

A decorative graphic on the left side of the slide. It consists of a purple banner at the top with three yellow icons: a crown, a goat, and a star. Below the banner is a red and white checkered pattern that tapers to the right.

Leveraging IT and Data Supporting Cash Management & Forecasting

Presentation for Small Group Discussion

Croatia

Danka Mihaljević

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1. Current Approach to Cash Flow Forecasting

- ❑ Coverage by cash flow projection: balance of the TSA of the state budget (budgetary users of the state budget operating through the TSA of the state budget)

- ❑ Main aggregates forecasted:
 - *income and receipts - income from taxes, pension contributions, income from property, income from special regulations, etc., receipts from financial assets and borrowing*
 - *expenses and expenditures - payroll, material expenses, financial expenses, benefits to citizens and households based on insurance and other benefits, subsidies and other expenses, expenses for financial assets and loan repayments*
 - *inflows of funds from the European Union*

- ❑ Cash forecasting is performed for a month with a disaggregation by day (for several months, usually for 4-5 months ahead)



2. Data & Models Used for Cash Flow Forecasting

ANNUAL, QUARTERLY, MONTHLY, WEEKLY AND DAILY FORECAST based on
- Sources and data availability-

PROJECTION OF REVENUE, RECEIPTS AND OTHER INFLOWS

1. **REVENUE FORECAST** (Institute for Macroeconomic Analysis and Planning - database of historical data and revenue projections)
2. **FORECAST OF RECEIPTS** (Public Debt Management Directorate, Directorate for European Union and International Financial Relations - FMIS)
3. **FORECAST OF EU FUNDS INFLOWS** (projections and plans of the Sector for National Fund Affairs)

PROJECTION OF EXPENDITURES, PAYMENTS AND OTHER OUTFLOWS

1. **EXPENDITURE FORECAST** (State Budget Financial Flow Planning Service)
 - Forecast and execution in previous period (FMIS)
 - Financial plans of spending units
 - Commitments (FMIS - Commitment Announcement, Contract, Purchase Order)
 - Invoices, Payment requests(FMIS)
2. **FORECAST OF OUTFLOWS** (Public Debt Management Directorate - FMIS)

Projection model: Excel spreadsheets for the month by day - daily update; daily simulation of monthly cash flow movements in relation to incurred expenditures and outflows and realized revenues and receipts of the state budget - balances of funds in the TSA and other accounts

