GOMBE STATE

Cash Management

Strategy

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CASH MANAGEMENT STRATEGY

TREASURY DIVISION

DECEMBER 2019

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Treasury Division | December 2019

1.0 Preamble

The development of Cash Management Strategy (CMS) by the Gombe State Government is to foster efficient and effective management of cash resources in order to facilitate budget execution and avoid budget overruns that build up arrears which negatively affect the implementation of medium-term expenditure framework and the budgetary commitment of the State Government. The effort by the Treasury Division of Ministry of Finance and Economic Development to develop this document was a bold step taken to address the identified weaknesses and imbibe contemporary best practices in modern cash management.

Since 2012 when the Fiscal Responsibility Agency Law was first enacted and its subsequent amendment to Commission in 2018, the Gombe State Government has institutionalized the Public Financial Management that defines the budget circle, the State medium-term financial objectives, the State policies relating to taxation, recurrent (non-debt) expenditure, debt expenditure, capital expenditure, tax expenditure, borrowings and other liabilities including lending and investment.

Despite these provisions, the State budget execution over the years has witnessed significant budget overrun arising from liquidity mismatch that created persistent budget deficits and poor budget performance. This revenue and expenditure mismatch call for the preparation of this vital document in order to address persistent issues amongst which are -

i. weaknesses in the existing practice of preparing schedules

of payment every month and passing it to the executive Governor for approval; this is in addition to the less predictable way in the flow of budget resources to the MDAs.

ii. weak cash planning process which hindered cash forecasting and its alignment with MDAs spending plans;

iii. inability of the Treasury Division to have real time view of liquidity position of its own centrally controlled bank account and or across all bank accounts under the direct control of other MDAs. This fundamental impediment limits the capacity of the Treasury to identifying idle cash for effective and efficient cash management strategy. I.e investment.

The key aspects of the strategy include the fundamental and desirable features as follows:

1) **Fundamental Aspect:**
   a) Centralization of government cash balances and establishment of a TSA structure. This arrangement will allow the consolidation of bank accounts balance and enable the Treasury to view the overall government liquidity position on a real time basis;
   b) Clear understandings on the coverage of the cash planning framework and introduction of cash forecasting and preparation of annual cash plan to facilitate timely disbursement of funds to MDAs based on their spending plans;
   c) Ability of make accurate projections of short-term cash inflows and outflows;

d) An adequate transaction processing and accounting framework;
e) Timely information sharing between the central treasury, revenue-collecting agencies, spending ministries, and/or treasury branch offices;
f) Appropriate institutional arrangements and responsibilities;
g) Fine-tune the current organizational structure to fit the new cash management strategy and arrangements;
h) Review the internal control processes and procedures in line with the changes introduced; and
i) Development of human resources and training around the new framework.

2) Desirable features

a) Utilization of modern banking, payment, and settlement systems such as Integrated Payroll and Personnel Information System (IPPIS), State Integrated Financial Management Information System (SIFMIS), etc for personnel management and government financial management;
b) Use of short-term financial market instruments for cash management; and
c) Integration of debt and cash management with budget execution.

1.2 Statement of Objective

The CMS strives to improve efficiency in the management of the financial resources (cash) of Gombe state; and also, to reposition

the State Treasury to perform its function more effectively as well as play a leading role in the execution of the state budget. The objectives of the CMS include the following:

- ✓ Pooling revenues in a treasury single account (TSA);
- ✓ Borrowing only when needed and to minimize government borrowing costs;
- ✓ Maximizing returns on idle cash, i.e., to avoid the accumulation of unremunerated or low yielding government deposits in the central bank or in commercial banks; and
- ✓ Managing risks, by investing temporary surpluses productively, against adequate collateral.

Therefore, effective cash management contributes to the smooth implementation of the operational targets of fiscal policy, the public debt management strategy and ensure compliance with the provisions of the Gombe State Fiscal Responsibility Law 2018 (as amended).

