

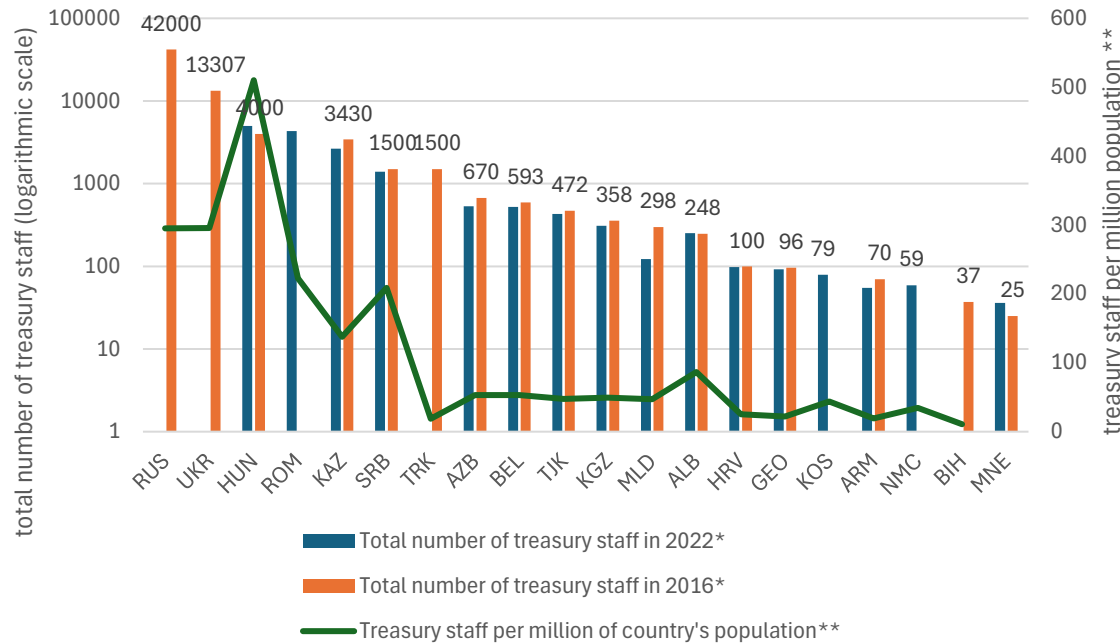
# Evolution of Treasury Role and Functions: Where Are We Heading Next?

