

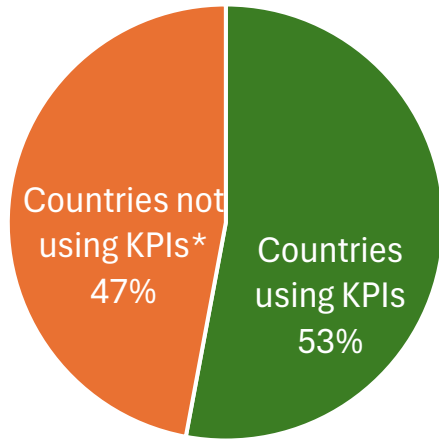
# Performance Measurement in Treasury Operations Thematic Survey. Preliminary Results.

Strengthening and Measuring Treasury Performance in Cash Management and Forecasting  
November 5, 2024, Tirana, Albania  
Elena Dobrolyubova, TCOP Resource Team, World Bank

# Performance Measurement in Treasury Operations: Overview

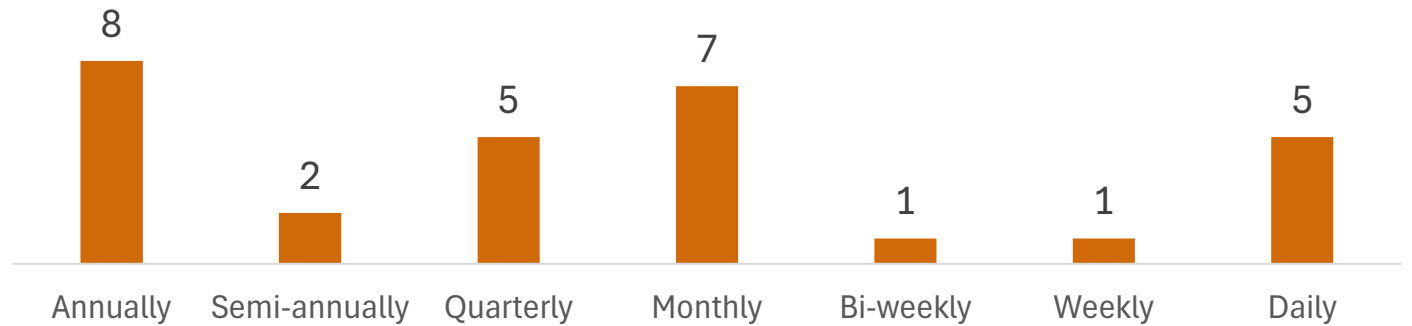


Measuring Treasury Performance in PEMPAL Countries



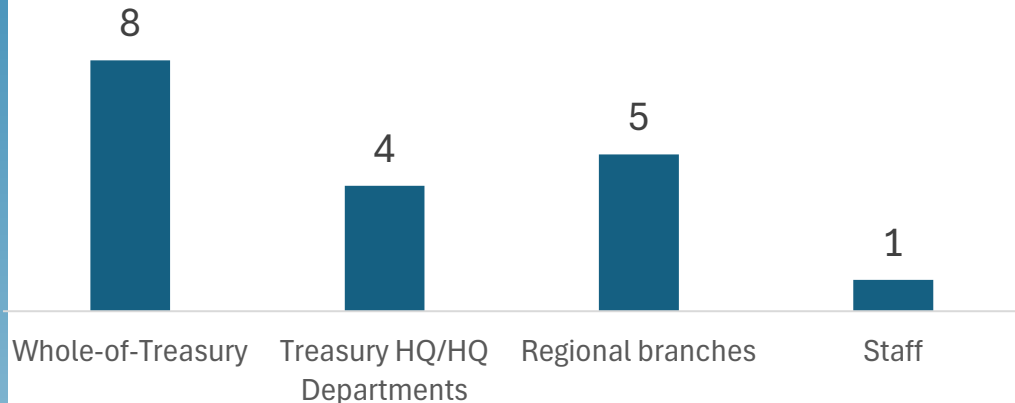
\* Probably overestimated.

