People's Democratic Republic of Algeria

Ministry of Higher Education and Scientific Research

University of Relizane

Faculty of Economics, Commerce and Management Sciences

Department of Accounting and Financial Sciences

Document addressed to second-year students in Financial and Accounting Sciences

PUBLIC FINANCE COURSE

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2022/2023

Introduction:

Public finance is considered one of the most fundamental subjects with common dimensions for many captivating and interesting topics. Its relevance lies in its connection to the directions of the state and the concerns of society. Through examining the curve of state finance, one can reveal the extent of its development in various fields. It serves as a reflective mirror of the state's orientation and a real measure to expose its deficiencies or progress. This is evident by understanding the magnitude of its expenditures and the size of its revenues, as revealed by the state budget. Through the budget, the society's needs are unveiled in the form of expenditures distributed across ministerial units, and the general treasury's inflows take various forms and types. Therefore, studying the scale of public finance requires an examination of the following axes:

- **Conceptual Framework of Public Finance**
- **Public Expenditures**
- **Public Revenues**
- **General Budget**
- **Budget Oversight**

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First: Definition of Public Finance:

Public finance, in English, is the science that investigates the means by which a government obtains the general revenues necessary to cover public expenditures and distributes the resulting burden on individuals in society. It is the science that explores a set of financial methods used by the state to achieve its various public objectives. These financial methods involve public funds, while the public objectives have diverse economic, social, and financial natures derived from the general policies of the state.

Public finance is the means through which the provision of public requirements and services for the citizens of the state is ensured under all circumstances, in an organized, planned, and efficient manner. It also guarantees the availability of various human, financial, technical, technological, and scientific resources to implement and accomplish the goals and funding sources of economic, social, political, and security projects, programs, and policies necessary for the welfare of society and the strength and development of the state towards a promising future.

Secondly, the emergence of public finance:

Public finance has passed through several different stages. In ancient times, during the era of the Pharaohs in Egypt and the Roman Empire, they resorted to imposing tributes on subjugated peoples and collecting taxes to obtain resources for public facilities. In ancient Egypt, there were known direct and indirect taxes on commercial transactions and property

transfers. The Roman Empire also introduced specific types of taxes, such as sales taxes and inheritance taxes.

In the Middle Ages, with the emergence of the feudal system from the 5th to the 15th century, a system based on the ownership of land by the feudal class, there was a focus on exploiting peasants for labor. The feudal lords utilized their land ownership, and the peasants, suffering from poverty, were exploited. This system defined the social classes, leading to the term "feudal society." During this period, the discovery of the Americas led to the rarity of slaves due to their sale in the newly discovered continent. This resulted in the leasing of land to farmers in exchange for in-kind or cash rent for their utilization of the land, giving rise to the system known as "dominium."

The text discusses the historical development of public finance, particularly during the feudal system known as "dominium." This system, derived from the Latin term "Dominus" meaning lord or owner, involved dividing lands into two parts. The landowner benefited from one part, while the other part was distributed among farmers in exchange for services to the landowner.

As time passed, the authority of the landowners increased, creating a barrier between the farmers in the dominium and the governments of the states. This system established new political, financial, and social relationships. In the era of free-market capitalism, resulting from the Industrial Revolution in England and the French Revolution, the concept of laissez-faire capitalism emerged, emphasizing minimal state intervention in economic and social

activities. This approach was based on the principle of "let it work, let it pass," suggesting that individuals, seeking their own interests, would contribute to the overall benefit of society.

The text also highlights the role of public finance in the emergence of capitalism, focusing on the idea that the state should have the lowest possible intervention, primarily addressing public needs such as security, defense, justice, and public facilities. This intervention should be neutral and not impact individual behavior.

Lastly, the text touches on the relationship between public finance and other sciences, emphasizing its connection to various topics:

1. **Relationship of Public Finance with Sociology:** Undoubtedly, quantitative aspects of finance have societal impacts, whether intended by the state or not. Taxes, for example, have social effects such as improving the standard of living by focusing on social housing and reducing unemployment rates.
2. **Relationship of Public Finance with Economics:** The relationship between public finance and economics is longstanding and interconnected. Economics emerged to study the economic problem of scarcity, exploring how to satisfy human needs optimally through the efficient use of available economic resources. Public finance aims to satisfy public needs by studying limited general revenues, seeking the proper utilization of these limited public revenues to provide the best and most essential

services to all members of society. The relationship is essentially about the connection between the public and the economic aspects, influencing each other reciprocally.

This relationship is confirmed when we understand that financial relationships, arising in conjunction with the state's activities, reflect economic relationships in reality.

3. **Relationship of Public Finance with Political Science:** There is a dialectical and mutually influential relationship between the financial and political systems of the state. The quantity and nature of public expenditures and revenues vary depending on whether the state adopts a capitalist or socialist system, among other factors. The financial and political systems are intertwined, with the type of governance influencing the financial decisions and vice versa.

4. **Relationship of Public Finance with Government Structure:** Public finance is influenced by the structure of government, whether it is simple or complex, federated or unitary, independent, or subject to others. The general budget reflects the governance trends in managing the country.

5. **Relationship of Public Finance with Law:** There is a close relationship between public finance and the law. Law is the fundamental regulatory tool used by legislators to establish binding rules that must be followed in various principles, including the field of public finance. The law transforms theoretical aspects of public finance, such as public expenditures and taxes, into legally applicable rules. The term "financial

legislation" refers to a set of laws, regulations, and rules followed by the state in managing its financial affairs, including public revenues, public expenditures, and the general budget. Financial legislation includes tax laws that regulate rules and provisions related to various taxes. Financial legislation is a branch of public law and is clearly connected to both constitutional and administrative law.

6. **Distinguishing Public Finance from Private Finance:**

- **In terms of objective:** An individual seeks to achieve their personal benefit, while the state aims to achieve the public benefit.
- **In terms of basis:** An individual seeks to achieve their personal benefit within the framework of freedom. In contrast, the state's expenditures are obligatory to ensure the functioning of public facilities
- **In terms of organization:** For individuals, finance is based on individual ownership. For the state, it is based on collective public ownership, whether it is total or partial.

The second axis: Public Expenditures

Studying public expenditures requires an examination of its definition, essential characteristics, and key classifications:

1. Definition of Public Expenditure: Public expenditure is a cash amount spent by a public entity with the aim of achieving a public benefit. From this definition, several important characteristics of public expenditure can be inferred:

- **Cash Amount:** Public expenditure encompasses the cash spent by the government to satisfy public needs. This includes the funds expended to obtain goods and services necessary for managing public facilities, acquiring productive assets for investment projects, and providing economic, social, cultural aid, etc. It is essential for such expenditures to take the form of cash to be considered public expenditure. Non-cash means used by the government to obtain goods and services or to provide aid, such as free housing, tax exemptions, honorary titles, and badges, are not considered part of public expenditure.

- **Payment by a Public Entity:** For an expenditure to be considered public, it must be made by a public entity. This includes government departments, ministries, public agencies, and institutions influencing the state's economy. These entities, along with government ministries and departments, are considered public entities

Regarding its legal nature, public expenditure is inherent in the law, excluding artificial personalities. Public figures are classified into natural and juristic personalities. Natural personalities include individuals with legal status, such as public officials, while juristic personalities refer to entities with legal recognition, such as government departments and ministries.

Achievement of a public benefit from public expenditure is a complementary condition, implying that public figures must spend public funds to achieve a general benefit that contributes to society. The purpose is to satisfy the needs of the public.

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Secondly, Classifications of Public Expenditure:

Public expenditures are diverse, increasing in types as the state expands its activities. They can be classified into scientific and situational categories.

- **Scientific Classifications:** Aim to group similar types of expenditures based on logical grounds into distinct and independent categories. These classifications assist researchers in analyzing and expressing the importance of these expenditures. However, they may not always align with practical budgeting.
- **Situational Classifications:** Arise from historical conditions and administrative considerations, often used in practical budgeting despite not always aligning with scientific classifications.

3.Real Expenditures and Transfer Expenditures:

A. Real or Actual Expenditures: These are funds disbursed by the government in exchange for goods, services, or capital assets. They cover traditional and modern expenditures required for the state's intervention in economic and social life, including expenses for salaries, wages, supply costs, and missions necessary for managing public facilities.

B. Transfer Expenditures: These involve allocating funds to individuals or groups without receiving goods, services, or productive assets in return. Examples include grants, subsidies, and financial aids provided by the government to support specific sectors or individuals. Transfer expenditures do not involve direct transactions for goods or services but aim to provide financial assistance.

Public expenditures lead to the state acquiring a counterpart for the expenditure (work, service, commodity), creating new income that should be added to the rest of the components of the national income.

B. Transfer Expenditures: These are expenditures that do not result in the state obtaining goods, services, or capital but represent a transfer of a portion of the national income by the government from high-income social groups to other low-income groups. Examples include various social aids such as social security, unemployment benefits, and assistance for the elderly. Economic subsidies provided by the state for specific projects, aimed at reducing the prices of products, also fall under this category. The state aims to redistribute income, partially benefiting the lower-income class. Transfer expenditures do not directly increase the national income without contributing something to it; they serve as measures to transfer income from certain social classes to others.

4.Ordinary and Extraordinary Expenditures:

A. Ordinary Expenditures: These expenditures renew periodically, usually annually, such as salaries of employees, typically funded from ordinary revenues like taxes and fees.

B. Extraordinary Expenditures: These expenditures are necessary to address emergency situations and are not required to be repeated annually, unlike ordinary expenditures. Examples include aid for earthquake or flood victims or funding for wars. Extraordinary expenditures are usually funded from extraordinary revenues, such as public loans.

5.Division into Productive and Non-Productive Expenditures:

A. Productive Expenditures: These are expenditures that generate financial returns, such as spending on railways, postal services, and aviation.

B. Non-Productive Expenditures: These are expenditures that do not generate financial returns, such as the construction of agricultural roads, irrigation channels, and others

6. Economic and Social Impacts of Public Expenditure:

Public expenditure has a significant impact on various aspects of the state, including economic, social, and political dimensions. This impact varies in depth and nature between different countries. The economic and social impacts of public expenditure are diverse, and they directly or indirectly influence various facets. Here are some of the immediate economic and social impacts:

Impact on National Production: Public expenditures affect the volume of production and employment by influencing the total effective demand. An increase in public spending leads to a rise in demand, affecting the production and employment levels. The relationship between public expenditure and the overall demand depends on the size and type of expenditure. For instance, government consumption expenditure relates to demand for goods and services, while transfer payments affect the disposable income of beneficiaries.

The impact of public expenditure on production depends on the flexibility of the production apparatus, the level of employment, and the growth rate in developing economies. Increased

public expenditure, particularly in production or investment, contributes to the production of essential goods and services. It also aids in the formation of capital, satisfying consumption needs, and supporting economic growth in developing nations. As a result, the capacity for national production and the national income increase.

Governments may directly engage in production, undertake specific projects, provide economic assistance to certain classes, or compensate for projects that yield economic benefits to the public. State-financed projects may involve the direct production of goods or the provision of economic aid to disadvantaged groups. Such initiatives contribute directly to enhancing the country's economic output and raising the efficiency of national production.

Socially, public expenditure has a direct impact on consumption and investment. State-financed projects or subsidies for certain sectors benefit individuals and enhance the purchasing power of specific income groups. This, in turn, increases the national income and raises the standard of living for the affected population.

