment dept and others.

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

- The preparation of a realistic monthly cash for the state with clear commitment limit.
- 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 payment, to avoid deferral and the incidences of ideal cash balances in government account.
- Establish a realistic quarterly cash projection for the state by estimating the receivables and determining the funding gap
- Ensure that government borrowing is based on predetermine funding gap
- Ensure the full implementation of the Treasury Single Account (TSA) to enhance the effectiveness of the committee
- Interact with MDAs, Government Department and Agencies to ensure efficient management of Government and payments

1.2 METODOLOGY

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

- a) Ensure that the office of the Accountant General submitted all account balances after all first line deductions (Salary, pensions and ISPOs) are being effected.
- b) Sort all memos according to sectors
- c) Prioritize memos based on budget close
- 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 parts of subsequent months' submission
- f) Ensure that office of the Accountant General submits report of compliance of approved payment 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 of Team Loan)
- h) Quarterly forecast of cash commitment and requirements

1.3 Objective Cash Management Strategy (CMS)

The objective of cash management strategy (CMS) is to document cash management guidance for ministries department and agencies (MDAs of Niger State) The Ministry of Finance is to ensure effective management of cash and financial operation encompassing billings, deposits, collections and disbursement. Cash management it practices and techniques designed to accelerate and control collection ensure prompt deposit of receipt, improve control over disbursement method and eliminate ideal cash balances.

It is required that all MDAs comply with the standard contained in the policies. Each Ministry/Department /Agencies however, may define supplementary directives and standard to satisfy its unique need, as long as they are consistence with the cash management strategy (CMN)

The scope of material included in cash management is defined by the roles and responsibility 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 for other supporting function such as payroll and contraction. Other offices and function have policy or procedure manual covering their responsibility. Cash management strategy (CMS) include guidance related to office of Accountant General's responsibility, and includes summary and references to other offices, as needed to describe the interaction of office of Accountant General (OAG) activities with other activities.

This cash management document, guidance and procedures are to:

- 1 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

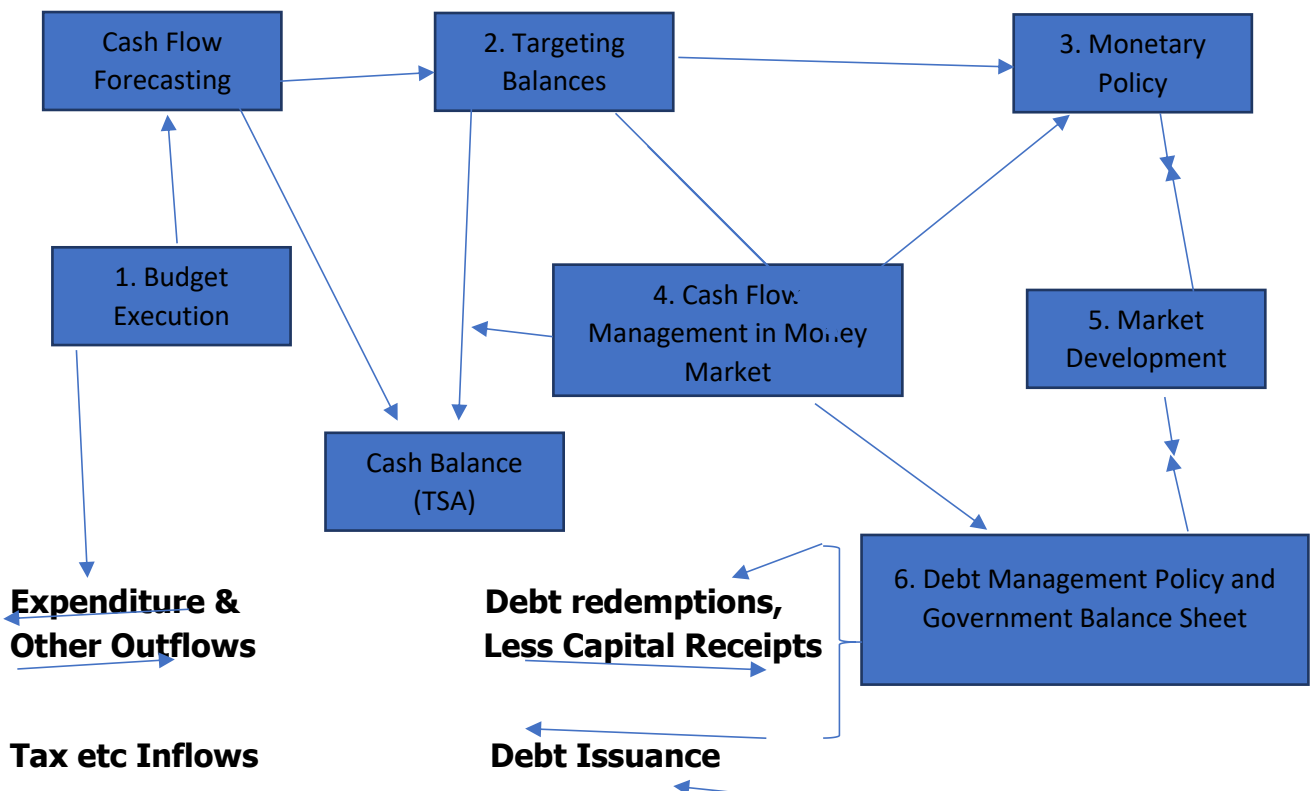
Cash flow Forecasting for the future is essential for more active cash management. The separation between the permission to spend and making actual cash payments means that flow through the TSA must be the focus of the forecast. In real terms, forecasts of daily cash flows across the TSA should be available 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 amount, 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 debts and other capital transactions.

