



Ministry of Finance
Republic of Croatia

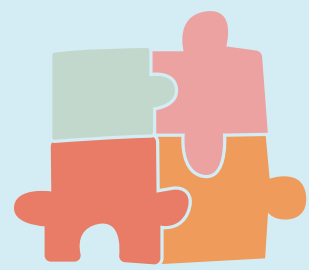
- ROLES OF THE TREASURY AND THE TREASURY SINGLE ACCOUNT IN THE REPUBLIC OF CROATIA -

PEMPAL TCOP Cash
Management Thematic
Group Meeting

Tirana, Albania
4-6 November 2024

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FUNCTIONALITIES AND PROCESSES OF THE STATE TREASURY



COORE PROCESSES

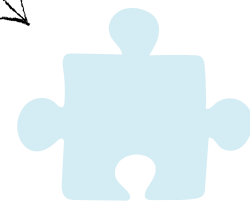
State budget planning



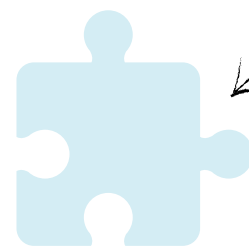
State budget
execution



Accounting



Cash management



FUNCTIONS

- Preparation and drafting of the state budget proposal and financial plans for extra-budgetary users of the state budget
- Amendments and supplements to the state budget and financial plans for extra-budget users of the state budget
- Reallocation of funds
- Assessment of the financial impact of laws, other regulations, and strategic planning acts on the general budget
- Development of cash flow projections for the state budget (and state budget users)
- Collection of revenues, receipts, and other inflows
- Execution of payments (national, crossborder, and international payments)
- Management of the TSA
- Development of budget accounting and financial reporting systems
- Normative and methodological regulation of budget accounting and accounting for non-profit organizations
- Identification of cash surpluses/shortfalls
- Ensuring adequate financial resources through borrowing in case of identified shortfalls
- Investment of potential surpluses

SUPPORT

IT support

Internal control
systems
harmonization

Support to the
system of financing
local budgets

Normative legal
affairs

National Fund
operations

Central
government
expenditure
review

TERRITORIAL ORGANIZATION

Total of 576 local units

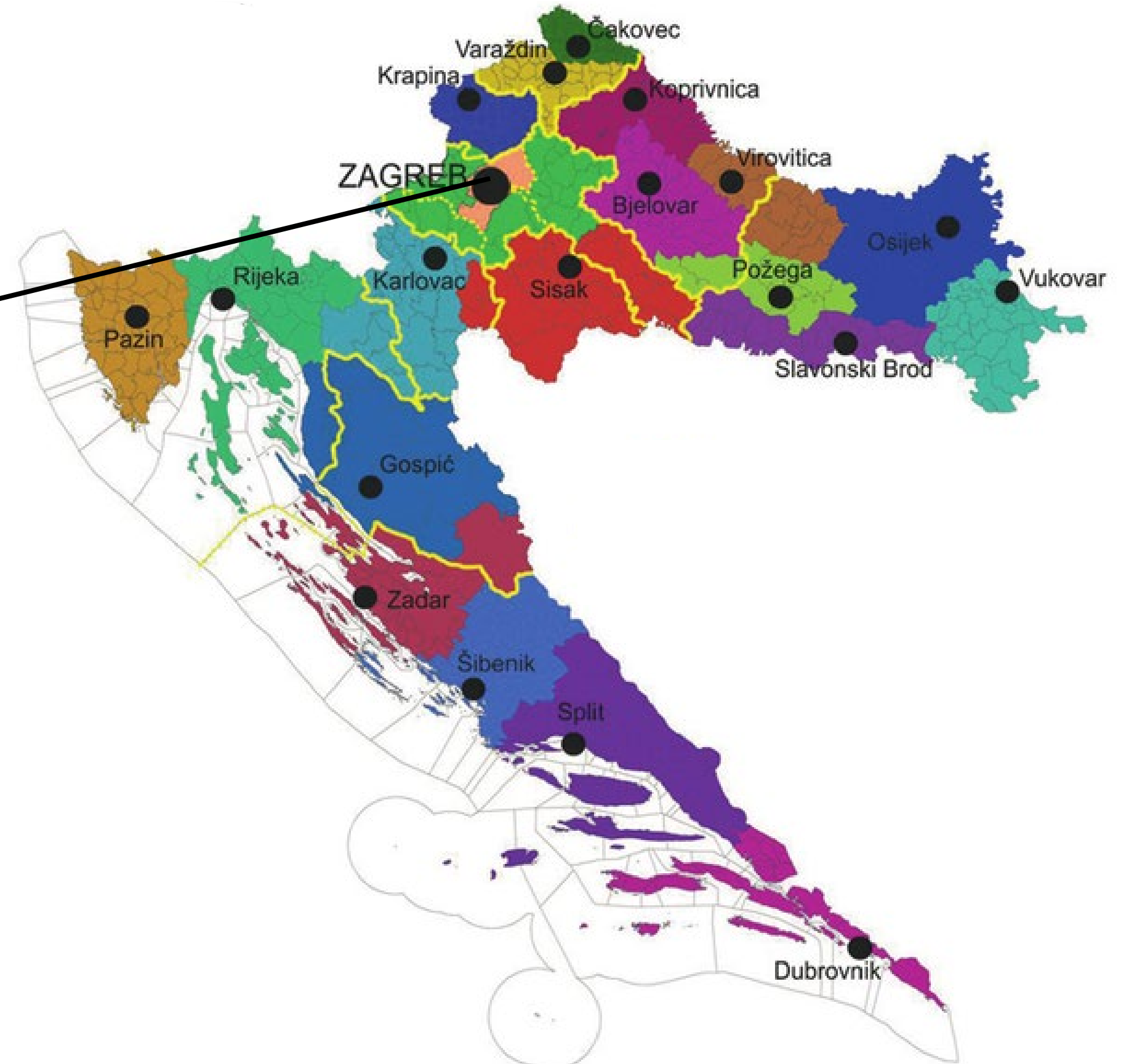
- 21 counties
- 127 cities and
- 428 municipalities



