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TREASURY ACTIVITIES IN ARMENIA: COMPARISON WITH CONTINENTAL AND
ANGLO-SAXON MODELS

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Abstract

This internship policy paper compares the treasury activities provided by Anglo-Saxon and Continental models of public administration. For this purpose the State Treasuries in Armenia and Croatia have been chosen as the representatives of Continental model and the treasury authority in the US as the representative of Anglo-Saxon model. The comparison is done based on two criteria: organizational structure and functions.

The research aims to find out whether we can borrow elements across the board or we should look for innovation and policy and administrative learning only in countries with similar administrative features. The research proposes the idea that the distinction between Anglo-Saxon and Continental models of public administration is conditional. Particularly, the similarities and differences between the three treasury authorities are not the product of one or another model of public administration; rather than they are influenced by a host of factors and have mutual elements across the board. This means that the success of any policy reform depends more on idiosyncrasies of a certain country and less on the model of its public administration. However, it should be mentioned that this paper does not explore the subsistence of these idiosyncrasies.

Introduction

This research aims to analyze the treasury activities in Armenia by comparing them with Anglo-Saxon and Continental models. It intends to explore the possibility to learn and innovate across the board, regardless of the administrative model. The comparison between these two models will reveal the peculiarities of each of the model in terms of its treasury organization. Moreover, it will demonstrate what innovative practices the Treasury in Armenia can adopt in order to raise its efficiency.

Accordingly, the US's and Croatia's treasury systems have been chosen as the representatives of Anglo-Saxon and Continental models respectively. Comparativists always say that you can't compare functionally different things. Consequently, in order to construct a relevant comparative platform, I have chosen such organizations which more or less correspond to the Treasury in Armenia both in terms of performed functions and organizational arrangements.

This paper will introduce each of the three treasury systems separately both in terms of their organizational structure and functions. Then it will bring out the basic similarities and differences between the three treasury systems and it will come up with a conclusion. The comparison will be done based on two objective criteria: organizational structure and functions.

However, the main purpose of this research is to not only point out the basic differences or similarities between the three treasury systems, but also to find out whether these differences or similarities derive from the general organizational framework (Anglo-Saxon or Continental). In other words, the question is to find out whether the treasury systems in Armenia and Croatia as the representatives of Continental models possess something unique as compared with the treasury system in the US. Following this, the subsequent hypothesis and research questions have been developed:

1. H1: The treasury activities in Armenia reflect closer affinity to treasury activities in Croatia than to those in US.
2. RQ1: Is the Treasury in Armenia involved only in the budget execution activities?
3. RQ2: Does the Treasury in Armenia perform any more tasks other than core treasury functions and does it responsible for public debt management?

Accordingly, if we find out that the difference between Anglo-Saxon and Continental models are not a clear-cut one, we can infer that the Treasury in Armenia should pay more attention to other factors when borrowing an institutional feature from abroad. It is possible that the question of putting a difference between Anglo-Saxon and Continental models is misfocused, because the differences and similarities between the three treasury systems can be discerned from the systems of government (parliamentary or presidential and federal or unitary) or some other factors. However, this research does not aim to identify these factors; rather than it intends to explore whether there are radical divergences between the treasury systems of Anglo-Saxon and Continental models.

Furthermore, the research will also compare the three treasury systems with theoretical criteria. This approach will be useful to find out the basic divergences and convergences between the three treasury systems. Moreover, this comparative platform will demonstrate whether the basic convergences or divergences take place across the general organizational frameworks (Anglo-Saxon or Continental) or not.

Literature Review

Most Western European systems of government were constructed in the 19th-20th centuries based on general characteristics which are similar enough to be referred as a European standard model of administration (Sigma 2007). In this context, the distinction between Anglo-Saxon and Continental models of public administration seems conditional,

because each of these models is not an ex ante conceptualization but rather an ex post facto reconstruction. In certain cases the mode of public administration is an outcome of a specific plan authored by a prominent individual. Sigma mentions (2007) that there is not such a general concept of public administration because very often these reformers succeeded since they buttressed their evolutionary reforms on existing social and governance structures and culture.

