

The influence of health care corporations on accounting processes: A manual approach to enhancing accounting treatments within private healthcare organizations

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Abstract:

Healthcare plays a crucial role in human welfare and societal progress, making it a top priority for governments worldwide. The crises development as COVID-19 in world in the last few decades has led to increased pressure on effectiveness in the healthcare industry. The study shows how different forms, constructions of healthcare operation can effect on accounting processes and management practices, which allows for the production of accounting information that reflects the true performance in healthcare sector. Drawing on the findings of research and studies carried out by numerous researchers globally, this study aims to design a practical framework for accounting practices tailored specifically to the Algerian healthcare sector. The study showed several key results, including the significant role of accounting process in enhancing the quality of healthcare performance, the study recommends that the necessity of adopting many accounting reforms if any benefit wants to be achieved in terms of enhancing Algerian healthcare sector now or for the future.

Keywords: Healthcare Services; healthcare management; health Accounting; performance Quality; IFRS; GAAP; FAS/SCF; Algeria.

Jel Classification Codes: I13; I14; M41; M 42.

الملخص: يلعب قطاع الرعاية الصحية دورًا محوريًا في رفاهية الإنسان وتقدم المجتمع، مما يجعله أولوية قصوى للحكومات في جميع أنحاء العالم. وقد أدت الأزمات التي شهدتها العالم خلال العقود القليلة الماضية، مثل جائحة كوفيد-19، إلى زيادة الضغط على فعالية قطاع الرعاية الصحية. توضح هذه الدراسة كيف يمكن أن تؤثر الأشكال والهياكل المختلفة لعمليات الرعاية الصحية على العمليات المحاسبية والممارسات الإدارية، مما يسمح بإنتاج معلومات محاسبية تعكس الأداء الحقيقي في قطاع الرعاية الصحية. وبالاستناد إلى نتائج الأبحاث والدراسات التي أجراها العديد من الباحثين على مستوى العالم، تهدف هذه الدراسة إلى تصميم إطار عمل عملي للممارسات المحاسبية مصمم خصيصًا لقطاع الرعاية الصحية الجزائري. وقد أظهرت الدراسة العديد من النتائج الرئيسية، بما في ذلك الدور المهم للعملية المحاسبية في تحسين جودة أداء الرعاية الصحية، وتوصي الدراسة بضرورة تبني العديد من الإصلاحات المحاسبية إذا ما أُريد تحقيق أي فائدة من حيث تعزيز قطاع الرعاية الصحية الجزائري الآن أو في المستقبل.

الكلمات المفتاحية: خدمات الرعاية الصحية؛ إدارة الرعاية الصحية؛ المحاسبة الصحية؛ جودة الأداء؛ IFRS؛ GAAP؛ النظام المحاسبي المالي؛ الجزائر

JEL تصنيف: I13؛ I14؛ M41؛ M42.

1. INTRODUCTION

Health has always been a central focus for humanity in different civilizations. Although the differences of the degree of development, the societies tried to adopt strategies that can improve awareness, willingness, people's ability to live healthy. In nowadays, there are numerous challenges faced by this sector encounters, most recently COVID-19—and surely not the last—have created more pressures on national healthcare systems to deliver sufficient services to citizens (Sargiacomo, 2025, p 569). From the European Commission and the World Health Organization (WHO) perspectives, health is one of the Sustainable Development Goals (SDGs).

To achieve the health strategies' goals, governments dedicate a substantial portion of their national income to the healthcare sector. According to OECD data, The United States leads the world in healthcare spending in 2023 with \$4.9 trillion (\$14,570 per person, 17.6 % of its GDP) (Services, 2024, p 01), Switzerland (9.044 \$) and Germany (8.541 \$). Based on the capitalism logic, Private sector participation in healthcare delivery and financing will be significant and diverse across the entire value chain, which is reflecting on the quality of health systems sector and increased requirements for pandemic preparedness. And to ensure its effectiveness, greater focus is given to advanced management methods and governance structures including accounting techniques to foster enhanced collaboration among stakeholders including hospitals, patients groups, accounting bodies, law, ministry of Health and government in efforts to improve the quality of healthcare services. (Abu Shiraz Rahaman, 2024, p 03/04).

In case of Algeria, although the private healthcare sector has experienced notable advancements in recent years, it continues to face significant challenges on both financial and managerial fronts (see (Mohammed, 2016, 48)). This research comes as a part of the ongoing efforts to enhance managements and financial practices within Algerian private healthcare firms. The researchers believe that these companies could play a crucial role in the national health strategy if provided with the necessary attention. Within this interesting framework, the study seeks to address the following key question:-

How can healthcare operation influence on accounting processes and What are the various expected effects of adopting financial accounting on the quality of services in the Algerian health sector?

To deal with this intricate topic, the following sub-questions can be considered:-

1. How does the nature of healthcare operations affect accounting and administrative procedures and practices?
2. What are the real factors and reasons behind the adoption of accounting techniques and practices by private healthcare companies?
3. What sorts of challenges have healthcare companies encountered while planning and implementing management and accounting practices to make them more effective?

To answer these questions, the study adopts the following main research hypothesis:-

Healthcare operations significantly influence accounting and Management procedures, and the integration of advanced accounting techniques is anticipated to enhance the quality of private healthcare sector.

This assumption can be divided into the following areas:-

1. The specific traits of healthcare operations significantly impact the structures and approaches of accounting procedures and practices.
2. there are many institutional factors and reasons that can push the private healthcare companies to adopt the accounting techniques and practices.
3. there are many challenges that private healthcare companies face to adopt management and accounting practices to make them more effective.