329 Budget beneficiaries

Of which most beneficiaries belong to the education and upbringing sector:

- 114 elementary schools
- 66 secondary schools
- 60 preschool institutions



TSA – LEGISLATIVE FRAMEWORK

LEGAL ACTS	SUBJECT TO COMPLIANCE	
	State budget	Local budgets
Budget Law, 2022 (in the part related to the obligation to establish a Treasury Single Account, distinguishing between the state and local levels)	X	X
Regulation on the Manner and Conditions for Opening Accounts for the Implementation of Specific Transactions of the Budget and Budget Users (hereinafter: "Regulation on Accounts"), 2023	X	X
Instruction on the Manner of Paying Budget Revenues, Mandatory Contributions, and Revenues for Financing Other Public Needs for a Specific Year (annual regulation)	X	X
Linkage tables – Connection between payments and the budget or financial plan of a budget user	X	
Law on the Execution of the State Budget of the Republic of Croatia (annual regulation)	X	
Decisions on the Execution of the Budgets of Local and Regional (County) Self-Government Units (annual regulation)		X
Regulation on Budget Classifications, 2024	X	X
Regulation on the Manner and Conditions of Executing the State Budget and Financial Plan of a State Budget User from the Treasury Single Account (hereinafter: "Regulation on the Execution of the State Budget")	X	
JURISDICTIONS	Minister of Finance	County prefect, mayor, municipal mayor

2022 BUDGET LAW

- The state budget maintains a **TSA** (at the national level), opened at the Central Bank of the Republic of Croatia, for payment of all inflows and the execution of all outflows related to the budget and state budget users
- Local budgets also maintain a **TSA**, opened with a credit institution, for payment of all inflows and the execution of all outflows related to the budget and local budget users
- In exceptional cases, an account may be opened for **specific budget transactions**, subject to prior approval from the Minister of Finance or, in the case of local budgets, the municipal head, mayor, or county prefect
- The Minister of Finance, through the Regulation on Accounts, prescribes the manner and conditions for opening accounts
- Under the Law on the Execution of the State Budget, or the decision on the execution of the local and regional (territorial) self-government unit's budget, exceptions from operations via the TSA may be prescribed for budget users (allowing transactions through accounts with credit institutions)

