

The Legal Framework of the Stages of the Public Budget and Its Role in Achieving Financial Transparency

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Abstract:

This article dives into the stages of the state's general budget as the prominent instrument for implementing fiscal policy and achieving economic and social objectives. It addresses the stage of budget preparation by identifying the competent authorities and the legal procedures adopted for estimating revenues and expenditures. It then discusses the stage of budget approval, followed by the stage of budget execution, during which public revenues are collected and expenditures are disbursed in accordance with legally allocated appropriations. The study also highlights the various forms of oversight exercised, whether administrative, parliamentary, or judicial, and their role in ensuring the legality of financial operations and the protection of public funds. The study concludes that the effectiveness of the general budget depends on proper coordination between its different stages and the existence of effective control mechanisms that enhance the principles of transparency and accountability, thereby contributing to development and ensuring the proper management of the state's financial resources.

Keywords: public budget, budget preparation, budget execution, financial control, public funds, financial transparency.

Introduction:

The general budget of the state took its main form of expenditures and revenues only after the emergence of the state and its public institutions. The general budget did not exist in tribal or clan-based societies due to the limited nature of expenditures and revenues. Therefore, the idea of preparing a general budget is considered a relatively modern concept, dating back to 1628, when England was the first country in which the principles underlying the modern budget were established, followed by France, from where it spread to the rest of the world. Before the emergence of the concept of the public budget and the consolidation of its modern rules, expenditures and revenues were considered part of the ruler's private funds, without a clear distinction between what was spent to meet the general needs of the state and what was allocated to the ruler's personal purposes. In other words, there was no separation between public expenditures and private expenditures, nor was there a precise regulation of revenue sources,

as they were collected from the population across all its categories and activities without defined legal or financial controls.¹

The public budget is considered one of the most important instruments adopted by the state to achieve its economic, social, and political objectives, as it represents the annual financial plan through which projected public revenues and expenditures are determined for a specific period, usually a fiscal year. The public budget embodies a financial translation of public policies and is regarded as a mirror reflecting the extent of state intervention in economic life and the degree of balance between its resources and expenditures.

Accordingly, the public budget can be defined as a legal document approved by Parliament that aims to estimate the necessary expenditures to satisfy public needs and the revenues required to cover these expenditures for a forthcoming period, usually one year.

The budget cycle is a central process in public finance management, as it represents the temporal and procedural framework through which the budget passes from its preparation to its execution and evaluation of results. This cycle includes interrelated stages beginning with preparation and estimation, followed by adoption and approval by the legislative authority, then execution by administrative and financial bodies, and finally the stage of oversight and evaluation to ensure the proper use of resources and the achievement of set objectives. The importance of this cycle lies in its embodiment of the interaction between public authorities to achieve a balance between development requirements and fiscal discipline considerations.

From this perspective, we raise the following research problem: To what extent has the legal regulation of the stages of the public budget from its preparation and drafting, through its execution, and finally its control contributed to ensuring proper public financial management and achieving financial transparency and efficiency?

This problem gives rise to the following sub-questions:

- How is the process of preparing and drafting the public budget carried out under Algerian legislation?
- What are the legal mechanisms adopted for the execution of the public budget?
- What types of control are exercised over the execution of the public budget, and which authorities are responsible for them?

For the study of this topic, we have divided it into four sections as follows:

- First: the preparation and drafting stage of the public budget.
- Second: the approval stage of the public budget.
- Third: the execution stage of the public budget.
- Fourth: the control stage over the execution of the public budget.

First: The preparation and drafting stage of the public budget:

This stage is the first of the stages and processes governing the budget cycle. It is also considered the most precise stage, and this importance stems from the fact that the results of this preparation and the extent of its effectiveness affect all subsequent stages of the budget, and undoubtedly this impact also extends to the national economy as a whole.

¹ Khalifi Issa, *The Structure of the State General Budget in Islamic Economics*, 1st ed., Dar Al-Nafae for Publishing and Distribution, Jordan, p. 14.

It refers to the stage in which the role of the state is translated through the adoption of plans aimed at achieving the expected objectives and allocating the financial amounts necessary for their realization. This requires setting appropriate estimates of expenditures and the corresponding revenues, as well as determining spending priorities across different sectors. Since the basis of this stage is estimation, utmost accuracy must be observed.²

The study of the procedures for preparing and drafting the budget requires addressing the authority responsible for budget preparation, the technical procedures followed in this regard, and finally the methods used to estimate the expenditures and revenues included in the budget.

1- The authority responsible for preparing and drafting the public budget:

The executive authority, i.e., the government in different countries around the world, bears the responsibility for preparing the budget. In some countries, certain parliamentary bodies may participate in the budget preparation process; however, the responsibility for preparing the budget remains primarily with the government.

The executive authority plays the central role in this stage, as it through its management of public sector units is the only body aware of the expenditures required for this administration. Moreover, it is better positioned than the legislative authority in identifying public needs and social priorities.

