

دور الرقابة المالية في تشخيص واقع الموازنة العامة الاتحادية في العراق

دراسة تحليلية لموازنة 2017

The role of financial control in diagnosing the reality of the federal budget
in Iraq

An analytical study of the 2017 budget

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Zainab.shalal@yahoo.com**Abstract**

The research problem lies in the numbers of an estimated budget in light of the unstable economic situation and dependence on oil imports, as a basis in preparing the budget and facing the deficit resulting from government spending. The focus was on 2017. The research reached several conclusions including:- The dependence of the federal state budget on the oil sector mainly to provide revenue, and a small a tiny percentage that is dependent on non-oil revenues, in addition to the loss of cooperation and transparency between the regional government and the federal government in terms of determining oil and non-oil revenue. (Please rewrite the red sentence)

Keywords: - Financial control, budget**المخلص**

تكمن مشكلة البحث في أعداد موازنة تقديرية في ظل الوضع الاقتصادي غير المستقر والاعتماد على واردات النفط ، كأساس في أعداد الموازنة ومواجهة العجز المترتب على الأنفاق الحكومي بأساليب المختلفة ، ولقد اعتمد البحث على البيانات المالية المتمثلة بالموازنة العامة الاتحادية في العراق للعامين (2016- 2017) ولقد جرى التركيز على عام 2017 ، ولقد توصل البحث إلى العديد من الاستنتاجات ومنها :- اعتماد موازنة الدولة الاتحادية على القطاع النفطي بالدرجة الأساس في توفير الإيرادات وبنسبة قليلة جدا جرى الاعتماد على الإيرادات غير النفطية ، إلى جانب فقدان التعاون والشفافية بين حكومة الإقليم والحكومة الاتحادية من حيث تحديد الإيرادات النفطية وغير النفطية .

الكلمات المفتاحية :- الرقابة المالية ، الموازنة

Introduction:-

The budget is a future financial plan that is used as a tool for planning, controlling and directing the resources of the state towards optimal exploitation, in addition to that the budget represents one of the ways through which thinking and planning can be used to find an appropriate solution to avoid future problems and face them at the lowest cost, The idea of the budget was derived from the state determining its expenditures and revenues, which .to contribute to its application in the organization in a manner consistent with the nature of the institutions and the need to make decisions in a pre-set plan . The role of financial supervision is highlighted in the ability to compare revenues with expenditures, diagnose deviations and try to determine their causes to conserve the country's resources and ensure, continuity in achieving progress, growthThe budget which is one of the necessary tools for effective financial control and allows the state to follow up on the strategic plans or goals set by the top management or the country's cabinet.

The first topic: - Research methodology and previous studies**First: - Research methodology****1- Research problem**

The research problem lies in the exceptional circumstances that Iraq is going through, particularly in recent years due to terrorism and the drop in global oil prices, which has negatively reflected on the mechanism of the estimated budget degets and puts pressure on government spending to obtain additional resources for the public budget, which depends mainly on oil revenues, faced a process. the budget in Iraq face many obstacles, including the lack of clarity of economic indicators in light of what Iraq suffers from. Based on the foregoing, the research problem lies in the following questions:-
A- Can an estimated budget be prepared in Iraq under the current situation without economic constraints?
B- Is the estimated budget capable of covering government expenditures without accessing to deficits and borrowing from abroad.

-Research objectives:2-

The research aims to the following points

A- Estimated budget numbers in Iraq capable of absorbing the economic obstacles and political conditions in the country.

B- Endeavoring to reduce government spending by doing some governmental measures.

C- Reducing the loss of exorbitant sums from the previous Iraqi budgets due to administrative and financial corruption prevalent in Iraqi institutions.

D- Reducing the occurrence of tension between the central government and the Kurdistan Regional Government regarding the region's obligations in the oil field.