Importance and Objectives of the study:-

The study makes some main contributions to the accounting literature in health care sector, for instance: (1) the study highlights substantial evidence demonstrating accounting practices' effective roles in the health industry within control transactions costs and to maintain financial stability, with discuss common financial challenges facing private sector health entities; (2) Given an understanding about how accounting systems working with governance structure, risks management, decision-making in SME sector; (3) this analysis revealed several gaps that persist in the theoretical health care literature, including a limited spread of Aaccountingpractices research that focusing on developing countries, and highlight key opportunities for further research in this contries; (4) showing some key findings and recommendations that can clarify what needs to change in policies and strategies to revitalize the health private sector and the health systems moving forward.

Some previous and current studies:-

- **A. Bouazza& K. Koraichi (2025, pp 1415-1430):** This study aims at exploring the role of the accounting information systems in fostering the governance of the healthcare institutions in the Algerian Southeast, the sample has 35 individuals, analyzed data using SPSS 22 and Excel. Findings show that the accounting information system has a vital role in enforcing the governance; financial performance; transparency; decision making, in addition, there is a positive relation between the accounting information system and the principles of healthcare institutions governance.

- **Dermish (2021, pp 742-748):** The study focuses on the measurement methods in the financial performance evaluation analysis in Libyan healthcare context, to address this issue, the sample consisted of 300 individuals (managers, employees, doctors, nurses, ...), the study showed several key results, including the statistically significant impact of the financial performance evaluation analysis on the level of the improvement of the hospital and healthcare management in Libya. The increase in private investment, capital in healthcare sector with a significant decline in profits.

- **(Krupička, 2020, pp 53-66):** The study discusses the findings of a survey that explored management accounting practices among economic managers in public hospitals across the Czech Republic. Based on responses from a total of 60 participants, the results indicate that management accounting practices are both well established and relatively traditional, with budgeting identified as the most significant aspect. Additionally, the findings highlight factors that could enable potential efficiency improvements, offering valuable insights for enhancing managerial practices.

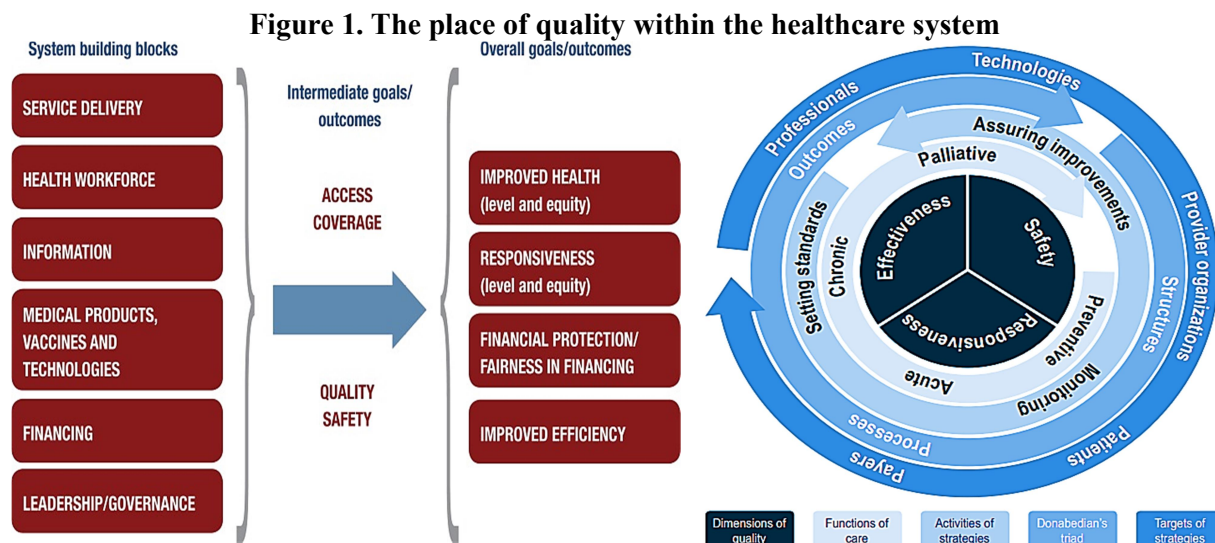
Study Contents:-

Based on the above, the study is divided into those sections:-

- 1- Some Important Concepts in Healthcare Services;
- 2- Health accounting: Definition and Mechanisms;
- 3- The stance of accounting bodies on healthcare accounting;
- 4- Cycles and Treatments of Health Accounting according to FAS (SCF);

1- Some Important Concepts in Healthcare Services

According to the World Health Organization, the private health sector is the individuals and organizations that are neither owned nor directly controlled by governments and are involved in provision of health services. It can be classified into subcategories as for profit and not for profit, formal and informal, domestic and international ((WHO), 2019, p 01). Meiryani et al (2021) States that Health services organizations are entities consisting of several health workers who work and open health care practices under one roof, some types of these activities: health consultations; medical examinations and health inspection services; drug delivery services; and others (Meiryani, 2021, p 159). Lambrini K. et al (2021) adds that Health services are that part of the health system, which focuses specifically on the provision of health care services in the society. A health system includes a complex set of structural relationships between populations and institutions that have an impact on health (LambriniKourkouta, 2021, p 498). From his side, Institute of Medicine (IOM, 1990) defines healthcare quality as the degree to which health services for individuals and for the population increase the likelihood of the desired health outcomes and is consistent with current professional knowledge ((IOM), 1990, p 01). Health service quality has three bases dimensions which are Effectiveness; Safety; Responsiveness; and subdimensions: Acceptability; Appropriateness; Appropriateness; Continuity; Timeliness; Satisfaction; Health improvement; and those relate with health systems performance: Efficiency; Access; Equity. Each of these influence by the education/training; experience; professional knowledge; facilities; different needs. Therefore, the mechanism for evaluating the quality of health services must consider all these aspects which are dynamic and fast changing (RaghavUpadhyai, 2019, p 107).



