Abstract

Cash, the most liquid of all financial resources has played significant roles in the survival of any organizations. The issue of its management has been the concern of contemporary managers and administrators. This paper will focus on cash management problems of polytechnic institutions in Nigeria. This has been the bane of our institution non-performance. Cash crisis has resulted in Acquisitions, Mergers or extinction of relevant departments in the institutions, as well as cases of strikes and unrest. How has the institutions managed the available cash to ensure availability of adequate cash at all times led to the statement of problem which was developed from poor cash decisions and policies. Cash management problems in polytechnics were reflected to enable Administrators identify causes of cash shortage in their operations. The need to introduce professionalism in cash management to arrest the cash problems were highlighted. The findings that cash management problem have effects on polytechnic institutions' performance led to the Recommendation for effective cash management and good cash management policy.

Introduction

What matters most in an organization is the ability to manage available resources. Cash is the most valuable of these resources. The planning, control and decision taken on this matter determine the viability of any organizations, of which education is named.

The educational organization covers people and institutions ranging from ministers and their advisers to teachers and teaching assistants - They work together in institutions that make up the education organization. Adriaan (1991) sees institutions as "identifiable organizational units which are generally part of a large organization and have specially defined functions that contributes to large organizational goals". In Nigeria, it is stratified into elementary, secondary and tertiary institutions. Among the tertiary institutions is the polytechnic.

Polytechnic is basically a school for science and technology and the application of thought for the development of the society. Momoh (2003) sees the polytechnic as "a mandate of skill and technological acquisition and the nucleus of Nigeria technological redemption". According to the British Council of education technology, cited by Bhushan (1976), educational technology is "the development, application and evaluation of system, techniques and aids to improve the process of human learning."

Nigeria is a country of thirty-six (36), states and the federal capital territory. Each state has at least a polytechnic or college of technology either federal or state owned or both. Be it as it may, the resources needed to run the sector is enormous. Like the modern Banks it is operated with huge cash, a project which is capital intensive and its existence is paramount to the people; as Okafor (1991), puts it, "technology education becomes imperative in a nation that has proper education planning".

Management usually has at its disposal resources, such as cash, material, personnel, etc. An efficient utilization of these resources usually makes the return on the investment capital and for an educational institution good performance. Management must recognise that, one factor, which is an indispensable ally for the pursuit of the achievement of the organization's goals and objectives is CASH. Plan for cash, cash control and the implementation of cash has being a reoccurring problems in the management of institutions. Good cash management is the only succour to cash management problems. A typical Accounts Department in the polytechnic institution will have at its helm of affairs a Bursar followed by Accountant (1 and 2), a Clerk and an Office Assistant.

This paper will examine the nature of cash, principles of cash management, cash management problems of government owned polytechnic institutions, effects of cash management problems, as well as recommendations and conclusion.

The Nature of Cash

Cash refers to the money, which an organization can disburse immediately without any restriction. The term cash includes coins currency, notes and cheques held in the organization and balance in the bank account. The nature of cash in an institution is observed from its sources. In this institution, the sources of cash is a function of government subvention, grant from its Agencies (ETF, NDDC, etc), from other institutions, bodies like UNESCO, donation (individual or group) and internally generated funds. Momoh (2003), notes that, "from the money collected from the education Tax Fund (ETF) 50% goes to tertiary institution out of which 25% goes to the
The nature of cash varies along the perspective from which it is viewed and applied, and for the purpose it is expected to serve.

The scope of cash varies from one organization to another depending on the particular cash needs and the importance attached to performance. Ajuogu (1990), states that, "the cash needs of a business are basically influence by the nature of its business". Polytechnic institution, for example, will invest largely on technology equipment and more on working capital. Cash represents the portion of the assets that circulates from one form to another say from cash to facilities or students to receivable to cash - in the ordinary conduct of the Administration.