3- The importance of research:-

The research seeks to prepare estimated budget numbers for Iraq to accommodate the volatile political and economic conditions, including the costs of combating terrorism, low economic growth, the liquidity crisis experienced by the country, the lack of hard currency due to the scarce reserve of hard currency at the central bank, as well as administrative and financial corruption cases facing state institutions that have strained a budget .Iraq for previous years

4 -Research hypothesis- :

Diagnosing the strengths and weaknesses of the 2017 Iraqi budget

5 -Research method- :

The research relied on the data presented in the federal budget for Iraq for the years (2016, 2017) and the focus of the research was on 2017, but 2016 was used for comparison purposes and to determine the deficiency transmission from one year to another

Second: - Previous studies

1- Study (Khadija, 2015) "The importance of planning budgets in evaluating the performance of economic institutions - a case study: Cevital Complex The study aims to reveal the extent of commitment of the Algerian economic institutions to the planning budget in the field of planning, assessing performance and controlling the elements of realization, as well as emphasizing participation among all administrative departments in preparing the planning budget, The study relied on the descriptive analytical approach in determining the planning budget, through performance measurement systems and the process of evaluating performance. The study reached several conclusions, The majority of Algerian institutions are concerned with planning budgets and preparing them regularly as a serviceable tool in the process of monitoring the streamlining process and evaluating efficacy .The institution's total The study concluded that the departments of the institution work with each other through the director of each department to enhance ways of communicating information to prepare a budget close to reality.

2- Essam,M, 2005, An Application of Activity – Based – Budgeting in shared service Departments and its perceived Benefits and Barriers under low – it Environment conditions.

The study aims to clarify the extent to which the budget approach can be applied based on activity and challenges facing the numbers of this type of budget, and their application in an environment characterized by low levels of dependence on modern technologies in operating accounting information systems. The study was based on a survey of workers' views on the possibility of applying the budget entrance founded on Activity and benefits in preparing budgets, as well as its expected benefits and potential implementation obstacles. The study has conducted a free application on two different departments in two different companies (the accounting department and the transportation department), the study concluded that the need to apply for the budget entry depending on activity achieves many benefits to business organizations and can overcome weaknesses in the application. By increasing the human effort of information technology in operating accounting data.

The second topic: - The philosophical framework for the budget and the most important types

First: - What is the financial supervision and its tasks?

The Holy Qur'an clarified censorship by the Almighty saying, "God was upon you a monitor" and from the perspective of Islamic Sharia is the maintenance of public money and the dimensions of any negligence in collecting or spending it (Al-Qutbi, 1967: 7), so financial supervision was defined as a tool through which verification of programs. The goals were achieved in a specific manner and with a certain degree of efficiency in the specified time for implementation, according to the implementation timetables. (Al-Ali, 1984: 194) Financial control is also known as the most important tool that helps in discovering individual's talents and their duties and preparing reports for senior management. (Al-Idrisi and Al-Mursi, 2002: 192) Financial control is also part of the financial management, which includes a set of accounting and auditing policies, procedures in the field of performance and public relations, through which it can reveal deviations in the plans laid down, and is considered the most crucial pillar of the general budget, that assures the integrity of workers in the performance of their duties. (Al-Wadi, 2007: 191) and identifying financial supervision as measures to preserve the money and protect it from misuse, whether it is related to the collection of funds or ways of spending them in terms of appropriate regulations and laws that ensure the achievement of financial safety and health (Ezz El-Salam, 2018: 8).

The question that arises about what are the tasks of financial control? to answer this question, a set of regulations were set for financial control, including the following:- Ezz El-Salam, 2018: 9

- 1- The necessity for all directorates and departments to perform occupation and administrative procedures.
- 2- Implementing the laws and regulations governing work in the Ministry of Planning
- 3- Preparing the financial and administrative reports of the Prime Minister whenever the need arises.
- 4- Carrying out research and studies regarding revenues and expenditures, discovering deviations and violations, and trying to overcome them.
- 5- Documenting revenues and expenditures in specific records, as well as electronic storage of information.
- 6- Emphasizing the activation of advanced electronic systems for financial control, as well as computer programs designed for this purpose.
- 7- Auditing administrative and financial decisions and their conformity with the applicable legislation and laws.

