

Strategic Policies of public funds protection

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الملخص

لقد زاد الاهتمام بقضايا التنمية والبيئة ومكافحة الفساد المالي والإداري بكل صورة ومظاهرة خاصة بعد انهيار النظام الشمولي ومحاولة فرض نظام ليبرالي يعمل على دعم النظام الديمقراطي وتفعيل نظام اقتصاد السوق . وقد صاحب الاهتمام بهذه القضايا انحسار دور الدولة وخصخصة القطاع العام واعطاء المزيد من الدور للقطاع الخاص والأهلي والتعاوني وبذلك أصبح القطاع الحكومي يتحرك في العمل على تقديم الخدمات السيادية المتمثلة في خدمات الدفاع والأمن والعدالة وتقديم الخدمات الاجتماعية سواء التعليمية أو الصحية أو الرعاية الاجتماعية بمشاركة القطاع الخاص تاركاً تقديم الخدمات الاقتصادية المتمثلة في الكهرباء والمياه والاتصالات وغيرها للقطاع الخاص . وقد فرض الدور الجديد للقطاع الحكومي بكل دوله ضرورة استحداث منظومة تتحول بموجبها الأسس التي تقوم عليها عملية إعداد الموازنات الحكومية وتقارير الرقابة المالية والإدارية ضماناً لحماية المال العام بكل مكوناته وطرق تخصيص موارد ومنهجية حكومته وإدارة مخاطرة وإعادة هندسة أنشطة كلما دعت الحاجة . يتناول هذا البحث ثلاثة أبعاد:

أولاً: المفهوم المعاصر للمال العام ومكوناته.

الثاني: أخلاقيات العمل، الأموال العامة خلال تخصيص النفقات والإنفاق.

الثالث: آليات حماية الأموال العامة.

Abstract

The interest in development, environmental, financial, and managerial corruption in all its forms and features has increased ,Especially after the collapse of dictatorship regimes and the imposing of liberal system that supports democracy and activate the market economy.

The interest in these issues has been accompanied by the shrinking of the state's role : public sector privatization and granting big role to private national and cooperative sectors. Thus, governmental sector has started working in providing sovereign services represented in defense, security, justice also, to provide social services wither educational or social care with the partnership of private sector, which provides economic services represented in electricity, water, communication and so forth.

The governmental sources has imposed a new role on each states as necessity in creating a system by which it changes the foundations that governmental budgets preparation processes is built upon, along with financial and managerial fund's reports for the purpose of protection of public funds with all its components resources allocation methods its government methodology, risk management and its activities.

Reengineering occurs when a need should arise.

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This research addresses three dimensions:

First: contemporary concept of public funds and its components.

Second: work ethics, public funds waste during allocation and spending.

Third: mechanisms of public funds protection.

1 First axis: public funds concepts

What is our public funds conception? Are lands, coast lines and regional waters considered to be public funds, does public fund belong to people, how about governmental or private property's definition?

public fund consider the main financial resources of the state such as: oil, custom duties, commercial taxes and fees, passing through fares, municipality fees and so forth..., which eventually spent on public services as education, health infrastructure such as: airports, ports, roads, electricity, water, social aid, subsidize commodities in addition to army and public security....all are the rights of people.

Abedul Wahed Al-Hamed (2005:3) sees that, public fund is what we (public) own, then, it is public funds that designated for public welfare (people). From other aspect, as Byars (1996:15-58).

He defined public funds as a right, and the right is authority or characteristics which the law delegates to a person, thus, this person performs certain acts. Consequently, public funds is a right carries a financial value, whether it is a right or in kind or intellectual or industrial right as Ibrahim Essawi (2003:40) points out that public fund is (Funds owned by the state or other juristic person).

The conventional concept of public funds relies on the traditional nature of each managerial unit, accountancy unit and the methodology to achieve financial balance upon allocations of, and the use of public funds.

Thus the managerial unit is the cell which provides sovereign services (defense, security and judiciary) and social services (health-education), and economic services (primary structure) –(Mark Heisel (2001:26).

Types of managerial units:

A- Review of generating managerial units: units whose income exceeds their expenditures such as tax collection departments.

Such units do not keep the collected tax money for itself rather; such money is diverted to public funds.

b- non- funds generating managerial units: the expenditures of these units exceed their income, ministries, universities and governorates are

examples of such unites which covers their expenditures from public funds.

Accountancy unit: it is a certain amount of money that are allocated for the purpose of providing a certain and pre determined activity which is in accordance with current the purpose of such money.

Accounting unit is authorized to collect reveniew in behalf of allocated for the accounting unit in the government budget.

Scholar Saed al Sareri (2004:39) points out, in regard to the balance at the accounting unit level as:

A – Balance in the accounting unit is achieved when preparing the public budget (governmental budget)

If the receivable source exceeds expenditure, money balance is in surplus.