Principles of Cash Management in Tertiary Institutions

An Administrator that manages cash has a wide range of responsibilities, which includes receiving, and allocation of funds to short and long - term projects for the institution. Adequate understanding of sound planning and control is required for the purpose of cash flows. Cash management centres on a cash adequacy of an organization to render relevant service for the institution's maximum benefits. Liquidity, cash adequacy, cash management depends on the institution objectives, programmes, nature and volume of operations.

Planning is regarded as one of the tools to success because good and accurate planning on the institution resources of which cash is one and important one indeed would make the institution realised the set objectives. Therefore, cash planning is defined by Pandey (1990), as "a technique to plan for and control the use of cash", and Duruorjiaku (1986), defines it as "cash regulation, cash control or tailoring cash resources to meet company needs.

Cash planning may be done on daily, weekly or monthly basis. The period and frequency of cash planning generally depend upon the size of the institution and philosophy of the institution. Management of liquidity and cash flow are the two principal variables to be observed within an institution, if such an institution wants to be successful in future. Hence cash planning is laying solid foundation for future utilization of the institution's cash towards the realisation of the corporate existence of such institution or organization.

Another scope of cash management is the determination of optimal cash balance for the institution. This has to be considered in view of the various obligations, which the institution is indebted to whenever they become due and payable. Also there is the need to set aside certain amount of cash to act as a buffer against the uncertainty of the future cash flow predications. If the institution maintains a small cash balance its liquidity position becomes weak and suffers from a paucity of cash to make payments. If the institution maintains a high level of cash balance, it will have a sound liquidity position.

In determining the optimum cash balance of an institution, the motive behind it must first be known, Mayo and BPP (1988), observed that, "a company (school) must maintain a sufficient level of cash to satisfy the three (two) motives for holding cash which are:

Transantive Motive: This is to meet payments in the ordinary course of operation to employees, creditors etc and also to purchase fixed assets, and

Precautionary Motive: That is to hold a 'buffer' to meet unexpected need for a cash contingent losses that may materialize. It is the need to hold cash in order to insure against cash flow interruption in the event of an unexpected cost being incurred". The optimum level of cash balance is that which satisfies the motive above.

Decision on the optimum level of cash must take into account the availability of surplus and the length of time such surplus will be available and the accuracy of the cash budget data. Cash budgeting is one of the numerous techniques which offers particular assistance to cash management problem.

To create a vivid understanding of the magnitude of cash management in the Polytechnics, a cash management cycle is drawn:
From the above figure one can explain that obtaining cash for the operation is only one part of managing the institution's funds. The successful Administrator also has to effectively manage the funds as they move through the operation, i.e., the institution has cash coming into the business and cash going out of the business. This inflow and outflow of cash needs to be managed.

Payment must be made on the goods and services received by institution. This is done through account payable which represents the major disbursement of schools. To achieve cash management objective, there must be good control of disbursements. It is useful to have information on major anticipated cash receipts and cash disbursements. All these information are essential if an institution is to manage its cash in an efficient manner. A well-organized and well-managed record keeping system is needed to have effective cash management in tertiary institutions.

**Cash Management Problems in Tertiary Institutions**

The idea of putting square peg in a round hole as it concerns cash has been the primary problem of managing cash. The mistake is to operate schools beyond their means. They take possession of operation of some value without the important assets that is sufficient operating cash. When an administrator does not put aside cash he or she cannot pay current bills and the story is easy to foretell, it is the "cash crisis". Sound management consists of arranging matters so that current liabilities are provided for as they become due and hence paid promptly. When such coordination is not present the result is constant "cash problems". In his view, Hart (1972), observes that, "it is plain from experience that a 'spendthrift' response to the possession of money and other liquid assets that is a course of management which outspends receipt so heavily as to bring liquid holding down rapidly to a crisis point". Also, Uuruorjiaju (1986), discovers that, "cash becomes critical mainly because payments are much more in excess of receipts as shown by cash analysis in any given situation... if this continues uncontrolled, the company, individual, or organization involved may be threatened by a financial crash along the lines of bankruptcy".