Either stages of the financial control process have been identified by researchers and specialists in four steps, namely: - (Adnan, 2008: 95)

1- **Preparation stage**: It is the first stage in the financial control process, and it is called the preparation phase, where the work team that performs the monitoring process has been prepared. It is a crucial stage because during which distinct individuals who hold the title of the financial controller are identified, and they must have the following characteristics:

- The ability of the financial controller to provide accurate information about the business activity of the institution.
- The financial controller has experience with the activities of the financially controlled institution.
 - The high capacity of the financial controller in the field of communication with all departments in the institution.
 - Strengthening the confidence of others in the financial controller facilitates the task of supervision.
- Diagnose and analyze available information and transform it into useful and valuable information.
- The financial controller is objective, flexible, and free from bias.

2- **The data collection stage**: - After forming the financial control team, the team assigned to the first task is to collect financial data from accounting records, whether they are paper or computerized, and to prepare the data and schedule it in preparation for the third stage.

3- **The examination stage:** - During this stage, the role of the financial controller is to compare the actual data with what is planned, the financial controller relies on necessary tools, which are:-

4-

- **Budget:** It is the tool used in financial control and is a comprehensive plan during a specific times as it contains criteria for comparison between actual and planned accomplishment.

-- **Financial analysis:** - It is one of the essential and fundamental steps in financial control, as the plans develop, and the level of their implementation during different periods are compared between similar institutions.

4- **The stage of financial reports:** This is the last stage of the financial control stages since the head of the financial supervision team prepares a final report. The nature of these reports is brief and contains graphs and forms to show the extent of economic changes that occur in the institution, and identify the most stringent financial problems.

Either the question arises about the feasibility of defining a set of stages of financial control that require material and human costs and high-level

Preparations The answer to this question lies in the fact that authority has two purposes, the first is evaluation, and it is concerned with the tasks and financial performance, The second is represented by defining the administrative and financial responsibility that aims to diagnose deviations among the officials and to take legal measures against them, and in light of these two assumptions, many general purposes of financial control are listed, which are determined by the following factors: - (Sharaf, 2005: 17)

1- **Political objectives:** - It means respecting the will of the legislature and not violating the basics that were monitored for the implementation of public projects and services.

2- **Economic objectives:** - It indicates the efficiency of the use of public funds with the possibility of spending them in the best way to achieve the goals of the institution to preserve the funds from theft and financial corruption.

3- **Legal objectives:** - Emphasizing the financial expenditures that were made following the regulations, laws, instructions, policies followed, while emphasizing the principle of responsibility, accountability and recommending preventive measures more than corrective measures.

4- **Social Goals:** The fight against administrative and social corruption, which includes bribery, neglect and negligence.

Second: - What is the budget and its goals?

The adoption of the budget as a method for planning and monitoring is one of the oldest methods used. Prophet Joseph, “peace be upon him,” prepared the budget for wheat expected to be produced in Pharaonic Egypt in light of which draws trends and volume of consumption during the years of prosperity and drought. In the early stages of using budgets and presenting them to the British House of Commons in a leather bag, on this basis these estimates became known as the Budget, with the increase in the size of institutions with technological development and the growth in the state of environmental uncertainty, officials in institutions around the world began to use Budget services for planning, controlling activities of different institutions. (Al-Fadl et al., 2010: 234)The budget is the quantitative expression of the institution’s plan or is a tool to help coordinate and implement this plan, as well as it is a detailed plan for obtaining resources during the coming period. It represents a plan for the future expressed in duantity and formality, and also includes the budget on the financial and non-financial aspects of the budget, Also called a budgeting process. (Hashem and Zayer, 2017: 182), and the budget is a quantitative translation of the goals described for any institution and as a plan of action that adopts several assumptions which require approval of administrative levels that is prepared by a specialized committee, each according to its specialization or the field that the budget addresses. (Abboud, 2008: 209)The budget is also known as a coordinated plan for all the institution’s operations during the budget period. It provides the corporation with an estimate of its total profits and profits accrued by each department by collecting sales and expenses of various types, “industrial, commercial, and administrative” listing all elements revenue and taxes not included in the sub-budget (Keller&Ferrara,1998:388)In addition to the previous concepts, there are many characteristics of the budget, which are specified in the following: - (Michel, 1994: 182)

