

The implications of financial and accounting reforms on the effectiveness of interveners in the execution of the state budget

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Abstract: The Budgetary Framework and the implementation of the state budget are positively impacted by the accounting and financial reforms, which increase the efficiency and transparency of achieving financial and developmental goals of government financial operations. The purpose of this article is to evaluate the efficacy of the role played by individuals in charge of carrying out the state budget following the implementation of Algeria's financial and accounting reforms, and their effect on defining responsibilities, using a descriptive and analytical approach.

The study concludes that, After Organic Law 18/15 on Finance Laws went into effect in 2023 and Law 23/07 on Public Accounting and Financial Management was subsequently issued, these revisions contributed to modernizing the work of budget executors and clarifying their responsibilities in line with the programmed modernization efforts. Each official operates within the scope of their authority, commitments, and area of intervention. Furthermore, the enhancement of their role is based on effectiveness, governance, accountability, and transparency in the performance of their responsibilities, all of which support the growth and enhancement of public finances.

Keywords: financial reform; Budgetary Framework; public Accounting; Accountability; Efficiency.

Jel Classification Codes : H61 ; H83 ; M48

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Introduction

The state budget is the primary tool for implementing public policies and achieving economic and social development. However, a complicated network of agents and participants must step in to help carry out this budget, both at the central and local levels, who play a vital part in guaranteeing the accomplishment of predetermined goals and the effective use of public funds. The importance of these agents complicated network of agents and participants must step in to help carry out this budget lies in their ability to translate plans and strategies into tangible outcomes while adhering to principles of transparency and accountability.

In Algeria, with the accelerated pace of reforms across various sectors, the financial and accounting system has undergone significant transformations, most notably with the enactment of Organic Law 15/18 on finance laws and Law 07/23 on public accounting. These laws aim to improve public financial management and ensure proper budget execution, placing new challenges on the agents and stakeholders, requiring advanced training and the modernization of applied methods.

This raises the central question: how have these financial and accounting reforms impacted the effectiveness of interveners in executing the state budget? And have these amendments contributed to enhancing performance and achieving the desired efficiency?

Research conjectures: these theories can be proposed based on the problem statement

- **First Hypothesis:** The financial and accounting reforms, represented by Organic Law 15/18 and Public Accounting Law 07/23, have contributed to enhancing the effectiveness of stakeholders in executing the state budget by improving planning and monitoring mechanisms and increasing transparency in public financial management;
- **Second Hypothesis:** Despite the implementation of new accounting and financial policies, as well as the efficiency of various stakeholders in carrying out the allocation of state funds continues to face challenges due to limited training and capacity-building, as well as difficulties in adapting to the new systems.

Research Significance: The significance of this research lies in its focus on The effect of Algeria's revisions to its accounting and financial systems, in particular Organic Law 15/18 on the rules governing finance and Law 07/23 on public accounting, on the effectiveness of state budget implementation. This study not only highlights the role of these reforms in enhancing transparency and accountability in public financial management but also analyzes their implications on the performance of stakeholders involved in budget execution. Its practical importance stems from providing a comprehensive perspective on improving the financial and accounting performance of the state, contributing to greater efficiency and effectiveness in managing financial resources.

Aims of research:

- to investigate and assess the role that actors play in the actualization of the state budgetary in Algeria, taking into account the newly established regulations.;
- so as to assess the impact of financial and accounting reforms on financial and administrative performance effectiveness;
- To examine the challenges faced by stakeholders in adapting to the new legal frameworks;
- To provide practical recommendations for improving stakeholder efficiency and ensuring the achievement of the state's financial objectives;

Study Methodology: This research adopts a descriptive-analytical approach. It first describes and analyzes the legal frameworks related to financial and accounting reforms and then examines their implications on stakeholders in state budget execution. The study relies on

analyzing official documents, such as laws and financial reports, along with available data to draw conclusions supported by quantitative and qualitative evidence.