The European standard pattern of administration is represented mainly by British, French and German systems of public administration and is completely different from Swedish and the US models of government. On the other hand, the Nordic countries and Switzerland show rather different patterns of public administration (Sigma 2007). Besides this general difference, there are also a few peculiarities within the administrative models of each of these countries.

Beblavy points out (2001) that a comparative analysis will lead to a successful institutional reform only in case if there are favorable domestic conditions supporting the institution-building process. In other words, notwithstanding the general patterns of public administration, the transplantation of a particular institutional arrangement from one system to another depends on a host of specific factors such as the legal system, organizational culture and others.

Furthermore, Sigma mentions (2007) that the exchange of best organizational experience between various countries is the major driving force for policy reform. Indeed, the foreign models and practices can serve as an illustration for important policy reforms necessary to improve the organization of the government. However, the application of foreign models and practices should be accompanied by a general strategy for reform to guarantee domestic uniformity.

Mathieu and Sterdyniak (2008) differentiate four types of organizational models which they call European Social Models. These models include Anglo-Saxon, Continental, Scandinavian and Mediterranean models. The Scandinavian model is characterized by a high degree of emphasis on redistribution and social inclusion. Relatively high level of social protection guarantees the lowest dependence of the individual on the market. Although job protection is rather low, unemployment benefits are high with an efficient policy of involvement in employment. That is why the Nordic countries have been good at fostering high employment rates, especially for female and older workers.

The Anglo-Saxon model is more individualistic as it puts emphasis on the responsibility of the individual for him/herself. Social protection is very low and is compensated by company or private insurance. Moreover, social allowances are negligible as compared to the other administrative models. The state stimulates market actors to provide services while letting citizens to choose between public and private suppliers. The labor market is free from regulation, and labor relations are decentralized. Unemployment benefits are very small and hardly cover the subsistence expenses. Employment rates are high while taxes are relatively low.

In the Continental model of social insurance social protection is based on occupational principle. Accordingly, social allowances are generated by employers' and employees' contributions. The income redistribution efforts are less emphasized than in Scandinavian countries. The model ensures high level of job protection and abundant unemployment benefits. The employment rate is relatively low.

In the Mediterranean model the low level of social protection is somewhat compensated by strong familiarism. Families are key to providing security and shelter. Old-age benefits are high while family and anti-poverty benefits are low. In addition, both female

employment rates and the total employment rate are very low. Although job protection is very high, unemployment benefits are low.

Mathieu and Sterdyniak (2008) continue that these four models are not clearly distinguished from each other when one examines each country more closely. Some of them have features of both Continental and Scandinavian models such as the Netherlands and Austria. The country level peculiarities are very conspicuous. Particularly, the Finnish pension system stands on a different platform as compared with the Swedish one, although both countries belong to Scandinavian model. Moreover, France and Germany represent Continental model, but they adopt divergent policies in many fields. The UK health system has little in common with Anglo-Saxon model. Accordingly, this differentiation should be redefined by incorporating other important variables.

Sapir contends (2006) that the manifold divergences between national welfare state systems make the notion of European model rather ambiguous. He divides the European model into four types: Nordic model, Anglo-Saxon model, Continental model and Mediterranean model. These four different social policy models represent four different geographical areas. However, the author mentions that there are not only obvious differences between these four models but also inside each of them.

According to Aiginger and Guger (2008), there is no agreed definition of the European model. The European Model is not only a social model, but also a framework for organizing production, employment and productivity thereby stipulating growth and competitiveness. Moreover, the European Model constructs social relationships, cultural institutions and behavior, learning, and the creation and dissemination of knowledge. Consequently, it is more precise to consider the European model as a European Socio-Economic Model, rather than solely a social model.

Aiginger et al. (2008) distinguish five versions of the European Socio-Economic model. They add to already known four versions of the European Social Model the fifth one. These five versions are as follows: the Scandinavian or the Nordic Model), the Continental or the Corporatist Model, the Anglo-Saxon or the Liberal Model, the Mediterranean Model, and the Catching-up Model.

The Scandinavian Model is the most inclusive as it puts a high degree of emphasis on income redistribution. High social protection is provided predominantly by taxes. Institutions closely cooperate with the government, and wage bargaining is highly centralized. Trade unions are very strong and actively participate in the administration of unemployment insurance. This model actively intervenes in labor market policy and is characterized by high employment rates.