- 1- It requires the budget to be comprehensive for the various activities of the institution, because the success of any collective action requires coordination and organization, as the tasks of the multiple interests must be defined, with the benefits not conflicting with each other
- 2- The budget is concerned with clarifying the authorities and responsibilities in the institution so that a clear way must be specified to determine the different powers in the centers of responsibility.
- 3- Budgets ensure cohesion between departments to define responsibilities accurately and according to priority, as selfishness can lead every official to seek to achieve worthwhile goals, and interests at the expense of objectives and interests of other departments.
- 4- The necessity for the budget to be suitable, as there were no forces that push officials to stabilize objectives and diagnose deviations, and therefore the budget must be linked to a system of complete stimulation.
- .5- The budget designs an integrated information system as quickly as possible

As for the stages of the budget, they were defined as follows: - (Al-Fadl et al., 2010: 232)

- 1- The budget is tables that collect the resources needed to implement a specific program
- 2- The budget was developed to include a schedule for the timing of program implementation
- 3- Budgets use standard expenses .
- 4- Budgets are considered as an effective means for administrative planning, control, coordination between various activities of the institution, and it is a manifestation of the institutions 'success in the present time.

As for the benefits of the budget, it was determined by - (Abboud, 2008: 208)

Budgeting is beneficial planning tool -

- Budgeting is valuable control tool.

.- Give a clear picture of the activity, events and responsibilities

- It creates a spirit of cooperation among workers that increases their efficiency, communication, and relationships between them.

Create self-motivation by feeling accountable, and seeking the best performance evaluation. -

.- Budget is the basis for evaluating each department or person and thus determining incentives

.The ability of the plan to express deaf thoughts, i.e., it is a measurable indicator -

.It helps to define goals more clearly -

As for the types of budgets, they were divided from different angles as follows: (Al-Fadl et al., 2010: 234)

:- 1- In terms of the area in which the budget is covered

Budgets are divided in terms of the scope of the field that they cover into two types of current budgets that contain operational and financial budgets. second type is the capital budgets that specialize in the strategic or investment planning of the institution.

:- 2- In terms of the duration covered by the budget

Budgets ,according to this standard, are divided into short and long-term budgets.

3- In terms of the degree of preference included in the budget.

In this respect, the budget is divided into responsibility programs and budgets; defines the main purposes and plans that the institution intends to carry out.

Either the budgets of the officials determine the plans in terms of those responsible for implementation.

.4- In terms of flexibility

Budgets in this field are divided into fixed budgets, that prepare for one activity level, and the other flexible for more than one activity level.

The question that arises about what is the goal of the budget numbers? To answer this question, he specified the following: - (Gemayel, 2018: 103)

1- Providing complete and comprehensive information for all segments of society and making them contribute to reading the budget and activating discussions.

.2- Promoting a budget culture in society

3- Setting policies and programs related to the budget and trying to activate or stop them according to what the people and the groups concerned with the budget demand or one of its items or paragraphs.

4- Evaluating the results achieved by the budget and from the viewpoint of the various beneficiaries from it.

The question arise about what are the reasons for caring for the budget? To answer this question, various points were identified: - (Abdul Latif, 2003)

1- Encourage the best use of the resources available to the institution through coordination between the various activities, and their resource needs.

2- Confronting the uncertainty and peril that characterizes actual reality through budget preparation procedures and foretelling it includes for the future that can help in diagnosing potential problems before they occur, in addition to studying ways to solve them.

3- Finding an effective way to coordinate between the various aspects of the organization's activity, as the budget aims to coordinate between the methods, methods that can be followed, with all the economic resources available to the institution.

4- Emphasizing the creation of incentives for the employees of the corporation through their participation in the preparation of the budget, and the resulting motivation and satisfaction with work, and raising the level of performance.

5- The budget is an effective means of communication, and has an essential role as it is a link between the upper, middle and executive management by communicating planned goals to the various levels of management.

