



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.