Study the impact of measuring the transparency of the public budget in the reform of the public financial management system

Assistant Professor Dr. Haidar Alwan Kadhim Al Shammari
University of Wasit / Faculty of Management and Economics

Zaman Hassan Abdullah Al Saidi
Master Student / University of Wasit

Research Summary

The research seeks to shed light on the availability of the principles of transparency in the Iraqi public budget and its implications in the development of the public financial management system, considering that the budget is the most widely used document for the distribution of public resources and at the same time is an obligation on the government to meet the needs of its citizens. Sometimes the cases are only one of the sources of administrative and financial corruption, so the least thing of the public's right is the balance must be transparent and thus achieve the basic purposes that we seek, such as clarity and credibility in the availability of information and data Mechanism, so it came to this research deals with the most important problems facing the reality of government financial transparency in Iraq and working to make the general budget and the clear-cut through the application of the proposed checklist.

Introduction

This study deals with the most important issues that have surfaced in the past years and which have gained great attractiveness over the past years. It is working on applying the principles of transparency and accountability so that it has become one of the most important pillars of financial reform efforts by the government at all levels, whether financial or administrative, As transparency is a supervisory input to performance evaluation. The transparency of the budget is one of the most important parts of transparency and occupies an advanced position in the framework of research and studies as an important means to participate in political and financial decisions by the public and the purpose is to build confidence between the government and its citizens, as well as strengthen accountability and legitimacy, Deviations in the disposal of public money, so the two researchers to propose a checklist contains a number of items as the answer will show the availability of transparency or not, this research came to make a simple contribution in measuring the transparency of the budget as the measurement of transparency and visibility Percentage of citizens is an important factor in emphasizing the good intentions of the
government towards its citizens regarding the disclosure of information and data means different ways.

Research Methodology

Research problem
Despite the global focus on financial transparency in the past decade, transparency in Iraq is unfortunately called a problem and a serious impediment to the demand to build an open, transparent, responsive and accountable government, and further complicates Iraq's position in Transparency International's ranks. Is low in meeting the requirements of this standard, and thus is considered among the least efficient in the disposal of public money and therefore it is among the most corrupt.

Research goal
According to the research problem presented, the research seeks to achieve the following two objectives:

1. Study the possibility of benefiting from the experience and expertise and international rules used to measure transparency in the private sector and employment in the government sector and in line with the development of the general budget in Iraq.
2. Work to make the budget clear and clear from ambiguity by applying the principles of transparency.

Search hypothesis
The research is based on the premise that:
(The formulation of a list of a number of items that measure the transparency of the budget will lead to a statement of the credibility of the government in achieving the objectives of society and promote social welfare and thus achieve quality in government performance).

Research importance
The importance of the research stems from the importance of the principles of financial transparency as principles that enhance the transparency of the performance of the public sector because it is the main factor that contributes to facilitating access to financial data and thus achieving effective use of public resources and successful and transparent governmental decision making. To evaluate the financial performance of the government, and thus the transparency of the public budget occupies an advanced position in the framework of research and studies because it is an important means aimed at building confidence between the government and its citizens, as well as strengthen accountability and legitimacy, Disposal of public funds.

The theoretical side

The concept and definitions of transparency
Transparency is the world's largest decentralized system that breaks the government's monopoly of information and enables NGOs and citizens to access it. Transparency, when properly appropriate, gives NGOs and citizens good tools and can be a force for good governance.
Has raised hopes that transparency will usher in a new era of unprecedented justice and peace. Optimists also expect that increased transparency will reduce conflicts caused by misunderstandings between the government and its citizens, and facilitate international agreements that deter corruption, fraud and waste. Public funds, because transparency alerts the world to disturbing events and gives governments and organizations the opportunity to react and act (Kristin, 2006: 2-3). Sofianu stresses that the need for transparency at present is imperative for a final and effective public budget system, where transparency as defined by the Organization for Economic Co-operation and Development (OECD) is "openness to the formulation, formulation and implementation of public policy" Represent the basis of good governance, and the implementation of the new budget procedures with the principle of transparency is indispensable for effective reform of the public budget (Sofianu, 2009-2010: 36). The researchers also deal with the concept of transparency in order to achieve a clear meaning to it. Therefore, transparency according to the definition of "UNDP / POGAR": is the sharing of information and behavior in an open manner, the clarity of the legislations and their ease of understanding, stability and harmony With each other, their position, clarity of language, flexibility and development in accordance with economic and social changes and commensurate with the development, in addition to simplification of procedures and dissemination of information and accessibility and accessibility to be available to all "

Information has a crucial role in detecting the disadvantages and protecting the interests of citizens (Harb, 2011: 11-15)

Benefits of applying transparency
(Fatima, 2011: 35) noted that there are many positive effects of applying transparency:
1. Show the strengths and weaknesses and identify the deviation and work to correct it.
2. Reduce the broad powers in the decision-making process to reduce the centralization.
3. Selection of administrative leaders with the ability to make public decisions with integrity, integrity and objectivity.
4. To consolidate the values of cooperation, clarity of results and concerted efforts, and accountability for abuses must be collective through collective decision-making.

