

Budgetary Control of Off-Budget Operations in Algeria

Dr.Badis Zeghdi¹

University of Eloued

Email: zeghdi-badis@univ-eloued.dz

<https://orcid.org/0000-0002-1695-8569>

Dr. Fethi Lamouri²

University of Eloued

Email: Lamouri-fethi@univ-eloued.dz

<https://orcid.org/0000-0003-3782-4997>

Received: 01 Feb 2025

Accepted: 01 Nov 2025

Published: 15 March 2026

Abstract:

This study examines the legal and accounting framework governing off-budget operations in Algeria, in light of recent financial reforms and the requirements of Organic Law 18-15 and Public Accounting Law 23-07.

The article analyzes how public institutions execute these operations—performed in addition to their core missions—and investigates the associated budgetary control mechanisms. The findings indicate that while off-budget operations benefit from certain flexibilities, such as exemptions from prior budgetary visas for specific outlays, they remain strictly bound by competition rules and public procurement regulations, as well as rigorous ex-post audits. Furthermore, the study highlights a legislative shift in revenue distribution; the legislator has moved from emphasizing individual incentives toward strengthening institutional self-financing (60% share). This shift underscores a profound and integrated financial and accounting relationship between budgetary and off-budget frameworks.

Keywords: Budgetary Control, Off-Budget Operations, Public Accounting, Algerian Public Institutions.

1. Introduction:

The accounting and financial system in Algeria is fundamentally divided into two main frameworks. The first applies to every natural or legal person mandated to maintain financial accounting in accordance with the prevailing legislation and the provisions of **Law No. 07-11** related to the **Financial Accounting System (SCF)** [1]. This includes private enterprises, National Economic Public Enterprises (EPE), and Public Industrial and Commercial Establishments (EPIC), among others.

The second framework applies to public legal entities subject to the rules of public accounting and financial management under **Law No. 23-07** [2]. This framework governs the budgets and financial operations of the State, local authorities, Public Administrative Establishments (EPA), Public Health Establishments (EPS), and other legal entities tasked with executing all or part of the State's programs within the meaning of **Organic Law No. 18-15** relative to Finance Laws [3].

While operations executed under the public accounting system primarily consist of budgetary

operations, special accounts, and public treasury operations, a specific category of financial transactions remains under-examined by public finance practitioners: **Off-Budget Operations**. Despite being an integral part of public financial activities, these operations raise significant questions regarding their legal and accounting execution, as well as the mechanisms of oversight exercised by the competent audit and control bodies.

Problem Statement and Hypotheses

Main Research Problem

How are off-budget operations executed and supervised in accordance with the public accounting rules and the public procurement system currently in force in Algeria?

Sub-Questions

1. Is there a legal and accounting correlation between off-budget operations and standard budgetary operations?
2. Are off-budget operations subject to oversight, and if so, what are the specific types of control mechanisms applied to them?
3. Do the expenditures and charges associated with off-budget operations comply with competition procedures and the prevailing public procurement laws and regulations?

Research Hypotheses

• **Hypothesis 1:** There is no legal or accounting relationship between budgetary financial operations and off-budget financial operations.

• **Hypothesis 2:** Off-budget financial operations are not subject to any form of regulatory oversight or institutional control.

• **Hypothesis 3:** Off-budget financial operations are exempt from competition requirements and the legal frameworks governing public procurement.

Section I: Financial Operations

Financial operations can be categorized based on the budgetary framework into two main types: operations executed within the budget and those executed off-budget.

1. Definition of Budgetary Operations:

Budgetary operations are the procedures and regulations governing the preparation, execution, and oversight of financial estimates for the total expenditures and revenues of any public or private entity for a specific fiscal year. These operations embody strategic planning and are subject to formal authorization, including the approval of the relevant deliberative bodies.

2. Definition of Off-Budget Operations:

Off-budget operations are defined as "operations executed within the framework of secondary activities of a public institution that generate revenue" [4]. They are also characterized as "revenues generated within the budgetary framework that are recorded in distinct accounts" [5]. Furthermore, they are defined as "revenues resulting from operations achieved and executed outside the operating budget framework, which remain subject to public accounting principles in terms of financial management" [6].

