

## A study of a liquidated budgetary report contribution on government accountability and future planning in Iran

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**Abstract.** A liquidated budgetary Article is a tool for a parliament to supervise. If it is offered to the parliament timely, the report can be an appropriate basis for government accountability as well as an indication for many comments and technical evaluations about public organizations, companies and ministers. On the other hand, if the liquidated budgetary report about government performance is delivered timely, the report can be used as a basis for future planning and budgeting. The purpose of the study is to examine a relationship between the liquidated budgetary report and the government accountability, future planning, budgeting as well as authenticity of the government performance. The research generally classified as a descriptive research, regarding to its practical goal and method of data collection it is known as a field research. Statistic population is a Supreme Audit Court's experts and a whole-count method has been used. A questionnaire was applied as an instrument for data collection. Its validity was estimated externally and its reliability was estimated through Cronbach  $\alpha$  and the Fisher's test. Results show there is a significant difference between the liquidated budgetary report and the government accountability. However, the results also show there is no significant difference between the liquidated budgetary report and the future planning of the government.

**Keywords:** A liquidated budgetary report, Parliament supervision, accountability, future planning of government, government performance

### 1. Introduction

In democratic countries parliamentary supervision of incomes and public costs is viewed as obvious principle and lawmakers have rights and are responsible to supervise and control its approved budget. The supervision is being kept during budgetary implementation and also at the end of fiscal year. The Legislative power by applying particular supervision means supervise Executive branch and its action and thereby to the large extent control its extreme power. In Iran supervision of budgetary implementation has been started by parliament member since Constitutionalism. One way that parliament supervises budgetary implementation and performance of government is the liquidated budgetary report and it is done by the Supreme Audit Court. A desirable liquidated budgetary report includes results of implementing policies and the purposes and it is a helpful vehicle to identify budgetary strengths and weakness also has a good contribution on providing and arranging the budget for following years. The most significant purpose of the Supreme Audit Court which is addressed in last clause of the principle 55 of the Constitution and Article 6 of the liquidated budgetary report after revolutionary in Iran is to provide annual liquidated budgetary report. In fact providing the liquidated budgetary report displays managers' performance against received funds and spent costs regarding to predicted plans.

A budgeting process involves 4 steps providing and adapting, approval, implementation and supervision. The supervision step has a special position since it is viewed one of the main pillar of management. According to the 55 principle of Islamic Republic of Iran Constitution, the Supreme Audit Court is responsible to audit and check all accounts of ministers, public institutions and companies according to the

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appointed law that any cost does not violate appointed credits and any money is applied properly. Therefore, the Supreme Audit Court every year offers accounts and documents according to the liquidated budgetary report as well as its own comments to the Islamic Consultative Assembly.

The legislative assembly is a dominant power of the government and also it is an objective manifestation of people domination. Thus the supervisions and decisions of the Assembly on public income and expense can be shown people will to adapt public budgetary. Furthermore, principle 90 commission of Islamic Consultative Assembly criticize the liquidated budgetary report due to its delay for several months even a year to offer the report to the Assembly. It can be mentioned as follows:

- The liquidated budgetary report of 2007 was offered early of 2009 (5.2.2009)
- The liquidated budgetary report of 2008 has been offered 2010 (12.4.2010)
- The liquidated budgetary report of 2009 has not been offered.

Regarding to the above postpones to offering the liquidated budgetary report and the necessity of the Assembly control over the government performance the question is raised that whether the liquidated budgetary report is a vehicle of parliamentary supervision on government accountability or not and also it is effective on future planning of the government?

The Assembly members have rights to examine ministers affairs directly through the respective committee and to observe the way of laws implementation including budgetary law and others laws that have financial aspects. Thus regarding to the above points it can be mentioned the following purposes for the research:

- 1) An examination of the effect of liquidated budgetary report on future planning of the government.
- 2) An examination of the relationship between the liquidated budgetary report and the government accountability.

According to the Islamic Republic of Iran Constitution, relationships between branches (Assembly and Executive) tend to be parliamentary; also it is provided the collaboration area for branches. Authority and influencing of the legislative branch on executive branch are significantly obvious. Existence of various systems of supervision in legislative branch is an example of this authority. That is, the Islamic consultative Assembly is responsible to both approve rules and continuously supervise their implementation such as a budgetary law.

Regarding to the purpose of the liquidated budgetary report it can be said that the liquidated budgetary report as one of main tools of public management has dramatically contributed to reflection of operations and it is a main source of future planning. In terms of quantity not only the liquidated budgetary report should control the appointed grants but also in terms of quality should be able to evaluate inefficiency of the government to do its duties. This report also guides authorities for future planning regarding to different facilities of the society as well as shortcomings and deficiencies.

