

## Contractual Budgeting And Its Impact On Developing The Structure Of The Government Accounting System In Iraq A Survey Study

<sup>1</sup>Maytham Hazim Azeez Khzaee

Faculty of Economics and Management of Sfax, Tunisia

<sup>2</sup>Yosra Makni Fourati

Associate Professor of Accounting, Faculty of Economics and Management, University of Sfax,  
Tunisia.

GFC, Faculty of Economics and Management of Sfax, Tunisia

E-mail : <sup>1</sup>[maythim.hazim@qu.edu.iq](mailto:maythim.hazim@qu.edu.iq), <sup>2</sup>[Yosra.makni@fsegs.usf.tn](mailto:Yosra.makni@fsegs.usf.tn)

**Abstract.** *This study aims to analyze the implementation of contractual budgeting and its impact on the development of government accounting system structure in Iraq. Amid the challenges facing the public sector in Iraq, the implementation of contract-based budgeting is considered essential to improve transparency, accountability, and efficiency in the management of state finances. This study used a survey approach to collect data from various government agencies in Iraq involved in budget planning and oversight. The results show that although the implementation of contractual budgeting can improve budget management and strengthen the government's accounting system, there are a number of barriers, including a lack of human resource capacity, information technology limitations, and regulatory discrepancies that still exist. This study recommends the need for policy updates and improved training and infrastructure to support the integration of contract-based budgeting in the government accounting structure in Iraq, to ensure the sustainability and effectiveness of public budget management*

**Keywords:** *contractual budgeting, transparency, accountability, Iraq, public budget*

### Introduction

Most countries of the world seek to develop their economic, social and service reality by carrying out a set of reforms and improvements in the administrative systems as well as the financial systems used, as this budget depends in its revenues by a very large percentage on oil, which is characterised by fluctuation in its prices, which leads to the emergence of a budget deficit that will affect the completion of service and investment projects, and the slow development of various infrastructure, especially after the invasion of Iraq and the war on terrorism, which cost Iraq huge funds that exceeded its ability to carry out these projects, in addition to the presence of administrative and financial corruption issues, and waste of public money, and contributes to improving the government accounting system applied in Iraq through the use of the accrual basis in addition to the cash basis, and the best method that can be followed in this area is the method of contractual budgeting.

Not long ago, the idea of the contractual budget was one of the influential ideas in a number of countries; in Britain, for example, the financial department developed an initiative to develop the budget in the form of a performance contract, and in New Zealand, after the issuance of the Public Finance Act of 1989, it was the first serious attempt for the purpose of contracting the budget. In 1996, the New Zealand Ministry of Finance described the system as the idea of

contracting being essential to the public sector management system, as the outputs that should be provided by executives must be clearly determined with a description of the goods and services to be produced, including data associated with quantity, cost, time, place of delivery, and quality. The New Zealand system is therefore yet to be the original model of contractual budgeting, and the New Zealand contractual budget has gained increasing international growth in recent times. (Marc, 2010, p75)

## **Part One: Research Methodology**

### **Study Problem**

Resources are of great importance to the state's general budget in Iraq, as the budget depends for more than 80% of its revenues on oil, and at the time when the financial crises occurred, the price of oil began to decline, which generated a deficit in the state's general budget, accompanied by the situation that Iraq is going through from abnormal exceptional circumstances represented by the invasion of Iraq in 2003, and the subsequent period of the war on terrorism, which required large funds to spend on this war on the one hand, with the presence of rampant financial and administrative corruption in the Iraqi state apparatus, and the attempt to develop the government accounting system, which is based on the monetary basis through the use of the accrual basis with it.

To overcome it, research requires research and the best method that can be followed is the contractual budget, which is a system for making deals between the government and the entities that implement various projects, as this budget works to reduce the waste of public money, and provide infrastructure for the country from schools, universities and hospitals, as well as improve the service provided to citizens through service contracts, participation contracts and B.O.T contracts, and addresses the shortcomings in the government accounting system in Iraq. Here the main research problem arises: "What is the impact of the contractual budget on developing the structure of the government accounting system in Iraq?"

- Is there an impact of the use of the contractual budget on the structure of the government accounting system in Iraq?
- Is there an impact of using the contractual budget in developing the structure of the government accounting system in Iraq?

### **Importance of Study**

The importance of the study lies in the fact that it dealt with the contractual budget and its impact on developing the structure of the government accounting system in Iraq, which is concerned with the resources and financing of the state and its spending destinations and addresses the shortcomings in the system, in addition to the scarcity of research that dealt with the subject to the knowledge of the researcher in Iraq.

Here came the idea of the contractual budget, to address the weakness in the accounting system, where the contractual budget works to measure outputs, complete long-term projects, and reduce public expenses through the participation of private sectors in the establishment and completion of investment projects, through the operational side through service contracts such as telecommunications services, education, health, municipalities, post, etc., and the investment side through participation contracts such as the electricity, transportation and other sectors, and B.O.T contracts such as construction, operation and conversion contracts, and the use of the accrual basis along with the cash basis, which leads to overcoming the weaknesses in it, and this development has a significant impact on the government accounting system in Iraq.

### **Objective of Study**

The study aims to test the contractual budget and its impact on developing the structure of the government accounting system in Iraq, and addressing the shortcomings in the government accounting system in Iraq on the other hand.

### **Study Hypotheses**

The hypotheses of the study emanate from the problem and objective of the study, as these hypotheses work to test the main objective of the study, which is "the contractual budget and its impact on the development of the structure of the government accounting system in Iraq", and will also contribute to improving long-term financial planning in the Iraqi government sector by providing accurate financial forecasts that are consistent with the strategic objectives of the government. These assumptions can form the basis for studying the potential effects of this development on the government accounting system in Iraq, and from the above hypotheses can be derived the main starting point for this study and these hypotheses are:

- "There is a statistically significant impact of the use of the contractual budget on the structure of the government accounting system in Iraq."

- "There is a statistically significant impact of the use of the contractual budget and its impact on the development of the structure of the government accounting system in Iraq."