1.3 Good Practice in Cash Management

The credibility of the budget depends upon the ability of the government to put in place an effective CMS that can make an accurate forecast to determine monthly cash availability. This is to ensure timely preparation of annual cash plan as the basis for disbursement of funds to execute the budget as planned in line with MDAs spending plan. Therefore, cash management serves as fulcrum in budget execution and form part of treasury central function. It focuses on specific areas which includes but not limited to:

i. Identifying when cash will be available and or received over a period of time;
ii. Identifying when payment will arise over the same period;
iii. Synchronization of the two to ensure that cash is made available to MDAs at the time of need; and
iv. Cash pooling in form of centralization of receipts and payments commonly referred to as TSA.

MDAs have key responsibilities for the planned execution of their approved budget and can be done more effectively if they have available information on when the funds will be available throughout the fiscal year. This can be achieved by making monthly cash forecasts and preparing annual cash plan for the fiscal year.

Providing MDAs with relevant and reliable information on cash availability in advance will enhance cash flow predictability and thus enables effective execution of the budget. Monitoring cash flows can help manage fluctuations by identifying when cash shortfalls or surpluses will occur and takes appropriate remedial actions.

2.0 Cash Management Arrangement

The Gombe State Fiscal Responsibility Amendment Law (2018), The Gombe State Council on Public Procurement and Public Procurement Bureau Law (2019), The Gombe State Internal Revenue Service and Revenue Administration Law (2018), The Financial Regulations (2002), and other extant circulars provide the framework for cash management in the State. It is within this

context and under the previous practice that the Office of the Accountant General prepares monthly cash flow statements consisting of the major revenue receipts (FAAC allocations, IGR and other revenues) and payments (salary and pension, standing orders, overhead releases and residual for capital expenditure payments). The standing orders are also part of other recurrent expenditures including among others payment for utilities (maintenance of street lights, operations and maintenance of water facilities and power bills), institutional feeding, etc.

The Treasury prepares cash flow statement every month and pass to the Governor sometimes through Honorable commissioner Finance for approval. Once Governor's approval is obtained, the Treasury goes ahead with releases based on schedule of payment. Despite the regularity of the monthly standing orders including remittances for routine overhead expenditure to MDAs, other cash releases are less predictable due to weak and inadequate cash planning that aligns cash forecast with MDAs spending plans.

Monthly salary and pensions, payments for utilities being fixed overhead are the most predictable items of payments. As for capital expenditure, payments are centrally made by the Treasury based on payment vouchers (PVs) prepared by MDAs backed by Due Process payment certifications. Direct releases to MDAs for some category of capital expenditure is not uncommon which is also viewed as an aberration to the best or desired practice in financial management.

Payments for salary and pensions are centrally made at the

Treasury and direct to beneficiaries through the end-to-end payment platform. Capital expenditure payments are also made directly to contractors centrally. Overhead remittances are released to MDAs through their respective bank accounts. MDAs are therefore in position to make payments in respect of expenditure commitments for their overheads which could be either direct bank payments to beneficiaries and service providers or cash payment.

The accumulation of huge payment arrears in respect of certified work on capital projects inherited by successive governments over the years, reflects the weakness with regards to commitments control. All these scenarios underscore the need for a more robust, comprehensive and effective approach to cash management in the State. While safeguarding public funds and ensuring accountability and value for money, an effective cash management strategy is necessary to deliver the overall state socioeconomic development objectives as reflected in its budgetary documents.

3.0 The Role of the Treasury Office in Treasury Management

The Treasury is responsible for managing the financial resources of the government and as such plays a key role in budget execution. Exercising financial control is one of the primary functions of the Treasury which entails putting in places processes, systems and procedures that ensure mobilization of financial resources in economic, effective and efficient manner for budget execution. Simply put, it involves collecting and

disbursing funds in a manner that safeguards government financial resources while ensuring efficient utilization.