Based on the aforementioned definitions, Off-Budget Operations can be synthesized as: operations through which specific financial resources are collected from activities outside the core mission of public institutions. These resources are subsequently committed and expended in accordance with public accounting rules and public procurement regulations.

Section II: Historical and Legal Background of Off-Budget Operations

A series of legal and regulatory texts has been issued to govern off-budget operations. These legal instruments will be briefly examined in chronological order, from their inception to the present day, as follows:

1. Executive Decree No. 92-05, dated January 4, 1992, defining the procedures for the allocation of revenues generated by services and works performed by public institutions beyond their core mission:

This is considered the primary regulatory text governing off-budget operations in Algeria. Issued as an Executive Decree [7], it comprises nine (9) articles. The first article specifies that the objective of this decree is to define and regulate the methods for allocating revenues derived from activities, works, and services performed specifically by public research, education, and training institutions, in addition to their assigned core missions.

Furthermore, as stipulated in Article 7, the scope of this decree excludes services that fall within the institution's primary mandate. Under no circumstances may these core missions be compromised or sacrificed in favor of the profit-generating activities conducted within the framework of off-budget operations.

2. Instruction No. 11, dated May 14, 1995: This instruction was issued in French by the General Directorate of Accounting at the Ministry of Finance [8]. It is structured into three primary regulatory frameworks:

- **I. General Provisions:** These provisions clarify the procedures for executing and accounting for revenues derived from activities and expenditures related to off-budget operations, based on the implementation of Executive Decree No. 92-05.

- **II. Accounting Provisions:** These stipulate that the financial and accounting operations related to the secondary activities of public institutions must be recorded in a secondary ledger opened specifically for this purpose by the public accounting officers of the concerned institutions. These operations are recorded under an "off-budget" section, detailing revenues in terms of assets (their sources and forms) and, in terms of liabilities, the method for distributing the prescribed percentages after deducting expenditures or charges associated with the activities and services.

- **III. Miscellaneous Provisions:** This instruction clarifies that the financial resources generated from secondary activities may be utilized upon collection to settle expenditures or charges. Furthermore, Authorizing Officers (Ordonnateurs) may only perform the stipulated distribution based on a financial statement prepared every three months, which must show the net balance resulting in the off-budget section.

3. Executive Decree No. 98-412, dated December 7, 1998, defining the procedures for the allocation of revenues generated by services and works performed by public institutions beyond their core mission:

This represents the third regulatory text governing off-budget operations in Algeria and the second issued as an Executive Decree [9]. It consists of ten (10) articles. Notably, Article 1 stipulates that off-budget operations may be performed by all public institutions, expanding the scope beyond the previous limitation to research, education, and training institutions. Furthermore, the final article of this decree explicitly repealed the provisions of Executive Decree No. 92-05.

4. Inter-ministerial Instruction No. 03, dated November 20, 1999:

This instruction was issued jointly by the Ministry of Finance and the Ministry of Higher Education and Scientific Research [10]. It comprises three primary frameworks, including:

- I. General Provisions:** Issued less than a year after Executive Decree No. 98-412, this instruction serves to implement the decree's provisions. Its objective is to define the procedures for the execution and accounting registration of revenues derived from activities and their associated expenditures for public research, education, and training institutions, performed in addition to their principal mission.

- II. Accounting Provisions:** In addition to the provisions previously established in Instruction No. 11 of May 14, 1995, these accounting regulations stipulate that all expenditures related to off-budget operations must be subject to a **visa (approval)** from the **Budgetary Controller** [11] (formerly the

Financial Controller). This approval is granted based on a statement confirming the availability of funds collected by the **Public Accountant** [12]. Consequently, this instruction explicitly subjects all off-budget expenditures to **prior expenditure control** (ex-ante control), as mandated under the current regulatory framework [13].

III. Miscellaneous Provisions: Revenues derived from secondary activities, as defined in this instruction, may be utilized as they are collected by the Public Accountant. The **Authorizing Officer** (Ordonnateur) shall then perform the distribution stipulated in Decree No. 98-412, based on a quarterly report (every three months) showing the net balance recorded under the off-budget operations section.

5. Inter-ministerial Instruction No. 02, dated February 4, 2001: This instruction was issued in French [14] as a joint text between the Ministry of Finance and the Ministry of Tourism and Handicrafts. It incorporates the same regulatory provisions established in Inter-ministerial Instruction No. 03 of November 20, 1999.