### **Previous Studies**

1. **Rubin (2006) study entitled:** "Budgeting for Contracting in Local Government" "Contractual Budget in Local Government" This study aims to illustrate the slowdown in the implementation of external contracts despite the increasing quantity of long-term contracts. The study found that these contracts are not well clarified in the local government budget, and the main contracts must be reported in the budget, and the way large cities deal with these contracts must be clarified in their budget with the possibility of merging a number of contracts under one item. The researcher concludes that this study dealt with the contractual budget in the local government and the clarification of long-term contracts in it, and did not address the role of the contractual budget with the budget of items and its impact on the government accounting system in Iraq, and this is what the researcher will address in his research.
2. **Kavaliauskaite & Jucevicius (2010) study entitled:** 'Readiness Of Public Institutions For Contracting' "Readiness of Public Institutions to Contract" This study aims to clarify the reforms in the public sector by introducing the contracting mechanism in it, due to the significant changes it brings about in public institutions. The study found that contracting has benefits that can benefit public institutions such as increasing efficiency, improving services, reducing costs, reducing the government's monopoly on providing services, completing long-term projects, and increasing employment opportunities for the private sector. The researcher concludes that this study dealt with contracts in public institutions through the contractual budget, and did not address the integration of the contractual budget with the budget of items and the impact of this integration on the government accounting system in Iraq, and this is what the researcher will address in his research.
3. **Alshujairi, Mohammed Huweish (2014) study entitled:** Government Accounting System Reform and the Adoption of IPSAS in Iraq (Reform of the Government Accounting System and Adoption of International Public Sector Accounting Standards in Iraq) This study aims to contribute to the development of public sector accounting and assess the usefulness, feasibility and capabilities of IPSAS adoption for the reform of the government accounting system in Iraq. The adoption of IPSAS improves the ability of governments to provide legislatures, citizens, the media and other stakeholders with understandable, relevant, reliable and comparable financial statements. Government accounting reform is part of

improving the information system in public financial management based on accruals as a tool for broader accountability in a democracy, the adoption of the accrual basis by advanced accounting systems as part of public sector reform, and that annual financial statements play an important role in holding governments accountable to their citizens and their elected representatives.

4. **Mahmoud, Mustafa (2018)** study entitled: An introduction to the development of the Yemeni government accounting system to raise the efficiency and effectiveness of service units - a field study. The study aimed to develop the government accounting system in Yemen by providing a proposed approach to raise the efficiency and effectiveness of performance in service units by analysing the system currently applied and knowing its shortcomings and the possibility of addressing and developing these aspects. The study also found that the government accounting system has many defects that make it unable to meet the requirements of accounting control over government performance, and the preparation of the general budget in the manner of balancing items leads to the lack of accurate financial and administrative data that can be relied upon, and the study recommends the need to benefit from the experiences of countries in developing the accounting system by switching from the cash basis to the accrual basis.

## **Part Two: The theoretical framework: for contractual budgeting and the government accounting system**

### **First: The theoretical framework of the contractual budget**

#### **Introduction:**

There are many countries that rely on this type of method in preparing budgets, whether at the level of countries as a whole or at the level of states and other government organisations. For example, the city of New York in America prepares the contractual budget in order to determine the expenses related to contractual services, which is defined as "any technical, consulting or personal services provided to the city through the contract and not personal services that fall within the budget". Therefore, the administration prepares the contractual budget every six months, twice a fiscal year, and in January they are prepared with portion estimates, and at the end of April they are submitted to the Executive Budget Board (The Council of the City of New York, 2017).

I believe that planning and preparing the general budget of the Iraqi state should be according to the contract system method or what is called the contractual budget, as the mechanisms available within the contractual budget, if applied appropriately, can address the following

basic aspects: providing the country's infrastructure, including schools, universities, and others, through the use of some of the contracting mechanisms in effect in the contractual budget, as well as greatly reducing the waste of funds as a result of financial and administrative corruption, as the contractual budget method, after adapting it to the circumstances, improves the services provided to the citizen through service contracts with the private or public sector instead of the level of services currently provided to the citizen by government agencies such as municipal, health, and social services. (Al-Rikabi, 2017, p. 288)

### **The concept of the contractual budget:**

The contractual budget is a new method of budgeting, as the so-called state budget has emerged according to the contractual budget method, and this method is a very recent development, as the first attempt to apply the contractual budget method in the New Zealand Ministry of Finance was in 1996, and under that, the government is presenting future projects and programmes in order for contractors to apply for contracts for the implementation of projects, in accordance with the objectives of the planned state on time, and at the lowest possible cost, provided that projects and objectives are set for them. (Hama. 2023, 679)

Al-Hajami stated that the contractual budget means "the relationship between government executive agencies, the private sector and the public sector, which is a contractual relationship under which specific tasks are carried out in exchange for specific amounts paid by the government." (Al-Hajami 2016, p. 9). MARC defined it as "transforming the relationship between the government and its departments from a funding relationship to a purchasing relationship", and considers that the idea of contracting is fundamental to public sector management, and the author says that the contractual budget depends on results rather than outputs and that it is a combination of two elements, the first is to rebuild the government on the basis of the market and the second is the program budget. (ROBINSON MARC, 2000, p29)

### **Characteristics of the contractual budget:**

From the above, a number of characteristics that distinguish the contractual budget from other budgets can be summarised as follows: (Al-Hasnawi, 2021, p. 332)

1. The contractual budget works to create a relationship based on contracting between the executive authorities and the legislative authorities in order to implement a specific project or service.
2. It transforms the relationship between the government and the executing entity of a particular project from a cash financing relationship to a commercial relationship based on the sale and purchase process with its obligations and results.

3. The contractual budget method determines the services to be provided to citizens during the coming year in the form of a tender based on the spirit of competition between government agencies and the private sector in order to implement these services at prices agreed upon under the contract.
4. This method of budgeting helps to provide the possibility of measuring and evaluating outputs in terms of effectiveness and efficiency.

### **Basic principles of the contractual budget**

According to the contractual budget method, the ministries of state, entities not associated with the ministry, regions, governorates and all other subdivisions carry out public expenditure in accordance with the following basic principles:

- a. **The principle of competition and publicity:** It requires that the contracting procedures be competitive, complete, fair and public to the maximum extent possible, as they should include the announcement of invitations in an adequate, transparent and within the specified and thoughtful schedules, and objectivity should be adhered to in the criteria for evaluating bids and publicity in opening bids.
- b. **The principle of transparency and conflict of interest prevention:** This principle can be relied upon on international standards of transparency, in the light of which disclosure, reporting and publication of reports on government contracts should be carried out in a transparent manner and through public channels, and contracting procedures must be characterized by honesty, impartiality, professional ethics and avoiding disputes of personal interests.
- c. **The principle of commitment and commitment:** It is that the completion and implementation of decisions is carried out in accordance with the objectives and methodology that define the role of each one in light of the administrative climate and each party pledges to commit to a predetermined cycle.
- d. **The principle of continuity:** the implementation of projects between the government and the private or public sector often continues for long periods, during which time the country's policies are likely to change, which in turn may lead to the cancellation of these contracts with the implementing agencies. (Al-Hasnawi, 2021, p. 334)

### **Advantages and disadvantages of applying the contractual budget:**

- **Advantages of the contractual budget:**

The contractual budget is characterised by the implementation and linking of long-term investment projects to the general budget, reducing the deficit in the state's general budget through service contracts on the operational side, participation contracts and B.O.T. in the

investment side, reducing waste of public money, reducing the government's monopoly on providing services, which provides the opportunity for the private sector to take its role in providing these services, which leads to changing the economic and social status of individuals for the better, and reducing cases of financial and administrative corruption. (Salloum, Mahayni, 2007, p. 115).