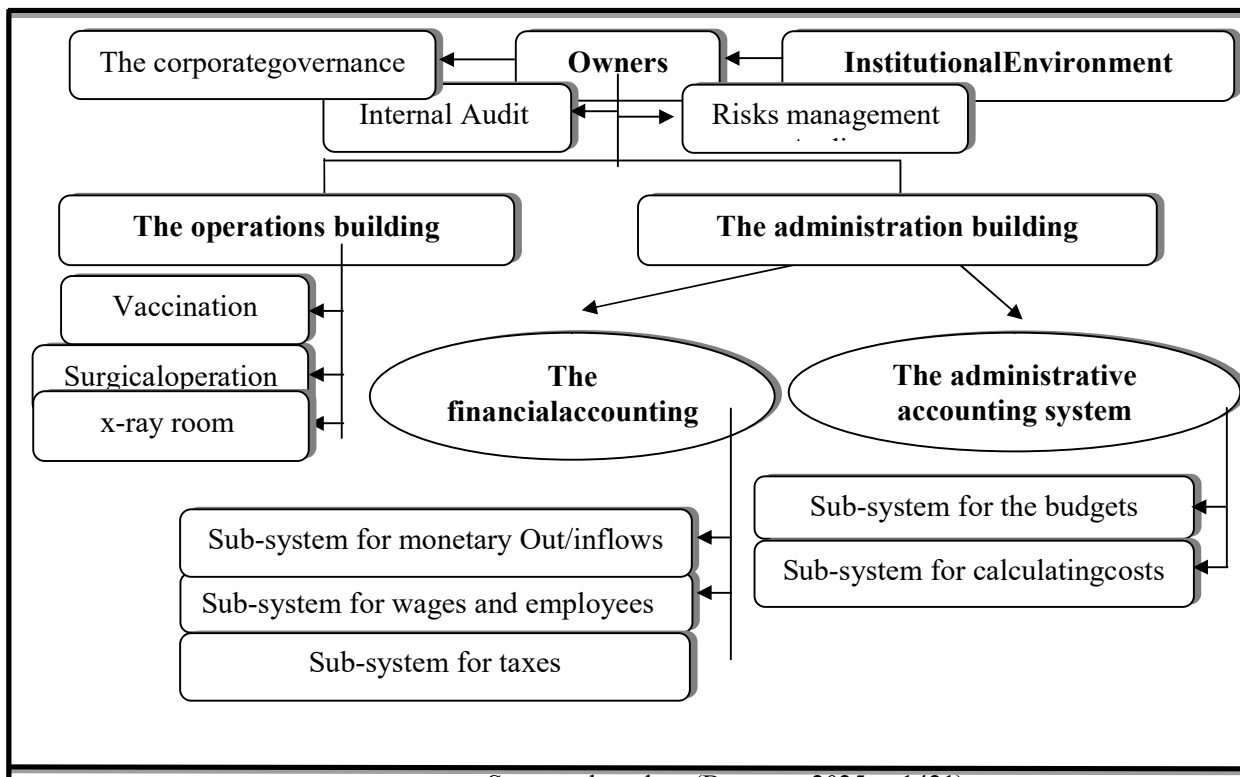
Source: (ReinhardBusse, 2019, p 11, 27)

From her side, International Organization for Standardization (ISO) issued some standards such as: (1) ISO 13485 (Edition 3, 2025): Medical devices (Quality management systems - Requirements for regulatory purposes); (2) ISO 27799 (Edition 3, 2025): Health informatics, (Information security controls in health based on ISO/IEC 27002); ISO standards on healthcare enhance patient safety, help streamline supply chains, and foster innovation in digital health and sustainable healthcare solutions; and many others ((ISO), 2025, p 01).

2- Health accounting: Definition and Mechanisms

Interest in health accounting can be traced back to the early 1920s, specifically to 1922, when the American Hospital Association published his first Chart of Accounts for Hospitals, than in the years: 1959, in 1966 when the manual was completely revised, and in 1976 (Association, 1976; p 01/02). Since the 1980s, public accounting has been utilized in the health sector primarily to control funding, monitor budget estimates with reducing waste of resources (Carla M. P. de Campos, 2016, p 05). However, with the transition toward performance measurement standards has notably increased since the 1990s, management accounting emerged as a tool for managing healthcare costs, accountability, managerial awareness and assessing health services quality (MasoudAbolhallaje, 2014, p 01). After 2010, as the private sector plays a growing role in healthcare strategies, there has been a notable shift toward adopting financial accounting practices and techniques within the private health sector, particularly following the COVID-19 crisis (Linxi Shi, 2025, p 11), (Ramírez Casco, 2014, p 1407).