Third: - Scientific principles that govern budgets

Researchers and specialists have differed in determining the scientific principles of budgets and defining the goals for which they were found. Their numbers must be based on a set of scientific foundations, namely: - (Abboud, 2008: 208)

- 1- Objectivity of the information that is used "records, documents, and individuals ," noting the expected changes for the coming period.
- .2- The necessity of timing from planning and implementation
- 3- The tools must be available when measuring, comparing, converting in tables that can be displayed according to the relevant department or section of responsibility.
- 4- The need for workers to participate in its preparation, and thus will contribute to its implementation, with awareness of this.
- 5- The necessity of distinguishing between the budgets of the current activity and the investment activity when preparing the budget.

While (Al-Fadl et al., 2010: 234) set several scientific principles that govern budgets, including:-

- 1- **The legislation of inclusion**: - It means that the budget is comprehensive for all aspects of the institution's activity in the sense of all its management, and centers of responsibility to achieve the goal of coordination for the budget.
- 2- **The principle of time distribution**: - It means the timing of operations and their allocation over the budget period, which is usually a full year, in terms of the timing of their occurrence, whether monthly or quarterly, just as the time evaluation of the budget does not mean that the budget numbers are distributed equally over budget periods, but instead It means the timing of operations during the budget period according to the probability or expectation that they shall happen, and the most important benefits that this principle brings.
 - Achieving a balance between the various activities of the institution throughout the year, in particular between the production and sales plan and the storage policy for each type of production and between the production plan and the notions to provide production requirements for materials, wages, and working hours.
 - Define the deviations while taking the necessary measures to address the counter effects of these differences before accumulating them to prevent their recurrence in the coming periods.

3- **The principle of realism**: - The policy of realism means that the desired goals are achievable in light of the capabilities available to the institution, whether these capabilities are human or material, as the reality of the goals makes the budget an effective means to achieve and coordinate the activities of the institution, and its resource needs during the budget period ,not to mention the negative effects of unrealistic budget figures on the behavior of employees in the institution, as far-reaching goals will lead to the presence of deviations in the disadvantage of the institution, which distorts the process of evaluating performance in the institution.

3- **The principle of participation**: - Participation in preparing budgets means benefiting from the experience and expertise of all officials of the institution when planning, which leads to creating a kind of job satisfaction to them, which reflects its impact on their behavior towards the institution in the form of increasing the degree of their loyalty and performance.

4- **The principle of flexibility**: - Since the budget relates to the future, which is characterized by uncertainty, therefore, budget estimates must be flexible, and flexibility means the ability to easily adjust budget numbers while maintaining their powers as a basis for planning with oversight and changing conditions then the budget becomes a confrontational tool to change circumstances and situations.

5- **The principle of linking the budget to the organizational structure**: - It means connecting the budget criteria to the responsibility centers and tracking the flow of items cost according to the responsibility for the processes so that the actual implementation results can be compared with what is planned for each responsibility center.

While (Abboud, 2008: 209-208) he explained a set of general principles for preparing the budget:-

- 1- objectivity of the information that is used "records, documents, individual ," noting the expected changes for the coming period.
- 2- The necessity of timing in terms of planning and implementation.
- 3- The tools must be available when measuring, comparing,or converting in tables that can be displayed according to the relevant department or section of responsibility.
- 4-The necessity for workers to participate in their numbers. Therefore they will contribute to their implementation with awareness of this.
- 5- The necessity of distinguishing between the budgets of the current activity

and the investment activity when preparing the budget.

6- Adopting the principle of management by exception, i.e., making flexibility in the process of absorbing variables.

6- The principle of the budget unit: - which means that the sub-budgets in their entirety, express the final budget in a non-contradictory manner, conversely, on the transformation of the comprehensive budget into detailed budgets, we can find for each of them a homogeneous scale with the activity, goals, and nature of the elements

In addition to the above, the budget analysis process faces many problems, including - (Al-Jameel, 2018: 104)

1- The amount of data and information contained in the budget is inclusive and includes its details, the budget details, its data from the papers and documents, as well as looking at it and studying it by all members of society.