Cash Management and its Interaction with other Policy Areas



1.6 Cash and Debt Management

Financing the state Government's gross borrowing requirements requires choices between instrument: 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 constitutively with its trade – of between cost and risk. These strategic choices will have direct implication for the mix of shorter – term and longer – term instrument, 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, principals and standard stated in the cash management strategy do not relive. MDAs from complying with current laws or regulations published by the central agencies.

CHAPTER 2

2.1 CASH MANAGEMENT

This chapter provides general standards, specific standards and guidance, responsibility of designated offices and position, the penalties for improper handling and using public moneys, and the safeguarding of public funds.

2.2 Cash Management Standards

Niger 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 in purpose of investment and to avoid unnecessary borrowing.

The CMS contains broad guidance and standard to MDAs to follow in managing and accounting for billing, deposits, collections and disbursements. Detailed procedures and regulations for each of these activities are available from the Office of the Accountant General (OAGF)

2.3 Standard 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 program 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 or after they are due and recognize cash, including imprest funds, as an asset.

2.5 Cash Management Guardians

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 low 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 Receipt

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 of timely payment.

2. Levy charges for late payments in the form of interest, penalties and administrative costs on delinquent receivables to offer the cost of funds to the government and administrative cost incurred in collecting delinquent debt.

3. Design collection system which exploits consideration to the volume and character of the collections and the most expenditures 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 the payment schedule, provide notice of late changes for delinquency, and when legally authorized, provide for the receipt of payments 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 payment

1. Design payment system so that payments are made neither early nor late and in accordance to the provision 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 economic cash discount without the need for handling.

4. Monitor cash advances for grant, procurement, or authorized employee entitlements to avoid amount in excess of that required for immediate disbursement made. promptly withdraw or seek refund when excessive

5. Hold Imprest Funds, and other cash held outside the treasury, to a minimum. Frequently review to endure that fund balances do not exceed the amount authorized, are not ideal, 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 favourable legal exchange rates 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 inquires.

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 excess performance of payment system 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

Niger 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 institution 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 policy and procedures, publishing the policies in the Department Manual, and publishing guidance and procedures in the CMS, providing assistance to MDAs in the administration of cash accountability, and monetary agency compliance with published cash management guidance 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 proceeding.
- Encourage other MDA managers to include cash management objectives and accomplishment in performance plan 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 necessary disciplinary action when employees mishandle funds.

