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CONTRACT-BASED BUDGETING AND FINANCIAL PERFORMANCE IN HIGHER EDUCATION INSTITUTIONS: A CASE STUDY

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ABSTRACT. This paper aims to determine the impact of the transition from the conventional way of creating the general budget to the contractual budget method on the financial performance of public sector units. This research used the case study technique to examine the University of Kufa (2017). The University of Kufa is one of Iraq's universities. The findings indicate that implementing the contractual budget may substantially improve the University of Kufa's financial performance metrics than the conventional budget presently authorized. Additionally, the study's findings show that cost indices for all university faculties and programs have decreased. On the other hand, profitability metrics increased significantly after the implementation of the contractual budgeting technique. This discrepancy is primarily due to universities' overall expenses being reduced in varying amounts since the contractual budgeting technique estimates actual costs, not actual costs of activities. The findings of this research demonstrate the need to use the contractual budget technique for creating the general budget for government units rather than the presently utilized conventional budget method. Contractual budgeting enables government units to carry out their functions and gain financial and administrative control and the potential of rationalizing public expenditure and improving their financial performance. Additionally, while using the contractual budget approach, it is essential to work for economic independence for Iraqi institutions. This research provides the optimal method for budget preparation, which will aid in rationalizing expenditure by establishing financial and administrative control over the performance of Iraq's higher education institutions.

JEL Classification: H83, H61, H72

Keywords: contract-based budgeting, public budget, financial performance, public sector, public units

Introduction

The countries of the world seek to develop their economic, social, and service realities by achieving several reforms and improvements in their approved financial, accounting, and administrative systems in a way that keeps pace with ongoing developments and the optimal exploitation of available resources. At the same time, the governments of some countries, particularly developing countries, have suffered numerous criticisms due to their mismanagement in distributing the country's resources in programs and services that benefit the people fairly and appropriately. Iraq has suffered for decades from the poor performance of the management of its successive governments in the distribution of wealth and the process of rationalizing spending and achieving economic development despite the availability of all financial and human resources (HassanAl-Azzawi, 2020). The traditional budget preparation method adopted in Iraqi government units is one of the most numerous obstacles and problems that have long been criticized for its significant failure to provide the necessary ingredients to evaluate government performance and verify efficiency and effectiveness in spending the funds and to complete the planned activities and programs. Given the importance and sensitivity of this subject, especially in light of the financial, economic, and political crises that the country has been going through during the last decades and our present time, this study came to study, analyze and evaluate the method of preparing the general budget for government units in general and Iraqi universities in particular and to identify the most prominent sites of weakness and problems suffered and the consequences.

1. Literature Review

2.1 What is The Contractual Budget

Not long ago, the idea of a contractual budget was an influential idea in a number of countries***. I***n Britain, for example, the Financial Department developed an initiative to develop the budget in the form of a performance contract. In New Zealand, after the 1989 Public Finance Act, it was the first serious attempt to contract the budget, and in 1996 the New Zealand Ministry of Finance described the system as follows:
"The idea of contracting is essential to the public sector management system, as the outputs that executives should provide must be clearly defined with the description of the goods and services to be produced, including information on quality, quantity, cost, time, and place of delivery....... Purchase agreements between ministries and departments for the purpose of determining outputs are similar to the terms and conditions of private sector contracts" (Robinson, 2000). The New Zealand system is, therefore, the original model of the contractual budget.

Salloum and Al-Mahayni explain that the contractual budget is a contractual relationship between the government agencies and the executives in order to implement a project or a specific order to be quantified against the amount paid by the Government before, after, and during the implementation of the project in order to get the implementation of the project in a timely and at the lowest possible cost provided that the planned goals (AlMansoria, Al-Shammrib, & Mohammedc, 2020) are achieved. Many countries rely on this type of method of budgeting, whether at the level of countries as a whole or at the level of states and other government organizations. For example, New York City in the United States of America prepares the contractual budget in order to determine expenses related to contractual services known as any technical, advisory, or personal services provided to the city through the contract and not personal services that are included in the expenditure budget ***(Jabola-Carolus, 2017)***.

In January, they are prepared with section estimates. At the end of April, it will be submitted to the Executive Budget Council.

A number of characteristics that distinguish the contractual budget from other public budgets can be summarized as follows:

1- The contractual budget creates a contract-based relationship between the legislative authorities and the executives in order to implement a particular project or service.

2- It transforms the relationship between the Government and the executor of a particular project from a cash financing relationship to a business relationship based on the buying and selling process with its obligations and results.

3- The contractual budget method determines the services desired to be provided to citizens during the next fiscal 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 under the contract.

4- This method of budgeting helps to provide the possibility of measuring and evaluating outputs in terms of efficiency and effectiveness.