Delay is another problem and are of two types in the management of cash. One within the institution and the other is within the banking system. The first float represents time taken to internally process a cheque, which the institution received. It includes all the time taken from the time taken from the moment a cheque is received, possessed and deposited with the bank for credit. The second float is said to have been cleared only if the bank allows drawing on the account in which it was deposited.

The concept of float is very important to the Bursar because only through its understanding that when to draw from a deposited cheque is known. But if an institution does not retain a sufficient amount of cash in this process, it could lead to financial embarrassment.

Cash equally presents special management and control problems not only because it enters into great many transactions but also it is easily concealed and transported, and it is almost universally desired. The major problems encountered in management is the pressure of diverting cash into imprest cash systems during cash shortages and management interrupting the effectiveness of the systems or strategies from time to time. It was reported recently
in one of the dailies on the issue of cash management in our tertiary institutions by Alifa and Aziman (2006), that, "Federal Universities (Tertiary Institutions) accused of gross financial misconduct- billions of naira have been frittered away through improprieties ranging from outright fraud to poor record keeping, financial misappropriation and inappropriate accounting systems, lack of up-to-date financial records, refusal to remit internally generated revenues to the consolidated revenue fund, failure to get accounts audited, absence of proper document of fixed assets, lack of adequate structures or measures to control finances, operation of accounts Tar in excess of the number stipulated and absence of details of income and expenditure".

In other words, correct accounting for cash transactions requires controls be established to ensure that cash belonging to organization is not improperly converted to personal use by someone in or connected with the organizations.

**Effects of Cash Management Problems in Tertiary Institutions**

The pursuit of cash when wrongly applied also poses dangers that are more subtle, of bad plight and in reproach. This can deeply disturbed the educational system.

First, the holding of excess cash allows administrators a measure of independence, because they have it, there is the ever-present danger of cash mat-administration or the temptation to use what they have primarily for pleasurable activities or personal pursuits. This act may transform into decline in the quality of staff and students, as well as infrastructural development and the overall fall in the standard of Education. Second, cash shortage, as a result of financial indiscipline could result in accepting cash consideration to award certificates to person(s) of unworthy character. It can also lead to "short-cutting" in students' admissions to receive cash as a buffer. This is an attempted interfaith and dubious arrangement for the organisation, resulting in non-performance. Third, it is assumed that moral integrity is far more valuable than material needs. Hence management efforts to build a truly moral society may fail should they persistently fall short of operating cash. The institutions become a breeding place, for moral decadence, for instance, school fees can be reviewed upward above the reach of students' sponsors, thereby involving the student in immorality or other vices to meet the demand. Idemudia (2006) notes that, "the disruption of academic calendars, due to non-payment of salaries has put a doubt on degrees (and certificates) awarded by Nigerian schools. The disruption of academic calendar and non-conducive learning environment have resulted to a high increase in examination malpractices and anti-social behaviours like cultism and drug addiction, as students are not fully engaged in academic activities. He went further to say, that lecturers on their part are not really conducting research any more due to non-payment of salaries, and inadequate motivation. They have resorted to the production of handouts instead of scholarly books and journals. Minimum attention is paid to excellent in teaching, research and information dissemination not to the benefit of the country".

Fourth, corruption remains a cancer worm, it is eating deep into the fabric of the staff of accounts department and administrators. The staff having discovered the weak internal control system may cloth themselves in an endemic act of cash embezzlement which can lead the institution into cash embarrassment. In all, Ajougou (1990) maintains that, "without a floating supply of cash, a business will experience occasional convulsions which distort, confuse, embarrass and alarm every concern with the enterprise. Lack of cash can drive a firm into bankruptcy, even though its products are first rate and its operations are profitable". Three (3) tertiary institutions, a polytechnic in Delta State, college of education and school of agriculture both in Edo State were closed down for financial reason in the then Bendel State prior to civilian rule in May 29, 1999. Others were dilapidated. It is this problem of management of which cash is one, that government handed over schools back to the missionary and deregulated the education system for the private sector for competition. Some tertiary institutions departments arc yet to be accredited because of lack of qualified manpower or equipment. Some have been asked to stop admission into the affected departments.