Treasury KPIs: Measurement Frequency

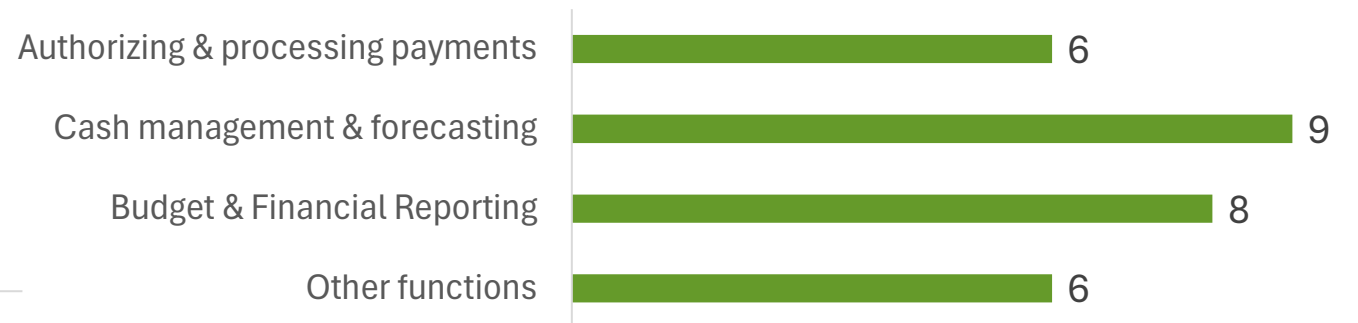


Most KPIs are stipulated by legislation or internal orders. Some stem from Annual / Medium-term MoF/Treasury work programs/action plans.

Treasury KPIs: Level of Application



Treasury KPIs: Functional Areas



Number of countries. Based on Thematic Survey results (17 countries responded)

# Authorizing & Processing Payments: KPI Examples



## ▣ Indicators showing **process volumes**

- Volume of payments (BiH, Republika Srpska)
- Interaction with the Automated Interbank Payment System (number of operational days conducted) (Moldova)

## ▣ Indicators showing **compliance with legal requirements**

- Purchase Request is recorded in AGFIS before procurement process, % (Albania)
- Number of identified violations based on remote internal control (Kazakhstan)

## ▣ Indicators showing **timeliness & quality**

- Timely reconciliation of nontax revenues between treasury and general government units, % (Albania)
- Accuracy of authorized payments (% error-free payments) (Kosovo)
- Payment authorization timeliness (% on-time authorization)
- Conducting operations related to budget revenues (ratio of the number of mistakes made during the closure of operational day on revenues to average number of daily payments processed during the quarter) (Kazakhstan)
- Contracts of budget organizations with mistakes returned from treasury without registration, number of documents/LCU (Uzbekistan)
- Identified violations during processing payments of budget organizations, LCU (Uzbekistan)

## ▣ **What seems missing?** Specific outcomes of reforms (i.e., % of payments authorized automatically/via “green corridor”; user satisfaction rates?)

# Cash Management & Cash Forecasting: KPI Examples



## Availability of cash to meet commitments in time

- TSA balance/minimum/optimum level of cash buffer (Albania, BiH, Hungary, Kyrgyz Republic, Türkiye)
- Discrepancy Between Accrual and Cash-based Non-interest Expenditures (%GDP), Türkiye
- Percentage of Expenditure Arrears, Türkiye

## Treasury/TSA Coverage

- Share of expenditures executed through TSA (Croatia, Türkiye)
- Share of revenues that are collected through TSA (Croatia, Türkiye)
- Coverage of the New TSA (# of institutions), Türkiye

## Cash Forecasting

- Daily/monthly cash balance/revenue/expenditure deviations (Türkiye)
- Monthly forecasting accuracy (Albania, Kosovo)
- Timely preparation/update of cash forecasts (Moldova)

## Active cash management

- Volumes of deposits, SWAP operations (Uzbekistan, Kyrgyz Republic)
- Number of deposits, credits within the national budget system (Moldova)
- Transaction Costs / Expenditures; Achieving Reasonable Rate of Return on Cash Holdings (Türkiye)