Mark Silins

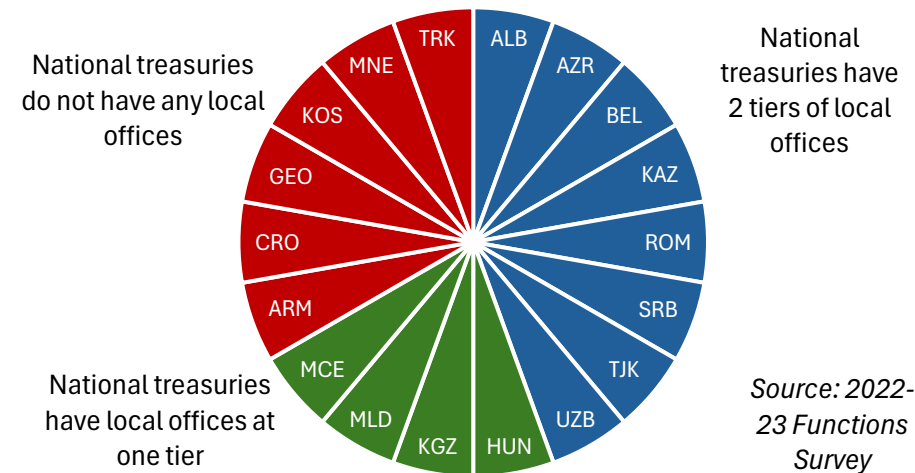
TCOP Virtual Event  
30 March 2026

# National Treasuries in PEMPAL Vary Significantly

### Total Treasury Staffing Level



### Local Offices of National Treasuries

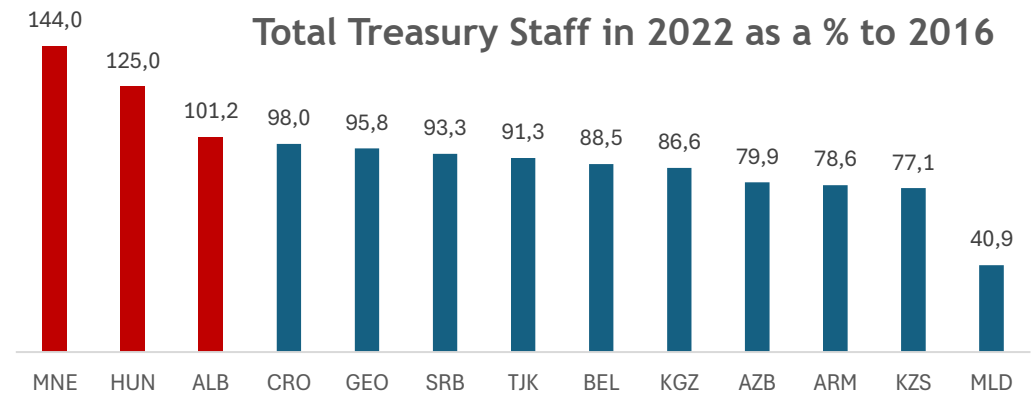


Source: 2022-23 Functions Survey

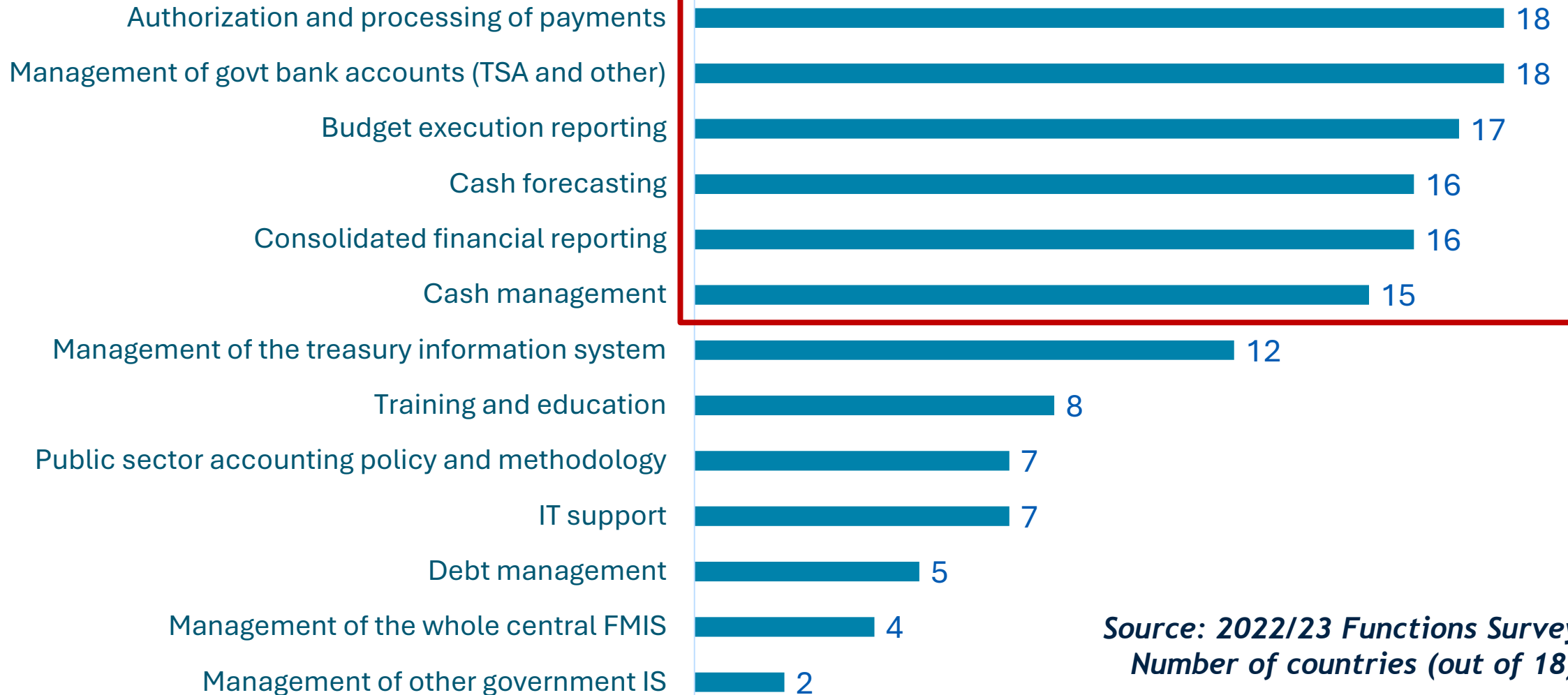
\*logarithmic scale is used. \*\*the data for Bosnia and Herzegovina, Russia, Türkiye, and Ukraine is for 2016; the data for other countries is for 2022.