These advantages can be detailed as follows: (Al-Rikabi, 2017, p. 283) 1- Helping to provide radical solutions to many of the problems facing government departments by eliminating government red tape and the low quality of services provided to citizens. 2- Reformulate the state's general budget in a way that can help link the budget to long-term planning for projects that require it. 3- It leads to reducing the deficit of the state's general budget through the conclusion of P3S partnership contracts with the private sector and B.O.T contracts to provide the country's infrastructure. - Disadvantages of the contractual budget: The disadvantages of the contractual budget are 1- Inaccuracy of information: such as information needed by the government related to contracts due to the possible lack of an effective feasibility study directly related to long-term investment projects, 2- Reducing the number of employees in the future due to the government's heavy dependence on the private sector when implementing contracts. (Kavaliauskaite & Jucevicius, 'Op.Cit", p589.)

#### **The necessary steps to prepare the contractual budget:**

The basic steps for preparing the contractual budget in government units are as follows. (Jadua, 2015, p. 215):

1. Identify the basic programmes that the unit wishes to implement for the purpose of achieving its objectives.
2. Develop the accounting and financial system using the accrual basis for financial measurement, so that the various costs of programmes, activities and projects can be limited for the purpose of evaluating performance and rationalising the use of funds.
3. Calculate the cost of each programme after using the accrual basis.
4. Determine competitive prices in the local market, determining the prices of programmes that will be contracted with the state. 5- Prepare the structure of the contractual budget.

#### **Basic conditions for preparing the contract:**

Loevinsohn believes that the contracting process is "a mechanism for financial projects of ministries, government units, insurance companies and development projects for the purpose of obtaining services of specific quantity and quality based on certain goals, at a fixed price and for a specific period of time, and this is determined by the contract." (Benjamin, 2008, p.

18) The contracting process for executive projects depends on the following conditions as defined by Robinson: (Marc, 2000, p88):

1. The exact specifications of the outcomes, the goods and services to be delivered, shall be determined.
2. Determining prices in advance for those products. In order to increase efficiency, these prices must reflect the cost of efficient production rather than the prevailing cost of production.
3. The existence of financial penalties that can be applied in the event of the failure of the agency (contracting parties) to meet the requirements of the procurement contract or the work contract to be completed.

The greater the extent to which the three requirements are met, the more pressure there is on agencies in the procurement process. Achieving this helps to verify at the end of each financial year whether purchase contracts have been fulfilled.

Performance-based contracting is based on the following conditions (Benjamin, 2008, p. 18):

1. There should be a clear series of objectives and indicators through which the performance of the service executing the service can be measured.
2. Collecting data on the performance indicators of the contracting parties for the purpose of providing the specified service successfully.
3. The result of the performance of the concluded contract determines the nature of the effects that result from the quality of the work performed by the contracting parties either by providing them with a reward or imposing penalties on them.

#### **Types of contracts in the contractual budget:**

The decline in oil prices led to the scarcity of economic resources of the Iraqi state and the achievement of a clear deficit in the budget, which requires the search for new formulas that will reduce the budget deficit and the availability of goods and services to large segments of society and also contribute to the implementation of infrastructure and these formulas provide indirect financing to the general budget of the state, which are of different types, but they participate in their entirety depending on the local or foreign private sector and on public sector companies and foreign companies, and the most important of these formulas are (Al-Rikabi, 2017, p. 284):

- 1- **Service contracts:** Service contracts are one of the types of contractual budget contracts under which the contract is signed with public or private entities, and this type of contract is related to the operational side of the general budget and provides a range of services that will reduce public expenditures, reduce waste of public money, and thus reduce the budget

deficit. Service contracts are of the following types: cleaning services contracts, health services contracts, water services contracts, communication services contracts, educational services contracts, mail services contracts, and others.

- 2- **Participation contracts:** Musharaka contracts are a type of cooperation between the public sector and the private sector, and this type is related to the investment side of the public budget, where the public sector provides goods and services through the private sector indirectly providing them. Examples of participation contracts include infrastructure contracts for schools, roads, and hospitals, oil transport contracts, electricity contracts, and others. (Jadua, 2015, p. 28).
- 3- **B.O.T contracts:** B.O.T contracts are one of the types of contractual budget contracts that relate to the investment aspect of the general budget, that is, those projects under which the government contracts with a local or foreign company for the purpose of implementing and completing a specific project and managing it while bearing all its costs under government control, and examples of B.O.T contracts are (construction, ownership, operation and transfer of ownership, construction, lease, transfer, rental, renewal, operation and transfer of ownership). (Jadua, 2015, p. 28).

**The contractual budget and its role in achieving accounting and administrative accountability:**

The contractual budget is newly established and is the latest development in government budgets, and this budget is based on contracts between the central government and external parties such as local companies or foreign companies, through the state's offering of a set of projects in front of those bodies in order to contract with them in order to complete and implement projects with the highest quality and benefit and at the lowest costs and at a certain time to be agreed upon according to the contract signed between the government and the executing authority. (Al-Rikabi, 2017, p. 282) In Iraq, the Federal Financial Management Law was issued, which allowed the Ministry of Finance to adopt the accrual basis in addition to the cash basis. (Public Administration Law, 2019, p. 15)

Abu Al-Nour (2010) believes that it is "an attempt to reshape the state's general budget as a system of making deals between an executing entity and the central government", meaning that the government presents its future projects and programmes to everyone, public and private sectors, in order to win contractors to implement programmes and projects efficiently and effectively and in accordance with the planned goals and in a timely manner, and both (2006 Cleland & Ireland) proved that the intention of the contractual budget is to create public goods

and long-term assets such as infrastructure projects and others ... The contractual budget details the long-term development needs of Governments, establishes a standardised process for developing and transforming the multi-year plan into programmes and provides details of the projects they intend to implement over the years for tender. The researcher has concluded the following definition of the contractual budget: It is the balance of the agreements concluded in accordance with the conditions, standards and strategic objectives studied by stakeholders with the aim of obtaining services or achieving qualitative, quantitative, clear and predetermined results and a certain period of time, according to which performance is evaluated and accountability is managed in order to achieve the highest degree of efficiency and effectiveness of the completed government programmes and projects, whether service, construction, investment or others.

## **Second: The government accounting system**

### **Introduction:**

The government accounting system in Iraq is one of the important and basic tools used by the government to manage financial resources in a transparent and effective manner, and the government accounting system is based on a number of accounting policies and procedures organised under the laws and legislation specified for them. The government accounting system is not isolated from these great developments in the quantitative methods on which it is based and the accounting systems that are consistent with the objectives of the state that carry it out by providing appropriate and useful information in a timely manner and of high quality and quality. (Al-Alaq, Al-Sa'bari, 2012)

### **The concept of the government accounting system**

The government accounting system performs a set of functions and tasks related to government accounting, as it works within a set of foundations, principles and rules, the aim of which is to control the financial resources in the state and work to organise public expenditures within the budget plan set and determined by the state. (Salloum, Mohammed, 2016, p. 189) Hassan Abdel Karim Salloum and Elham Hashem Mohamed defined it as "a set of rules, foundations and accounting procedures that govern financial transactions within the state's general budget subject to the provisions and paragraphs of the constitution, the federal budget law of the state and the financial management law." (Salloum, Mohammed, 2016, p. 189). As for Nawal Harbi Radi, she defined it as (a set of records, documents and accounting methods related to the organisation and registration of financial transactions for the purpose of planning and controlling the expenses and revenues of the state with the implementation of policies set within the general budget of the state). (Radi, 2015, p. 203).