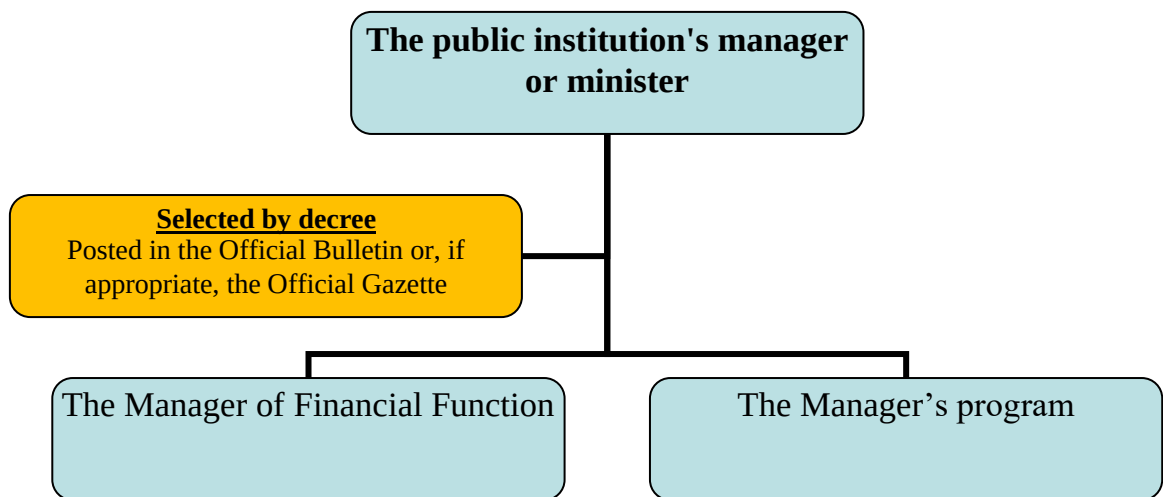
I. Methods of Appointment of Budgetary Officials

In accordance The Minister or the head of the relevant public institution is the program portfolio manager under the applicable laws. For the credits allotted to them, they serve as the principal authorizing authority for expenditures from the State's regular budget and the Treasury's special accounts. (Circular NO.5960, 2022)

I. 1. Appointment of The Program Managers and the Financial Function Managers

We shall provide clarification on the decree designating the programs manager and the supervisor of the finance function this through the following figure:

Figure (1): Appointment of the Financial Function Manager and the Program Manager



Source: (Decree NO.20-404, art23, 2020)

In relation to the decree authorizing the appointment of this managers:

-can't be confused with the delegation of signature, which is subject to specific legislative and regulatory provisions.

-It should not be intuiting personae (not nominative) but the appointee's function (e.g., the general director, the wali, the head of administration for resources and finances, etc.) should be addressed.

_ ought not to be impacted by changes in the administrative position concerned (the Minister or the chief of the public institution) and will remain valid unless the new administrative is established authority cancels it or makes a different decision).

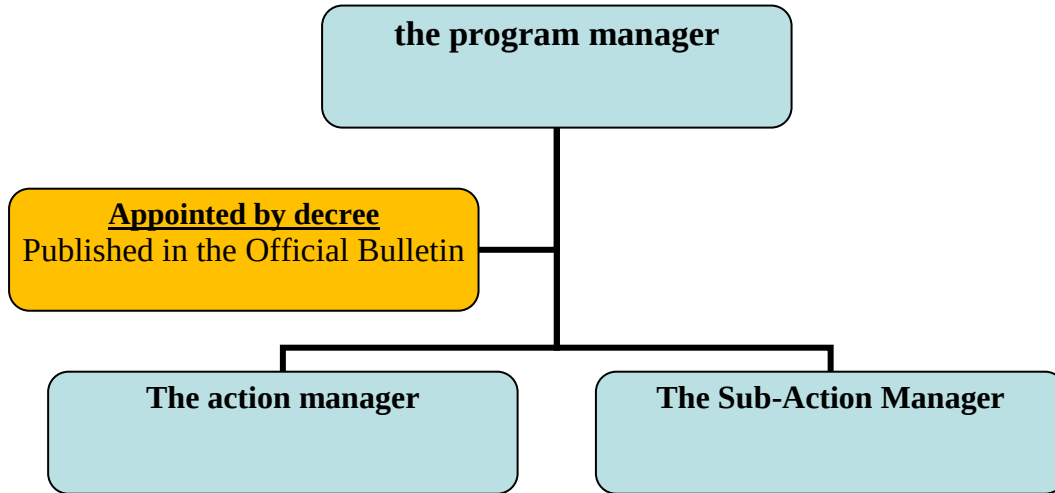
The appointment, made by decree, grants the appointees the necessary authority and does not necessarily require Its inclusion in the legal text's rules regarding the Ministry's or public institution's organization.

