



**FINANCIAL ADMINISTRATION
MANUAL**



Revised Date: August 2019	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 500
Chapter: Cash Management			
Directive Title: CHAPTER INDEX			

- 501 Investments
- 502 Banking Arrangements
- 503 Forecasting Cash Flow



Issue Date: September 2009	Revised Date: August 15, 2019	Responsible Agency: Expenditure Management, Office of the Comptroller General	Directive No: 501
Chapter: Cash Management			
Directive Title: INVESTMENTS			

1. POLICY

Investments may be made by the Government using surplus funds available from the Consolidated Revenue Fund in accordance with s.57 and s.58 of the *Financial Administration Act (FAA)*. The types of investments, and eligible investment issuers, are restricted to those specified in s.57(1) of the *FAA*. Surplus funds shall be invested in a manner that preserves capital and maintains liquidity. Maximizing rates of return is a secondary goal.

2. DEFINITIONS

Financial Instruments

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity.

Liquidity

Liquidity is a quality possessed by a security which enables it to be sold quickly and without substantial price concession.

Surplus Funds

Surplus funds represent the net positive daily bank balance in the accounts of the Government.

3. DIRECTIVE

The Minister of Finance may make investments for the Government subject to s.57 and s.58 of the *FAA*, s.27(2) and s.27(3) of the *Qulliq Energy Corporation Act*, the Investment Regulations and the provisions of this directive.

This directive applies to all government departments and public agencies.

4. PROVISIONS

4.1. Delegation of Authority

- 4.1.1. In accordance with s.10 of the *FAA*, the Minister of Finance delegates to the Deputy Minister of Finance the powers and responsibilities under s.57 and s.58 of the *FAA*.

4.2. Investment Controls

- 4.2.1. Investments may only be made in the classes of securities, investments and loans outlined in s.57 and s.58 of the *FAA*, s.27(2) and s.27(3) of the *Qulliq Energy Corporation Act*, and the Investment Regulations, and only from issuers approved by the Deputy Minister of Finance.
- 4.2.2. Purchase of any investment containing embedded financial instruments must be authorized by the Deputy Minister of Finance based on the recommendation of the Comptroller General.
- 4.2.3. The Office of the Comptroller General shall be consulted to resolve any identified issues with determining whether the potential investment opportunity contains embedded financial instruments or represents higher potential risks.
- 4.2.4. The Department of Justice shall be consulted to determine any legal impediments to accepting an investment opportunity containing embedded financial instruments or representing higher potential risks.
- 4.2.5. Total dollar amount or proportion of investment portfolio invested in the securities of any issuer must not exceed the maximum limits authorized by the Deputy Minister of Finance.
- 4.2.6. The term to maturity of investments must be limited to the maximum terms established by the Deputy Minister of Finance.
- 4.2.7. Investments may only be transacted through banks and investment dealers approved by the Deputy Minister of Finance.
- 4.2.8. Controls must be developed and maintained by the Deputy Minister of Finance to protect the Government from fraud and major error on its investment activities. These controls must be approved by the Comptroller General. When the same person is filling both positions the controls must be approved by the Minister of Finance.

- 4.2.9. The Office of the Comptroller General shall also be consulted to resolve any issues with implementation, compliance, and interpretation of this directive as well as its applicability to public agencies.
- 4.3. Maintaining Liquidity
- 4.3.1. The term to maturity or the date of redemption of an investment shall be chosen in a way to make funds available when required for the Government to meet its payment obligations.
- 4.3.2. All approved investment decisions must be reflected in cash flow forecasts prepared by Expenditure Management in accordance with Financial Administration Manual Directive 503 Forecasting Cash Flow.
- 4.4. Public Agencies
- 4.4.1. A public agency may, in accordance with s.81 of the *FAA* and the Investment Regulations, invest money belonging to the public agency.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Office of the Comptroller General	Directive No: 502
Chapter: Cash Management			
Directive Title: BANKING ARRANGEMENTS			

1. POLICY

S. 14 of the *Financial Administration Act (FAA)* requires that all public money shall be deposited in a bank account to the credit of the Government. The financial institutions in which these accounts may be maintained have been designated under Regulation 9903 – Designating Banks Regulations of the *FAA*. It is the policy of the Government to establish controls over the set up and maintenance of these accounts to allow for their efficient operation and to prevent their misuse.

2. DIRECTIVE

The responsibility for establishing bank accounts and determining and enforcing the rules for their operation and signing authorities is hereby assigned to the Comptroller General in accordance with delegated authority and the provisions of this directive.

Separation of duties is an important element of internal control. Departments are to establish, to the extent possible, the maximum division of responsibilities throughout the activities carried out in the expenditure and disbursement process.

3. PROVISION

- 3.1. The Comptroller General must approve the establishment of, changes to and closing of, all bank accounts operated by the Government.
- 3.2. Under the authority granted by S. 12(2) of the *FAA*, the Comptroller General shall establish procedures and systems for controlling the operation of bank accounts and all other banking services that affect the disbursement, receipt, deposit, custody and movement of Government funds.
- 3.3. The Minister of Finance is the primary signing authority on all Government bank accounts that form part of the Consolidated Revenue Fund. In the



event that the signature of the Minister of Finance is unable to be placed on a cheque, the cheque may be issued with the signature of the Deputy Minister of Finance.

- 3.4. The Comptroller General may authorize additional signing authorities on all bank accounts that form part of the Consolidated Revenue Fund. This authorization must be in writing.
- 3.5. The Comptroller General shall designate, in writing, signing authorities for all Government bank accounts that do not form part of the Consolidated Revenue Fund.
- 3.6. The Deputy Minister of Finance shall notify the bank of any additions or deletions to the authorized signing officers and provide the bank with a sample of the signature.
- 3.7. When the same person is filling both positions, Comptroller General and Deputy Minister of Finance, the Minister of Finance shall notify the bank in writing, signing authorities for all bank accounts that do not form part of the Consolidated Revenue Fund.
- 3.8. Any signature required under this directive may be a facsimile, provided that the Comptroller General has approved the controls governing its use.



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Expenditure Management	Directive No: 503
Chapter: Cash Management			
Directive Title: FORECASTING CASH FLOW			

1. POLICY

The cash forecasting component of financial planning is an essential activity in the Government's utilization of its cash resources. It permits the Government to make better investment decisions, identify potential cash shortfalls and ensure stable cash management. Forecasting cash flow will be done on a regular, systematic basis with the involvement of all departments.

2. DEFINITION

2.1 Cash Flow: The movement of cash through an organization reflecting the impact of all cash inflows and outflows on the net cash position. Cash flow items include currency, cheques and EFT transactions.

3. DIRECTIVE

Cash flow information shall be provided to permit the forecast of expected cash transaction activity in order to achieve the optimal use of Government funds and to ensure ongoing solvency.

4. PROVISIONS

- 4.1. The responsibility to prepare cash flow forecasts rests with the Treasury function of Expenditure Management, Department of Finance.
- 4.2. Cash flow forecasts will be prepared on a quarterly basis, and more frequently if so directed by the Deputy Minister of Finance.
- 4.3. All departments will prepare, on a quarterly basis, cash forecasts of anticipated monthly department revenue and expenditure activity. The



forecasts will be presented in the format and detail specified by Expenditure Management.

- 4.4. Departments must advise Expenditure Management of any significant changes to their quarterly forecasts as they become known. Significant variations must be explained.