

**MONTENEGRO MINISTRY OF FINANCE**

**CONSOLIDATED TREASURY ACCOUNT**

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# Legal basis

* **Budget and Fiscal Responsibility Act**
* **Instructions on the Work of the State Treasury**
  1. **Consolidated Treasury Account**

## Definition and basic terms

* + - The Consolidated Treasury Account, in the sense of the Budget and Fiscal Responsibility Act, includes all the accounts that record government money, used for state budget execution;
    - The Consolidated Treasury Account is established and held with the state administration body competent for finance affairs – Ministry of Finance;
    - The Ministry of Finance concludes a contract with the Central Bank or resident bank of the State for the performance of banking operations on behalf of the State.

The **Consolidated Treasury Account (CTA)** comprises the following:

1. **State Treasury Central Account** (account where money is transferred from revenue accounts and then distributed) – held in the Central Bank;
2. **State Treasury Main Account** (account used for government money transactions for the purpose of spending organisations charged to funds planned under the annual budget act) – held in the Central Bank;
3. **Bank accounts held for special purposes** (accounts necessary for successful and efficient implementation of programmes and activities, e.g. for the realisation of projects financed by dedicated loans, projects financed by donations and IPA funds, etc.) – held in the Central Bank and commercial resident banks.

Revenue (receipts) that are part of the CTA, include:

1. current revenue (taxes, contributions, duties, remunerations, concessions and other revenue);
2. receipts from sales of assets;
3. receipts from loan repayments;
4. donations and transfers;
5. loans and credits (domestic and foreign);
6. other revenue in accordance with the law.

Expenditure that is part of the CTA, includes:

1. current expenditure for: gross wages and contributions payable by employers, other personal income, expenditure for materials and services, current maintenance, interest, rent, subsidies and other expenditure;
2. social welfare transfers;
3. transfers to institutions, individuals, non-government and public sector;
4. capital expenditure for acquisition and investment maintenance of financial and non-financial assets;

5) given loans and credits;

1. repayments of debt, guarantees and liabilities from previous years;
2. other payments in accordance with the law.

## Public sector coverage by the Consolidated Treasury Account

The public sector is not completely covered by the Consolidated Treasury Account, given the fact that, by definition, it is made up of government bodies, municipalities, public institutions, independent regulatory bodies, companies and legal persons in which the state holds a majority share.

In accordance with the above, the following is covered:

* + - government bodies, such as ministries, administrative bodies, state funds (Pension and Disability Insurance Fund, Health Insurance Fund), judicial bodies, the Parliament, the President, etc. are completely covered by the Consolidated Treasury Account;
    - public institutions such as cultural and welfare institutions are completely covered by the Consolidated Treasury Account;
    - public institutions such as educational institutions (universities, schools, kindergartens) and health institutions (clinical centres, hospitals and health centres) are partially covered by the Consolidated Treasury Account – a complete consolidation of all public institutions is underway;
    - municipalities, independent regulatory bodies, companies and legal persons in which the state holds a majority share are not covered by the Consolidated Treasury Account (all of them established and independent in accordance with special legislation).

## Powers of the State Treasury

The State Treasury may dispose of cash held in the Main Account of the Treasury and non-dedicated deposit accounts, for the purpose of executing state budget and cash management.

The State Treasury may not dispose of funds held in special dedicated accounts for the purpose of cash management. Funds in these accounts are used exclusively for their intended purpose.

Also, the State Treasury may not dispose of funds held in accounts of all public institutions (educational, cultural and health institutions), although they are essentially covered by the Consolidated Treasury Account.

**THANK YOU**