The Accountant General, as Head of the Treasury drives power from the General Release Warrant signed by the Governor to disburse funds from the consolidated revenue fund of the State in a manner that ensures effective execution of the budget. Repositioning the State Treasury will help in no small measure toward achieving sustainable cash management strategy. The objective is to strengthen the overall treasury management to enable the Treasury perform its functions and deliver its mandate. The repositioned Treasury will be staffed and adequately equipped to carry out its functions including:

a) Maintenance of Banking Relationship. This will involve holding regular meetings with government bankers to discuss and review issues relating to bank charges/fees, forex, overdraft facility, wire transfers and TSA. This will also include periodic evaluation of the performance of government bankers. A unit under the Department of Treasury Operations (DTO) will be created to perform this function/task;

b) Fund Raising Function. The Treasury in collaboration with the Debt Management Office shall engage in active debt management as oppose to the passive one. The Debt Management Office is expected to be independent and only finance government budget deficits as clearly dictated in the FRL 2018 (as amended). The borrowing conditions should be as stipulated as in same law and on:

a. Short-term financing; and

b. Access to capital market for medium to long-term financing;

c) Effective Treasury Control which involves items (a-f) as follows:

i. Fund control in terms of management of legislative appropriations to ensure that commitments and expenditure do not exceed appropriations shall be monitored by Gombe State Fiscal Responsibility Commission, Gombe State Procurement Bureau (Due Process Office), Budget and Economic Planning Directorate, & Project Monitoring Bureau and indeed, the MDAs, all have critical roles to play in ensuring effective Fund Control in the State's Financial Management processes;

ii. Budget Expenditure Control relating to vote control i.e. in terms of monitoring of budgeted versus actual flows for receipts and payments can be monitored by same agencies as in (a) above;

iii. Regular bank reconciliation by relevant Unit in the Treasury;

iv. Bank accounts oversight and consolidation of balances to identify idle cash and debit balances;

v. Internal auditing to ensure compliance and fidelity of expenditure;

vi. Commitments control in order to have an overview and keep commitments within tolerable limits;

The State Auditor-General Office, the Fiscal Responsibility Commission and Due Process Office shall ensure that these key treasury functions are effectively discharge on a continuous basis.

d) Payments Functions: - The efficiency in making payments to beneficiaries will be significantly improved by deploying SIFMIS and IPPIS. In addition, the period of processing payment will be reviewed and significantly reduced taking maximum advantage offered by above service platforms;

e) Short-term Investment Function: - This involves investing green balance fund in highly yield securities such as treasury bills/certificates, overnight placement, call deposit, terms deposit, commercial papers, fixed deposit, SUKUK, etc.

f) Automate daily bank and cash operations e.g treasury work stations as a single platform for cash and debt activities across multiple banks.

g) Rationalization of bank account structure for administrative convenience and cost saving.

3.2 Overview of Cash Management Strategy

Gombe State Government is committed to effective cash management practice that will enable the Treasury to deliver its mandate. A key target of the state's CMS is to align cash availability with the spending plan of MDAs so as to guarantee predictable flow of financial resources in order to facilitate the delivery of services to the citizens of the state and also to improve the receipts and payments system through the TSA.

The overall aim of the strategy is putting in place a pro-active cash management that supports efficient budget release system to ensure predictable cash flow to the MDAs in line with their spending plans. This will facilitate the execution of the budget as planned and attain the optimum level of service delivery.

A key objective of the strategy is therefore to enhance the credibility of the budget as the medium through which government implements its policies and programmes to achieve its socio-economic objectives as set out in its medium terms expenditure framework and fiscal strategy paper. For this purpose, one plank of the strategy is to strengthened the cash planning process in line with the provision of the FRL, 2018 (as amended). This will involve the profiling of revenue and expenditure as per the approved budget to determine cash availability and underpin spending accordingly.