REGULATION ON ACCOUNTS - SPECIFIC TRANSACTIONS



SPECIFIC TRANSACTIONS

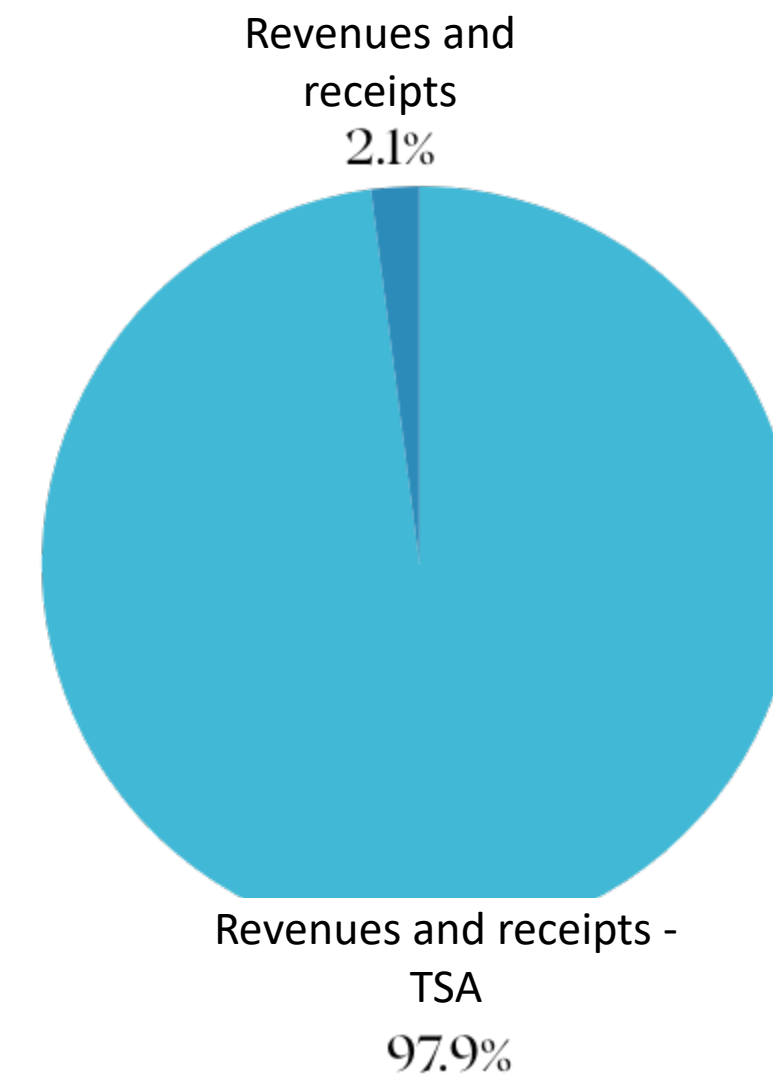
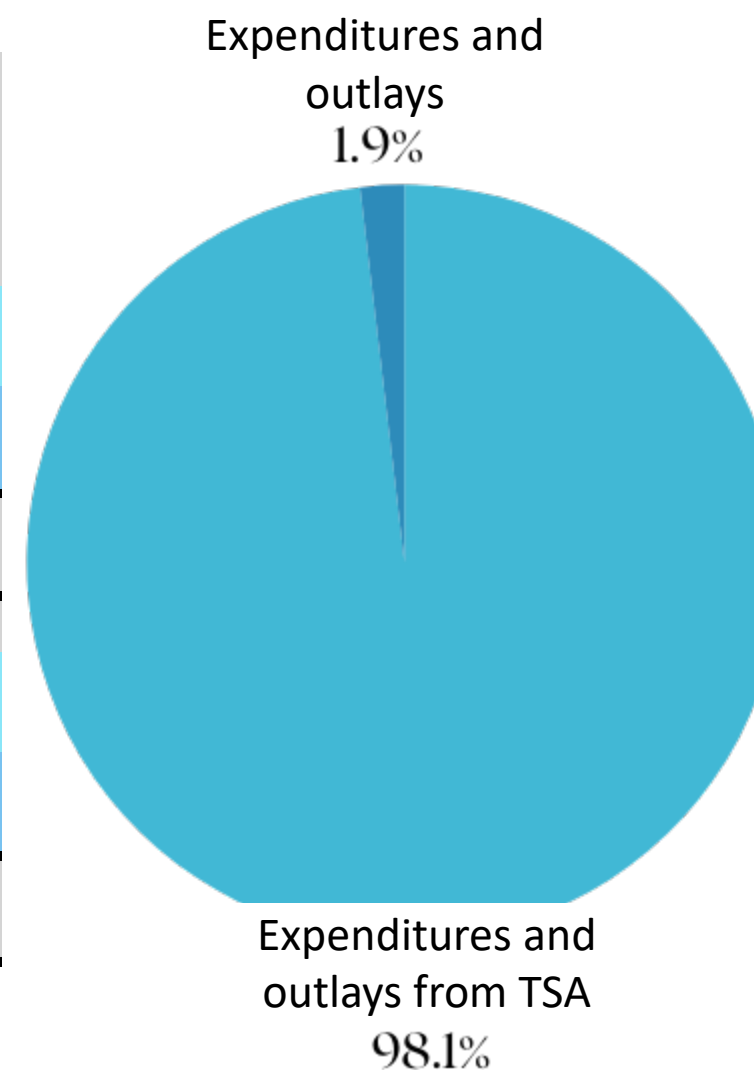
Transactions that, due to their purpose, intention, execution method, and other characteristics, cannot be carried out directly through the TSA.

- Exceptionally, for the purpose of executing specific transactions related to the budget and financial plans of budget users, there is a possibility to open other accounts at the Central Bank of the Republic of Croatia or credit institutions, under the conditions and in the manner prescribed by the Regulation on Accounts, issued by the Minister of Finance.
- Accounts opened for the execution of specific transactions are an integral part of the TSA system (both at the state and local levels) and serve to optimize operations through the TSA.

CASH FLOWS COVERED BY THE TSA

Graphic representation of cash flows through TSA in 2023.

	2022.		2023.	
	u mil. eur	%	u mil. eur	%
Expenditures and outlays in the TSA	27.124,1	97,72	32.331,6	98,12
Expenditures and outlays outside TSA	633,4	2,28	618,6	1,88
TOTAL, Expenditures and outlays	27.757,5	100,00	32.950,2	100,00
Revenues and receipts in the TSA	27.824,3	97,60	32.516,6	97,94
Revenues and receipts outside TSA	683,2	2,40	683,2	2,06
TOTAL, Revenues and receipts	28.507,5	100,00	33.199,8	100,00

