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THE RISK OF INSUFFICIENT FINANCIAL RESOURCES ON BUDGETS IN HIGHER EDUCATION INSTITUTIONS: AN APPLIED STUDY AT THE UNIVERSITY OF DIYALA FOR THE PERIOD 2015-2020

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ABSTRACT

The study took place at the University of Diyala within the administrative borders of Diyala Governorate in Iraq, that the importance of the study stems from the conditions of comprehensive economic development that Iraq needs and aspires to by investing in education as one of the types of investment in human capital. Because of the impact on the returns of financial resources, the research problem is represented by the variation in education expenditures in light of the fluctuations in the general revenues of the Iraqi state, where there is a need to limit these expenditures to identify deficiencies and benefit from them in the planning and decision-making process. The study aims to show and compare education expenses at the University of Diyala and analyze the reasons for their differences for the years 2015-2020. The study reached several results, the most important of which is the restriction of university activity to service consumption activity through central government intervention in terms of administrative and financial terms. The study concluded with several recommendations, most notably working to achieve administrative and financial independence for universities by giving greater powers with regard to investment and diversifying sources of funding.

INTRODUCTION:

Higher education is one of the important elements in the comprehensive development process and a basic pillar of the development of societies. Thus, it is considered a strategic investment whose importance is evident in the

formation of the human product, the human product, and its role in determining the size and quality of the qualified human requirements and capable of absorbing the necessities of development and carrying out its tasks and obligations and establishing values Its moral and behaviour. The problem of the research is represented by the variation in expenditures on higher education in light of the fluctuations in the general revenues of the Iraqi state as a result of the variation in global demand for energy and the dynamic fluctuations in international oil prices, which led to the variation in expenditures on education significantly, as there is a need to limit these expenditures to identify the deficiencies and benefit from them in Planning and decision-making process. The study aims to show and compare education expenses at the University of Diyala and analyze the reasons for their differences for the years 2015-2020. The research stems from the hypothesis that public budgets in Iraq are affected due to the impact of the returns on financial resources due to global economic conditions.

Financial Risks:

Financial risks affect the results of financial activities and the financial stability of institutions and limit funding sources. Therefore, it is necessary to understand the essence of financial risks and to develop the methods that lead to their development.

Financial risk is associated with the possibility of losing financial resources (ie cash). Financial risk is understood as the possibility of unexpected financial losses (decrease in profits and income, loss of capital, etc.) in the event of uncertainty in the conditions of the financial activities of the enterprise. Kachalov R.M,2002:192P)

Financial risks are defined as: the possibility of a loss in the future and the occurrence of deviations from what was planned and desired. Public universities are exposed to large financial burdens and changes that lead to the occurrence of some financial problems. Therefore, these risks must be identified and measured, and appropriate policies should be found to mitigate the impact of these risks. Among these financial and investment risks (Mutah University, Risk Management Plan: 2018):

- 1-1 Risks of lack of government support (low university budget);
- 1-2 the risks of managing the tangible and intangible assets owned by the university;
- 1-3 the risk of declining the university's own resources;
- 1-4 The risks of liquidity management in the university.

General Budget:

The general budget is defined as a plan that includes an estimate of the state's expenditures and revenues during a coming period, often a year, and this estimate is made in light of the goals pursued by the political authority" (Al-Douri et al., p. 12, 1999 AD).

Gladstone said that budgets are not arithmetic numbers, but by various means they delve into the depths or roots of the well-being of individuals, the relations of classes and the greatness of kingdoms. In addition, the budget in its integrated form is at the heart of the political process” (Al-Lawzi et al., pp. 15, 1997).

As for the government accounting guide issued by the regional symposium of the United Nations, held in Beirut in 1969, it defined the general budget:

The budget is an annual process that focuses on planning, coordinating, and controlling the use of funds to achieve the required purposes efficiently.) From all of the above definitions and concepts, we can know the state’s general budget:

((It is a set of goals and programs estimated in numbers approved by the legislative authority for a specific period, usually a year, which the concerned authority wants to implement by the different units of the state at the lowest costs expressed in the size of the cost of each goal or program with an indication of the funding sources that the units will obtain for the same period)).

