

## The contribution of financial pre-control in adjusting municipal expenditures - an analytical and critical study -

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### Abstract:

Financial pre-control over municipal expenditures aims at detecting and analyzing possible problems, avoiding and fixing them before they occur, and although it leads to a large number of procedures to carry out the disbursement of expenditures, which results public utility to function slowly, although it is considered very crucial in attaining its objectives, applying properly the budget in which all the planned spending rules are taken into account. We have concluded through this paper that financial pre- control contributes significantly to reducing the manipulations and deviations that may accompany the process of spending public expenditures of municipalities in particular.

**Keywords:** Financial pre-Control, Public Expenditure, Adjusting Municipal Expenditure, Financial Controller.

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## 1. INTRODUCTION

State role has expanded greatly this led to give much importance to public expenditures, hence it occupied a prominent place in financial studies by defining its concept ,analyzing its components, types, economic and social effects in the national economy and became a tool in guiding financial policy to achieve planned goals. Public expenditures occupy a large place in the budget of local communities as one of the important economic variables used by local groups in achieving their goals, as they reflect their policy.

To achieve the objectives and not to manipulate the expenses and wills of local communities, there was a need for controlling all stages of the budget, from preparation, adoption, implementation and control over the safety of the implementation of the financial plan of local communities in expenditure and revenue it is set in the budget.

As the process of spending public expenditures at the state level is subject to many types of control, public money expenditures at the local level, i.e. at the local community level in Algeria, as the nucleus of administrative decentralization, are also subject to the control of various internal and external bodies in order to ensure the rationalization and control of the use of public funds, especially with the increasing development of the financial position of local communities due to increased expenditures, which have become a significant financial burden on the state budget.

Financial control in Algeria varies, including financial pre-control, immediate or accompanying expenditure, and another control, which is post financial control.

Financial pre- control over community expenditures aims at detecting and analyzing potential problems, avoid and fix them before they occur, and although they lead to a lot of

procedures to carry out the expenditure process, resulting public utilities to function slowly, they are considered crucial in fulfilling the purpose to be achieved, which is to apply the budget properly in which all established spending rules are taken into account, and its aim is to ensure the application of laws and regulations that lead to a good Use and exploitation of public money.

From the above, we ask the following question: **How much does financial pre-control contribute in adjusting municipal expenditures?**

So as to answer the main question, we try to highlight the following sub-questions:

- How does the financial controller contribute to the adjustment of municipal expenses?
- What are the most important mechanisms used by financial controller in the field of municipal expenditure?
- To what extent are the municipal utilities responding to financial controller recommendations?

**Hypotheses:** to answer the main question and sub-questions, and in order to shed light on the topic, the following hypotheses are taken into consideration:

- The municipal financial controller contributes to the achievement of the objectives to be attained, namely the proper application of the budget, taking into account all the legal rules relating to expenditure and the legitimacy of the obligations related to it.
- The Controller intervenes in the process of disbursing expenses as an agent of the budget, by authenticating the engagement of the disbursement of local expenditures, or by not confirming in case of violation of the laws governing the process of expenditure, and by issuing temporary or final rejection notices in case of non-compliance with the laws in force.
- The extent to which municipal utility responds to the recommendations of the Controller depends on the efficiency of the administrative body responsible for the implementation of the budget, such as the Secretary General and the person in charge of finance and accounting affairs, under guidance and orders of Authorizing officer.

**Research aims:**

Through this research paper, we will try to answer the main question we asked above, as well as answer the sub-questions, and try to find out the following:

- Study the effectiveness of financial pre-control over local (municipal) groups in the performance of their tasks and know the extent of their contribution to the realization of laws that control the spending process.
- Pointing out some shortcomings and defects in the legislation and regulatory procedures in force and suggest ways to deal with them.

**2. Financial control**

The subject of control in general is of great importance, including financial control in particular, the latter is at the forefront of administrative work as a whole, and is the most important elements of administrative work, where it must be organized tightly in order to become an effective tool in the development and guidance of the work of all departments, and this organization is embodied by giving the legal support that governs the control process and its management with the requirements of modern management.

## **2.1 The concept of financial control:**

Financial control is defined as a comprehensive scientific branch that requires the integration of legal, economic, financial, accounting and administrative concepts, a package of multiple controls that are exercised simultaneously in order to ensure the validity and integrity of financial conduct in all respects in order to preserve public funds and raise the efficiency of their use and achieve the highest degree of effectiveness in the desired results of spending or collecting public money (Hararah, 2016, p. 10).

## **2.2 Types of financial control:**

Financial control varies depending on the time of its occurrence into three forms:

### **2.2.1 Pre- financial control**

It is a right authorized by law to a public person, and here it carries the meaning of guardianship by the state, to impose restrictions that improve the distribution of economic resources and rationalize public spending, and this type of control requires the need to obtain prior licenses to do certain work , approve it and issue some provisions and instructions necessary to make it successful, therefore this type of control is done on the side of expenses, but it is concerned with the approval in advance, on estimating revenues and distributing them on the items of expenses, This control is called preventive or preventive control, as it prevents the occurrence of errors and irregularities contained in the administrative decision, as the executor must obtain approval from the higher authorities of the state, and in it takes many forms (S.A.Badawi, 2017, p. 43):

- Adopting the economic and social development plans of the country.
- Adoption of the general budget of the state and planning budgets for the next financial year.
- To acknowledge the validity of certain financial transactions in advance from a legal point of view.
- Recognition that the required commitments are within the limits of the established appropriations without excess.
- Examining payment documents of obligations and verifying their validity before authorizing the administrative authority to expend.