Impact of Public Expenditure on Consumption and Savings:

Public expenditure has a direct and indirect impact on both consumption and savings. The allocation of government funds influences individual behaviors, shaping the overall economic landscape. Here are the key dynamics:

1. **Direct Impact on Consumption:**
    - Increased public expenditure directly influences consumption patterns. Government spending, especially on essential goods and services, contributes to higher demand, leading to increased consumption by individuals.
2. **Disposable Income and Spending:**
    - Higher public spending often results in increased disposable income for individuals. This surplus income stimulates spending on various goods and services, contributing to economic activity.
3. **Stimulating Economic Growth:**
    - Public expenditure acts as a catalyst for economic growth by creating demand for goods and services. This, in turn, stimulates production, employment, and overall economic activity.
4. **Indirect Effects on Savings:**
    - While higher public spending boosts consumption, it may lead to a decrease in savings. Individuals, with increased disposable income, might allocate a smaller portion to savings, affecting overall savings rates.

5. **Government as a Consumer:**

    - Government spending can be viewed as a form of consumption, particularly when investing in public goods and services. This government consumption directly impacts various sectors of the economy.

6. **Infrastructure and Long-Term Growth:**

    - Investments in infrastructure contribute not only to immediate consumption but also to long-term economic growth. Improved infrastructure enhances productivity, creating a favorable environment for sustained economic development.

7. **Balancing Short-Term Demand and Long-Term Growth:**

    - Policymakers need to strike a balance between promoting immediate consumption through public spending and fostering long-term economic growth. This involves considering investments in education, healthcare, and research.

8. **Targeted Transfers and Social Welfare:**

    - Targeted transfers and social welfare programs directly impact consumption patterns, particularly for specific income groups. Financial assistance and subsidies influence how individuals allocate their resources.

9. **Inflationary Pressures:**
    - Increased public spending can lead to inflationary pressures if the demand for goods and services outpaces their supply. This, in turn, may affect the purchasing power of individuals.
10. **Savings as a Source of Investment:**
    - A decrease in individual savings may impact the overall investment pool within the economy. Savings often serve as a source of funds for investments, and a significant reduction in savings could limit capital availability for businesses.
11. **Infrastructure, Jobs, and Income:**
    - Infrastructure projects funded by public expenditure create jobs and generate income for individuals. This income, in turn, contributes to increased consumption.
12. **Government Transfers and Consumption:**
    - Direct transfers and subsidies from the government influence the consumption choices of individuals, especially when the funds are earmarked for essential goods and services.

Factors Considered in the Direct and Indirect Effects of Public Expenditure on Consumption and Savings:

Public expenditure has direct and indirect effects on consumption and savings, with various factors influencing these impacts. Among these factors are:

1. **Production Capacity and Economic Activity:**
    - The increase in public expenditure affects the production capacity of the economy, leading to higher economic activity. This, in turn, stimulates consumption by creating demand for goods and services.
2. **Investment in Infrastructure:**
    - Public expenditure on infrastructure projects can boost both short-term consumption and long-term growth. Infrastructure investments create jobs, increase income, and contribute to economic development.
3. **Supply and Demand Dynamics:**
    - Increases in public spending can impact supply and demand dynamics. If demand outpaces supply, it may lead to higher prices for goods and services, affecting consumption patterns.

4. **Inflationary Pressures:**

    - Higher public spending, especially without a corresponding increase in production, may contribute to inflationary pressures. Inflation can negatively impact purchasing power and the real income of individuals.

5. **Timing of Infrastructure Projects:**

    - The timing of infrastructure projects is crucial. Delays or immediate effects on production capacity can influence the effectiveness of public expenditure in stimulating consumption.

6. **Project Implementation Challenges:**

    - The challenges associated with implementing projects, such as delays or difficulties in obtaining necessary resources, can impact the effectiveness of public expenditure on consumption and savings.

7. **Availability of Goods and Services:**

    - Infrastructure projects that enhance production capacity may result in increased availability of goods and services, contributing to both consumption and savings through improved economic conditions.

8. **Government's Role in Consumer Demand:**

   - Public expenditure influences consumer demand, particularly through the provision of essential services. This can have a direct impact on consumption patterns.

9. **Savings and Investment:**

   - The effectiveness of public expenditure in stimulating savings depends on how it aligns with investments in infrastructure and productive assets. Savings can act as a source of investment for future economic growth.

10. **Balancing Supply and Demand:**

    - Achieving a balance between increased demand and a corresponding increase in supply is crucial to preventing inflationary pressures and maintaining the stability of consumption and savings.

11. **Project Type and Economic Development:**

    - The type of projects funded by public expenditure, such as those related to education and healthcare, can have a significant impact on long-term economic development and, consequently, consumption and savings.

12. **Consideration of Social Welfare Programs:**

    - Social welfare programs and targeted transfers directly influence the consumption choices of specific income groups, affecting overall economic dynamics.

Effects of General Expenditures on Consumption and Investment:

1. **Impact on Consumption:**

    - General expenditures directly affect consumption, as they contribute to the purchase of necessary goods and services for individuals and households. An increase in general expenditures often leads to higher consumer spending, particularly when these expenditures are directed towards essential items. Conversely, a reduction in general expenditures or their efficient use in non-consumption areas, such as productive investments, can result in decreased consumer spending.

2. **Impact on Savings:**

    - General expenditures influence both consumption and savings. An increase in expenditures that are directly related to consumption tends to elevate overall consumption levels. Simultaneously, the portion of income not used for consumption contributes to savings. Understanding the effects of general

expenditures on both consumption and savings is crucial for assessing their impact on the economy.

3. **Direct and Indirect Impact on Consumption:**

    - The nature of general expenditures has a direct and indirect impact on consumption. Directly, these expenditures involve the purchase of goods and services necessary for government activities, potentially boosting consumption. However, if the expenditures are channeled into investments, they may not immediately contribute to consumer spending, impacting consumption indirectly.

4. Impact on Investment:

- The impact of general expenditures on investment is substantial. It involves the state's role in economic activities, particularly through the initiation of production projects. Governments often play a pivotal role in supporting projects that private entities might find challenging due to financial constraints or risks. The involvement of the state in productive projects can stimulate economic development, but challenges such as bureaucracy, delays, or the inefficiency of public-sector enterprises may hinder the expected impact.
- State budgets, driven by general expenditures, can significantly influence the investment climate. The allocation of funds to productive projects, especially those

related to infrastructure development, can lead to increased demand for goods and services. However, it is essential to balance such investments with efficient resource utilization to avoid negative consequences such as inflation or an imbalance in supply and demand

Magnitude of Resources and Their Proportional Returns:

The allocation of substantial resources in public finance does not always align with proportional returns and the responses received from the involved entities. The impact of general expenditures on investment varies across sectors and regions, influenced by the prevailing economic conditions and the level of development

Direct Impact of General Expenditures on Investment:

- General expenditures significantly influence investment across various sectors and industries. The nature of the impact depends on the type of expenditures made. Expenditures directed towards the development of infrastructure facilities contribute to expanding investment opportunities. However, the effect of general expenditures on investment varies depending on the nature of the economic system in place and the level of its development.

Specific Impacts on Investment:

Investments in infrastructure facilities have a direct positive impact on expanding overall investment. The provision of such facilities forms the basis for initiating productive and

investment projects. The state's role in providing these facilities creates opportunities for productive investments.

General expenditures that support the activities of the state in various sectors, coupled with subsidies and services provided, can stimulate increased demand. The resulting rise in demand for goods and services can further encourage investment, especially when the state supports productive projects.

Expenditures on incentives for investors, including grants and other forms of support, contribute to creating a favorable investment climate. Encouraging investments in productive projects can boost economic growth and positively impact the overall investment landscape.

The Third Axis: General Revenues

Firstly, Definition of General Revenues: General revenues are defined as the total income obtained by the government from various sources to cover its general expenses and achieve social and economic balance.

Subdivisions of General Revenues:

1. **Commercial Revenues:** These revenues reflect what comes to the public treasury from the commercial activities of the government. Commercial activity is linked to the exploitation of the government's economic resources, whether through sales, leasing, or investment. In other words, commercial revenues are the returns that enter the government's treasury as a result of managing the government's movable or immovable assets. This type of revenue was the main source of state treasury funding in the past until the emergence of modern states in the 18th and 19th centuries. During the feudal era, the state relied on its ownership of land, forests, traps, and mines. However, the significance of this source diminished with the advent of modern states and the spread of the economic freedom principle, which advocates for individual freedom and efficiency in managing economic resources, achieving better results for society. Therefore, the government is encouraged to leave as much economic resources as possible in the hands of individuals, allowing society to obtain greater production.

Secondly: The Domain:

1. Definition of the Domain: The domain (domaine) refers to the real estate and movable property owned by the state, public institutions, and public entities, whether it is public or private ownership. In the past, the state's domain was primarily agricultural, and its income represented a significant aspect of the state's overall revenues. However, the importance of agricultural domains and their income relative to tax revenues decreased until the beginning of the current century. Subsequently, it evolved into industrial, commercial, and financial domains, with general revenues increasing due to increased state intervention in economic activities and its involvement in a large part of productive activities. The domain has become a significant aspect of general revenues. The future importance of the domain as a source of general revenues in these countries depends on the state's development in various production fields.

2. Types of the Domain: The domain is divided into two fundamental types: public domain and private domain.

- **Public Domain (National Public Properties):** The public domain refers to properties owned by the state (or other public legal entities), and it is considered public ownership. These properties are subject to public law and are dedicated to public benefit, such as roads, seashores, ports, rivers, public gardens, etc. The general rule is that the state does not impose fees or charges for the use and enjoyment of these

properties unless there are specific regulations to regulate such use. Generally, the principle is that the use of public domain properties is free of charge.

Private Domain: The private domain consists of properties owned by the state as private ownership, subject to the provisions of private law (especially the ownership provisions of civil law). It constitutes revenue, and the private domain can be divided into three types:

Real Estate Domain:

- This includes all properties owned by the state as private ownership, subject to the provisions of private law.
- These properties are considered a source of general revenues for the state, and the private domain is further categorized into three main types:
  - **Financial Domain:** Refers to stocks, bonds, and other financial instruments owned by the state. Revenue is generated through dividends from stocks and interest from bonds. The financial domain has gained importance over time, allowing the state to control certain projects for public benefit.
  - **Industrial and Commercial Domain:** Involves industrial and commercial projects owned by the state. Revenue is generated based on the surplus achieved by these projects.

- **Agricultural Domain:** Traditionally, it was the primary type of domain, consisting of agricultural properties owned by the state. However, its significance has diminished with the evolution of the state's economic activities

These types of private domain contribute to the state's revenues, and their importance has increased over time due to privatization efforts and the ability of the state to gain revenue from the sale of its shares in financial markets.

Private Domain and Nationalization: The role of the private domain has undergone transformations, with nationalization processes increasing following the Second World War. However, its significance decreased with the rise of privatization initiatives, marking a shift towards the private sector, particularly through what is termed "reverse nationalization" starting from the year 1979 in the twentieth century.

Taxation: Taxation has evolved throughout history, transitioning from a form of punishment imposed due to oppression and tyranny in ancient times to becoming a tool for economic control and guidance in the modern era. Taxes have gained importance as a means of regulation and economic direction.

Throughout various historical periods and societies, taxation has adapted to different stages and regulations, reflecting the nature of each era. In societies like Rome and Persia, rulers imposed taxes on their subjects to fund the treasury on one hand and

fulfill their desires on the other. With continuous developments in human life and the expanding role of the state in economic affairs, transforming from an intervening state to one influencing and directing economic activities, taxes have undergone parallel developments.

As the state intervenes through tax measures to achieve defined objectives, it becomes essential to study the following aspects to understand taxation:

- **Definition of Taxation:** Taxation is a compulsory levy imposed by the state, obligating the taxpayer to pay based on their ability to do so, regardless of the benefits derived from the services provided by the authorities.