In brief, it is more capable than the legislative authority in estimating public expenditures and revenues, due to several considerations, some of which may be outlined as follows (by way of example, not limitation):

- The executive authority is responsible for implementing the programme and preparing it; therefore, it bears full responsibility, and it cannot be held accountable for a policy it did not itself design but rather had imposed upon it.
- It is the authority most familiar with the financial capacity of the national economy, thanks to the statistical agencies it possesses, which provide it with precise data and necessary estimates in this field. These data are of a complex technical nature that most members of the legislative authority find difficult to fully grasp or accurately analyse. Consequently, the preparation of the financial programme requires in-depth empirical studies and precise statistical data that can only be provided through the executive authority's structures.
- The government differs from the legislative authority in its view of its relationship with voters. Members of parliament seek to satisfy voters and may therefore adopt a budget that is not based on available economic capacities. The executive authority, while also taking this into account, is nevertheless by virtue of its responsibility keen to ensure respect for the essential functions that any budget must fulfil and to enhance overall economic performance.

2- Budget preparation steps:

In practice, the Minister of Finance, as the representative of the executive authority, requests all ministries and departments to submit their estimates of revenues and expenditures for the

² Mahmoud Mohamed Nour, Foundations and Principles of Public Finance, Cairo, Library of Trade and Cooperation, 1973, p. 151.

upcoming fiscal year to the ministry to which they belong, within a specified deadline, in order to allow sufficient time for the preparation of the draft state budget at the appropriate time.

The concerned ministry reviews and revises these estimates, introduces any necessary substantial adjustments, and then incorporates them into a comprehensive draft of the state budget, which is submitted together with financial documents to the legislative authority for review and approval. After all estimates from the various ministries and state bodies are received by the Ministry of Finance, the latter adds its own expenditure estimates to those of the Ministry of Finance itself. The General Directorate of the Budget within the ministry is responsible for collecting and coordinating all estimates, while liaising with the different ministries when necessary. The draft budget is then transmitted to the General Directorate of the Budget for expenditure matters and to the General Directorate of Taxation for revenue matters within the Ministry of Finance, accompanied by an explanatory memorandum or statement of reasons.

The annual finance bill contains two separate sections:

The first section includes proposals related to the collection of public revenues and the means of ensuring the financial balances set by the annual development plan. The second section includes the proposed total amount of appropriations applicable within the framework of the state budget concerning operating and public investment expenditures, as well as proposals regarding global authorisations for revenues and expenditures for each annexed budget.

The annual finance law is also accompanied by an explanatory report on the economic and financial balance and the results achieved, as well as explanatory annexes.

The executive authority, when preparing and drafting the budget, seeks to ensure that its estimates are as close to reality as possible, so that it can implement the state's financial policy without disruptions related to expected increases in expenditures or decreases in revenues. Expenditures and revenues are re-estimated in the budget through several methods, and investment budgets are also re-evaluated, as will be explained in the following points:

- **Estimated expenditures:** Expenditures are generally re-estimated without major technical difficulties, as each public institution determines its future expenditures based on its previous expenditure levels, in addition to expenditures related to investments or construction projects planned for the upcoming fiscal year. Expenditures (appropriations) are estimated using several methods.
- **Fixed appropriations and estimated appropriations:** Fixed appropriations are those in which the stated amounts represent the maximum that the government may spend without referring back to the legislative authority. This method is considered the basic approach for approving expenditures and is applied to existing institutions that have experience in estimating their future expenditures, meaning that they must not exceed the allocated appropriations.

As for estimated appropriations, they refer to expenditures determined approximately. They are usually applied to new institutions whose expenditures are not precisely known. The government may exceed the estimated appropriation without returning to the legislative authority, provided that the matter is subsequently submitted for approval, which is generally a formal approval.

- **Programme appropriations:** This method concerns projects whose implementation requires a long period of time. These programmes are implemented in two ways: Either by determining the expenditure amount on an estimated basis and including it in the budget of the first year, while the portion expected to be actually paid is included in the budgets of subsequent years.

Or by preparing a separate law independent of the budget called a programme law, which is approved by the legislative authority. Under this law, a multi-year financial programme is established, and appropriations are allocated for each part of it.

- **Estimated revenues:** The issue of revenue estimation raises technical difficulties, as it is mainly linked to forecasting in relation to economic conditions and variables that may affect the national economy. This is done in order to determine the different sources of revenue, especially taxes, for the coming fiscal year. Public revenues are estimated using several methods:
- **Automatic estimation:** This method consists of estimating future revenues in an automatic manner that leaves no discretionary power to those responsible for preparing the budget in determining the expected revenues. It is mainly based on the rule of the penultimate year, whereby revenues are estimated by relying on the results of the last executed budget during the preparation of the new budget.
- **Direct estimation:** This method is based on forecasting and predicting the trends of each source of public revenue separately and estimating its expected yield based directly on this study. The competent authority requests each public sector institution to forecast its sales volume and general revenues for the coming fiscal year, and each ministry or governmental body provides its estimate of what it expects to obtain in the form of fees or taxes for the same fiscal year under the new budget. It should be noted that this forecast is linked to periods of economic prosperity and the level of economic activity in the state. Revenues may increase beyond the expected yield, while in periods of economic slowdown revenues decrease, which creates difficulties for revenue estimation committees, as this requires studying and analysing the fluctuations affecting the national economy.
- **Estimation of the investment budget:** In addition to the estimation of revenues and expenditures, investments are also estimated. These represent expenditures of the economic and social system. Investment refers to the use of part of the available human and non-human productive resources under the control of the community with the aim of creating additional means of production.