According to public new financial management literature that put emphasis on clearness, control and accountability of authorities, knowing and asking are recognized as indisputable rights of the nation. Public authorities, managers and the government ought to be accountable properly and clearly about their performance to the nation and Assembly members. The accountability is just possible through overall supervision and control. A primary and most important background of accountability is supervision, without supervision accountability is meaningless. If there is no accountability it is not possible to ask individuals and institutions to be accountable. Accountability has a series of principles, foundations and backgrounds that without them there is no accessibility to desirable systems of accountability. Main factors are clearness and information to facilitate the supervision. According to principle 54 of Islamic Republic of Iran constitution, the Supreme Audit Court is under control of Islamic Consultative Assembly and according to principle 55 it is responsible to check or audit all received and paid accounts as well as all documents of executive organizations which is collected as financial information and on the basis of the liquidated budgetary report with its comments are presented to the Islamic Consultative Assembly and finally will be available to the public. Accountability is a matching justification between performance and agreements between the government and people in a specific period of time. This represents that the government observes related standards in applying public resources. However, accountability has constantly been

important in recent years due to the people insist on participating in affairs and optimizing use of resources, mass media disclosure it has been specially critical to be given attention to the people demands. Some people believe that accountability is a foundation of public management that controlling and financial systems of management inform on the basis of it. Main elements of accountability include planning, supervision, reporting, and feedback. These elements in new governments enhance each other and lead to accountability process. However accountability in world political systems has been emphasized in different forms. In a generic concept, it refers to citizens who ask their governments to be accountable against their actions and performances by relying on these elements. This is often done by election which gives authority to the members of parliament to make political managers and public staff accountable through supervision and audit mechanism. Political managers also need their subordinates be responsible through hierarchy and positions, furthermore, administrators are accountable to courts and official judiciary.

## **2. Background**

Hassan Alamsi [18] in his study demonstrated reasons of inefficient parliamentary supervision in implementing general policy and offered a strategic model which showed if scopes of independent variables (such as establishing parties, coalition groups, an information network structure, a legal infrastructure, improving integrated structure and regulation) are greater, a scope of dependent variables (including influence of elite powers, number of supervision organizations, inefficiency of supervision devices, inactivity of regulations and circular letters) will be less.

Aghalou [1] in his study examine difficulties of providing the liquidated budgetary article in Iran. He has studied basis of legal budget and audit rules for several years, he has also considered the Supreme Audit Court and reasons of postponements and delays of the liquidated budget. To solve the problems he has suggested some recommendations in terms of improving general audit rules, the Supreme Audit Court, cost rules. Aghalou has offered To determine basic criteria to maintain and check organization accounts and provide financial needs of cost department chairs.

Ahmadi [18] in his research about a role of the Supreme Audit Court in supervise and control over financial system of Iran examined supervision and control track records during historical periods, methods of checking and controlling of the Supreme Audit Court , as well as its executive problems. Results show the importance of control over the financial system of the country through the Supreme Audit court and there is a direct relationship between the role of the Supreme Audit Court and belief and acceptance of control and supervision by authorities. The role of the Supreme Audit Court depends on existence of desirable standards and unity of procedures in rules and regulations.

Maboud Mohammadi [21] in his study about effectiveness of the liquidated budgetary report on public companies budgeting by reviewing a budget of transportation companies examined the effectiveness of the liquidated budgetary on transportation companies budgeting to identify a way of influencing the budget of following years. Results show that respective goals were not fulfilled and as a result the liquidated budgetary has been ineffective on transportation companies budgeting.

Islami Bigdeli [18] in his paper about accounting management in auditing studied a significant method of supervising and controlling in Iran and compared with a way of auditing in England. A final result has shown that rules of auditing in Iran are more developed than ones in England.

Modaress Hojat Abadi [20] in his study considered an evaluation of annual performance bill of the budget of the Iran regarding to the government accountability. Results show in a point of view of two statistics populations (accountability seekers in and outside of the institutions) there is a significant difference between the expectations of users (accountability seekers) and annual content of information of budget performance in Iran.

Fariborz Mohammadi [18] in his research about examining a degree of the liquidated budgetary report influence on decision making of related authorities intended to consider inefficient indications of existing financial and auditing rules and regulations associated with consequences of the liquidated budgetary report, lack of information and knowledge, inefficiency of budgeting credits of executive organizations by management and planning organization and its effective contribution on the liquidated budgetary report, and

finally its effect on authorities decisions. Findings show there are significant differences between all indications and authorities decisions except with the effect of inefficiency of budgeting of executive organizations and authorities decisions.