The researcher concludes that the government accounting system is (the methods, procedures, policies and accounting foundations followed by the state in proving financial operations within the state's general budget plan in light of the legislation in the constitution, the general budget law and the financial management law).

### **Components of the government accounting system:**

The organisational structure of the government accounting system in Iraq includes the following (Bireh, 2009, p. 26):

1. Main Central Treasury: These vaults exercise all financial tasks in terms of preparing the monthly trial balance, displaying the financial position, preparing the calculation of measuring the result and displaying the financial position, except for the disposal of the cash asset as it is the responsibility of the Ministry of Finance exclusively.
2. Secondary (sub) safes: These safes are part of the accounting and financial work practised by the main treasury, and the work of these safes is limited to the receipt of revenues and the payment of financial dues.
3. Decentralised system units: It includes all government units (ministries and departments) that have not applied the central government accounting system in the Iraqi governorates.

The following figure illustrates the components of the government accounting system:

### **Characteristics of the government accounting system:**

There are many characteristics related to the government accounting system, as it works to achieve harmony with the legal and constitutional requirements of the state, and is linked to the state's general budget and works to achieve integration between them, which facilitates the control procedures carried out by the competent authorities, and recording all transactions in records related to government activities, while providing the necessary information for the decision-making process and drawing up the state's financial policies, and working to develop the accounting basis in force in government accounting (Bireh, 2009, p. 26).

The most important characteristics of government units can be mentioned (Al-Mutairi, 2018, p. 47):

1. The accounting system used in government units shall be compatible with the administrative structure, constitutional and legal requirements and the principles of accounting work.
2. Unifying the accounting and financial terminology that are used in the government accounting system is an important feature, as the terminology is standardised as a result of legislation that adheres to the unity of accounting and financial terms. This feature ensures

the advantage of accuracy in accounting work, especially since government units are multiple units distributed across the country's geographical regions.

3. Government accounting units do not aim to achieve profits, but rather use government accounting as a measure of the efficiency of performance of activities and programmes.
4. Disbursement must be according to the sections predetermined by the estimated budget, and disbursement shall not be made except in accordance with the powers granted to the individuals and within the limits of allocation.
5. There is no relationship between the revenues collected and the expenditures in the units; all revenues collected go to specialised coffers, and government units are disbursed through the allocations specified for them.
6. Government units do not have capital as in commercial units.

#### **Objectives of the government accounting system:**

The government accounting system has many goals that require it to achieve or work to achieve them, and among these goals we mention the following:

1. Developing the accounting measurement function, which allows control over funds and operations together.
2. Developing the information provided to include performance evaluation financially and in kind as well as traditional control.
3. Meeting the need for basic information necessary to develop planning, preparing government programmes and activities, making decisions and drawing up the financial policy of the State. (Ahmaro, 2003, p. 135).
4. Provide information prepared in accordance with the concepts, definitions and tabulations used in national accounts.

#### **Accounting foundations in the government accounting system:**

Accounting principles are defined as "the set of accounting rules that control the fixation of account balances that are closed in the result measurement account to reach statements expressing the real results of the financial actions of the unit during a certain period of time."

(Khazraji, 2017, p. 85) The State's choice of accounting basis depends on the operational objectives of the government unit, the economic, social and legal environment in which it operates, the degree and type of accountability, the objectives of financial reporting and the needs of users of financial data and reports. (Ahmaro, 2003, p. 136) These accounting bases are presented as follows:

1. Cash basis: The cash basis depends on the actual disbursement (payment) and actual receipt (receipt) of funds during the fiscal year, regardless of the rights of the unit owed by third parties (Salloum, Darwish, 2007, p. 20).
2. Modified cash basis: It expands the concepts recognised by the cash basis, where the cash received under this basis includes the amounts actually received plus the value of the accounts receivable expected to be collected during a limited period to come, while the cash paid includes the amounts actually paid (Ahmaro, 2003, p. 136).
3. Accrual basis: Under this basis, the effects of financial operations are recognised when they occur (and not when collecting or paying cash or its equivalent) and are recorded in the accounting books and reports thereon in the financial statements of the periods to which these operations relate (Jassim, 2014, p. 225).
4. Modified accrual basis: It is defined as the process of deducting amounts from budget allocations despite not being disbursed for the purpose of meeting obligations to others by fixing an accounting entry (debtor / liability account, creditor / obligations provision).

### **The contractual budget and its impact on developing the structure Government Accounting System in Iraq**

The government accounting system is the tool related to the implementation of the state's general budget, as it serves as the basis on which the budget is based in its various stages in terms of preparation, approval, implementation and control, as the government accounting system depends on the divisions in the budget.

Therefore, the means of developing the government accounting system are currently available after the issuance of the Federal Financial Management Law in Iraq No. (6) of 2019, which was issued in August 2019, which allowed the use of the accrual basis in addition to the cash basis, so integration can positively affect the government accounting system in Iraq.

It is clear from the above that the state's general budget has gone through several stages of development and mobility in preparation and use. In the beginning, the use of the budget items, which is considered one of the oldest budgets, is characterised by simplicity and ease in preparation and application, but it leads to waste of public money, and works to increase cases of financial and administrative corruption, and an increase in public expenditures.

Hence, the programme and performance budget appeared, which was concerned with outputs and the process of improving performance and control, and works to set goals for all programmes, which helps in measuring and evaluating performance well, in return it needs a high cost and is interested in short-term activities.

After that, the planning and programming budget appeared, which depends in the preparation process on planning and then determining the activities and programmes that the state seeks to achieve and then searching for sources of funding. On the other hand, it was difficult to determine the goals that are converted into programmes, and are suitable for a limited number of activities such as defence and justice.

Hence, the zero budget, which is prepared from scratch without relying on the previous year's budget figures, links the cost to the return for projects and does not differentiate between old and new projects in financing, but it requires a long time and a high cost in preparation and individuals who are able to make important and decisive decisions at the same time.

After that, the latest type of the general budget that appeared is the contractual budget, which is prepared on the basis of the contractual relationship between the government and external parties, such as local or foreign companies. These companies complete and implement long-term investment projects through types of contracts, including those related to the operational side such as service contracts, and some related to the investment side such as participation contracts and B.O.T contracts, as this type of budget is based on reducing the state's public expenditures, which leads to a reduction in the deficit.

### **Part Three: The Practical Side**

- **Research Community:** The study population includes the exploratory study of a sample of employees of the Budget Department, which is responsible for preparing budgets.
- **Research sample:** The focus of the study is on a number of government institutions concerned with the preparation of budgets and the follow-up of disbursement of allocations in each section of the chapter. The researcher chose this institution due to the importance of the budget, as it is the main nerve for the stability and development of any country, as well as the possibility of applying the idea of the study in such institutions, which operate in the manner of preparing budgets. The aim is to find solutions to the problems faced by the financial sector and to attempt to resolve them through the application of the study's idea. An overview of this institution can be presented as follows:
- **Research tools:** The study tool is represented in the survey list as a means of collecting the data necessary to test the hypotheses of the study, and its design was based on a set of questions that crystallised through access to previous research and studies.