If the expenditures exceed receivable accounts, the public fund balance is in deficit.

1. If credits (expend natures) are equal with income, the funds balance of accounting unit is achieved upon the governmental budget implantation.
2. In regard to public funds, contemporary concept is that a set of financial credits, which the executive branch of the government of each state, provides so as to spend on various activities that units belong to government conduct. As it is stated by sterling(2004:2005), "the total of financial and human, financial and monetary resources which are allocate to governmental units to spend on their various activities .
3. Through, net balances for each unit operations can be measured the current concept of public funds relies upon the contemporary nature of all managerial and accounting units and the method of achieving operational balance that stands behind the allocation and utility of public fund.

The modern accounting unit represents the following:

- **Assets:** Property and rights that belongs to the organizational unit.
Deduction: financial obligations and liabilities on the organizational unit.
Expenditures: Decrease in the net value of organizational unit.
Income/ Reveniew: Increase in the net value of the organizational unit.
- **Accounting balance of the organizational unit:** corresponding reveniews with expenditures in order to measure operational balance
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- **Reveniews – expenditures- net operational balance**
- **Assets- deductions +net operational balance =unite net value**
- **Second axis (diminutions)**
- **Work ethics and public fund wastings :**

- Recently, talks about work ethics have increased drastically, voices raised in its regardEspecially with the increase of ethical scandals and the prevalence of economic and administrative corruption, in a very visible way as a result of values deterioration. To counter such phenomenon, restrictive monitoring processes have taken place and the increase of code of conduct which in turn increases the creativity in dishonesty.
- Furthermore, specialists and scholars different in the concept of ethics, whereas byer, (1989:47) points out that ethics are the standards and principles that govern the individual or the group's behavior.
- Slocum (1996: 146) defines ethics as a set of behavioral rules and preliminary values that govern the individual or the group's behaviors toward what is right and wrong.
- Researcher sees ethics as: the application or individual's implementation of what helshe believes of values through expressing a certain behavior in a certain stand or position.
- However, ethics concept in any society indicates to a product of long term historical development, thus, it is necessary for social life stability (griffin,1999:104)this definition does not differ of schermerharr's (2000:93).
- However , yaghi (2001:10)sees ethics as norms and characteristics

Hosmer (2006:5) defines ethics as ethical principles of behavior which acts as indicators by which individual behaviors in different organizations can be judged.

Work ethics components are: ethics basic principles that includes: justice (fairness), honesty, confidentiality and transparency.

There is regressive proportion between individual's ethics and behavior whether negative or positive, this is exactly what we came across in all organizations funds waste in the time o9f allocation and spending :

It is common occurrence of public funds waste when preparing the budgets of Iraqi governments and during its allocation because of several factors as follows:

- 1- Exaggeration on the demand of public funds by the Iraqi governmental unit.
- 2- The allocation of a substantial portion of public funds to the governmental unit without distributing its over various spending areas, thus, the expected return is lost.
- 3- Weakness of feasibility study for the public funds request as a result of the focus in these studies is upon the logic of public fund is designed as means for spending without linking it to performance or achievement.
- 4- The interference of government administration into the matter of supporting cost of living without its ability to determine the targeted classes for this support.
- 5- Public fund allocation faces political pressures and personal a flung by which it reflects randomization unit activity due to the following reasons:

- 1 – Funds spending process is subjected to a set of legal restrictions which are easily to penetrate.
- 2- Spending public funds just for spending persay by the end of fiscal period for the fear from finance authority reducing allocations.
- 3- The spending of public funds according to annual predetermined measures without having subjective justification.
- 4- the weakness of internal monitory and control system in terms of administration and financial in several governmental units.
- 5- Accounting accountability process focus on savings or over spending while these issues have no limit public funding waste when public budget is implemented.

staying far from economic accountancy system which relies on , economic standards and measurements and relies social

Upon accountability of economic competency represented In the relationship between public funds inputs and the outputs dealing with old charts and rules revant to tenders and bidding, construction contract and practices and other practices which always lead to conflict and financial contradictions and other negative features.

Third Axis: Mechanisms for Public Fund Protection

In order to overcome all types of public funds waste upon its allocation and spending; several international studies reached several controls, mechanisms and practical means such as:

First; determining revenue and expenditures within a frame work of monetary balance of public budget:

In order to seek and work towards development , there must be a balance between the focus on priorities and basic needs of various government agencies on one side, and financial and available resources on the other, thus, the needed debt control both parts; internal and external.then,as much as we exploit resource in the best manner of exploitation it would be for the welfare of society and future generates .the public budget should include the following:

Public spending control :

Public spending control must be in place through placing sound estimation of spending and according to scientific methods, where we can guarantee that public spending expresses the activial and necessary needs without plus or minus and the actual carrying out is relevant to the estimations without vilation thus, take the following into consideration :

- 1- the reliance upon modern information system, the use of computers as a modern necessity to guarantee the sound

And advanced preparation , and work toward linking this expenditures with performance programs that secure spending discipline and to achieve effective expenditures .

b-to take into account the actual results to carry out budgets in previous years and connect it with newer estimation through quantitative, financial and be restricted upon inevitable and effective spending and not just relying upon annual connection, development rate and interest in maintenance as a main entry to protect society's assets and wealth , and

to secure performance constancy and the same exploitation to available energy.