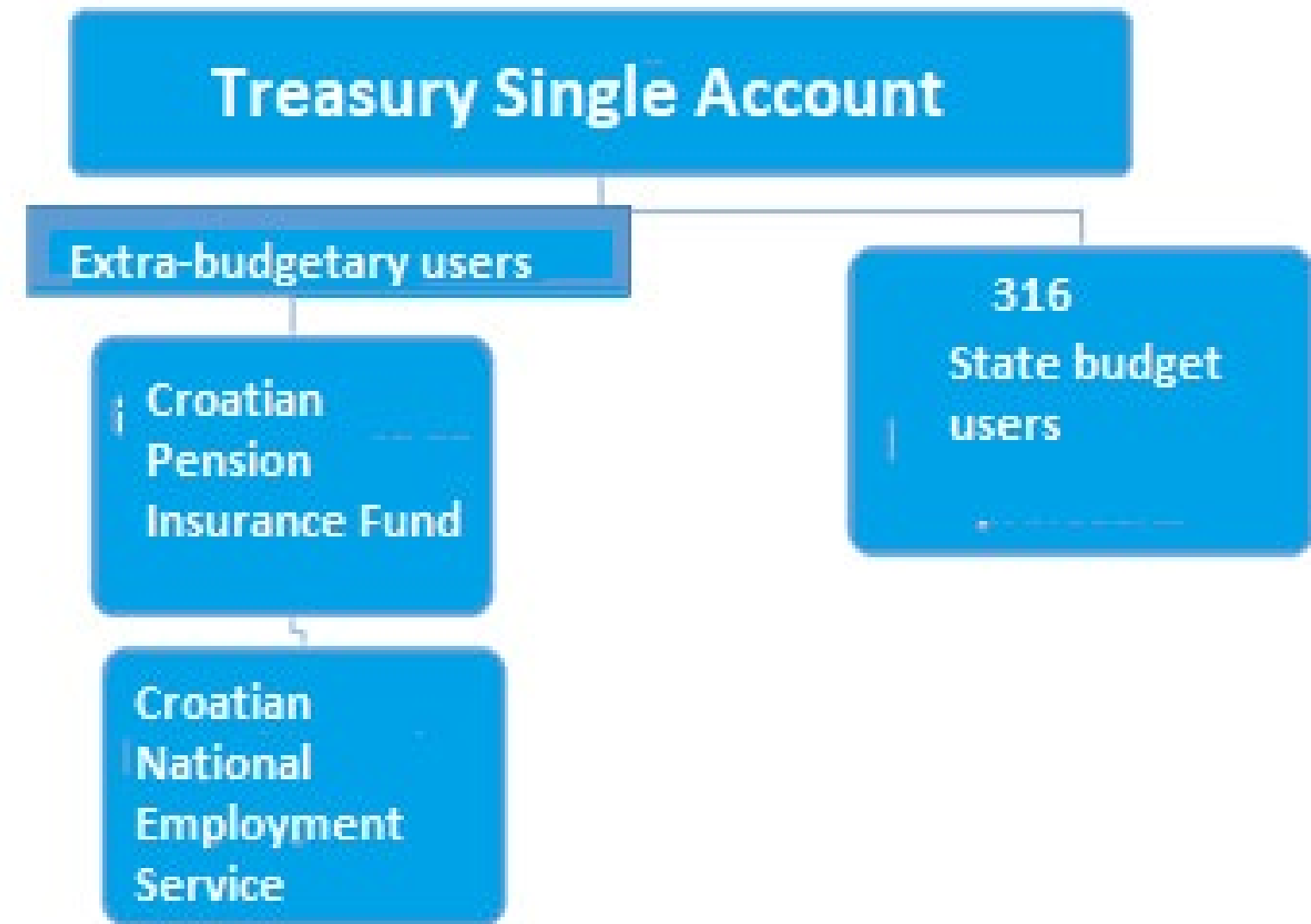


TSA INSTITUTIONAL COVERAGE

The TSA covers 316 budget users and two extrabudgetary users (social security funds).

The Budget Law allows extrabudgetary users (including social security funds) to be included in the budget to improve the efficiency of resource management. Once included, the same provisions of the Budget Law apply to them as to budget users, including the integration of their cash flows into the TSA.