A questionnaire form designed to test the research hypotheses was relied upon, and consisted of two axes: the first axis to measure the contractual budget and included fourteen questions,

while the second axis aims to measure the structure of the government accounting system and includes twelve questions.

The Likert five-dimensional scale was used to express five-dimensional sentences, ranging from one point expressing strong disagreement to five points expressing strong approval. As shown in the following table:

Table (1) Likert pentameter scores.

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Degree	5	4	3	2	1

A grade (1) was chosen for the response (strongly disagree), so the relative weight of this case is 20%, which is proportional to this response, and score (5) for the response (strongly agree), so the relative weight of this case is 100%, which is proportional to this response.

**- Statistical hypothesis test form:**

- The second statistical hypothesis: "There is a statistically significant effect of using the contractual budget on the structure of the 'government accounting system' in Iraq."
- The third statistical hypothesis: "There is a statistically significant effect of the use of the contractual budget and its impact on the structure of the 'government accounting system' in Iraq."

The second topic is the presentation and analysis of the results of the applied study:

• **Data analysis.**

**- Internal consistency of the paragraphs of the first axis (contractual budget)**

Table (2) Internal consistency of the paragraphs of the second axis (contractual budget)

Correlations			
Item	Pearson Correlation	Sig. (2-tailed)	N
x1	.602**	.000	158
x2	.438**	.000	158
x3	.518**		158
x4	.499**		158
x5	.503**		158
x6	.593**		158
x7	.554**		158
x8	.477**		158

x9	.504**		158
X10	.485**		158
X11	.524**		158
X12	.391**		158
X13	.575**		158
X14	.313**		158

It is clear from the table above that all correlation coefficients between the second axis as a whole and its constituent questions were high and statistically significant, as all the values of (Sig. (2-tailed) were less than 0.05. All these values were also positive, indicating a direct correlation between each paragraph and the axis to which it belongs. This reflects the high internal consistency between the paragraphs of this axis, and shows that each paragraph contributed to the reinforcement and measurement of the target variable.

- Internal consistency of the paragraphs of the second axis (the structure of the government accounting system):

Table (3) Internal consistency of the paragraphs of the third axis (structure of the government accounting system)

Correlations			
Item	Pearson Correlation	Sig. (2-tailed)	N
x1	.580**	.000	158
x2	.290**		158
x3	.563**		158
x4	.453**		158
x5	.525**		158
x6	.565**		158
x7	.515**		158
x8	.405**		158
x9	.546**		158
X10	.553**		158
X11	.449**		158
X12	.565**		158

It is clear from the table above that all correlation coefficients between the third axis as a whole and the questions that make it up were high and statistically significant, as all values of (Sig. (2-tailed) were less than 0.05. Also, all of these values were positive, indicating the presence of a direct correlation between each paragraph and the axis to which it belongs. This reflects the high internal consistency between the paragraphs of this axis, and shows that each paragraph contributed to strengthening and measuring the targeted variable.

• **Descriptive analysis of the data:**

- Contractual budget: The sample members' answer and response to the contractual budget axis from the positives and negatives of its performance through the government accounting system.

- **The first axis: Contractual budget**

Table (4) Sample response to the paragraphs of the second axis - Contractual budget

NO	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Mean	Standard deviation	Coefficient of variation	Order of importance
	F	%	F	%	F	%	F	%	F	%				
X1	27	17%	42	27%	26	16%	30	19%	33	21%	3.000	1.410	0.470	14
X2	22	14%	67	42%	40	25%	12	8%	17	11%	3.411	1.152	0.338	2
X3	17	11%	38	24%	40	25%	33	21%	30	19%	2.867	1.277	0.446	12
X4	21	13%	58	37%	35	22%	20	13%	24	15%	3.203	1.266	0.395	7
X5	18	11%	34	22%	44	28%	32	20%	30	19%	2.861	1.274	0.445	11
X6	18	11%	53	34%	43	27%	24	15%	20	13%	3.158	1.197	0.379	4
X7	15	9%	55	35%	35	22%	27	17%	26	16%	3.038	1.251	0.412	8
X8	23	15%	56	35%	38	24%	25	16%	16	10%	3.285	1.195	0.364	3
X9	23	15%	57	36%	24	15%	27	17%	27	17%	3.139	1.338	0.426	10

X1 0	2 1	13 %	6 3	40 %	2 8	18 %	2 4	15 %	2 2	14 %	3.23 4	1.263	0.390	6
X1 1	2 7	17 %	5 1	32 %	3 3	21 %	2 1	13 %	2 6	16 %	3.20 3	1.330	0.415	9
X1 2	2 1	13 %	5 7	36 %	3 8	24 %	2 1	13 %	2 1	13 %	3.22 8	1.231	0.381	5
X1 3	2 1	13 %	4 9	31 %	3 4	22 %	2 1	13 %	3 3	21 %	3.02 5	1.349	0.446	13
X1 4	3 4	22 %	6 1	39 %	4 2	27 %	1 9	12 %	2 2	1%	3.67 1	0.987	0.269	1
<b>mean, standard deviation, importance, coefficient of .variation and order of importance for the second axis</b>											3.16 6	0.629	0.199	2

The weighted arithmetic mean of this axis is (3.166), with a low standard deviation of (0.629). The degree of the coefficient of variation was (0.199), which reflects the convergence of the opinions of the sample, as it ranked second among the axes of the questionnaire in general. This indicates that there is a great convergence of opinions on the paragraphs of this axis from the point of view of the sample.

At the detailed level of this dimension, it is clear that all paragraphs of this axis (except paragraphs 3 and 5). The paragraph related to the fourteenth question, which read: "Have you noticed an improvement in the Government's ability to achieve financial and economic objectives thanks to the harmonisation between the contractual budget and the accounting system?", achieved the lowest coefficient of variation for this variable, reaching (0.269), which reflects a high degree of agreement in the responses of the sample members. The arithmetic mean of this paragraph was (3.671) with a standard deviation of (0.987). This indicates that the sample noticed an improvement in the government's ability to achieve financial and economic goals thanks to the harmony between the contractual budget and the accounting system.

While the paragraph related to the first question, which states that "setting the main objectives in the contractual budget contributes to achieving optimal performance", achieved the highest coefficient of variation of (0.470) for this variable, where the arithmetic mean was (3.00) with a standard deviation of (1.410). This indicates that although the sample believes that setting the main objectives in the contractual budget contributes to achieving optimal performance, their agreement on this paragraph was less compared to the rest of the paragraphs within this axis.

**As for the rest of the questions, the results were as follows:**

- For the second question, which states that "the process of allocating resources in the contractual budget can be improved", the coefficient of variation was (0.338), which

reflects the extent of the convergence of the sample's opinions, as it ranked second for this variable. The standard deviation was (1.152) and the arithmetic mean was (3.411). This means that the sample believes that the process of allocating resources in the contractual budget can be improved.