The Continental Model relates employment with the provision of social benefits. Transfers are generated through the inputs of employers and employees. Social partners are actively engaged in industrial relations, and wage bargaining takes place more on the branch level. Income redistribution and inclusion of outsiders are not highly prioritized.

The Liberal Model ensures the highest dependency of individuals upon the market. The labor market is free from regulation, and the competition policy is rather ambitious and favorable for monopolies. Social benefits are smaller than in the other administrative models and are more targeted.

However, from my research perspective I find it appropriate to consider only Anglo-Saxon and Continental administrative models as the most important ones.

Methodology

The methodology of this paper is based on a comparative analysis method. It relies only on secondary data. The sources of secondary data include articles, policy papers, reports

and other valuable writings. The purpose of the research is mainly descriptive since it intends to expose the overall divergent and convergent patterns which are present in the treasury systems of the countries in question.

Organization of the Treasury in Armenia

Janjughazyan contends (2007) that the Treasury is a key player in the public financial management of Armenia. First of all, the absence of the treasury will deprive state officials of being periodically informed about budget execution and of the management of financial flows on a daily basis. Secondly, the treasury enables state officials to regularly control the monetary inflows and outflows and to consolidate all the resources in one place thereby increasing the chances for doing expedient investments and other beneficial operations.

The treasury activities in Armenia are defined by the Law of the Republic of Armenia (RA) on Treasury System adopted in 2001 (National Assembly of RA 2001). The Treasury encompasses the Central Treasury and local treasury branches. The Central Treasury is the union of the different subdivisions of the Ministry of Finance's central apparatus. It is administered by a Chief Treasurer, who is also a deputy head of the Minister of Finance (National Assembly of RA 2001).

The Central Treasury includes six organizational units, namely, departments, which are responsible for the implementation of treasury functions. These organizational units are as follows: the Operational Department, the Department of Expenditures Financing, the Department for Managing Obligations toward the State Budget, the Department of State Debt Management, the Department of Reporting and Analysis of State Budget Execution, and the Department for Internal Audit of Treasury System (The World Bank 2010).

In addition, the State Treasury embraces local treasury branches. All in all, there are 43 local treasury subdivisions, out of which 42 are located in RA and one in Nagorno-

Karabakh Republic, the capital city of Stepanakert. Three of these local treasury branches are situated in the capital city of Yerevan (the Ministry of Finance of RA 2011).

Functions of the Treasury in Armenia

The functions of the Treasury in Armenia are prescribed by the Law of RA on Treasury System. According to this law, the Treasury is responsible for the following main tasks and duties:

1. Organization of the management of the financial resources of the State and Communities, and the funding of their expenditures.
2. Organization of the execution of State and Community budgets in the manner prescribed by legislation.
3. Adoption of a methodology for the standardized regulation of relationships involved in the execution of State and Community budgets.
4. Organization of the financial receipts managed by the State and Communities, as well as to execute expenditures funded by these receipts from the Treasury Single Account of the Ministry of Finance.
5. Adoption of the standardized regulation of relationships involved in the preparation, disclosure and consolidation of reports on the financial activities of State and Community agencies, as well as to establish accounting rules for the budget sector.
6. Implementation of preliminary control of payments made on behalf of State and Community agencies in the course of the execution of State and Community budgets.
7. Management of the cash flow of the State and Communities.
8. Registration of the extra-budgetary transactions of State agencies and Government institutions.
9. Service of external State debt.

10. Management of internal State debt.

11. Registration of the monetization of grants and facility credits provided to the State by foreign governments and international organizations.

12. Administration of obligations to the State originated by the Government (National Assembly of RA 2001).

The treasury functions prescribed by the Law of RA on Treasury System are divided between the six abovementioned departments of the Central Treasury. The functions of all of these departments are assigned according to the by-law of the Ministry of Finance of RA (the Ministry of Finance of RA 2011). Moreover, all the six departments operate in the course of State budget execution. The only exception to this is the Department of State Debt Management which also has certain responsibilities in regard with the sphere of macro and microeconomic policy.