When the legal text's requirements pertaining to the Ministry's or public institution's organization specify this appointment, it's no longer necessary to appoint them by a decree. In this situation, the head of the financial function and the pertinent program managers would receive mission letters from the minister or the head of the public institution.

I. 2. The appointment of the Action and Sub-Action managers

We shall use the following diagram to provide clarification regarding the decree designating the management of Action and the manager of Sub-Action:

Figure (2): The appointment of the Action and Sub-Action managers



Source: (Decree NO.20-404, art 24, 2020)

In the case where the program manager is also responsible for multiple programs, it is possible to issue a single decision that details the programs for which the heads of action and heads of sub-action are appointed (indicating their role as the responsible person for the relevant programs). (Decree no.20-404, 2020)

It is recommended that the appointment decision refer to the title of the structure or function (structural/functional) and ought not to be nominative (for example, the general director, the mission officer, the wilaya's wali, the director of financial and resource administration, etc.)

II ACTORS, Their Function and Accountability

Financial appropriations (program portfolio) are assigned by the Finance Law and placed within the minister's or public body head's jurisdiction. (Dec no.20-404, Art3) While the program manager makes sure that the departmental goals are met, the director of the ministerial finance function oversees the budget's creation, presentation, and implementation. activities align with the communicated and expected appropriations. (Decree no.20-404, Art 22, 2020). Their roles are complementary, working together to ensure coherence and efficiency during the stages of budget execution and presentation.

II. 1. Financial Function Manager and Program Manager's Roles

To guarantee accuracy and alignment in budgetary planning, the head of the financial function plays a crucial role in the preparation process by presenting the minister with the draft RPP and cooperating with the budget-related ministry. During the accountability phase, the head of the financial function submits the draft RMR to the minister or head of the public institution, keeps an eye on how credit programming is being implemented, and makes sure that the Ministry of Finance receives information about the scope of actions and, if applicable, sub-actions, and collects budgetary and accounting data, compiling then combining the data for efficient reporting. During the implementation stage, the financial function head collaborates with program managers (RPROG) to establish the DPIC, validates the credit programming, carried out by the RPROG and

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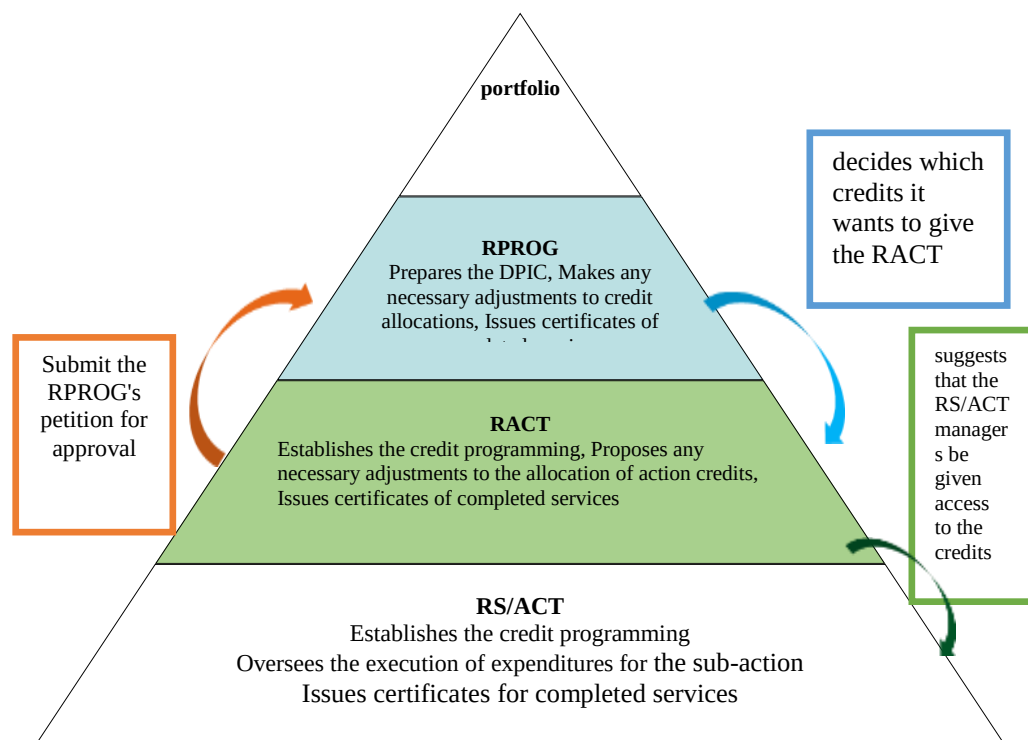
keeps an eye on how it is being implemented. The head of the financial function informs program managers of the available appropriations during the execution phase. (Decree No. 20-383, 2020)

