The impact of international accounting standards (IAS / IFRS) on the activation of management control tools in the governance framework to improve the performance of economic enterprises.

أثر معايير المحاسبة الدولية (IAS / IFRS) على تفعيل أدوات الرقابة الإدارية في إطار الحوكمة لتحسين أداء المؤسسات الاقتصادية

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Abstract :

This paper discusses the impact of the International Accounting Standards (IAS) on the outputs of the financial accounting system and its products, i.e. the financial statements which are the standard basis for accounting and financial information. These are considered as inputs to the management control system with its various tools of measurement and evaluation of the enterprise's performance, so as to improve it and achieving its objectives, and maintaining its continuity

Keywords: Management monitoring tools; financial accounting system; performance measurement and evaluation.

JEL classification codes: G32; M4; O16.

الملخص:

تناولت هذه الورقة البحثية تأثير المعايير المحاسبية الدولية (IAS/IFRS) على مخرجات النظام المحاسبي المالي ومنتجاته أي القوائم المالية التي تعتبر القاعدة الأساسية للمعلومات المحاسبية والمالية كمدخلات لنظام مراقبة التسيير بمختلف أدواته والتي تعتمد عليها في قياس وتقيم الأداء بهدف تحسينه من جهة وتوجيه وترشيد قرارات المؤسسة نحو تحقيق أهدافها المرسومة من جهة أخرى، وهذا من اجل نجاحها والحفاظ على استمراريتها.

الكلمات المفتاحية: ادوات مراقبة التسيير، نظام المحاسبة المالية، قياس وتقييم الاداء.

تصنيف *JEL*: G32; M4; O16.

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INTRODUCTION

The economic situation in Algeria and the accumulated reforms leading to the market economy have not achieved the desired goals, and have witnessed a marked deterioration in most of the levels of the economic sector in general and the productive sector in particular, which in turn resulting in a decline in the value of the national currency. This deterioration is mainly due to poor governance in the modern business environment, which is witnessing rapid and continuous fluctuations.

Therefore, it can be said that the only basic rule that ensures the continuity and success of the enterprise is the extent of its ability to conduct and control, and hence shows the importance of monitoring management as a system that has imposed itself. However, the effectiveness of its tools is closely related to the credibility of the information systems, which rely mainly on the outputs of the accounting system, ie, the financial statements, such as the budget and others.

The development of the accounting system as an information system in Algeria through its adaptation and revision in accordance with the International Accounting Standards (IFRS / IAS) will inevitably lead to the development and improvement of its core outputs, which are the basic basis for the input of the governance tools. Therefore, the international accounting standards affect financial reporting, the information accounting and financial system. Through the process of transition or passing to these standards, the controller has an important role in the field of information systems and reporting.

Moreover, the economic enterprises have a very important role in managing the process of transition to the new International Accounting Standards, especially at the level of governance control, which makes us wonder about the effects and results of these standards on the task of the controller.

1. The importance of research

The importance of this paper is to study the process of transformation that economic enterprises must undertake in order to adapt their accounting and financial systems in accordance with the International Accounting Standards (IFRS / IAS), and determine their impact on the governance systems through updating the monitoring tools management, in order to achieve the desired results, which must be in the level of aspirations of the managers of these enterprises.

2.The objective of research

The transition to International Accounting Standards (IFRS/IAS) obliges the management monitors to restructure and adapt the tools and behaviors of the economic enterprises in accordance with this approach, so as to expand their role to combine the accounting and financial dimensions. The process of governance monitoring requires practical efforts aimed at collecting and producing a very important mass of the correct and actual information in the shortest possible time. Therefore, the main objectives of this paper are:

A brief study of International Accounting Standards (IFRS / IAS) and a focus on their direct impact on the tools of the controller;

Exposure to the governance process through its traditional and modern tools and its role as an information system;

An attempt to identify aspects of the impact of IPSAS on the work of governance instruments.

I. International Accounting Standards main:

The term "Standard" means accounting basis, a standard in a language is a model in which the weight, length or quality of a thing is measured. In accounting, the basic guide for measuring operations and events affects the financial position of the enterprise and the results of its operations and the delivery of information to beneficiaries.

