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EVALUATING THE FINANCIAL PERFORMANCE OF PUBLIC SECTOR UNITS USING THE TRADITIONAL BUDGETING PERSPECTIVE

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ABSTRACT. The purpose of this research is to show the applicability of financial performance metrics under the traditional budget (items budget) for assessing the General Directorate of Education in the Najaf Governorate. The process of planning, organizing, directing, and controlling is contingent upon balancing the items approved by the Iraqi government and determining whether financial indicators achieve the desired results from the performance evaluation process and contribute to establishing the correct foundations for future decision-making. Consequently, it has a favorable effect on profitability and liquidity, increasing the Directorate's economic and social worth. The financial statements of the General Directorate of Education in Najaf Governorate for the fiscal year 2017 were examined To accomplish the study's goals. In addition, the economic indicators used to evaluate performance levels were retrieved. The findings indicate that it is impossible to evaluate the financial performance of the General Directorate of Education in Najaf Governorate using current economic indicators in light of the outputs required by the government accounting system and the details contained in the budget for the items used. This research suggests many changes to Iraq's budget system that will assist strengthen the role of financial indicators in making several critical choices that will aid in the growth of the Directorate's operations.

JEL Classification: D02,
O17, P31

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Introduction

For a financial disease to be efficient and effective, proper planning must be implemented, and all procedures and transactions carried out by the institution must be based on pre-prepared plans. Any budget that determines the available resources and obligations of this institution must be met, and thus the concept of budgets and the variety of types of budgets originated in a variety of purposes and in all areas, and we can consider the bud. The budget

assumes the most efficient use of resources while also determining spending in the necessary areas that lead to the highest desired returns from the least amount of spending, resulting in the best performance of the institution. As a result, the data and information provided by budgets are inputs to the evaluation of the financial performance of the institution, and budgets are used to do so. As a result, the method of balancing is not restricted to a single activity, but has expanded to include all activities and all sectors, whether public or private. There are also several types of budgets, ranging from traditional budget balancing items to balancing programs and performance, zero budget, and contractual budget, all of which have undergone multiple developments in accordance with the progress of the economy. In light of these findings, researchers have discovered that traditional budget methods are unsuccessful in delivering suitable information for the financial evaluation of government units, which has resulted in the problem of research. First, the research methodology was discussed, as were some previous studies that attempted to address problems resulting from the use and application of traditional budget balancing items or problems related to the lack of clarity of standards general indicators for the evaluation of financial performance, as well as the location of this study in relation to previous studies. The second research focused on the evaluation of financial performance and included the evaluation of traditional budget balancing items, as well as the location of this study in relation to previous studies. There were various results reached by the study, and several suggestions were made in light of those conclusions.

1. Literature review

Government Financial Performance Assessment

Through this study we aim to evaluate and measure the financial performance of the Directorate General of Education in Najaf province as we can detect defects and deviations, so that this research relied on the directorate's data for 2017 based on a set of more important financial standards and indicators that are suitable for research where the efficiency of the directorate's performance was tested in Use of the assets available to it using liquidity ratios and other known financial performance indicators (capital adequacy, asset rate, rate of return on equity, debt rates and debt-to-equity ratio). After conducting an evaluation and diagnosis of the Directorate, we found that the Directorate has the ability to continue under the current budget of the items followed and whether they have been changed to any kind of budget, they do not apply to them or cannot be assessed for their financial performance.

The Importance Of Performance Evaluation In Public Sector Units

The evaluation of performance is the mirror reflecting the company's activities and achievements, it is the results of the comprehensive activity practiced by the company and determines the level of its achievement and the extent to which it exploits its resources and capabilities, where it is referred to as the best KS to the ability of the company to achieve its objectives, and in order to develop the financial performance of any institution should be evaluated and reviewed this performance where performance evaluation can be considered part of the development. In institutions, in order for management to stand on the strengths and weaknesses and opportunities and constraints it may face, it must evaluate its performance, especially financial performance, as it provides management with information and concepts that allow it to make investment decisions and to fill the gaps and constraints that may arise in the future.