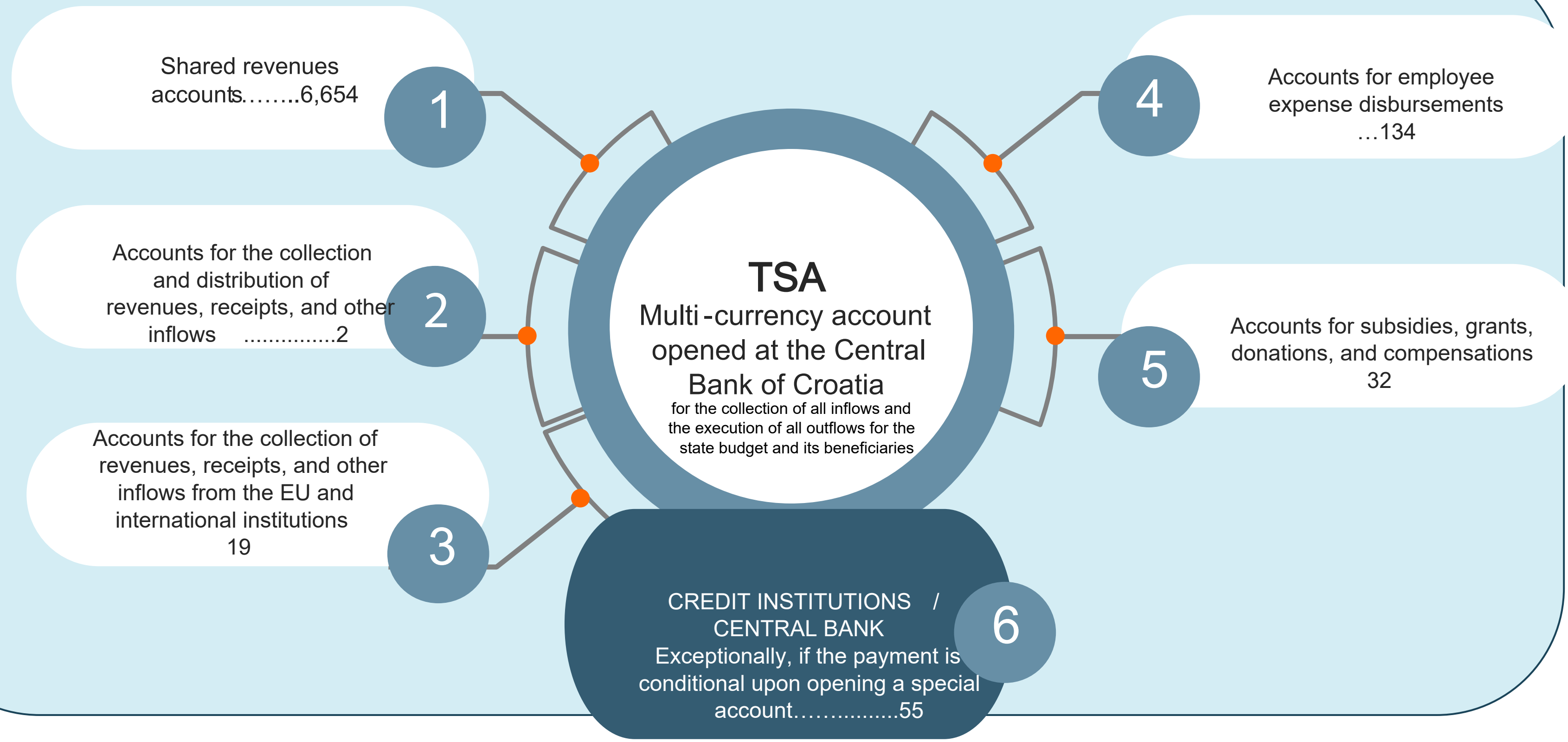
Since 2014, the Health Insurance Fund has been excluded from operating through the TSA and organizationally separated from the state budget.



TSA STRUCTURE

INFLOW – ACCOUNT STRUCTURE

OUT FLOW – ACCOUNT STRUCTURE



KEY INSTITUTIONS INVOLVED IN THE IMPLEMENTATION OF THE STATE BUDGET THROUGH THE TREASURY SINGLE ACCOUNT

MINISTRY OF FINANCE
STATE TREASURY



FINANCIAL
AGENCY (FINA)