2- A large number of parties dealing with the budget, its language branches, and functions are often for many budget dealers.

3- Reading the budget does not give a clear picture of the relationships between the elements and distributions of resources.

4- The budget structure faces a gap, which is represented by the deviation of actual expenditures and estimates and the time gap, which consists of spending money for a specific purpose. while, it is allocated for another utilize within the same item, which limits the budget's ability as an effective and efficient tool.

5- The budget does not show what happens due to the exploitation of a particular part of the allocations.

6- The budget does not provide opportunities for participation within its three phases of "planning, implementation, and oversight".

Fourth: - The relationship between financial control and budgets

As long as budgets contribute to coordination, planning, and control, the planning and coordination functions are achieved through preparing plans. control is performed during the transfer of pre-prepared procedures to the reality of actual implementation, financial control aims to produce a set of goals in budgets: - (Al-Afandi, 2003: 55)

1-Confirming the safety of the impleme.

2 -Emphasizing the compatibility of implementation with the plans laid down in terms of time, type,and number.

3-Diagnosing errors and deviations before they happen and taking preventive measures in them.

4 -Clarify administrative responsibilities for deviations.

- 5- Diagnosing the causes and factors that led to the occurrence of variations.
- 6- Accessing solutions that correct deviations by adjusting plans to suit new changes.
- 7- Determine the deviations that occur, and try to correct them.

The third topic: - Interpretation of the Federal General Budget for the year 2017

The state budget aims to expand in construction , development projects and sector development by focusing on the health, education, oil and electricity sectors, as well as the ages of areas liberated from ISIS, expanding public revenues, reducing costs, activating work within the private sector, and providing the necessary facilities. The following are the most conclusive assumptions of the 2017 budget

Table (1)
2017budget assumptions

	Assumptions	2017
1	The price of oil	42 dollars per barrel per day
2	Crude oil export rate	3750000
3	Dinar exchange rate	1182
4	Population	35 million people

Source: - Ministry of Finance - Economic Department

It appears from Table No. (1) that the price of a barrel of oil is (42) dollars, knowing that it is determined by agreement between OPEC countries that called for reducing production in cooperation with the oil-producing countries and not included in the OPEC to increase oil prices globally because of its positive impact on the budget .The average oil export rate of (3750000) barrels per day, including (250,000) barrels per day for the quantities of Crude oil from the Kurdistan Region and (300,000) barrels for the quantity of oil produced by Kirkuk.

First: - Defining the primary paragraphs that make up the federal general budget in Iraq

Table (2)
Federal budget paragraphs for the year 2017

	Paragraphs	2016	2017	Percentage of change
1	Revenues	84	79	-5.9%
2	Total planned expenditures	113	100	-11.5%
3	Investment expenditures	30	25	-16.6%
4	Running expenses	83	75	-9.6%
5	Additional customizations	112	150	-25%
6	Allocate the amount of development of the region		500	-50%
7	Total planned deficit	29	21	-27.5%

Source: - Ministry of Finance - Economic Department

It is clear from Table No. (2) that the total revenue for the planned years has decreased by a change of (-5.9%), knowing that the revenues were divided into (68) trillion dinars in oil revenues and (11) trillion in non-oil revenues, as the table shows a decrease in the total planned expenditures and the percentage of decline (-11,5%), the investment expenses had, a decrease of (-16,6%) and the current expenses have achieved a decrease of (-9,6%). (-25%) the diminution in the percentage of allocations allocated to the region by (-50%). It appears from the previous table that the federal budget for 2017 is facing a decrease in the percentage of disability by (-27,5%). The deficit has been covered under the following options:-

A- High crude oil exports to cover the 2016 budget deficit.

B- Availability of rounded liquidity in the accounts of the Federal Ministry of Finance, and the expected savings from increasing the selling prices of exported crude oil or increasing exports of oil.

C- Availability of balances related to ministries and formations at government banks.

D - internal and external borrowing.