The essence of the investment process is that part of the workforce and means of production are allocated over a certain period to carry out activities that do not directly increase consumer goods, but rather do so indirectly. This presupposes an increase in labour productivity to a level that allows those engaged in such activities to produce a quantity of consumer goods exceeding the amount used to support those working in the production of capital goods.

Investments are of two types: social and economic. Social investment leads in the long term to an increase in individuals' productive capacity. Among the most important forms of such investment are housing, education, and health projects, all of which contribute over time to

enhancing human productive capacity. Some of these investments yield results faster than others; for example, technical education and vocational training. Despite the importance of social investment in improving social standards and increasing human productivity, it requires a long period before productivity levels are significantly improved.

- **Economic investment:** includes transportation and communication means of all kinds, as well as irrigation and electricity projects. Its benefits appear within a relatively short period, and in most cases, it leads to an increase in national income in an indirect manner.

The process of preparing the investment budget by the Ministry of Finance requires the submission of investment programmes by the Ministry of Planning or planning bodies, on the basis of which the distribution of investment expenditures can be determined. It begins with the presentation of projects intended for implementation by various economic institutions, subject to the approval of the supervisory ministry and the approval of the Ministry of Finance. The share of national income increases as the portion of income allocated to investment increases, while a smaller portion is allocated to consumption. The speed at which the objective is achieved depends on the amount of economic surplus that the community is able to mobilize and on the expansion of the productive system in a way that achieves the desired rate of increase in national income in the future.

It should be noted that the increase in national income is not solely aimed at increasing investment; rather, it requires determining how to allocate the relevant amount of funds and investment resources among different activities. Once the portion of national income to be invested is determined, investment must then be distributed according to the general priority plan.³

Second: The approval stage of the public budget:

The draft public budget does not become a binding document for the government until it is approved by the competent authority, in accordance with the political system in force in each state. This is because the budget represents a financial movement that directly affects the distribution of real national income among different social classes, groups, and individuals. Therefore, states ensure that the representative authority of the people, namely the legislative authority, approves the draft budget so that it acquires executive force. This approval takes place within parliament according to specific procedures that vary depending on national constitutions.

Once the draft public budget is approved by the legislative authority, it becomes a law that is binding and must be implemented.⁴

1. The authority competent to approve the public budget:

The right of the legislative authority to approve and adopt the public budget came after a long historical struggle between the legislature and the ruler. This right was initially embodied in the requirement that the ruler obtain prior parliamentary approval before imposing any tax. It then

³ Ali Zaghdoud, Public Finance, Office of University Publications, 5th ed., no publication date, pp. 123–128.

⁴ Adel Al-Ali, Public Finance and Fiscal Tax Law, Part One, 1st ed., University Library, Ithraa Publishing and Distribution, p. 38.

developed to include the necessity of parliamentary approval of public expenditures, and subsequently the approval of the budget in both its revenue and expenditure components.⁵

The approval of the public budget is an essential requirement for putting the budget into effect, in accordance with the well-known principle: “approval precedes execution.”

2. The instrument of budget approval:

If Parliament approves the draft public budget, it issues it in the form of a law known as the “Finance Law.” This law determines the overall figures for both public expenditures and public revenues, and it is accompanied by two schedules: the first includes a detailed statement of expenditures, and the second includes a detailed statement of revenues.

A debate has arisen regarding whether the Finance Law constitutes a law in the strict technical sense, particularly since it does not establish abstract general rules but merely approves the parliamentary authorization of the revenue and expenditure amounts contained in the budget.

The Finance Law is considered a law in the organic sense, as it is issued by the legislative authority, which is competent in legislation. Article 149 of the 2020 constitutional amendment stipulates that, in addition to the fields reserved for organic laws under the Constitution, Parliament legislates through organic laws in the following areas: the law relating to finance laws.

3. The stages of the approval of the public budget:

In Algeria, the legislative authority is composed of two chambers; therefore, the draft budget cannot be implemented until it has been submitted to both bodies successively:

A- Approval of the public budget by the National People’s Assembly:

The Prime Minister submits the draft public budget to the office of the President of the National People’s Assembly, which, according to the internal rules of the Assembly, refers it to the Finance and Budget Committee concerning matters related to the public budget, taxation and customs systems, currency, credit, banking, and insurance.⁶

The committee conducts an in-depth study of the draft Finance Law and prepares a preliminary report expressing its observations on the draft law.

This report is then submitted to the office of the President of the National People’s Assembly for distribution to deputies. Government members and deputies are notified of the dates of sessions and the agenda at least seven days in advance.⁷

The draft law is then printed in copies and distributed to members of the Assembly so that they may review it prior to the debate.

The preliminary report is presented before the National People’s Assembly for discussion in a plenary session, which provides an opportunity for all deputies to raise issues and problems related to financial policy, as well as the extent to which various sectors and ministries comply with the implementation of the current Finance Law.

Paragraph 12 of Article 139 of the current constitutional amendment grants the National People’s Assembly the right to vote on the state budget.

B- Approval of the public budget by the Council of the Nation:

⁵ Saeed Abdel Aziz Othman, Introduction to Public Economics, Part One, University House, Alexandria, p. 168.

⁶ The composition of the committee is stipulated in Articles 23, 36, and 37 of the internal regulations.

⁷ Mahfoud Brahmani, Public Finance in Algerian Legislation, New University House, Alexandria, p. 134.