2- The development of states public sources :

No one disagrees with that one of the most important aspect which most economies of the developing countries suffer from is that , the growth of public resource with the same rates that public spending grows with, a matter that cause a gap between the two which leads to the increase in debt volume which states exert big effect to generality and comprehensives of budget where all states source end up with the sources of public budget and whatever is tied to foundations and private accounts Must be reflected on public budget at least .

All parties involved states reviews within a social frame work however it is proper to look into linking service cost which state provides with agencies collect while talking into consideration not to touch the income content and be proper versus these services with cost ability of those who benefit from services .

To be obliged in collecting state's debt and the taxation and non- right of taxation public treasury constitutes on important issue which authority involved must give top priority, because any delay in collecting states right may lead to negative effects on the state's public budget, hinders development requirement and it forces public treasury to borrow funds and accumulate delots at the time state could avoid all these if it had collected its rights in its due time.

Second : revision of commodity stock, enhance its utility competency and disposition .

The increased commodity stock beyond its strategic level , and to keep these commodities in store constitutes a serious problem.

Which means add a burden on public expenditure which be avoided , also , this means a waste of state funds out their regular place .

Thus to review commodity stoke and enhance its usage efficiency and disposition is considered to be a major objective of state's public budget's .

In this case the following must be taken into consideration .

A-Consolidate central and secondary warehouses and the content of the warehouses .

b- check and revise stock pile of commodities carefully with sound categorizing along with determining of strategic commodities level for each category and each category and its life duration .

c- provide the involved budgeting sectors with primary data about the stored commodities in order to be able to:

1- check the stored commodities in ware houses and the ones with exceed expiry date .

2- determine the over stocked commodities establish a plan among involved agencies to reveal the extra stored so as to save funds which may be unnecessary spent.

3- prepare a comprehensive, data base about commodity stock at the state's level in order to exchange the various item among parties involved, and to be at the national level instead individual public entity in purchasing process.

Determining the resources in governorates in a careful way , along with revealing the revenues of foundations and localities accounts whether foundations or development accounts, housing funds and accounts or services or others. Whereas all these foundations, funds and accounts must be included –along with additional balances and all relevant matters be included in the same fiscal year , in order to have a careful use of these sources and to reveal its effect on the budget of the state and the extent of governorates budgets.

c- Limiting the increased dependency of governorates upon the state's general budget in paying for their expenditures work toward and the development of localities sources in order to fulfill as much as possible their needs .

in turn, localities dependency on the state's treasury will decrease.

Fourth : social axis in Iraq is one of the main pillars of the public budget:

The guarantee for providing the citizens with limited income, is considered to be a strategic goal of state's public budget

Within the framework of state's responsibility to achieve social justice among citizens, in turn citizen should feel the state's concern and care of its citizens

Thus, the strategy towards its public budget relies upon the following :

a- continuous providing support to citizens through the subsidiary of commodities, oil or electricity.

b-continuous state's support to health and education through making schools, hospitals and clinics along with health insurance to its citizens.

c- provide citizens with needed provisions and commodities with minimum cost or not cost .

d- it is very important to have the state provides for its people to fulfill their need with a framework of simplicity, facilities and respect,

fifth – increase productivity, encourage investment as a primary axis for growth, create jobs and minimizing unemployment increase productivity , encourage and promote investment men should be top priority because productivity and investment are tied with the success social economic plan:

a- Increase GDP along with the increase of national income and citizens income.

b- increase productivity through minimizing imports and enhance trade balance .

increase exports through enhancing the product quality and good planning to face a rival competition .

d- encourage and promote investments domestic and foreign as well at the same time have capabilities to attract investments

sixth: General investment is a base to build society's assets :

general investment is vital for building society's assets along with primary needed structure for investment , and to provide all possible means to make investment projects successful consequently , the major objectives when determining and estimating investment projects are :

a- link investment projects by a real feasibility study which guarantees the project fitness with the general plan for economic and social development, furthermore, to achieve expected growth rates, at the meantime secure state's recourses used in funding such project and achieve the proper return on investment.

b- Every application of listing of a project to the plan budget should be accompanied by a statement that shows financing source a study how to pay back or have return on investment , and work to achieve as much as it is possible to benefit from foreign loans and grants.

Wherever these foreign facilities with easy term, the benefit shall be greater.

c- implement investment projects within legal framework thus, project are carried out with more transparency with cost effective.

d-Work according to the project plans, otherwise, negative results may occur.

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