



საქართველოს ფინანსთა სამინისტრო  
სახელმწიფო ხაზინა



# PFM Reforms in Treasury of Georgia Progress and Plans

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# Treasury Mission and Vision



**Ensure Comprehensive, Effective and Transparent Public Financial Management**



- ✓ Provide simple, user-friendly and transparent systems for budget users to perform budget operation
- ✓ Accurate and timely accounting and reporting on budget and related operations
- ✓ Implement International Public Sector Accounting Standards

**Ensure Efficient and Safe Investment of Public Funds**



- ✓ Manage and Operate Treasury Single Account
- ✓ Develop reliable and appropriate mechanisms and instruments for Public Cash Management



# Selected Topics of PFM Strategy



## **PFM Strategy usually covers the following objectives:**

- Maintain fiscal discipline and improve fiscal forecasts
- Improve financial planning
- Reforms in the Sphere of Internal Control
- Develop of State Electronic Services in Public Finances Management
- State Funds Management, Accounting and Reporting ...



# Treasury Service PFM Reforms Key Areas





# International Public Sector Accounting Standards





# WhyIPSAS ?

## We are aiming at:

- Strengthening Public Financial Management Structure
- Improving Transparency and Accountability
- Building trust and credibility towards the Public Finance

## Through

- Improving Quality and Reliability of Accounting Data
- Ensuring Continuity and Comparability of the Financial Statements;
- Enhancing Macroeconomic Analysis and Forecasting abilities;







# IPSAS implementation

## Some Initial Steps



Long-term IPSAS Implementation Strategy Developed and Approved (2009);

Georgia Public Sector Accounting Standards Board Established as a consultative body to the Government agreeing and approving all the decisions and activities within the project;

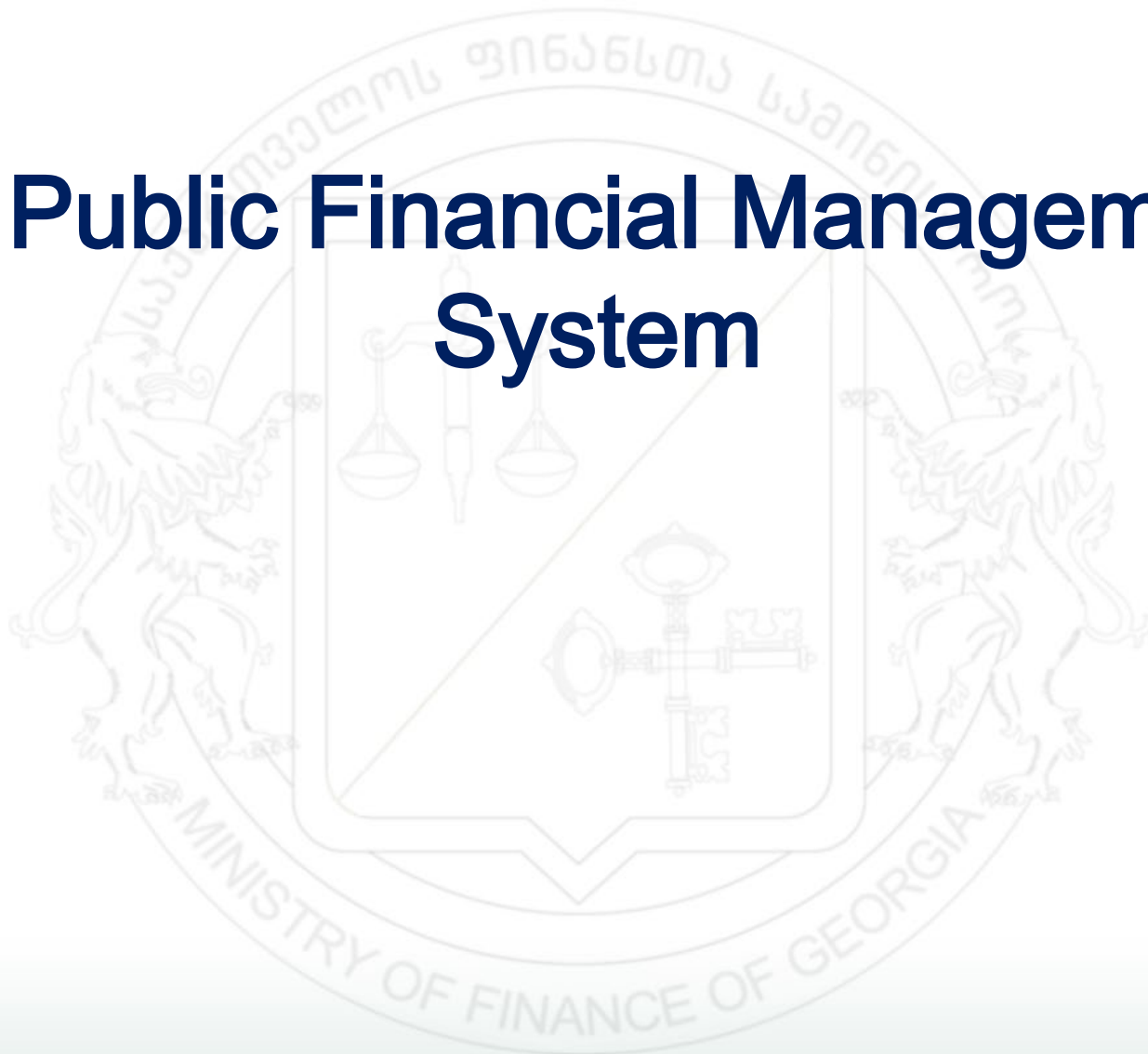
Treasury People trained and prepared as trainers for Budget Organization staff trainings