The standard in this sense is usually related to a specific element of the financial statements or to a particular type of transaction, event or circumstance that affects the financial position of the enterprise and the results of its business, such as fixed assets, goods or others. The International Rules Committee defined the accounting rule as "Professionals" that encourage supporting their judgment and wisdom, but they never eliminate wisdom or diligence. They are also a highly professional description of generally accepted professional practices which aimed at reducing the degree of variation in expression or practice in similar circumstances".

1. Importance of Accounting Standards

The need for accounting standards comes through:

- ❖ Identify and measure the financial events of the enterprise;
- ❖ Delivering the measurement results to the users of the financial statements;
- ❖ Determine the appropriate method of measurement;
- ❖ Make the right decision.

2 Beneficiaries of International Accounting Standards

The beneficiaries of published financial information and reports are classified into six main categories (Alexander, 1986):

- ❖ The group of equity holders of the project, including current and future shareholders and holders of convertible bonds;
- ❖ The group of lenders and creditors who finance the project with secured and unsecured loans;

- Group of employees including management and accountants;
- Financial analysts, economists, statisticians, researchers and others who provide consulting services;
- The government and its related agencies such as taxes, local groups and others;
- The public in general.

To meet the needs of the users of the published financial statements in the areas of investment and finance, two basic conditions must be met:

- The information provided by such data should be credible and reliable in decision-making.
- The information should be comparable.

3.International Accounting Standards

The International Accounting Standards Committee (IASC) is an independent entity not affiliated with any particular government, and its primary objective is to achieve accounting standardization used by business organizations and other entities around the world and interested in accounting work and financial reporting.

The above objectives can be achieved through:

- Ensuring that published financial statements which have been prepared and presented in accordance with international accounting standards;
- Convincing governments and other standards-setting bodies to adhere to these standards.
- Convincing the official bodies supervising the commercial organizations and other enterprises to oblige the entities under their control to follow the international accounting standards.
- Convincing external auditors to verify the need for enterprises and companies to follow international accounting standards when preparing their financial statements.

II. Governance control and information systems

The critical importance of monitoring governance within an organization lies in achieving the established objectives by ensuring the ability to control and manage the right strategic path while providing the necessary guidance to avoid the negative deviations that impede the achievement of these objectives.

Anthony defines management oversight as the sequence through which officials in the enterprises ensure the use of available resources at the lowest cost, with more efficiency and effectiveness to reach the established goals.

A.Germalis also defines management oversight as a range of means, facilities and processes that provide the organization with long-term objectives.

It is also known that it is a management process that takes care of evaluating the achievements of the enterprise by using predetermined criteria and making corrective decisions based on the evaluation result that is highly linked to planning. In addition, it prepares the necessary feedback to adjust the plans without delay in the light of the achieved results.

Management oversight is defined in the US Standard as a process carried out by the board of directors that designed to provide reasonable assurance of the achievement of the following objectives (ANTHONY, 1997):

- ❖ Trust in financial reports;
- ❖ Adherence to appropriate laws and regulations;
- ❖ Effectiveness and efficiency of operations.

Through the previous definitions, it is possible to say that the process of monitoring the management enables us to control the management and the implementation through the rational use of all available resources, in order to ensure the achievement of objectives by the strategy that allows the survival and continuity.

Thus, the controller can be found as an intermediary between the financial interests and the operational interests (decision-making interests). The functions of the controller can be embodied in the model of continuous improvement of the performance of DeMing through four main axes (Bouquin, 2004):

“**Plan**":

- ❖ **Setting the objectives**: It is the responsibility of the Controller to inform the operational interests in determining the objectives to be achieved and motivate the team to do so;
- ❖ **Planning**: Reduces costs by optimizing and rationalizing all available resources;
- ❖ **Budget**: Preparing and forms a short-term budget in cooperation with operational interests.

"**Do**":

- ❖ **Execution**.

"**Check**":

- ❖ **Follow-up of achievements**: The steering controller works to ensure leadership in achieving the objectives through the leadership table, which is prepared from the available financial information.

"**Act**":

- ❖ **Analyzing the results**: The final stage is to evaluate the actions taken and analyzing the differences between the obtained and estimated results;
- ❖ **Take corrective action**: This is due to the analysis of the steering controller.

Intuitively, the controller is very close to the operational interests (the interests of decision-making), and he is an intermediary between them and the financial interests in order to effectively lead the various activities of the enterprise. Financial and accounting information is very important and the controller is capable of converting them into analytical information.