There is not a single treasury model in the region. The variations in size, functions, and organizational structures are significant and country-specific.

### Total Treasury Staff in 2022 as a % to 2016

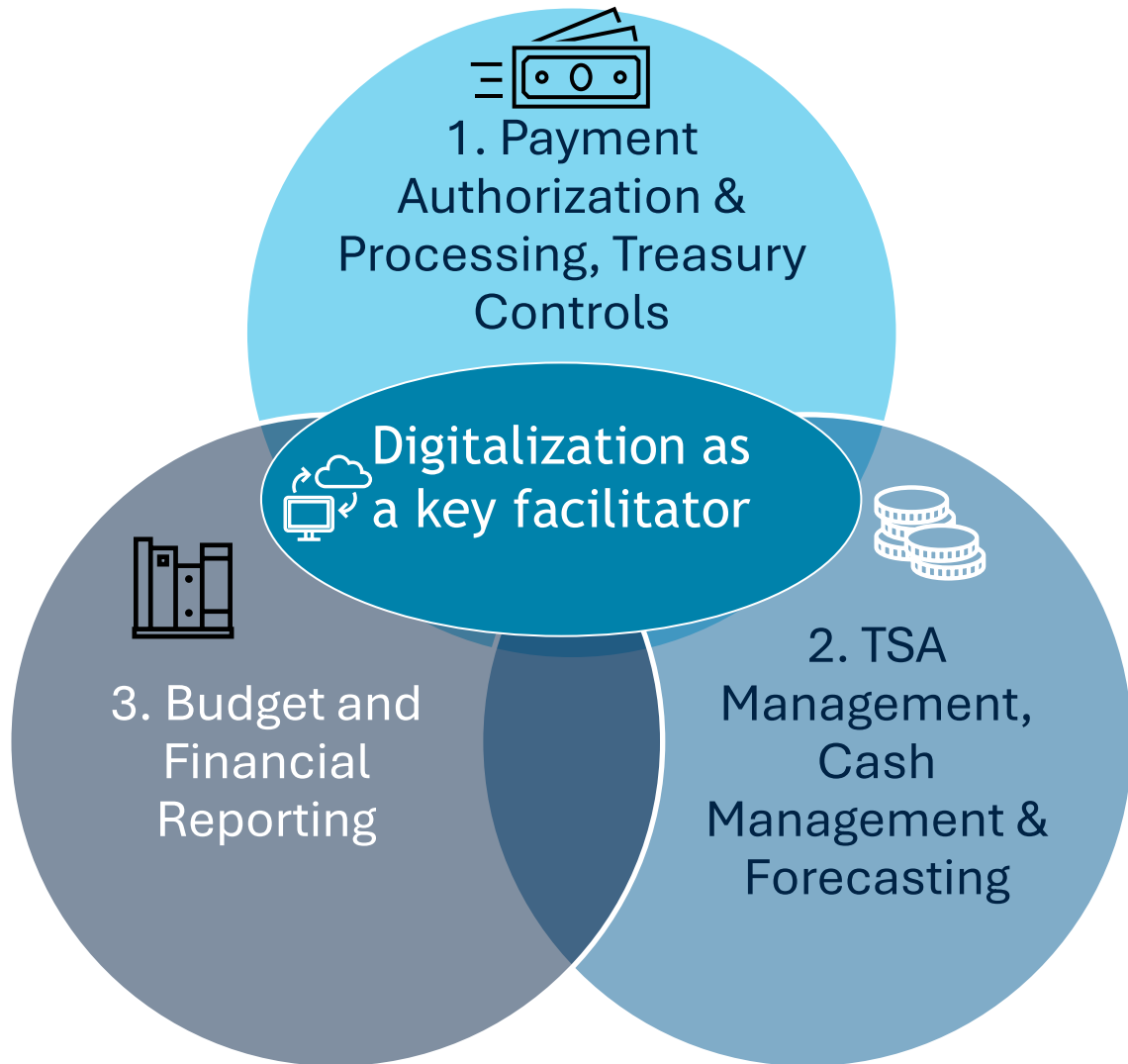


# Summarizing Survey Results: Treasury Functions in PEMPAL Countries



*Source: 2022/23 Functions Survey.  