Measuring transparency
There are many indicators used by international organizations for the purpose of measuring transparency levels. The following are the most important indicators:
1. The open budget index: It is an indicator based on the open budget questionnaire (OBS), which is tried by the International Budget Partnership Organization (IBP), which is the most important indicator to measure transparency at the international level. The index gives each country eight basic budget documents, The government published (Kdawi and others: 3).
2. Corruption Perception Index: A composite indicator that broadly ranks countries in terms of the degree of corruption among public and political officials, and is based on data from a variety of reputable organizations (Jabali: 7).

Problems with applying transparency
1. There is not enough enthusiasm to adopt the approach of financial reform, as well as negative view of public money.
2. Negative legacies inherited from previous regimes that require radical treatment to start up in society.
3. There is no definition of priorities, as well as the development of plans that are difficult to implement, thus hamper efforts aimed at financial reform and lack of coordination among them (Fatima, 2011: 37).
4. Lack of sufficient experience and short time to study the budget, as it is submitted late and that the Finance Committee has many laws that require study and approval.
5. The delay in the submission of final accounts over the past years as well as not to indicate the actual turnover, whether it was due to the failure of the ministries to complete their projects or as a result of increased oil prices or planned deficit and artificial budget.
6. There is no clarity or transparency regarding imports that come in the form of international loans or grants.
7. Lack of real follow-up by the House of Representatives for reports submitted by the Office of Financial Supervision (Atrushi, 2009: 5-6).

Eight documents

The International Partnership Organization (IBP) stresses the need for each country to publish eight documents on the general budget, in light of which the transparency of the public budget will be seen. The eight documents are:

1. Pre-Budget Statement: It presents the assumptions used in the preparation of the general budget, such as the budget projections and the allocations of sectors in general (Al-Khulaifi, 2012). This report reflects the government's initial thinking regarding the budget next year, taking into account the developments that appear during the period in which the budget is being drafted. According to the best practices of Transparency and Economic Development and for budgetary transparency, the government should publish a pre-budget statement at least one month prior to the publication of the budget proposal by the executive branch. This statement is submitted to the legislature and the public. The discussion on budget items and how they interact, and provides the public with a way to understand the link between policies and allocations in the public budget (Ramkumar, 2011: 7-8).
2. The draft executive budget: The government's detailed declaration of its policies and priorities,
which it intends to adopt in the budget of next year, including the allocations of each ministry and agency.

3. The approved budget is the legal document authorizing the executive authority to implement the policies and priorities contained in the general budget.

4. Audit documents: The government must publish reports during the budget period, and the reports issued must be monthly and quarterly, showing the expenses paid, the debts owed and the returns achieved.

5. Biannual Report: The government should publish a semi-annual report for the first six months of the year until any change in the economic assumptions that may affect the approved budget policies is discussed.

6. End-of-year report: summarizes the economic situation of the fiscal year with the final account of the general budget, which includes an update on the achievement achieved (Khalifi, 2012). The aim of these reports is generally to provide a periodic measure of trends in total revenue and expenditure so far and ideally provide explanations for any deviations from expectations. It also makes an important contribution to budget transparency, so it requires the government to develop the systems and technical expertise needed to track overall expenditure and revenue trends. This ability to track trends in spending and revenue can provide regular information on the progress of budget plans to policy makers, civil society organizations, the press, and the public (Ramkumar, 2011: 9).

7. Audit audit report: This is another document issued by a separate authority from the executive authority. This report shows that the budget was prepared in accordance with good practice. It also deals with all activities carried out by the executive authority.

8. The budget of citizens: All the documents that we mentioned are technical in content, so the International Partnership for Budget Partnership recommends the preparation of simple copies by the government, easily published among citizens and called these mass copies "citizen budget" (Khulaifi, 2012: 3-4).

International demand for the development of budget methods

Recently, we note the increased demand and consensus by international organizations and bodies to develop and support the systems and methods of the budget through the claims and recommendations issued in this context, for example,

1. The World Bank: The World Bank supports countries that improve their governance systems. Since 2007, the Bank has taken a more structured approach to combating corruption by promoting participation and focusing attention on stakeholders outside the executive branch, ie, oversight institutions and audit bodies The judiciary and civil society organizations, as well
as the establishment of mechanisms to enable stakeholders to effectively exercise their oversight role, such as the participation of civil society, transparency of the budget and access to information.