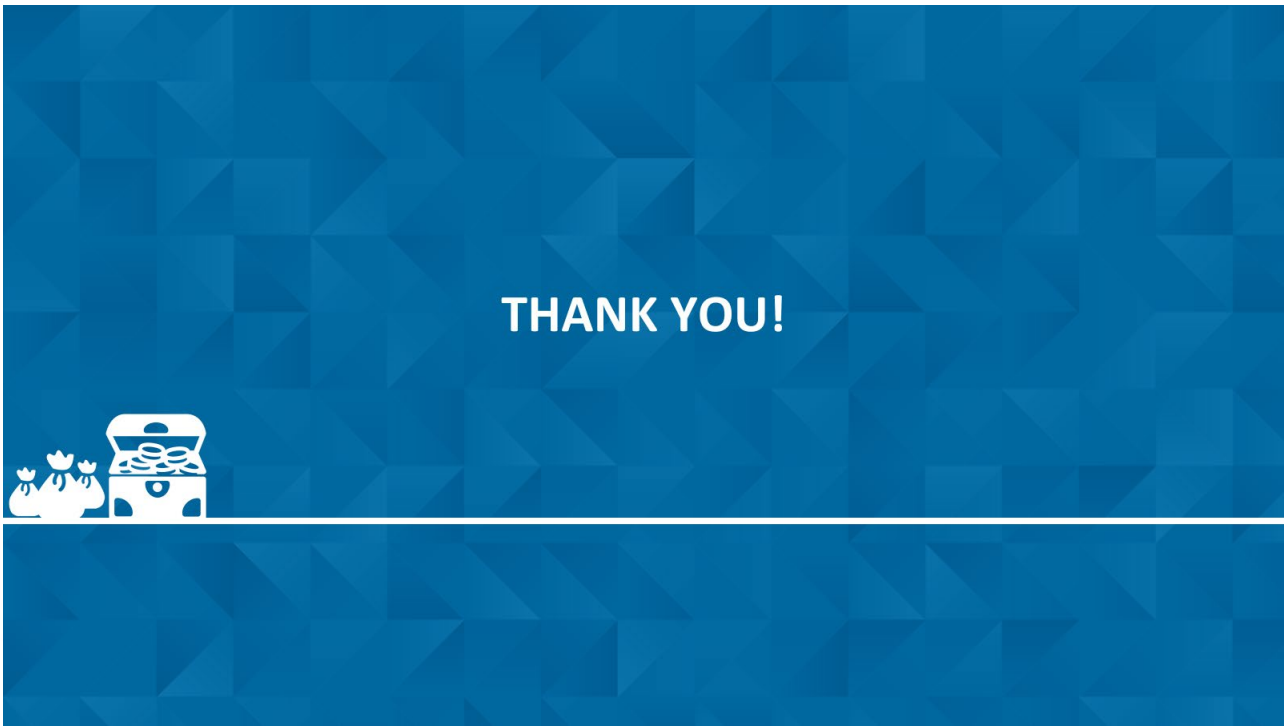
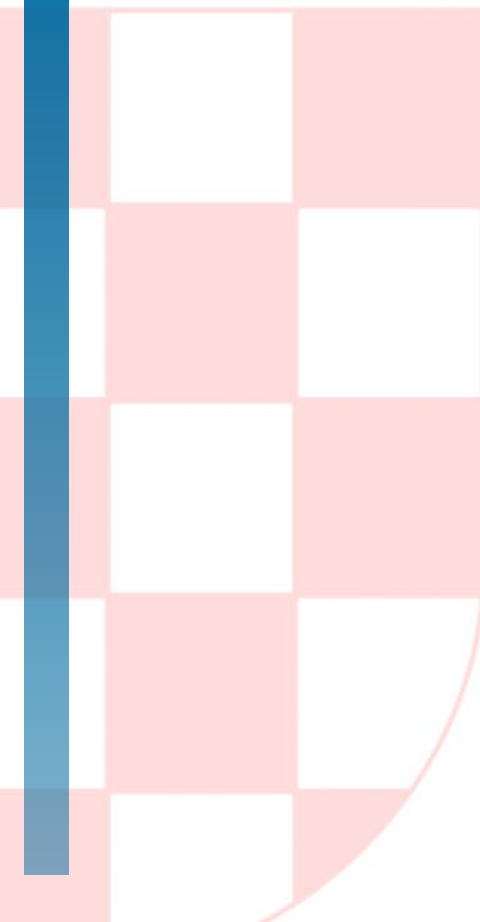
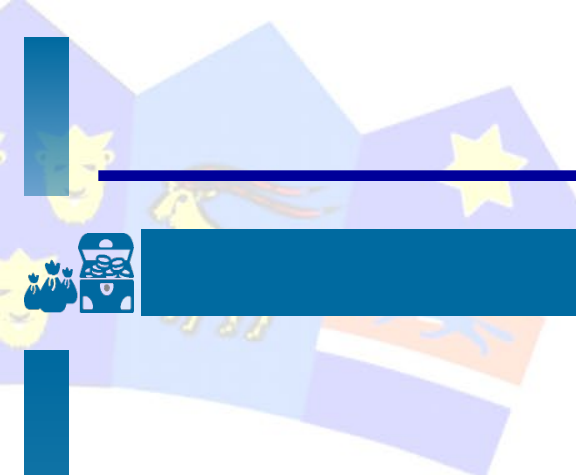


3. Future Plans & Challenges

Areas for improvement in cash forecasting and cash management:

- improving data quality – *better planning of expenditure execution by spending units - cash flow projections partly depend on inputs from spending units who do not have a broader view of the liquidity of the state budget, realistic planning of projects/activities financed from sources of financing related to EU funds, more precise planning of the inflow of funds from European Union funds*
- further automation of data coverage for the preparation of state budget cash flow projections
- **KEY CHALLENGES:** human resources, lack of precision in projections of the inflow of EU funds, a need for more detailed analysis of the implementation of liquidity plans, the compatibility of debt and liquidity management strategies, data security and communication channels when planning the possible introduction of AI





THANK YOU!