General Principles of Taxation:

1. **Cash Deduction Nature:**
    - Taxes are collected in the form of cash, marking a departure from historical practices where in-kind or labor-related contributions were common.
2. **Compulsory Deduction:**
    - Taxpayers are obligated to pay taxes without the option to refrain; it is mandatory.

3. **Uncompensated Payment:**

   - Taxes are paid to the state without expecting specific personal benefits. Taxpayers pay without receiving a direct, individual return. The benefit is indirect, contributing to the general welfare.

General Principles of Taxation:

1. **Justice and Equality:**

   - All citizens contribute to taxes fairly and proportionally based on their income. The goal is to ensure equality and fairness, exempting the destitute and those with low incomes. This achieves equality within society.

2. **Certainty:**

   - Taxes must have clearly defined amounts, payment deadlines, and methods. Taxpayers should be well-informed about all aspects of taxes to avoid contradictions during collection.

3. **Appropriateness:**

   - Taxes should be collected at the right time and in a manner suitable for the taxpayer. Collection should align with the circumstances of the taxpayer, considering factors such as the appropriate time for farmers during harvest or traders during the sale of goods.

Adam Smith's Economic Principles in Taxation: Adam Smith's economic principles in taxation are based on the following key points:

1. **Justice and Equality:**
    - Taxes should not exceed what is reasonable for individuals to pay, ensuring a fair distribution of the tax burden.
2. **Certainty:**
    - Taxes should be clear, with taxpayers fully aware of the amount, timing, and methods of payment, avoiding confusion or uncertainty.
3. **Appropriateness:**
    - Taxes should be collected in a manner that is convenient and aligned with the taxpayer's circumstances, preventing unnecessary burden.

Taxation Principles:

1. **Cost-Effectiveness:**
    - This principle dictates that the costs associated with tax collection should be minimized to the lowest possible extent. This ensures that the revenue collected exceeds the expenses incurred in the collection process. Administrative costs, separated from extravagance, should be optimized

through simple yet efficient methods to prevent excessive financial burdens on tax administration.

Objectives of Taxation:

1. **Financial Objective of Taxation:**
    - The primary objective of taxation is financial, serving as a significant source of public revenue. In addition to financial goals, taxation also addresses political, economic, and other fiscal objectives.
2. **Economic Objective of Taxation:**
    - Taxation can absorb surpluses in purchasing power and combat inflation. Its use in combating inflation falls within the context of contingent fiscal policy. This policy is characterized by tax flexibility.
3. **Social Objective of Taxation:**
    - Socially, taxation aims to redistribute national income. The weaker social strata benefit from this redistribution in the form of services. Taxation is also used to limit the prevalence of non-beneficial products. For instance, high taxes may be imposed on the production or importation of tobacco and narcotics to protect individual health. Furthermore, taxation can address income inequality by imposing higher taxes on high-income individuals.

4. **Governmental Objective of Taxation:**

- Taxation serves the government's interest by not excessively burdening certain income sources. Imposing excessively high taxes on income may lead to negative effects such as discouraging investment or encouraging tax evasion and fraud.

Differences Between Taxation and Fees and Fines:

1. **Fees:**

- Fees differ from taxes as taxes are a means of distributing public burdens among all members of society based on their ability to pay. Fees are charges imposed by the government in exchange for a specific service provided to the

Fees:

- A fee is an amount of money collected by the state from the beneficiary in exchange for a service requested and provided by the state.

<u>Characteristics of Fees:</u>

- **Collected by the State:** The state or one of its entities is responsible for collecting the fee.

- **In Cash:** Fees are collected in cash; they are not required to be in kind or in labor.

- **In Exchange for a Service:** The state provides a specific service to the individual. In return, the individual is obligated to pay a fee. The value of the fee should correspond and equal the value of the service provided by the state. If the fee exceeds the value of the service, it ceases to be a fee and might be considered a tax.
- **Compulsory Payment:** Individuals have the freedom to request the service, but once requested, they are obliged to pay the fee. The freedom to request the service is separate from the obligation to pay.

<u>Types of Fees:</u>

- There are various types of fees, including administrative fees, judicial fees, and economic fees. Fees are paid immediately and can take various forms, such as cash or through stamps.
- **Property Tax :**

is a specific type of fee. It is an amount of money determined by the state and paid by property owners, specifically those owning real estate. It is imposed for the general public interest and is an additional charge based on the private benefit of an increase in the capital value of the property. Unlike a fee, Ibraa is not paid in exchange for a specific service but is based on the general benefit and the increase in the property's capital value.

Fines:

- The state imposes financial penalties on individuals as a result of their violations of the law. These financial penalties are called fines.

Types of Taxes:

1. **Single Taxes and Multiple Taxes:**

    - Historically, states used to impose a single tax on agricultural land, considering it the foundation of the economy and the primary source of production and wealth.
    - With the evolution of state activities and the increased need for funds, thinkers emphasized the necessity of imposing multiple taxes on any activity generating profit for individuals. As individuals engage in various activities, they are required to pay multiple taxes corresponding to the diversity of their activities.

2. **Taxes on Individuals and Taxes on Wealth:**

    - Taxes on individuals, historically referred to as "head taxes" during the Roman era, were imposed on individuals in return for the protection provided by the state.
    - Taxes on wealth encompass all the wealth owned by individuals. The tax rate is proportional to the amount of wealth, meaning that individuals with larger amounts of wealth pay more compared to those with less wealth.

3. **Direct Taxes and Indirect Taxes:**

    - The current classification of taxes includes direct and indirect taxes.
    - Direct taxes are imposed on stable and renewable entities, such as income.

Indirect Taxes:

- Indirect taxes are imposed on intermittent events and incidental actions, such as taxes on production, spending, and other various transactions.

<u>**Types of Taxes:**</u>

1. **Property Taxes:**

    - This category includes property taxes and purification fees.
    - In general, in developing countries, this type of tax is characterized by low revenue. For example, in Algeria, these taxes hardly represent anything compared to other taxes.

2. **Taxes on Capital:**

    - Taxes on capital, specifically on the heads of wealth, can provide a steady and stable source of revenue for the state treasury.
    - However, the productivity of this tax in relation to the consumption of capital has shown inefficiency in some cases. Despite this, certain tax systems in countries still maintain such taxes, including:

- Registration fees
- Stamp duties
- Inheritance taxes

Note: The Algerian legal system mentions the sources from which the state derives the necessary funds without prioritizing them based on importance or any other logic mentioned in (1).

Table (A) from the Budget Attached to the Finance Law: According to the following three additions: ordinary tax resources, ordinary non-tax resources, and petroleum tax resources.

Methods of Tax Collection: Tax collection involves a series of operations that lead to transferring the tax liability of the taxpayer to the public treasury in accordance with legal rules. Tax collection can be carried out in cash or through instruments such as checks or promissory notes. Several valid methods for tax collection include:

1. **Organized Collection:**
    - This method involves working based on tables prepared by the financial administration. These tables, known as verification tables, list the names of taxpayers, the location of the tax, the amount and type of tax, and the documents that determine the tax. Also known as the installment method, taxpayers pay an estimated amount of income during the current fiscal year. At

the end of the year, they settle their situation with the actual tax due. This method is significant for providing substantial amounts to the treasury while assisting taxpayers in managing payments, especially when the potential tax amount is significant.

- **First Installment Payment:**

Paid before March 15th.

- **Second Installment Payment:**

Paid before June 15th.

- **Voluntary Collection:**

Tax collection is done voluntarily in this method without waiting for verification tables. Taxpayers settle their tax liabilities directly with the tax authority. For example, in the case of Value Added Tax (VAT), the taxpayer calculates and settles the tax, then pays it to the tax authority within specified deadlines. This method is also known as the direct payment method.

- **Seizure from the Source:**

In this method, a third party (not the taxpayer) pays the tax to the tax authority on behalf of the taxpayer. The tax administration designates an intermediary to act between them and the actual taxpayer. This intermediary withholds the tax amount and then pays it to the tax administration. While this method is

characterized by its simplicity and high volume, it may lack specialization in tax matters. It prevents tax evasion but might miss significant financial resources for the treasury, and there might be a lack of transparency in its collection. This method is commonly applied to taxes on wages and salaries, where employers, whether individuals or entities, remit the tax to the tax authority according to regulations.

Stamp Duty Collection Method:

Taxes are fulfilled by using stamped paper of different denominations or by affixing separate special stamps. Individuals purchase tax stamps and affix them to the required documents as a way of paying the tax.

- **Stamp Duty Collection Method:**

In this method, tax is paid by affixing stamps to an administrative document or a collection instrument. This method is commonly used for registration and stamp duties, as seen in various types of taxes, including those on capital. It ensures that the taxpayer is far removed from tax evasion and cannot escape paying stamp duties, such as passport or national identity card stamp taxes.

- **Objectives of Tax Collection:**

Tax collection is the financial goal of imposing taxes, aiming to generate significant revenue. This financial objective is one of the primary and crucial

goals of any tax. It involves securing consistent revenues from domestic sources for the state treasury. The ultimate goal of tax collection is to provide substantial financial resources to cover administrative expenses, operational costs, and state investment projects. Tax collection serves as the financial backbone of governmental authority.

- **Tax Collection Administration:**

Tax collection administration can be defined as the foundational structure within the administrative entities under the jurisdiction of the finance ministry. It acts as an effective nucleus supporting the state treasury by fulfilling its primary mission of tax collection. Tax collection administration serves as an intermediary administrative apparatus between the taxpayer and the state treasury. There are three types of tax collections that work to collect taxes, with each tax directorate overseeing several inspection units based on administrative regions. Each inspection unit contains several collection offices.

The Fourth Axis: The General Budget

Before the emergence of the general budget and its concepts, expenditures and revenues represented one form of funds for the ruler, and there was no clear distinction between funds used for state needs (public expenses) or those used for the ruler's personal purposes (private expenses). In other words, there was no clear separation between private and public expenditures, as well as for revenues collected from individuals of the population, regardless of their levels and activities.

In this axis, we will focus on the following points:

- **Evolution of the General Budget:** The general budget has gone through various stages in many countries. In medieval Britain, state expenditures were covered by the income from the kingdom's properties. The king had the freedom to spend as he pleased. When resources did not cover expenses, taxes were imposed. In such cases, the king needed approval from representatives of the nation. As expenditures expanded, kings increasingly relied on taxes, attempting to bypass representatives. However, representatives insisted on their right to approve taxation, starting from the reign of King Charles I in 1628 to the reign of King William III in 1689. The latter declared what became known as the Bill of Rights, asserting the illegitimacy of taxing money without the consent, timing, and manner approved by the representatives of the people and Parliament.

And Thus, the British Parliament gained absolute authority over all expenditures and revenues, and expenditures were approved step by step.

- **The General Budget in France:** The emergence of the budget in France paralleled its appearance in England, following the French Revolution and the issuance of decisions by the National Assembly in 1789. These decisions affirmed the illegitimacy of imposing taxes without its consent. The Declaration of the Rights of Man and of the Citizen proclaimed that "it is the right of the people, either directly or through their representatives, to decide the necessity of imposing taxes, to consent to them freely, to oversee their application, and to determine their basis, amount, manner, and duration."

Subsequently, the 1791 Constitution granted the Legislative Assembly the right to determine public expenditures. The 1799 Constitution emphasized that no tax could be imposed except for the general interest, and all citizens had the right to contribute to imposing taxes, monitor their use, and demand an account. The concept of the budget in France evolved due to conflicts between the legislative authority and the ruler, as well as the fall of Napoleon and the return of monarchy in 1814. This led to the establishment of the basic rules recognized today.