In this context, several opinions on the concept of performance evaluation will be presented as follows:

Where he sees (Palomba, 1999:4, C.A. & Banta, T.W.) In the basics of evaluation in education, evaluation is the collection, review and systematic use of information in educational programs that have been developed for the purpose of improving and developing learning, where the evaluation provides the information we need in educating students. The University of Oregon, Teaching Effectiveness Program identifies the evaluation as follows: the process of collecting and discussing multiple information from a variety of sources in order to develop a deep understanding of what students know and can be done with their knowledge as a result of their learning experiences and this process culminates when evaluation results are used to improve them later learning. Claude ALAZARD, 1998:11) points out that the evaluation is a simulation of why the institution is achieving the expected objectives while reducing the resources used to achieve those goals to include two effective concepts: reaching the desired goals, efficiency, which is to reduce the resources used. .

According to Hussein Falah, 2000: 234, the evaluation of financial performance is a process to describe the current economic situation and to determine the direction that has been used to reach this and put through the study of sales, revenues, assets and the rain if it becomes. From these opinions we conclude that performance evaluation is done for previous financial events and activities by collecting information provided by financial statements and comparing them with what is planned in order to identify and strengthen the strengths of financial performance and to identify, eliminate or reduce weaknesses, whereby the ability of the institution to make the best use of its resources can be determined and Therefore, the process of evaluating financial performance is only a measure of the results achieved or anticipated in the light of predetermined criteria and the provision of a judgment on the management of the financial resources available to the company. As such, we find that there are a range of objectives that the financial performance assessment seeks to achieve.

Financial Performance Assessment Targets

Providing feedback on financial performance and identifying the needs of the financial staff for guidance, training, documenting the foundations and standards used in financial performance, providing the opportunity for diagnosis and organizational development and facilitating communication between employees and management. As well as not subject to the financial performance of personal opinions, all of this is considered one of the objectives of evaluating the overall financial performance as the evaluation of performance depends on the principle of professional neutrality, as well as knowing the reasons that lead to problems in the financial performance work and finding solutions to get rid of these problems, as well as is considered one of the we claimed at encouraging accountants and helping them to improve and develop their performance.

The main objectives of the financial performance assessment can be determined as follows: (Karkor and Fares, 2000: 232), (Lloyd & phrases, 2009: 32). , (Goel, 2008: page 20)

- Improving and developing performance in institutions where control increases the level of searching for mistakes and correcting them and making observations about them to the level of studying the activity as a whole in an effort to find out the level of achieving its objectives and the extent to which its management is based on the rules of efficiency.
- Providing management and regulators with feedback on the efficiency of an organization's financial performance in accordance with pre-established standards and foundations, as well as culminating in the development of their performance in the future.

- By evaluating performance, it can highlight the need for financial professionals to take training courses, in order to achieve the required standards of good performance and thus prove their eligibility for rewards and rewards.

In light of the above, the researcher considers that the most important objectives of evaluating financial performance are to follow up on the implementation of the company's predetermined objectives and to reveal weaknesses, problems and errors in the performance of the institution in order to develop the necessary solutions for it and correct it, and to avoid errors in the prospect to and measure the success of the institution in achieving its goals, as well as to provide statistical and financial data and information. About the results of the performance evaluation in the organization to the regulatory bodies, which facilitates its work. We also conclude that assessing the financial performance of an institution in order to perform the purpose and objectives required of it and characterized by relative importance should consist of a set of fundamental pillars and it is these pillars that determine the importance of financial value and the degree of utilization of it.

The Main Pillars Of The Financial Performance Assessment

The work of a performance-enhancing unit is based on a set of basic pillars (Assi, 2010: 80):

- 1- Pre-defined criteria (indicators): i.e. the presence of a pre-defined unit, which is certain that the performance-enhancing standards are not very specific except where the A.H.D.F. is predetermined, as well as typical as standard performance rates, predetermined targets that are blind. Basically, I wish you would protect from performance.
- 2- Measuring effective performance for me: Actual performance is usually measured by relying on what the accounting system produces, such as statistical methods, of data such as if it died.
- 3- Comparing actual performance with standards: The performance achieved is compared to the criteria for determining the negative a.m. positive, to enable management to predict future results, and to be able to be able to respond to errors before the. The control should focus on important deviations.
- 4- Making appropriate decisions to correct deviations: Making decisions to correct deviations from available data and information from the predetermined target (standard) is a tool for measuring actual performance and comparing it with performance achieved

Financial performance (indicators) criteria

You know indicators. Financial performance ⇐ It's a logical relationship study. With Among budget items For a purpose discovery vulnerabilities That's in Financial situation And address the imbalance in it And turn them into strengths. And take advantage of Ha (Abdul Rahim Al-Amin, 2014 :21), He also knew her (Khudair, 2018: 100) That she Represents the Relationship between the elements of the financial statements, whether it is one list or several different financial lists, and Lynch One or several of you to Which is useful in studying and analyzing this relationship and knowing the strengths and weaknesses and addressing its weaknesses.