Over the years polytechnics provided and adopted cash management mode! which suit them most as policies. In spite of these various policies, the problem of poor cash management leading to cash shortage, insolvency and bankruptcy persist daily.

**Recommendations**

Having dived through the problems of cash management in Nigeria tertiary institutions, focusing on the polytechnics, the following recommendations are adduced to evolve an effective method of checking incessant cash shortage, which could lead to education institutions' failures. From all these, one tiling seems to be clear, that is, one of the pre-requisites for a successful cash management is a suitable and adequate cash management techniques and policy guidelines to serve the generality of education institutions. Therefore, the following suggestions are made:

- There should be limit to the amount of cash to which the institutions could hold. We acknowledge the need for them to hold enough cash at hand for at least to meet their daily transactions, but then, it is better to have limit to the amount of cash they can hold at any particular point in time to
prevent massive fraud.

- That the problem of managing and controlling cash that arise from the conflict between policy and practice of the institution could better be resolved by adherence to their policy. This is because policies were made as a guiding principle of their action while practice is the actual action which should be from the institutions policy and not elsewhere.
- The organization should develop a strategy for its cash flow planning, that is, the institution should be able to match its cash outflows with cash inflows even when it is growing. A distinction should be made between essential capital expenditure, non-essential capital expenditure and postponable fixed assets replacements so that decisions can be made when necessary about shelving certain capital expenditure and projects. A comprehensive scheme of cash forecasting would provide for the planning and control of cash incomes and expenditures in both the short- and long term.
- The institution should minimize making cash losses. If an institution continually making cash losses, it will eventually have cash flow problems. Without efforts to stern the cash management problem of the institution, it will eventually be unable to discharge its financial obligations as at and when due.
- Avoid investing in one-off items of expenditure from the subvention, such as, the purchase of an exceptionally expensive item which then stretches its cash resources for a period of several months or even years, causing cash flow problem.
- Grant received for medium and long-term project should not be distributed for short-term use to arrest immediate cash shortage in anticipation of funds. This may result in future cash problem in so far as no cash is received for immediate replacement. Employ the right cash for the purpose, for good performance.
- The nature of polytechnic education demands that government should pump in more money because the success of every developed nation in the world today lies in their technology education. The funds if properly applied will increase teaching and learning and help teachers in the institutions to go deep in research, improve their teaching skill and this will in turn help to solve the sub-standard problem of education.
- An effective internal control system should be established by management of the polytechnics. Authority, responsibility, accountability and check in the system should be clearly practiced. This will help to avoid manipulation. Pilfering or embezzlement by staff.
- They should employ qualified person not depending on relatives especially in sensitive posts that need special skills like accounting and finance. The bursar at the accounts department should be qualified accountant.
- Together, these steps would go a long way to ameliorate or eliminate cash management problems in the tertiary institutions in Nigeria.

**Conclusion**

We noticed that the performance of any educational system lies on its management - proper planning, efficient administration, adequate funding and motivation. The presence or absence of cash in the system tells how liquid or the extent of its liquidity. Cash is the umbilical cord of any institution and in spite of its simplicity, it is often not fully understood or appreciated by management.

The issue of maintaining adequate and proper use of funds in essence refers to as cash management problems. Cash management problems have multi-dimensional effects on tertiary institutions. In management there is no "magic wand", policy matters. A considerable success is possible when accompanied by good policy. Therefore, all hands must be on deck to adduce workable and effective policy for good cash management. Cash management problems should as much as possible be minimized by bursars or accountants as it kills the organization and destroys the economy of a nation.

**References**