Regarding information system, to guarantee compliance, they suggest to the minister or head of the public institution the necessary actions with expenditure ceilings and facilitate credit to be transferred across programs.

The head of the appropriate public entity in charge of the program portfolio or the minister appoints the program manager. They guarantee that the services' operations adhere to the set goals while staying within the parameters of the announced and anticipated appropriation. (Decree no.20-404, Art23, 2020).

In the preparation phase (reminder), The program manager creates the RPP, outlining the program's goals and strategic orientations while defending the sought funding. They designate the heads of actions and sub-activities, then provide the parameters of those actions, appoint the heads of actions and sub-actions, and outline performance goals at the level of action. The program manager prepares the RMR and discusses the execution reports with the heads of action during the accountability phase. During programming in the execution phase, the program manager creates the DPIC and chooses which appropriations should be suggested for distribution to the heads of activities (RACT). In the execution phase, he proceeds with any necessary modifications to the credit allocations. He also prepares the certificates of services rendered.

Figure (3): Role and Responsibility – Execution Phase



Source: (ministry of Finance.PALOLF, 2023, P47)

To create and verify the credit programming, the RFF (Financial Manager) collaborates with the RPROG (Program Managers). The RFF ensures that the credit allocations made by the

RPROG are accurate and monitors their implementation. They also notify the availability of credits as allocated by the program managers.

The RPROG is responsible for preparing the DPIC (Detailed Program Implementation Chart) and making any necessary adjustments to credit allocations. They are also tasked with preparing the attestations of services rendered, which serve as proof of expenditures and services completed.

The RACT (Accountants) play a critical role in ensuring that the credits are programmed correctly, proposing any adjustments to the allocation of credits if needed, and establishing attestations of services rendered to document the completion of specific activities.

Lastly, the RS/ACT (Action Responsible) ensures that the credits are properly allocated, supervises the execution of expenditure for specific actions, and also issues attestations of services rendered, confirming that services and financial commitments have been met.

II. 2. Role of the manager's Action and Sub-Action

The manager of the action, and if relevant, the sub-action manager, are appointed by a decision of the program manager. (Decree no.20-404, Art24, 2020)

Make suggestions for the designation of sub-action managers (RS/ACT) and the defining of the sub-actions' scope (S/ACT), analyze the performance objectives at the sub-action level, and conduct a preliminary assessment of needs in the preparation phase, and Review the execution reports with the program manager (RPROG) and the sub-action managers (RS/ACT) on the action's implementation and outcomes as part of the accountability process. He also establishes the credit programming, suggests that the sub-action managers (RS/ACT) receive the credits, and during the execution phase, presents the proposal to the program manager (RPROG) for approval, and Propose any necessary adjustments to the allocation of credits for the action and issue certificates of services rendered.