### **3. Methodology**

The present research is a descriptive survey. The researcher tries to report everything without any subjective deduction. The aim of the research is practical. Since a cognitive and informative area that are resulted through it that will be used to fulfil Iran and other countries' needs also improve and optimize devices and models to develop and enhance levels of human beings life. The research according to a method of data collection is viewed as a field research. Statistic population is experts of the Supreme Audit Court and it is applied a total calculation method. A data collection tool is a questionnaire. Its validity was estimated by external method and its reliability was estimated by Cronbach  $\alpha$  and it was supported by the Fisher's test. Since frequency of observations did not follow normal distribution to support or reject research hypothesis and in order to examine relationship between variables and each indications of questions with the research hypothesis, it has been used K2- Carl Pearson test. By applying Anthropy classification hypothesis and variables were classified.

Research results show there is no significant difference between the liquidated budgetary report and future planning of the government. Regarding to the less amount of estimated K2 (2/168) in comparing the table K2 (9/49) it can be concluded that the liquidated budgetary report is not effective on future planning of the government. Also according to the obtained results from Anthropy classification method, if the government pays attention to changing budgetary system of the country, planning for consumption of credits according to annual appointed budget and the liquidated budgetary report in 5-year plans and implications of the government for predicting actual incomes have great influence on future planning. Therefore these results should be considered and improved.

### **4. Discussion and Conclusion**

The purpose of present study has been to study a role and contribution of the liquidated budgetary report as one of devices of the Assembly on future planning and the government accountability. To achieve this after testing hypothesis and analyzing research findings it can be said that the liquidated budgetary report is not effective on future planning and the government does not apply the experience for following years. There is no relation and it is not used due to unavailability of enough devices however it is put emphasis on the liquidated budgetary report every year; and because there is no belief in mission of that report by the government and the Islamic Constitutive Assembly. The result of present study is coordinated to the study of Mohammadi [21] in which he considered the effectiveness of the liquidated budgetary report on transportation companies budgeting (in order to identify a way of influencing budgeting and future planning through liquidating budget. The result of his study showed that the respective goals were not achieved as a result the liquidated budgetary report was not effective on budgeting and future planning of transportation companies. Although the result of that study demonstrated the liquidated budgetary report has positive effect on the government accountability. Therefore however the Supreme Audit Court has a basic and internal device to punish violators of the budget, within its organization chart consists of institutions related to the judicial branch that can be effective on making ministers and public companies to be accountable. Modaressi Hojat Abadi (ibid) has considered a role of annual performance bill of the budget in creating field for the government accountability. Results of this study showed there is a significant gap between expectations of users (accountability seekers) of the annual performance bill of the budget in whole country and information content of the annual budget of whole country regarding to the government accountability. Furthermore, the results of Modaressi Hojat Abadi's research are not adapted to the effect of the liquidated budgetary report on the government accountability.

### **5. Limitations of the study**

The study was based on all liquidated budgetary report of pervious years that were not on same procedures. Including:

- Providing and adapting the liquidated budgetary report has been various regarding to managerial opinions and public planning.
- Before 2001 the liquidated budgetary report was based on cases and it included 7 parts.
- Since 2001 the liquidated budgetary report has been adapted organizationally and included 31 organizations

Till before 1998, the liquidated budgetary report was just the report of liquidated budgetary report of whole country without any details. But after 2001 the liquidated budgetary report has been adjusted provincially. Regarding to the above points, then it was not possible to apply library or documentary study. The liquidated budgetary report has been a case of a few studies and there were a few papers or researches in this area.

## 6. Recommendations

- 1) According to the findings of the Anthropy test, it is necessary that the government apply consultative opinions of financial experts of the Supreme Audit Court as a supervisor of the Islamic Consultative Assembly. It can be introduced as a financial advisor to approve the budget of the whole country as well as country economy.
- 2) If the liquidated budgetary report is concerned in following years Articles as a basis of future planning, the report such as loops of a chain can be used both for year budget report and as a basis to consider 5 year plans. Therefore it becomes essential to offer the liquidated report of 5 year development plans. It will be hopeful to be considered by the liquidated report addressees.
- 3) The liquidated budgetary report should be not passive and only read in the Assembly but it would be better that Assembly members put more emphasis on it. As the research findings recognized the report are less welcomed by the government and Assembly during formation and approval of the annual report.
- 4) Public companies as the most important organizations are effective on amount of the budget of the whole country thus it is necessary to provide accurate numbers of public companies and their stability in the budget of the whole country to avoid of any mistakes about the budget figures to the government planning to actual prediction of incomes, expenses.
- 5) As long as budgeting is a form of a plan, the liquidated budgetary report will not have a required effect. Therefore, it is inevitable to improve the current structure of budgeting and the budget of the country ought to be adapted on the basis of budgeting operations.
- 6) Due to lack of its executive guarantee in years planning and to revive the real position of the liquidated budgetary report, authorities of the Supreme Audit Court must take required actions to speed approval of the annual liquidated budgetary report by the Assembly.

## 7. References

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