It also works on the proper implementation of the financial, economic and social policies of the state and commitment in the implementation of laws, regulations and financial instructions, in addition to the effects of which are weighed individually before the financial event while reducing the chances of making mistakes, especially as it protects those with administrative responsibilities in the state agencies because of the presence of the instructions signed and in force before the beginning of financial executions by the parties responsible for the prior control.

### **2.2.2 Simultaneous financial control**

If pre- control is pre-performance preventive control, its primary role is to prevent or minimize errors, it does not mean that mistakes and financial irregularities cannot occur during implementation, and the reason for this is that financial irregularities can occur that the previous monitoring bodies are not able to detect or monitor, especially those

incidents or irregularities characterized by a sudden element on one hand, in addition to the fact that previous control over government sectors is mainly focused to respect the legal rules, orders and instructions issued by the higher authorities. On the other hand, this does not necessarily mean seriousness in the implementation and non-occurrence of violations, therefore the need for simultaneous control with implementation is necessary in any organization because it is considered as a reform or therapeutic control where financial irregularities are corrected if they occur during the execution of the work or immediately after or is confirmed that what has been accomplished is exactly what is required to be accomplished.

Thus it can be said that simultaneous financial control with implementation aims to verify that what is going on is done in accordance with plans and decisions taken, and follow-up work continuously step by step so that this control begins with the work and monitors the stages of its implementation to avoid mistakes, shortcomings, negligence and discover them if they occur and quickly act by developing appropriate solutions to before it is too late (Abdelkader, 2015, p. 71).

This control is represented by the various follow-up processes carried out by the competent authorities on the financial activity of the executive branch in the municipalities related to expenditures and revenues received in the budget, These competent authorities consist of different agencies and revenues in different units, which is called internal control (such as the role of public accountant in the municipality), and the law may sometimes entitle external oversight bodies the right to inspect projects to determine the extent to which the implementation of the plans conforms to the one put. And the policies in place (e.g. oversight of the General Inspectorate of Finance or the Special Accounting Board).

### **2.2.3 Post financial control:**

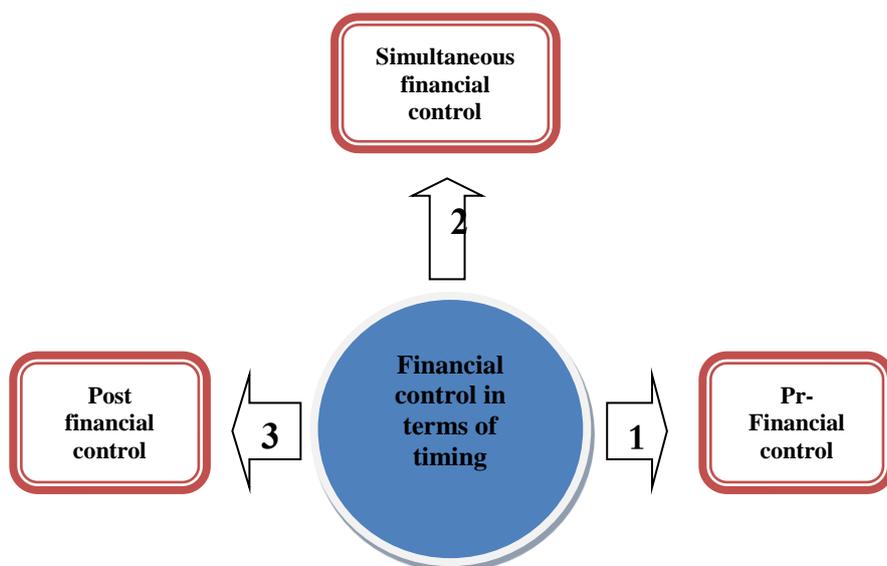
Financial control began in its early stages as subsequent control, it begins after implementation with the aim of detecting errors in implementation and taking advantage of all this in planning for the future, In order to be serious in the subsequent control processes and to achieve its desired objectives, it is better to exercise this control by a third independent part from the executive branch. This body should be granted both of power and guarantees, which makes those responsible free from any abuse that may be initiated by the executive branch. Among the advantages of this type of controls we can mention (Fateh, 2014, p. 86):

- This control is carried out after the disbursement, after the completion of the financial transaction, it begins after the collection of revenues and the disbursement of expenses, so that all the facts of this process have been clarified and therefore the observations of the supervisory body are based on the facts.
- It does not hinder financial operations, as it is comprehensive and able to make observations of reform in light of the frequency of observations and their impact on more than one hand.

What can be taken as a drawback on this type of control is that in some cases it is considered useless, because it occurs after the violation occurs and therefore it is not easy to recover the funds improperly disbursed to the public treasury, as it may be affected by previous control and there may be a repetition of the control processes, especially if the same part takes over both types.