According to Bouazza (2025, p 1420), the accounting information system is a set of activities designed to record the financial history of the health care organization, and getting periodical financial reports about the health care enterprise' position that can use from different (internal/external) parties, The activities of health accounting include identifying, measuring, classifying, verifying, summarising and disclosing communicating financial information to allow managers and stakeholders to make informed judgements and decisions. While, the concept of 'Business or financial transactions' refer to health care activities such as buy medical equipments and inventories; Healthcare Revenues; pay staff's wages; taxes; borrowing money; Donations and Charity for not-profit-organizations, and others. From definitions, the importance of accounting as a system in healthcare companies can be explained as follows:-

Figure 02: The healthcare Accounting process in the private sector

Source : based on (Bouazza, 2025, p 1421).

Bases on figure, the utilization of accounting sciences emerges in response to the requirements of various stakeholders, hopefully to enhance the overall quality of products within the medical sector, specially with the advancements in medical products include telemedical, AI-diagnosis; medical tourism; digital clinics; 3D surgery; ...etc. Medical entities must adopt more sophisticated accounting methods that extend beyond merely recording in the bookkeeping or just generating financial reports (see (DevJayaraman, 2008, p 764)). Accounting can play a crucial roles that including (Association, 1976; p 01/02):-

1. help Managers to: Calculate health services costs (cost-return analysis); Reduce medical errors; Effectiveness of resources allocation; Drawing in top talent and modern technologies; Understand the trends of revenues/expenses; Evaluating the business strategies (accountability); comparing the healthcare enterprises' performances over time; (Wang, 2024, p 71).

2. Accounting reports can impact on patient decision-making through knowledge the financial status, profitability and solvency. Patients can take their decisions about the medical chioeces. From investors side, accounting reports are the cornerstone of investment decision-making (see for more details (Dermish, 2021, p 743); (Margaret A. Abernethy, 2007; p 811)). ECLAC's report (2020) found that, an overstatement of assets of 15-20% and an understatement of liabilities of 10-15% had a really bad affect on investment decision in Latin America during COVID-19 pandemic (Ramírez Casco, 2014, p 14010).

3. Accounting covers essential topics related to competition, transparency tend, environmental changes, public trust, social responsibilities. Accurate financial information is crucial to ensure the sustainable development of healthcare institutions. From the macroeconomic view, the policymakers use accounting output to assess the success of healthcare programs; adding new services in Healthcare systems; determine tax policies; use it to prepare national

income statistics (Health Accounts) (see (ELLWOOD, 2008; p 400)).

3- The stance of accounting bodies on healthcare accounting

Healthcare sector (both for-profit or non-profit) has some industry-specific that effect on accounting practices that must be applied, American healthcare companies follow the U.S GAAP (Generally Accepted Accounting Standards), and for European healthcare Standards and/or international Healthcare enterprises, they are required to follow IFRS (International Financial Reporting Standards) to prepare their financial statements, regardless of the standards implemented, they should guarantee the accuracy of financial statements. While, the impact is clearly in the methods used for measuring and identifying revenues and expenses. For instance, under GAAP, net revenue is recognized (gross revenue – client's depreciation that can not be recieved – charity care cost), in opposite, Nonprofit hospitals follow FASB standards that require classification of net assets into with/without donor restrictions, reflecting fund accounting elements on GAAP statements (Laurent, 2025, p 03), and this contradicts the principle of accrual accounting with affects the quality of financial statements. Additionally, the American Hospital Association (AHA) made specific recommendations, including valuing fixed assets and calculating related depreciation using replacement cost, as well as applying market value for the valuation of long-term investments. Also, the U.S. Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB) have developed a series of regulations to guide the financial reporting of listed companies, which are also applicable to the medical industry.

In auditing side, in 1972, the American Institute of Certified Public Accountants (AICPA), through its Audit Guide for Hospitals, and the Financial Accounting Standards Board (FASB) Statement N° 32 outlined accounting procedures and financial reporting standards specific to hospitals. The committee established the following key guidelines:-

1. Hospital financial reporting should align with Generally Accepted Accounting Principles (GAAP).
2. The accrual basis of accounting should be employed.
3. Fixed assets should be valued using the historical cost principle.
4. Depreciation and impairment should be calculated based on historical cost, except for low-value medical equipment and supplies, which should follow inventory valuation principles.

Compliance with the standards is evaluated by accredited auditors who conduct audits following the ISO 19011 guidelines for managing and controlling quality systems. Based on the auditors' findings, a certificate of conformity is subsequently issued.

On the Algerian side, Under Article 302 of Health Law N° 18-11, on July 19, 2018, public health institutions must adhere to the following regulations regarding financial and accounting management:-

1. Public accounting principles apply to employee and staff expenses.
2. For other types of expenses, the financial accounting system (FAS or SCF) issued in November 2007 is to be followed.

As for private sector companies:-

1. The basic framework for the preparation and presentation of financial statements according to Algerian financial accounting system (SCF) for all Assets, Liabilities, Charges,

Revenues, ...etc. (Finance, November 25, 2007);

2. possibility to apply International Financial Reporting Standards (IFRS/IAS), international public sector accounting standards (IPSAS);

3. healthcare entities must establish a complete set of internal control processes, risk assessment, control activities, reports-systems, and supervision, so as to reduce the risk of financial reporting errors or fraud;

4. Regulations relevant to financial statements such as tax and Labor Law.

Additionally, Article 303 of the same law states that public health institutions are subject to prior financial control for staff-related expenses and subsequent financial audits for other expenditure categories. The auditor responsible for these functions is appointed jointly by the Minister of Finance and the Minister of Health. This process aims to enhance the quality of care, ensure better cost management, improve treatment effectiveness, and strengthen health security (Ministry, 2018, p 30).