The Components of The Budget:

General Revenues:

Iraq's revenues were classified according to the classifications of the decentralized government system, which included the following:

- 3-1-1 Transferring Revenues;
- 3.1.2 capital income;
- 3-1-3 oil revenues and mineral wealth;
- 3-1-4 fees;
- 3-1-5 commodity taxes and excise duties;
- 3.1.6 Taxes on Income and Wealth;
- 3-1-7 other income;
- 3-1-8 The share of the budget from the profits of the public sector.

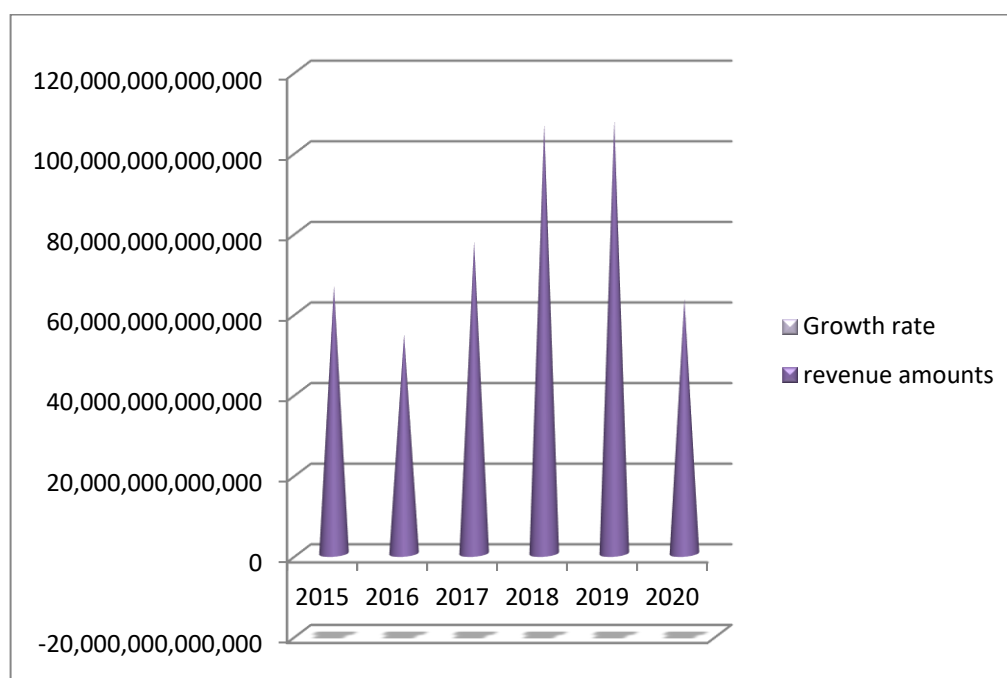
Iraq's revenues have been calculated for the period 2015-2020, distributed in Table (1).

Table (1): Iraq's revenues for 2015-2020 (amounts in Iraqi dinars)

the years	revenue amounts	Growth rate
2015	66470252443476	-
2016	54409269918907	%22-
2017	77422172929162	%29,7
2018	106569834185306	%27,3
2019	107438586005108	%0,83
2020	63199689372022	%70,2-

Reference // Iraqi Ministry of Finance
<http://www.mof.gov.iq/obs/ar/pages/rvexchart.aspx>

Diagram (1) Iraq's revenues for the period from 2015-2020 with the growth rate



Reference: Prepared by researchers based on Table No (1)

From the above table, we notice a discrepancy in the general revenues of the Iraqi state, which depends by 95% on oil revenues and mineral wealth, whose prices vary from one period to another according to the indicators of scientific demand for energy, as prices recovered in 2018 and 2019 and declined for the year 2020 due to the slowdown in global demand affected by the Corona pandemic (Aib, 2010: p. 106)

General Expenditures:

Public spending is considered expenditure despite the fact that it is issued by a public legal person directed to the satisfaction of public needs and aims to achieve the public interest.

Expenditures were classified at the university as the research sample based on the tabs of the decentralized government system, which included the following:

- 3-2-1 Compensation of employees
- 3-2-2 commodity requirements;
- 3-2-3 service requirements;
- 3-2-4 maintenance;
- 3-2-5 Other expenses.