The following figure shows the three types of financial control according to the timing of their occurrence

**Figure 01:** Types of financial control in terms of timing



Source: By Researchers

### 2.3 Financial control objectives:

Public funds are considered to be an indirect means of state intervention in multiple areas, and of course these funds must be licensed by legislative authority for the government to implement them, but in the course of the performance mistakes may occur intentionally or unintentionally. This requires control, although the main objective of the control is to have the work of the executive branch according to the path authorized by the legislative authority, so; the management of public funds and rationalization of their use (AbdulWahid, 2005).

Financial control objectives can be stated in the following areas:

#### 2.3.1 Financial objective of financial control

The financial objective of the control is to ensure the proper and rational use of the funds granted, and to achieve this goal the legislator has established many legal and regulatory rules to ensure respect for budget clearance on one hand, and to look for defects that lead to the infringement of public funds and mistakes committed when the budget is implemented by the officials in charge on the other hand, when there are errors or abuses the perpetrators are referred to the competent authorities in the report of sanctions and the regulatory authorities in their investigations and investigations are based on three axes (AbdulWahid, 2005, p. 136) :

2.3.1.1 Are financial operations legitimate and valid?

**2.3.1.2** It deals with the accuracy of financial and accounting operations so as the controlling body detects numerical errors committed during the execution of financial transactions by comparing their compatibility with the documents installed.

**2.3.1.3** Control depends on integrity and integrity of all financial and accounting operations as it is free from all forms of fraud.

The financial objective is also to verify the validity of accounts, the integrity of financial conduct and procedures, the detection of irregularities and financial errors, embezzlement and performance control in accordance with the objectives set, and thus controls rationalization in spending (Becheneg, 2001).

### **2.3.2 The administrative objective of financial control**

The administrative objective of financial control is to ensure that the work systems lead to the greatest possible benefit with the lowest possible expenses, and to correct the administrative decisions in a way that ensures the proper functioning of the work at all stages of planning, implementation (Becheneg, 2001, p. 11).

### **2.3.3 The political objective of financial control**

The political objective of public funds control whether by the bodies of the executive branch or those outside has two different sides (AbdulWahid, 2005, p. 137):

(a) **Internal control:** Here the government tries to give a good picture of its implementation of the budget, by trying to avoid making mistakes so that its annual outcomes conforms with estimations, and in accordance with the principle of self-control.

(b) **External control:** these are carried out by non-government agencies such as parliament and the Accounting Council, which are aimed at evaluating the government's policy to achieve economic and social growth.

The political objective of financial control is to verify the application of what the legislative authority has approved in relation to the budget, so the use of funds for the purposes to which it has been allocated, and to collect revenues according to regulations (Becheneg, 2001, p. 11).

### **2.3.4 The economic objective of financial control:**

The development programs, economic and social after their approval by parliament, form a framework for investment programs, through which they try to intensify their equipment in order to improve the economic and social prosperity of the country, and these development programs contain the quality of processing and the amounts allocated for implementation and time period, Oversight agencies can monitor and ensure that financial forecasts conform to the desired objectives and are included in development programmes, and the powers of monitoring and investigation in this field usually go back to parliament and the bodies of ministries in charge of finance as well as the concerned authorities (AbdulWahid, 2005, p. 137).

According to INTOSAI, the aim of financial data control is to enhance the confidence of the target users in the financial statements, and this is done through the auditor expressing his opinion on whether the financial statements were prepared from all aspects of relative importance in accordance with the applicable financial reporting framework or whether the financial statements fairly reflect all aspects of relative importance. Or provide an honest and fair image according to that framework (INTOSAI, 2019).

If we look at the objectives of financial control from an Islamic perspective, we should find that (Samia, 2011):

- The state's revenues are obtained in accordance with Islamic law and that they are returned to the state treasury on time without increasing or decreasing.
- The revenues were spent in accordance with the provisions of Sharia in their specific banks and has taken all the right, and disclose irregularities, deviations and embezzlement.
- Revenues of all kinds have been used best, no extravagance, no negligence, no default.
- The integrity of the financial regulations and instructions and laws and verify their adequacy and compatibility with the spirit of Islamic law, the interest of the nation, and discover weaknesses and shortcomings in performance and identify errors, then try to find the appropriate treatment and propose appropriate amendments in order to eliminate these mistakes and deviations.

### **3. Municipal finances**

Local finance is a set of rules and controls relating to financial operations from the expenses and revenues of local public groups from municipalities and regional councils, and local finance is a branch of public finance that includes the rules for financial operations related to persons of public law, the state, local communities and public institutions of a administrative nature.

In this way, it is clear that the finances of local communities are the sum of legal and financial actions related to the income and expenditure of local communities (state and municipal).

#### **3.1 Municipal revenues**

In order to finance their various expenditures, provide citizens' requirements and pursue development at the local level, local communities need several resources to depend on them, including internal and external ones.