The sub-activity manager, whose responsibilities and role are defined by Executive Decree 20-404, operates within the framework of preparation, presentation, and execution as follows:

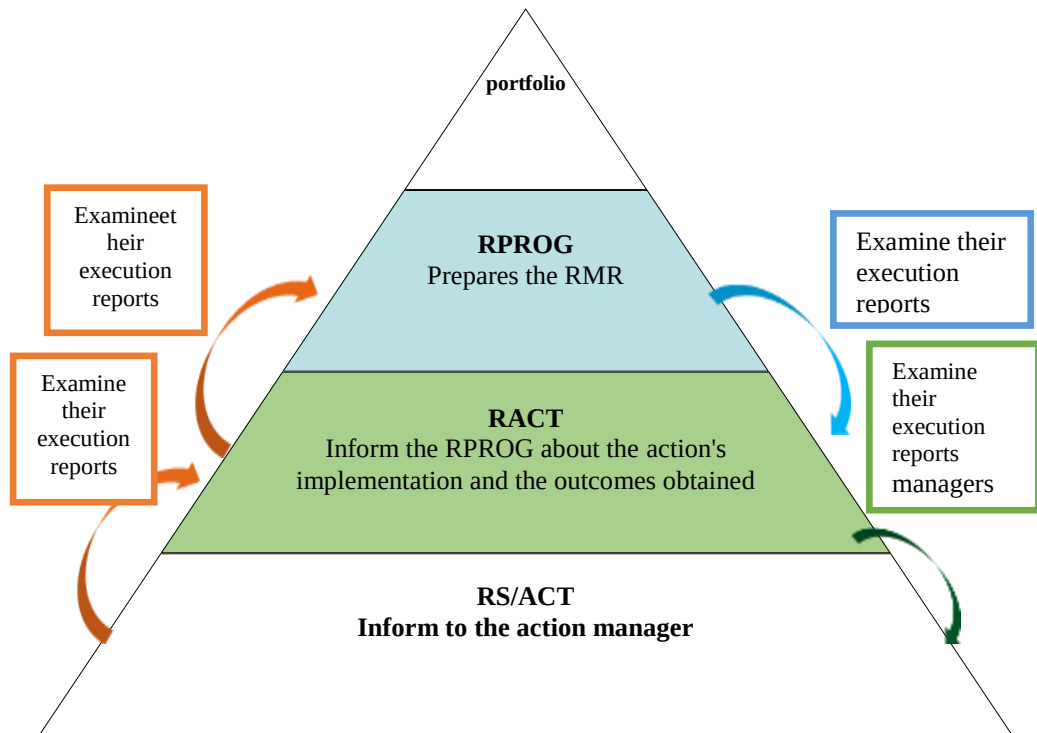
-In the preparation stage, the sub-action manager is in charge of anticipating the operational requirements, investment, or transfer expenses. certificates of services rendered;

- As a component of the accountability process, reports to the action manager;

- The sub-action manager creates the credit programming and supervises the expenditures during the execution phase related to the sub-action, and issues certificates of services rendered.

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Figure (4): the accountability phase, the roles and responsibilities



Source: (Ministry of Finance. PALOLF, 2023, P48)

The duties and responsibilities in the accountability phase are centered on the supervision of financial data, the creation and submission of execution reports.

The RFF (Financial Manager) submits the RMR (Report on Action Execution) draft to the M/IP (Ministry/Institutional Planning), keeps an eye on how the credit program is being implemented, makes sure the MDF (Ministry of Finance) receives pertinent information about the scope of actions and, if applicable, sub-actions, and gathers and synthesizes accounting and budgetary data to create the RMR.

While the RS/ACT (Action Responsible) reports to the action manager and reviews the execution reports provided by others, the RACT (Accountants) reports to the RPROG (Program Managers) on the action's execution and the outcomes attained.

This phase ensures that all financial and action-related information is correctly documented and communicated, with a focus on responsibility and a careful examination of the outcomes of execution.