2.9 Penalties for Improperly Handling of using Public Moneys

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

Public financial management is concerned with 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:

- Provides access to the fund's storage facility or area only to those designated employees having direct responsibility for the funds.
- Designates employees, by proper authority, in writing to receive, handle, or deposits public moneys.
- Keep funds not deposited in a fire proof 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 fire proof safe (or safe-type cabinet with a bar and combination key) similar or same as that used by the custodian at the close of business.
- The safe's combination should be changed when collection officer is changed or alternatively it should be changed at least annually.
- The safe's combination should always be place in sealed, signed, dated envelope and retained in a secured place. Correction officers are responsible for the security of any copy of the safe combination for their personal use. The collection should not maintain any further copy or copies of the safe combination or any annotations of any kind.

2.11 Government Policies and Agencies to Fight Corruption

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 formulations

2.11.1 Freedom of Information Act 2011

This is in line with the requirement of international public sector accounting standard (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 record and information more freely available, provide for public access to public record and information, protects public record 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 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 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 keep information about all its activities, operations and business.

2.11.2 Physical Responsibility Act

The Fiscal Responsibility Act in Niger State, which was passed into law by the Niger State House of Assembly and accented to by his Excellence Abubakar Sani Bello, the executive governor of Niger State. It is an Act to provide for prudent management of the state resources, ensure long-term-macro-economic stability of the State economy, secure greater accountability and transparency in physical operations within a medium term physical policy frame work, and the establishment of the physical responsibility commission to ensure the promotion and enforcement of the state economic objective.

2.11.3 The Economic and Financial Crimes Commission (EFCC)

The need to fight corruption allows 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 and 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 Nigerian 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 set 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 element of cash management to bill promptly for goods and services provided by the state government and to provide for rapid collection of amount 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 requirement.
- All Financial Managers must establish procedures to bill and collect amount 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 amount 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 receivables, including accounts receivable for accrued interest, are aged by individual debtor in categories prescribed by the Treasury Reports on receivables. Such categories will provide for summaries of: (a) total amount due from debtors, and (b) total number of accounts.
- MDAs will establish procedures to identify the cause of overpayments, delinquencies, and defaults and take the corrective action needed,
- MDAs should establish collections 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 deposit between the Treasury's records and those maintained by each MDAs accounting office at the close of each month
 - iii. Record the collection to the proper appropriation or deposit account, in 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 redelegated 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 matter and provide guidance to MDAs on cash management issues.

Collections: The Finance Officers is the sole designee within each Ministry/Department that is authorizes 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 and arrangement(s) with another organization unit of the Ministry/Department to handle the collection. 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 requirement. It will be required that the payment be received in advance, upon delivery and no later than the due date. Payment of amount owed the government by organization, businesses, and individuals are due in accordance to 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, penalty, and administrative charges for payment.

When a customer has paid the basic invoice without 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 amount in one lump sum but may accept regular instalment payments.

3.5 Analyzing the Cost of Collection

Ministry/Department collection procedures will provide for periodic comparison of cost collection incurred and amount collected. Used data on cost 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 other collection effectors are likely to exceed recoveries; (b) assist in evaluation offers in compromise; and (c) establish minimum amount 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 COLLECTION AND DEPOSIT

This chapter discussed the regulation governing finance system and procedures for making collections and deposit.

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 receipt, ticket and cash register receipt to assure full accountability.
- Reconcile cash collection on a monthly basis including reconciling the general ledger to subsidiary ledger for cash account and reconciling cash balances with treasury.
- Properly classify and report cash in the financial statement in accordance with IPSAS for Selected assets and liabilities.
- Maintain proper control and records for cheques and money orders received as bid deposits
- Maintain controlled record which will disclose:
 - ❖ Collections received
 - ❖ Collections which have not been deposited
 - ❖ Deposit in transit, which have not been acknowledge by depositary
 - ❖ Deposits which have been acknowledged by the depositary
- Achieve deposit or funds as required.
- Separate the flow to receipt form the flow of the related document at the earliest possible processing point.
- Maximize the use of electronic funds transfer (EFT) systems for both payments and collection.
- When establishing new banking relationship, give due consideration to import of the office of the Accountant General
- Refer debt more than 180 days past due to the Treasury Debt Management service for collection

