International Journal of Studies in Business Management, Economics and Strategies
Volume 03, Issue 02, February, 2024
ISSN (E): 2949-883X
Scholarsdigest.org

FINANCIAL MANAGEMENT IN INSTITUTIONS OPERATING IN GOVERNMENT SECTORS

(GENERAL FRAMEWORKS)

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Abstract
The research aims primarily to enable those working in financial management to have full knowledge of the nature of their work and their difficulties in applying general standards, instructions and applicable laws. We have tried as much as possible to draw the general frameworks for financial management operating in all government sector institutions by highlighting aspects of its work, importance, and objectives. For which it was created. To achieve this, the deductive approach was adopted in the theoretical aspect of the research, and it reached a set of conclusions, the most important of which is that the role of financial management is focused on monitoring, controlling, protecting, and preparing reports on the financial resources of institutions. Institutions also have accountants or financial teams responsible for managing their funds, including all financial transactions, investments and other sources of financing. The researcher recommended a set of recommendations, the most important of which are the necessity of continuous monitoring of public money, the method of its management, and the development of successful plans to implement the public budgets of all state institutions. It is also necessary to establish an organizational structure for financial management consistent with applicable laws and instructions.

Keywords: financial management, planning, performance evaluation.

Introduction

a) Financial management is one of the most basic functions we find in state institutions in general because of its great importance in organizing the work of these institutions. All public sector workers must understand what financial management means and be familiar with everything that revolves around it.

b) Financial management is one of the most basic functions we find in state institutions in general, because of its great importance in organizing the work of these institutions. All public sector workers must understand what financial management means and be familiar with everything that revolves around it.

c) Section one

1-1 The concept of financial management:

The financial department in government institutions is responsible for the control and management of public funds. It includes plans for developing and implementing the budget, monitoring revenues and expenditures, ensuring financial accountability, and allocating resources to various departments and programmes. Financial management also includes forecasting future financial needs, managing financial risks, and ensuring compliance with financial regulations and laws. In addition, they play an important role in supporting decision-making processes, promoting transparency, and maintaining community confidence in the government's financial dealings. Therefore, they differ from departments found in business companies whose main function is to raise capital, enhance financial liquidity, and achieving financial profit, in order to achieve an appropriate return on investment in parallel with wise dealing with business risks.

From the above, it is clear to us that financial management means the strategic practice of creating, monitoring, and controlling all financial resources to achieve your business goals. This includes many areas of financial functions that revolve around profitability, expenses, cash flows, and credit for finance managers in the accounting teams, accounts receivable, And accounts payable.

2-1 Financial management functions:

Above, it has become clear to us the concept of financial management and its function in general and the goal for which it was established. Below, we will explain the functions of financial management in detail:

First: Financial planning:

It includes drawing up financial and operational business strategies in accordance with the specified financial liquidity and ensuring its availability at the appropriate time to cover business needs. These needs may be: providing equipment, purchasing investment inventory, disbursing employee salaries, financing deferred sales, etc., and in the long term, financial liquidity is always required in order to balance capacity and meet the business needs of all institutions.

Second: Financial control:

It includes the methods and procedures implemented by the institution in order to ensure the accuracy and validity of its financial statements through accounting controls that not only ensure compliance with laws and regulations, but are also designed to help institutions comply with legal procedures; Financial follow-up works to confirm the achievement of procedural objectives in terms of: effective operation of financial assets, securing financial assets, and securing public funds in accordance with labor laws.

Third: Making financial decisions:

The process of making financial decisions includes all administrative aspects of financial planning, organization, and control. Financial planning and its strategic dimension have a major role in financial decision-making, as it shows the results resulting from financial decision-making in the long term. Thus, it is considered one of the most sensitive procedures in the field of financial management. It may be taken the financial manager makes decisions that prioritize increasing financial liquidity, at the expense of other elements.