After the vote on the Finance Law, the Council of the Nation discusses and approves the public budget law in accordance with Article 145 of the 2020 constitutional amendment, which provides that: “Any draft or proposed law must be subject to discussion by the National People’s Assembly and the Council of the Nation successively in order to be approved.”

After the President of the Council of the Nation receives the draft law at an earlier date for review, the Council of the Nation approves the text voted on by the National People’s Assembly. It adopts it by a majority of the members present in the case of ordinary draft laws, or by an absolute majority in the case of organic draft laws.

It should be noted that a disagreement may arise between the two chambers of Parliament regarding the Finance Bill⁸. In such a case, the matter is referred to a joint parity committee for resolution.

- **Statutory deadlines for the approval of the public budget:**

The Constitution has restricted Parliament in terms of the time frame for approving the Finance Law, as stated in Article 146, which provides: “Parliament shall adopt the Finance Law within a maximum period of seventy-five (75) days from the date of its submission.”

If it is not approved within the prescribed period, the President of the Republic shall issue the government’s draft by ordinance.

This period is divided into three (3) stages: 47 days allocated to the National People’s Assembly, 20 days to the Council of the Nation, and 8 days to the joint parity committee in case of disagreement between the two chambers.

Since the legislative authority approves the draft budget, it has the right to express its observations on both sides of the public budget proposal and on all its sections, and to request the amendments it deems necessary to the budget estimates, whether by increase or decrease.⁹

Referring to Article 121 of the 1986 Constitution, it states that: “No proposal of a law whose content or effect is to reduce public revenues or increase public expenditures shall be admissible unless it is accompanied by measures aimed at increasing State revenues, or by providing funds in another section of public expenditures equivalent at least to the amounts proposed to be spent.”

Third: The Execution of the Public Budget

This stage is considered the most important and the most sensitive, as the concerned authorities proceed with committing expenditures, disbursing and paying them to their rightful beneficiaries within the legal limits according to the appropriations allocated in the public budget. At the same time, the process of revenue collection begins. These procedures are carried out in accordance with legal standards and rules established either by the budget law itself or by other financial legislation.¹⁰

1. The authority responsible for executing the public budget

The executive authority, through all its administrative bodies, is responsible for executing the public budget as approved by the legislative authority. Ministries, departments, and public

⁸ Mohamed Shaker Asfour, *Principles of the General Budget*, Dar Al-Masirah, 1st ed., Amman, 2008, p. 102.

⁹ Jamal Lamara, *Methodology of the General Budget in Algeria*, Dar Al-Fajr, Cairo, 2004, p. 141.

¹⁰ Guiding Manual for Budget Work for Non-Governmental Organizations, International Budget Project, December 2001, p. 126.

bodies implement the established programs and provide services within their respective competences, while ensuring technical efficiency in execution, reducing costs, and not exceeding the allocated appropriations.

In parallel, the relevant administrative departments are responsible for collecting and securing the prescribed revenues from taxes and fees, while seeking to reduce collection costs and minimize tax evasion to the lowest possible level.

2. Stages of public budget execution

The stages of budget execution relate to two areas: the first concerns the collection of public revenues, and the second concerns the procedures for executing public expenditures.

A. Revenue collection

The collection of public revenues is a vital operation that ensures the financing of State activities and the proper functioning and management of public services.

The budget law authorizes the competent administrative bodies to collect revenues, such as the Ministry of Justice collecting judicial fees, customs services' collecting customs duties, or tax authorities collecting taxes at different levels.

The process of public revenue collection takes place through three administrative stages, which will be outlined below.

- **Establishment (recognition of revenue):** This is the procedure through which the right of the public creditor the State represented by the Public Treasury is established. It is the stage in which the Treasury's right over third parties arises or is legally recognized. In the case of taxation, for example, establishment occurs after the occurrence of the event giving rise to the tax, such as the personal income tax (salaries and wages, etc.).
- **Liquidation (assessment):** This stage concerns the determination of the amount owed by third parties to the Treasury, meaning the precise calculation of the debt owed to the State.
- **Order to collect (recovery order):** This is a document issued by the authorizing officer requesting the taxpayer to pay what is owed to the Public Treasury.
- **Collection:** This stage falls under the competence of the public accountant. It results in the discharge of the debtor's liability towards the Public Treasury, as the public accountant receives the amount specified in the instrument from the debtor persons.

B – Execution of expenditures: The legislative authorization of public expenditure appropriations does not mean that the State is obliged to spend the entire allocated amount; rather, it authorizes the State to carry out public spending within the limits of these appropriations. To prevent misuse of public funds and to ensure their proper allocation, the law has regulated expenditure operations through four stages. Three administrative stages are carried out by the authorizing officer commitment of expenditure, liquidation, and payment (payment order) while one stage is carried out by the public accountant, namely expenditure accounting. These stages are presented as follows:

- **Commitment (commitment to expenditure):** The commitment of public expenditure arises when the executive authority, through its various administrative units, takes any

decision that creates an obligation or debt on the State.¹¹ Thus, government actions such as appointing employees, carrying out public works, conducting public tenders, or paying compensation are all considered operations that give rise to public expenditure. In other words, the commitment to expenditure is the material or legal fact that gives rise to an obligation on the public administration, such as appointing an employee or concluding a contract with a contractor; it is the creation of a debt in the name of the public administration.

- **Liquidation:** It refers to determining the amount of the debt after verifying its existence and eligibility.