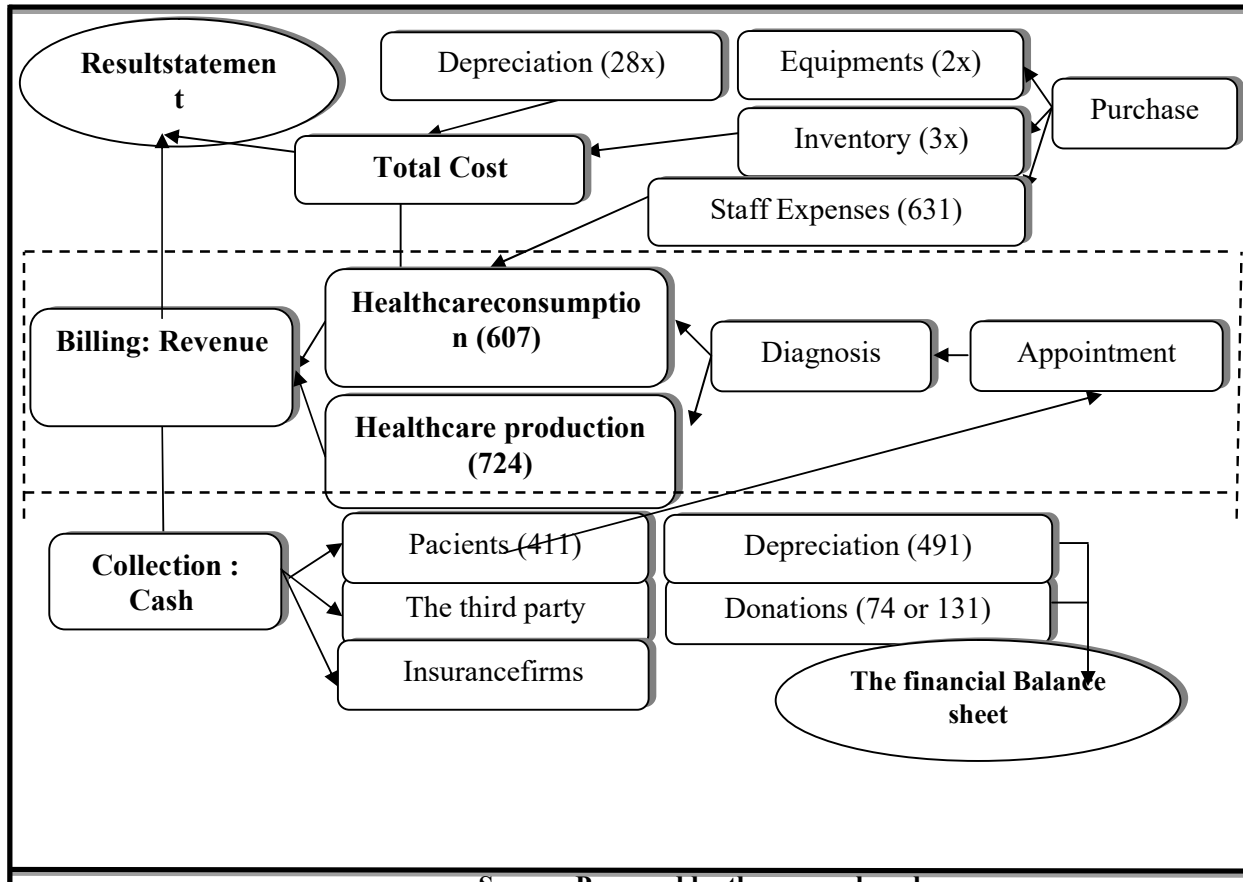
The health institution in question submits the internal evaluation report, as outlined in Article 325, to the appropriate department within the Ministry of Health. This audit is initiated upon the institution's request. Its primary aim is to gain an independent evaluation of the institution's management, service quality, and costs. This process relies on specific indicators, standards, and references linked to procedures, best clinical practices, and the performance outcomes of its various departments and activities.

Key stakeholders contributing to the effective implementation of financial accounting systems in healthcare institutions encompass the National Accounting Council (under the Ministry of Finance); Professional Associations such as the National Council of Chartered Accountants; the National Chamber of Auditors; the National Organization of Certified Accountants. Additionally, the Directorate General of Tax Administration; the Ministry of Health, as well as Training institutes and Universities.

4- Cycles and Treatments of Health Accounting according to FAS (SCF)

The operating cycle in healthcare companies has unique attributes due to the distinctive nature of the services offered to customers (preventative; diagnostic; curative; rehabilitative; palliative; emergency services; mental health; dental & vision). A key characteristic of service in these industries is the inability to store or manage the products physically for future use, unlike in commercial or industrial establishments. The following figure illustrates the economic cycle of healthcare institutions as follows:-

Figure 03: the economic cycle of healthcare institutions



Source: Prepared by the researchers bases.