Furthermore, each of the six departments is responsible for specific tasks and duties. The Department of Expenditures Financing carries out the following tasks: 1) Organization of the funding of State expenditures; 2) Organization of the financial receipts managed by the State and Communities, as well as the execution expenditures funded by these receipts from the Treasury Single Account of the Ministry of Finance; and 3) the organization of the management of financial flows of RA and the provision of subventions and subsidies from the State budget.

In the context of servicing public debt, the Department of State Debt Management administers the debt congruent with the annual State budget law and the requirements of pertinent covenants (National Assembly of Armenia 2001). It is in charge for the following duties: 1) organization of the cash management of RA and Communities and funding of the expenditures; 2) issuance of bonds on behalf of RA; and 3) management of internal and external debt of RA.

The Operational Department performs functions including: 1) organization of the execution of State and Community budgets; 2) Organization of the financial receipts managed by the State and Communities, as well as the execution expenditures funded by these receipts from the Treasury Single Account of the Ministry of Finance; and 3) registration of transactions processed by government agencies via extra-budgetary funds.

The Department of Reporting and Analysis of State Budget Execution is responsible for receiving financial reports on transactions involving the resources of State and Community budgets, and evaluating the accuracy, consolidation and disclosure of the data in these reports. The Department for Internal Audit of Treasury System participates in the execution of most of abovementioned functions by ensuring the proper application of financial regulations.

Organization of the Treasury in Croatia

The State Treasury in Croatia is a key player in the budget process. It possesses a considerable organizational size designed to carry out wide-range of activities. It is an administrative organization within the Ministry of Finance of the Republic of Croatia (RC) and is administered by a Chief Treasurer (the Ministry of Finance of RC 2011).

From organizational perspective, the Treasury in Croatia embraces a number of organizational units, beginning with directorates, continuing with sectors and departments and ending with the smallest ones – divisions (the Ministry of Finance of RC 2010). It includes three big directorates and three sectors each of which involves multiple departments and divisions.

The three directorates of the Treasury are: the Directorate for Budget Preparation and Financing of Local Governments, the Directorates for Budget Execution and the Directorate for Public Debt Management. The Directorate for Budget Preparation and Financing of Local

Governments involves nine organizational units; the Directorate for Budget Execution is supported by 18 organizational units; and the Directorate for Public Debt Management includes nine organizational units.

The three Sectors of the Treasury are as follows: the Sector for Development and Support of the State Treasury System, the Sector for National Fund Affairs and the Sector for Normative and Legal Affairs of the State Treasury. These sectors consist of four, three and two organizational units respectively.

Moreover, the Treasury in Croatia includes regional treasury units located in all the ministries across the country (The World Bank 2005). The overall number of organizational units involved in the Treasury is 53 (regional treasury units excluded).

Functions of the Treasury in Croatia

The Treasury in Croatia is rather operational and accomplishes a wide-range of functions. In general, it is responsible for the following main tasks and duties:

1. Budget preparation and consolidation,
2. Budget execution,
3. State accounting,
4. Public debt management, and
5. Financial management of European Union aid funds through the National Fund (the Ministry of Finance of RC 2011).

The implementation of these general responsibilities is accurately divided between various big and small organizational units, and each unit is assigned a specific task. The Directorate for Budget Preparation and Financing of Local Governments, as a crucial player in the budget process, is responsible for the following specific tasks: 1) the planning, drafting and adopting the State Budget, as well as the budget of local and regional self-government

units; 2) improvement of the public finances management; 3) analysis of revenues and receipts according to areas of public spending; 4) preparation, drafting and monitoring of the budget according to programs; and 5) participation in the drafting of legal and sub-legal acts which stipulate the obligations for the State Budget (the Ministry of Finance of RC 2010).

The Directorate for Budget Execution is the biggest internal organizational unit within the State Treasury. Accordingly, it is the most functional one as well. The State Budget Execution Directorate is in charge for all tasks pertaining to the execution of the State budget, encompassing the Kuna payment system, cash management and foreign exchange transactions (The World Bank 2005). Its responsibilities include, but are not restricted to the following tasks: 1) the implementation of payments on the basis of payment requests; 2) projection of the size and the dynamics of cash flows on the account of the State Budget; 3) participation in the formulation of the draft proposal of the Budget Execution Act and other acts; 4) performance of normative regulation and development of the accounting; 5) development and monitoring of accounting records of the State Treasury; 6) consolidation and analysis of financial reports; and 7) implementation of budgetary supervision of central state administration bodies, extra-budgetary users, and local and regional self-administration units (the Ministry of Finance of RC 2010).

