**PEMPAL – TCOP – Inaugural Meeting for the Thematic Group on “Evolution of the Role and Functions of the Treasury”**

***Video Conference, 24 November 2015***

On 24 November, over 30 participants from 12 countries (Albania, Armenia, Azerbaijan, Belarus, Croatia, Georgia, Kazakhstan, Kyrgyzstan, Macedonia, Moldova, Turkey, Ukraine) took part in a three-hour video conference on the *Evolution of the Role and Functions of the Treasury*. TCOP Program Coordinator, Elena Nikulina, and TCOP advisors Ion Chicu and Mark Silins also participated. During the plenary meeting of the TCOP in Tirana, Albania in May 2015, a decision was taken to form a new thematic group to support member countries discuss and plan for the changing role of Treasuries. The advent of automated systems and processes, and the adoption of international reporting standards, is placing new demands on Treasuries. TCOP members indicated that discussing the impact of these changes will better support them in planning for the evolving organizational requirements to meet these new challenges.

Ms Nikulina opened up this inaugural TCOP TG event by highlighting that elements of this topic had been the focus of a plenary meeting in Kiev in 2013, where Treasury’s role in relation to payment controls was discussed. Similar issues were again examined in Tirana in May of this year where the plenary group discussed commitment controls and the payment cycle. Initially when the group was formed it was to have continued the specific focus on the issue of control, however, the leadership group of TCOP agreed that this should be expanded to focus on how the treasury function should evolve.

Mark Silins was invited to deliver a brief presentation on the evolving role of the treasury function. He highlighted that in the past, the Treasury was largely a paymaster and processing function, responsible for making payments and collecting revenues. The advent of modern systems and banking interfaces, has seen much of this manual work disappear. At the same time, financial information has become more accessible and the timeliness of reporting has improved. This has enabled many Treasury functions to modernize and shift to become more “active” cash managers with daily information now readily available for forecasting cashflows. Many treasuries are also producing an increasingly useful range of fiscal and other reports including meeting international requirements such as reporting in accordance with IPSAS and GFSM2014.

The TCP Chair, Vulgar Abdullayev, also delivered a very interesting presentation on the evolution of the Treasury function in Azerbaijan. The Treasury was first created in Azerbaijan in 1995 through a decree by the President. In 2011 the function underwent major reform including the implementation of a new Treasury Information Management System (TIMS), based on the SAP Financials COTS package, customized for the Azerbaijan context. The Treasury supports the system through a combination of local SAP expertise coupled with an in-house ICT team. Mr Abdullayev also highlighted that Treasury is seeking to undertake further reform as it moves into 2016 including: reorganization of both central and regional treasury offices to better support the new more automated environment; realignment of functions between treasury and spending units; examining options for new treasury services; and the development of staff capacity both within the treasury and in line ministries.

The presentation generated a great deal of interest and a number of questions and comments were directed to the TCOP Chair. Ms Nikulina made the point that technology is driving change in Azerbaijan, and like many transition economies, while there has not been a strong legacy for decentralization, automation is now providing the opportunity to revisit this issue.

Angela Voronin, Deputy Head of Treasury from Moldova (and former TCOP Chair) highlighted that a core issue going forward is the issue of central control. The increased capacity for automated accounting systems to replace more traditional manual controls needs to be considered along side each country’s appetite for risk management. This will be an important area for future discussions.

Ms Natalia Sushko, Ukraine, mentioned that her country is currently considering developing a concept note on the role and functions of the Treasury. Mr Abdullayev agreed that this was sensible given the significant challenges and changes being experienced currently. It was also pointed out that the two presentations from today’s VC could provide useful base material for developing such a paper.

Ion Chicu brought the VC to a close by inviting each country to nominate two permanent representatives for the thematic group along with the identification of key country issues to be discussed at future events. The list of member countries’ suggestions for the TG Action Plan is embedded below.



At least one, perhaps two VCs will be scheduled for the first half of 2016. In addition the next plenary event to be convened in Chisinau, Moldova in June 2016 will also have the evolving role of the treasury function as the central theme.