3-1 Financial management objectives:

The presence of financial departments in public institutions stems from the need of these institutions to achieve a set of goals that can be summarized as follows:

1. Providing liquidity and cover.
2. Transparency of all payments sent and received.
3. Coordinating income statements, expense statements, and balance sheets.
4. Balance multiple accounts and work to determine their location easily.
5. Ensuring data integrity and security.
6. Follow up on all obligations and updated records.
7. Maintain a complete and accurate audit trail.

4-1 Financial management departments:

First: Financial management in the public sector:

Its mission is to conduct financial studies and research in public sector institutions that are owned by the state, such as ministries, affiliated institutions, and others. The public financial administration follows up on exports and imports of money by imposing control on public funds in order to analyze financial and economic conditions.

Second: Financial management in the private sector:

Its mission is to conduct financial studies and research in private sector institutions owned by capitalists and businessmen, for such as service and commercial companies.

It should be noted here that the financial management departments are interconnected, as the private financial management supports the public financial management through the taxes paid by the private sector from the sector's implementation of specific projects or supplying public institutions with some requirements.

5.1 Organizational factors of the financial management structure in government institutions:

Organizational factors play an influential role in building a solid base for the financial management structure in government institutions because of the existence of a correlation between the organizational factors of the financial management structure and cash flows in the accounting data in terms of:

1- The need to work on updating regulations and laws that are in harmony with developments taking place in the global and local financial environment.

2- Work to develop the capabilities and capabilities of workers in government institutions, so that they are able to build financial structures in a way that achieves the goals of the government institution.

Section two

1.2 Accounting concept:

Accounting refers to the process of properly preparing records of financial transactions and ensuring that account balances are correct and that accounting data are accurate. It is also concerned with providing the necessary reports and updating them from time to time. Since making strategic financial decisions is one of the basic tasks of financial management, accounting is concerned with looking at the financial position of institutions at a specific moment in time. Typical activities involved in accounting include recording transactions, collecting financial information, compiling reports, and analyzing and summarizing performance. The results often include comprehensive financial data including income statements, balance sheets and cash flow statements used.

2. 2 The most prominent differences between finance and accounting:

Firstly:

First: Measuring financial performance:

Financial accounting uses a variety of recognized national and international accounting principles and standards, which are selected based on the specific reporting and regulatory conditions of organizations and companies.

For example, public companies in the United States of America must conduct financial accounting in accordance with generally accepted accounting principles, while companies in the Kingdom of Saudi Arabia conduct it in accordance with International Financial Reporting Standards, as the main goal of developing and upgrading accounting standards is to provide the necessary standard information to investors, creditors and authorities. and tax authorities.

Second: Estimating the value:

One additional difference between accounting and finance is the principle of value estimation; In accounting, the principle of conservatism is often applied, which holds that productive institutions or companies operating in the private sector should record the lower expected values of their assets and the higher estimates of their liabilities. This principle helps concerned parties avoid overestimating the value of assets as well as underestimating their liabilities. This matter is dealt with completely differently in finance, which uses the analytical process known as evaluation to determine the value of a project or asset. The true benchmark for this process is discounted cash flow analysis, which is applied to a series of cash flows over a period of time.

3.2 Financial expert and accounting expert:

There are some key differences in the ways financial experts versus accountant’s work

1- Financial data:

Accountants are primarily responsible for creating financial statements while financial professionals are primarily responsible for analyzing them. Accountants collect and organize large amounts of data, such as collecting organizations' invoices, receipts, and financial records, while financers analyze and interpret information to show how well an organization is performing or come up with ideas about how to improve its performance.

2- The look:

Volume 03, Issue 02, February, 2024
ISSN (E): 2949-883X
Scholarsdigest.org

Accountants are by nature backward looking and rely on historical information to prepare their reports. By the time their reports come in, the numbers could be out of date, dating back a number of months. In contrast, finance professionals look to the future by analyzing data for the organization, the sector it operates in and its key tasks, helping them achieve a nearly impossible task to attempt. Looking forward to the future.