6. Inter-ministerial Instruction No. 31, dated December 15, 2001: Similarly, this instruction was issued in French [15] as a joint text between the Delegated Ministry in charge of the Treasury and Financial Reform and the Ministry of Vocational Training. This instruction also mirrors the provisions of the two aforementioned Inter-ministerial Instructions (No. 03 of November 20, 1999, and No. 02 of February 4, 2001).

Section III: Revenues and Charges of Off-Budget Operations

While the State's general budget relies on the annual Finance Law following its approval by both chambers of Parliament [16], the adoption of budgets for Public Administrative Establishments (EPA) occurs upon approval by the institution's Board of Directors or Steering Committee, as the case may be.

In contrast, **off-budget operations** are established on a **contractual or consensual basis**. This means they are initiated through a contract, agreement, or procurement deal between the public institution—acting as the provider of services, works, or activities—and the beneficiary entity (whether public or private), which receives these services or works in exchange for financial consideration. These services, works, or activities encompass various forms and categories.

1. Forms of Services Provided by Public Establishments: The services, works, and activities executed by public establishments within the framework of off-budget operations take various forms that differ from one sector to another. These variations depend on the nature of the public institution, its field of activity, and its mandated missions. The nature of these services is exclusively defined by regulatory texts, specifically ministerial decrees issued by the relevant minister supervising the sector. For instance, the list of works, services, and activities that the **University of Continuing Education (UFC)** can perform in addition to its primary mission includes the following [17]:

- Organizing and supporting training engineering;
- Organizing and supervising tailor-made, qualifying, and specialized postgraduate training courses;
- Organizing and supervising seminars, exams, competitions, and professional tests;
- Designing and producing digital educational documents;
- Designing and conducting surveys and opinion polls.

2. Content of the Off-Budget Operations Contract: The contract, agreement, or procurement deal between the parties involved in off-budget operations must specify the following [18]: The subject and nature of the services, the execution deadlines, the procedures for monitoring and supervising the various stages of execution, and the nominal list of personnel involved along with their scientific and professional qualifications. In addition to the above, the contract, agreement, or procurement deal must explicitly state the total value of the services and the individuals authorized to sign, as these are considered mandatory legal disclosures.

3. Procedures for the Legal and Accounting Collection of Off-Budget Revenues

Based on the concluded agreement, contract, or procurement deal, the **Authorizing Officer** (Ordonnateur) issues a **Revenue Order** (Order to Recover) [19] resulting from the collection of financial dues via check or any other financial payment instrument. Upon the issuance of this order, the **Public Accountant** of the relevant institution collects the revenue [20] for the institution's account. At this stage, the Authorizing Officer is permitted to utilize these financial resources and distribute the prescribed percentages after deducting the associated financial charges and expenditures of the operation.

4. Deduction of Charges and Expenditures for Off-Budget Operations

The deduction process involves subtracting the direct costs incurred by the public institution during the execution of the agreed-upon services. The nature of these expenditures corresponds to the nature of the services, works, or activities performed. For example, public institutions providing training services incur costs for purchasing paper, office supplies, and catering for trainees. Direct expenditures are deducted from the total collected amount, and the remaining balance is distributed according to the percentages established by current legislation, specifically the **Finance Law for 2021**.

I. Applicability of Public Procurement Rules to Off-Budget Expenditures

Expenditures incurred within the framework of off-budget operations are subject to competition and public procurement rules, identical to all other public expenditures.

- If the estimated expenditure exceeds **One Million Algerian Dinars (1,000,000 DZD)** for works and supplies, or **Five Hundred Thousand Algerian Dinars (500,000 DZD)** for services and studies, a **Consultation** must be conducted under **Adapted Procedures**.

- However, if the estimated amount exceeds **Twelve Million Algerian Dinars (12,000,000 DZD)** for works and supplies, or **Six Million Algerian Dinars (6,000,000 DZD)** for services and studies, a formal **Public Procurement Contract** must be concluded under **Formal Procedures**, in accordance with the legislation [21] and regulations [22] governing public procurement.