After the successful Pilot Exercise (2011), first International Standards Based Financial Statement prepared for the Y2012.

IPSAS translated in Georgian. The official Georgian Edition of IPSAS was published upon IFAC's endorsement.



# Public Financial Management System







# PFMS– Benefits

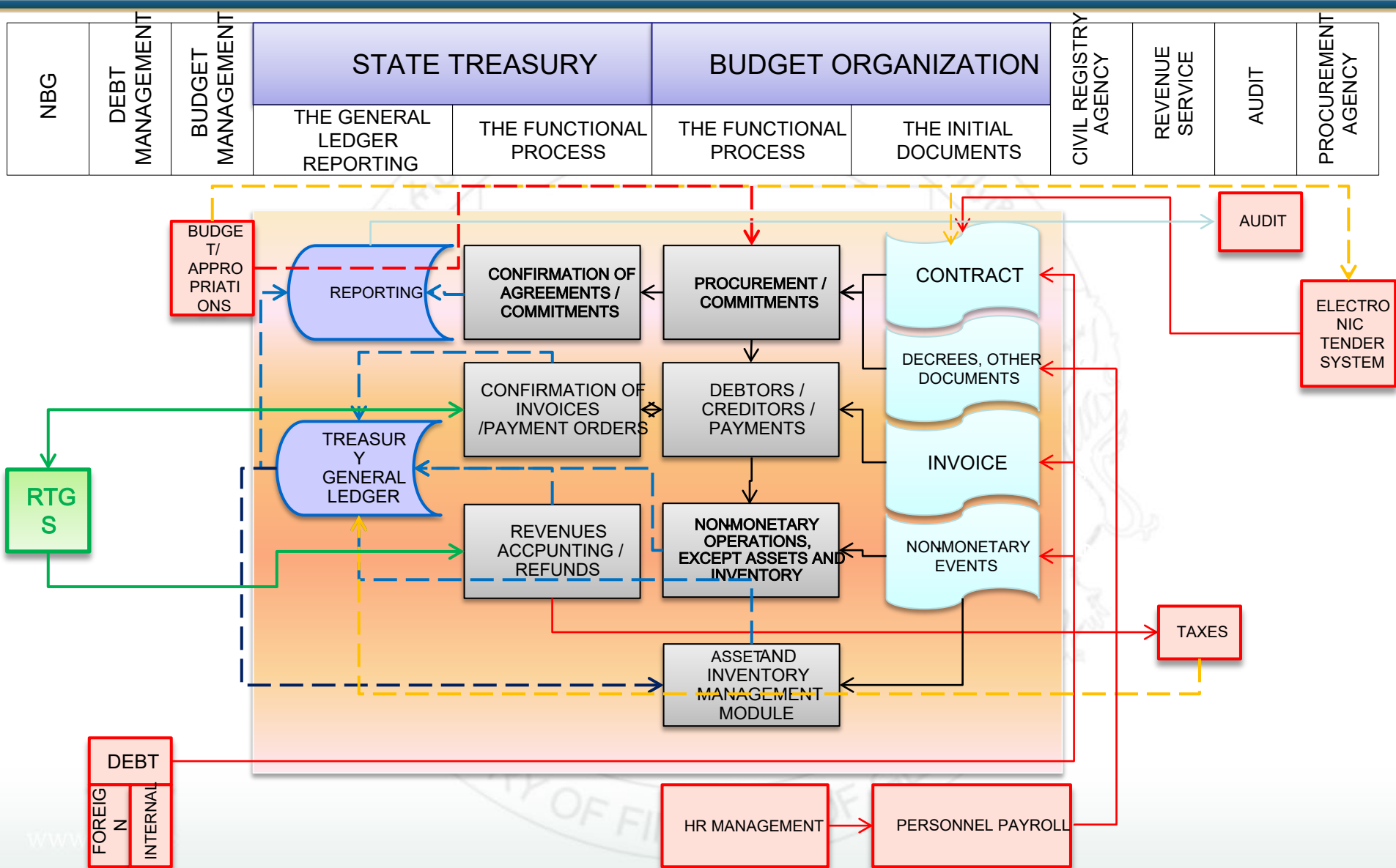


**Public Financial Management System (PFMS)** is an information system designed to:

- Provide support for all public finance operations
- Reduce financial transaction costs
- Collect accurate, timely, complete, reliable and consistent information on all financial events
- Provide adequate management reporting
- Support government-wide and agency policy decisions
- Provide complete audit trail / auditable financial statements