The Directorate for Public Debt Management records all obligations of the state, issues bonds on domestic and external markets, and deals with all aspects of the public debt management. The Sector for Development and Support of the State Treasury System performs tasks related with the planning, development and operation of the Treasury information systems and staff training (The World Bank 2005).

Organization of the Treasury Authority in the US

The treasury authority in the US which is equivalent to the treasury authorities in Armenia and Croatia is the Bureau of the Financial Management Service (FMS). FMS comprises one of the administrative units within the Department of Treasury in the US. It was established in 1974 as the Bureau of Government Financial Operations. In 1984 the Bureau of Government Financial Operations was renamed FMS which intended to emphasize more efficiency and economy in public financial management (the Department of Treasury 2011). FMS has about 1800 incumbents around 30 percent of who work at the four Regional Financial Centers and Debt Collection Center. All FMS employees are civil servants (the Department of Treasury 2011).

FMS is a large bureaucratic machine with a sophisticated organizational structure designed to carry out its functions with utmost efficiency. It is administered by a Commissioner who is subordinated by a Deputy Commissioner and the Office of the Commissioner. The Office of the Commissioner contains the Office of the Chief Counsel, the Office of Legislative and Public Affairs and the Federal Reserve Bank liaison (Financial Management Service 2008).

In addition, FMS includes six subordinate organizational units headed by Assistant Commissioners. These organizational units operate in specific areas of financial management. They are as follows: Debt Management Services Department, Federal Finance Department, Government-wide Accounting Department, Information Resources Department, Management Department and Payment Management Department. The Debt Management Services Department includes the Debt Collections Center, while the Payment Management Department consists of four major Financial Centers located in four cities in the US. These four Financial Centers include the Financial Center in Austin, the Financial Center in

Philadelphia, the Financial Center in Kansas City and the Financial Center in San Francisco (Financial Management Service 2008).

All of these six departments include a number of organizational units ranging from at minimum of seven organizational units to at maximum of 24 organizational units. Particularly, the Debt Management Services Department is the smallest one which includes seven organizational units. The Federal Finance Department includes 13 organizational units, the Government-wide Accounting Department includes 12 organizational units, the Information Resources Department is the biggest one including 24 organizational units, the Management Department involves nine organizational units and the Payment Management Department contains 16 organizational units. All in all, the Bureau of FMS consists of 91 organizational units (the US Department of the Treasury 2011).

Functions of the Treasury Authority in the US

The Bureau of FMS performs many fundamental functions in the area of cash management. It operates as the financial manager and fiscal agent for the Federal Government. The basic functions of FMS include the collection of money due to the US including delinquent debt, disbursement of its payments and the implementation of central accounting functions (Financial Management Service 2008).

All the six departments in FMS operate in a specific area of financial management. The Debt Management Services Department focuses on the increase of the collection of delinquent debt owed to the Government by providing relevant services to all Federal agencies. Moreover, the Debt Management Services Department works out and accomplishes debt management policies (Financial Management Service 2008). The delinquent debt includes federal student loans, federal salary or benefit overpayments, fines or penalties

assigned by federal agencies, income tax debts owed to states and other mandatory payments (the US Department of the Treasury 2011).

Federal Finance Department develops and implements collection and cash management operations to ensure minimum costs and maximum efficiency of Federal Government's financial management (Financial Management Service 2008). The Government-wide Accounting Department organizes the central accounting and reporting services and carries out the synchronization of agency and bank reporting differences. The Department also releases government-wide financial information including the Monthly Treasury Statement, the Daily Treasury Statement, and the Financial Report of the US (the US Department of the Treasury 2011).

The Management Department organizes the FMSs administrative arrangements. Its primary responsibility is monitoring the conformity of developed policies with the regulatory framework. And finally, the Payment Management Department manages the disbursement of public payments and carries out some aftermath functions. It is the major organizer of payments to individuals and businesses on behalf of federal agencies (the US Department of the Treasury 2011).