- For the third question, which states that "you do not face challenges in estimating expenses and revenues during the preparation of the contractual budget", the coefficient of variation was (0.446), which reflects the extent of the convergence of the sample's opinions, as it ranked twelfth for this variable. The standard deviation was (1.277) and the arithmetic mean was (2.867). This means that the sample believes that there are challenges in estimating expenses and revenues during the preparation of the contractual budget.
- As for the fourth question, which states that "It is preferable to use predictive models in contractual budget analysis", the coefficient of variation was (0.395), which reflects the extent of the sample's opinions convergence, as it ranked seventh for this variable. The standard deviation was (1.266) and the arithmetic mean was (3.203). This means that the sample believes that it is preferable to use predictive models in contractual budget analysis.
- As for the fifth question, which states that "Contractual budget is considered inflexible in dealing with sudden changes", the coefficient of variation was (0.445), which reflects the extent of the sample's opinions convergence, as it ranked eleventh for this variable. The standard deviation was (1.274) and the arithmetic mean was (2.861). This means that the sample does not support considering contractual budget inflexible in dealing with sudden changes.
- As for the sixth question, which states that "the impact of inflation and price changes is an influential factor in adopting the contractual budget", the coefficient of variation was (0.379), which reflects the extent of the convergence of the sample's opinions, as it ranked fourth for this variable. The standard deviation was (1.197) and the arithmetic mean was (3.158). This means that the sample believes that inflation and price changes have effects on adopting the contractual budget.
- As for the seventh question, which states that "the contractual budget enhances transparency in directing financial resources to various activities", the coefficient of variation was (0.412), which reflects the extent of the convergence of the sample's opinions, as it ranked eighth for this variable. The standard deviation was (1.251) and the arithmetic mean was (3.038). This means that the sample believes that the contractual budget enhances transparency in directing financial resources to various activities.

- As for the eighth question, which states that "Implementing the contractual budget is considered an effective means of achieving a balance between spending and revenue in the government sector", the coefficient of variation was (0.364), reflecting the extent of the convergence of the sample's opinions, as it ranked third for this variable. The standard deviation was (1.195) and the arithmetic mean was (3.285). This means that the sample considers implementing the contractual budget an effective means of achieving a balance between spending and revenue in the government sector.
- As for the ninth question, which states that "The contractual budget positively affects the ability of the government entity to achieve its goals and main mission", the coefficient of variation was (0.426), reflecting the extent of the convergence of the sample's opinions, as it ranked tenth for this variable. The standard deviation was (1.338) and the arithmetic mean was (3.139). This means that the sample believes that the contractual budget positively affects the ability of the government entity to achieve its goals and main mission.
- As for the tenth question, which states that "the application of contractual budgeting can have a positive impact on the stability of the government accounting system", the coefficient of variation was (0.390), reflecting the extent of the convergence of the sample's opinions, as it ranked sixth for this variable. The standard deviation was (1.263) and the arithmetic mean was (3.234). This means that the sample believes that the application of contractual budgeting has a positive impact on the stability of the government accounting system.
- As for the eleventh question, which states that "the lack of flexibility in contractual budgeting may affect the government's ability to adapt to economic and social changes", the coefficient of variation was (0.415), reflecting the extent of the convergence of the sample's opinions, as it ranked ninth for this variable. The standard deviation was (1.330) and the arithmetic mean was (3.203). This means that the sample believes that the lack of flexibility in contractual budgeting may affect the government's ability to adapt to economic and social changes.
- As for the twelfth question, which states that "When applying the contractual budget, it can cause technical and administrative challenges when preparing financial reports", the coefficient of variation was (0.381), which reflects the extent of the convergence of the sample's opinions, as it ranked fifth for this variable. The standard deviation was (1.231) and the arithmetic mean was (3.228). This means that the sample believes that applying the contractual budget can cause technical and administrative challenges when preparing financial reports.

- As for the thirteenth question, which states "Do you think that the contractual budget may contribute to enhancing efficiency and improving the direction of government spending?", the coefficient of variation was (0.446), which reflects the extent of the convergence of the sample's opinions, as it ranked thirteenth for this variable. The standard deviation was (1.349) and the arithmetic mean was (3.025). This means that the sample believes that the contractual budget may contribute to enhancing efficiency and improving the direction of government spending.

- **The second axis: The structure of the government accounting system**

Table (5) Sample response to the paragraphs of the third axis (the structure of the government accounting system)

NO	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Mean	Standard deviation	Coefficient of variation	Order of importance
	F	%	F	%	F	%	F	%	F	%				
X1	27	17%	43	27%	26	16%	28	18%	34	22%	3.006	1.416	0.471	13
X2	25	16%	65	41%	32	20%	27	17%	9	6%	3.443	1.120	0.325	2
X3	23	15%	43	27%	40	25%	28	18%	24	15%	3.082	1.282	0.416	9
X4	22	14%	53	34%	42	27%	28	18%	13	8%	3.272	1.155	0.353	3
X5	18	11%	58	37%	30	19%	27	17%	25	16%	3.108	1.275	0.410	7
X6	21	13%	53	34%	34	22%	26	16%	24	15%	3.133	1.277	0.408	6
X7	20	13%	53	34%	28	18%	26	16%	31	20%	3.032	1.342	0.443	12
X8	26	16%	57	36%	30	19%	24	15%	21	13%	3.272	1.280	0.391	4
X9	23	15%	43	27%	40	25%	26	16%	26	16%	3.070	1.297	0.423	10
X10	19	12%	60	38%	27	17%	28	18%	24	15%	3.139	1.279	0.408	5

X1 1	1 7	11 %	4 7	30 %	4 1	26 %	2 7	17 %	2 6	16 %	3.01 3	1.252	0.415	8
X1 2	1 9	12 %	3 8	24 %	4 0	25 %	3 4	22 %	2 7	17 %	2.92 4	1.275	0.436	11
mean, standard deviation, significance, coefficient of variation and order of importance for the third axis											3.15 8	0.624	0.198	1

The weighted arithmetic mean for this axis is (3.150), with a low standard deviation of (0.624). The coefficient of variation was (0.198), which reflects the extent of the convergence of the sample's opinions, as it ranked first among the questionnaire's axes in general. This indicates a very large convergence of opinions on the paragraphs of this axis from the sample's point of view. At the detailed level of this axis, it is clear that all paragraphs of this axis (except for question 12) were included. The paragraph related to the second question, which states "Have you noticed any difficulties in following up and understanding the budget of items in the government accounting system?", achieved the lowest coefficient of variation for this variable, as it reached (0.325), which reflects a high degree of agreement in the sample members' answers. The arithmetic mean for this paragraph was (3.006) with a standard deviation of (1.120), which indicates that the sample sees difficulties in following up and understanding the budget of items in the government accounting system. While the paragraph related to the first question, which states "Do you think there are specific challenges facing the implementation of the government accounting system in Iraq?", achieved the highest coefficient of variation of (0.471) for this variable, and its arithmetic mean was (3.443) with a standard deviation of (1.120). This indicates that although the sample sees that there are specific challenges facing the implementation of the government accounting system in Iraq, their agreement on this paragraph was less compared to the rest of the paragraphs within this axis.