# Treasury Service PFMS Model





# Treasury Service

## PFMS – List of selected modules



Concept of the PFMS developed based on the World Banks Treasury Reference Model



Three main sub components identified: core treasury - TIS, budget and Debt management. Business analytics and software developing started.

Electronic Treasury Launched which gradually covered all the regions by January, 2011; Integrated with the E-budget in 2012. Integrated with the External Debt and grants management in 2013.



TIS Integrated with the Public Procurement Agency's Electronic Procurement System in 2011. Integration deepened in 2012-2013. Information flows both direction.

State Budget Loan Management module developed and integrated in the Core Treasury from 2013



Payroll in General Ledger – on accrual (2013)

Enhancement of TSA Coverage (2015)

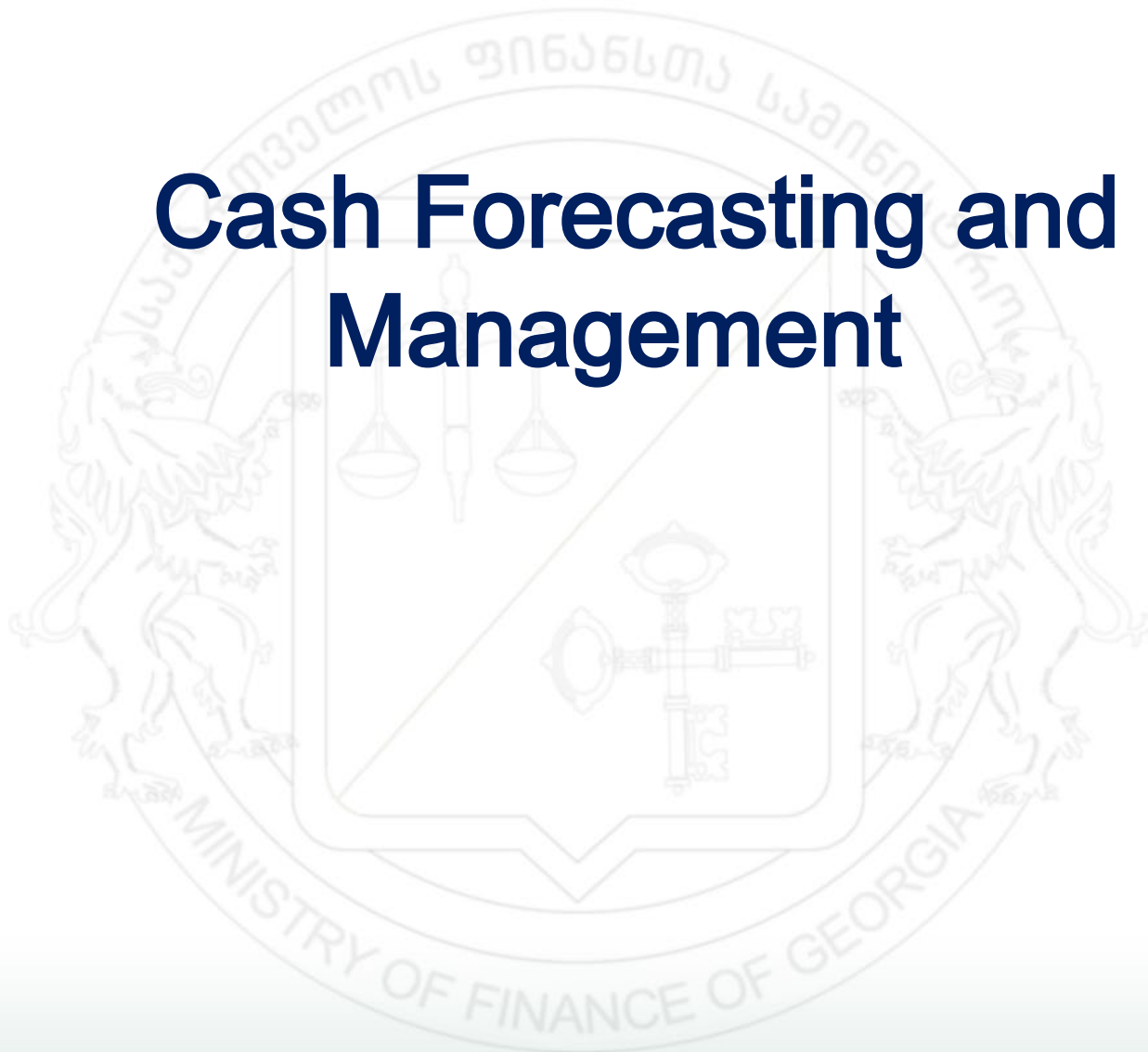
Single Tax code (2016)