3- Personal differences:

Each of the successful professionals in the field of finance and accounting has key characteristics related to the nature of his work and what he aims to achieve for the organization. This difference achieves integration between specialists in these two fields, which reflects positively on the institution.

For example, a financial management specialist is analytical, curious, has great attention to detail, thinks about possibilities and options, is interested in providing added value, has business development skills, and has skills to solve problems that he may encounter.

As for the accounting specialist, he/she thinks about accountability, orients towards details, is concerned with procedures and instructions, and is concerned with preparing financial reports and analyzing data.

Section Three

1.3 ((Developing financial and accounting procedures)):

1- Financial and accounting procedures must be updated to meet the needs of organization and financial planning in all public institutions.

2- Improving financial sustainability: The government must work to enhance the sustainability of financial resources and improve their management.

3- Improving transparency and accountability: The government must work to enhance the transparency of financial resources management and ensure accountability when making financial decisions.

4- Improving tax administration: Tax administration must be strengthened by improving tax collection and developing tax planning systems.

5- Strengthening central financial management: The government must work to strengthen central financial management with the aim of improving national financial planning and enhancing the sustainability of financial resources.

2.3((Developing financial planning for public institutions))

1. Regularly review financial performance and analyze differences
2. Develop the budget preparation process and better forecast future financial results.
3. Implement strategic plans to align business objectives with financial objectives.
4. Encourage open communication between Finance and other departments.
5. Use financial software and automation tools to streamline processes.
6. Conduct regular audits and risk assessments.
7. Provide financial training and education to employees.
8. Establish clear financial metrics and key performance indicators
9. Engage an experienced financial advisor or consultant.

10. Regularly review and update financial policies and procedures

4.3((Financial planning and its role in developing performance))

Financial planning is the process of creating a roadmap for managing the financial resources of public organizations. It includes analyzing the current financial situation, forecasting future cash flow, and identifying potential risks. Financial planning can improve performance in several ways:

1- Make better decisions: Financial planning provides a clear picture of the financial situation of organizations and helps business owners make more informed decisions about investments, expenses and revenues.

2- Resource allocation: Financial planning helps organizations allocate resources effectively and prioritize expenditures that will have the greatest impact on the final result.

1- 3-Cash flow management: Financial planning helps organizations manage their cash flows, ensuring that they have enough cash on hand to cover their expenses and invest in growth opportunities.

3- Risk management: Financial planning helps institutions identify potential risks and develop strategies to mitigate them, which reduces the impact of unexpected events on the financial performance of the institution.

4- Growth Planning: Financial planning helps organizations identify growth opportunities and develop a strategy

Conclusions and Recommendations:

Conclusions:

1- The role of financial management focuses on monitoring, controlling, protecting, and preparing reports on the financial resources of institutions.

2- Institutions have accountants or financial teams responsible for managing their funds, including all financial transactions, including investments and other sources of financing.

3- The financial departments' work departments are also responsible for ensuring that all institutions operating in the government sector follow all applicable regulations, laws and instructions, and are able to fulfill their obligations towards the entities they work for.

Recommendations:

1- Continuous monitoring of public money and the way it is managed.

2- Develop effective plans to implement the general budgets of all state institutions.

3- Establishing an organizational structure for financial management in a manner consistent with applicable laws and instructions.

4- Ensuring financial accountability and allocating resources to various departments and departments of institutions.

5- Forecasting and planning for future financial needs in all institutions to ensure the availability of cash liquidity to implement projects.

1- Maintaining the state's confidence in the financial transactions of all public institutions.

We have tried as much as possible to draw the general frameworks for financial management operating in all government sector institutions by highlighting aspects of its work, its importance, and the goals for which it exists.

My primary goal in this research was to enable those working in the field of financial management to fully understand the nature of their work and how they contribute to applying general standards, instructions, and applicable laws. I hope that I have succeeded in my presentation.

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