Liquidation allows verification based on accounting documents and the determination of the exact amount of public expenditure.¹² The liquidation process is carried out by the competent official, either on their own initiative or upon a request from the creditor, who must provide supporting documents proving their right. It is also necessary to verify that the claimant is indeed the rightful beneficiary, and whether the creditor has fulfilled the required duties and obligations, and whether the commitments undertaken have been properly executed. It must also be determined whether the amount has become fully due.¹³

- **Payment order (authorizing payment / payment order):** This is the final procedure in the administrative stage and must remain within the limits of the allocated budget appropriations. After the amount of expenditure or debt has been determined, the order to pay is issued by the competent authority, usually represented by the Minister of Finance or his representative. The payment order includes a payment voucher or transfer order and the budget line against which the expenditure is charged. The payment document must include the signature of the authorizing officer and the tax officer responsible for preparing the document.¹⁴
- **Payment (settlement of expenditure):** This procedure consists of the public accountant paying the expenditure to the rightful beneficiary. The accountant is an official within public administrations, but he is not subject to the hierarchical authority to which the authorizing officer is subject, in order to enable him to control expenditure operations in terms of their compliance with the law.

In conclusion, the three stages discussed above represent the administrative function, assigned to officials belonging to the entity responsible for expenditure. The accounting function, however, consists of the actual payment from the public treasury after administrative approval, and is carried out by officials belonging to the Ministry of Finance.¹⁵ The execution stage of the public budget, as previously discussed, falls within the core competence of the executive authority, since the government possesses the technical and administrative means that make it more aware of the national economic reality compared to the legislative authority. This is due to several reasons, most notably the lack within the legislative authority of a sufficient number

¹¹ Saeed Abdel Aziz Othman, Introduction to Public Economics, Part One, University House, Alexandria, p. 177.

¹² Article 20 of Law No. 90-21 relating to accounting, dated 15 August 1990, Official Gazette No. 35.

¹³ Adel Al-Ali, op. cit., p. 166.

¹⁴ Ibid., p. 165.

¹⁵ Jamal Lamari, Methodology of the General Budget in Algeria, Dar Al-Fajr, Cairo, 2004, p. 150.

of qualified personnel capable of preparing detailed and comprehensive studies that would enable it to accurately determine necessary revenues and expenditures.

Fourth: Budget Oversight:

Oversight is considered one of the fundamental functions carried out by various bodies in order to ensure that the State's financial activity achieves its objectives as set out in the public budget, without waste or deviation, thereby preserving the proper financial functioning of public administration and safeguarding public funds.¹⁶

The procedures, instruments, and administrative decisions related to oversight aim to ensure that actual results are consistent and aligned with the desired and planned outcomes. The effectiveness of control lies in the precise definition of the intended results and in directing various efforts and resources toward their achievement.¹⁷

Budget oversight includes the following:

1. Administrative control

Administrative control is defined as a set of monitoring operations entrusted to public administration bodies, exercised by these bodies among themselves. It is therefore control exercised within the executive authority, giving it an internal and self-regulatory character. This control may be prior or subsequent to administrative acts. It covers all stages of financial operations and is particularly focused on expenditures, as they are more exposed than other procedures to irregularities and abuses by the officials responsible for their execution.

Administrative control is considered one of the most important forms of oversight in general, and in the field of public finance in particular. It takes several forms as defined in Article 99 of Law No. 23-07, namely:

A. Internal control

Internal control is a prior control exercised before execution. It primarily concerns financial commitments undertaken by ministers within the limits established by law for the performance of their duties. Its objective is to ensure that no amounts are spent under these commitments unless they comply with financial regulations and are consistent with the ministry's budget appropriations.

This control is exercised by directors, heads of departments, and state employees over their subordinates, and may also be carried out by certain officials belonging to the Ministry of Finance, who are distributed across various ministries, departments, and public bodies. Thus, administrative control is an internal control exercised by the executive authority over its various structures and public services, ensuring sound public financial management and compliance with applicable financial rules.

Internal control is implemented through the distribution of work among employees and the definition of their responsibilities, which helps to limit abuse and errors.

¹⁶ Khaled Shahadeh Al-Khatib, Hamad Zuhair Al-Shamiya, Foundations of Public Finance, Wael Publishing and Distribution House, Amman, 2nd ed., 2005, p. 319.

¹⁷ Mahmoud Hussein Al-Wadi, Principles of Public Finance, Al-Maysarah Publishing and Distribution House, Amman, 2007, p. 172.

This control is provided for in Article 100 of Law No. 23-07 and is further divided into two types:

- **Budgetary internal control:** It aims to identify risks related to the achievement of objectives concerning budgetary accounting quality and the capacity to support and implement programs.
- **Accounting internal control:** It aims to eliminate all risks affecting the achievement of objectives from the originating act until the completion of accounting operations.

Finally, it should be noted that internal financial control focuses on compliance with financial and accounting procedures, safeguarding public funds, and preparing reliable reports that contribute to risk prevention and enhance transparency in financial management.

B. Hierarchical (administrative chain) control: This refers to the control exercised by the administration over its own services, as stipulated in Article 101 of Law No. 23-07. It is divided into two categories:

- **Hierarchical control:** This consists of the supervision exercised by superiors over their subordinates. Under the authority relationship, the superior has the right to monitor and direct the work of subordinates, such as the control exercised by a programme manager over an activity manager, or by the latter over a sub-activity manager.
- **Tutelle (supervisory control):** This control applies to legal persons and is illustrated, for example, by the governor approval as a supervisory authority over deliberations relating to municipal budgets.