The Bureau of the FMS also organizes the world's biggest revenue collection process with the help of about 10,000 financial institutions. The Bureau of FMS administers only the collection of federal revenues including individual and corporate income tax deposits, customs duties, fees for government services, fines, and loan repayments (the US Department of the Treasury 2011).

Comparison of the Treasury Activities in the US and Croatia

There is no radical difference between the treasury systems in the US and Croatia both from organizational and structural perspectives. Notwithstanding the few differences the

treasury authorities in the US and Croatia share more or less the same functions. I will dwell on divergences and convergences separately.

From structural perspective, it is worth mentioning that the treasury authorities in the US and Croatia form a part of one of their respective executive agencies. In Croatia this executive agency is the Ministry of Finance, while in the US this agency is the Department of the Treasury which is more or less equivalent to a ministry of finance.

In the US, the Bureau of FMS is headed by a Commissioner who is subordinated by a Deputy Commissioner and the Office of the Commissioner including two offices: the Office of the Chief Counsel and the Office of Legislative and Public Affairs. On the contrary, the Treasury in Croatia is administered by a Chief Treasurer who is not supported by any subordinate incumbent or staff.

Both the treasury authorities in the US and Croatia are rather large in terms of their organizational size. Nevertheless, the Bureau of FMS is larger than its analog in Croatia. Particularly, the Bureau of FMS involves six one-layer offices each of which consists of multiple organizational units. The overall number organizational units involved in the Bureau of FMS is 91. On the other hand, the Treasury in Croatia includes three directorates and three sectors each of which include smaller organizational units such as departments and divisions. The overall number organizational units is 53 (regional treasury branches excluded). The Bureau of FMS embraces only four major financial centers located in four different cities in the US, while the Treasury in Croatia involves regional treasury branches located across all the ministries of the country.

When we compare the functions of US's and Croatia's treasury authorities, we can see that they perform more or less the same functions with the exception of some unique responsibilities. Firstly, both treasury authorities carry out accounting function by developing and monitoring accounting records and providing reporting services. Secondly, both treasury

authorities organize budget execution including the disbursements of payments and bills on the basis of payment requests. Thirdly, both treasury authorities are in charge for cash management by accurately projecting the size and the dynamics of the cash flows.

Despite a number of convergent functions, there are also basic functional divergences between the two treasury authorities. The Bureau of FMS is responsible for the collection of delinquent debt owed to the Government. However, unlike the treasury in Croatia, it is not responsible for public debt management. Conversely, the Treasury in Croatia is in charge for both public debt management and budget preparation. The latter is a unique function which is related to the planning, drafting and adopting the State budget. Moreover, the Treasury in Croatia participates in the formulation of the draft proposal of the Budget Execution Act for the given year and contributes to the formulation of proposals of sub-legal acts concerning the Budget Act.

Comparison of the Treasury Activities in the US, Croatia and Armenia

In Armenia, treasury functions are performed by a distinct organizational unit within the Ministry of Finance. The Treasury in Armenia is comprised of the Central Treasury and local treasury branches. The Central Treasury is the combination of the different subdivisions of the Ministry of Finance's central apparatus. It is administered by a Chief Treasurer, who is also a deputy head of the Minister of Finance. The Central Treasury involves six one-layer organizational units which are called departments. Besides the Central Treasury, there are also 43 local treasury branches situated across the country.

In Armenia the treasury functions are prescribed by the Law of RA on Treasury System. According to this law, the Treasury is responsible for the following main tasks and duties: 1) organization of the management of the financial resources of the State and Communities, and the funding of their expenditures; 2) organization of the execution of State

and Community budgets; 3) management of the cash flow of the State and Communities; 4) management of public debt; 5) implementation of preliminary control made on behalf of State and Community agencies in the course of the execution of State and Community budgets; 6) organization of financial receipts managed by the State and Communities, as well as execute expenditures funded by these receipts from the Treasury Single Account of the Ministry of Finance; 7) preparation, disclosure and consolidation of reports on the financial activities of State and Community agencies and 8) record of the monetization of grants and facility credits provided to the State by foreign governments and international organizations. The general picture is that all of these functions are performed in the course of the execution of State and Community budgets.