Healthcare companies must uphold robust internal controls to protect its assets, maintain accurate financial record, and prevent or detect fraud. Key components of effective internal controls in healthcare finance include segregating duties, establishing approval and reconciliation processes, and implementing strong IT controls for system security. Outputs may also relate to information and documents that are produced alongside the diagnosis, care and treatment, such as documented test results, patient records and hospital reports. From an accounting perspective, there are three distinct accounting cycles, we focus on, which include:-

1. The production and sales cycle: revenue recognition is primarily based on healthcare services consumption by patient. According to (KPMG, 2016), the pricing of healthcare services is determined after factoring in any price concessions, whether explicit or implicit, offered by the healthcare provider to the patient. In certain cases, providers may rely on historical data to estimate the collection amount, particularly when handling a large volume of homogeneous transactions. This approach is useful when there is consistency in transaction patterns. Conversely, there are scenarios where assessing the patient's willingness or capacity to pay is challenging, such as when dealing with an unconscious patient or when evaluating whether an uninsured individual qualifies for charity care. In such circumstances, the provider reassesses collectibility as further details come to light (KPMG, 2016, p 02). Once revenue is recognized, the accountant put client (411 account) in debit and healthcare revenue (706 account) with TVA taxes (4457 value-added tax) in credit. At the same time, he recognizes the total of cost that the healthcare company incurred to deliver these services. The cost account (607) will be in the debit

with cash (53) or bank (512) or liabilities (401 creditors) in the credit. In general, the book of journal will be as following:-

411		Clients (or cash (53))	XXXX	
411		The third party	XXXX	
	706	Healthcare revenues		XXXX
	4457	Taxes		XXXX
60x or 607		Consumable Inventory	XXXX	
631		Staff Expenses	XXXX	
60x		Other Expenses	XXXX	
	53 or 512	Cash or bank		XXXX
	401	Creditors		XXXX

Therefore, the accountant must understand that revenue recognition is the core of healthcare delivery. In other words, revenues can only be recognized when there is an improvement in the patient's health, rather than just the provision of treatment. In the medical and healthcare sector, revenue is associated with the anticipated outcomes, which may not always be fully realized. According to guidance from the American Medical Association, errors at the very start of the cycle –such as incorrect patient demographics or insurance information during registration– can lead to downstream claim denials and lost revenue (Laurent, 2025, p 03). Also, a healthcare entity is generally unable to recognize revenue if an enforceable contract does not exist. This issue is particularly relevant when medically necessary services are provided before obtaining information from the patient, e.g. emergency services provided to an unconscious patient.

A healthcare entity recognizes revenue when or as it satisfies a performance obligation by transferring a good or service to a customer, either at a point in time (when) or over time. A healthcare provider likely transfers control of in-patient healthcare services over time (i.e. over the in-patient stay) because the patient simultaneously receives and consumes the benefits provided by the healthcare provider's performance as the provider performs (i.e. provides care). Revenue for performance obligations satisfied over time is recognized based on a measure of progress that provides a faithful depiction of the transfer of services over the term of the performance obligation. A healthcare provider may consider an input method like actual charges incurred in relation to total expected (or actual) charges as a measure of progress to recognize revenue for in-patient healthcare services (KPMG, 2016, p 06).

Contracts for healthcare services may include numerous goods or services between the admission and the discharge dates, including room, meals, nursing, physician/surgeon, drugs, supplies, etc. Healthcare providers should consider if in-patient healthcare services promised in a contract with a patient represent a bundle of goods or services that is distinct and accounted for as a single performance obligation or if some of the goods and/or services are distinct on their own and therefore there are multiple performance obligations. To improve the classification of accounts, the account 706 could be divided into sub-accounts specially when the healthcare company has several different medical activities, such as:-

- 706010 preventative activities; 706020 diagnostic activities;
- 706030 curative activities; 706040 rehabilitative activities;
- 706050 palliative activities; 706060 emergency activities;
- 706070 mental health activities; 706080 dental and vision activities;
- 706090 another revenues;
- 706100 Training, Rehabilitation and Human Resources Development Centers Services;
- 706300 Accommodation and Restaurants.

Other issues, in countries with a social health insurance system, the payments will divide between the insurance company (governmental or private insurers) and the patient 'out-of-pocket payments'. And out-of-pocket payments are a significant share of the healthcare company's revenues, but they carry a grave risk of impoverishment for the patients and their relatives. Also, Patients who are privately insured might have to make the payment directly to the healthcare provider and send the receipt for reimbursement to the health insurance company. On the other hand, in countries where primary healthcare is officially free, individual healthcare providers often expect patients to make unofficial 'under-the-table', to secure access and/or to secure a certain level of healthcare quality. And of course, these transactions will certainly affect the quality and credibility of the whole reporting system.

If the healthcare firm received advance payments from clients. These advances represent a liability towards its clients, therefore it recorded under account 419 as a credit with the cash account in debit. When the patient consumed the healthcare service, the advance amount is then closed, in accounting terms:-

53 or 512		Cash or Bank	XXXX	
	419	advancepayments- Client		XXXX
419		advancepayments- Client	XXXX	
411		Clients (or cash (53))	XXXX	
	706	Healthcare revenues		XXXX
	4457	Taxes		XXXX

In another cases, if the healthcare provider have a customary business practice of not performing a credit assessment before providing services, and continuing to provide services to a patient class even when it won't collect all of the amount billed. That healthcare provider has implicitly provided a price concession to the patient, even when it will continue its attempt to collect the full amount billed. When the healthcare enterprise provides discounts to patients, the discount amount is subtracted from the client's outstanding dues. This adjustment is documented by recording the following entry:-

709 or 668		Discounts relates healthcare revenues	XXXX	
4457		Taxes fror services		
	411	Clients (or cash (53))		XXXX