C. Regulatory control: This is a process aimed at reviewing and monitoring budget execution in accordance with legal and regulatory provisions. It is carried out by specialized bodies provided for in the applicable legislation and regulations.¹⁸

- **Budgetary control:** This is a continuous prior control consisting of all forms of control carried out before budgetary management operations and commitments. It is exercised by the budget controller, an official under the Ministry of Finance, and applies to draft commitment decisions and the management of budgeted job positions.

2. Parliamentary control: This is a form of political control exercised by Parliament in accordance with the Constitution. Each year, Parliament ensures the proper implementation of the Finance Law and the State budget by requesting information, conducting field investigations, and holding hearings with ministers as holders of portfolios. Articles 106 to 109 of Law No. 23-07 also emphasize this control, under which Parliament monitors:

- The manner in which appropriations approved under finance laws are used and implemented.
- The possibility for both chambers of Parliament to establish inquiry committees on financial matters related to budget execution, except those subject to judicial proceedings.

¹⁸ These bodies consist of: the Court of Accounts, the High Authority for Transparency, Prevention and Fight against Corruption, the Presidency of the Republic (General Inspectorate of State Services and Local Authorities), the Central Office for the Suppression of Corruption, and the General Inspectorate of Finance.

- The annual execution of the State budget through the vote on the budget settlement law, which determines the final amount of collected revenues and executed expenditures during the fiscal year.
- The submission of oral or written questions to members of the government regarding the use of State financial resources, in accordance with the procedures set out in the organic law regulating the National People's Assembly and the Council of the Nation and their relations with the Government.
- Discussion of the government report related to the development of the national economic situation and the orientation of public finances.

Internal control bodies

- Financial controller: The financial controller is an official under the Ministry of Finance, appointed by ministerial decision signed by the minister in charge of the budget. He carries out his duties at the level of the ministry or the wilaya to which he is assigned, assisted by deputies who are also appointed by ministerial decisions. The control exercised by the financial controller is a legality control rather than a suitability (opportunity) control, as it focuses essentially on the legality of expenditure and its compliance with the applicable legal and regulatory provisions.

Among the most important decisions subject to the financial controller's visa are:

- Decisions relating to the professional career of employees, such as appointment, confirmation, and salary payment decisions, except those related to grade promotion.
- Decisions concerning the payment of ancillary costs, as well as expenditures made directly by administrative bodies and supported by final invoices.
- Any commitment supported by an order form or pro forma invoice, unless the amount exceeds the threshold set by the public procurement law.
- Decisions involving operating, equipment, or investment expenditures for the benefit of various sectors.

The control exercised by the financial controller aims to prevent all forms of financial irregularities and to ensure the conformity of expenditure operations within the ministry with the applicable laws and regulations. For this purpose, it is considered a preventive control that allows errors to be detected before or immediately after their occurrence, in order to correct and remedy them promptly.¹⁹

It should be noted that several elements are subject to the financial controller's oversight, as provided for in Article 09 of Executive Decree No. 92-414²⁰. These elements are listed exhaustively.

The financial controller exercises his control through the visa granted to the authorizing officer after verifying the legality of the expenditure and the decisions subject to his control, as previously mentioned.

¹⁹ Ibrahim Ben Daoud, Financial Control over Public Expenditures in Algerian and Comparative Law, Modern Book House, p. 88.

²⁰ Executive Decree No. 92-414 of 14 November 1992 relating to ex ante control of committed expenditures, Official Gazette No. 82.

At the end of each fiscal year, the financial controller submits a report to the minister in charge of the budget for information purposes, and to the authorizing officer for notification purposes. This report outlines the conditions of execution, any difficulties encountered in applying the regulations, the irregularities observed in the management of public assets, as well as any proposals likely to improve the conditions of budget execution.

* After careful examination and verification of the commitment card and its supporting documents, and within the legally prescribed period of ten (10) days, the latter takes a decision either to approve the commitment and affix the visa (if the committed expenditures meet the conditions set out in Article 09 of Executive Decree No. 92-414), or to reject the commitment (in the case of unlawful commitments that do not comply with the applicable procedures, with justification for the rejection and submission of the necessary documents), as the rejection may be either temporary or final.²¹

The temporary rejection of commitment proposals occurs in the following cases: a proposed commitment containing regulatory violations that are subject to correction; absence or deficiency of the required supporting documents; or omission of an essential element in the accompanying documents.

The final rejection is justified by the non-conformity of the commitment proposal with the applicable laws and regulations, the absence of available appropriations and financial positions, or the failure of the authorizing officer to comply with the remarks recorded in the notice of temporary rejection.²²

B- External control:

This control focuses on the conditions of application of financial and accounting legislation, or legislative and regulatory provisions having financial implications within the concerned bodies and services, as well as the correctness, soundness, regularity of accounts, and the conditions for managing and using appropriations and resources, and the functioning of internal control within those services.²³ The General Inspectorate of Finance is responsible for controlling the areas of accounting management of state services and local authorities, as well as various bodies and institutions subject to public accounting rules. Its control also extends to public industrial and commercial institutions, public agricultural holdings, social security bodies, as well as any entity or institution benefiting from state subsidies. The General Inspectorate of Finance is considered a highly important control body, whose functions in the fields of monitoring, economic evaluation, and studies and analyses cannot be dispensed with.