2. **The International Monetary Fund (IMF):** In its promotion of the principle of transparency of public finances, the International Monetary Fund (IMF) is preparing several documents, including the Handbook on Transparency in Public Finance, the Transparency in Natural Resources Revenue Guide and the Code of Good Practice. The principles that the Fund urges to follow are:

   - a. Clear definition of roles and responsibilities.
   - B. Transparency in budgetary procedures.
   - T. Enable people to access information.
   - W. The information obtained by the citizen with respect to the budget must meet the quality standards.

3. **The Organization for Economic Co-operation and Development (OECD):** "The member countries of the OECD are at the forefront of the principles of transparency in the public budget. This organization carries out model practices in three sections. The first section contains the main budget reports that must be made The second section contains specific points that must be disclosed in the reports, including information on financial and non-financial performance. The third section highlights the practices and quality of the reporting unit, and these model practices are designed in the form of It is a lawn tool In order to increase the degree of transparency in the general budget of these countries.

4. **The Open Budget Partnership (IBP):** The establishment of the Open Budget Partnership was part of the budget center and policy priorities. IBP is a research organization that supports civil society organizations that are concerned with strengthening the budget processes and their results in all countries of the world. IBP launched the Open Budget Project, which is a comprehensive research program in the field of enabling people to access budget information and adopting balanced accountability systems. This research is supported by the Open Budget Index, which measures the transparency of the state budget (Fatima, 2011: 82-84). The Open Budget Index addresses issues of importance to the supporters of good governance and civil society organizations, as well as the possibility of citizens’ participation in each stage of the preparation of the budget (methodology of the Open Budget Index, 2012: 1).

   On the basis of progress, it is noted that the general budget are important paragraphs and documents that reflect fiscal policy, economic priority and social preferences, and thus are in dire need of reform by applying the principles of transparency to reflect the real picture of the policy pursued by the government and What is more complete is that the government measures the degree of transparency in the public budget and annually according to a scale commensurate with the local situation of Iraq.

**Practical side**
The idea of switching from Standard and Poor’s to Check list There is a lot of research and studies that demand the application of the principles of transparency in the budget because of the urgent need of the budget for the purpose of clarity in its operations and enter within the open governments on the one hand and the settlement of the relationship between the government and its citizens on the other hand, so we have the idea of the need to find a local scale to measure the degree This idea came from the contents of a report issued by the British National Monitoring Department in 1993, which stressed that “governments are not stable, and fundamental changes are constantly occurring in the applications, programs and plans of public sector institutions, Traditional decisions, citizens' rights, and increased transfers make decision making more or less like dealing with customers. Business management methods and commercial methods represent challenges on the one hand and opportunities for improvement on the other. The public “.

In this report, we note that it is necessary to take advantage of the organization of work in the private sector and to employ these rules to improve the returns of public sector spending. As a result, Standard & Poor's found the appropriate standard that can be employed and utilized in the public sector.

Standard & Poor's (S & P), the first index to measure stock prices in 1923. In March 1957, S & P 500 expanded its index to S & P 500, accounting for 84% of the shares listed on the New York Stock Exchange. Is the opposite of confidence in the market and independence and credibility, objectivity and transparency, which are the same goals that we seek to achieve in the Iraqi public budget. The index also measures the activity of the largest companies in the United States of America. Other indicators and indicators that measure the performance of different companies according to their capital values do not focus on large companies or on a given sector. They include companies with different sectors such as technology, industry, banks and others.

On the basis of the idea of this measure we seek to formulate a list of a number of items that reflect the transparency of the public budget and the credibility of the government in achieving the objectives of society to promote development and social welfare and we seek to address the problem of lack of transparency despite the existence of what qualifies Iraq for the application of the existence of a democratic system and civil society organizations and competencies Seeks to participate in the drafting of the resolution and follow-up stages of its implementation. That this list will be subject to the general budget for the principle of transparency and will be the measure that makes the budget transparent and thus address the structural imbalances suffered by the budget approved in the current situation, so this proposal will be a new approach to measuring transparency and thus achieve quality in the plans that the government seeks to do, This proposal is called the list of public budget transparency checks in Iraq (Check list of transparency of the public budget in Iraq)). According to the S & P scale, the shareholder is the owner of the funds in the private companies and on the basis of the idea of check list, which we seek the citizen is the owner of funds in the government sector and the government is entrusted with the conservation of the money and
responsible for the good conduct of spending, the board of private equity companies will meet him Cabinet in the government sector. As this index measures the value of shares of 500 companies in the private sector, the total items of 98 items, and in light of those items we will try to formulate new items to fit the state budget in the Iraqi government sector as follows:

Table (1)
Examination of transparency of the general budget in Iraq for the years (2014-2015)