5- The contractual budget depends significantly on cost and time as important elements of the general budget calculations because it rationalizes public spending.

2.2 Basic principles of contractual budget

According to the method of contractual budget, the ministries of state and entities not associated with the ministry, provinces, provinces, and all other subdivisions spend public according to the following basic principles:

1- **Competition and public**: It requires that the contracting procedures be as competitive, complete, fair, and public as possible. Sufficient for companies and individuals to see the terms of the tender and prepare their bids on this basis.

2- **Transparency and conflict of interest prevention**: This principle can be based on international standards of transparency, in which personal interest disputes should be reported, disclosed, and reported on government contracts should be transparent and through public channels.

- There is no common interest or interest for the employee and government official of the contractor associated with the state with a general contractor.
- Government officials and officials are not associated with any relationship or dependency with offices and institutions benefiting from the execution of the contract by the contractor (Iraq Government Contract Execution Manual, 2014:12).

3- **Commitment and commitment**: The development decisions be completed and implemented in accordance with a methodology and objectives that define the role of each partner in an effective administrative environment in which each party undertakes to adhere to the role specified in advance.

4- **Continuity**: Projects between the Government, the private sector, or the public sector often continue to be carried out for long periods, during which time state policies are likely to change, which in turn may lead to the cancellation of project contracts with the implementer, so consider the appropriate time period when implementing the project, and the general framework and management methodology should be determined under the market forces governing the contracting process (Department of Economic and Financial Studies, 2010:9).

2.3 Basic Conditions For The Preparation of The Contract

Levinsohn believes that the contracting process is a mechanism for financial projects for ministries, government units, insurance companies, and development projects for the purpose of obtaining services of a specific quantity and quality based on certain objectives and at a fixed price and within a specified period of time and determined by the contract (Loevinsohn, 2008):

1- The exact specifications of outcomes for goods and services to be delivered are specified.
2- Set prices in advance for these products. In order to increase efficiency, these prices must reflect the cost of effective production, not the prevailing cost of production.
3- Financial sanctions can be applied if the agency (contractors) fails to meet the requirements of the purchase contract or the work contract to be completed.

The more these three requirements are met, the more pressure there will be on the agencies in the procurement process. Achieving this will help to verify at the end of each financial year whether purchase contracts have been fulfilled or not.

Performance-based contracting depends on the following conditions (Loevinsohn, 2008):

1- There should be a clear series of objectives and indicators through which the performance of the service provider can be measured.
2- Collect data on performance indicators for contractors for the purpose of successfully providing the specified service.
3- The result of the performance of the contract determines the nature of the effects of the quality of the work done by the contracting parties, either by offering them rewards or imposing sanctions on them.

2-4 Requirements For The Application of The Contractual Budget

Because the state budget is the plan and the main pillars from which most of the operations and investment processes at the state level and various government units are based, the process of updating the method of the general budget requires that it be accompanied by a series of improvements and other components that ensure the success of the work of the proposed modern budget. Applied. The following are the most important components and requirements necessary for the implementation of the contractual budget.

Providing a cost accounting system for the preparation and evaluation of the project

The process of putting allocations in the budget requires a full study and includes cost accounting because of its usefulness in evaluating performance, referring the project to implementation, preventing waste of money and rationalizing spending in government units, and the use of cost accounting in the preparation of the contractual budget is due to many reasons *(Effendi & Zunaidi, 2020)*:

A. Helps determine the price of the item or service contracted and provided by the public or private sector to government units.
B. Facilitates the decision-making process on referring projects to implementation and deciding on the quality and cost determined by the beneficiary.
C. Used to identify negative and positive deviations of the project when performance is evaluated.

D. Helps to identify projects that government or state units can implement without the need for projects with other entities.

2- Using The Basis Of Maturity Instead of The Monetary Basis

The accounting system used in government units based on merit helps decision-makers obtain more accurate and detailed information about the financial performance of government units in a way that enables financial and administrative control and rationalization of the government decision-making process in a manner appropriate to achieve the desired objectives (Hamour, Alzubi, Adous, & Alrahamneh, 2021). The use of this method in the budget preparation process helps to determine the cost of the service provided by the unit accurately and reliably because it reflects the actual cost associated with performance or the completion of the service provided and not at the end of the fiscal year. In terms of revenues, they are collected based on the programs provided by the government unit, and the measurement of the efficiency of the performance of these programs is by offsetting their revenues during that period, regardless of whether they are received at the cost spent to complete these programs, whether paid or remaining owed by the unit *(AL-jpory, 217)*.

The transition from monetary to maturity will help government units give them a clear picture of their financial accounts accurately by applying the principle of meeting revenues with expenses regardless of collection or payment, helping government agencies and regulators to independently evaluate the performance of these government units and make the necessary comparisons between different years or between them and other government units (Hyvönen & Järvinen, 2006).