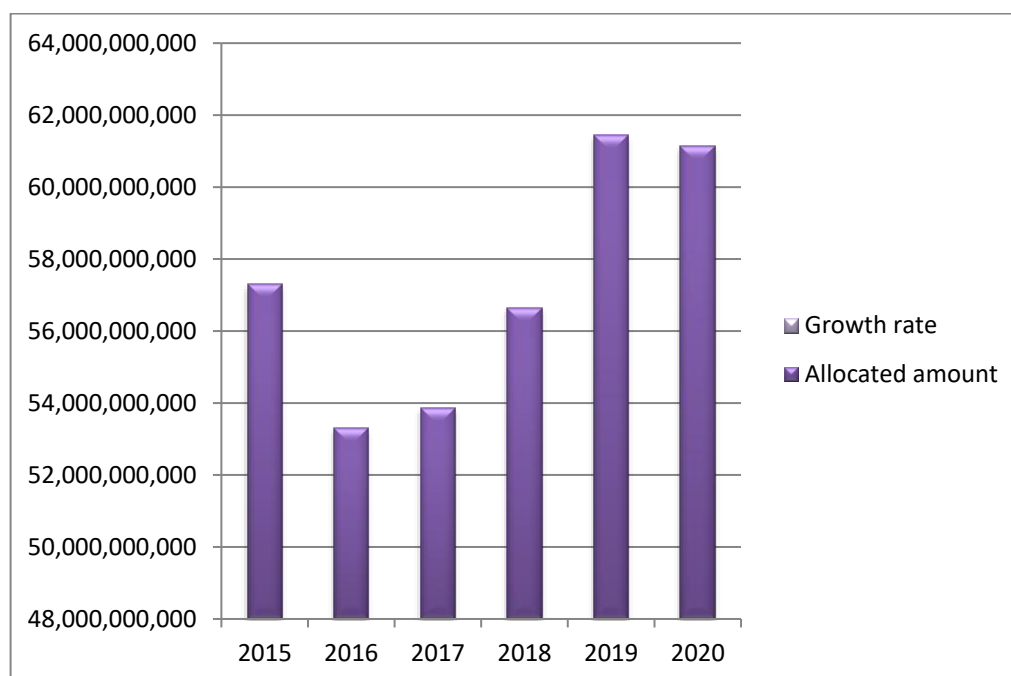
Diyala University expenditures for the period 2015-2020 have been calculated, distributed in Table (2).

Table (2): Expenditures of Diyala University for the period 2015-2020 (amounts in Iraqi dinars)

the years	Allocated amount	Growth rate
2015	57306779627	-
2016	53302090424	%7,5-
2017	53853215136	% 0,9
2018	56654761099	% 4,9
2019	61435765398	% 7,8
2020	61143977177	%0,5-

Reference: Prepared by the researcher based on the data of Diyala University records

Diagram (2): Diyala University expenditures for the period 2015-2020 with growth rate



Reference: Prepared by researchers based on Table No (2)

It is noted from the above table that the expenditures of Diyala University decreased with the decrease in public revenues for the period from 2015 to 2017, and their rise with the increase in public revenues for the period 2018 to 2019, noting a very slight decrease in expenditures compared to the significant decrease in public revenues, and this explains the large deficit in the 2020 budget as a result to the Corona pandemic.

CONCLUSIONS:

1 - The absence of the Iraqi economy's dependence on a variety of economic resources and dependence on a single source represented by oil wealth without relying on other resources.

- 2- Operating expenses (salaries) constitute the largest share of the general budget.
- 3- The university follows the central exchange system with regard to covering the expenses of the current budget sections, which are centrally funded by relying on funding from the Iraqi Ministry of Finance.
- 4- Limiting the university's activity to the service consumption activity through the central intervention of the state in terms of administrative and financial terms.

RECOMMENDATIONS:

1. Giving special importance to economic, planning and technical studies through the establishment of economic units that are responsible for conducting field, analytical and strategic studies and research and presenting them to decision makers in order to reach sound economic decisions to achieve the goal of diversifying economic resources.
2. Work to improve the distribution of financial resources in a way that restores a balance between operational and investment expenditures, and between educational stages in accordance with their developmental roles.
3. Introducing the idea of the investment university through the transfer of technology to participants in investment projects, providing services to small projects, and providing training programs for managers and workers in companies, to achieve a possible level of profit from investment projects.
4. Work to achieve administrative and financial independence for universities by giving greater powers with regard to investment and diversifying sources of funding.

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