Contracts / Price Lists / Protocols



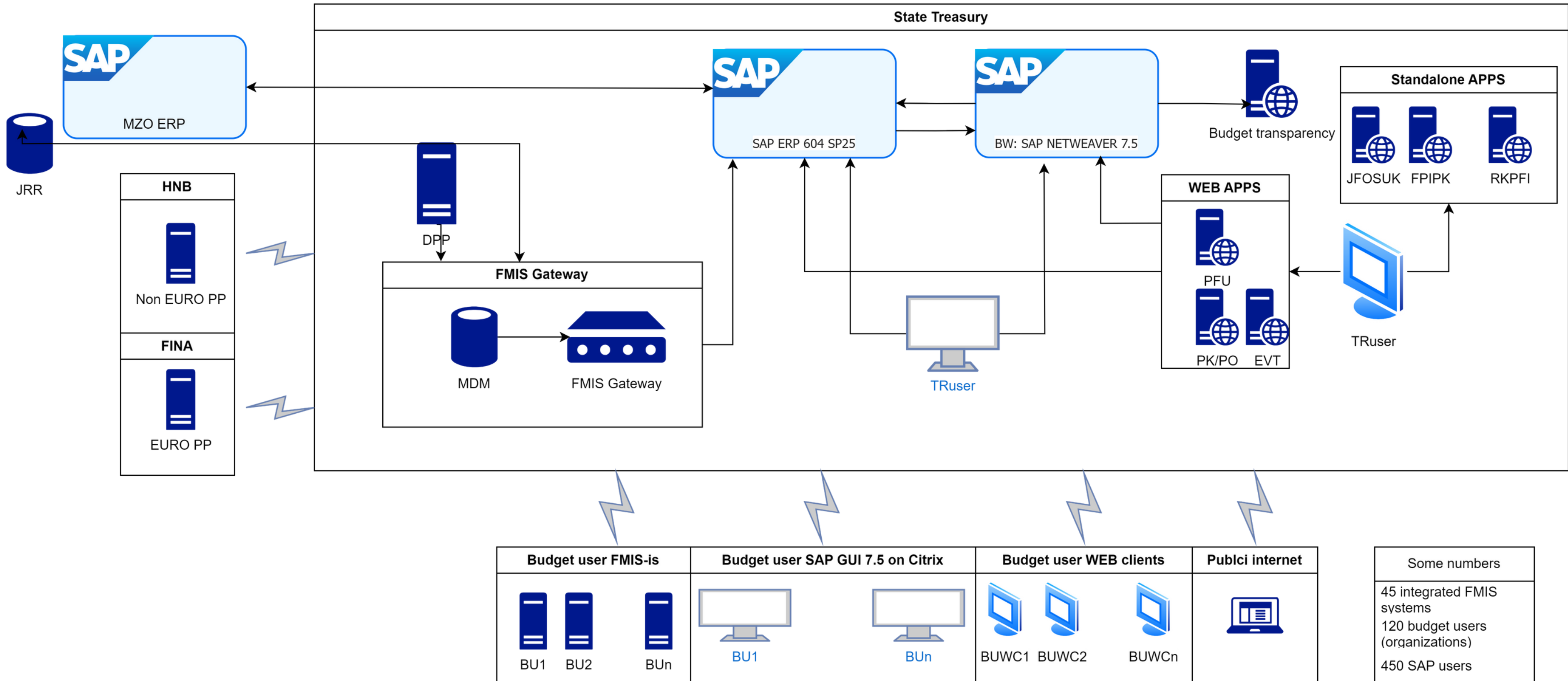
CENTRAL BANK OF
RC



STATE BUDGET
USERS (MINISTRIES,
AGENCIES ...)