In the event that the healthcare company reassesses the discount provided and determines that the granted discount exceeds the appropriate amount in the period the change is identified, the accountant will reclaim the difference as revenue and proceed with recording it in the following manner:-

411		Clients (or cash (53))	XXXX	
	706 or 709	healthcare revenues		XXXX
	4457	Taxes fror services		XXXX

If the amount is insufficient, a supplementary entry is made:

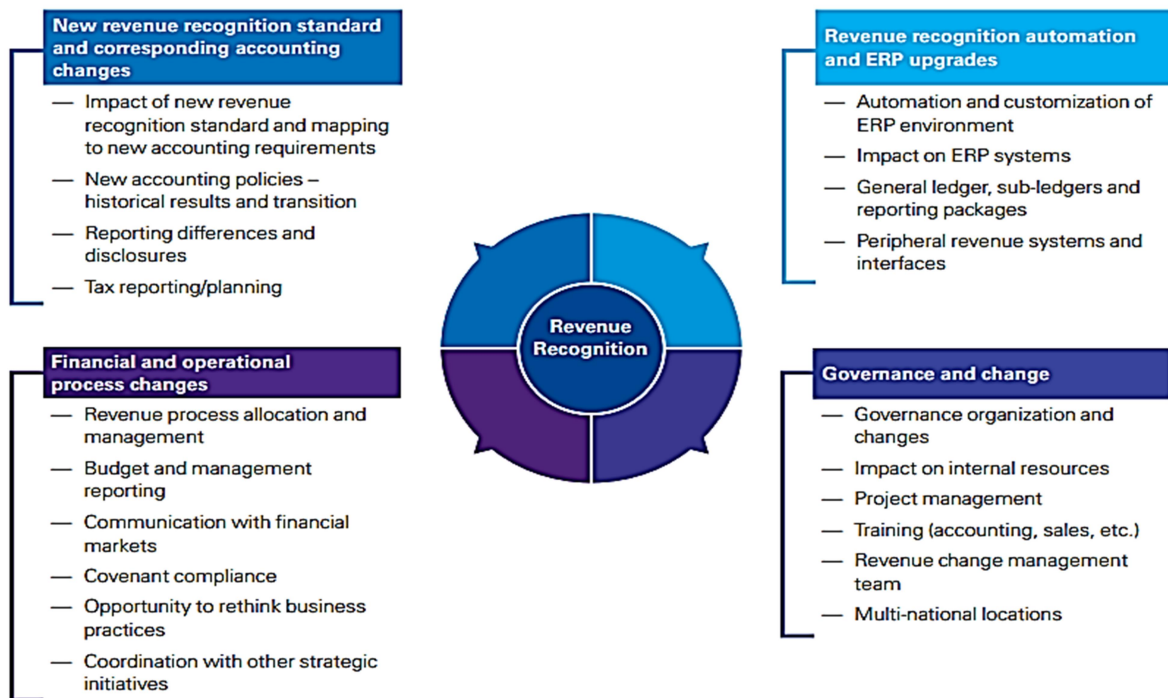
709 or 668		Discounts relates healthcare revenues	XXXX	
	411	Clients (or cash (53))		XXXX

If there is a patient-specific event that the patient no longer has the ability and intent to pay the amount due (e.g. loss of employment, filing for bankruptcy). In that circumstance, the healthcare provider recognizes the change in estimate as a bad debt expense and not as a reduction of patient service revenue. In this case, the Algerian financial accounting system emphasizes the importance of establishing a provision for unsettled debts in accordance with the following guidelines:-

416		doubtfuldebts	XXXX	
	411	Cient		XXXX
685		Provision for doubtfuldebts	XXXX	
	491	doubtfuldebts – Cient		XXXX
In future periods, the healthcare company might adjust the allowance either upward or downward. If the adjustment is a decrease, the accountant will adopt this action:-				
491		doubtfuldebts – Cient	XXXX	
	785	Recovered Revenue		XXXX
411		Cient	XXXX	
	416	doubtfuldebts		XXXX
If it becomes evident that payment from the patient will never be received, the healthcare company should classify the outstanding balance as a bad debt:-				
654		baddebt	XXXX	
491		doubtfuldebts – Cient	XXXX	
	416	doubtfuldebts		XXXX

In this situation, the medical company might choose to take legal action.

Figure 04: Strategic Dimensions of Accounting Policies: Revenue



Source: According to KPMG (2016, p 12).

2. Equipment and consumable materials cycle: The accounting treatment for the purchase of equipment and consumable materials depends on their nature and intended use:-

- For equipment, the purchase is typically recorded as an asset on the balance sheet under property and equipment. And any additional expenses directly related to getting the equipment ready for use (e.g., installation or transportation costs) should be capitalized as part of its cost, the accounting treatment for equipment is as follows:-

213		Building	XXXX	
215		Medical Equipment	XXXX	
44562		Refundable tax	XXXX	
	131	Donations		XXXX
	53 or 512	Cash or Bank		XXXX

At the end of every year, the equipment is depreciated, spreading its cost across its useful life as an expense in the income statement:-

681		Expense of Depreciation	XXXX	
	2813+2913	Depreciation of building		XXXX
	2815+2915	Depreciation of Medical Equipment		XXXX

- For consumable materials: These are usually treated as current assets (inventory) on the balance sheet until they are used. At the time of purchasing the accountant will be recorded:-

31 or 32		Medical materials for consumption	XXXX	
44563		Refundable tax	XXXX	
	53 or 512	Cash or Bank		XXXX
	131	Donations or Charities		XXXX