Financial performance indicators began to evolve in form and type until 1985, as the quality of the indicators was accounting and financial and therefore directly related to the measurement of returns and profits, and this view continued until 1995, where interest in return

indicators became significant, as accounting indicators related to profits do not give a clear picture of the potential of the enterprise and its ability to achieve returns beyond its accounting value as well as the ineffectiveness of accounting indicators (profits, duration of extinction) in periods of infusion. In 1995, however, the financial theory of return accounting indicators, whether it was private funds, economic assets or investment return flows, quickly became aware of the financial theory of the accounting indicators, whether it was private funds, economic assets or investment return flows, which explains why that period combined the accounting dimension without neglecting the future dimension as a method of measuring performance and measuring value (Abdul Ghani, 2006: 42).

Accordingly, a set of financial indicators emerged, which are considered as measures in assessing the financial performance of some institutions and therefore reflect their ability to achieve the appropriate return on invested funds (Armouti, 2017:27) and in this regard the indicators mentioned by the researchers varied and varied from institution to institution and by type and purpose of evaluating financial performance there were indicators mentioned by researchers used in banking activities different from those used in industrial activity. In reference to the evaluation of financial performance in government units, we will address the most important approaches that are used in evaluating the government's financial performance, as the financial statements prepared by government units at the end of the fiscal year contain information that is used to benefit from it as a source of decision-making and the regulators and those who want to evaluate the financial performance as well as financial analysts. External analysis of these financial statements and the information they contain using multiple methods in order to assess the financial performance of the government unit and be aware of its performance in the future, including these methods used in financial analysis are the method of vertical analysis, the method of horizontal analysis and the method of analysis of ratios. Finance.

The Method Of Analysis Of The Financial Statements Of The Head (vertical)

In order to reach important information and conclusions using this analysis, any paragraph of the financial statements is brought to a main paragraph of the same list and the material importance of each paragraph of the list is known and the relationship between the paragraphs in the financial statements is known, as well as the based analysis depends on the period. One accounting.

This analysis is characterized by the poor information it provides, which is considered to be stagnant and we can benefit from this analysis only if combined with other ratios. (Al-Hayali, 2007:31).

- Horizontal financial statement analysis approach:

Depends This one Curriculum Analysis Horizontal financial lists on Comparison every Paragraph of Paragraphs Lists Finance from Fiscal year to Fiscal year other And that. To find out Change For this Paragraph from Fiscal year to Fiscal year other 'And it's done Extract This one Change in Values Paragraph But 'form Ratios' Centennial He 'form Values' Divorced, This approach is characterized by About the curriculum Head analysis When you use it, it takes provision group from Lists Finance and for several yrs Finance and so on Select year Basis 'The one in the Dominant Be theyear The first is a year. Basis Which Symmetry In it Years which Then To find out Change What happened in value every paragraph from Paragraphs Takevai Finance 'And it's done that By dividing value Paragraph in The year What's to be known is change. on value Same paragraph. in year The first (Basis)

The Approach Of Analysis In Financial Ratios

One of the most common tools used in financial analysis is financial ratios, where financial ratios are used to know the relationship between the paragraphs of the financial statements to obtain information that the decision maker can benefit from in making his decisions, the unit departments use the financial ratios to evaluate their performance at the end of the fiscal year, as well as used by both We are determined to know the unit's ability to meet its obligations, as well as to use it by a yeninvestorto determine the expected returns on a charged investment. (Ross, . etal,1996:46)

(Hashimi and Akkar, 2010: 134) shows that this approach includes a set of tor-qto calculate andfindan explanation of the financial ratios toassesstheperformance of the unit, andthis approach depends on the paragraphs of the balance sheet andincome disclosure where the inputs are considered the basic and not the only importance is the use of financial statements to calculate the ratios but goes beyond that to The explanation of the results of these ratios reached, which in the light of these interpretations are made decisions, where the analysis is characterized by the use of financial ratios (Krajah,2002: 177) b

- Easy to find financial ratios
- It can be used to compare financial paragraphs as well as between years.
- Explain their results and show information that may not be clarified by financial statements.