II. Exemption of Off-Budget Expenditures from the Budgetary Controller's Prior Visa:

Expenditures and charges related to off-budget operations are exempt from the prior control and visa of the Budgetary Controller (formerly the Financial Controller) [23]. However, they remain subject to ex-post (retrospective) control and visa upon the submission of expenditures related to the distribution of percentages after the deduction of these initial charges.

5. Distribution of Percentages Following the Deduction of Direct Charges for Off-Budget Operations:

After subtracting the total direct charges incurred by public institutions from the collected revenue, the remaining balance is distributed. These percentages have been modified as follows [24]:

I. A 60% Share Allocated to the Institution's Account:

Previously set at 35%, the share allocated to the institution's account was increased to 60% following the enactment of the Finance Law for 2021. This amount is recorded as financial revenue [25] within the budget of the public institution that performed the operation. Consequently, as the large st portion of off-budget financial operations is integrated into the institution's budget, a clear financial and accounting correlation is established between off-budget operations and standard budgetary operations.

II. A 30% Share as an Incentive Bonus:

Under the Finance Law for 2021, this percentage was reduced from 50% to 30%. Previously, the distribution of this bonus among participants was problematic due to a lack of transparency; for instance, an institution's director could receive 50% or more, with the remainder distributed unequally among other staff. This was due to the absence of regulatory texts defining distribution methods. Currently, most sectors have rectified this issue. For example, in public institutions under the Ministry of Vocational Education and Training, the incentive bonus is distributed in accordance with Circular No.

02, dated September 3, 2018 [26].

III. A 10% Share as an Undistributed Balance: This portion remains undistributed within the Treasury account and cannot be utilized or disposed of. It would have been more effective to either allocate this share to the institution's account—thereby increasing its proportion from 60% to 70%—or add it to the incentive bonus, bringing it to 40%. Such an adjustment would optimize the utilization of generated resources and further motivate the personnel involved in these operations.

Table No. 1: Distribution of Off-Budget Operation Shares and Percentages After Deduction of Charges

Shares and Percentages	Article 4 of Executive Decree No. 98-412	Article 120 of the 2021 Finance Law
Share allocated to the institution's account	35%	60%
Incentive Bonus	50%	30%
Share for the laboratory/pedagogical unit that executed the service (to improve resources and working conditions)	10%	/
Share for the institution's employees (Social and Cultural activities)	5%	/
Undistributed Balance	/	10%

Source: Prepared by the researchers based on the provisions of Article 4 of Executive Decree No. 98-412 and Article 120 of the Finance Law for 2021.

Practical Example:

The Vocational Training and Apprenticeship Center of El-Oued concluded an agreement (Ref. No. 15/2026) to conduct a training program for the employees of the Directorate of Programming and Budget Monitoring (DPBM) of El-Oued Province. The total value of the agreement is Twelve Million Algerian Dinars (12,000,000 DZD).

To execute this agreement, the Center issued a Purchase Order (Ref. No. 11/2026) amounting to Two Million Algerian Dinars (2,000,000 DZD) for the acquisition of office supplies (white paper and pens). The professional examination process involved the participation of a professor, the institution's director, the deputy director of finance and means, the deputy director of studies and internships, three (3) administrative executive staff, and three (3) manual executive staff.

Question:

Execute the off-budget operations by calculating the revenue, expenditures, the distribution of percentages, and the incentive bonus.

Solution:

Table No. 2: Preparation of Commitment Vouchers by the Authorizing Officer for Submission to the Budgetary Controller for Visa (Approval).

Order No.	Subject of Commitment	Supporting Documents	Previous Balance	Transaction Amount	New Balance
1	(A) Recognition of Revenue for Agreement No. 15/26	Agreement No. 15/26 + Revenue Order	0	+ 12,000,000	12,000,000
2	(B)	Purchase	12,00	-	10,000,0

	Commitment for Purchase Order No. 11/26	Order No. 11/26 + Expenditure Presentation Report	0,000	2,000,000	00
3	(C) Commitment of 60% Share for the Institution	Decision specifying the amount + Institution's Treasury Account	10,000,000	- 6,000,000	4,000,000
4	(D) Commitment of 30% for the Incentive Bonus	Nominal list of participants	4,000,000	- 3,000,000	1,000,000 0 (Undistributed)

Source: Table prepared by the researchers

A- Revenue:

Based on Agreement No. 15/26, the Directorate of Programming and Budget Monitoring is committed to paying the amount of **12,000,000 DZD**. This revenue is recovered by the **Public Accountant** pursuant to a **Revenue Order (Order to Recover)** issued by the institution's director. This operation is recorded and endorsed (visaed) by the **Budgetary Controller** during the execution of off-budget operations.