At the beginning of every fiscal year, the Treasury will forecast monthly cash availability based on the approved revenue estimates. A robust tool will be used in order to enhance the

accuracy of forecasting result. The MDAs will prepare expenditure profiles (work or spending plans) indicating cash requirement for meeting their needs to execute the budget. The revenue and expenditure profiles will thereafter be integrated to produce the annual cash plan which aligns the cash inflow with the appropriated budgets of the MDAs which once approved by the Governor/EXCO, the annual cash plan forms the basis for budget releases.

Predictability of availability of funds is a very important aspect of effective budget execution. Under the new system, this will be enhanced by sharing timely and reliable information with MDAs regarding when and how much will be released during the financial year. The new system entails a more comprehensive and inclusive cash planning arrangement as against the monthly cash flow schedule solely prepared by the Treasury irrespective of the situation at the MDAs level. This is a sort of bottom-up approach with inputs derived from the MDAs, this allows alignment with timings of cash requirements in budget execution in accordance with budget priorities. Even as the Treasury make its cash-flow forecasts, it takes into consideration the MDAs budget implementation profiles. Predictability of cash flow thus becomes more assured than it used to be, with greater improvements in budget execution based on its priorities. Moreover, the new system will enable the Treasury to monitor cash flow fluctuations, identify periods of surplus and shortfall and be in a better position to manage them.

4. Creation of Cash Management Unit and Cash Management Committee.

In order to ensure effective cash management practices, the State Government shall establish a unit and a committee which would be responsible for ensuring the implementation and reporting the effectiveness or otherwise of the cash management strategy. The unit and committee are as follows:

4.1 Establishing a Cash Management Unit (CMU)

It is desirable to establish a technical cash management unit in the State Ministry of Finance (SMoF). This would normally be located in the Treasury Department, although the Budget Department would be involved also (especially if it is involved in budget execution). The principal objective of the Efficiency Unit is to ensure that all government expenditure is necessary and represents the best possible value for money. The Efficiency Unit will work across all MDAs to identify and eliminate wasteful spending, duplication and other inefficiencies; identify best practices in procurement and financial management and share such knowledge to ensure its adoption by all in line with the Gombe State Procurement Bureau Law (2019).

4.2 The Establishing a Policy-Making Cash Management Committee.

For cash management policy decision making, a high-level committee is also required with clear mandate for ordering payments based on level of execution and urgency of services required by the State. A guideline shall be developed with a transparent rule for ordering payments in order to minimize

unprofessional conduct in settlement of government obligations. The policy-level committee shall provide broad policy direction and decide on short-term borrowing, placement of temporary surpluses and cash balance remuneration policies. The committee shall also be responsible for ensuring realistic budget projections, highlighting the financial costs of maintaining idle balances in government accounts, identifying and publicizing the costs of ineffective cash management and enhances the awareness of good cash management practices, the opportunity cost (interest foregone) of maintaining idle government balances in cash among others.

5.0 Benefits of Cash Management Strategy

The benefits accrued to cash management strategy are as follows:

- ✓ Consolidation of government banking arrangement into one TSA account in order to control bank related transactions and safeguard government funds. The plan is for all receipts and payments to pass through the TSA system. This would allow the Treasury to have a total overview of Government liquidity position and enable it have full control of the financial resources of the state

- ✓ Creation of efficient receipt and payment environment through a system of centralization of IGR collection and expenditure by leveraging on technology and best financial management practices;

- ✓ The Treasury will be in a better position to establish and maintain a sustainable liquidity position by ensuring availability of cash sufficient enough to meet government obligations and maintain optimum service level. While, the minimum level is for the government to be in a position to pay salaries and pensions, interests and debt and meet minimum level of essential services including honoring its certified financial obligations;

- ✓ Raising the level of confidence in the budget system of the state among all stakeholders (civil servants, contractors and taxpayers) that do business with the government as well as meet the expectations of the general public;

- ✓ Other aspects of the strategy include lowering financial transaction costs, deployment of SIFMIS and IPPIS to improve the efficiency of receipts and payments. It will also entail the acquisition of appropriate equipment together with commensurate trained and skilled personnel through staff Training and redeployment.