From organizational perspective, we can observe that like in the US and Croatia, in Armenia the Treasury comprises one of the organizational units of the Ministry of Finance. Like in Croatia, it is administered by the Chief Treasurer who directly reports to the Minister of Finance. On the contrary, the Bureau of FMS in the US is headed by a Commissioner who is subordinated by a Deputy Commissioner and the Office of the Commissioner. Both the treasuries in the US and Croatia encompass a big number of organizational units with 91 and 53 units respectively. On the other hand, the Treasury in Armenia is the most simply organized treasury authority of the three including only six (local treasury branches excluded) one-layer organizational units called departments. Conversely, the Treasuries in Armenia and Croatia involve local and regional treasury branches represented in all the administrative units of the respective countries. Instead, the Bureau of FMS in the US incorporates only four major financial centers located in four different cities in the US.

The comparison of the treasury functions in Armenia, US and Croatia expose some noteworthy divergences. The treasuries authorities in the US and Armenia are involved only in the budget execution phase while the Treasury in Croatia performs tasks pertaining to both

the preparation and execution of the budget. In addition, the treasury authorities in Armenia and US are responsible for audit functions. In Croatia the implementation of audit functions is delegated to a separate organizational unit within the Ministry of Finance. At the same time, the treasuries in Armenia and Croatia are responsible for public debt management by borrowing the money to cover state expenditures and conducting risk management to minimize costs of financing expenses. In the US this function is carried out by a separate bureau within the Department of the Treasury.

All the three treasury authorities possess unique functions as well. The Bureau of FMS is responsible for the collection of delinquent debt. Instead, the Treasury in Croatia participates in the formulation of the draft proposal of the Budget Execution Act for the given year and contributes to the formulation of proposals of sub-legal acts concerning the Budget Act. Finally, the Treasury in Armenia is involved in the registration of the monetization of grants and facility credits provided to the State by foreign governments and international organizations.

According to Janjughazyan (2007), there are certain functions in public financial management the implementation of which is considered the responsibility of the treasury. These responsibilities are as follows:

1. Organization of the execution of the State and Community budgets.
2. Organization of the financial receipts managed by the State and Communities, as well as the execution of expenditures by these receipts.
3. Management of cash flows
4. Implementation of accounting functions and provision of financial reports.

The comparison of the three treasury authorities in the framework of these basic prescriptions brings out core functional similarities between them. Firstly, all the three treasury authorities perform accounting functions by developing and monitoring accounting

records and providing reporting services. Secondly, all the three treasury authorities organize budget execution including the payments of bills on the basis of payment requests. Thirdly, all the three treasury authorities are in charge for cash management by accurately projecting the size and the dynamics of the cash flows. Fourthly, all the three treasury authorities organize the financial receipts and execute expenditures by these receipts only using the Treasury Single Account opened at their central banks.

Findings

The first finding is that the treasury activities in Armenia do not reflect closer affinity to the treasury activities in Croatia than to those in the US. Although both the Treasuries in Armenia and Croatia are administered by Chief Treasurers and involve local and regional treasury units, they radically differ in terms of their organizational sizes. The State Treasury in Croatia is a large organization consisting of 53 disaggregated units (regional treasury units excluded), while the Treasury in Armenia involves only six departments (local treasury branches excluded). The Treasury in Croatia performs a unique function by also participating in budget preparation and consolidation activities. Moreover, it participates in the formulation of the draft proposal of the Budget Execution Act and other acts. The treasury authorities in the US and Armenia have nothing to do with aforementioned functions.

This is not say that the Treasury in Armenia resembles more to the Bureau of FMS in the US. The Treasuries in Armenia and Croatia do share some basic similarities, but they are not unique to render them different from the treasury authority in the US. The fact is that each of the three treasury authorities performs unique functions, but they resemble each other more than they differ.

The second finding is that the Treasury in Armenia is involved only in the budget execution activities. However, this is not a peculiarity because it shares this feature with the

Bureau of FMS in the US. The organization of budget execution is considered the key responsibility of any treasury. The interesting point is that there are treasury systems, such as the Treasury in Croatia, which are involved in other phases of budget as well. Here we see that there can be core divergences even between the treasury systems representing Continental model of public administration.