Number of countries (out of 18).*

# Evolution of the Role and Responsibilities of the Treasury: Matrix Developed for the Paper



<b>Early Days</b>	
<b>Trends/Reforms</b>	
<b>Trends in the Future</b>	
<b>Learning Needs</b>	



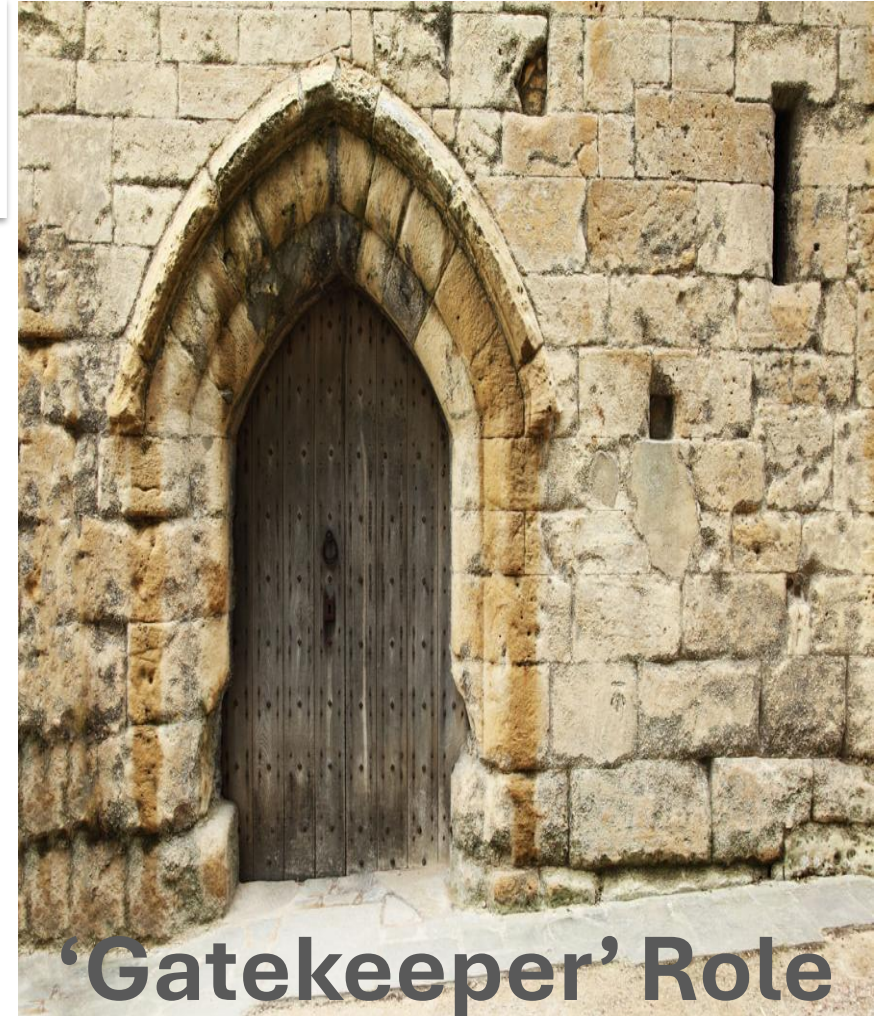
# Authorization and Processing Payments: History