2. Methodology***The importance of the study***

Despite the studies that deal with the topic of performance evaluation, we have not found many studies or research to address the subject of evaluating performance measures and the practical aspect of this research revolves around the case study of government entities or institutions that are centrally funded by balancing the items, so this study is a starting point for the rest of the researchers in addressing the subject of performance measures used in performance evaluation and their suitability to assess financial performance in the unit. In the context of balancing the items where researchers can infer this study in order to develop the standards used in the evaluation of performance as well as the benefit of the study for higher or middle departments to benefit from the results of this study by finding financial measures to evaluate their performance as well as society in general by seeking to reduce waste and waste in public money.

The problem of studying and its questions

The problem of the study lies in the inability of the traditional budget system to balance the items followed by the Directorate General of Education in Najaf province, which oversees the production of information that can be used to assess financial performance and the extent to which it can rely on its consequences to assess the financial performance of the Directorate General of Education in Najaf province under the budget of the items applied in the directorate, where it is determined in answering the question To me:

- Does the traditional budget provide reliable information in an assessment of the effectiveness of government units?

The hypothesis of the study

The hypothesis of the study is to ask about the possibility of applying the financial performance evaluation methods to balancing items, and the preparation of the budget was consistent among all budget items.

3. The results

The general budget is a critical instrument of fiscal policy because it reflects the government's political program, which it uses to finance its internal and foreign policies across all financial, social, economic, and political sectors. As a result, the general budget figures must reflect the government's direction and political and financial program, and these figures must change in response to changes in the policy environment. (2012) (Bakron, 2012:2) Whereas the majority of previous research and studies on the budget discussed the types of budgets and methods of preparation, as well as the obstacles to budget preparation and the decisions that go into the drafting of the budget and formulation of the general framework of the budget from which the amounts and programs that comprise the general budget as a whole are derived, they did not focus on measuring the financial performance of economic units based on their financial performance. From another perspective, a budget is a planning tool; it represents the organization's objectives, as well as its policies, programs, and methods of utilizing the resources available to it, as well as the process of allocating those resources between the expenditures required to accomplish those objectives and policies. The budget becomes even more critical when resources are restricted or few, since trade-offs between options or programs must be employed to optimize benefits with the available resources. As a result, the requirement for maximum returns on government expenditure or a reduction in spending to the level required to meet government program aims is growing, which is one of the important parts of the budget.

The traditional technique of preparing the general budget, referred to as the method of balancing things, is an acceptable application of the state's traditional function (sovereign role), which does not need considerable or diversified government expenditure. The government requires additional funding and innovative financial policies and methods to implement its programs efficiently while maintaining the implementation of the most critical and feasible programs for society, all with limited financial resources. The government or unity cannot ensure that the resources spent on a particular program met its objectives using the traditional method of budget preparation, because there are n

The traditional method's primary focus is on the process of obtaining funds, not on performance results, and this lack of focus on performance results may be a result of the method's use of unscientific methods and tools to determine the need for funds, and the regulatory instruments accompanying the budget implementation process are limited to not exceeding estimated budget allocations or spending on areas not allocated.

Thus, the traditional method is rigid, inhibits government executive management leaders' creativity, and may even result in spending on unnecessary allocations, resulting in waste and waste of spending, particularly at the end of the fiscal year, when the public believes that if budget allocations are not fully utilized, they will not be compensated in the following year, reducing their chances of increasing or maintaining allocations. The following budget.

On the other hand, the traditional method does not consider the physical and human resources owned by the Unit, but only the necessary resources or financial needs, which means that the material and human resources owned and managed by the Unit are not included in budget estimates, and the budget does not account for how those resources are used, including

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the use of unit-owned technology. With the objectives or the desired results, and the absence of effective control methods other than arithmetic control, all of these factors have contributed to the search for more meaningful and useful means that will rationalize the allocation of government funds and the implementation of government programs.

The budget was zero, balancing performance, program and performance budgeting, planning and programming budgeting, and balancing items.