3. Develop Performance Measures

The term performance metrics is used to refer to the measurement system, which includes the rules on which each budget program performs and activities by nature and type (HAMEEDI, AL-FATLAWI, ALI, & ALMAGTOME, 2021). In developing performance measures, it is necessary to take the necessary steps to determine the financial and non-financial quantitative measures carried out by the program's inputs, outputs, and subdivisions to benefit the performance calendar, the most prominent of which are (Yaseen et al., 2016):

- Key metrics: These measures measure the final results overall at the level of each program and follow the direction of their development compared to the previous year. Performance measures help units increase their ability to determine the effectiveness and efficiency of the services provided and improve accountability for program performance.
- Analytical measures: Measures based on analysis and quantification at the level of key and subsidiary activities within the same program.

In designing performance measures, a number of things should be taken into account, including the correlation of metrics with the program's core objective in order to reflect the extent to which the goal has been achieved, and that the measures should be comprehensive in all aspects of activity and in proportion to the importance of activities and the amount of their contribution to the completion of the program as a whole, enabling a clear view of the extent to which the specific objectives of each program are achieved. It should also be noted that the adoption of appropriate measures requires, from the outstart, the construction of a comprehensive accounting database and statistical information classified in such a way as to measure the actual achievement of the program and the activities within it.

4. Transforming the relationship between the Government and its units from financing related to a commercial relationship (unit independence)

The Government's funding of all government units results in pressure on public spending, especially non-profit units, whose funding may cause an increase in the accumulated deficit of the state, so most governments have tended to work on the independence of their units (Al-Fatlawi, Al Farttoosi, & Almagtome, 2021). The contractual budget has provided important and significant opportunities for the public sector by entering into tenders, competing with the private sector, and winning the implementation of some of the large projects offered by the state in order to provide services on a price based on the contract. Thus, the relationship between the Government and its government units has shifted from a cash financing relationship to a commercial and competitive buy-and-sell relationship (Priaga & Daryanto, 2020). The contractual budget also gave government units the opportunity to be self-financing in the future if they made profits through which they could develop their projects and be competitive in the market. It is clear to us that the application of the contractual budget method in independent government units helps to ease the pressure on public spending and provide opportunities for government units to develop and make profits, and revenues in some units may exceed the amount of government funding. The main steps for preparing the contractual budget in government units are as follows:

1- Identify the basic programs that the unit wishes to implement for the purpose of achieving its objectives.
2- Develop the accounting and financial system using the basis of maturity for financial measurement so that the different costs of programs, activities, and projects can be limited for the purpose of evaluating performance and rationalizing the use of funds.
3- Calculating the cost of each program after using the basis of maturity.
4- Setting competitive prices in the local market.
5- Determining the prices of programs that will be contracted with the state.
6- Preparing the contractual budget structure.

2. Methodology of the research

1-1 Search problem

The traditional method adopted in the preparation of budgets in higher education institutions in Iraq suffers from several problems in not allocating funds efficiently to suit them, one of which is the lack of importance for items related to scientific research, as most universities lack modern scientific laboratories and do not keep up with developments in most universities of the world.

Based on the above, the problem of research can be explained in "the inability of the traditional budgetary method used in higher education institutions in Iraq to keep pace with developments in most international universities and their inability to rationalize spending and evaluate their financial performance."

1.2 The importance of research

The importance of this study is the result of the main role played by the contractual budget method in rationalizing public spending and evaluating the financial performance of higher education institutions in Iraq. In addition to the extent to which these institutions are able to achieve financial independence in light of developments. This study is a new addition in the field of government accounting because it includes a new method of contractual budgeting, which plays a major role, especially in light of the economic and social developments taking place and the need to provide financial resources for it. The importance of this study is also highlighted by academics and professionals in studying the extent to which the method of contractual budget can be applied, especially in the light of some voices calling for administrative and financial independence of higher education institutions in Iraq, as the traditional method used in these institutions lacks the process of scientific planning, which has a negative impact on planning for the future and evaluating its financial performance.

1.3 Study objectives

This study aims to achieve the objectives of:

1- This study aims to shift the preparation of the general budget from the old traditional method to the method of the contractual budget as it is the best method, which will help rationalize spending by achieving financial and administrative control over the performance of higher education institutions in Iraq.

2- This study aims to present and analyze the most important financial performance indicators that can be based on evaluating the financial performance of Iraqi universities in accordance with the contractual budget method and the traditional budget method. In addition, it also indicates the impact of the implementation of the contractual budget on the level of financial performance of these Iraqi universities.