E- The Federal Financial Supervision Bureau in coordination with the Financial Supervision Bureau in the Kurdistan region calculates and determines the federal revenues resulting from the territory and the Ministry of Finance in the region transfers them to the Federal Ministry of Finance ,If the Financial Supervision Bureau in the Kurdistan Region does not cooperate with the

Federal Financial Supervision Bureau then The latter in coordination with the General Authority for Taxes or the General Authority for Customs and the relevant authorities to calculate the federal revenue obtained from the region. F- The dues are settled for the period (2004-2016) through the agreement between the territorial government and the federal government, after being audited by the Federal Financial Supervision Bureau, and the Financial Supervision Bureau in the region.

Second: - Diagnosing the revenues for the year 2017

Table (3) the revenues for the year 2017

	Revenue	Value	ratio
1	Oil revenues and mineral wealth	67950225000	89%
2	Taxes on entry and wealth	3451161533	3.4%
3	Commodity taxes and production	1995201367	2.5%
4	Fees	688766762	0.8%
5	Budget share of public sector profits	886935000	1.1%
6	Capital revenue	125123504	0.1%
7	Transfer revenue	2809607233	3.5%
8	Other income	1104400601	1.3%
9	Total revenue	79011421000	100%

Source: - Ministry of Finance - Economic Department

It appears from Table No. (3) that oil revenues formed approximately (89%) of the total public revenues, and this is a positive indication of the increase in oil revenues. To growing revenues, the government must take a set of measures, including :-

- 1- Get water, electricity, and sewage fees.
- 2- Increasing the property tax from (10% - 12%).
- 3- Withholding tax estimated (2,8%) from the total salaries and allowances for all state employees and retirees to meet the needs of civilian pantaloon and the relief for emigrants.
- 5- Setting a tax for each ticket in all airports, at a value of (25) thousand dinars.
- 5- Imposing the sales tax on mobile phone cards and the Internet by 20%.
- 6- Imposition of the sales tax on imported goods, which includes cars of all kinds (5%), which will be met upon registration in the Traffic, Tobacco and Tobacco Departments (150%), and a tax of 200% from the General Authority for Taxes and Alcoholic Beverages.
- 6-

Third: - Analysis of public expenditures in the federal budget for the year 2017

The importance of public expenditures has increased in recent times due to the role of the state, the expansion of its powers, and increased interference in economic matters. Expense is a tool that the state uses to draw its economic policy and achieve the final goals that it seeks in all aspects of public activities.

Table (4) Economic tab for expenditures

	Expenses	Value	Ratio
1	Employee compensation	35772754292	0.475
2	Service supplies	1296316046	0.017
3	Commodity supplies	5499950145	0.073
4	Asset maintenance	322862681	0.004
5	Capital expenditures	194889224	0.002
6	Subsidies	15234887847	0.2025
7	External liabilities and contributions	634629623	0.0084
8	Special programs	613910932	0.0081
9	Social Welfare	156466942000	0.2080
10	Total	75217142790	100%

Source: - Ministry of Finance - Economic Department

It is evident from Table No. (4) that the highest expenses that the state can bear within the economic category in employee compensation, then social welfare, then subsidies other sections according to importance and priority

To reduce public expenditures in the 2017 budget, the following are required:

- 1- Reducing the rental of private planes for the three presidencies, except when necessary.
- 2- Reducing unnecessary expenses, such as travel and hospitality.
 - 2- Granting employees who wish to leave nominal salary for five years without complications and medical reports.
 - 4- Reducing the retirement age up to (63) years for those with higher qualifications, and (60) years for those with available specializations.
 - 5- Emphasizing the budget on spending on investment projects, one of which is the electricity and health sector, especially chronic and malignant diseases.
 - 6- Emphasizing the infrastructure ages, specifically on the areas liberated from ISIS, by adopting the loan provided by the Japan Bank for International Cooperation.