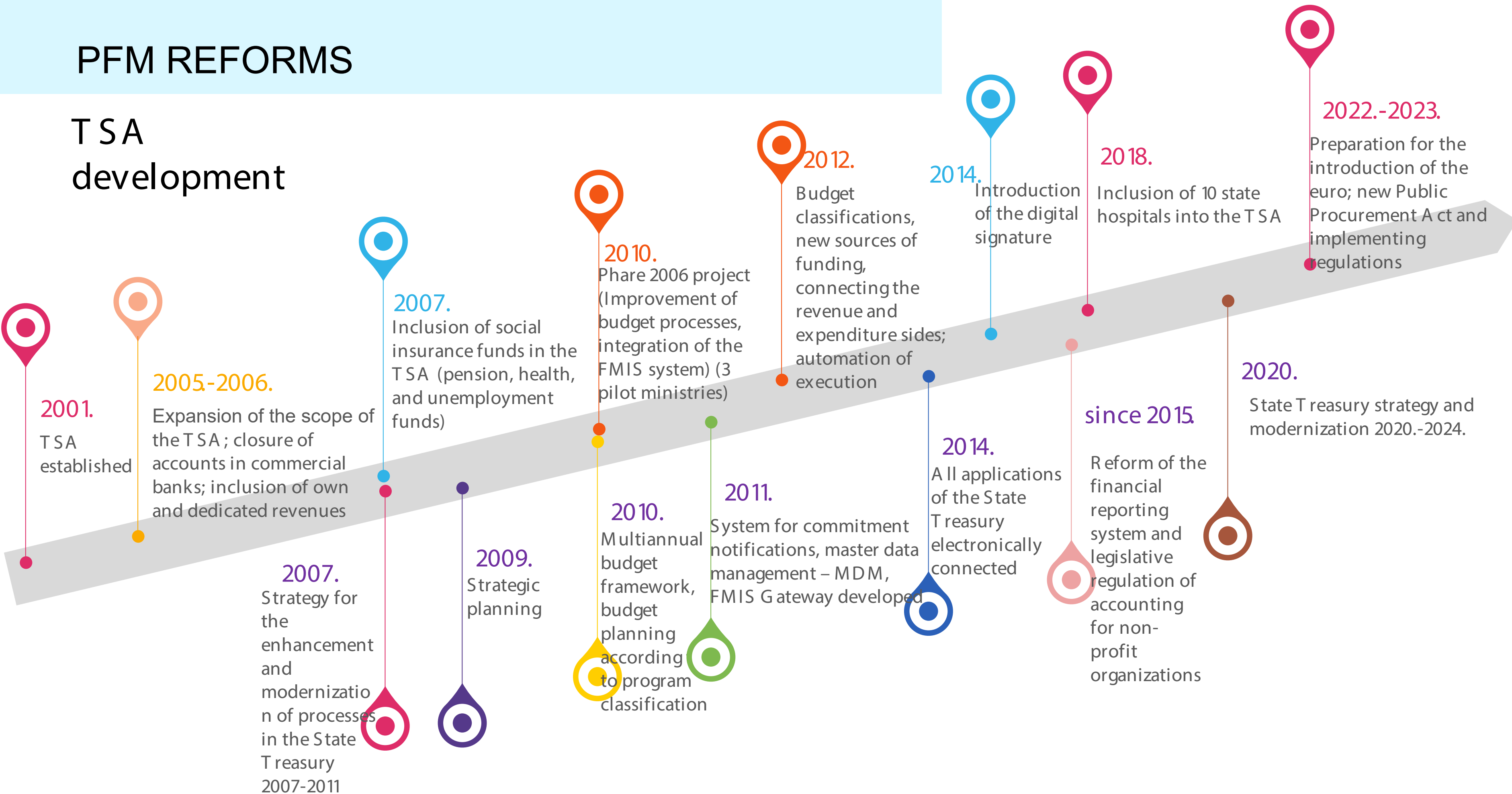


OVERVIEW OF THE STATE TREASURY SYSTEM - FMIS



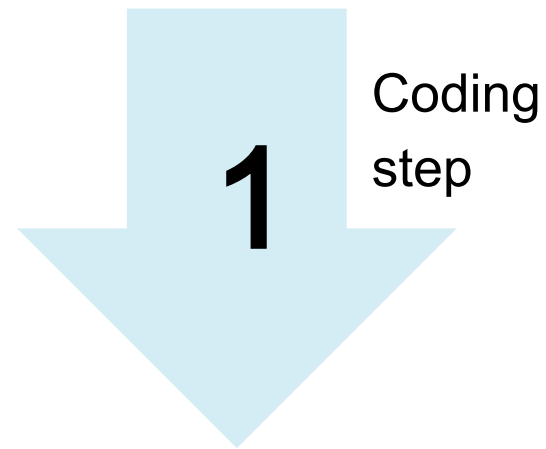
PFM REFORMS

TSA development

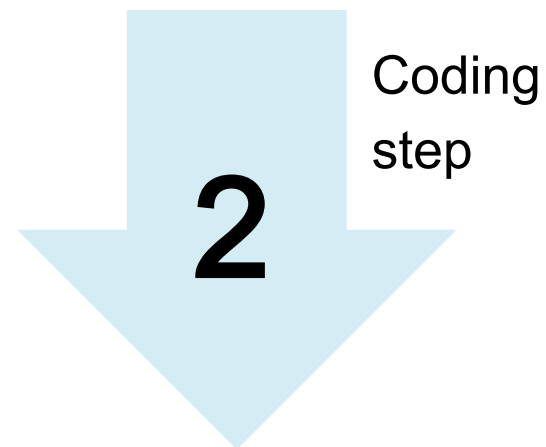


Important reforms in the public finance management system

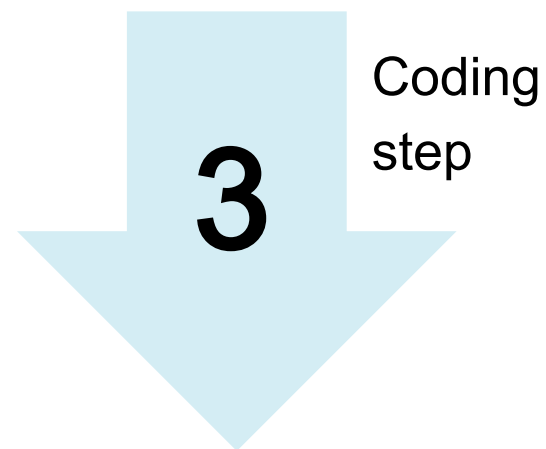
TSA – INFLOW RECORDING



- Assigning a payment identifier – a transaction account or numerical designation of the type of revenue (payment code for revenue/receipts/inflows), model, and payment reference
- The Instruction on the Method of Paying Revenues to the Budget, Mandatory Contributions, and Revenues for Financing Other Public Needs is issued annually by the Minister of Finance



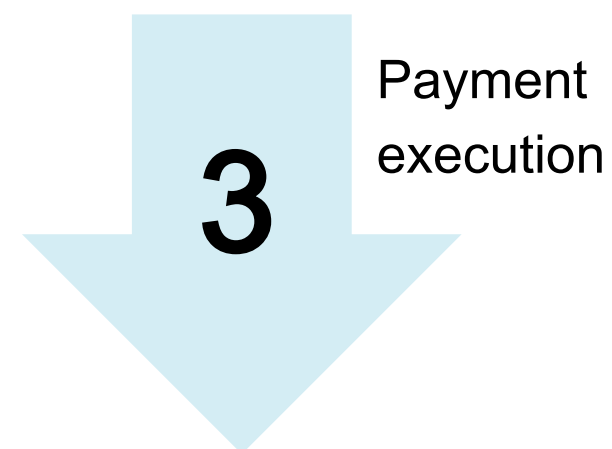
- Linking payments with types of revenue/receipts/inflows (economic classification), source of financing (source of financing classification)
 - Linkage tables



- Linking the payment to the budget/budget user

ALL STEPS HAVE AN ELECTRONIC LINK TO THE BUDGET/FINANCIAL PLAN OF THE BUDGET USER AND THE FMIS OF THE STATE TREASURY

TSA – PAYMENT EXECUTION



- Elimination of monthly appropriations
- Budget users must record commitments notifications before issuing invoices (linked to the budget/financial plan of the budget user)
- Regulation on the State Budget Execution
- Budget users/the Ministry of Finance must record invoices and other documents that form the basis for payment (ministerial decisions, agreements, etc.), which are also linked to the budget/financial plan of the budget user)
- Automatic control of expenditure/outlay execution in relation to funding sources is enabled, allowing the transfer of unused own and dedicated revenues and receipts from one year to the next
- Regulation on the State Budget Execution
- Authorized Ministry of Finance officials execute payment of recorded invoices from the budget and budget users based on the due date (payment information is available immediately after payment is made)
- Regulation on the State Budget Execution