1.4 The Research Hypothesis

The problem of the study can be formulated with the basic hypothesis that "the appropriate application of the contractual budget in Iraqi universities helps to rationalize spending and enhance financial performance in a good way, thereby achieving financial and administrative control over the public spending of educational institutions in Iraq."

3. Results

3.1 Profile of Kufa University

Kufa University is an intellectual and customary edifice capable of formulating future scientific frameworks in all its forms and components in light of the needs of society, to invest the great Islamic heritage that characterizes the holy city of Najaf, and expresses the deep extension of the legacy of Kufa school and its presentation in an academic scientific appearance. The idea of establishing Kufa University until 1946, when a group of scholars, culture, and literature addressed this scientific and cultural project and for many political and administrative reasons did not see the light of day this project and then the Association of the Publishing Forum in Najaf adopted the idea of establishing the Faculty of Jurisprudence in 1958 to be the first nucleus of Kufa University, and in 1968 the Scientific Planning Council was founded to adopt the theme of the establishment of Kufa University and decided that its first nucleus will be the Faculty of Agriculture, but this latest project He also did not see the light of day, and in 1977 saw the development of the Faculty of Medicine in Kufa and its association with the University of Mustansiriyah and on 23 December 1987 a decision was issued to establish Kufa University with Tikrit University, Qadisiyah University, and Anbar University.

3.2 Financial Performance Indicators of Kufa University

For the purpose of evaluating financial performance at Kufa University, two types of indicators were selected, namely cost indicators and profitability indicators, only because the current study deals with the method of contractual budgeting, which aims to rationalize the cost element only, which has two aspects: cost and Profitability, and does not exceed the impact revenue.

Accordingly, cost and profitability indicators will be calculated at the student level and for each program, which explains these indicators:

1- **Cost indicators:** Focuses on student cost analysis and each faculty of Kufa University and includes the following:
   A. The annual cost per bachelor's student.
   B. The annual cost per master's student.
   C. The annual cost per doctoral student.
   D. The annual cost per student is a high diploma.
2- **Profitability Indicators:** Focuses on analyzing student profitability and each faculty of Kufa University and includes the following:
   A. Annual Profitability For Each Bachelor'sstudent.
   B. Annual Profitability For Each Master'sstudent.
   C. Annual Profitability Perdoctoral Student.
   D. Annual Profitability for each high diploma student.

3.2 Evaluating financial performance according to the traditional budget method:

Indicators of the cost per student for each program and according to the traditional budget method:

In this step, the cost of one student is calculated according to each program according to the budget method currently applied, which is the traditional budget method. This cost was calculated based on the actual data on college spending for 2017. In addition, the costs of the university presidency, internal departments, and other centers of the university were distributed on the basis of the percentage of actual costs of the colleges for the year mentioned. The cost per student shall be according to each college as in the table below:

Table 1. Per-student cost indicators by the program (traditional budget method)

to	The name of the college	Cost of a bachelor's degree	The cost of a higher diploma student	Cost of a master's student	The cost of a Ph.D. student
1	Faculty of Medicine	12,008,203	13,209,023	15,010,253	18,012,304
2	Faculty of Dentistry	7,472,575			
3	Faculty of Pharmacy	5,620,114		7,025,142	
4	Faculty of Veterinary Medicine	12,530,059		15,662,574	
5	College of Nursing	3,904,376		4,880,470	

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6	Faculty of Engineering	6,232,847	6,856,132	7,791,059	
7	Faculty of Science	4,858,907		6,073,634	7,288,360
8	Faculty of Computer Science	4,143,145	4,557,459	5,178,931	
9	Urban Planning College	5,161,555			
10	Faculty of Management and Economics	2,202,689	2,422,957	2,753,361	3,304,033
11	Faculty of Agriculture	5,539,291		6,924,114	8,308,937
12	Faculty of Antiquities and Heritage	4,042,983			
13	Law School	2,437,862		3,047,328	
14	College of Education for Girls	3,437,137		4,296,421	5,155,705
15	Basic Education College	1,830,655		2,288,319	
16	Faculty of Education	2,903,608		3,629,510	
17	Physical Education College	3,980,419		4,975,524	
18	Faculty of Political Science	2,065,061			
19	Faculty of Arts	3,103,883		3,879,854	4,655,824
20	College of Languages	3,654,184			
21	Faculty of Jurisprudence	2,502,549		3,128,186	3,753,824

Source: Researcher's Preparation

2- Indicators of profitability per student for each program according to the traditional budget method:

The profitability indicators in the current study measure the student's profitability four levels, as in measuring cost indicators in the previous paragraph by corresponding the cost per student with competitive prices in the market, which were determined based on the prices of corresponding national colleges or parallel prices issued by the Ministry of Higher Education scientific research:

Table 2. Prices of study programs for 2017

to	The name of the college	Bachelor	Higher Diploma	Master	Phd
1	Faculty of Medicine	12,000,000	4,000,000	5,000,000	6,000,000

2	Faculty of Dentistry	13,350,000			
3	Faculty of Pharmacy	10,625,000		5,000,000	
4	Faculty of Veterinary Medicine	2,000,000		5,000,000	
5	College of Nursing	5,000,000		5,000,000	
6	Faculty of Engineering	4,400,000	4,000,000	5,000,000	
7	Faculty of Science	2,000,000		5,000,000	6,000,000
8	Faculty of Computer Science	3,350,000	4,000,000	5,000,000	
9	Urban Planning College	2,000,000			
10	Faculty of Management and Economics	2,400,000	4,000,000	5,000,000	6,000,000
11	Faculty of Agriculture	2,000,000		5,000,000	6,000,000
12	Faculty of Antiquities and Heritage	1,000,000			
13	Law School	2,600,000		4,000,000	
14	College of Education for Girls	2,000,000		5,000,000	6,000,000
15	Basic Education College	1,000,000		4,000,000	
16	Faculty of Education	1,000,000		4,000,000	
17	Physical Education College	2,000,000		5,000,000	
18	Faculty of Political Science	1,000,000			
19	Faculty of Arts	2,350,000		4,000,000	5,000,000
20	College of Languages	1,950,000			
21	Faculty of Jurisprudence	1,400,000		4,000,000	5,000,000

Source: Student Preparation

For the purpose of measuring Profitability, the student's Profitability for each study program will be determined by corresponding the cost per student shown in table1with the prices of the study programs for each program and the evidence in table (2). Table (3)shows the results of measuring profitability indicators at Kufa University in accordance with the traditional budget for 2017.

Table 3. Indicators of Profitability per student by the program (traditional budget method)

to	The name of the college	Profitability or (loss) of a bachelor's student	Profitability or (loss) of a higher diploma student	Profitability or (loss) of master's student	Profitability or (loss) of doctoral student
1	Faculty of Medicine	(8,203)	(9,209,023)	(10,010,253)	(12,012,304)
2	Faculty of Dentistry	5,877,425			
3	Faculty of Pharmacy	5,004,886		(2,025,142)	
4	Faculty of Veterinary Medicine	(10,530,059)		(10,662,574)	
5	College of Nursing	1,095,624		119,530	
6	Faculty of Engineering	(1,832,847)	(2,856,132)	(2,791,059)	
7	Faculty of Science	(2,858,907)		(1,073,634)	(1,288,360)
8	Faculty of Computer Science	(793,145)	(557,459)	(178,931)	
9	Urban Planning College	(3,161,555)			
10	Faculty of Management and Economics	197,311	1,577,043	2,246,639	2,695,967
11	Faculty of Agriculture	(3,539,291)		(1,924,114)	(2,308,937)
12	Faculty of Antiquities and Heritage	(3,042,983)			
13	Law School	162,138		952,672	
14	College of Education for Girls	(1,437,137)		703,579	844,295
15	Basic Education College	(830,655)		1,711,681	
16	Faculty of Education	(1,903,608)		370,490	
17	Physical Education College	(1,980,419)		24,476	

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18	Faculty of Political Science	(1,065,061)			
19	Faculty of Arts	(753,883)		120,146	344,176
20	College of Languages	(1,704,184)			
21	Faculty of Jurisprudence	(1,102,549)		871,814	1,246,176

Source: Researcher's Preparation

4.3.3 Financial performance evaluation in accordance with the contractual budget:

1- Indicators of the cost per student by the program according to the method of contractual budget:

In this step, the cost of one student is calculated according to each program according to the method of contractual budget and as explained in the previous research. In addition, the costs of the presidency of the university, the internal departments, and other centers of the university were distributed on the same percentage of the actual costs of the colleges for the year mentioned. The cost per student is according to each college as in the table below:

Table 4. Per-student cost indicators by the program (contractual budget)

to	The name of the college	Cost of a bachelor's degree	The cost of a higher diploma student	Cost of a master's student	The cost of a Ph.D. student
1	Faculty of Medicine	8,570,117	9,427,129	10,712,647	12,855,176
2	Faculty of Dentistry	5,196,633			
3	Faculty of Pharmacy	4,044,827		5,056,034	
4	Faculty of Veterinary Medicine	8,950,435		11,188,043	
5	College of Nursing	2,715,404		3,394,255	
6	Faculty of Engineering	4,171,491	4,588,640	5,214,364	
7	Faculty of Science	3,399,876		4,249,845	5,099,814
8	Faculty of Computer Science	2,835,328	3,118,861	3,544,160	
9	Urban Planning College	3,633,747			