Methods of operation of the General Inspectorate of Finance control:

Each year, the Minister of Finance determines a work program that takes into account the requests of government members, the Court of Accounts, and the National People's Assembly. Thus, the Inspectorate's control is based on available information; its operations are defined within an annual program set by the Minister of Finance and determined according to

²¹Manuel de contrôle des dépenses engagées, Ministry of Finance – DGB, 2007, pp. 107–108.

²² Articles 11 and 12, Executive Decree No. 92-414 of 14 November 1992 relating to ex ante control of committed expenditures, Official Gazette No. 82.

²³ Mohamed Massi, Public Accounting, Dar Houda for Printing, Publishing and Distribution, 2003, p. 144.

established objectives and in response to requests from government members or qualified bodies and institutions.

The inspections carried out by the General Inspectorate of Finance are conducted both on the basis of documentation and on-site, and audits and investigations are carried out on an unannounced basis. Upon completion of the control mission, the inspectors submit a written report containing all their observations and assessments regarding the efficiency and effectiveness of the management of the inspected service or body, as well as proposals for measures likely to improve such management and its results. The report is submitted to the Minister of Finance, who decides on the measures and actions to be taken regarding the Inspectorate's reports.

Judicial control:

The operations related to judicial control have been entrusted to a body independent from both the executive and legislative authorities, namely the Court of Accounts, which is considered an independent judicial institution exercising its control functions without any pressure from any other authority. It was established in 1980 under Law No. 80-05 of 01 March 1980 concerning the exercise of the control function by the Court of Accounts, following its legal establishment under Article 190 of the Constitution.

It was placed, under this law, under the high authority of the President of the Republic and was granted judicial and administrative powers, as well as broad competencies to monitor the use and management of public funds by the State, local authorities, and various public services, bodies, and institutions regardless of their nature.²⁴ The 2016 Constitution explicitly defined the nature and mission of the Court of Accounts as follows: "The Court of Accounts enjoys independence and is responsible for the post-control of the finances of the State, local authorities and public services, as well as the commercial capital owned by the State. The Court of Accounts contributes to the development of good governance and transparency in the management of public funds."²⁵

Powers of the Court of Accounts: The Court of Accounts is mandated, within the framework of its assigned powers, to exercise control over the proper use by the bodies subject to its jurisdiction of public resources, funds, assets, and material means. It also evaluates the quality of their management in terms of effectiveness, performance, and economy, and concludes its control and investigative work by issuing recommendations containing the measures it considers appropriate for improvement.

In accordance with Article 14 of Ordinance No. 95-20 of 17 June 1995 relating to the Court of Accounts, as amended and supplemented by Ordinance No. 10-02 of 26 August 2010, the Court of Accounts exercises its control on the basis of submitted documents,

on-site inspections, surprise audits, or after notification. Judges and auditors of the Court of Accounts have the right of access and investigative powers; therefore, the examining judge may request access to all documents that facilitate the control of financial and accounting operations. They may also hear any agent belonging to the service under review, carry out all necessary

²⁴ Mohamed Massi, op. cit., pp. 145–146.

²⁵ Law No. 16-01 of 6 March 2016, containing the constitutional amendment, Official Gazette No. 14, 2016, p. 33.

investigations in coordination with public sector administrations and institutions, and access all premises belonging to the assets of the controlled entities.

To enable the Court of Accounts to audit the accounts of all entities under its jurisdiction, the law requires all public accountants and authorizing officers to submit their accounts (management accounts and administrative accounts) to the registry of the Court, together with all supporting documents.

The violations or errors that may be sanctioned by the Court of Accounts include the following: breach of legislative or regulatory provisions relating to the execution of public revenues and expenditures; the use of public appropriations and financial aid for purposes other than those for which they were explicitly granted; the commitment of expenditures without having the required legal capacity or authority; or the violation of applicable rules in the field of ex ante control; the commitment of expenditures without available appropriations or in excess of budget authorisations; and the unjustified refusal of visas or explicit obstruction by ex-ante control bodies, or the granting of visas outside legal conditions.

In this context, the Court of Accounts prepares an annual report which it submits to the President of the Republic, the President of the Council of the Nation, the President of the People's National Assembly, and the Prime Minister.²⁶

From the foregoing, it can be stated that the exercise of judicial control by the Court of Accounts over the execution of the general budget is carried out through the power to inspect and investigate various documents relating to budget execution operations, the control of management quality, as well as the audit of public accountants' accounts and the control of discipline in budgetary and financial management, in accordance with Article 06 of Ordinance No. 95-20, as amended and supplemented.