B- Expenditure (Charges):

To acquire office supplies, the Center launches a **Consultation** to encourage competition among economic operators active in the office supply sector. Once the consultation results are awarded to an operator based on quality and price, a **Purchase Order (Ref. No. 11/26)** is issued or an agreement is concluded. In this case, assuming the consultation is awarded for **2,000,000 DZD**, this expenditure is deducted from the total revenue. It is also recorded and endorsed by the Budgetary Controller on a **Commitment Voucher** according to the established regulatory model.

C- The 60% Share:

An amount of **6,000,000 DZD** is allocated to the institution's account via a formal **Decision** and a **Payment Warrant (Mandat de Paiement)**, accompanied by a commitment voucher endorsed by the Budgetary Controller.

D- The 30% Share:

The head of the institution determines the **nominal list** of participants after consulting the **deliberative body** [1] (the Board of Directors or the Steering Committee). The amount of **3,000,000 DZD** is distributed among the participants according to the percentages and procedures in force within the sector, pursuant to **Circular No. 02 dated September 3, 2018**, as follows:

Table No. 3: Distribution of Amounts

Participant / Category	Percentage (%)	Amount (DZD)
Professor / Trainer	33%	990,000 DZD
Director	9%	270,000 DZD
Deputy Director of Administration and Finance	7%	210,000 DZD
Deputy Director of Studies and Internships	7%	210,000 DZD
5 Administrative Executive Staff	19%	570,000 DZD (114,000 per

		staff)
3 Support / Manual Labor Staff	25%	750,000 DZD (250,000 per staff)
Total	100 %	3,000,000 DZD

Source: Table prepared by the researchers

Conclusion

Our study reveals that off-budget operations are characterized by the following:

- **Significant Financial Role:** They play a crucial role in financing a portion of budgetary revenues. This confirms the existence of a definitive legal and accounting correlation between the public institution's budget and its off-budget operations. Consequently, these operations must receive greater strategic attention to enhance the financial, economic, and accounting efficiency of public institutions.

- **Comprehensive Oversight Framework:** During their execution, off-budget operations are generally subject to the oversight mechanisms prescribed by prevailing legislation and regulations, such as the **ex-post audit** by the **Court of Auditors** and **administrative (tutelary) supervision**. More specifically, they are subject to **budgetary control**—commonly referred to as the **prior control of committed expenditures**—while the **Public Accountant** remains responsible for executing all collection and payment transactions.

- **Adherence to Public Procurement Standards:** Regarding the execution of off-budget expenditures and charges, these outlays—regardless of their value—must comply with competition rules and the general principles of **public procurement**. These principles include the **transparency of procedures**, **free access to public demand**, and **equal treatment of candidates**, in accordance with the current legislative and regulatory framework governing public contracts.

- **Compliance with Accounting Cycles:** As off-budget operations are governed by public accounting rules, their execution follows essential procedural stages. For **revenues**, this involves the **issuance of revenue orders** and subsequent **collection**. For **expenditures**, the cycle proceeds through **liquidation**, **issuance of payment orders**, and **final payment**.

References:

[1] **Law No. 07-11** of November 25, 2007, relating to the Financial Accounting System, Official Gazette No. 74, November 25, 2007, p. 3.

[2] **Law No. 23-07** of June 21, 2023, relating to the rules of public accounting and financial management, Official Gazette No. 42, June 25, 2023, p. 4.

[3] **Organic Law No. 18-15** of September 2, 2018, relating to Finance Laws, as amended and supplemented, Official Gazette No. 53, September 2, 2018, p. 9.

[4] **Glossary of Terms and Concepts Related to Organic Law No. 18-15** relative to Finance Laws, Ministry of Finance, General Directorate of Budget, June 2021, p. 19.

[5] **Instruction No. 06** dated March 15, 2015, regarding the accounting management of Municipal Treasuries and Public Health Establishment Treasuries, Ministry of Finance, General Directorate of Accounting, Algiers, p. 33.