III The New Function of Public Accounting Representatives Under Law 23-07

In accordance with modern governance and financial management principles, the Public Accounting Law No. 23-07 adds a number of changes and new duties for public accounting agents. The responsibilities of the public accountant and authorizing officer, and budget controller are redefined to enhance financial oversight, transparency, and accountability. Below is a detailed explanation of their new roles:

III. 1. Authorizing Office

The authorizing officer is responsible for issuing orders to disburse public funds by allocating and distributing financial appropriations for the designated projects or activities specified in the budget. The person in charge of issuing disbursement orders and overseeing budgetary expenditures within the parameters of the authorized financial plan is known as the authorizing officer, as stated in Article 8 of Law 23-07. The authorizing officer is considered the first link in the chain of budget execution. Their main responsibilities include:

- **Preparing the Budget and Allocating Appropriations:** The authorizing officer plays a key role in preparing the initial budget by assessing the needs of various departments and prioritizing expenditures. They are also responsible for allocating the necessary funds for each activity or project within the approved budget, that the authorizing officer determines the amount of appropriations allocated based on priorities. (Law No. 23-07, Art8 , 2023)

- **Issuing Disbursement Orders:** After preparing the budget and distributing appropriations, the authorizing officer issues disbursement orders to the public accountant. These orders are essential for authorizing the release of funds. no funds can be disbursed without a disbursement order, placing the authorizing officer as the primary figure responsible for ensuring the legality of expenditures. (law23-07, Art9,2023)

- **Monitoring the Execution of the Budget:** To guarantee money, the authorizing officer keeps an eye on how the budget is being implemented are spent on the designated purposes. In cases of any delays or deviations, they are responsible for addressing the issue.

The authorizing officer holds significant decision-making authority in determining where public funds are allocated. This position requires extensive expertise in financial planning and the ability to make precise decisions based on financial and economic information.

III. 2. A Public Accountant

Following directives from the authorizing authority, the public accountant is responsible for carrying out financial procedures. The public accountant is "the person responsible for completing financial and accounting procedures, including payment and financial review, after the issuance of financial orders». According to Article 11, The public accountant executes disbursements based on orders issued by the authorizing officer. Their role includes ensuring financial transactions comply with legal and accounting standards.

- **Executing Financial Orders:** the public accountant receives orders from the authorizing officer and proceeds with implementing them by disbursing or transferring funds to the intended recipients. Article 11 stipulates that the public accountant ensures all financial operations adhere to the approved budget allocations. (law23-07, Art 11, 2023)

- **Maintaining Accounting Records:** the public accountant is required to maintain accurate accounting records of all financial operations, including payments and transfers, while monitoring account reconciliations. Law 23-07 emphasizes the importance of keeping detailed records to document all financial transactions within the budget framework. (law23-07, Art 12, 2023)

- **Reporting Financial Violations:** if any violations or over-expenditures are discovered, the public accountant must report them to the relevant authorities. The law states that the public accountant is obligated to flag potential violations during financial execution. (law23-07, Art12, 2023)

the public accountant plays a critical role in the precise execution of financial orders. Their responsibilities demand a thorough understanding of laws and regulations and meticulous attention to detail to ensure compliance with financial procedures. (Circular No. 5960, 2022)

III. 3. Budgetary controller

The budget controller is in charge of making sure that the budget is carried out correctly and maintaining compliance with legal procedures. According to Article 14, the budget controller is defined as "the individual responsible for monitoring budget execution and making certain that spending stays within authorized spending limits. The controller of the budget guarantees that the budget is executed properly and in compliance with applicable laws while ensuring expenditures do not exceed authorized distributions.

- **Evaluating Budget Execution:** The budget controller supervises the budget's execution, making sure that spending follows authorized allocations. Law 23/07 necessitates the budget controller to regularly monitor budget execution to prevent over-expenditures. (law23-07, Art14, 2023)

- **Reviewing Financial Transactions:** The budget controller reviews financial operations to ensure they adhere to legal standards. He mandates verifying the legality of financial procedures within budgetary limits. (law23-07, Art 15, 2023)

- **Preparing Oversight Reports:** The budget controller submits reports to higher authorities detailing any observations or violations discovered during monitoring. These reports play a significant role in improving the overall efficiency of public financial management.

The budget controller assumes a supervisory role, ensuring all disbursements are within legal boundaries. This role is crucial in enhancing financial oversight and maintaining the state's financial balance. (Law no. 18/15, 2018)

Through the clear definition of the roles of the authorizing officer, public accountant, and budget controller, Public Accounting Law 23-07 strengthens financial transparency, aligning with the objectives of Organic Law 18-15, which emphasizes transparency in budget allocation and execution. Organic Law 18-15 reinforces the application of financial controls and oversight on expenditures. Public Accounting Law 23-07 serves as a practical tool for implementing these controls by defining agents' roles to ensure discipline in executing expenditures within approved allocations.