Results of the Court of Accounts' control:: In the field of its audit activities, the Court of Accounts issues a set of reports, including:

- **Assessment note:** After carrying out management control operations, the Court of Accounts prepares a final evaluation containing all recommendations and proposals aimed at improving the efficiency and effectiveness of the public bodies and services subject to its control. These are also sent to the heads of these bodies, as well as to ministers and the relevant administrative authorities.
- **Urgent procedure:** through which the President of the Court of Accounts informs and notifies the higher authorities, supervisory authorities, or any relevant authority when necessary.
- **Preliminary note:** Pursuant to this, the President of the Court of Accounts informs the competent authority of the shortcomings recorded in the provisions relating to the conditions of use, management, estimation, and control of the funds of the public bodies and services subject to its supervision.
- **Detailed report:** This report records all facts that may be classified as criminal offences, which the Court of Accounts has observed during the exercise of its control. The

²⁶ Jalal Abdelkader, Control over the Execution of the State Budget between Theory and Practice – A Case Study of Algeria, Journal of Law and Human Sciences, Economic Studies, pp. 92–93.

General Prosecutor forwards this report to the territorially competent Public Prosecutor, together with the entire case file.

- ✓ Evaluation report on the preliminary draft budget settlement law: The government transmits this report, after its preparation by the Court of Accounts, to the legislative authority, accompanied by the draft law related to it.
- ✓ Annual report: The Court of Accounts prepares an annual report and submits it to the President of the Republic. The annual report sets out the findings, observations, and evaluations resulting from the Court's work and investigations, accompanied by the opinions and responses of the responsible officials, legal representatives, and relevant supervisory authorities. This annual report is published in the Official Journal. A copy of this report is also sent to the legislative authority. Ultimately, the administrative authorities and the officials of the supervised bodies are required to inform the Court of Accounts of the actions taken in response to its findings.²⁷

Assessment of the Court of Accounts:

The audit function in Algeria, as carried out by the Court of Accounts since its establishment, has remained somewhat characterized by a lack of systematic organization. Instead of consolidating the principle of accountability in the management of public accountants by ruling annually, or at least periodically, on their accounts, it is observed in practice that out of thousands of accounts submitted to the Court at the end of each financial year, only a very small proportion is actually reviewed.

Moreover, since the current approach adopted by the chambers of the Court generally consists of reviewing the last submitted management account of any public accountant, and given the very limited number of accounts scheduled annually for audit by a given chamber, all previous accounts are implicitly disregarded. Thus, thousands of accounts are automatically and definitively closed each year without being adjudicated, in addition to the tens of thousands that the Court has never been able to examine since its establishment. This is without mentioning the technical difficulty posed by this approach, namely the audit of accounts and the verification of the legal and material correctness of the related operations.²⁸

In conclusion, it can be stated that the importance of budget execution control lies in ensuring that both public expenditures and public revenues are carried out in accordance with the objectives of the general budget.

Control helps identify errors and irregularities that have occurred and determines responsibility, all of which contributes to ensuring the proper application of the provisions of the general budget.²⁹

Conclusion:

The general budget is the main instrument on which the State relies to implement its economic and social policies and achieve its development objectives. It passes through a series of

²⁷ Ibrahim Ben Daoud, op. cit., pp. 165–166.

²⁸ Mohamed Sai, op. cit., p. 154.

²⁹ Jihad Saeed Khassawneh, Public Finance and Tax Legislation: Between Theory and Practical Application, Wael Publishing House, 1st ed., Jordan, 2010, p. 356.

interrelated stages, beginning with preparation and drafting, followed by the approval stage, then the execution stage, and finally the control stage.

The Algerian legislator has worked diligently to establish a legal framework governing these stages through rules and procedures aimed at ensuring sound public financial management and achieving a balance between revenues and expenditures.

The effectiveness of the general budget is not limited to the correctness of its preparation alone; it also extends to proper implementation and its subjection to effective and continuous control, ensuring compliance with legal provisions, rationalization of public spending, and reduction of mismanagement practices. The importance of control, in its administrative, parliamentary, and judicial forms, lies in being a fundamental guarantee for transparency, accountability, and strengthening trust in public financial management.

Accordingly, the success of the State's financial policy depends on the extent of integration between the various stages of the general budget, as well as the effectiveness of the legal and institutional mechanisms adopted to monitor its implementation and evaluate its outcomes, in order to achieve optimal use of financial resources and serve the public interest.

From this study, the following results were reached:

- ✓ The State's public policy is based on a fundamental legal and financial instrument represented by the general budget.
- ✓ The Minister of Finance faces difficulties when preparing the general budget, particularly in cases of imbalance between expenditures and revenues; hence the urgent need for accuracy and scrutiny in the figures provided in the proposals submitted by each ministry.
- ✓ Good planning during the budget preparation stage contributes to achieving greater effectiveness during implementation.
- ✓ The execution stage is of significant importance as it determines the extent of the accuracy of the estimates contained in the finance law.
- ✓ Financial control in its various forms represents a fundamental means of protecting public funds and ensuring the legality of public expenditure.
- ✓ Recent legislative reforms, particularly the Organic Law relating to Finance Laws, have contributed to strengthening transparency and efficiency principles in financial management.

Finally, the following recommendations may be made:

- ✓ The need to strengthen digitalization in the various stages of budget preparation, execution, and control, due to its positive effects in ensuring speed, accuracy, and transparency.
- ✓ Enhancing coordination between different control bodies to avoid overlap of competences and achieve more effective oversight.
- ✓ Recognizing the full independence of control institutions and providing them with the human and material resources necessary to enable them to perform their functions effectively.
- ✓ Strengthening legal accountability for financial violations affecting public funds and reinforcing anti-corruption mechanisms.

- ✓ Developing budget preparation methods according to a program- and performance-based approach to ensure efficiency in public spending.