Also, when local communities are unable to cover all the needs of their populations with their own resources because the proceeds of taxes, fees and revenues from public property are not sufficient to implement projects and provide the necessary services to the population, this calls for the search for other sources of financing and delivery of services outside the scope of self-revenues, where these external resources are (Merghad, 2005):  
Government subsidies to local communities, local loans, donations and grants.

**Table 1: Municipal Revenue**

<b>Revenue allocated to cover the expenses of the processing and investment department</b>	<b>Management revenue</b>
<ul style="list-style-type: none"> <li>- Deduction from the management income provided for in Article 198 of Law 11-10.</li> <li>- The result of the exploitation of the concession of municipal public facilities.</li> <li>- The surplus achieved for public interests in the form of an institution of an industrial and commercial nature.</li> <li>-The result of contributions to capital.</li> <li>- State subsidies and the Joint Fund for Local and State Communities</li> <li>- The result of ownership.</li> <li>- Accepted wills and donations</li> <li>- All temporary or Circumstantial income.</li> <li>- Loan output .</li> </ul>	<ul style="list-style-type: none"> <li>-The product of the tax resources licensed to be collected for the benefit of the municipalities under the applicable legislation and regulation.</li> <li>-Contributions and the output of the management granted by the state and the joint fund of local communities and public institutions.</li> <li>-taxes, rights and services licensed under laws and regulations.</li> <li>-The output and income of municipal property .</li> </ul>

**Source:** Prepared by researchers based on Law 11-10 of 22/06/2011 related to the municipality.

### **3.2 Municipal expenditures**

Local expenditures are the mirror of local public policy, which aims at satisfying the local needs of individuals of various kinds of goods and services, and due to the important role assigned to local communities in various aspects political, economic and social life, it has led to the growth in the volume of local expenditures.

#### **3.2.1 Definition of general expenditures**

Public expenditures have many definitions that vary according to the different perspectives from which each researcher looks, and we try to summarize these multiple definitions in the following:

Public expenditures are defined as "amounts of money disbursed by the public authority, or are a cash amount spent by a public person for the purpose of public benefit, besides it can be defined as the use of a monetary amount by a public body with the aim of satisfying a public need (Nowar, 2011, p. 10).

Public expenditures can also be defined as "public expenditures" as those incurred by public authorities such as central governmental and local governments to meet the collective social needs of the people in the name of public expenditure" (guarav, 2011) .

#### **3.2.2 Types of public expenditures**

The Algerian legislator divided public expenditures into two sections, management expenses in addition to equipment and investment expenses, and these sections in turn are divided into several aspects of expenses, where the expenses of the management are divided into seven types, as well as the expenses of the equipment and investment department into four types.

Public expenditure sections can be shortened according to the above law 11-10:

**Table 02:** Municipal public expenditure sections.

<b>Equipment and investment service expenses</b>	<b>management expenses</b>
<ul style="list-style-type: none"> <li>- Public processing expenses</li> <li>- Capital contribution expenses entitled Investment.</li> <li>- Repayment of the capital of the loans.</li> <li>- Expenses for the reconfiguration of municipal facilities.</li> </ul>	<ul style="list-style-type: none"> <li>- Wages and burdens of municipal employees.</li> <li>- Compensation and burdens associated with electoral tasks</li> <li>- Contributions to property and municipal income under the laws.</li> <li>- Maintenance expenses for movable property and real estate.</li> <li>- Maintenance expenses for municipal roads.</li> <li>- Municipal contributions and the resulting premiums.</li> <li>- Deducting from the management department for the benefit of the processing and investment department.</li> <li>- Interest on loans.</li> <li>- The management burdens associated with the exploitation of new equipment.</li> <li>- Expenses for the management of the municipal interests.</li> <li>- Previous burdens.</li> </ul>

**Source:** Prepared by researchers based on Law 11-10 on the municipality

### 3.3 The general budget of the municipality

The municipal financial resources and their expenditures are expressed in the form of a budget that determines their form and subject through laws and decrees, then the municipal budget and its revenues also expenses are considered the main basis of the municipality's finance, through which the basic objectives of the municipality are achieved in various fields, and the administrative account is considered the final financial list that explains the financial position of the municipality.