- **The General Budget in Algeria:** The budget implemented in Algeria was subject to the practices of Muslim societies. With the Ottoman entry into Algeria and the arrival of the brothers Arouj and Khair ad-Din, the budget system evolved. The basic rules

were established during the Ottoman period, reflecting the influence of Muslim traditions on financial practices.

In the Ottoman era, the state, represented by the Ottoman Sultan, determined the budget. The Sultan specified taxes, their rates, and expenditures. This arrangement continued until France entered Algeria, gradually asserting its influence. As Algeria became a part of France, the General Budget came under the scrutiny of the French Parliament. Laws were enacted to establish a budget specifically for the Algerian region, covering all revenues and expenditures.

On September 20, 1947, a complete budget for Algeria was adopted, subject to approval by local Algerian councils but still under the supervision of the French Ministry of the Interior and the Ministry of Finance.

Even after gaining independence, French laws remained in effect, except those related to national sovereignty. The transitional period under the December 10, 1964 constitution included the use of the French franc. The Finance Law of 1965 marked the first time the budget was denominated in the national currency, the Algerian dinar. After the suspension of the 1965 constitution, a new phase began, and the Finance Law of 1966 was issued in both French and Arabic versions. This structure has persisted to the present day.

Definition of the General Budget:

The general budget has been defined by various authors, including Keynes and Bukharin, and has evolved within the legal frameworks of different countries. It is generally described as a unified system representing the financial program of the state for the upcoming fiscal year. It reflects the financial plan, which is a part of the economic plan, detailing the government's revenue estimates and expenditures. This information is expressed in monetary units and mirrors the state's plan for the next fiscal year. The budget statement must be approved by the legislative authority in the country.

Another definition characterizes it as an estimated and detailed account of all the state's potential revenues and expenses during the upcoming fiscal year. However, this estimation should be authorized by the legislative authority and issued by law from the government. It can be a document containing words and numbers proposing expenditures for specific purposes, specific items, or as a series of objectives, each with specified costs. It can also function as a tool for testing among alternative expenditures or as a plan or contract between the parliament and the executive authority, embodying mutual commitments and control.

As for the definition of the budget within comparative legislation, it refers to a financial plan that reflects the government's estimates of revenues and expenses for a specific period, usually a fiscal year. This plan is subject to approval by the legislative authority, ensuring transparency and accountability in financial matters.

Definition of the General Budget in Lebanese Legislation:

According to the Lebanese law of public accounting, Article 2 defines the general budget as a legislative solution in which the state's expenses and revenues for the coming year are estimated. It is approved by the legislative authority, and the law of the budget includes essential provisions, specifying the validity of taxes and opening the necessary credits to agree on provisions regarding the estimation of expenses and revenues. It particularly pertains to funds directly related to budget implementation.

Definition of the General Budget in American Legislation:

In American law, the budget is defined as a "contract that specifies the expenses and revenues for the coming year according to tax proposals, for the purpose of the tax law." The U.S. budgeting process involves outlining the financial plan for the upcoming fiscal year based on government proposals and tax regulations.

Definition of the General Budget in Algerian Legislation:

According to Algerian legislation, specifically Law No. 84-17 related to financial laws, the budget is defined in Article 2. The law on financial regulations, amended and supplemented, has provisions stating that the financial law estimates and authorizes the budget for the next fiscal year dedicated to the operation of public facilities and the implementation of the annual development plan. Article 2 emphasizes that the budget is the document that estimates the revenues and expenses related to public facilities and the annual development plan.

For the civil year, the total revenues, private expenses, investments, including public preparation expenses, and expenses related to public works, are approved.

Through the previous definitions, we find that Algerian legislation, in its definition of the general budget, aligns with French legislation and Arab regulations, combining common elements from legislative definitions. From these, we can deduce the following:

1. This act is in the form of an estimation and approval of revenues and expenses.
2. The budget is a legislative act, and this estimation and approval are present in a single document.
3. It is valid for one year.

The legislator in Algeria defines the general budget of the state as the law that estimates and authorizes the revenues the state is expected to receive during the coming civil year. This is expressed in the law of the budget, reflecting the economic goals of the government and finance.

Furthermore, the Algerian, French, and Arab legislations share common elements in their definitions, emphasizing that the budget is a legislative act that estimates and approves the financial burdens of the state for a specified fiscal year.

Regarding characteristics deduced from the definition of the budget:

- **Estimation (Approximation):** The general budget includes an estimation or approximation of the amount of general revenues likely to be obtained from various

revenue sources. It also estimates the expected expenditure during a specified period, comprising amounts that may or may not be realized.

- **<u>Validity Period:</u>** The budget is valid for one year, and it involves estimations of revenues and expenses based on various economic, social, and political factors. The accuracy of these estimations depends on the effectiveness of the tax collection methods and various administrative and political factors.

Therefore, it is natural for probability to play a significant role in its estimation, although modern budgeting relies on future calculations, economic tables, and other advanced technical means.

The general budget, as an estimation endorsed by the legislative authority, requires more than just estimations of general revenues and expenses to become an actual state budget. It must be accompanied by approval or authorization from the legislative authority. Thus, legislative approval and the adoption of the general budget are fundamental conditions for implementing it. Without this approval, the budget remains a proposed project not subject to execution. It should be noted that the content of legislative approval varies between expenses and revenues.

Regarding expenses, legislative approval grants the government the right to spend the allocated amounts or less, or even refrain from spending. As for revenues, legislative approval does not provide the government with any choice in collecting them. The revenues are obligatory for the recipient according to the provisions of tax laws or the government's

economic activities within the public sector. This means that, practically, legislative approval directs to expenses, not revenues. This is because legislative approval grants the executive authority the right to spend according to the budgetary allocations, while revenues are obligatory and collected in accordance with critical laws and regulations.

General Budget as a Directive:

The general budget estimation is one of the fundamental tools that states rely on to achieve their various objectives. The general budget serves as a directive for the state's public data towards economic and social goals that it aspires to achieve. This is accomplished through the inclusion of a plan in the general budget, known as the "program budget," outlining programs and activities the state seeks to accomplish, ensuring the best economic and social outcomes.

Legal Nature of the General Budget:

There has been a legal debate regarding the nature of the general budget. Is it legislative, considering that it can only come into existence with the approval of the legislative authority? Or is it administrative, as its preparation and implementation are primarily the responsibility of the executive authority?

Some view it as legislative, similar to other laws issued by the parliament, in accordance with constitutional provisions and the internal regulations of the parliament. Others consider it administrative because it merely allocates future expenses and revenues, lacking general and

abstract rules. Parliamentary approval is only required to grant the financial official the authority to carry out their duties.

However, the prevailing opinion considers the general budget a mixed act. It is legislative, especially evident in the tax laws imposed by the legislative authority on those affected. Yet, administrative aspects are visible in the government's prepared plan, distributing decision-making responsibilities required for the implementation across various administrative and executive entities, ensuring the execution's integrity.

Objectives and Importance of the Budget:

The general budget is one of the most important tools reflecting the state's policy and directions through its pursued objectives. Some of these objectives include:

1. **Control Objectives:** The budget aims to contribute to achieving more effective control over execution operations by measuring the government's program and activity performance, monitoring compliance with financial and administrative laws, rules, and instructions, controlling and preserving the government's assets, and assisting in maintaining government agreements.
2. **Behavioral Objectives:** The budget aims to influence the behavior of government employees, shaping their conduct and attitudes through measures such as performance measurement, program monitoring, and adherence to laws and regulations.

Encouraging Initiative and Innovation:

Encouraging the dissemination of the spirit of initiative and innovation involves creating space for employees to participate in budget preparation. Setting goals and acceptable criteria by them and not imposed by higher authorities leads to the following:

Increasing mutual trust between leaders and subordinates.

Enhancing the effectiveness of communication between different administrative levels, especially communication from lower levels to higher levels.

Economic Objectives:

The general budget aims to achieve economic balance through the use of fiscal and revenue policies. In the case of a recession, the state intervenes to increase demand by increasing expenditures and reducing taxes to boost individuals' purchasing power. This results in increased private demand, in addition to government demand, pulling the economy out of crisis and entering a stage of economic recovery.

In the case of inflation, when demand exceeds supply, the state reduces its expenditures and increases tax rates to absorb excess purchasing power in the market. This reduces both private and public demand, leading to a decrease in price inflation.

Social Objectives:

In England, Lord Beveridge presented several proposals in his project on social security, which he called "Social Budgeting." Through this concept, he aimed to combat unemployment in capitalist society. Social budgeting, or humanitarian budgeting, in Beveridge's concept, requires the state to increase its expenditures to the extent that productive work is available. This is achieved by redistributing income through the imposition of some progressive direct taxes. The revenue generated is then used to finance various types of expenses that benefit the poorer classes, such as social assistance, support for essential consumer goods, free education, and free healthcare services, or those provided at a reduced cost compared to their production cost.

Financial Objectives:

The emphasis, under the vigilant state, was on economizing public expenditures to achieve the fiscal burden on society. The general budget reflects the state's financial position, leading to the necessity of achieving a balance between public expenditures and general revenues. The primary financial goal of state finance was the sole objective of the public budget, and achieving other intended objectives was not inherently pursued.

With the expansion of the state's role to an interventionist state, the scope of public expenditures included transfer payments and public investment. Similarly, the scope of general revenues included state revenues from public and external loans. Thus, revenues and

expenditures were no longer limited to the vigilant state's revenues and expenditures. Following the scope of public finance and its goals to be achieved through the general budget, the general budget became a detailed statement of all state revenues and expenditures.

Political Objectives:

Politics is defined as the art of leading society and caring for its affairs. Therefore, the general budget, with its indicators of expenditures from various economic and social aspects, along with its resources obtained from various laws and social expenditures, is, in fact, an expression of the state's policy in numbers. Through this, one can understand the state's goals and directions in the field of delighting the people or directing spending to activities that are beneficial.

Moreover, the nature of budget approval reveals to what extent the state follows the democratic approach in governance. The adoption of the budget by the National Assembly is a real, clear, and explicit adoption rather than an imposition

Political Freedoms and Budgeting:

The effective role of the executive authority is crucial in shaping the budget, while the legislative authority plays a marginal and formal role. This implies that the people enjoy their constitutional freedoms and rights when the executive authority takes a leading role. The legislative authority, on the other hand, has a more supplementary and formal function in this process.

Distinguishing the Budget:

General Budget vs. Family Budget:

The family budget includes expenses related to clothing, food, drink, medicine, recreational items, cultural and educational matters, transportation, and other services. This represents the actual aspect of the family's expenditures over a past period, along with the income derived from various economic or service activities during that time.

In contrast, the general budget is an estimation for the upcoming period, reflecting the state's anticipated general revenues and expenditures. It is a projection of the state's actions in revenue generation and spending, subject to approval by the National Assembly. The family budget deals with actualities over a past period, while the general budget deals with anticipated values in an upcoming fiscal year.

General Budget and the Final Account:

The final account of the state is a statement of actual revenues collected and expenditures made by the government during the past year. It contrasts with the general budget, which is a projection of expected revenues and expenditures in the coming year. The final account deals with figures representing actual amounts realized during a completed fiscal year, whereas the general budget deals with figures expected in an upcoming fiscal year.

The final account holds great importance for researchers and assists in preparing more accurate estimates for the general budget. It is crucial for politicians as it represents the

government's action plan and its intended goals. The final account is a financial expression of the government's achievements, while the general budget is a plan of action for an upcoming period, discussed and approved by the legislative authority.

General Budget and Planning Budget for Special Projects:

The general budget estimates statistics for expected spending, revenue sources, and areas of expenditure, representing the government's planned program for a future period. This plan is typically discussed and approved by the legislative authority before adoption. On the other hand, planning for special projects involves estimating statistics for expected spending, revenue sources, and areas of expenditure for a future period, which may not necessarily be a single year. These projects are characterized by speed and efficiency.