This was the main role / primary function for which treasuries were initially established: staff primarily focused in this area

## ‘Gatekeeper’ role

- ❑ **centralized authorization process** for all payments,
- ❑ **semi-automated processing** - limited number of clients treasury can have direct relationship with (hierarchy in processing & controls) centrally
- ❑ This is the reason why **sub-treasuries** were established – to enable central controls over deconcentrated central entities and subnational governments





# Authorization and Processing Payments: Trends



## PEMPAL SUCCESS STORIES

January 2025

### Green Corridor: Leveraging Technology to Implement Risk-Based Approaches in Payment Authorization & Processing

#### Why Risk-Based Approach to Payment Authorization Is Important?

In most PEMPAL countries national treasury units were created as revenue and payment processing centers of the national Ministry of Finance. Thus, payment authorization and processing is a core treasury function: by exercising payment controls treasuries prevent fraud, misappropriations, and other violations and errors occurring during the budget execution. Since the risks of such violations and errors vary by type of payment, concentrating efforts on the control of the riskiest payments helps to ensure the timely release of payments and efficient use of public funds. Transitioning from paper-based to digital interaction with treasury clients offers new opportunities for implementing a risk-based approach to treasury controls.

#### PEMPAL TCOP Work on Implementing Risk-Based Approach to Treasury Controls

The risk-based approach in treasury controls has been one of the key topics discussed by the TCOP Thematic Group on the Evolution of the Treasury's Role and Functions and was among the main themes of three TCOP Plenary Meetings in 2015 (Tirana), 2017 (Vienna), and 2023 (Almaty). Leveraging digital technologies for improving the quality of treasury operations has also been central for several TCOP discussions, including the meeting of the Thematic Group on the Use of IT Operations. During the meeting of the IT thematic group in Tbilisi, Georgia, in 2015 and at the TCOP Plenary Meeting in Vienna in 2017, the Treasury of Georgia presented the approaches to and the results of the Green Corridor project – a technical solution that allows for automatic authorization and processing of low-risk payments by the treasury.

**Green Corridor is now common in several PEMPAL countries**

Devolution of responsibilities to the line ministries

Eliminating/downsizing subnational treasury network

Automation / Digitalization of Processes

Improved system-based controls that allow a move to a risk-based approach

Increasing the number of direct treasury clients



# Bank Account, Cash Management and Forecasting: History



TSA's established in most places simultaneously or soon after the treasury establishment

Management of a core TSA and other bank accounts was also the core / main function of the treasury from the outset

However, cash consolidation was mixed with EBF and other money frequently outside TSA

Client role in the national payment system usually serviced by the central bank

Cash planning rather than forecasting



# Bank Account, Cash Management and Forecasting: Trends



**Expansion in TSA coverage** and consolidation of cash under treasury control

Direct participant in the national settlement system, acquiring some banking functions