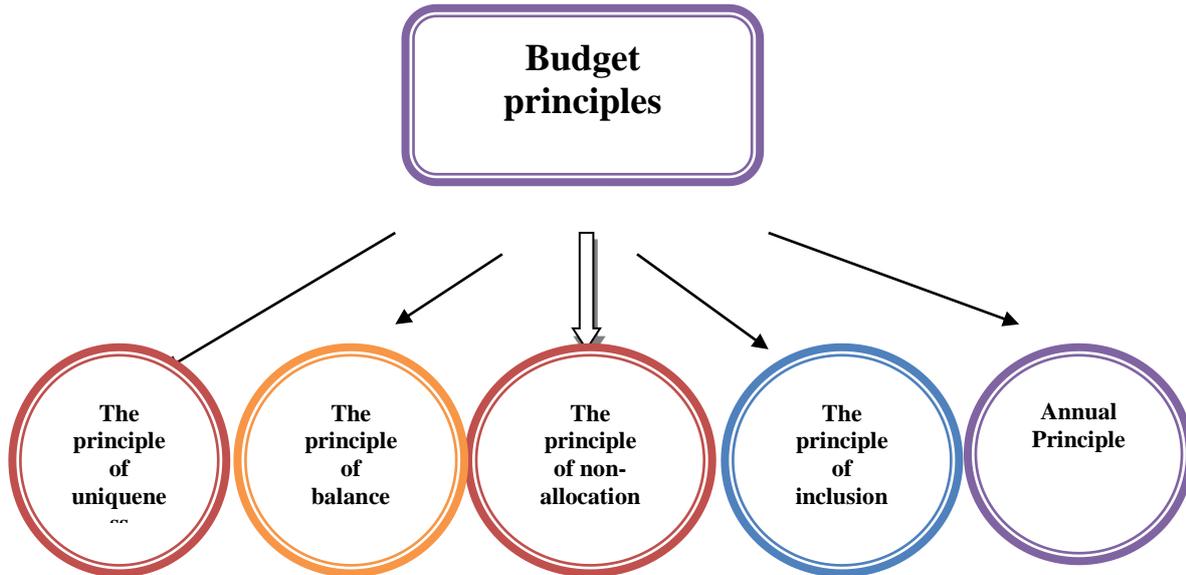
#### 3.3.1 Budget definition

The municipal budget is defined as a basic financial plan that reflects the various choices of the municipal executive body, where the picture of the detailed and comprehensive report of municipal expenditures and revenues for a future financial period is usually a year, so it can be said that the municipal budget is not a statement of the work done by the municipality and not figures extracted from the municipality's books and accounts, reflecting the financial events in the municipality, but it is a plan of action or a business plan that the municipality intends to implement next year, and it is Thus, it is based on previous data in addition to what has actually been found on its potential, and based on the above it can be said that the municipal budget reflects a future work program that includes a report of what the municipal council intends to spend and what revenues are expected to be collected in the coming year (Abdelkader, 2015, p. 106).

#### 3.3.2 Budget principles

The municipal budget as a whole is subject to the following principles:

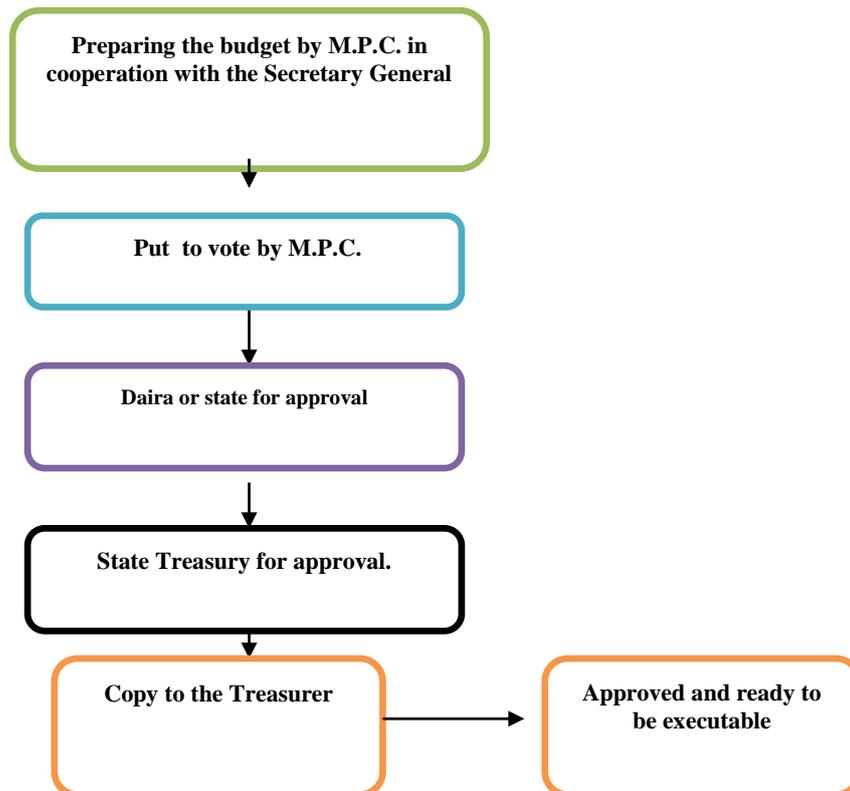
Figure 2: Budget principles



Source: Prepared by researchers.

### 3.3.3 Stages of the preparation of the municipal budget.

Figure 03: Stages of municipal budget preparation



Source: Prepared by researchers.

## 4. The impact of financial control mechanisms of the controller on the expenses of the municipality

### 4.1 The field of the application of the financial control

Financialpre- control was limited at the beginning of its application to the state budget, public institutions and states without municipalities, where it was excluded from the scope

of the application of such control, and this is in accordance with Executive Decree No. 92-414 of 14/11/1992 concerning the pre- control of the expenditures committed to it. However, with the issuance of Executive Decree No. 09-374 of 16/11/2009, amended and complementary to The Aforementioned Executive Decree No. 92-414, the municipal budget is also covered by this control, as stipulated in Article II of Decree No. 09-374, in accordance with the same article, the implementation of the procedure of gradually expanding the control of municipalities in accordance with a calendar determined by both the Minister of Finance, the Minister of the Interior and the Local Communities.