General Budget and National Budget:

The term "national budget" refers to the quantitative estimates expected for the national economic activity (public and private sectors) during a future year. On the other hand, the general budget estimates only the financial activity of the state. There is a close relationship between the two concepts, as the general budget is a part of the national budget. National accounts, in turn, refer to the quantitative study of national economic activity during a past year, encompassing income, formation, circulation, and distribution.

Principles Governing the Budget:

1. The Principle of Annuality: This principle involves estimating the state's expenditures and revenues for a one-year period in a periodic manner. The one-year period is considered the most operationally suitable duration for budgeting due to its alignment with the characteristics of the budget. It is the shortest period that is practical for predicting the state's revenue and expenditure needs. Extending the duration beyond one year complicates the prediction process, especially considering economic fluctuations that may negatively impact both prices and the state's revenue.

2. The Annual Justifications: The annual justifications for adopting the principle of annuality include the practicality of predicting the state's revenue and expenditure needs within a reasonable period. Predicting these outcomes becomes increasingly challenging when the duration exceeds one year, primarily due to the difficulties associated with forecasting in the face of economic volatility, which can adversely affect prices and the state's revenue.

3. The Impact of Prices on Revenue: The principle of annuality is crucial as it allows for a more accurate prediction of the state's revenue and expenditure needs within a manageable time frame. Extending this period may lead to difficulties in forecasting the state's revenue and expenditure requirements due to the unpredictable nature of economic fluctuations, particularly in relation to prices. The principle ensures that budgeting remains realistic and aligned with the economic realities of the state

Persistency of the People: The persistence of the people in requiring their representatives to approve the taxes proposed by the executive authority and to grant this authority the permission to spend within specific and defined limits for specified objectives is essential. This facilitates monitoring and tracking its implementation.

Reasons for the Annual Basis:

1. **Repetition of Revenues:** The revenues are collected once a year, and if the collection of revenues for the general treasury is authorized annually in the general budget, it simplifies the collection process and allows for easy comparison of revenues over the years.
2. **Necessary and Sufficient Duration:** The year is the necessary and sufficient duration for preparing and approving the general budget. The government cannot prepare more than one budget during the year, and similarly, the legislative authority cannot abandon its task for more than a year.
3. **Flexibility in Timing:** The adoption of a monthly or quarterly basis is possible because the volume of revenues and expenditures realized fluctuates with the variations in months and seasons. This prevents inaccurate and unrealistic estimates.

Consequences of the Annual Basis:

- Estimates of expenditures and revenues should be for one year.

- Authorization and permission for revenue collection and spending must be determined annually.

Cancellation of Unused Appropriations: Unused appropriations remaining on the last day of the year should be canceled, and the collection of taxes should cease on the last day if the authorization for them is renewed.

Exceptions to the Principle of Annual Basis:

1. **Additional Appropriations:**
    - These are resorted to when the allocations in the general budget for a specific expense are insufficient, and new appropriations are needed. The government will request the legislative authority to open additional appropriations to be spent during the fiscal year.
2. **Special Accounts on the Treasury:**
    - Special accounts tied to the treasury may restrict specific funds in the revenue aspect. Although not considered general revenues or proceeds from the budget, non-accounting work for these accounts is supervised by the state treasury. Examples include accounts for guarantees of contractors for the proper execution of work.

3. **Guarantees by Contractors:**

    - Contractors pay guarantees to ensure proper execution. When the work is completed according to specifications, these guarantees are refunded.

    Loans: Loans opened by the state for local authorities or public institutions to undertake certain projects are to be repaid to the treasury upon the agreed-upon repayment date according to the contract.

    Principle of Comprehensiveness: The principle of budget comprehensiveness means that the budget should include all its expenditures and revenues without concealment, oversight, or any deduction between the revenue and the corresponding expense. This implies that it is not permissible to allocate a specific revenue type to cover its own expense or the management of the same administration.

    Justifications for the Principle of Comprehensiveness:

1. Provides a comprehensive financial picture of the state.
2. Strengthens legislative control over the government's financial activities.
3. Facilitates accurate and clear monitoring, combating waste, and extravagance.

Exceptions to the Principle of Comprehensiveness:

1. **Non-Allocation Principle:**

   - This principle asserts that regardless of the administrative entities responsible for collecting state revenues, all revenue goes to the general treasury. It is used for state expenditures on various programs without earmarking specific revenue for specific purposes.

2. **Appropriation Allocation Rule:**

   - The rule emphasizes the importance of not allocating the total expenditures by legislative councils. Instead, a specific amount must be allocated for each item of government spending in its details.

Principle of Unity: This principle calls for consolidating the budget within a single document, allowing for a holistic understanding of the budget's main features, both revenues and expenditures. The state regulates only one budget presented in a single document for approval by the legislative authority.

These principles aim to ensure transparency, accountability, and efficient management of public funds. Please note that specific legal and financial terminology may be further refined based on the jurisdiction or specific context.

Considerations for the Principle of Budget Unity:

1. **Political Consideration:**
    - Unifying the budget contributes to the legislative oversight process compared to a situation with multiple budgets. Legislative control becomes more challenging when budgets are fragmented.
2. **Financial Consideration:**
    - Unity in budgeting facilitates a clear understanding of the financial position of the state. It simplifies the identification of the state's financial center by examining the revenues and expenditures included in a single general budget. This is in contrast to the complexities arising from multiple budgets.
3. **Flexibility Necessity:**
    - The essential need for flexibility arises from substantial changes in the roles and functions of the civil state. Embracing decentralization in the management of various government units and public institutions becomes a necessity in the face of these changes.

Characteristics and Benefits of Budget Unity:

1. **Clarity and Simplicity:**

    - The state has a single account, enhancing clarity and ease for those seeking insight into the financial position of the state.

2. **Ease of Determining Ratios:**

    - Facilitates the calculation of the ratio of general revenues and expenditures to the total national income, as these figures are present in a single document for the general budget.

3. **Legislative Oversight:**

    - Assists the legislative authority in enforcing control over the allocation of public expenditures based on priority needs.

4. **Prevention of Manipulation:**

    - Prevents manipulation by the government apparatus concerning the nature of spending and appropriations.

5. **Revelation of Misuse:**

    - Exposes any misuse and extravagance in public spending.

6. **Unified Accounting System:**

    - Supports the development of a unified accounting system for government accounts and various administrations.

7. **Alignment with Planning:**

    - Enhances planning as the general budget is the financial aspect of the economic plan.

Exceptions:

1. **Extraordinary Budgets:**

Extraordinary budgets are budgets that include non-routine expenses, and these can only be covered by extraordinary revenues. Such budgets are issued and implemented under exceptional circumstances. Every country in the world is susceptible to facing exceptional conditions, such as natural disasters (earthquakes, floods) or emergencies like wars. In these situations, the state may need to incur non-routine expenses, such as reconstruction, relief, and war efforts. Typically, these extraordinary expenses are covered by loans, which are considered non-routine revenue source.

2. **Independent Budgets:**

Independent budgets are specific to general projects or entities with a distinct legal personality. An independent budget stands alone, separate from the state budget. Surpluses and deficits are maintained within the independent project. According to administrative

jurisprudence, an independent budget is defined as a public interest or institution with an independent legal personality. It is an entity with a separate legal personality from the state, and there is a direct connection between the independent budget and the concept of a public institution as defined by administrative law.

Administrative jurisprudence defines a public institution as an organized public facility that enjoys legal personality. It is a body that the administration establishes for specific projects or facilities and has independent personality in managing these projects. The entity has the freedom to choose working methods that suit it without being restricted by the methods followed in ministries and governmental agencies.

However, some contemporary finance experts argue that the principle of budget unity no longer suits the burdens of modern states. The roles of the state have expanded in economic life, and it is no longer possible to include all the expenses of the public authority, security forces, judiciary, and administrative costs in a single budget alongside the industrial, commercial, and investment expenses. The principle of budget unity, according to French economist Lucien Gaudin, was acceptable when the functions of the state were limited, and its expenses were minimal. Still, with the increased functions and expenditures, the principle is no longer applicable or beneficial.

Budgetary Balance Principle:

This principle refers to achieving a balance between public expenditures and public revenues in the general budget of the state. It means that public expenditures should neither exceed nor fall below public revenues. Financing public expenditures should rely entirely on public revenues.

Traditionally, this principle was understood in the context of quantitative or accounting balance, where state expenditures should be within the limits of its regular resources, and any deficit or surplus in the general budget should be avoided.

However, modern financial thinking adopted the concept of general balance, which can be achieved even in the presence of a deficit or surplus in the general budget, depending on economic conditions. The text suggests that the general budget can be prepared with balanced estimates for both revenues and expenditures. Still, during implementation, a deficit may emerge that exceeds the actual expenditure or surplus that can be covered by public revenues. Additionally, it's worth noting that in case of budget deficit, the state (government) may resort to reserves or borrowing to cover the shortfall. Conversely, a surplus is desirable as it indicates the financial health of the state, enabling contributions to investment projects and enhancing the state's ability to address emergencies.

Objectives of Implementing the General Budget: The implementation of the general budget aims to achieve the following (3):

1. **Consideration of Financial Limits:** Adherence to the financial limits and constraints set by the legislative authority is crucial during the implementation of the general budget. Success in implementation heavily depends on limiting the exceeding of allocations for ministries and government entities.

Overspending can occur due to various reasons, including insufficient allocations for certain expenditure items. This can be caused by inaccurate planning and estimation by ministries and agencies for their anticipated needs in the upcoming fiscal year. Overspending can also result from poor budget execution, including unplanned reductions in some expenditure items by the General Budget Administration.

Providing Implementation Flexibility:

It is essential to provide sufficient flexibility in budget execution to address changing situations and circumstances, especially economic and financial conditions and the requirements of programs and projects to be implemented. Flexibility in the execution of the general budget largely depends on the legislative authority's approval of the budget (vote by vote or item by item). The executive authority is also granted powers to transfer allocations between items and sections of the general budget. A significant degree of flexibility allows the executive authority to transfer appropriations between items and sections of the general budget. Additionally, having allocations for emergency projects and a budget reserve helps provide flexibility in the general budget. These allocations can be utilized when needed, and transfers can be made as required, following the provisions of the budget system.

Achieving Economic and Social Objectives of the State:

This involves realizing economic, social, and financial stability, addressing issues such as inflation and recession, achieving an appropriate economic growth rate, promoting the private sector, providing services, and supporting comprehensive development. Effective management of government entities is crucial to delivering services and implementing projects at the lowest possible cost.

Stages of General Budget Preparation:

1. **Stage of Preparation and Drafting:**

    - The preparation and drafting stage involves translating the costs of fulfilling the state's role and achieving societal goals into monetary amounts. This requires making appropriate estimates for expenses and determining the necessary revenues. It also involves prioritizing spending on different areas. Since the foundation of this stage is estimation, precision is crucial.

The flexibility in budget execution and the successful achievement of economic and social objectives depend on accurate planning, effective management, and a commitment to the outlined budgetary process.

Setting the Maximum Limit to Avoid Government Surprises:

To prevent the government from being surprised during the execution phase with outcomes different from what was anticipated, a maximum limit should be established. This helps avoid unfavorable consequences that could have been anticipated during the preparation stage.

1. **Negative Effects that Could Have Been Avoided in the Preparation Stage:** The process of preparing the general budget project is one of the initial and most critical stages governing the budget cycle. Its precision and importance are emphasized by legislators who consider the budget plan as the foundation for legislative projects and prioritize the provisions in the finance law. The subsequent laws must adhere to this framework set by the general authority responsible for preparing the general budget in Algeria.

