PRESENTATION

SECTORS EXPENDITURES PROGRAMMING AND CASH MANAGEMENT

DGTCP

OUTLINE

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CASH MANAGEMENT

- DEFINITION
- Cash management consists in:
  - 1- managing cash flows and bank balances, revenues and expenditures, budget surpluses and deficits, to ensure the optimal implementation of the State budget.
  - 2- having sufficient cash flows at hand, at the lowest cost and at the adequate time to settle expenditures at any time.

CASH MANAGEMENT (CONTINUED)

OBJECTIVES:

- To ensure the availability of necessary resources in time to pay expenditures which have come to maturity.
  - To avoid building up outstanding payments
  - To minimize the costs of extra risks linked to emergency borrowing and forced liquidation of assets
- To avoid the possession of inactive cash flows by making appropriate investments if need be.

The appropriate duration of cash management is of a short-term kind.

Necessary conditions to good cash management

- A realistic budget (accurate planning of revenues and expenditures)
- Clear procedures of budget implementation, to be strictly followed
- Good coordination between the entities charged with cash planning, accounting and expenditures
- Setting up a single Treasury account
- Setting up a cash management committee
- Capacity to plan cash flows
- Powerful networks and IT systems

Signs of inefficient cash flow management

- Inactive cash balances
- Resorting to borrowing although funds are available on public bodies' accounts
- Accumulating outstanding payments
- Non-compliance with the debt reimbursement schedule
- Lack of expenditure planning within sectoral Ministries

TECHNICAL FRAMEWORK OF CASH FLOW MANAGEMENT

- The cash flow Plan:
  - Tool used for cash flow planning
  - It must be designed on the basis of cash revenues and cash expenditures recorded (inputs and outputs)

Components of the cash flow plan: 3 major components

- Inflows: all resources available to cover expenditures
- Outflows: expenditures (classified according to priorities)
- Financing: internal and external

The cash flow plan has two aspects: a planning aspect and an implementation aspect.

TECHNICAL FRAMEWORK OF CASH FLOW MANAGEMENT

- Role of the cash management committee
  - Analyzing the gaps between plans and actual achievements to adjust the cash flow plan accordingly
  - Offering authorities an appropriate action or the combination of appropriate actions to undertake. For example:
    - Accelerating the collection of revenues
    - Delaying some low-priority expenditures, regulating commitments
    - Borrowing on the market

EXPENDITURE PROGRAMMING

Expenditure programming is:

- Designed at the start of the fiscal year using data from the Budget;
- Periodically reviewed;
- An indispensable tool to good cash management;
- Allows us to determine the periods with gaps to fill;
- Allows for the design of an annual plan to issue Treasury bonds;
- Avoids critical cash flow situations;
- Minimizes the costs of borrowing.

THANK YOU FOR YOUR ATTENTION