In accordance with this, the joint ministerial decision, dated 09-05-2010, sets out the calendar for the implementation of the control of the expenditures to which it is committed and applied to municipal budgets, article II of which specifies that municipal budgets are subject to pre- control of expenditures, which are progressively adhered to according to the following calendar (Seddik):

- Starting from fiscal year 2011 for municipalities headquarter of Daiara's, as well as municipalities administrative catchment under the authority of the governors of the mandates.
- Starting from fiscal year 2012 for all municipalities.

The Ministry of Interior, local communities, and the Ministry of Finance have resorted to partial installation and at several stages for financial controller for several reasons, the most important of which is the lack of financial positions for their appointment, and the lack of sufficient number of financial controller as it requires the appointment of 1,541 financial controllers across the entire municipalities of the country (Seddik, p. 9).

After the municipal budget was excluded from the control of the expenditures to which it is committed, the aforementioned Decree No. 09-374 is subject to this control, as in the case of the state budget, similar to comparative legislation, including Tunisian legislation, which approved this control over the budget of municipalities that exceed the estimate of a certain ceiling set by the organization, in addition to the municipalities where the headquarter center is located (Seddik, p. 9).

#### **4.2 The tasks of the financial controller**

The role of financial controller is limited to monitoring the legitimacy of expenditures committed in terms of the special budget, without any examination of their suitability (which remains the prerogative of the Authorizing officer alone) (Samia, 2011, p. 53).

The main task of the Controller is to monitor the process of implementing public expenditures and conforming to the regulations and laws in force before implementing them by verifying the legality of the payment obligation procedure, and therefore the controller before making the process of marking the obligation to pay is to verify the following elements, in accordance with Article 58 of Law 90-21 on public accounting (92-414, 1992):

- The character of the Authorizing officer.
- Its conformation with laws and regulations.
- The Availability of funds or financial positions.
- Legal allocation of expenditure.

- Matching the commitment amount to the elements described in the attached document.
- The existence of visas or prior opinions handed over by the qualified administrative authority for this purpose, when such a visa has been provided for by the current regulation.

The compliance files provided by the Authorizing officer and subject to control are examined within 10 days, but this term can be extended to 20 days when the files due to their complexity require in-depth study (92-414, 1992, p. 2102).

#### **4.2.1 The financial Controller's Visa**

During the exercise of his supervision, the financial Controller grants the visa to the Authorizing officer after making sure that it complies with the applicable laws and regulations.

##### **4.2.1.1 Decisions to comply with the alimony(maintenance) subject to the controller's visa:**

There are many decisions subject to this visa (Samia, 2011, p. 54):

- Decisions concerning the professional life of employees such as decisions to appoint , install and pay their salaries except that were related to promotion in grades.
- Decisions concerning the payment of the costs attached and expenses disbursed directly by the administrative bodies and fixed under final invoices.
- Each obligation supported by a formal application bond or invoice unless it exceeds the amount specified in the law on public transactions, in which additional documents are required, as well as each decision involving the transfer of credits or the granting of a authorization to rely or includes financial subsidies.
- Nominees tables that are prepared at the lock of the fiscal year, the initial original tables that are prepared at the beginning of the year and the original adjusted tables that are put forward during the year lock.
- Decisions that include management expenses, equipment or investment for a sector.

##### **4.2.1.2 Rejections Visa by the financial controller**

In case of a breach of one of the above-mentioned conditions, the Controller has the right to release a notice of temporary refusal in cases where the maintenance obligation procedure is tainted by irregularities of the applicable regulation and, where it is subject to correction and may be the result of a lack of required maintenance proof documents or accounting errors that can be amended, in which case the order shall exchange in this case correct the obligation to pay in accordance with the justifications of temporary refusal, and in the event that the exchange order for the notes written in the provisional refusal is not respected, The Controller shall release the notice of final refusal to pay the maintenance, specifying all the legal reasons for the refusal.

In order to avoid a obstructive situation when the final refusal to comply with the alimony obligation, the Authorizing officer can request the use of the overlooked procedure under his personal and financial responsibility, from indicating the obligation to the alimony subject of refusal by the controller, who sequesters his responsibility when accepting the implementation of the overlooked procedure, provided that he sends a copy of the alimony file subject to inform the Minister of Finance and the wali (Zohir, 2014).

However, the freedom of the order to spend in the use of the request for a condoning procedure remains restricted, as article 19 of the aforementioned Law 92-414 states that "the prohibition of article 18 of the same law cannot be condoned, in the event of a final refusal to be declared in view of what comes":

- The character of the Authorizing officer.
- Shortage or lack of funds.
- The absence of visas or prior opinions provided for in the applicable regulation.
- Lack of justification documents relating to the obligation.
- The illegal allocation of the obligation, with the aim of concealing either an infringement of the appropriations or either an amendment or an infringement of financial assistance in the budget.

#### **4.2.2 Other tasks of the financial Controller**

In addition to control exercised by the Controller in the field of expenditure, He is also charged with holding the accounting of obligations of a statistical nature in order to determine the amount of expenses committed from the funds recorded in the budget and available balances, this simple accounting does not require accounting restrictions and accounting records in accordance with the double-entry rule.