2. **Role of the Executive Authority in Budget Preparation in Algeria:** The preparation of the general budget is an administrative task carried out by the executive authority. It involves all data and information related to general revenue, including its sources and the burden it imposes on various segments of society. Additionally, it encompasses data related to estimating public needs and the feasibility of implementing them. While Law 17-84 on financial laws does not explicitly mention the executive authority's jurisdiction, Article 80 of the 1986 Constitution states that the Prime Minister presents his action plan to the National People's Assembly for approval. The

National People's Assembly discusses this plan, and the Prime Minister can adjust the plan accordingly.

Establishing a maximum limit during the preparation stage ensures that the government remains within expected parameters during execution, minimizing surprises and enabling more effective budgetary management.in light of this discussion and in consultation with the President, the Prime Minister presents an overview of his action plan to the Council of the Nation, as approved by the National People's Assembly. The Council of the Nation may issue regulations. Through this text, it becomes evident that the executive authority is tasked with preparing and preparing the general budget, and this is justified for several reasons:

Justifications for the Executive Authority:

1. **Divergence between Government and Parliament Perspectives:** The government differs from parliament in its view of the relationship with the electorate. While MPs seek to satisfy voters and may decide on a budget that does not rely on the available economic capabilities or resources, the government, by virtue of its responsibility, ensures consideration of fundamental functions that every budget must achieve and strives to enhance economic performance.
2. **Responsibility for Budget Execution and Coordination:** The government is responsible for implementing the general budget and coordinating between its various items, as it possesses the capabilities for execution and monitoring. It is natural for the

executive authority to undertake budget preparation because it will undoubtedly strive to make the budget realistic and accurate. Moreover, it is not appropriate to hold the executive authority accountable for plans, programs, and goals that it did not set itself but were imposed upon it. Therefore, the government's responsibility for implementing the general budget before parliament necessitates empowering it with the authority to develop a budget it can implement.

Role of the Minister of Finance in Preparing the Budget:

The Ministry of Finance assumes the major responsibility in preparing the general budget. Executive Decree No. 54-95 specifies the powers of the Minister of Finance, among the most important are:

1. **Circular Distribution to Ministries:** After receiving the circular, ministries and public institutions periodically prepare the budget by disseminating it to their various departments. The Ministry of Finance provides them with models and instructions, and they are then required to submit their expectations for activities and operations for the upcoming fiscal year.

2. **Administrative Entities' Assessments:** Administrative bodies at various government levels raise their assessments in the form of appropriations, projecting revenues expected to be collected in the coming year. They monitor these funds in the budget's favor.

3. **Central Administration Coordination:** The central administration in ministries and public institutions studies and coordinates all this information, making necessary adjustments to the proposals in consultation with department managers or units. The finalized, unified budget project is presented to the relevant minister and then submitted to the Ministry of Finance.

Challenges Faced by the Ministry of Finance in Preparing the General Budget:

Preparing the general budget involves several challenges for the Ministry of Finance:

1. **Complexity of Revenue Projections:** Estimating and projecting revenues can be challenging due to uncertainties in economic conditions, changing market dynamics, and external factors that may affect revenue collection.

2. **Coordination with Various Entities:** Coordinating and consolidating budget proposals from different ministries and government entities require effective communication and collaboration. Aligning diverse priorities and ensuring accuracy in the presented data can be complex.

3. **Economic and Financial Uncertainties:** Economic uncertainties, fluctuations in currency exchange rates, and changes in global economic conditions can impact the accuracy of budget projections and financial planning.

4. **Balancing Expenses and Revenues:** Striking a balance between government expenses and available revenues is crucial. Unforeseen events or changes in economic conditions may necessitate adjustments to maintain fiscal responsibility.
5. **Political and Social Considerations:** Balancing political and social considerations while preparing the budget adds complexity. The government must address public needs and expectations while ensuring fiscal sustainability.
6. **Adapting to Legislative Changes:** The Ministry of Finance must adapt to any legislative changes or new regulations that may impact the budgeting process. Staying compliant with evolving legal frameworks requires continuous monitoring and adjustment.
7. **Ensuring Accountability and Transparency:** Maintaining accountability and transparency in the budgeting process is essential. The Ministry of Finance faces the challenge of providing clear and comprehensive financial information to the public and relevant stakeholders

Challenges Faced by the Minister of Finance in Budget Preparation:

The Minister of Finance encounters significant challenges in budget preparation, especially when there is an imbalance between expenditures and revenues. The state, represented by the Minister of Finance, typically gives importance to the expenses

proposed by ministries. Based on these proposals, general revenues are determined to avoid additional burdens, particularly in imposing taxes on individuals.

Entities Contributing to the Preparation of the State's General Budget:

Several entities play crucial roles in preparing the state's general budget, with the General Budget Directorate taking a central and pioneering role. It has a substantial impact on financial decisions by aggregating appropriation requests from ministerial departments, estimating necessary expenses, and outlining budgetary perspectives at the beginning of each calendar year through a document called the methodological memorandum.

In addition to the General Budget Directorate, various general directorates within the Ministry of Finance contribute to preparing the state's general budget, particularly in determining expected revenues that cover expenses. This includes the General Directorate of Taxes, the General Directorate of Customs, and the General Directorate of State Properties. These directorates are key structures within the Ministry of Finance responsible for revenue collection for the benefit of the state treasury. Finally, the General Treasury Directorate plays a role in managing revenues.

Stage of Approval and Adoption of the General Budget:

Once the budgetary procedures, including the estimation of revenues and expenditures in a comprehensive document, are completed by the executive authority represented

by the Ministry of Finance, this alone is not sufficient to transform the general budget into executable estimates. It must undergo approval by the legislative authority. The legislative authority is responsible for approving and adopting the general budget, and once approved, it becomes a binding law.

Historically, the right of the legislative authority to approve and adopt the budget has been a prolonged struggle between the legislative authority and the ruler. This right initially involved the ruler obtaining prior approval from the parliament before imposing any tax. It then evolved to include the necessity of approval for public expenditures and subsequently for the entire budget, encompassing both revenues and expenditures.

In Algeria, the legislative authority consists of two chambers. Therefore, a budget proposal is not executable until it has passed through both chambers consecutively.

- **Adoption of the General Budget by the National People's Assembly.**

The Prime Minister submits the draft law of the general budget (budget law) to the office of the President of the National People's Assembly. According to the internal regulations of the National People's Assembly, it is presented to the Finance and Budget Committee, which deals with matters related to the general budget, tax and customs regulations, currency, loans, banks, and insurance. This committee

thoroughly examines the draft budget, prepares an initial report with its observations, and submits it to the office of the President of the National People's Assembly.

The report is then distributed to the deputies, and the date of sessions and the agenda are communicated to them at least seven days in advance. The budget draft is printed in multiple copies and delivered to the members of the assembly to allow them to review it before the discussion.

The Finance and Budget Committee typically recommends approval of the general budget for the upcoming fiscal year. Subsequently, the National People's Assembly examines the budget proposal based on the committee's report. A vote is then conducted on its contents, either as a whole or in detailed sections (item by item). The current trend in many countries is to vote on the budget as a whole to provide the executive authority with more flexibility in transferring appropriations between budget items, ensuring general budget flexibility. This approach is mentioned in Article 70 of Law No. 17-84 related to financial laws

- **Adoption of the General Budget by the Council of the Nation (Senate):**

The President of the Council of the Nation receives the budget proposal to review and present it to the Finance and Economic Affairs Committee. If there is no disagreement with the National People's Assembly, the Council of the Nation reviews the text.

However, if there is a dispute between the two parliamentary chambers regarding the budget project, adjustments may be made.

Budget Amendment:

Since the legislative authority approves the budget project, it has the right to express its observations on all aspects of the general budget. It can request adjustments it deems necessary, whether increases or decreases in budget estimates. Referring to Article 121 of the 1986 Constitution, it emphasizes that no law proposing a decrease in public resources or an increase in public expenditures can be accepted unless accompanied by measures aimed at increasing state revenues or providing financial savings in another section of expenditures.

Budget Execution:

Budget execution refers to the operations carried out to collect the revenues and spend the amounts allocated in the public budget. The accuracy and precision of the revenue and expenditure sides of the budget directly impact the alignment of budget execution with the scientific sites of the general budget.

1. **General Responsibility for Budget Execution:** The executive authority, along with its administrative entities, is responsible for implementing the budget. Each ministry, department, or government body is tasked with executing the approved programs and

providing services within its scope of work. It should ensure technical efficiency in implementation, minimize costs, and not exceed the allocated appropriations.

2. **Revenue Collection:** Different ministries, departments, and government entities are responsible for collecting general revenues. These entities derive their authority to collect revenues from financial legislation, tax laws, and the General Budget Law. The commitment to revenue collection is grounded in financial regulations. The collection of general revenues varies depending on the type of revenue. Some types are collected by the Ministry of Finance or its affiliated entities, while others are managed by entities outside the Ministry of Finance.

   The Ministry of Finance can monitor revenue collection through its employees, even if the collection is handled by other entities. For instance, the Ministry of Health may be responsible for collecting healthcare-related fees, while the Ministry of Finance oversees the process through its designated staff.

Challenges in Budget Preparation:

The Finance Minister faces significant challenges in budget preparation, especially when there is an imbalance between expenditures and revenues. The state, represented by the Finance Minister, places importance on scrutinizing the expenses proposed by

ministries. This scrutiny ensures that there is no additional burden, particularly in imposing taxes on individuals.

Entities Contributing to General Budget Preparation:

The General Budget preparation involves various entities, with the General Budget Directorate playing a crucial and pioneering role. This directorate gathers budget requests from ministerial departments, assesses the expected revenues to cover the expenses, and coordinates adjustments deemed necessary in consultation with department managers. The finalized budget project is then presented to the concerned minister before submission to the Ministry of Finance.

Financial Budget Approval Delay:

In cases where the parliament delays the budget project's preparation, the constitutional legislator grants a 75-day period from its deposit. If this period is exceeded, the President can issue a financial law by order, giving it the force of law, as stipulated in Article 120 of the 1986 Constitution

Direct Taxes and Revenue Collection:

In the context of revenue collection, the Customs Administration in each province is responsible for collecting customs duties. Additionally, municipalities play a role in collecting certain taxes. The government entities adhere to specific rules in collecting general revenues.

Principles of Revenue Collection:

Several principles govern the collection of general revenues:

1. **Non-Allocation Rule:** This rule emphasizes that all revenues are mixed, and the General Treasury receives them for the state's account without distinguishing or allocating them to cover specific expenses. This principle is explicitly mentioned in Article 8 of Law No. 17-84.

2. **Allocation for Specific Expenses:** While the general rule is the non-allocation of revenues, financial laws may explicitly specify the allocation of resources to cover certain expenses. This can happen based on specific circumstances, such as supplementary budgets, special treasury accounts, or specific revenue accounts within the general budget.

General Rules for Taxation:

- **Collection Based on Actual Incidence:** The collection of taxes occurs only when the actual incidence triggering the tax liability takes place. For instance, income tax is collected when the taxpayer becomes indebted to the state due to a specific event, such as the distribution of commercial profits.

- **Provisions for Objections:** Objections to the amount collected or securing the dispute in progress do not halt the collection process. Payment must be made first, and if objections are upheld, appropriate adjustments will be made.