When consumed in Medical operations, their cost is expensed in the income statement under the applicable expense category, such as cost of goods sold or operating expenses:-

601		consumption of Medical materials	XXXX	
	31 or 32	Medical materials for consumption		XXXX

- Expenditures' are the outflow of money from the healthcare company to another organisations, which is paid for an item, service or charge. The outflow of money is typically in cash (this includes bank accounts). The payment is usually evidenced by an invoice, receipt, voucher or similar document. In general, Expenditures refer to: Resources that have purchased (e.g. medical drugs or equipment); rented or leased (e.g. premises or vehicles); employed or contracted (e.g. salaries, wages, fees); Other Services (e.g. washing, cleaning or catering); Other payments (e.g. for telecommunications or insurance). So, proper documentation and classification ensure accurate financial reporting and compliance with accounting standards, national (FAS/SCF) or international (IFRS). These expenses are recorded in the health institution's accounting as follows:-

6x		Expenses	XXXX	
44563		Refundable tax		
	53 or 512	Cash or bank		XXXX

Healthcare companies produce substantial quantities of regulated medical and pharmaceutical waste. Disposal fees for these types of waste are typically higher than that of conventional waste and can present a significant cost for the industry. Companies can reduce the

amount of waste generated by enhanced waste segregation strategies, recycling, and reuse can limit their exposure to these costs.

3.The financial statements: involve five key statements: the balance sheet, the income statement, the cash flow statement, the statement of changes in equity, and the appendices. The statements are instrumental in controlling, strategic and operational planning, Managing risks (identifying, assessing and evaluating). Health Care company disclosure on policies, practices, and preparedness will help investors understand how value will be protected. According to KPMG (2016, p 07), healthcare organizations are required to disclose the following information: disaggregation of revenue; contract balances, including changes during the period; performance obligations; significant judgments; assets recognized to obtain or fulfill a contract, including changes during the period. Furthermore, International Financial Reporting Standard (IFRS2) mandates that healthcare companies provide disclosures in the following areas ((IFRS), 2022, p 283):-

1. the total amount of medical waste generated, in metric tons, aggregated for all facilities it owns and operates. Medical waste (also known as regulated medical waste, infectious waste, biomedical waste, or biohazardous waste), that may be subject jurisdictional regulation, includes:-

a. Cultures and Stocks of infection agents; biological culture; medical and pathological laboratories; research and industrial laboratories; the production of biological; discarded live and attenuated vaccines; devices used to transfer, inoculate and mix cultures.

b. Human pathological wastes: Tissues, organs, body parts, and body fluids that are removed during surgery and autopsy, and specimens of body fluids and their containers.

c. Human Blood and Blood Products: (1) Liquid waste human blood; (2) products of blood; (3) items saturated and/or dripping with human blood; or (4) items that were saturated and/or dripping with human blood that are now caked with dried human blood, including serum, plasma, and other blood components, and their containers that were used or intended for use in patient care, testing and laboratory analysis, or the development of pharmaceuticals. Intravenous bags are also included in this category.

2. The entity shall disclose the applicable jurisdictional standard or regulation used to define hazardous pharmaceutical waste. Accounting methods used in valuation, accounting treatments, tax laws, and others.

Conclusion:-

Healthcare Management strives to integrate between different social, scientific, technological, investments, resources, to deliver optimal health outcomes and meet patients' expectations. Incorporating managerial sciences into the medical field seeks to align medical production efficiency in the light of the growing societies' demands with limited funding resources available in the most cases.

Accurate and timely financial reporting, supported by strong internal controls to prevent errors or fraud, is essential for effective financial accounting within healthcare organizations, particularly in the context of modern environmental and human risks. Furthermore, auditing—whether external audit, or government audits, or from the third party— plays a vital role in the field of improving the quality of health services.

The accounting systems used in hospitals vary depending on their operational model. These public hospitals follow a government-like accounting system. On the other hand, private hospitals, which charge fees for their services to generate revenue, adopt a tailored accounting system designed to meet their administrative needs. Considering the diverse aspects examined in the study, the following results and recommendations can be outlined:-

1. Despite the significant management, regulatory, and tax reforms implemented by the Algerian government to improve the health sector, several crucial issues remain unresolved, including health-related taxation and the management of medical waste.

2. The difference between Algerian accounting standards and international accounting continues to be a significant concern for many professionals and private hospital owners, raising questions about the transparency and reliability of financial reporting in Algerian healthcare institutions.

3. Healthcare institutions must pay attention to the improvement of internal financial management system, and policy makers issue more refined financial reporting guidelines according to the real situation of the Algerian medical market.

4. Algerian Entities may need to design and implement new internal controls or modify existing controls to address risk points resulting from new processes, judgments, governance structure, estimates and disclosures.

5. Algerian healthcare companies need to be encouraged to implement more efficient accounting practices to accurately report their operational activities and address various forms of fraud driven by political agendas, concealed liabilities, tax avoidance strategies, and the use of creative accounting methods. Such practices can lead to significant operational repercussions, most notably a decline in the quality of healthcare services, despite financial statements suggesting a stable financial position.

The limitations of the study

This study also has some limitations. For example, due to the limitation of data availability, the failure to cover all types of medical institutions may affect the universality of the results, especially based on a study by a single enterprise. In the identifying of influencing factors, more factors can be considered, such as the Institutional environment, Islamic finance, technological infrastructure and others.

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