As for the rest of the questions, the results were as follows: -

- As for the third question, which states "Do you think there is a need to improve financial control processes in the government accounting system to ensure effective implementation of the budget?", the coefficient of variation reached (0.416), which reflects the extent of the convergence of the sample's opinions, as it ranked eighth for this variable. The standard deviation was (1.282) and the arithmetic mean was (3.082). This means that the sample sees that there is a need to improve financial control processes in the government accounting system to ensure effective implementation of the budget.
- As for the fourth question, which states "Is there an improvement in the transparency of financial operations thanks to the application of the government accounting system in

Iraq?", the coefficient of variation was (0.353), which reflects the extent of the convergence of the sample's opinions, as it ranked second for this variable. The standard deviation was (1.155) and the arithmetic mean was (3.272). This means that the sample believes that there is an improvement in the transparency of financial operations thanks to the application of the government accounting system in Iraq.

- As for the fifth question, which states "During the application of the accrual basis in the government accounting system, the item budget works to control the efficiency and effectiveness of spending and revenue collection", the coefficient of variation was (0.410), which reflects the extent of the convergence of the sample's opinions, as it ranked sixth for this variable. The standard deviation was (1.275) and the arithmetic mean was (3.108). This means that the sample believes that the application of the accrual basis in the government accounting system helps the item budget to control the efficiency and effectiveness of spending and revenue collection.
- As for the sixth question, which states "Achieving integration between the item budget and the contractual budget can enable the government accounting system in Iraq to be more flexible, which helps in adapting to changes in the financial and economic environment", the coefficient of variation reached (0.408), which reflects the extent of the convergence of the sample's opinions, as it ranked fifth for this variable. The standard deviation was (1.277) and the arithmetic mean was (3.133). This means that the sample believes that achieving integration between the item budget and the contractual budget can make the government accounting system in Iraq more flexible, which helps in adapting to changes in the financial and economic environment.
- As for the seventh question, which states "Integrating the item budget with the contractual budget can enable the concerned parties to better monitor and control spending, which reduces the chances of corruption and waste of resources", the coefficient of variation reached (0.443), which reflects the extent of the convergence of the sample's opinions, as it ranked eleventh for this variable. The standard deviation was (1.342) and the arithmetic mean was (3.032). This means that the sample believes that integrating the item budget with the contractual budget can help the relevant authorities better monitor and control spending, which reduces the chances of corruption and waste of resources.
- As for the eighth question, which states, "Providing effective integration between the item budget and the contractual budget can contribute to enhancing the strategic planning of the Iraqi government, enabling it to better set priorities and achieve its goals," the coefficient

of variation was (0.391), reflecting the extent of the convergence of the sample's opinions, as it ranked third for this variable. The standard deviation was (1.280) and the arithmetic mean was (3.272). This means that the sample believes that providing effective integration between the item budget and the contractual budget can contribute to enhancing the strategic planning of the Iraqi government, enabling it to better set priorities and achieve its goals.

- As for the ninth question, which states: "Effective coordination between the item budget and the contractual budget may lead to increased efficiency of government spending, which allows for achieving maximum effectiveness in the use of financial resources," the coefficient of variation was (0.423), reflecting the extent of the convergence of the sample's opinions, as it ranked ninth for this variable. The standard deviation was (1.297) and the arithmetic mean was (3.070). This means that the sample believes that effective coordination between the item budget and the contractual budget can lead to increased efficiency of government spending, which allows for achieving maximum effectiveness in the use of financial resources.
- As for the tenth question, which states "Achieving integration between the item budget and the contractual budget in the government accounting system in Iraq may lead to improving the level of financial transparency, as it becomes easier for citizens and stakeholders to understand how the government spends money", the coefficient of variation reached (0.208), which reflects the extent of the convergence of the sample's opinions, as it ranked fourth for this variable. The standard deviation was (1.279) and the arithmetic mean was (3.139). This means that the sample believes that achieving integration between the item budget and the contractual budget in the government accounting system in Iraq may lead to improving the level of financial transparency, which makes it easier for citizens and stakeholders to understand how the government spends money.
- As for the eleventh question, which states "Do you consider that the government accounting system has contributed to improving the management of government revenues and expenditures?", the coefficient of variation reached (0.415), which reflects the extent of the convergence of the sample's opinions, as it ranked seventh for this variable. The standard deviation was (1.252) and the arithmetic mean was (3.013). This means that the sample believes that the government accounting system contributes to improving the management of government revenues and expenditures.
- As for the twelfth question, which states "Do you feel that there is a good balance between the flexibility of applying the accounting system and the need to comply with budget

requirements?", the coefficient of variation was (0.436), which reflects the extent of the convergence of the sample's opinions, as it ranked tenth for this variable. The standard deviation was (1.275) and the arithmetic mean was (2.924). This means that the sample does not feel that there is a good balance between the flexibility of applying the accounting system and the need to comply with budget requirements.

- The results of the test hypotheses of the study: Where the researcher tests the research hypotheses using appropriate statistical methods and then verifies and this is done through the following:
  - The first hypothesis: "There is a statistically significant effect of using the contractual budget on the structure of the government accounting system in Iraq." To test this hypothesis, the following "linear regression" model was formulated: Whereas: □ = First independent variable (contractual budget) Using the statistical program SPSS, the results were as follows: Table (6) Summary of the first hypothesis test model.

• **Results of testing the study hypotheses:**

The researcher tests the research hypotheses using appropriate statistical methods and then verifies them through the following:

- ☒ The first hypothesis: "There is a statistically significant effect of using the contractual budget on the structure of the government accounting system in Iraq."

To test this hypothesis, the following "linear regression" model was formulated:-

$$GASS = B_0 + B_1 CB + \varepsilon$$

Where:

CB = The first independent variable (contractual budget)

Using the SPSS statistical program, the results were as follows:-

Table (6) Summary of the first hypothesis test model

Model Summary <sup>b</sup>				
Model	Correlation	Coefficient of determination	Corrected coefficient of determination	Standard error
1	.759 <sup>a</sup>	.577	.574	.407
CB <sup>a</sup> . Predictors: (Constant)				
b. Dependent Variable: GASS				

The model summary table shows that the correlation value (R) between the variables was (0.759), which indicates a high correlation strength. Also, the coefficient of determination (R

Square) was (0.577), which means that the independent variable (contractual budget) explains about (57.7%) of the variation in the dependent variable (the structure of the government accounting system). In addition, the standard deviation of the estimation error was (407.0), which is a very low figure, indicating the statistical suitability of the model.

Table (7) Variance of the first hypothesis test.