##### **4.2.2.1 Accounting for management expenses**

The accounting of the obligation to the expenses held by the Controller in the area of management expenses reviews the following (92-414, 1992, p. 2103):

- Open or allocated credits according to articles.
- Credit accordance.
- Transfer of credits.
- Authorizations for the appropriations granted to secondary Authorizing officer.
- Commitment to expenses that have been made.
- Available balances.

##### **4.2.2.2 Accounting for equipment expenses**

Review the accounting of the obligations held by the Controller in the field of processing and investment expenses for each transaction (92-414, 1992, p. 2104):

- Licenses to the program, and if necessary successive reassessments.
- Authorizations to license the program.
- Available balances.

Based on the obligation accounting statements, the Controller can verify the adequacy of the allocated financial allocations within the sections and budget items to cover the payment of expenses, and provide financial and periodic reports to the Ministry of Finance on the amount of expenses committed and the percentage of consumption of budget funds by the various exchange officials, and this is a statement of the Minister of Finance so that he is aware of the size of the public expenditures committed.

### **4.3 The responsibilities of the financial Controller**

The controller's responsibility is related to the legitimacy of the visas he grants, as he is personally responsible of various oversight and ministry of finance for illegal visas that constitute clear violations of the applicable laws and regulations in the field of public expenditure disbursement, which are proven by the accounting documents required to justify the commitment to expenses.

The Controller is also considered responsible in front of the Disciplinary Chamber of the Budget and Finance of the Accounting Board, which is legally qualified to scrutinize and monitor the activity of financial controllers in the field of control of discipline in the management of the budget, and in case of commissioning verification of the explicit violations of the rules of the budget implementation, the latter has the power to impose financial sanctions on the controller concerned, in accordance with the provisions of Section 07 of Article 88 of Order 95-20 of Order 95-20 of 17 July 1995, relating to the Accounting Council, without prejudice. This applies criminal penalties or civil damages when the nature of the violation requires it (Zohir, 2014, p. 117).

Considering financial observers personally responsible for the granting or rejection of visas cannot allow them evading the respect or application of the orders and recommendations of their peaceful officials, and accordingly they can invoke the written orders issued to them by these officials in order to exempt them from liability for violations committed because of the application of these orders, where their superiors take responsibility for their replacement (Mesai, 2003, p. 141).

### **4.4 The disparity about the role of the financial controller in the management of public funds**

The importance of financial pre- control of public expenditures as a preventive measure would also ensure the strict follow-up of the budget programmed for municipalities by controlling the expenditures as stipulated in the legislation, and the prior control of public expenditures will allow to ensure compliance with the regulatory framework governing the system of public expenditures and will work to identify potential irregularities and detect deviations before they occur and correct them.

In addition to the tasks and roles played by the Controller in particular in confirming the commitment of the bodies under his control and their adherence to the application of all laws, regulations and instructions during the exercise of their activities, as well as his great role in detecting errors and their causes and his work to correct them, which contributes to reducing the administrative and financial corruption that is prevalent in these bodies, which contributes to the rationalization of public expenditures in addition to his informative role in this, where he prepares reports for the implementation of the budget by determining the amounts spent compared to the funds granted, as well as in these reports the conditions for the implementation of expenditures and the difficulties he observed in the management of public property, besides suggestions that may improve the conditions of the disbursement of the budget and the determination of expenditures (Bilal, 2015), as confirmed by article 25 of Decree 92/414.

From the above, it is clear that the important role played by the Controller in the management of public funds, although there is a difference in the view, especially in the area of control over municipalities, where the adoption of control in this regard has received the following observations (Bilal, 2015, p. 187):

- According to the heads of many municipal councils, the controller hinders local development because of his delay in marking projects, which reflected on the services provided to citizens.
- The financial control according to experts of the Ministry of Interior and local groups as a tool to protect the mayors of the municipal councils and get rid of the previous local financial problems such as debt, which reached 48 billion dinars in 2008 (Bilal, 2015, p. 187).

#### **4.5 Control Assessment of the financial Controller**

There is no doubt that pre-control of the obligation to alimony is aimed at preventing financial abuses of all kinds and to the extent to which the operations received on expenditures are compatible with the laws and regulations in force, and for this reason this control is considered preventive control that enables the detection of errors before or immediately after they occur and seeks directly to correct them in the meantime, as this control works to draw attention to the matter by dismissing in case of error or bad faith, or in the case of changing the legal allocation of expenditures (Samia, 2011, p. 58).

##### **4.5.1 Difficulties of Controlling financial controller**

If the financial controller's pre- control seeks to reduce errors and deviations before they occur, the latter faces a range of difficulties that can be limited to the following (Bilal, 2015, p. 190):

- Failure in updating the ministerial publication (c1) (2), which creates a kind of great difficulty in legal attribution of expenditures for municipalities.
- Delaying additional budgets till the end of the fiscal year creates a real difficulty and negatively affects effective control, as it is imperative disburse expenses, which causes an accumulation of obligations deposited, which are often wrong in terms of the follow-up of financial balances and creates a contradiction in the primacy of control over the implementation of maintenance, and the observer is then in the process of settling and not controlling.
- Failure to answer the problems and difficulties that the Controller finds and is presented to his peaceful authorities, which creates problems with the two matters of Authorizing officer to the length of the answer or the lack of any other way in times.
- The existence of interference in the powers of the authorities, especially public function and financial control bodies in terms of the granting of visas and the failure to clarify the regulatory texts of the procedures and documents examined from both interests, resulting in interference and disrupting the interests of employees as there is such interference as well as at the same pace with the public accountant.