[6] **Circular No. 04** dated July 14, 2003, clarifying the application of Inter-ministerial Instruction No. 31 dated December 15, 2001, Ministry of Vocational Training and Apprenticeship, Algiers, p. 2.

[7] **Executive Decree No. 92-05** of 28 Jumada al-Thani 1412, corresponding to January 4, 1992, defining the procedures for the allocation of revenues generated by services and works performed by public institutions beyond their core mission, **Official Gazette No. 02**, dated 3 Rajab 1412, corresponding to January 8, 1992, pp. 61, 62.

[8] **Instruction No. 11**, dated May 14, 1995, regarding the accounting management of revenues from

works and services performed by public establishments in addition to their principal mission, General Directorate of Accounting, Ministry of Finance, pp. 249, 250. (Researcher's Translation).

[9] **Executive Decree No. 98-412**, dated December 7, 1998, defining the procedures for the allocation of revenues generated by services and works performed by public institutions beyond their core mission, **Official Gazette No. 92**, dated December 9, 1998, p. 28.

[10] **Inter-ministerial Instruction No. 03**, dated November 20, 1999.

[11] **Law No. 23-07**, dated June 21, 2023, relating to the rules of public accounting and financial management, **Official Gazette No. 42**, Article 103, p. 12.

[12] **Ibid.**, Article 24, p. 6.

[13] **Executive Decree No. 24-247**, dated October 14, 2024, defining the procedures for the exercise of budgetary control, **Official Gazette No. 72**, dated October 27, 2024.

[14] **Inter-ministerial Instruction No. 02**, dated February 4, 2001, regarding the accounting management of revenues from works and services performed by public establishments in addition to their principal mission.

[15] **Inter-ministerial Instruction No. 31**, dated December 15, 2001, regarding the accounting management of revenues from works and services performed by public establishments in addition to their principal mission.

[16] **Organic Law No. 18-15**, dated September 2, 2018, relating to Finance Laws, **Official Gazette No. 53**, September 2, 2018, Articles 69 to 77, pp. 16–18.

[17] **Decree of the Minister of Higher Education and Scientific Research**, dated September 8, 2013, defining the list of activities, services, and works performed by the University of Continuing Education in addition to its principal mission, **Official Gazette No. 07**, dated February 16, 2014, Article 02, p. 32.

[18] **Executive Decree No. 98-412**, dated December 7, 1998, *Op. cit.*, Article 03, p. 29.

[19] **Law No. 23-07**, relating to the rules of public accounting and financial management, dated June 21, 2023, **Official Gazette No. 42**, June 25, 2023, Article 4, indent 2, p. 4.

[20] **Ibid.**, Article 24, indent 1, p. 6.

[21] **Law No. 23-12**, dated August 5, 2023, defining the general rules of public procurement, **Official Gazette No. 51**, August 6, 2023, Article 18, p. 7; Article 39, p. 10.

[22] **Presidential Decree No. 15-247**, dated September 16, 2015, regarding the regulation of public procurement and public service delegations, **Official Gazette No. 50**, September 20, 2015, Articles 13, 14, 21, pp. 6–7.

[23] **Executive Decree No. 24-247**, dated October 14, 2024, defining the procedures for the exercise of budgetary control, *Op. cit.*, Article 14, p. 6.

[24] **Law No. 20-16**, dated December 31, 2020, containing the **Finance Law for 2021**, **Official Gazette No. 83**, December 31, 2020, Article 120, pp. 42–43.

[25] **Executive Decree No. 21-62**, dated February 8, 2021, defining the budgetary and accounting management procedures applicable to the budgets of Public Administrative Establishments and other public bodies receiving state budget allocations, **Official Gazette No. 11**, February 15, 2021, Article 9, indent 4, p.

[26] **Circular No. 02**, dated December 3, 2018 (sic), regarding the distribution of the incentive bonus to participants involved in the execution of works or services, including support staff, Ministry of Vocational Education and Training, Algeria.

[27] **Executive Decree No. 98-412**, dated December 7, 1998, defining the procedures for the allocation of revenues generated by services and works performed by public institutions beyond their core mission, *Op. cit.*, Article 3, Paragraph 2, p. 29.