Cash Management Module (2017)



# Cash Forecasting and Management





# Evolution of the Cash Management Function



## ➤ Major objectives:

- ✓ Adequate cash is available; Borrow only when needed; Maximize returns on idle cash; Manage risks.

GOAL: Increase the efficiency of the Treasury cash management system

## ➤ 2015 - Cash Forecasting and Management Department established (6 employees)

- ✓ Cash Forecasting Division
- ✓ Cash Management Division

## ➤ Adoption of Government decree regulating money auctions:

- ✓ Type; Duration; Amount; Collateral

## ➤ Cash forecasting models developed

## ➤ Technical tools adopted

## ➤ July, 2017 - Treasury launched first deposit auction successfully





# Cash Management Auctions

Every Week



Ministry of Finance 99) Workflow Auctions System

Ministry of Finance of Georgia (MFGE)

10:31

Auction	Type	Date	Time	Status	Amount
1. State Treasury Collateralized Deposit 343	Deposit	27-Dec-22	12:00 - 12:15	Allocated	200MM
2. State Treasury Collateralized Deposit 342	Deposit	13-Dec-22	12:00 - 12:15	Allocated	100MM
3. State Treasury Collateralized Deposit 341	Deposit	13-Dec-22	12:00 - 12:15	Allocated	100MM
4. State Treasury Collateralized Deposit 340	Deposit	06-Dec-22	12:00 - 12:15	Allocated	200MM
5. State Treasury Collateralized Deposit 339	Deposit	06-Dec-22	12:00 - 12:15	Allocated	100MM
6. State Treasury Collateralized Deposit 338	Deposit	29-Nov-22	12:00 - 12:15	Allocated	100MM
7. State Treasury Collateralized Deposit 337	Deposit	29-Nov-22	12:00 - 12:15	Allocated	100MM
8. State Treasury Collateralized Deposit 336	Deposit	22-Nov-22	12:00 - 12:15	Allocated	200MM
9. State Treasury Collateralized Deposit 335	Deposit	22-Nov-22	12:00 - 12:15	Allocated	200MM
10. State Treasury Collateralized Deposit 334	Deposit	15-Nov-22	12:00 - 12:15	Allocated	200MM
11. State Treasury Collateralized Deposit 333	Deposit	15-Nov-22	12:00 - 12:15	Allocated	200MM
12. State Treasury Collateralized Deposit 332	Deposit	08-Nov-22	12:00 - 12:15	Allocated	200MM
13. State Treasury Collateralized Deposit 331	Deposit	08-Nov-22	12:00 - 12:15	Allocated	200MM
14. State Treasury Collateralized Deposit 330	Deposit	01-Nov-22	12:00 - 12:15	Allocated	300MM
15. State Treasury Collateralized Deposit 329	Deposit	01-Nov-22	12:00 - 12:15	Allocated	200MM
16. State Treasury Collateralized Deposit 328	Deposit	01-Nov-22	12:00 - 12:15	Allocated	200MM
17. State Treasury Collateralized Deposit 327	Deposit	25-Oct-22	12:00 - 12:15	Allocated	200MM
18. State Treasury Collateralized Deposit 326	Deposit	18-Oct-22	12:00 - 12:15	Allocated	300MM
19. State Treasury Collateralized Deposit 325	Deposit	18-Oct-22	12:00 - 12:15	Allocated	100MM
20. State Treasury Collateralized Deposit 324	Deposit	11-Oct-22	12:00 - 12:15	Allocated	100MM
21. State Treasury Collateralized Deposit 323	Deposit	11-Oct-22	12:00 - 12:15	Allocated	400MM
22. State Treasury Collateralized Deposit 322	Deposit	04-Oct-22	12:00 - 12:15	Allocated	400MM
23. State Treasury Collateralized Deposit 321	Deposit	27-Sep-22	12:00 - 12:15	Allocated	400MM
24. State Treasury Collateralized Deposit 320	Deposit	20-Sep-22	12:00 - 12:15	Allocated	400MM
25. State Treasury Collateralized Deposit 319	Deposit	13-Sep-22	12:00 - 12:15	Allocated	400MM
26. State Treasury Collateralized Deposit 318	Deposit	06-Sep-22	12:00 - 12:15	Allocated	400MM
27. State Treasury Collateralized Deposit 317	Deposit	30-Aug-22	12:00 - 12:15	Allocated	400MM
28. STATE TREASURY DEPOSIT 316	Deposit	23-Aug-22	12:00 - 12:15	Allocated	50MM
29. State Treasury Collateralized Deposit 315	Deposit	23-Aug-22	12:00 - 12:15	Allocated	400MM
30. State Treasury Collateralized Deposit 314	Deposit	16-Aug-22	12:00 - 12:15	Allocated	400MM