10	Faculty of Management and Economics	1,491,657	1,640,823	1,864,571	2,237,486
11	Faculty of Agriculture	3,865,312		4,831,640	5,797,968
12	Faculty of Antiquities and Heritage	2,796,031			
13	Law School	1,679,493		2,099,366	
14	College of Education for Girls	2,355,585		2,944,481	3,533,377
15	Basic Education College	1,251,476		1,564,344	
16	Faculty of Education	1,989,863		2,487,329	
17	Physical Education College	2,792,197		3,490,247	
18	Faculty of Political Science	1,410,586			
19	Faculty of Arts	2,105,791		2,632,238	3,158,686
20	College of Languages	2,517,337			
21	Faculty of Jurisprudence	1,715,768		2,144,711	2,573,653

Source: Researcher's Preparation

2- Indicators of Profitability per student according to each program according to the method of contractual budget:

In this step, the Profitability of each student is determined by each program and college. The Profitability of one student is calculated by each program and each college as a result of comparing the schedule (4) of the cost of one student according to the method of the contractual budget with schedule (2) for the prices of the study programs.

Table 5. Indicators of Profitability per student by the program (contractual budget)

to	The name of the college	Profitability or (loss) of a bachelor's student	Profitability or (loss) of a higher diploma student	Profitability or (loss) of master's student	Profitability or (loss) of doctoral student
1	Faculty of Medicine	3,429,883	(5,427,129)	(5,712,647)	(6,855,176)
2	Faculty of Dentistry	8,153,367			
3	Faculty of Pharmacy	6,580,173		(56,034)	

4	Faculty of Veterinary Medicine	(6,950,435)		(6,188,043)	
5	College of Nursing	2,284,596		1,605,745	
6	Faculty of Engineering	228,509	(588,640)	(214,364)	
7	Faculty of Science	(1,399,876)		750,155	900,186
8	Faculty of Computer Science	514,672	881,139	1,455,840	
9	Urban Planning College	(1,633,747)			
10	Faculty of Management and Economics	908,343	2,359,177	3,135,429	3,762,514
11	Faculty of Agriculture	(1,865,312)		168,360	202,032
12	Faculty of Antiquities and Heritage	(1,796,031)			
13	Law School	920,507		1,900,634	
14	College of Education for Girls	(355,585)		2,055,519	2,466,623
15	Basic Education College	(251,476)		2,435,656	
16	Faculty of Education	(989,863)		1,512,671	
17	Physical Education College	(792,197)		1,509,753	
18	Faculty of Political Science	(410,586)			
19	Faculty of Arts	244,209		1,367,762	1,841,314
20	College of Languages	(567,337)			
21	Faculty of Jurisprudence	(315,768)		1,855,289	2,426,347

Source: Researcher's Preparation

4.3.4 Comparing financial indicators according to the traditional budget method and the contractual budget method:

Table 6 summarizes the main results of the study by comparing both cost indicators and profitability indicators prepared in accordance with the traditional budget method with those prepared in accordance with the contractual budget method referred to in the second study.

