

## Treasury Diagnostic Toolkit (TDT) - World Bank



### Objective and features

#### 1. Objective

TDT aims to design programs of direct support to treasury development, provide a detailed assessment of treasury development in analytic work and technical advice, and provide regular monitoring of treasury development as an important component of public expenditure management.

#### 2. Institutional coverage

National governments.

#### 3. Technical coverage

Technical coverage of TDT focuses on the following:

- Legal and organizational framework – legal basis and treasury organization
- Scope of coverage of the treasury – treasury control over government financial resources, coverage of central government budget, coverage of extra budgetary funds, coverage of off-budget funds, and coverage of subnational governments
- System functionality – budget management, commitment management, payments management, receipts management, cash management, debt and aid management, fiscal reporting and budget review, expenditure monitoring, and revenue monitoring
- Nature of information systems support for treasury processes.

#### 4. Application method

Custodian.

### Methodology



#### 5. Methodology

The toolkit consists of the following:

- Treasury Systems Questionnaire provides a diagnostic tool to assist country officials and the WB task managers in assessing the status of a treasury function in each country.
- Application Software Questionnaire is intended to assist treasury managers in the process of selecting appropriate application software from the wide range of options that are available in the market.

The questionnaire has three levels, each corresponding to rapid monitoring (Level I), detailed assessment (Level II), and program design (Level III). The three levels of the questionnaire are integrated and, as far as possible, nested so that the more basic assessment forms a subset of the larger instrument. The questionnaire helps in benchmarking the treasury system of a country against the levels.

#### 6. Benchmarking system

Each of the subsections (mentioned in the technical coverage section) belongs to any of the four levels described in TDT development. There are four levels defined for each of the system features. Based on the evidence collected, each indicator, system feature, and subsection is scored against the four levels. A score of 0, 1, 2, or 3 is assigned for each indicator in the questionnaire based on the level of development of the system.

#### 7. Linkage to PEFA framework

TDT covers aspects related to the following PEFA performance indicators: aggregate expenditure outturn (PI-1), revenue outturn (PI-3), debt management (PI-13), and legislative scrutiny of budgets (PI-18).

#### 8. Complementarity with PEFA framework

TDT provides a more detailed framework for the assessment of the treasury systems and hence can complement PEFA findings on accounting for revenue (PI-20), predictability of in-year resource allocation (PI-21), expenditure arrears (PI-22), internal controls on non-salary expenditure (PI-25), internal audit (PI-28), and annual financial reports (PI-29) with lateral links to debt management (PI-13) and payroll controls (PI-23).

### Development and use



#### 9. Development and coordination

The tool was developed in 2003 to help assess the adequacy of FMIS investments. The toolkit emerged as a working instrument of the WB during operational and applied analytic work in the Europe and Central Asia (ECA) region in 2004. It has proved useful to the region during analysis of budget management capacity among ECA countries, while elements of the toolkit have also been used in developing practical programs of assistance on treasury development and related areas of public expenditure management reform. While the toolkit has emerged in part from experience in the ECA region, it has also been largely drawn from the experiences in other regions. The costing model was developed primarily during in-country work related to the development of the treasury. The WB and other organizations' experts (USAID, DFID, and GIZ) contributed to the development of the toolkit. The software analysis module benefited from the input of IMF experts.

#### 10. Assessment management

Treasury managers could use the questionnaire to ask suppliers of application software to describe how their product would support treasury requirements. The WB will provide recommendations for technical assistance in treasury development and areas of public expenditure management reforms.

#### 11. Uses by the government and members of the PFM community

TDT is used by the governments to design, implement, and monitor their treasury systems.

#### 12. Sequencing with other tools

--

#### 13. PFM capacity building

Capacity-building initiatives are made available upon request from the government.

#### 14. Tracking of changes and frequency of assessments

--

#### 15. Resource requirements

--

### Transparency



#### 16. Access to methodology

A WB working paper about the toolkit - consisting of treasury diagnostic questionnaire, scoring scheme, stages of development of treasury, cost estimation model, treasury reform program, institutional arrangement for payment processing, and treasury functional process - is [available](#).

#### 17. Access to assessment results

See access to methodology section above.