PAYMENT EXECUTION – PAYMENT SYSTEM

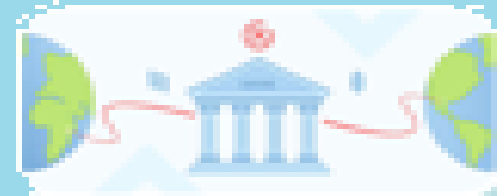


Euro NKS

Small Payments System

Order processing within several processing cycles

For national and cross-border payments



TARGET

- Trans European
- Automated
- Real-time
- Gross settlement
- Express
- Transfer system

High-priority national and cross-border payments
International payments



EuroNKSInst

In real time
Within 10 seconds
24/7/365
€100,000
Implementation starts in January 2025

TSA ACCOUNT BALANCE

- The State Treasury is responsible for ensuring the necessary funds are available and that all payment requests are executed precisely on their due date
- The State Treasury manages temporary liquidity surpluses/deficits
- Deficits are managed through short term borrowing or other available debt instruments
- TSA balance information is available online in real time



- Once daily, the TSA statement for the previous day is uploaded into the Treasury's information system, aggregated by types of revenue, receipts, inflows, financing sources, and budget users
- Budget users responsible for revenue collection retrieve detailed data on actual revenues, receipts, and other inflows
- Starting in 2025 the statement will be uploaded multiple times daily
- Revenues, inflows, and other receipts are visible with a one-day delay in the Treasury's system, while expenses, disbursements, and other outflows are displayed in real time

TRANSPARENCY

Parametri pretrage:

Proračunska godina: ⓘ

2024

Proračunska godina mjesec: ⓘ

Listopad

Osnovni parametri pretrage:

* Molimo unesite barem jedan podatak o primatelju ili isplatelju.

OIB primatelja:

07676693758

Naziv primatelja: ⓘ

Upišite minimalno 3 znaka

Naziv isplatelja: ⓘ

Upišite minimalno 3 znaka

Naziv nadležnog proračunskog korisnika: ⓘ

Upišite minimalno 3 znaka

Dodatni parametri pretrage:

Naziv vrsta rashoda/izdatka: ⓘ

Upišite minimalno 3 znaka

Grupiraj po:

Odaberite

Pretraži

Nova pretraga

Preuzmi

* Klikom na ikonu Preuzmi dostupni su dodatni podaci o isplati - oznaka i naziv potprograma (aktivnost/projekt) s kojeg su isplaćena sredstva i izvor financiranja.

1 / 1

Mjesec	OIB primatelja	Naziv primatelja	Sjedište primatelja	Naziv isplatelja	Naziv nadležnog proračunskog korisnika	Vrsta rashoda/izdatka	Iznos (EUR)
Listopad	07676693758	FRANCK PREHRAMBENA INDUSTRIJA D.D.	Zagreb	02035-Ured za opće poslove Hrvatskoga sabora i Vlade Republike Hrvatske	020-VLADA REPUBLIKE HRVATSKE	3222-Materijal i sirovine	617,38
Listopad	07676693758	FRANCK PREHRAMBENA INDUSTRIJA D.D.	Zagreb	02092-Ured za ravnopravnost spolova	020-VLADA REPUBLIKE HRVATSKE	3293-Reprezentacija	19,90
Listopad	07676693758	FRANCK PREHRAMBENA INDUSTRIJA D.D.	Zagreb	06005-Ministarstvo poljoprivrede, sumarstva i ribarstva	060-MINISTARSTVO POLJOPRIVREDE, SUMARSTVA I RIBARSTVA	3222-Materijal i sirovine	2.666,00



Advancing and Developing the State Treasury: 2024 -2030

PROCESSES

- Phased expansion of the TSA coverage
- Optimization of operations through the TSA (new support models)
- Integration of the FMIS of budget users with the State Treasury's FMIS
- Introduction of a new payment system for "instant credit transfers" in TSA operations
- Recording of interim statements multiple times a day



FMIS - IT SUPPORT

- Review of existing functionalities of the IT system
- IT system upgrading and development
- Implementation of new planning and analytical tools for processes under the jurisdiction of the State Treasury
- Enhancement of the reporting and analytical system and production system
- Development of a platform for securities called "e-Treasury" - an application for citizens to register securities



PROJECTS

- Modernization of accounting processes and execution of the state budget in Croatia" (in collaboration with the IMF and the EC) – completion by March 2027
- "Review of the program classification" (World Bank, implementation 2026- 2028)
- Improvement for the Green Budget" (EC) (technical assistance from the World Bank "Climate Budget Tagging Model for Croatia" - development of a methodology for tagging and monitoring the Green Budget)



Thank you for attention!

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