The following will discuss the details of the sections and sections of the exchange balancing the items in the General Directorate of Education in Najaf province ashraf and then be applied to the indicators of financial performance on them, where the budget for the Directorate of Education in Najaf consists of seven chapters for disbursement and each chapter of the exchange classes contains a set of drainage sections, and the directorate's 2017 budget contains seven chapters.

In Table 2, we include the exchange and coding chapters for these chapters, as well as the amounts allocated to these chapters and the amounts actually spent, in order to apply the financial performance indicators below. The amounts for 2017 were chosen to reflect what distinguishes this year from previous years, as it is considered the year of the end of the war on ISIS and the salvation of the government's expenses, which were previously based solely on the operat Other expenditures, such as maintenance and acquisition of furniture, are funded based on the amount actually spent, and if the expenditure exceeds the budget allocation, as has become known as convention and not officially(allowance or allocated, whichever is less), as well as 2017 being the first year to transfer the provinces' financial and administrative powers.

Table 1. Expenses, revenues and completion rate during 2017

Expense				
Exchange door	Codec	Annual allocations	Amount spent	Completion rate
Employee compensation	112	342075365916	336648892196	98%
Service supplies	212	873223315	458683000	53%
Commodity Supplies	312	985760000	196121695	20%
Maintenance	412	684609500	51841000	8%
Capital expenditures	512	240170000	174402000	73%
Other expenses	612	144500000	45691500	32%
Total		345003628731	337575631391	98%
Revenue				
arithmetic	Codec	Estimated revenue	Realized revenue	Completion rate
Taxes on associates' salaries	312	4933180298	4899189808	99%
levies	314	6250000	377122244	6034%
Manufacturing revenues	317	675000000	438655595	65%

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Other revenues	318	244300000	425943494	174%
Total		5858730298	6140911141	105%

Source (Directorate General of Najaf Education / Accounts Department)

From the table above we can determine the completion rate by dividing the allocation of exchange doors by budget on the actual expenditure i.e. $(345003628731 \div 337575631391)$ it turns out that the completion rate is 98% of what is planned and therefore cannot rely on the information provided by the final accounts and to apply the indicators of government financial performance we will use the method of financial analysis and that is because we can analyze on the data of the year and This is only to clarify the most important projections contained in the ratios of this analysis to assess the financial performance of the Directorate of Education of Najaf.

The main analysis of expenses

By vertical analysis of table (1) with regard to expenses, we find that the percentage of employee compensation represents in the budget 99.15% of the total expenses within the budget and this percentage indicates that all expenses of the Directorate go to the operating salaries i.e. salaries and the details they contain, in which case the budget does not put any other considerations to the rest of the exchange doors that could achieve future revenues such as capital expenditures, which were a percentage of For annual allocations 0.07% and so for the rest of the vocabulary of expenses includes ratios that do not suit its role in the performance of the Directorate General of Education in Najaf province ashraf, however we find that this percentage was committed to the General Directorate of Education in Najaf province honorable in the actual expenditure where its actual expenditure on the door of compensation of employees represented 99.73% which is 0.57% higher than allocated to this section This percentage represents an overspending and this overrun is avoided by conducting transfers during the fiscal year, as well as a surplus in the rest of the other exchange sections, i.e. it did not spend what is planned within the other exchange sections to avoid the overrun in the section of employee compensation and table (2) explains these ratios as follows:

Table 2. Vertical analysis of expenses during 2017

Exchange door	Annual allocations	Budget ratio	Amount spent	Actual ratio
Employee compensation	342075365916	99.15	336648892196	99.73%
Service supplies	873223315	0.25	458683000	0.14%
Commodity Supplies	985760000	0.29	196121695	0.06%
Maintenance	684609500	0.20	51841000	0.02%
Capital expenditures	240170000	0.07	174402000	%0.05
Other expenses	14450000	0.00	45691500	%0.01

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Total	345003628731	100	337575631391	%100
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Prepared by authors