It is therefore possible to say that the controller has an essential and important role in the application and implementation of International Accounting Standards (IAS) starting with his proximity to operational interests and finalizing his contribution by the construction of analytical tools.

1.The objectives of management control

The management control system has developed a wide development in its functions from the accounting task to its comprehensiveness of all functions without exception, so it has an effective role in both the planning processes and the management of individuals in the enterprise. Therefore, we can summarize its tasks as follows (ATTAFIALI, 2002):

- ❖ Analysis of deviations resulting from actual and estimated activities, and highlighting the reasons that led to these deviations using estimated budgets;
- ❖ The rationalization of costs (non-amplification of burdens);
- ❖ Drawing the strengths, extract the weaknesses and try to strengthen the weaknesses and propose a set of methods to avoid them;
- ❖ Looking for ways to improve performance (upgrading the incentive system);
- ❖ Achieving efficiency by ensuring the optimal use of available resources and energies;
- ❖ Achieving effectiveness by ensuring the present and future objectives.

2.The importance of monitoring management and its role in the enterprise

The development of economic enterprises shows the importance of monitoring governance. Though, in some small individual enterprises there was no need for a system of control over their operations, but when the size of the enterprises grew and the number of problems and employees increased the owners become unable to manage them effectively, and this must be accompanied by the owners' competences in management and supervision. To formulate policies and follow-up implementation easily and achieving efficiency in the exploitation of available resources, the following procedures must be handled (Alazard & Sépari , 2001):

- ❖ Division of the enterprise into administrative units, or what is known as centers of responsibility;
- ❖ Determining the terms of reference of each unit and the responsibilities of

the administrative levels;

- ❖ Establishing the regulations governing the implementation of various operations and ensure their flow under a strict control system;
- ❖ Recording all financial and non-financial indicators that enable the measurement of the performance of each level;
- ❖ Providing data to the managers to help them in decision and policy-making.

It has also been confirmed that the existence of a system to control the activities of the enterprise is a necessity required by modern scientific management to gain competitive advantage.

3.Characteristics of the Steering Control System

The characteristics of the Steering Control System can be summarized as follows:

- ❖ **Provide correct information**: The management control system provides correct information to the decision maker because erroneous or distorted information misleads him to bad results;
- ❖ **Timing of information provided**: The management control system provides the appropriate information in a timely manner, since the lost information loses its meaning and its usefulness, so that the decision maker obtains correct information, but it has no effect on the decision (Gervais, 1997);
- ❖ **Cost savings**: An effective management control system reduces costs, especially if it is based on computer and software, it reduces operating costs and time costs;
- ❖ **Ease of understanding**: The management control system is easy to understand or apply. If the path does not understand the control system well and the nature of the information has been misinterpreted, this leads to make the wrong decisions;
- ❖ **Facilitating decision-making**: The system of governance control contributes to the decision-making process through providing information characterized by clarity and readiness without the need for interpretation.

4. Management tools

The process of monitoring the management is based on the foundations to ensure the efficiency of the exploitation of available resources to achieve the desired goals through the comparison of real performance standard, and the basis of required corrective actions. For this purpose there are several traditional and modern tools can be used.

4.1.Traditional tools

- **Information systems**: We note that the information system is divided into the terms "system" and "information", a system is a set of interconnected and integrated parts that work to achieve a certain goal, and the information are facts, principles or instructions in a formal form suitable for communication interpretation and operation by individuals and automatic machinery. Then, the information system is a framework in which resources (human and mechanical) are coordinated to transform inputs (data) into outputs (information) to achieve project objectives;
- **The use of financial accounting in management control** is a set of quantitative techniques that can be used to facilitate and make decisions. Management monitoring uses IAS financial output that is already reflected in the financial statements such as business turnover, procurement, Stocks;
- **The relationship of analytical accounting to management monitoring**: Analytical accounting is part of the management within an organization. Most large enterprises have cost accounting, which is normally dependent on forecasts that allow the control of management. The importance of analytical accounting is the only one that allows the following tasks:
- Effective expenditure control (expenses);
- Direct efforts to work on the basis of cost reduction and final cost;
- Measurement of manufacturing resources;
- Estimate (forecast) by adopting a particular policy.