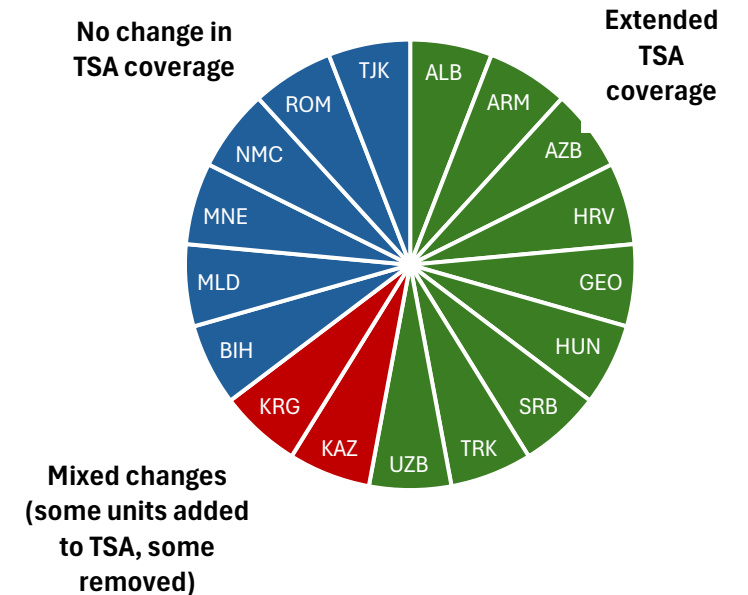
Moving to more active cash management

Development of cash forecasting

Closer coordination with Central Banks - need to define the roles and coordination mechanisms

Clarification of the roles and develop coordination mechanisms with debt management

Changes in TSA Coverage since 2021



**9 PEMPAL countries have expanded TSA in recent years**



# Budget and Financial Reporting: History



Budget execution reporting was a core function of the treasuries from the very beginning

Typically, this was focused on the “**Red Book**” - the end of year report against the approved budget. This “book” was prepared well after the end of year and formally bound and issued

Over time reporting has become more focused on timeliness rather than just the formal end of year process with quarterly and monthly reporting becoming more common

Financial reporting was less uniform

The responsibility for accounting and financial reporting methodology was frequently assigned to the MOF, rather than Treasury

Consolidation of financial reports was at best a semi-automated process

Initial financial reports were not in accordance with IPSAS although they had elements of accruals



# Budget and Financial Reporting: Trends

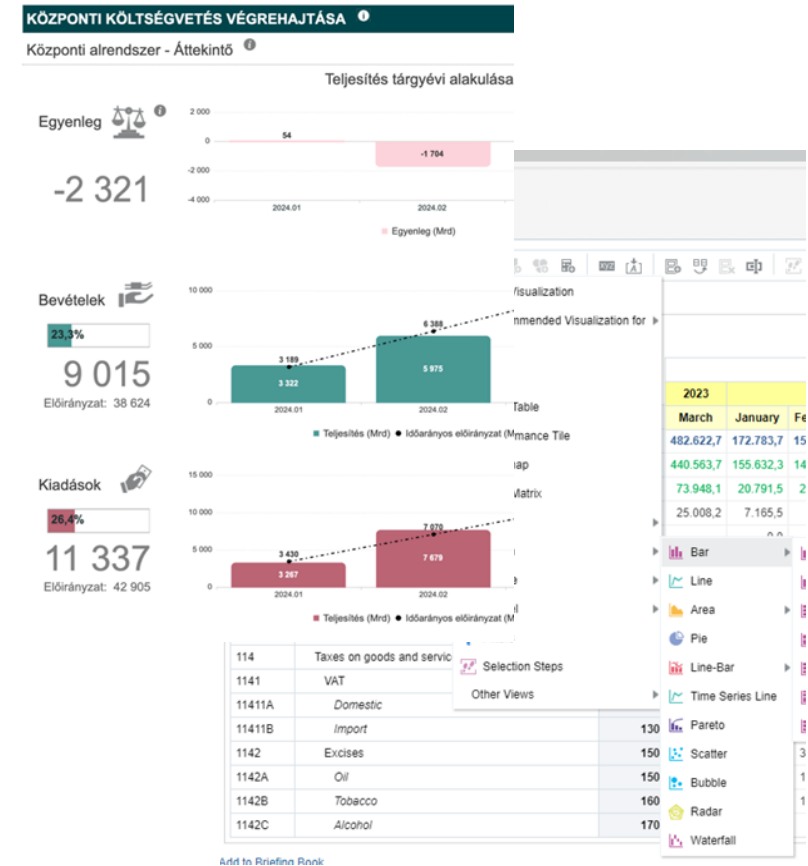
Major public sector accounting reforms involving transition to IPSAS/accruals were initiated in many countries