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.254	1	35.254	212.553	.000 <sup>b</sup>
	Residual	25.874	156	.166		
	Total	61.128	157			
a. Dependent Variable: GASS						
CB•b. Predictors: (Constant)						

The variance table shows that the calculated F value was (212.553), exceeding the tabular value (3.84) at a significance level of 5%. The level of significance of the test was (0.000), which is lower than the acceptable error level (0.05), which indicates the suitability of the statistical model used to test the hypothesis.

Table No. (8) Coefficients of the regression function for the first hypothesis.

Model		Non-standardized coefficients		Standardized coefficients	T	Sig.
		B	Standard error	Beta		
1	(Constant)	.766	.167		4.597	.000
	CB	.753	.052	.759	14.579	.000
a. Dependent Variable: GASS						

The table of coefficients of the regression function shows that the value of the constant was (0.766) and the slope value (0.753), which indicates a direct effect between the second independent variable (contractual budget) and the dependent variable (the structure of the government accounting system), where an increase of one degree in the independent variable leads to an increase of (75.3%) in the dependent variable. Also, the significance level of the T-statistic for the independent variable was (0.00), which is lower than the acceptable error level (0.05), which supports the acceptance of the hypothesis to prove the effect statistically. The

regression equation used to test the hypothesis can be reformulated in terms of the results achieved and can be used for forecasting purposes as follows:

$$GASS = 0.766 + 0.753 * CB$$

The figure below shows the frequency chart that shows the normal distribution of the statistical residuals of the regression equation, which shows the accuracy of the previous regression equation.

- The second hypothesis: - "There is a statistically significant effect of using contractual budgeting and its effect on developing the structure of the government accounting system in Iraq."

To test this hypothesis, the following "linear regression" model was formulated:

$$GASS = B_0 + B_1 BI + B_2 CB + \varepsilon$$

Using the SPSS statistical program, the results were as follows:

Table (9) Summary of the second hypothesis test model

Model Summary <sup>b</sup>				
Model	Correlation	Coefficient of determination	Corrected coefficient of determination	Standard error
1	.800 <sup>a</sup>	.640	.635	.377
BI, CB, a. Predictors: (Constant)				
b. Dependent Variable: GASS				

The model summary table shows that the correlation value (R) between the variables was (0.800), which indicates a high correlation strength. Also, the coefficient of determination (R Square) was (0.640), which means that the independent variables (contractual budget) explain about (64%) of the variance in the dependent variable (the structure of the government accounting system). In addition, the standard deviation of the estimation error was (377.0), which is a very low figure, indicating the suitability of the statistical model.

Table (10) Variance of the third hypothesis test.

ANOVA <sup>a</sup>						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	39.094	2	19.547	137.498	.000 <sup>b</sup>

	Residual	22.035	155	.142		
	Total	61.128	157			
a. Dependent Variable: GASS						
BI, CB, b. Predictors: (Constant)						

The table shows that the calculated F value was (137.498), exceeding the tabular value (3.00) at the significance level of 5%. The level of significance of the test was (0.000), which is lower than the acceptable error level (0.05), indicating the suitability of the statistical model used to test the hypothesis.

Table (11) Coefficients of the regression function for the second hypothesis.

Model		Non-standardized coefficients		Standardized coefficients	T	Sig.
		B	Standard error	Beta		
1	(Constant)	.500	.163		3.077	.002
	BI	.396	.076	.403	5.197	.000
	CB	.440	.077	.444	5.733	.000
a. Dependent Variable: GASS						

The table of coefficients of the regression function shows that the value of the constant was (0.500) and the slope value (0.396), which indicates a direct effect between the first independent variable (item budget) and the dependent variable (the structure of the government accounting system), where a one-degree increase in the item budget leads to an increase of (39.6%) in the dependent variable, with all other independent variables constant. The slope value of the second independent variable (contractual budget) was (0.440), which indicates a direct effect, as an increase of one degree in this variable means an increase of (44%) in the dependent variable (the structure of the government accounting system), with all other independent variables constant. The significance level of the T-statistic for both independent variables was (0.00), which is much lower than the acceptable error level (0.05), which supports the acceptance of the hypothesis to prove the effect statistically.

## **Conclusions and Recommendations**

The researcher tested the statistical hypotheses of the study and dealt with "the contractual budget and its impact on developing the structure of the government accounting system in Iraq" where the researcher identified the appropriate strategy for the structure of the government accounting system, and also limited the obstacles facing development, in order to reach the highest benefit of the government accounting system, and reached a set of results:

### **1- Statistical results:**

- a. The first statistical hypothesis is accepted, which states that there is a statistically significant effect of using the contractual budget on the structure of the government accounting system in Iraq. It appears that there is a direct effect between the two variables, as any increase by one degree in the contractual budget leads to an increase by (75.3%) in the dependent variable, which provides convincing evidence of accepting the hypothesis for the statistically proven effect.
- b. The second statistical hypothesis is accepted, which states that there is a statistically significant effect of using the integrated approach to balancing items and the contractual budget on the structure of the government accounting system in Iraq. It appears that there is a direct effect, as any increase of one degree in the contractual budget leads to an increase of (44%) in the dependent variable, which provides convincing evidence to accept the hypothesis of statistically proven effect.

### **2- Theoretical results**

- a. The study concluded that political and financial changes since the establishment of the Iraqi state until now have played an effective role in the occurrence of many legislative changes that govern the legislative framework of the life cycle of the Iraqi budget, some of which were formal and some of which were fundamental.
- b. The study concluded that modern systems must apply the contractual budget method as they do not recognize that there is a unified mechanism for preparing the budget where inputs are linked to outputs by linking revenues to uses to reach the desired results from the budget.
- c. The study concluded that the contractual budget is suitable for local governments by reducing the costs of government programs by implementing them with high quality and in a timely manner.
- d. The study concluded that the government accounting system in Iraq faces a number of challenges, including the weakness of the financial infrastructure in some ministries and

departments, as well as the lack of advanced information technology systems, which makes some operations manual, which in turn affects accuracy and transparency.

- e. The study concluded that the government accounting system in Iraq is an essential part of the budget implementation process in Iraq, as it helps achieve the state's financial goals with high efficiency while avoiding waste through high financial discipline.

- **Recommendations**

1. Relying on the contractual budget as a basis for investment projects through negotiation between the proposed projects, which in turn achieves greater efficiency and effectiveness in exploiting resources in those budgets, and also helps in planning, monitoring and controlling funds as they determine allocations, which helps in developing the level of transparency in performance, which in turn contributes to strengthening the legal system through disclosure of financial statements, which in turn contributes to reducing financial and administrative corruption as well as misuse of powers by the relevant committees.
2. Encouraging researchers to conduct studies on the contractual budget that would improve the financial reality by making the necessary comparisons and studies on the contractual budget strategy and how to build its steps, organizational structure and administrative links between the entities implementing the budget.
3. Working to create the appropriate atmosphere for applying the concept of the contractual budget by enacting laws and issuing instructions that help facilitate the procedures for its implementation, by updating the administrative and financial systems necessary for preparing budgets.
4. Activating the role of financial oversight by strengthening the role of the Financial Control Bureau to follow up on the implementation of contracts and financial operations and ensuring that contracts are managed in a new way.

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