4.2.Modern tools

- **Financial analysis**: Financial analysis is a collection of studies conducted on the financial statements in order to crystallize information, clarify its deliberations, and helps in assessing the past and contributes to the future.
- **Budget**: Administrative budgets are one of the management accounting methods used by the administration for the purpose of achieving the optimal and rational use of the economic available resources in order to achieve the objectives on which the unit was based. The budget estimates the future plans of the economic unit in quantitative terms, mainly making estimates in the light of the expected future conditions, taking into account the internal and external factors surrounding them.
- **Dashboard**: The term "dashboard" appeared in 1930 in the form of follow-up ratios and necessary data that allow the path to follow the process of steering towards the established goals by comparing the obtained ratios and the standard ratios. It was defined by M. Gervais as the implementation of an information system that allows knowing the necessary information to run the enterprise in a short time and to facilitate

the exercise of its responsibilities.

- ❖ **Balanced Score Card**: It is one of the modern administrative methods and techniques that have contributed to controlling the performance of the enterprises. It is an administrative system and strategic plan to evaluate the activities and performance of the enterprise according to its vision and strategy. This system balances financial and customer satisfaction and evaluates the effectiveness of internal processes, the aspects of learning, the development of innovation whether profitable or non-profit.

5.Effective management control

Administrative control begins at the end of the accounting control, for example, the performance reports in which the standards are compared with the results of the actual activity and the amount of determined deviations, in light of which the necessary correction is made. The type of control has three main factors:

- ❖ **Effective preventive control**: The organization must have a set of performance standards to be used as a basis for comparing the actual performance of the different divisions and achieving the objectives of administrative control. These standards are the preventive control measures established by the enterprise, such as the budget system and standard cost system, all of which aim to protect the enterprise's resources from wasteful and misuse. Preventive measures are considered as criteria for efficient performance, and without them, it is difficult for an enterprise to evaluate the success or failure of performance.
- ❖ **Liability accounting system**: Accountability accounting can be defined as an accounting method designed for the accounting system to achieve effective performance control by directly linking the accounting reports with the officials at all administrative levels.
- ❖ **Appropriate performance reports**: Performance reports are the backbone of feedback systems, they aim to provide the management of the enterprise with appropriate information, indicating the efficiency of the application and the use of preventive controls. The reports must contain the operations of the activities under the responsibility of specific persons, so that the administration can hold them accountable and act to correct the causes of the deviations.

6. Mechanisms of the Control Information System

The Controller obtains the required data and information from all the departments through the organizational hierarchy and using the channels of communication and transfer of approved information. Among the basic information on which the financial and accounting statements are based, it is assumed that an effective financial and accounting system is in line with the enterprises' needs and the organizational structure adopted.

Furthermore, the effectiveness of the financial and accounting system is measured by the extent to which it can extract the results of the enterprise's work, so that these results reflect the real reality at different levels and in various fields. This is not achieved unless all commercial and financial operations are recorded according to a specific and consistent format. Information and data can be classified and presented in the form of periodic reports.

The purpose of such a system is to use and exploit it to achieve the objectives of the enterprise. Therefore, it must be accompanied by an integrated system of internal control, which must be included in its main administrative, financial and accounting control activities.

III. Analysis of International Accounting Standards

The IPSAS consists of 41 standards, each of which addresses a specific point, and management control is relevant to all standards, but with a varying effect from one criterion to another. In this section, we will review the following criteria (NAHMIAS, 2004):

1. IASB (Inventories)

This standard is intended to describe the accounting treatment of inventories by historical cost system, and the cost of inventory which must be recognized as an asset included in the budget until the related revenue is recognized as a primary issue in inventory accounting. This standard is the practical guidance for determining the cost of inventory that is subsequently recognized as an expense, including any reduction to net collectible amount. It also provides guidance on the cost equation used to determine inventory costs.

The cost of inventory must include all acquisition costs, conversion costs and other costs incurred by bringing the inventory to its current location and condition.

In addition, the information of the listed values of stocks according to their different classifications, and changes in these assets are useful for users of financial statements. The stock in service establishments can simply be described as work in progress.

Moreover, the financial statements should disclose either the cost of inventory recognized as an expense during the period or the downloadable operating costs of the income that are recognized as an expense during the period.

2. IAS 11 (Construction Contracts)

This Standard aims to describe the accounting treatment of revenues and costs related to construction contracts. Due to the nature of the activity in the construction contracts, the commencement and the expiry dates of the contract are in two different accounting periods. Therefore, it is necessary to allocate the revenues and costs of contracts between the accounting periods in which the work is performed.

