



TERMS OF REFERENCE

Cash management is a key issue in the financial public management as it aims at ensuring, at any time, the financial continuity of the State.

The discrepancy between the schedule of the recovery of revenues and the payment of expenses on one hand, and the debt amortization on the other hand, needs the implementation of an efficient system which allows the State to face its commitments and to meet its financing needs at the best cost.

According to the field of competence of public administrations and the functions attributed to the Treasury services of the AIST member countries, cash management covers a variable scope of practice. But, the knowledge of the level of cash and the frequency of this feedback is a major concern for all.

Cash management requires getting sufficient available funds so that the public debt management be maximised in a less costly way. A frequent and regular feedback regarding the level of cash is a key condition for an efficient cash management. The Single Treasury Account (STA) meets this requirement by gathering the whole available cash flow of the public administrations in a single account.

Its implementation has to take into account local contexts and different systems of STA may be defined. Two main models exist, depending on whether the State has a central bank or the private banking sector take part in the revenue collection or as provider of spending organisations. Institutional and/or technical constraints may slow the implementation of an active cash management.

If the management of a single account and the leads of improvement of its efficiency are a major approach of cash management, this theme covers other aspects which open up prospects for debates in the next seminar.

The issue of securing funds is part of this overall outline, whether for securing funds physically (transfer of funds in cash or by cheque) or for a transfer of information from the moment external entities take part in the revenue collection. This aspect deals with the issue of the means of payment. Their modernization by the use of new technologies offers a service closer to taxpayers (individuals, companies, local authorities) and enhances the quality of cash management insofar as the Treasury services limit the intervention of intermediaries. Legal, organisational and computer aspects are dominating in the success of the implementation or the development of a more efficient cash management.

The efficiency of the Treasury services may improve due to an active savings mobilization. Two main means take part in it: the positioning of the Treasury as interlocutor for the management of regulated funds, and the development of banking services.

By developing these services to the taxpayers, the Treasury may widen its scope of intervention and cover geographical areas which are not covered by private providers. It allows increasing the basis of available funds and contributing to an easier management of the STA, as these funds are immediately available in the STA, without any intermediary.

Therefore, the Treasury may be a driving force of the economic development, in particular through the support that it may bring to businesses which do not access to banking services.