Table (6) the comparative financial indicators

College	Program	Traditional budget style	Contractual budget method	Comparison

		Cost	Profitability	Cost	Profitability	Cost	**Profitability**
Faculty of Medicine	Bachelor	12,008,203	(8,203)	8,570,117	3,429,883	(3,438,086)	**3,438,086**
	Higher Diploma	13,209,023	(9,209,023)	9,427,129	(5,427,129)	(3,781,894)	**3,781,894**
	Master	15,010,253	(10,010,253)	10,712,647	(5,712,647)	(4,297,606)	**4,297,606**
	Phd	18,012,304	(12,012,304)	12,855,176	(6,855,176)	(5,157,128)	**5,157,128**
Faculty of Dentistry	Bachelor	7,472,575	5,877,425	5,196,633	8,153,367	(2,275,942)	**2,275,942**
Faculty of Pharmacy	Bachelor	5,620,114	5,004,886	4,044,827	6,580,173	(1,575,287)	**1,575,287**
	Master	7,025,142	(2,025,142)	5,056,034	(56,034)	(1,969,108)	**1,969,108**
Faculty of Veterinary Medicine	Bachelor	12,530,059	(10,530,059)	8,950,435	(6,950,435)	(3,579,624)	**3,579,624**
	Master	15,662,574	(10,662,574)	11,188,043	(6,188,043)	(4,474,531)	**4,474,531**
College of Nursing	Bachelor	3,904,376	1,095,624	2,715,404	2,284,596	(1,188,972)	**1,188,972**
	Master	4,880,470	119,530	3,394,255	1,605,745	(1,486,215)	**1,486,215**
Faculty of Engineering	Bachelor	6,232,847	(1,832,847)	4,171,491	228,509	(2,061,356)	**2,061,356**
	Higher Diploma	6,856,132	(2,856,132)	4,588,640	(588,640)	(2,267,492)	**2,267,492**
	Master	7,791,059	(2,791,059)	5,214,364	(214,364)	(2,576,695)	**2,576,695**
Faculty of Science	Bachelor	4,858,907	(2,858,907)	3,399,876	(1,399,876)	(1,459,031)	**1,459,031**
	Master	6,073,634	(1,073,634)	4,249,845	750,155	(1,823,789)	**1,823,789**
	Phd	7,288,360	(1,288,360)	5,099,814	900,186	(2,188,546)	**2,188,546**
Faculty of Computer Science	Bachelor	4,143,145	(793,145)	2,835,328	514,672	(1,307,817)	**1,307,817**
	Higher Diploma	4,557,459	(557,459)	3,118,861	881,139	(1,438,598)	**1,438,598**
	Master	5,178,931	(178,931)	3,544,160	1,455,840	(1,634,771)	**1,634,771**
Urban Planning College	Bachelor	5,161,555	(3,161,555)	3,633,747	(1,633,747)	(1,527,808)	**1,527,808**
Faculty of Management and Economics	Bachelor	2,202,689	197,311	1,491,657	908,343	(711,032)	**711,032**
	Higher Diploma	2,422,957	1,577,043	1,640,823	2,359,177	(782,134)	**782,134**
	Master	2,753,361	2,246,639	1,864,571	3,135,429	(888,790)	**888,790**
	Phd	3,304,033	2,695,967	2,237,486	3,762,514	(1,066,547)	**1,066,547**
Faculty of Agriculture	Bachelor	5,539,291	(3,539,291)	3,865,312	(1,865,312)	(1,673,979)	**1,673,979**
	Master	6,924,114	(1,924,114)	4,831,640	168,360	(2,092,474)	**2,092,474**
	Phd	8,308,937	(2,308,937)	5,797,968	202,032	(2,510,969)	**2,510,969**
Faculty of Antiquities and Heritage	Bachelor	4,042,983	(3,042,983)	2,796,031	(1,796,031)	(1,246,952)	**1,246,952**
Law School	Bachelor	2,437,862	162,138	1,679,493	920,507	(758,369)	**758,369**
	Master	3,047,328	952,672	2,099,366	1,900,634	(947,962)	**947,962**
College of Education for Girls	Bachelor	3,437,137	(1,437,137)	2,355,585	(355,585)	(1,081,552)	**1,081,552**
	Master	4,296,421	703,579	2,944,481	2,055,519	(1,351,940)	**1,351,940**
	Phd	5,155,705	844,295	3,533,377	2,466,623	(1,622,328)	**1,622,328**
Basic Education College	Bachelor	1,830,655	(830,655)	1,251,476	(251,476)	(579,179)	**579,179**
	Master	2,288,319	1,711,681	1,564,344	2,435,656	(723,975)	**723,975**
	Bachelor	2,903,608	(1,903,608)	1,989,863	(989,863)	(913,745)	**913,745**

Faculty of Education	Master	3,629,510	370,490	2,487,329	1,512,671	(1,142,181)	**1,142,181**
Physical Education College	Bachelor	3,980,419	(1,980,419)	2,792,197	(792,197)	(1,188,222)	**1,188,222**
	Master	4,975,524	24,476	3,490,247	1,509,753	(1,485,277)	**1,485,277**
Faculty of Political Science	Bachelor	2,065,061	(1,065,061)	1,410,586	(410,586)	(654,475)	**654,475**
Faculty of Arts	Bachelor	3,103,883	(753,883)	2,105,791	244,209	(998,092)	**998,092**
	Master	3,879,854	120,146	2,632,238	1,367,762	(1,247,616)	**1,247,616**
	Phd	4,655,824	344,176	3,158,686	1,841,314	(1,497,138)	**1,497,138**
College of Languages	Bachelor	3,654,184	(1,704,184)	2,517,337	(567,337)	(1,136,847)	**1,136,847**
Faculty of Jurisprudence	Bachelor	2,502,549	(1,102,549)	1,715,768	(315,768)	(786,781)	**786,781**
	Master	3,128,186	871,814	2,144,711	1,855,289	(983,475)	**983,475**
	Phd	3,753,824	1,246,176	2,573,653	2,426,347	(1,180,171)	**1,180,171**

Source: Researcher's Preparation

The application of the contractual budget has contributed significantly to improving the financial performance indicators of Kufa University compared to the traditional budget currently adopted, as the results indicate a decrease in cost indicators and all university colleges and their study programs and in varying proportions reached the highest percentage of the bachelor's program in the Faculty of Veterinary Medicine (3,579,624 dinars) and the lowest in the Faculty of Basic Education(579,179 DINARS), while in the program of higher diploma FA The highest in the Faculty of Medicine, which amounts to(3,781,894 dinars), the lowest of which is the Faculty of Management and Economics 782,134 dinars, and also for the master's program, the highest of which is the share of the Faculty of Veterinary Medicine and the total amount(4.4 The least of which is the Faculty of Basic Education is723,975 dinars, and finally the doctoral program,the highest of which is the Faculty of Medicine and amounts to(5,157,128 dinars), the least of which is the Faculty of Management and Economics. It is1,066,547 dinars.