However, the revenue of construction contracts is determined using the percentage of completion method, and this percentage is measured on the basis of the ratio of the number of actual human working hours to the total number of human working hours estimated per contract.

3. IAS 14 (Segment Reporting)

This standard applies to the entire set of published financial statements that comply with IAS, and to the preparation of segment information in accordance with the accounting policies adopted for the preparation and presentation of the consolidated financial statements.

Moreover, this standard does not preclude additional sector disclosures that are submitted to the board of directors for the purposes of resources allocation decisions and the assessment of the segment performance.

The objective of this standard is to develop principles for reporting financial information by sector. The information should be on the various types of products and services produced and the different geographical regions in which it operates to assist users of the financial statements

The IAS 14 Segment Reporting has been superseded and replaced by the IFRS 8 Operating Segments which states:

- ❖ Reports should be submitted based on the main reporting format of the project;
- ❖ The project should disclose the revenue of each sector to be reported, as well as reporting on segment revenue from sales to external customers;
- ❖ The total carrying amount of the assets of each reporting segment and the assets of the segment should be disclosed.

4. IAS16 (Property, Plant and Equipment)

This standard aims to describe the accounting treatment of property, plant and equipment. The main issues of accounting for property, plant and equipment are the timing of recognition and the measurement of its recorded value and the related depreciation expenses.

This standard defines property, plant and equipment (fixed assets) as property either for the purpose of use in carrying out the enterprise's activity or for the purpose of leasing which is expected to be used in more than one financial period.

5. IAS 17 (Leases)

The enterprises receive their fixed asset needs either by purchasing or leasing. However, owning these assets through purchase may result in the freezing of funds that could have been used to repay or lease long-term loans. The lease keeps the asset at the disposal of the enterprise while receiving funding at the same time.

In addition, the lease is characterized by the fact that the lessor is in a better position than the creditor when the enterprise faces financial difficulties as the lessor loses ownership of the leased asset. It is also easy for high risk enterprises to obtain financing for rent in return for obtaining loans.

6. IAS 32 (Financial Instruments)

This standard provides a description of the requirements for the presentation of financial instruments that appear on the balance sheet. The standard also specifies the information to be disclosed in respect of financial instruments, whether they are in or out of balance. It also addresses how the financial instruments are classified as liabilities, equity, interests, dividends, losses and gains, as well as the circumstances in which financial assets and financial liabilities must be offset. The factors affecting the amount, timing and risks of the entity's future cash flows arise from financial instruments as well as the accounting policies applied in the treatment of financial instruments.

7. IAS 36 (Impairment of Assets)

The objective of this standard is to indicate the procedures applied by the enterprise to ensure that its assets are recorded but not more than its recoverable amount. The asset is recorded in excess of its recoverable amount if its amount exceeds the amount to be recovered. This standard requires that the enterprise recognize the impairment loss and identifies certain disclosures for assets that have decreased in value.

This standard should be applied in accounting for impairment of all assets except for:

Stocks;.

- ❖ Assets arising from construction contracts;
- ❖ Deferred tax assets;
- ❖ Assets arising from employee benefits;
- ❖ Financial assets within the scope of IAS 32.

8. IAS 37 (Provisions, Liabilities and Contingent Assets)

The objective of this standard is to ensure that appropriate recognition criteria and measurement bases applied to provisions, obligations and contingent assets, and to disclose sufficient information to enable users to understand their nature, timing and value.

The IAS 37 standard describes the accounting and disclosure of all provisions, liabilities and contingent assets except:

Those resulting from executive contracts burdened with obligations;

Binding contracts in which either one party has not performed any of its obligations or both parties have made an equal part of their obligations;

Those fall within another criterion.

9. IAS 38 (Intangible Assets)

This Standard introduces the accounting treatment of intangible assets that are not dealt with in another standard; it provides that an asset must be recognized if it meets the conditions set out in it.

The intangible asset is an identifiable and non-monetary asset that is retained for use in the production, supply or lease of goods or services to others, or for administrative purposes.

IV. Determining the impact of International Accounting Standards (IAS/IFRS)

The impact of the IAS on management control instruments can be appeared in three aspects:

1. Impact on Processes and Regulations

The application of IPSAS is not only an accounting process, but there are also parties at the operational level involved. This can be represented in several interests and functions of the enterprise such as the treasury, contract negotiations, procurement, sales and financial interests. All owners of these interests are in urgent need for necessary and ongoing information to make appropriate decisions.