# Results of the Cash Management Reform

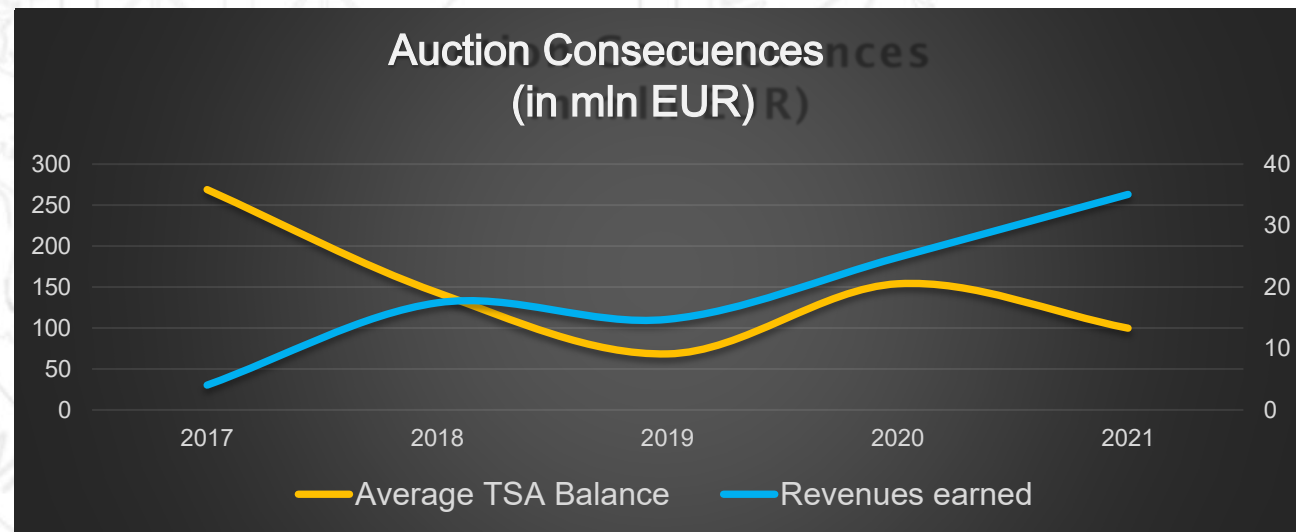


## Active Cash Management:

- ✓ Effective management of excess resources
- ✓ Additional revenue to central budget
- ✓ Additional source of GEL liquidity with different terms
- ✓ Institutional development

## Brief Summary:

Total Number of Auctions > 350  
Total % Income > 200 Mln EUR  
Current Portfolio = 500 Mln EUR





# Major prerequisite TSA



## TSA Coverage

**Already Covered**

Central budget; Municipalities, Autonomous Republics; LEPLs

**In progress**

Public Schools and Kindergartens

**Upcoming**

State Owned Enterprises



# State Treasury Future Plans



IPSAS

PFMS

PLANS

Cash Man .

Other



# Treasury Service



**Thank you**

[www.mof.ge](http://www.mof.ge)

[www.treasury.gov.ge](http://www.treasury.gov.ge)

[www.etreasury.ge](http://www.etreasury.ge)