The third finding is that the Treasury in Armenia performs more tasks other than core treasury functions, and it is responsible for public debt management. The functional comparison of the three treasury authorities based on theoretical criteria revealed the basic similarities among them. This convergence is based on the correspondence of four key treasury functions. Moreover, the comparison shows that the Treasury in Armenia performs more functions than a traditional treasury authority. Namely, like the Treasury in Croatia, it is also in charge for public debt management. In addition, it records the monetization of grants and facility credits provided to the State by foreign governments and international organizations.

Conclusion

The comparison of treasury activities in US, Croatia and Armenia gives us a necessary background to extrapolate the general characteristics of each of the three treasury authority. The structural and functional patterns of the three treasury authorities set forth the idea that the size of these organizations depends more on the economic capabilities and the size of the population of the respective countries and less on the model of public administration.

Afterwards, it seems natural to find out that the Bureau of FMS in the US is the largest of the three. It is a bureaucratic machine with a lot of subordinate administrative units which, however, do not perform more functions. Likewise, the Treasury in Croatia is a big administrative organization encompassing a considerable number of organizational units. On

the other hand, the Treasury in Armenia is the smallest administrative organization possessing, however, a wide-range of functions. Nevertheless, the general portrayal is that all the three treasury authorities are more similar to each other than they are different.

This is not to say that the three treasury authorities are not distinguished by any peculiarity. The Bureau of FMS in the US is responsible for the collection delinquent debt; the Treasury in Croatia also participates in the budget preparation and consolidation process; while the Treasury in Armenia registers the monetization of grants and facility credits provided to the State by foreign governments and international organizations.

Furthermore, the comparison of the three treasury systems shows that the Treasury in Armenia is quite an operational organization. This is because we have observed a number of convergences between the functions of the three treasury authorities in terms of core treasury responsibilities. These functional convergences are as follows: 1) conduct of accounting functions by developing and monitoring accounting records of the Treasury and provision of reporting services; 2) organization of budget execution including the payments of bills on the basis of payment requests; 3) management of cash by projecting the size and dynamics of the cash flows; and 4) organization of all financial transactions using the Treasury Single Account hosted at the central banks. In addition, like the Treasury in Croatia, the Treasury in Armenia is responsible for public debt management.

However, there is one interesting point that should be mentioned. The functional capabilities of the Treasury in Armenia do not seem to be backed by the necessary organizational capacity. In other words, the size of the Treasury is very small as compared with the functions it performs. This question arises when we compare the functions and structures of the Treasury in Armenia with those in Croatia and the US. Despite the negligible functional differences between the three organizations, there is a noticeable disparity between the sizes of the Treasury in Armenia and the sizes of the treasury authorities in the US and

Croatia. The inference is that there is a lack of labor specialization within the Treasury in Armenia. This is confirmed by the fact that the Central Treasury in Armenia involve only six departments, while the treasury authorities in the US and Croatia encompass 91 and 53 organizational units respectively.

We observed that the Treasuries in Armenia and Croatia as the representatives of Continental model do stand close enough to each other in order to be considered different from the treasury authority in the US; rather than all the three treasury authorities have both similarities and differences as compared with each other. Central to this statement is that these convergences and divergences are not represented along the lines of the two models of public administration. This means that the convergences and divergences between the three treasury authorities are not conditioned by their belongingness to Anglo-Saxon or Continental models of public administration. Each of the treasury authorities has a peculiarity of its own, but it is determined by a country-specific factor not by the model of public administration to which it belongs.

Accordingly, the researchers should pay more attention to other factors which can influence organizational structure and functions of a treasury authority. Particularly, the system of government, the population size and the economic potential of a particular country may have an impact on the modus operandi of its treasury. Moreover, the nature of a treasury system can be conditioned by the mode and the scope of the organization to which it belongs. For instance, the Department of the Treasury in the US is the analogy of the Ministry of Finance of RA with the exception that it does not deal with budget formulation process. It is because the budget formulation in the US is the responsibility of a separate office called Office of Management and Budget (OMB). The point is that the treasury activities in any country have a close relationship with budget activities, and the way of budgeting certainly necessitates a particular modus operandi for the treasury.

Hence, the organization and functions of a treasury is not only a matter of the model of public administration, but also a byproduct of other variables. This means that when borrowing anything from abroad Armenia should pay more attention on country-specific factors than to models of public administration. The success of the transplant mainly depends on the relevant institutional framework and not on the model from where the transplant is taken.

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