#### **4.5.2 Disadvantages of financial controller control**

Financial control the Controller is very important in the process of implementing expenditures, but the latter creates serious defects that hinder the proper functioning of the administrative functions in the exchange of expenses, which include:

- The controller's control is mostly limited to the formal aspect of the expenditure without taking into account the appropriate aspect through which the financial process is examined from the beginning to the end, i.e. from the beginning of the existence of the incident originating for the expenditure until its implementation, and the right of condoning granted to the order to exchange is among the things that limit the effectiveness of the control of the controller.
- The control of the Controller is sometimes characterized as obstructing public activity and administration, because of its excessive caution on the part of the Controller, since no law has been passed to protect it from mistakes on one hand and the Algerian judiciary's miscalculation of the laws relating to it on the other hand.
- The process of allocating 10 days to grant a visa to commit expenses is an obstacle to development on one hand and leads to the discontent of citizens on the other hand, especially in the case of expenses of a hasty nature.
- The difference of views between all parts involved in pre- financial control in the interpretation of legal texts that may have more than one meaning in their application, by lack of a rule of certainty.
- Suspending some expenditures until the issuance of instructions explaining their own laws, which happened during the implementation of school feeding expenses after the transfer of their disbursement to municipalities in 2018, after they were spent directly under the supervision of the Education Directions. This is why many suppliers are resorting to justice to get their duties.
- Imposing pre- financial control on municipalities did not reduce deviations, administrative and financial corruption, since its control is sometimes based on documents and not what is on the ground (Bilal, 2015, p. 191).

It is clear from the above that financial pre- control, which is carried out by the controller administratively and sequentially to the Ministry of Finance, is considered administrative, works to draw attention to the Authorizing officer in case of error of good or bad faith or in the case of changing the legal allocation of expenditures, and it is noticeable that the control of the controller is limited to the formal aspect of expenditure without exceeding it besides appropriate, and the control of this body is control only expenditure and not control collection that is, it relates to the control of public expenditures without interfering with the public revenue side.

### **5. RESULTS AND DISCUSSION**

The previous financial control done by the Controller is characterized by the fact that it is new and therefore may be marred by many shortcomings, especially related to the surrounding framing, where the Ministry of Finance was unable to achieve adequate framing for all municipalities at the national level, and only appointed financial observers at

the level of municipalities capitals of the states and headquarters of departments, and thus subject the control of several municipalities to the same controller, as the number of financial observers does not exceed 30% of the number of municipalities nationwide, This number is very small, which has caused disruption of the financial matters of the municipalities, such as salaries related to employees and expenditures of development projects, as well as the disruption of the functioning of various local interests because of the slowness of the procedures, as it may result in delays in the implementation of the work of the administration due to the inflexibility of the officers assigned to this control, although it is considered effective control in the performance of the objectives to be achieved, which is the application of the budget correctly taking into account all the legal rules relating to spending and legality. This confirms the validity of the first hypothesis, as the Controller intervenes in the process of spending expenses as a help of budget implementation officers and through the marking of compliance cards in the field of local expenditures, where this visa is considered a document necessary for the implementation of any expenditure, which confirms the validity of the second hypothesis, and despite all this importance of tribal financial control, it is described as hindering the activity and public administration because of its excessive caution, It also imposes a kind of joint management between the controller and the order to spend in the field of disbursement, which is what makes the authorizing officer resort to the procedure of condoning, but this procedure rarely occurs, so the authorizing officer informs administrative work in most cases follows the observations and recommendations of the controller as a practicing preventive control, which is consistent with the third hypothesis.

## 6. CONCLUSION

Financial pre-control over municipal expenditures aims at detecting and analyzing possible problems, avoiding and fixing them before they occur, (it is considered primarily preventive control) , and although it leads to a large number of procedures to carry out the disbursement of expenditures, which results public utility to function slowly, however, it aims to ensure the implementation of laws and regulations that lead to a good use and exploitation of public money according to the aspects which are assigned to.

Some of the most important recommendations proposed by the researchers in the topic are:

- Review the organizational structure of the financial pre-control body, in order to enable it to benefit from technological development in the field of regulatory work, as well as to form its framework and increase the number of these devices to raise the efficiency of the regulatory work.
- The need to review the legislations and laws governing the work of the Controller over municipalities to remove the overlap between the work of the controller and the public accountant on one hand, and to remove the overlap between the work of the controller and the powers of the authorizing officer on the other.
- Review the laws concerning financial control of municipalities and the need to update them, as they have been issued for several decades, as they no longer keep pace with

the various changes that have been experienced by the country and the municipalities in particular.

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