Design of budget classification/charts of accounts was the necessary precondition for FMIS implementation - Treasury played a key role

## Reporting

Separate solutions were introduced to automate and consolidate financial reports in some countries - not always managed by the Treasury

Introduction of FMIS automated budget reporting, but production of financial reports remained outside FMIS in many countries



Use of more sophisticated tools for user defined reporting is becoming more common!

# Broader Management Trends



## Enhanced Digitization including use of AI and BA tools

- This will see the enhanced use of IT extending coverage of systems and interoperability across the PFM framework
- The focus will continue to evolve to ensure integrity over government resources and improving analytics and the timeliness of financial and performance information. BI and AI will become more integrated
- The question is whether Treasury will lead or be part of broader reform in MoF – Both approaches exist in the current PEMPAL family



## Internal Controls and Risk Management – Treasury may have a core role, for the broader PFM framework or its existing area of management



## Performance Management – shifting the focus from just compliance to determine whether what we do supports government’s objectives. This goes hand-in-hand with an enhanced focus on control and risk

# A Digital Evolution : Next Step Revolution



## Process Automation Phase - Digital Evolution

## Digitization - Revolution

1990s

2000s

2010s

2020s

Implementation  
of Central  
systems- FMIS



Systems  
Extended to  
Regional  
Treasuries –  
FMIS expanded



Budget Entities  
Direct Access-  
IFMIS



IFMIS –more  
sophisticated -  
used for  
advanced  
reporting,  
analyse, active  
cash  
management  
and forecasting

Manual Forms  
submitted  
centrally by  
Ministries

Manual Forms  
submitted  
regionally by  
spending units

Electronic forms -  
either direct  
access or via third  
party software

Portals, use of BI  
and AI, data  
warehouse/data  
lake

# Future Trends of Reform and Learning (for PEMPAL)



## Payments & Treasury Management

- organizational change
- information systems' interoperability
- devolution and risk based management of payments
- results based management
- internal control



## Cash Management

- optimal TSA coverage and ensuring full fungibility
- design of cash buffers
- cash forecasting, incl. new techniques (better use of bottom-up data)
- use of active cash management instruments
- coordinating cash management with debt management and monetary policy



## Reporting

- UCoA design including integration of cash and accrual and cross cutting reporting
- use of data analytics (BI, DWH, eventually advanced analytics) to support decision-making
- integrating financial & performance data in reporting
- integrating IT solutions for accounting and reporting with IFMIS



## IT in Treasury Operations

- Conceptual design of the next generation IFMIS
- Improving the interoperability of the PFM information systems
- Use of data analytics tools
- Using the potential of AI in treasury operations
- Integrating IT solutions for accounting and reporting with IFMIS

# Summary



The role of PEMPAL treasuries in relation to payment processing has or is changing with a focus on how automation and digitization can improve operations, particularly in relation to payment processing and revenue collection. It is likely that this centralized role will disappear or reduce over time.



There is a trend to move from a traditional cash **planning** role to active cash management and **forecasting**



PEMPAL countries are trending towards **more sophisticated reporting capabilities**, including compliance with IPSAS and GFSM2014 and cross cutting reporting requirements



Modernization and digitization have seen risk management and internal control emerging as areas of responsibility for Treasury in some countries. Treasury has a central role to guide and monitor agencies, while also managing its own processes. Performance measurement and reporting are emerging areas of focus

# THANK YOU!

The TCOP note on the *Evolution of the Role and Functions of the National Treasury Institutions in PEMPAL Countries* is available at:

<https://www.pempal.org/evolution-role-and-functions-national-treasury-institutions-pempal-countries>