4.3 Deposit Process in Ministries / Department should process

Funds received in offices other than the depositing office must be sent to depositing office promptly and not later than one working day after receipt. A programme official with a question about the collection will not delay transmission of 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 statement with the source of document as a test to the cash accountability procedure.
- Examine the number received of collections to ensure that receipts are properly accounted for, recorded and support the collection and deposit reported through treasury's cash concentration and reporting network
- Identify the relative risks and use statistical sampling technique where possible to verify that the performance of established control is adequate in planning the audit of an internal control review.
- Conduct management control reviews or studies independently (i.e collection officers performing the functions should not conduct them) to assure that the policies and procedures used provide effective controls over collection and balances for which collection officers are responsible; and that appropriate administrative action 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 result of the management control review or study to the Ministry/ Department head by the office in charge of the collection activities. Include and recommendation and corrective actions to address identified deficiencies.
- All officers and employees of Niger State government, who officially receive funds for the government shall keep proper record, provide adequate physical control over such fund, and place the collection 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 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 unidentified 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 collection 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 centre; collections are reported based on monies received by Agencies for deposit, whether being deposited or not.) This is the basis for Treasury’s monthly reports to Niger State House of Assembly and the Public on State Government’s revenue by source and expenditure by appropriation of fund account

Preparation –Finance offices prepare all statements for each collection.

Submission –The finance office transmits 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, transmits statements to Treasury no later than the third business day of the month following the month for which information was reported.

- All Revenue received/collected on behalf of the Government must be swept to the TSA account on monthly basis.

CHAPTER 5

5.1 FUNDS DISBURSMENT

This chapter include Niger State Ministry of finance and Accountant Generals guidance and responsibilities, payment processing and responsibilities of individuals involved in the payment process, document retention, reporting disbursement to the internal revenue service, and required Audit.

5.2 Funds disbursement guidance

- Directors of Finance and Supply (DFS) are designated as the officials responsible to access financial payment, collection, and collateral transactions and to assigned them to appropriate risk categories as specified in treasury's electronic authentication policy.
- MDAs are encouraged to use Electronic Funds Transfer (EFT) when disbursing Government Funds. This requirement applies whether the payment is recurring or non-recurring
- Remote filled locations may retain paper document supporting vendor payment or travel claims under procedures contained hearing.
- Travel claims submitted by state government employees and travel reimbursement payments certifications processed over government net worth (intranet) adeemed by the department to be low risk transactions when appropriate sampling procedures are utilizes 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 recipient that the submission of a Tax Payer 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 business 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 asses, 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 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 being made either on the date and EFT payment is specified was settlement at a bank or the date the cheque 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 that is applicable) is required before an invoice or claim is paid.
- Prepare and transmit receiving report promptly to the payment office. Delays in sending a receiving report to the payment office do not extend the due date.

5.5 Audit

Effective control over this disbursement generally requires that the certifying officer Audit and approves vouchers before certifying for payment. Automated controlled procedures and competed assisted audit techniques can provide viable alternatives to the traditional requirements 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 Niger State governments cash management system

6.2 Guidance to Advances

Ministries Department and Agencies authoring funds should be provide advance financing to Government units as part of the disbursement agreement. However, no department/Agency is automatically entitled to receive advances. Eligibility requirement for receiving advances and considerations as to the adequacy of the recipient financial management system are discussed in this chapter.

6.3 Advances to Employee:

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

6.4 Adequacy of Financial Management:

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

CHAPTER 7

CONCLUSION

Cash Management Strategy therefore, entails the effective and efficient collection of Government receipts as well as an equally efficient and effective utilization of such. In this regard therefore, Finance Officers are urged to comply with the provisions of Financial Instruction as revised in 2015, Store Regulations, Procurement Act, Fiscal Responsibility Act and other Accounting and Establishment Circulars for proper operations and Control.



Saidu Abdullahi
Accountant General
Niger State