Main revenue analysis

By vertical analysis of table 1 in terms of revenues, the percentage of revenues from taxes on the salaries of the associates represents in the budget 84.2% of the total revenues expected within the budget, which means that most of the revenues of the Directorate of Education of Najaf are imposed on salaries paid by the Directorate of Associates, i.e. without any services it may provide. The Directorate for members in exchange for these high revenues and thus the budget depends in its revenues on taxes on the members only and does not diversify the sources of revenue and the budget does not seek to find or provide services through the Directorate to provide real revenues resulting from an activity related to the nature of the work of the Directorate of Education provides services to citizens in exchange for revenues to the directorate while we find that the fees imposed by the directorate in exchange for its services represent a budget of 0.1% and this percentage is very few, and referring to table (3) we find that these percentages of details of revenues there is a discrepancy achieved when implementing the budget, we find that the percentage of revenue from taxes on the salaries of the members was not able to achieve the directorate achieved 79.8%, i.e. a deficit estimated at 4.4%, which is not a small percentage that the Directorate was unable to achieve, which is an amount (21.817.889.310). While we find that the fees have been achieved by 6% more than expected by the budget, this percentage invites the budget preparers in the Ministry of Finance to focus on the fees derived from services and concern for them and table (3) shows the rest of the ratios as follows:

Table 3. Vertical Revenue Analysis during 2017

arithmetic	Estimated revenue	Estimated ratio	Realized revenue	Percentage achieved
Taxes on associates' salaries	4933180298	84.2	4899189808	79.8%
levies	6250000	0.1	377122244	6.1%
Manufacturing revenues	675000000	11.5	438655595	7.1%
Other revenues	244300000	4.2	425943494	6.9%
Total	5858730298	100.0	6140911141	100%

Prepared by author

Taking into account the previous ratios and in order to promote the financial performance of the Directorate General of Education in Najaf province, this performance must be developed, and sufficient attention should be given to the financial performance of the government service sectors to achieve optimal financial performance in this sector to reduce the risk of failure in the overall performance of this sector. After reviewing the results and analysis of the financial ratios resulting from the method of grounded analysis of budget items, we can answer the question of the hypothesis: it is possible to apply the methods of evaluating financial performance to the budget of items, but the preparation of the budget was

heterogeneous among its items where we find a disparity in the proportions of certain items on other items and therefore we have reached a set of conclusions and recommendations.

Conclusions and Discussion

In order to establish the degree of performance of organizations and to discover deviations between what is planned within the budget and what is actually achieved, the financial performance evaluation is used to demonstrate and see the financial condition of the institution. Despite the academic achievements and practical experience that the Finance Department of the Directorate General of Education in Najaf Province possesses, the accounting staff is unfamiliar with the specifics of the preparation of the guesswork budget that aids in the development of the directorate. The absence of an internal control system capable of auditing and managing the budget from the budget planning stage through the budget implementation stage, as well as analyzing performance outcomes in light of relevant performance indicators, is a significant problem. The use of educated guesses in the compilation of budgets results in mistakes in the items listed within the budget. This technique of constructing the budget results in a lack of improvement in financial performance as well as a lack of rationalization of government expenditure, both of which are important requirements for developing the Iraqi economy and which are now being ignored. We also conclude that the Directorate's achievement ratios are not real because these ratios are derived from or depend on the actual exchange, and the majority of the actual exchange is spent on salaries and wages, and the exchange was not focused on investment matters that would benefit the Directorate, and the balance at the end of the year is recycled so that the Directorate can benefit from it the following year, among other conclusions. Finding particular financial indicators that are relevant to the operations of Najaf Province's Directorate General of Education as a non-profit service organization and that can fulfill the demands of the directorate is essential for achieving an accurate performance evaluation and accurate outcomes. Preparing, preparing and training the financial personnel and qualifying them (e.g., by including them in budgeting strengthening courses and workshops) to generate budgets that help improve the directorate in order to achieve optimal financial performance is a top priority. Providing an internal control system with the capacity to audit and regulate the budget from the budget planning stage through the budget implementation stage, as well as the ability to review performance outcomes in light of acceptable performance indicators, is a must. It is necessary to use a new approach in producing the directorate's general budget, rather than the conventional budget method (balancing items), which is presently used, such as balancing programs, performance, or zero budget, in order to achieve more efficiency. This includes the need to commit to and work to rationalize expenditures, particularly at the end of the year, where we have observed an increase in spending on the date of December 31st of each year, which leads to the disbursement of all allocation balances before the end of each year in order to avoid them returning to the state treasury. Work on establishing autonomous accounting units in each sector of the directorate, with the prospect of each section establishing its own yearly balancer on its own initiative.

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