# Budget & Financial Reporting: KPI Examples



- ❑ Indicators showing **process volumes**
  - ❑ Number of citizen summaries/guides produced for key budget documents (Croatia)
- ❑ Indicators showing **reporting accuracy**
  - ❑ Incorrect entries in AGFIS sent by the commercial banks on revenue collections, mIn ALL (Albania)
  - ❑ Altered data after dissemination and publishing, mIn ALL (Albania)
  - ❑ Accuracy of financial data (% of error-free reports) (Kosovo)
  - ❑ Compliance with IPSAS, based on audit reports/internal control (Kosovo)
- ❑ Indicators showing **timeliness of budget reporting**
  - ❑ Timely publication of budget execution reports, term (Albania, Moldova)
  - ❑ Share of timely published budget execution reports, % (Croatia, Kosovo)
  - ❑ Not respecting the reporting and reconciliation time (special funds, foreign financing out of TSA),% (Albania)
  - ❑ Failure to comply with deadlines for submitting annual reports on local budgets (Kazakhstan)
- ❑ Indicators showing **outputs** of reforms aimed at improving accounting and reporting
  - ❑ Number of staff trained, IT applications developed... (Croatia)
- ❑ **What deserves more attention?** Specific **outcomes** of reforms (i.e., accrual accounting implementation?) Quality of budget execution based on the external audit results (scale and # of instances of misappropriation of funds/ineligible expenditures found by external audit)? **Response to audit findings?**

# Other Areas of Treasury Performance Where KPIs Are Used



- ❑ **Debt management\***
  - ❑ Debt Service Coverage Ratio, Debt-to-GDP Ratio, Timeliness of debt payments (Kosovo)
- ❑ **Human resources management**
  - ❑ Performance assessment, professional skills, competences, compliance (Albania)
  - ❑ Corruption & misconduct (Kazakhstan)
- ❑ **Treasury IT systems development**
  - ❑ Development of new systems, related training (Croatia)
  - ❑ Information security compliance (Kazakhstan)
- ❑ **Procurement**
  - ❑ Number of wrongfully confirmed data and documents related to the experience of potential contractors (Kazakhstan)
- ❑ **Legislation & regulations**
  - ❑ Indicators showing **volume** of work: developing new legal acts/amendments, preparing legal opinions (Croatia, Moldova) / supporting legal initiatives from the regional branches (Kazakhstan)
- ❑ **Client Feedback**
  - ❑ **The only example:** number of justified (confirmed) complaints on actions or inaction of management or staff of regional treasury departments (Kazakhstan)
  - ❑ **Is this the area for future improvement?**

*\*In many countries, debt management is not a treasury function*

# Conclusions



- ❑ **Practice varies:** few countries have advanced performance measurement systems (Türkiye, Albania), some use KPIs selectively for specific purpose (Kyrgyz Republic) or at specific levels (Kazakhstan), some use KPIs only to measure project/reform activity (Croatia), some only to measure processes (Moldova, Kazakhstan, Uzbekistan), and some don't use them at all (or do not *formalize* such use)
- ❑ Several countries measure KPIs frequently (daily/weekly/monthly) **that helps in the use performance information for decision-making**
- ❑ Though countries use various types of indicators (i.e., indicators of volume, compliance, timeliness, accuracy), are there enough to measure treasury development efforts and the evolution of the treasury in core functional areas?
  - ❑ Only one country (Albania) uses KPIs at the individual level. Could this be of interest to others?
  - ❑ Only one country (Kazakhstan) uses a KPI based on external feedback (complaints). Should we think of integrating client feedback better? Do countries have customer service charters?

Most countries expressed interest in learning others' experience in using KPIs and noted they recognize the needs to design/improve their current systems: a potential for further work

# Next Steps for Finalizing the Survey



TCOP RT Presents  
Preliminary Results  
(done!)

Further  
clarifications/corrections/  
comments from  
countries, additional  
responses (**by November  
20, 2024**)

Survey finalization &  
publication on PEMPAL  
website  
(**January 2025**).



**THANK YOU!**