- **Consideration of Collection Timing:** Authorities must consider the timing of revenue collection according to legal provisions. This ensures alignment with taxpayers' circumstances and facilitates efficient collection while minimizing the impact on economic activities.
- **Administrative Commitment to Collection:** Administrative entities responsible for revenue collection must adhere to the specified rules and do not have the discretionary authority to deduct amounts for general expenditure. The second clause of Article 79 of Law 17-84 explicitly prohibits the unauthorized collection of all direct or indirect

Application of Penalties and Financial Sanctions:

- The same penalties stipulated for embezzlers apply to all individuals holding public authority who, without legal authorization, grant any form of exemptions from rights, taxes, or public fees. This includes individuals in managerial roles within public institutions and government agencies who, without legislative permission or regulatory levels, alter the levels or services of the institutions placed under their responsibilities.
- **Implementation of Public Expenditure:**
- The execution of public expenditures involves four stages:
- **Commitment:** Commitment to public expenditure arises when the executive authority, in its various administrative units, makes any decision that imposes an

obligation or debt on the state. This can include decisions to hire employees, perform public services, or pay compensations. The commitment leads to a financial obligation requiring the government to provide the necessary funds for the incurred expenses.

- **Unrestricted Commitment:** Government entities should not commit to an expense unless there is a specific allocation for it in the general budget. The budget, ministries, and government entities are prohibited from incurring expenses beyond the allocated amounts in the general budget.
- **Financial Settlement:**
- Financial settlement involves determining the debt owed by the state after confirming its rank and maturity. A designated official, either voluntarily or upon request from the creditor, handles this process. The creditor must provide supporting documents to prove their right and the performance of services or works. Verification is required to ensure that the creditor is indeed entitled to the claimed amount, has fulfilled obligations, and the commitments made are adequately documented.

<u>Correct Execution of Settlement:</u>

For a settlement to be valid, it must occur after the establishment of a relationship between the state and its creditors, meaning after the commitment to payment. The settlement should rely on documents and records that substantiate the creditor's right to the expenditure. The settlement process should commence after the creation of a

legal obligation to pay, and it should be based on documents and records that prove the creditor's entitlement to the expenditure. The validity of the settlement is contingent on the existence of a clear connection between the state and the creditor, backed by appropriate documentation.

Issuance of Payment Order:

The payment order is a directive issued by the payment issuer to the accountant, instructing the payment of a specified amount and its nature explicitly to the rightful claimant. The payment issuer is usually an administrative authority, often coming from the head of the department. The payment order must include a payment memo or a transfer and specify the budget item to which the expenditure amount is charged. The payment document should also include the discharge of the payment issuer and the tax official responsible for preparing this document.

Expenditure Settlement:

Expenditure settlement is the final stage in the execution of public expenditure. The accountant is responsible for disbursing the expenditure to the entitled party after verifying the accuracy, validity, and compliance of all operations with financial rules, laws, and regulations. The execution of public expenditure requires establishing a legal relationship between the state and its creditors. The state must ensure that the creditor has performed the required work, determine the amount due for this work, and

issue a payment order from the executive authority to the relevant administrative authority.

Payment of Expenditure:

The payment of expenditure involves three administrative steps: establishing a legal relationship, confirming the creditor's performance, and determining the amount to be paid. After these steps, the administrative authority issues a payment order to the competent administrative authority. The financial competence lies in the payment of the amount from the general treasury, following the administrative authority's endorsement.

It is important to note that the available means for the government include central and sub-directorates, as well as employees within the Ministry of Finance. Access to national economic information is crucial for understanding the economic situation. The organizational structure of the central administration in the Ministry of Finance includes eight general directorates, among them the General Directorate of Budget. The Parliament lacks sufficient resources and qualified personnel to thoroughly study and determine the necessary revenues and expenditures, making it reliant on qualified staff from the Ministry of Finance for a precise analysis.

Financial Oversight of the General Budget:

The subject of reviewing and monitoring the general budget has garnered the interest of many scholars and political figures. The concept and nature of financial oversight have evolved along with the development of the concept and content of the general budget. In the initial stages, when the state budget was merely a financial document reflecting state revenues and expenditures, the review and oversight processes were limited to examining the general accounts strictly from a financial perspective. The review aimed to ensure that these documents adhered to assets and prevailing accounting rules.

With the evolution of financial thought and a change in perspectives on the government's role in economic activity, the concept and content of the general budget underwent transformation. The state budget began to represent specific government programs and policies endorsed by the legislative authority, aiming to achieve societal goals. Consequently, the concept and substance of financial oversight and auditing needed to align with these developments.

As a result, the executive authority found it necessary to seek regulatory methods that would effectively implement revenue and expenditure programs. Simultaneously, the legislative authority had to expand its oversight role beyond the budget approval stage, extending it to the implementation phase. Thus, ongoing and continuous monitoring of budget execution became crucial to ensure the government's compliance with

legislative decisions. Financial oversight and auditing ceased to be solely about accounting; it became evaluative, assessing government activities. Moreover, the scope of oversight and auditing expanded to encompass all executive, legislative, and judicial authorities.

Fifth Axis: Financial Oversight of the General Budget:

(1) Definition of Financial Oversight: Financial oversight, in linguistic terms, means monitoring, observation, and supervision with a sense of trust and authority. In terms of terminology, it has been defined in several ways, including "a set of procedures and methods followed to review financial transactions, allocate the work of entities subject to oversight, assess their efficiency, and ensure the achievement of set objectives, confirming that these objectives were realized according to the established plan and within specified timeframes." It involves verifying the completion of implementation in accordance with the plan, instructions, and established rules, intending to discover errors, rectify them, and prevent their recurrence.

Additionally, the first Arab conference on financial oversight defined it as a comprehensive scientific approach requiring integration and alignment between economic, accounting, and administrative concepts. It emphasizes raising the efficiency of their use and achieving effectiveness in the results. The conference suggested that an independent body, separate from the legislative authority and not subject to the executive authority, should undertake this task.

(2) General Objectives of Oversight:

- Providing a neutral technical opinion on the accuracy of financial conditions and the results of the operations of units under oversight. This opinion should be supported by strong evidence regarding the accuracy of the financial position and the results of operations at the end of the period.
- If management is monitored effectively, it ensures the respect of the rights of individuals working within the administration and those dealing with it. This is especially important as administrations are granted authorities and privileges, and in the absence of such oversight, they may exceed legal limits, leading to abuse or arbitrary use of these powers.

(3) Types of Oversight:

The oversight is divided, according to the responsible bodies, into Administrative Oversight and Financial Oversight.

Administrative Oversight:

This type of oversight encompasses various forms exercised by the administrations of public entities themselves or by other administrations, performed by specialized employees or other staff within their competence to oversee financial operations. Administrative oversight involves different stages of financial operations, focusing particularly on expenditures as they are more susceptible to deviations and violations

by the officials responsible for their execution. Administrative oversight can be further classified into Internal Oversight and External Oversight.

Internal Oversight:

This type of oversight is prior to implementation and primarily deals with financial relationships related to the functions of ministers. It aims to prevent the expenditure of any amounts unless compliant with financial rules and the ministry's allocations. It is a form of administrative work assigned to the executive authority to justify that this oversight is related to the administrative work. Internal oversight is conducted within the executive authority by directors, heads, and some employees affiliated with the Ministry of Finance (administrative accountants) deployed in all government ministries, departments, and agencies. It is mainly applied to public expenditures rather than public revenues.

One of the key advantages of prior oversight includes:

- Reducing opportunities for financial violations or fraud, thereby safeguarding public funds.
- Ensuring accuracy in the application of financial laws, regulations, and instructions.
- Easing the responsibility placed on the shoulders of administrative officials.

Functions of Internal Oversight: The distribution of work among employees and the definition of the responsibilities and duties of each to minimize fraud and errors. An

essential step in dividing and distributing work is separating the functions of accounting and record-keeping from other functions within the government unit and from the process of cash collection or disbursement.

Carrying Out Uniform Procedures Allowing for Accounting Oversight of Public Resources, Credits, Connections, Public Expenditures, and Various Assets and Obligations of the Entity:

1. Implementing uniform procedures enabling accounting oversight of public resources, credits, connections, public expenditures, and various assets and obligations of the unit.
2. Conducting surprise audits and periodic inspections of the treasury and public stores.

Technical Procedures:

The Ministry of Finance issues a circular sent to all ministries and public institutions, which, in turn, distribute it to all administrative levels under their jurisdiction. The circular includes the general outlines for preparing the state budget with data on the financial policy elements for the upcoming year, along with detailed bases for estimating public expenditures. It also specifies the deadline for all entities to submit their estimates to the Ministry of Finance.

Each ministry, institution, or public authority forms sub-committees responsible for estimating the expected revenues and expenditures for the upcoming period based on

set objectives and according to budget preparation rules and fundamental guidelines provided in the mentioned circular.

Subsidiary budgets are aggregated at higher administrative levels until the budget of the ministry, authority, or institution is prepared, coordinating between subsidiary budgets.

Each ministry or authority sends its estimates to the Ministry of Finance, and different departments within this ministry study and review the estimates from both accounting and technical perspectives. Details of these estimates are then discussed with the representatives of ministries and authorities.

After consulting with relevant authorities in the executive branch, the Ministry of Finance finalizes the budget project.

The draft general budget is presented to the Council of Ministers, which discusses and finalizes it before presenting it to the legislative authority.

External Oversight: This is undertaken by external bodies not subject to executive authority.

Administrative Powers of the Court of Accounts: These administrative powers involve monitoring the quality of management for various public entities and facilities subject to its oversight. It includes evaluating the conditions of using their resources

and material means and managing them. This type of oversight is also characterized by a qualitative review of management through specific indicators and criteria.

Investigation and Monitoring Committees affiliated with the National People's Congress have broad powers in the field of investigation. They can request entities under investigation, as well as relevant administrations and authorities, to submit documents and information. They have access to all necessary documents and records. This type of oversight is known as performance oversight, ensuring the presence of reliable internal control procedures and assessing the effectiveness, efficiency, and economy in the management of these entities based on specific indicators and criteria.

The investigation and oversight committees, after completing their investigations, send a copy to the competent authority for feedback. Parliamentary oversight becomes evident during the discussion of the supplementary finance law presented by the government to the parliament during the fiscal year, seeking additional appropriations. The government necessarily provides sufficient information about the budget implementation status, justifying its request for additional appropriations. The government discusses its financial policy, adjusts certain adopted measures if necessary, and requests additional appropriations to meet unforeseen needs or complete ongoing projects. The Parliament discusses and approves these requests.

Financial Controller: His Tasks

1. Ensuring the availability of approved financial credits. Financial approval is the legal license that allows assigned personnel to execute operations entrusted to them. The order to spend should be based on the financial approval open within the limits of the allocated budget for that purpose.

2. The General Accountant is responsible for monitoring expenditure orders and auditing the legitimacy of the documents approved.

Oversight of the Ministry of Finance's Interests:

The State's concern for the accuracy and strictness of public money management, preventing its waste, led to the establishment of the oversight task. The Ministry of Finance is tasked with managing the state's finances, holding all revenues, and granting credits to all ministries. This has led to the establishment of a regulatory body under its supervision, responsible for monitoring financial management and accounting for the state's interests. This is done following the procedures and regulations in place.

Controlling financial management is the primary mission of the Inspectorate General of Finance. It aims to ensure compliance with legal standards and measures, ensuring the legitimacy and accuracy of financial accounts. Oversight includes monitoring expenditure operations and cash flow.

The Inspectorate General has been qualified by a joint ministerial decision between the Minister of Finance and the Minister of Justice to examine crimes related to financial transactions and movements of funds. This mission is exceptional and less important in comparison because there are other qualified entities capable of performing it.

The Inspectorate General also oversees international loans granted by the World Bank for Reconstruction and Development and the African Development Bank. This is to ensure the proper use of allocated credits through strict, detailed, and regular monitoring of balances directed to the project.