6.0 Cash Planning Under the State Cash Management Strategy

This involves the profiling of budgeted revenue and expenditure by preparing forecasts of monthly cash inflows and outflows for the fiscal year. This process enables the Treasury to identify in advance period of cash shortfall to augment the deficit or surplus to invest the excesses.

6.1 Revenue Profile

This entails cash forecasting to prepare revenue profile that

shows the monthly inflow of revenues (mainly recurrent revenues) based on budgeted revenue figures and statistical/historical trends. As for capital receipts, the forecast will depend on the terms or conditions of loans or grants. The Treasury will perform this function through the application of a forecasting tool capable of producing robust and accurate forecasts.

As part of the process the Treasury will also be tracking performance by comparing forecasts against actual revenue inflows. This will provide the basis for in-year review and re-forecast.

6.2 Expenditure Profile

The expenditure profile shows the outflow of cash for recurrent and capital expenditure on a monthly basis based on prior trend of expenditure for recurrent, and based on capital project work-plans for capital expenditure. The expenditure profile is a decentralized function performed by the MDAs but consolidated centrally by the Budget office.

6.3 In-Year Performance Assessment and Re-Forecast

The forecasting model/tool to be used by the Treasury will have capability to assess in-year performance and adjust the cash-flow forecast at the appropriate time. The model is also capable of making "re-forecast" based on the current cumulative performance level.

6.4 Responsibilities

The following is the structure with the responsibilities for the entities to be involved in the Cash Planning process:

a) **Expenditure Profiling Committee**

The committee is to be chaired by PS Budget and Planning, is responsible for working with MDA's to prepare the expenditure profiles for both recurrent and capital expenditure;

b) **Revenue Profiling Committee**

The committee is to be chaired by Chairman, Gombe State Internal Revenue Service in collaboration with the Accountant General and the committee is responsible for preparing the Revenue Profile; and

c) **Cash Management Committee**

The committee is to be chaired by the Honorable Commissioner of Finance and Economic Development. The responsibility of this committee is to bring the expenditure and revenue profiles together to create the annual Cash Plan. The Expenditure Profiling and Revenue Profiling Committees will thus report to the Cash Management Committee which ultimately reports to the Governor and the State Executive Council (ExCo). Each of the above committees has terms of reference including chairmanship, membership, activities and outputs attached in the annex.

6.5 Cash Disbursement

Cash disbursement depends on the receipt of statutory allocations and VAT from the FAAC as well as IGR collection.

Considered as the first charge, the State prioritizes the payment of monthly salaries and pensions which are released before anything else after the receipt of the FAAC allocations. These are followed by special releases or standing orders for overhead costs remitted to Government Agencies and for non-routine expenditures such as institutional feeding and payment for utilities. Payments for certified capital expenditure would largely depend on recurrent revenue surplus after meeting monthly recurrent expenditure and sometimes other capital receipts.

These are treated based on presentation of Payment Vouchers from the implementing agencies prepared on the basis of Due Process Payment Certificates. Outstanding Capital Expenditure payments are normally included in the monthly cash flow approved by the Governor prior to execution of payments. With effective cash management strategy, payments and or disbursement would largely be based on the plan, with less subjectivity and generally directed towards achieving the strategic development objectives of Government as contained in the approved budget. All disbursement of funds will be generally guided by the annual cash plan approved by the State Executive Council. Having provided inputs into the budget profiles developed by the Budget Department, MDAs will also be guided by it in making periodic requests for non-routine expenditures such as payment for examination fees already factored into the Cash Plan based on the timing of the budget profiles. This requires circulation of the annual cash plan to all MDAs so that they are guided by it in budget implementation.

6.6 Revenue Management

There are two major sources of recurrent revenues – the monthly allocations received from FAAC and the IGR. There are also financing items such as LGAs contributions for joint-funded expenditures and other earmarked funds for the execution of projects and programs i.e. loans and grants. In line with the constitutional provision there exists a consolidated revenue fund account into which all FAAC receipts and IGR collections are deposited. In order to block leakages and have effective control over IGR, revenue payments are made directly into the State revenue accounts. While payments could be made in any bank branch, this directly goes into the single State Revenue Bank Account.