3-

Fourth: - Analysis of the ruling expenditures of the 2017 budget

Table (5) Governing expenditures for the 2017 budget

	Adoption for 2017	Amounts / thousand dinars	The ratio	Territory share
1	Ration card	1693000000	34.64%	287810000
2	Electricity import expenses	1020700000	20.88%	173519000
3	Property conflicts claims	6175000	1.26%	1049750
4	Fuel import expenditures	-----		
5	Medicines and medical supplies	645970343	13.2%	109814958.3
6	Buy wheat and barley crops	1520759272	31.12%	258528906.2
7	Expenses of the Hajj and Umrah Authority	-----		
8	Total	4886603615	100%	830722614.6

Source: - Ministry of Finance - Economic Department

Table (5) shows the following:

1- The ration card expenditures constitute about (34.64%) of the ruling expense in the state budget. yet, in reality, the ration card items are minimal and do not meet the requirements of the citizen.

2- It appears from the table that the budget was free from the expenses of the Hajj and Umrah and the expense of importing fuel for power plants, this is an indication that the Iraqi government is following austerity measures in light of the current financial crisis.

4- It also appears from the table that the wheat and barley crop expenditures amounted to (31.12%), which is high compared to other expenses. yet, wheat and barley are included in the financing card vocabulary, therefore, have been allocated twice, as the first was indirect in the vocabulary, The second is directly within the paragraph purchasing wheat and barley crops.

Fifth: - Analysis of some decision paragraphs in the 2017 budget, compared to 2016

1- Analysis of gross domestic product and crude oil prices

Table (6) GDP and crude oil prices

	Paragraphs	2016	2017	Growth rate
1	Gross domestic product	208932109.7	201059363.1	-4.6058
2	Crude oil prices	135142908.9	129589085.3	-0.04109

Source: - Ministry of Finance

Table (6) shows a decrease in the rate of growth in GDP for the year 2017 compared to 2016; this is a negative indicator which indicates that Iraq has a monoculture economy that depends on crude oil, this requires reducing the dependence on oil and resorting to diversification in the market place by relying on other sectors such as agriculture and industry. The table also shows a decrease in the percentage of crude oil in 2017 compared to 2016 due to the deterioration in crude oil prices, which led to an increase in the budget deficit, the need to borrow from abroad, which increases public debt.

5- Analyzing the estimated and actual oil prices in the budget and the inflation index

Table (7)

Estimated and actual oil prices in the budget and inflation index

the year	Actual oil prices	Growth rate	Estimated prices for oil	Growth rate	The difference between the two prices	Inflation	Growth rate
2016	39.4		45		(5.6)	0.1	
2017	51.9	0.317	42	(0.66)	9.9	0.2	1

Source: - Ministry of Finance

Oil prices are determined by OPEC, which has a major tool in controlling production levels by reducing production levels as prices increase, and levels of production increase as prices decrease, and almost the organization controls 40% of the world's crude oil. In resemblance, the remaining 60% returns to two oil-producing countries outside OPEC, Russia, and the United States. The rise in oil prices in late 2016 and the beginning of 2017 is due to an agreement

between OPEC and Russia, as well as to Saudi Arabia, a pivotal role in this agreement. They own 70% of the world's total oil reserves. Inflation also represents universal increase in the price level. The central banks measure inflation with the consumer price index. The main reason for inflation is due to increased demand for the commodity and a decrease in the supply of goods.

The fourth topic: - Conclusions and recommendations

First: - Conclusions

1- The budget is the state's philosophy and approach to drawing financial policies. The Iraqi budget faces ideological changes that govern political discrepancy, on one hand, and the goals adopted in building, advancing, developing, and providing services to the other.

2- The state's reliance on loans to cover obligations, which are reflected negatively on next year's budget.

3- The federal state's budget is based on the oil sector, mostly in providing revenue and at a minus rate compared to non-oil revenues.

4- Weak cooperation and transparency between the regional government and the federal government in terms of determining oil and non-oil revenues.

Second: - Recommendations

1- The necessity of activating cooperation between the public sector and the private sector.

2- Emphasizing the possibility of preparing the budget depends on linking each budget item with a specific goal to reduce the deficit.

3- The necessity of activating tax receipts to increase public revenues.

4- Following up on the numbers of the budget in the Arab countries that achieved economic progress and prosperity, including the United Arab Emirates.

5- Adopting the principle of transparency between the federal government and the territorial government to reveal oil and non-oil revenues accurately.

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