On the other hand, the indicators of profitability increased significantly after the application of the method of contractual budget and reached the highest of the bachelor's program in the Faculty of Veterinary Medicine (3,579,624 dinars) and a few in the Faculty of Basic Education (579,179 dinars), while in the program of higher diploma, the highest of which is the Faculty of Medicine, which amounts to (3,781,894 dinars) and a few were the Faculty of Management and Economics 782, 134) Dinars, and also with regard to the master's program, the highest of which is the share of the Faculty of Veterinary Medicine and the total amount (4,297,606 dinars) and a few are the faculty of Basic Education and amounts to(723,723 dinars). 975 dinars, and the best doctoral program, the highest of which is the faculty of medicine and amounts to (5,157,128 dinars), the least of which is the Faculty of Management and Economics and amounts to(1,066,547 dinars). The reason for this disparity is mainly due to reducing the total costs of colleges and in unequal proportions because the application of the method of the contractual budget is aimed at determining the real costs and not the actual costs of the activity. This marked difference between the cost and Profitability of each program prepared in accordance with the method of contractual budget compared to the traditional budget method currently applied in the university. Therefore, we find the great role played by the method of contractual budget in rationalizing spending in the university, which led to Reducing the cost of one student and increasing the Profitability of one student according to each study program. This entails combining the goal of improving financial performance and enhancing the effectiveness of educational activities in public universities while enhancing the financial powers of these universities in a way that contributes to cost-effectiveness. In this context, government university administrations, in order to achieve their educational and financial objectives, should adopt the application of contractual budgets rather than the traditional budget currently in place. The main impact that can be observed in our analysis of financial performance indicators at Kufa University is the place of reducing the total costs of the activity, which necessarily requires giving universities broad financial powers to manage their financial affairs., to operate as a financially independent unit. Moreover, the application of the contractual budget provides an incentive to reduce unnecessary or avoidable expenditures, as is the case with traditional budgets that prompt departments to disburse all allocation balances before the end of each year to avoid returning to the state treasury.

Conclusions

The application of the contractual budget method at the university requires the abandonment of only to comply with the allocations contained in the general budget of the state and work on the preparation of a budget for the university commensurate with its new sources of funding, which depend on government scholarships and research, as well as other sources of self-financing. The application of a contractual balancing method requires the existence of new laws, regulations, and instructions regarding exchange powers in accordance with the contractual budget. The application of the contractual budget may significantly improve the financial performance indicators of Kufa University compared to the traditional budget currently adopted. The results of the study indicate a decrease in cost indicators and for all colleges and programs. On the other hand, profitability indicators have increased significantly after the application of the contractual budget method, and this disparity is due to the reduction of the overall costs to colleges and in unequal proportions to the application of the contractual budget method, which is not the basis for determining the real costs and not the actual costs. The method of the contractual budget has a major role in rationalizing spending at the university, which leads to reducing the cost of one student and increasing the Profitability of one student according to each study program, and arranges to combine the goal of improving financial performance and enhancing the effectiveness of educational activities in public universities while strengthening the financial powers of those universities in a way that contributes to the advancement of their performance.

The application of the contractual budget method gives the university powers to retain and dispose of the financial surplus available to it at the end of the fiscal year to benefit from it in subsequent periods, which facilitates the process of the university's administrative and academic units. The need to amend and update legislation, laws, regulations, financial, accounting, and supervisory instructions in accordance with the normality of the proposed improvements to implement the contractual budget method. The need to work on the application of the method of contractual budget in the preparation of the general budget for government units instead of the traditional budget method that is currently followed by its financial performance. The need to seek the financial independence of Iraqi universities when applying the method of contractual budget. Financial independence enables the whole to determine tuition fees, accumulate reserves, migrate surplus government funding, borrow funds, invest money in assets (whether financial or material), own and sell land and buildings, and provide contractual services. The researcher calls for the need to prepare a new organizational structure for the university according to the control work, prevent the interference of officials and tasks, and be compatible with the requirements of the method of contractual budget. The need to identify a set of indicators for evaluating financial and non-financial performance from the most efficient, effective, and quality of the university's performance in line with the modern performance evaluation methods used in sober international universities.

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