Under the TSA framework and the Gombe State Revenue Administration, Codification and Consolidation Law (2020), the Internal Revenue Service has overriding power in relation to revenue collection in the State and all revenue collected (Tax and Non-Tax) revenue must be deposited in the TSA (Revenue Central Account). Both the Fiscal Responsibility Amendment Law (2018), New Revenue Law (2020) and the Financial Regulation (2002) have prohibited cash collection for IGR and recommended stiff penalty for offenders. While there would be mechanisms for return of revenues to self-financing MDAs (parastatals), this would be subject to periodic guidelines as prepared by the Treasury and approved by the State Executive Governor based on the approved budgetary provisions.

6.7 Commitment Control

The Treasury shall prepare periodic report (monthly) on the status of outstanding commitments particularly contractors' liabilities. The current stock of commitments will be reviewed and continuously updated to support both the monthly annual cash plans and monthly cash flows.

6.8 Treasury Single Account

Under this strategy, the plan is to improve the system with the long-term objective of having a comprehensive TSA which involves a unified structure of government bank accounts in a single account for all receipts and payments. The medium-term aim of the strategy is having a TSA system with a set of linked accounts for all government payments and receipts. The new system will have the ability to consolidate bank account balances and provide real time government cash position at all times. A dashboard will be created to provide a glance view of the cash balances for authorized government officials. This will provide information on a continuous basis to enable the Treasury takes full control of the financial with the ability to identify and sweep all idle balances. The primary objective of the TSA is to bring all government funds in bank accounts within the effective control and operational purview of the State Treasury in the short term with a view to:

a) Have a centralized, transparent and accountable revenue management;
b) Facilitate effective cash management to ensure cash availability;
c) Centralize and improve efficiency in payment;

d) Allow optimal investment of idle cash and improve liquidity management;

e) Eliminate operational inefficiencies and costs associated with maintaining multiple accounts across multiple financial institutions.

The major features of the new arrangement shall include the following among others:

- ✓ No bank account under any guise shall be opened without Treasury approval and all accounts must be within the purview and oversight of the Treasury and doing so will amount to gross misconduct;
- ✓ All revenues must be paid through the central revenue account (TSA);
- ✓ All MDAs bank accounts shall be linked to the TSA;
- ✓ The consolidation of government cash resources shall take place within one (1) month of collections;
- ✓ Specialized and donor-funded accounts shall be under the purview of the TSA but shall be managed in line with Donor guidelines;
- ✓ Only the Treasury can fund the operational accounts of the MDAs;
- ✓ All capital expenditure, salaries, pensions and other payment of major overhead cost items like institutional feeding, examination fees and others in excess of N5.0 million shall be centrally made;
- ✓ A TSA operational manual will be developed for use by all stakeholders;
- ✓ Payments shall be through SIFMIS or IPPIS with end-to-end secured, encrypted payment system; and
- ✓ The long-term vision is to operate the treasury reference model in which there is a single banker for the government.

ANNEX

Membership of the Revenue Profiling Committee

Chair –	**Chairman BIR**
Committee Members -	✓ Permanent Secretary/Accountant General; ✓ Director General Debt Management office, Ministry of Finance; ✓ Gombe State Auditor – General ✓ Chairman, Gombe State Fiscal Responsibility Commission ✓ Director Final Accounts, Ministry of Finance ✓ Director Inspectorate, Ministry of Finance ✓ Director Treasury Operations, Ministry of Finance ✓ Director Budget Office
Reports To -	Cash Management Committee

Terms of Reference

Improved cash management in GMSG is a critical step in ensuring effective and efficient use of resources. Improved Cash Management can be achieved through the combination of expenditure profiling and revenue profiling. Expenditure Profiling refers to scientific analysis by MDAs of their annual approved budget allocation and strategically apportion it on monthly demands. While on the other hand, Revenue Profiling refers to the analysis of revenue forecast for a given period (monthly).