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<th>Not available 2015</th>
<th>Available 2015</th>
<th>Non Available 2014</th>
<th>Available 2014</th>
<th>Information to be provided according to CH&amp;L Statement</th>
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<td>1. Lists showing the types of revenues and sources of government revenues that the government will use to achieve the budget plans. First: Transparency in the disclosure of the rights of citizens.</td>
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<td>2. Disclosure of companies that invest in the government sector to provide various services to citizens.</td>
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<td>1. Lists containing tables showing meetings or public hearings held. Second: Procedures for voting, meeting, public hearings and seminars</td>
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<td>3. Proposals made during those meetings and meetings.</td>
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<td>4. Statement on the Government’s commitment to these proposals and decisions.</td>
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<td>5. The importance of those proposals and the decisions reached at those meetings and their positive and negative aspects.</td>
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<td>6. A detailed explanation of the mechanisms for selecting members of such meetings and meetings.</td>
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<td>1. Government forecasts of expected revenues from those industries.</td>
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Third: Transparency in the disclosure of the government's financial and non-financial directions that it intends to carry out within the budget

Fourth: The accounting policies applied to the general budget
The tables above were a model for examining the transparency of the general budget in Iraq and for three years. These tables included 25 items which aim to enhance the transparency of the public budget. The index of (1.0) was used as (1) indicates transparency, He points out that transparency is not available in the public budget. From the above tables we conclude that the level of transparency in the budget of 2014 was very low and represented 16%, and the lack of transparency was 84% and certainly the low proportion of transparency in the public budget confirms what we referred to in theory in the second part of the second chapter as this The percentages confirm in practice that the public budget is not transparent and that corruption exists.

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at high levels and that Iraq occupies advanced ranks in the index of perceptions of corruption, and
the most difficult for the budget of 2014 in that it did not legislate and did not become a law due to
irresponsible political disputes and disputes that eliminate the role of citizens and Do not take into
consideration his right to harm Rh achieve well-being, and the other reason was the entry of the
terrorist organization Daesh to many of the Iraqi provinces and remained the general budget and
the conduct of any monthly 1/12. As for the budget of 2015, as in other budgets, it is sufficient to
tabulate expenditures according to its purpose to the current and investment ratios of each ministry
and body without mentioning the details of the goal of disbursement and quality and what the
results that the government seeks to achieve, and the mistakes we note on the 2015 budget is the
lack of justice in the distribution Expenditure For example, the percentage of the Ministry of
Industry 1.3% and this ratio Especially when compared with the proportion of the activities of the
House of Representatives from the general budget, amounting to 2.4%, twice the allocated to the
Ministry of Industry and these errors confirm to us the fact that the public resources are not
distributed fairly and efficiently, and despite the existence of these errors, but we We see an
improvement in the level of transparency of the budget for 2015, where it was 36%, and the lack of
transparency is 64%.

We also note through our study of the process of preparing the general budget that there is a
deal that raised a wide controversy and indicates the absence of transparency is the government
to pass the final accounts for the period from 2008 to 2011 and one payment, where this deal is a
matching between government expenditures and revenues without the existence of audit
procedures and this procedure Of course, is contrary to the Iraqi constitution, which obliges the
government to submit the final accounts for each fiscal year before the start of the fiscal year of the
following year, and that such erroneous actions confirm the need to achieve the goals we seek
through the publication of monthly and semi-annual reports and The publication of a final list of
items that will measure the transparency of the public budget will lead to a statement of the
government's credibility in achieving the goals of society and promoting social welfare. Achieving
quality in government performance ".

CONCLUSIONS:
1. It is clear that the public budget produces eight documents, one of these documents is the
citizen's budget, which is easy and simplified document published before the approval of the draft
budget law in the House of Representatives so that the citizen understand the strategic plans that
the government intends to carry out within the budget law.

2. Iraq's enjoyment of the democratic system and the desire of citizens to participate in the making
of public decisions are factors to implement the principles of transparency and thus improve the
level of transparency of the public budget.

3. The list of the examination of the transparency of the proposed budget can help to identify the
weaknesses and strength of the policy followed by the state budget direction and therefore the list
can provide a clear percentage on the transparency of the budget.
Recommendations
1. Work on the publication of the eight documents that are prepared on the general budget in accordance with the criteria of appropriateness in the availability, as this measure does not require further efforts or the government to carry more financial burdens, but it greatly enhances the public budget.
2. To establish internal and external training courses and the need to strengthen cooperation with international organizations such as the World Bank, Transparency International and the Open Budget Organization.
2. The government should work on measuring the transparency of the public budget in Iraq with the proposed checklist so that the general budget can be fed by all means which increase its transparency in order to raise the level of public satisfaction in society.

Sources:
5. Ramkumar, Vivek, Shapiro, Isaac (2011),"Guide to Transparency in Government Budget Reports: Why are Budget Reports Important, and What Should They Include?", International Budget Partnership
10. Methodology of the Open Budget Survey for 2012

.info@internationalbudget.org