Conclusion

The study reveals that the application of Organic Law 18/15 concerning Public Accounting Law 23/07 and Finance Laws has laid the groundwork for a modernized and transparent financial management system in Algeria. These reforms have been instrumental in enhancing the function of important financial representatives in carrying out the state budget, such as the Financial Officer, Program Manager, and Activity Manager. The Financial Officer ensures compliance with legal frameworks and fiscal discipline, while the Program and Activity Managers focus on strategic planning, operational implementation, and efficient resource utilization. This structured delegation of responsibilities has fostered greater accountability, clarity, and alignment with the state's financial goals.

The relationship between Organic Law 18/15 and Law 23/07 is pivotal in activating these reforms. Organic Law 18/15 establishes the principles of governance and oversight, reinforcing mechanisms for monitoring and controlling expenditures. Law 23/07 complements this framework by defining the roles and responsibilities of financial agents, creating a practical and cohesive system for budget execution. Together, these laws enhance the discipline and precision of financial operations, ensuring that public resources are managed effectively and transparently.

Outcomes:

- ✓ **Enhanced Role of Financial Agents:** The reforms have clarified and empowered the roles of financial agents, ensuring efficient execution of their duties within a defined legal framework.
- ✓ **Improved Transparency and Accountability:** The synergy between Organic Law 18/15 and Law 23/07 has increased transparency in financial operations, reducing risks of mismanagement.
- ✓ **Strengthened Financial Governance:** These laws have established robust mechanisms for monitoring, oversight, and compliance, promoting better fiscal discipline.
- ✓ **Efficient Budget Execution:** The structured delegation of responsibilities to financial agents has improved coordination, ensuring alignment with approved budget allocations and strategic objectives.
- ✓ **Modernization of Public Finance Management:** The adoption of these reforms marks a significant step towards aligning Algeria's public finance practices with international standards, enabling greater efficiency and adaptability.

Testing hypotheses:

- ✓ **First Hypothesis:** The financial and accounting reforms, embodied in Organic Law 18/15 and Public Accounting Law 23/07, have significantly enhanced stakeholders' effectiveness in budget execution. These reforms introduce clear planning and monitoring mechanisms, along with robust transparency measures, which have streamlined operations and clarified roles. Evidence from post-reform budget execution processes indicates improvements in compliance, reduced financial irregularities, and better coordination among stakeholders. Therefore, this hypothesis is validated as the reforms have achieved their objective of enhancing the efficiency and accountability of public financial management;
- ✓ **Second Hypothesis:** Despite the positive changes introduced by the reforms, challenges persist that limit their full effectiveness. Stakeholders face difficulties in adapting to the new systems due to insufficient training and capacity building initiatives. Additionally, the complexity of modern financial tools and resistance to change hinder smooth implementation. These issues are particularly pronounced in regions with limited resources or expertise, indicating that the reforms' potential impact is constrained by practical and operational barriers. Thus, the second hypothesis is also validated, emphasizing the need for targeted solutions to address these challenges.

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Suggestions:

- ✓ Clearly define and communicate the responsibilities of interveners, including financial agents, pro-program managers, and activity managers, in alignment with Law 23-07;
- ✓ Provide continuous training programs for interveners to enhance their capacity in applying the re-forms and utilizing modern financial tools and digital systems;
- ✓ Establish collaborative platforms and transparent communication channels to facilitate coordination among all interveners in budget execution;
- ✓ Implement robust monitoring and evaluation systems to track interveners' performance and ensure adherence to governance, transparency, and accountability standards;
- ✓ Deploy advanced digital solutions for real-time tracking and reporting, offering interveners access to integrated financial management systems;
- ✓ Allocate adequate resources and establish regional support centers to assist interveners in areas with limited expertise or capacity;
- ✓ Conduct periodic performance reviews and impact assessments of the reforms, incorporating feed-back from interveners to address operational challenges.

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