Bringing the Expenditure Profile and the Revenue Profile together, analyzing issues (cash short-falls or surpluses) and proposing remedies constitutes Cash Planning and should result in a Budget Disbursement Schedule.

The desired result is to ensure optimum utilization of public funds among the equally important demands for public expenditure. The structure of Cash Planning in GMSG is as follows:

- ✓ Expenditure Profiling Committee, chaired by PS Budget and Planning, responsible for working with MDA's to prepare the expenditure profiles;
- ✓ Revenue Profiling Committee, chaired by Chairman Board of Internal Revenue, responsible for preparing the Revenue Profile;
- ✓ Expenditure Profiling and Revenue Profiling Committees report to the Cash Planning Committee, chaired by the Honorable Commissioner, Ministry of Finance, who bring the expenditure and revenue profiles together to create a Cash Plan; and
- ✓ Cash Management Committee reports to Executive Council (ExCo)

Specific Responsibilities and Deadlines

The Cash Planning process should commence at the point where the draft budget is presented to the State House of Assembly (SHoA). The long-term target should be for all profiling and cash planning to be completed prior to the start of the budget

implementation (i.e. prior to 1 January). It is important that any changes to budget post appropriation approval must be retrospectively adjusted in the profiling template. All Revenue Profiling Committee Members should ensure they are familiar with the Revenue Profiling Template.

The indicative time-table of activities is expected to be prepared by the Revenue Profiling Committee: This should be presented to the Cash Management Committee by the end of week 3 of budget approval.

If at any point during the Revenue Profiling Process, significant issues or risks are identified that jeopardize the ability of the committee to complete its tasks on time, an Exception Report should be prepared and submitted to the Cash Management Committee immediately.

Membership of the Expenditure Profiling Committee

Chair –	**Permanent Secretary, Budget and Planning**
Committee Members -	✓ Director, Budget; ✓ Director General, Procurement Bureau Office ✓ Director General, Debt Management Office, Ministry of Finance; ✓ Gombe State Auditor – General ✓ Chairman, Gombe State Fiscal Responsibility Commission ✓ Director Final Accounts, Ministry of Finance ✓ Director Treasury Operations, Ministry of Finance ✓ Director Budget Office
Reports To -	Cash Management Committee

Terms of Reference

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The desired result is to ensure optimum utilization of public funds among the equally important demands for public expenditure.

The structure of Cash Planning in GMSG will be as follows:

- ✓ Expenditure Profiling Committee, chaired by PS Budget and Planning, responsible for working with MDA's to prepare the expenditure profiles;
- ✓ Revenue Profiling Committee, chaired by Chairman Gombe state Board of Internal Revenue, responsible for preparing the Revenue Profile;

- ✓ Expenditure Profiling and Revenue Profiling Committees report to the Cash Management Committee, chaired by the Honourable Commissioner, Ministry of Finance, who bring the expenditure and revenue profiles together to create a Cash Plan; and
- ✓ Cash Management Committee reports to Executive Council (ExCo).

Specific Responsibilities and Deadlines

The Cash Planning process should commence at the point where the draft budget is presented to the State House of Assembly (SHoA). The long-term target should be for all profiling and cash planning which is to be completed prior to the start of the budget implementation (i.e. prior to 1 January). It is important that any changes to budget post SHoA approval must be retrospectively adjusted in the profiling templates/model.

All Expenditure Profiling Committee Members should ensure they are familiar with the Expenditure Profiling Template. The indicative time-table of activities is expected to be prepared by the Expenditure Profiling Committee.

CERTIFICATION

The Cash Management Strategy (CMS) has been approved by His Excellency, the Executive Governor, Alh. Muhammadu Inuwa Yahaya on

10th December 2019

Signature