

# **Cash Management**

**Local Government Financial Management Training Series**

**Book 8**

# Acknowledgments

Many individuals and institutions have contributed to the development of these manuals. USAID provided the major source of funding and support to develop the series for use in Slovakia. UN (Habitat) contributed funds to pave the way for making the series available in other countries. In Slovakia, members of the newly created Association of Local Government Finance Officers made major investments in time and expertise in the development of the series. ICMA, through their International Division and the LSGAC staff, has brought years of training and development experience to the project. And, the Slovakia Foundation for Training in Self Government provided insights and assistance regarding the management of training within Slovakia.

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**Essay by Winston C. Evans**  
**Training Materials by David W. Tees**  
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**Training for  
Finance  
Managers**

# Preface

The development of the Local Government Financial Management (LGFM) training series was funded, in large measure, by the United States Agency for International Development through a contract with the International City / County Management Association. The United Nations Centre for Human Settlements (Habitat) also contributed to the development of the series. The initiation and management of the project was the responsibility of the Local Self Government Assistance Center (LSGAC) in Bratislava, Slovakia. LSGAC, in turn, was established by USAID to assist Slovakia in its efforts to strengthen local self governments as partners in the newly established democratic process. The success of the project was assured by the involvement of many Slovak financial management specialists from the Association of Municipal Finance Officers, who worked in concert with the authors throughout the development and review process.

The LGFM manuals are patterned after an earlier series of training manuals developed by UN (Habitat) for use in training local elected officials. However, one basic difference marks the development of this series, compared with the elected leadership manuals. In the development of the Elected Leadership Series, UN (Habitat) took the lead responsibility and encouraged a “trickle down” approach to its use in various countries. With this series, USAID and ICMA were the principal development agents, inviting UN (Habitat) to join the effort. At the center of these collaborative efforts was an exceptional team of Slovak and American financial management specialists who developed the program for initial use in Slovakia.

## Differences in Approach

While the template for developing this training series in local government financial management was the UNCHS Habitat Elected Leadership Series, this series differed in two ways:

- (1) the topic is much more technical and the content of each manual is often interrelated with the information and ideas covered in others; and,
- (2) the various functions of financial management are often circumscribed and regulated by legislative and administrative mandates (from higher levels of government as well as local legislative bodies).

These differences, particularly the second, complicated the decision to produce training manuals that can be used in different countries. UN (Habitat)-initiated materials use local government experiences from various countries to illustrate concepts and ideas. This series, in most cases, uses Slovak examples for the following reasons. Financial management policies, regulation and practices differ from country to country which means that each country that decides to use these materials will need to insert their own examples. And, examples from only one country, in the case of financial management, provides a consistency that will be useful to those who take the responsibility to adapt the materials for local use. ***Given this, each country team that undertakes the adaptation of these manuals will need to insert local examples, when and where it is necessary, to make the text and training exercises relevant.***

Our concern from the inception of this series was to make it as comprehensive as possible within the resources available. To provide us with a conceptual framework we asked Jack Matzer, one of the principal authors, to identify the various functions involved in managing local governments' financial responsibilities. Although Matzer's initial list involved only eleven topics, the magnitude and complexity of the

task expanded significantly once the development of the initial eleven was underway. The addition of these subjects indicates how dynamic the field of local government financial management is, suggesting a challenge for all who use these materials. You are each invited to expand upon them, to change them, to devise new ways of using them, to make them more responsive to client needs. This series should always remain a “work in progress.”

One final note before acknowledging the many organizations and individuals who made this series possible. Although the manuals are written primarily to meet the needs of local government financial specialists (the finance director and finance staff), this does not deny their use with a wider audience. We encourage those responsible for local government training and development to design special programs, based on these materials, for: chief executive officers of local governments (e.g., mayors and city managers); elected officials (particularly members of council finance committees); and heads of operating departments. Our responsibility at LSGAC was to design the templates to provide learning opportunities for local government financial officials and professionals in Slovakia. Yours is to modify and adapt them for use in your country. The task will not be easy, but the rewards will be significant.

Fred Fisher

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# How To Use This Handbook

This training handbook on *Cash Management*, like other handbooks in the series, can be used in several ways.

## Self Study

The essay that opens this handbook is intended for self-instruction. All you need is a quiet place to think, some time, and something to write with. For best results, we encourage you to write down your answers to the questions raised from time to time in the essay. The learning value of the information is multiplied many times for the reader who takes the time to do this. Each book in the series contains a glossary. Words are highlighted in bold, small capital letters (**EXAMPLE**) for easy identification.

## Workshop

The trainer's notes and exercise materials in this handbook are intended for use by experienced trainers in a training workshop for finance managers from different local governments. We have included various types of learning activities and formats to provide trainers with considerable flexibility in adapting a workshop to the specific needs of participating officials. It has been our intention in developing this handbook to encourage you to incorporate your own experiences as a trainer to heighten the learning value of these training materials for workshop participants.

This handbook, like others in the series, makes extensive use of Slovak examples. We use a Slovak flag symbol in the margin to identify these examples. Each country team that undertakes the adaptation of this handbook may insert local examples, when and where necessary, to make the text and training exercises more relevant for local use.

As a trainer, you may decide to use the materials in the handbook in the exact order and manner presented. If you prefer, however, you may rearrange or modify the materials as needed to meet the objectives of a particular training situation. You may choose to offer one day of training by using key exercises and activities included in the handbook. Or you may take advantage of all the materials in the handbook, supplemented by content of your own, to extend the length of the program.

This handbook is one of a series for training municipal finance managers. You might decide or be requested to provide workshops that require you to use these handbooks over a longer period of time. While each handbook can be used independently of the others, their use in sequence can provide a powerful, unified learning experience for participating finance managers.

You have many options to choose from with these training handbooks. We hope you take full advantage of them.