They base their actions on decisions and approvals from oversight bodies when discussing their future actions.

Drawbacks of Prior Control:

1. **Delays in Operations:** Due to the time required for prior control on spending, some find it inflexible, leading to delays in tasks.
2. **Centralized Influence of the Ministry of Finance:** The Ministry of Finance gains significant influence over all ministries and government entities as it monitors and cancels what it deems as unauthorized expenses.

3. **Formal Control:** Prior control on spending is considered a formal control (reviewing books, documents, and verifying the application of financial regulations), not a substantive control (including reviewing the results and returns of actions).

Internal Control Entities:

1. Financial Controller:

- A person affiliated with the Ministry of Finance, appointed by ministerial decision signed by the Minister in charge of the budget.
- The financial controller's oversight is legal, focusing on the legitimacy of expenditures.
- Significant decisions subject to the financial controller's approval include appointments, stabilizations, and salary payments unrelated to promotions.
- Decisions related to settling additional expenses and direct expenditures by administrative bodies based on final invoices.
- Any commitment supported by a formal request or invoice is subject to control unless it exceeds the specified amount in public procurement law.
- Decisions related to the management, equipment, or investment expenses for a sector.

Elements Subject to Financial Controller Oversight:

- Legal nature of spending orders.
- Compliance of spending commitment with existing laws and regulations.
- Ensuring the availability of approved financial credits.
- Matching the commitment amount with the specified elements in the authorized documents.

Legal Allocation of Expenditure:

The legal allocation for expenditure requires not only the existence of the financial authorization but also a commitment by the spending authority to allocate it specifically to a certain category. Every open authorization for a specific category should not be used for unauthorized expenses.

Undoubtedly, the financial controller's oversight aims to prevent financial violations of all kinds. It ensures the operations of the ministry align with existing laws and regulations. This control is considered preventive, identifying errors before or immediately upon occurrence and correcting them promptly. The continuous and ongoing control throughout all stages of spending proves fruitful in preventing financial irregularities and embezzlements.

The financial controller is primarily concerned with the formal aspects of expenditure, often limited to formal control rather than substantive control, which involves reviewing the financial operations from initiation to completion.

Public Accountant: According to Article 33 of the Public Accounting Law, a public accountant is appointed by ministerial decision from the Minister in charge of finance. The public accountant is responsible for various tasks:

- Collecting revenues and disbursing expenditures for an accounting period.
- Safeguarding money, bonds, documents, and all valuables or materials entrusted to their supervision.
- Managing the movement of asset accounts.

Public accountants are appointed and approved by the Minister of Finance and perform crucial roles in different areas, including central treasurers, budget accountants, chief tax collectors, and more.

The conditions that the public accountant must examine before disbursing expenditure include ensuring compliance with laws and regulations, the legitimacy of the spending authority, the legal justification for the expenditure, the availability of financial credits, the absence of overdue debts, and the proper authorization of control operations required by laws and regulations.

The role of the public accountant is essential in verifying the legality of the spending authority's actions, ensuring compliance with laws and regulations, and confirming the legal nature of the expenditure settlement.

In cases where the public accountant refuses to accept the expenditure, the law provides the spending authority with another means to proceed with the payment, known as "written coercion." This is confirmed by Article 47 of the Public Accounting Law, which states that if the public accountant refuses payment, the spending authority can request in writing, under their responsibility, that the payment be made. Similarly, Article 01 of the aforementioned Executive Decree 314/1 emphasizes that if the public accountant suspends the payment process, the spending authority can request in writing, under their responsibilities, that the payment be made.

Even if there is a written coercion order, the public accountant retains the authority to refuse the expenditure. However, the public accountant must justify this refusal with one of the following reasons:

- Lack of allocated financial credits for the specified expenditure by the creditor entitled to the expenditure.
- Unavailability of treasury funds to cover these expenses.
- Absence of proof of the service committed by the creditor entitled to the expenditure.

- Non-definitive nature of the expenditure, meaning that the payment order does not absolve the administrative body from the debt it is responsible for.
- Lack of the specific visa for expenditure control from an authorized entity, such as the financial controller and the procurement committee.

External Oversight - General Inspectorate of Finance:

The General Inspectorate of Finance was established in 1980 by Decree No. 53-80, specifying its organization and competencies. Subsequent executive decrees regulated its central structures, external relations, and powers. The head of the General Inspectorate of Finance oversees the execution of its control, studies, and evaluation tasks, as well as the management of its employees and resources.

The General Inspectorate of Finance has the authority to oversee the accounting management of state interests, local authorities, agencies, and institutions. Its members do not follow the same administrative hierarchy as other Ministry of Finance employees, ensuring a degree of independence in performing their duties.

Public Inspectorate and its Oversight Role:

The General Inspectorate of Finance has the authority to oversee public entities subject to the rules of public accounting. This includes public institutions with an industrial and commercial character, public agricultural investments, social security organizations, and any entity

benefiting from state subsidies. The inspectorate is composed of experienced professionals with expertise in economics and finance.

The inspectorate conducts studies and analyses within its defined scope. To facilitate its tasks, it can enlist the help of qualified technicians and experts. The inspectorate's role is crucial in ensuring sound financial and economic management within public entities.

Evaluation of the General Inspectorate of Finance:

The General Inspectorate of Finance plays a crucial role in economic oversight, evaluation, and studies. However, there are limitations and obstacles affecting its effectiveness:

1. Some entities, such as the Presidency, the Ministry of National Defense, the National People's Assembly, and certain economic public institutions like SONATRACH, are not subject to the oversight of the General Inspectorate of Finance.
2. Criticism has been directed at the workload of the inspectorate, where 200 inspectors investigate the management of public properties amounting to millions, but the allocated resources do not match the significance and complexity of their supervisory tasks.
3. The inspectorate's authority is limited to oversight and does not extend to making decisions or judgments on violations, laws, or regulations.
4. Lack of coordination between the General Inspectorate of Finance and other supervisory bodies, particularly the Court of Auditors.

Judicial Oversight:

Decree No. 20-95, issued in July 1995, defines the powers and organization of the Council of Auditors. It is responsible for judging the accounts of public accountants, controlling budgetary and financial discipline, and imposing penalties for related violations.

Assessment of the Council of Auditors:

The auditing task in Algeria by the Council of Auditors is characterized by improvisation. Instead of dedicating resources to regular and comprehensive audits of public accountants, the Council tends to review a very small percentage of submitted accounts. The current approach often involves reviewing the latest ledger entry for each public accountant, leading to the closure of thousands of accounts annually without comprehensive scrutiny.

This method, in addition to the limited number of programmed audits, leaves tens of thousands of accounts untouched since the establishment of the Council. The technical challenges involved in auditing accounts, verifying legal and material compliance of operations, and the lack of coordination with other oversight bodies are significant issues that need addressing.

Political Oversight:

Political oversight is one of the most critical safeguards for respecting the will of the parliament in implementing financial laws. As the parliament represents the will of the people, the importance of oversight lies in its efforts to enforce respect for the people's will.

The parliament monitors the nation's budget management and guides it in the right direction through three appropriate stages: before, during, and after budget implementation.

Political Oversight of the General Budget:

1. **Approval of the Budget Law:** The political oversight involves the approval of the draft financial law, as the general budget cannot be implemented without parliamentary approval. This is a crucial step that requires both chambers of parliament to pass the budget law.
2. **Oversight During Budget Implementation:** Several mechanisms empower the parliament to exercise oversight during the implementation of the budget:
    - **Interpellation:** Members of parliament have the right to interpellate the government on issues scheduled for discussion. This right is constitutionally granted, allowing parliamentarians to inquire about various areas, including public spending and general policies.
    - **Questioning Sessions:** The parliamentarians can submit oral or written questions to government members. Oral questions are handled through an established mechanism, while written questions are deposited at the parliament's office. The government is obliged to respond to the elements mentioned in the questions during the designated session.

- **Parliamentary Questions:** Parliamentary life involves various methods and traditions through which the parliament exercises its legislative and oversight roles. Parliamentary questions are one of the technical means directed toward monitoring government performance. These questions can be oral or written.
    - **Oral Questions:** Addressed through verbal communication and regulated by constitutional provisions, oral questions allow parliamentarians to inquire about various areas, including financial matters. The timing of the questioning session is determined through consultation with the government.
    - **Written Questions:** These are consultations on specific situations directed from parliamentarians to government members. They serve as a crucial technique for financial oversight in parliamentary and semi-parliamentary systems.

Investigation Committees:

Each chamber of the parliament, within its jurisdiction, has the authority to establish investigation committees at any time to inquire into matters of public interest. This measure ensures the effectiveness of parliamentary oversight over the general administration (government). The law and internal regulations of the two parliamentary chambers define the

formation of these committees, outlining their procedures, means of performing their tasks, protecting their members, and specifying penalties resulting from investigation outcomes

Subsequent Oversight:

Subsequent oversight is the parliament's right to discuss final accounts after the end of the fiscal year. This allows parliamentarians to verify that the figures in the final accounts match those previously approved during the legislative authority's approval stage. All constitutions emphasize the need for parliament to adopt the final accounts of the general budget.

Legislative Oversight Aims to:

1. Study the government's implementation of regulations and programs entrusted to it by the legislative authority, evaluating whether these were carried out in a manner that achieves the desired objectives.
2. Examine whether programs, activities, and expenditure operations were carried out effectively, economically, and in compliance with applicable laws and instructions.
3. Ensure that available resources for each government unit are appropriately monitored and operate according to established objectives.
4. Assess whether all procedures and expenses for the government unit have been calculated properly and whether funds have been allocated according to the relevant laws and regulations.

Interpellation:

Interpellation serves as a tool directed towards the government. It involves questioning the government and its members on public affairs and serves as a critique of the government's actions regarding a specific issue or policy.

Evaluation of Parliamentary Oversight:

In general, parliamentary oversight of budget implementation, being primarily political, remains effective to a large extent based on the effectiveness of parliamentarians in exercising their legislative and oversight powers over government actions. The effectiveness is contingent on whether members of parliament have sufficient time, technical expertise, and accounting knowledge to discuss the final accounts, which can be extensive, detailed, and politically significant. This underscores the importance of parliamentary oversight but highlights the challenges in relying solely on it for comprehensive monitoring of budget execution.

On the other hand, it is noticeable that government officials often respond to only a portion of the questions, neglecting the remaining parts or providing superficial answers. There is also a tendency to delegate the task of responding to the Prime Minister, answering on behalf of the entire government. The parliamentary tools available are not always sufficient to confront unsatisfactory answers from the government. Interpellation, as one of these tools, does not impact the government's accountability significantly, diminishing its importance.

Economic Oversight:

Economic oversight aims to examine the activities of the public authority, monitor the implementation of programs, projects, and operations, analyze their costs, identify weaknesses and defects, and assess the achieved results and their impact on economic activity. Economic oversight has evolved since World War II, leading to a reconsideration of budget classification and presentation methods. It shifted from categorizing budgets based on the type of goods or services to categorizing them based on the administrative units responsible for their implementation. The classification is often based on expenditure types, such as consumption, capital, or investment.

Popular Oversight of Public Funds in the Islamic Economy:

Public opinion, represented by individuals and stakeholders, plays a crucial role in overseeing public funds in the Islamic economy. Omar ibn Abdulaziz had a unique vision of responsibility, suggesting that responsibility for injustices is shared. If rulers are responsible for their transgressions, the subjects share in their sins if they do not stand against the ruler's injustices. Omar believed that subjects who do not hold rulers accountable deserve punishment because they did not reject wrongdoing or oppose injustice. This perspective emphasizes the importance of the public holding rulers accountable and suggests consequences for failing to do so.

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