The standards (IAS16, IAS37, IAS38) provide a real transfer of responsibility towards several operational functions of the enterprise through greater participation in operational processes. These standards also act to change management of the enterprise, in which it is the responsible for the exchange of information between all the interests and functions of the enterprise in various fields of work.

The standards (IAS11, IAS 32) have an impact on the information system, especially the information itself, which is increasingly consistent and important in the various interests and functions of the enterprise.

Therefore, it is clear that the new functions of these standards require more transparent and reliable financial reports, since governance control is considered as a guarantee for the application of accounting principles at several levels. The effects of applying IPSAS in terms of regulation are not counter-productive, but they have the same degree of actual participation in all enterprise's functions.

In fact, the International Accounting Standards (IAS) lead to a fundamental shift in corporate responsibility that must be undertaken through the contribution of all parties, where the controller assigns new tasks in cooperation with the various operational interests in the enterprise.

2. Impact on Information Systems

The management controller is responsible for structuring the information systems of the organization because it will have to make a real reflection to find appropriate solutions. It is clear that the current tools do not cover all the functions expected through the use of IAS.

In principle, the management controller should ensure that the available management software allows providing all the accurate financial information required by international accounting standards. It must also ensure that the management software for fixed values allows consideration and follow-up of the impairment of intangible and in-kind values. Therefore, on the way to use of IAS, the governance controller should ensure that information systems allow reconciliation of data with those recorded and calculated by old or local standards.

The management of information systems will inevitably be a necessary and essential step in the transition to IAS / IFRS. The governance controller is an important part to obtain a level of information that is more clear, transparent and credible, and information systems must be effective to be adapted in accordance with the requirements of each standard.

Furthermore, the process of monitoring the management will be directly affected, so the process of updating all the software used by the organizations must ensure that the information systems are very basic and important elements that cannot be ignored during the transition processes.

3. Impact on Financial Statements

The modern business environment is witnessing a significant increase in financial and accounting information to ensure a high degree of transparency in the financial and accounting statements, and the controller will be obliged to adapt, comply with these data.

In fact, the elements of several different centers must always be subject to several qualitative and quantitative characteristics. In addition, the IAS require that the changes in the budget and in the results table for each enterprise must determine whether the impact of these standards on financial information is of great importance and whether the development of the financial reports are taken into account.

At the end, it can be said that the high degree of transparency and disclosure required by the IAS Board (IASB) drives enterprises to disseminate financial information more clearly and accurately. It also give them greater credibility and reliability and better response to the requirements of external factors. Therefore, the impact on financial information will be one of the most difficult aspects that the management of enterprises is required because it requires a very large burden of work and effort for them to prepare financial statements.

V. CONCLUSION

The adaptation of the work of monitoring tools in accordance with IAS will inevitably affect positively the enterprise in particular and the national economy in general and can be highlighted the impact in several aspects, including:

- The management monitoring tools help senior management in making strategic decisions from the optimum use of available resources to the achievement of the objectives set by avoiding predicting deficiencies, mistakes in the future, and this is of course within the framework of measuring and evaluating performance. All this depends on the validity, quality and credibility of the results (outputs) of these tools, which are closely related to those tools of the inputs, which are in turn the outputs of the financial accounting system;
- Adapting the management control tools to IAS leads to the access and use of financial and accounting information in decision-making which results in credible and reliable outputs;
- The absence of IAS leads to different grounds for dealing with the operations, events and financial conditions of different enterprises, and these result in a difficulty of comparing the financial centers efforts and the obtained results;
- The absence of accounting standards sometimes results in the use of improper accounting methods to measure the processes, events and circumstances that affect the enterprise' activities and deliver its results to the beneficiaries. As a result, the financial statements may not reflect the fair value of the financial position of the enterprise and results of its operations. The management controller role must be upgraded, because he works with the internal and external auditors as well as the financial interests of the enterprise to test and address the impairment through the IAS36, which adds a financial dimension to the work of the controller;
- Financial reports prepared in accordance with IAS /IPSAS are essential to the management controller in setting and defining the objectives of the

enterprise by establishing the budget balance to ensure consistency between the objectives and the financial possibilities. The controller analyzes the deviations that appear between the estimator and the obtained and if deviations exist, it will be proceed with the corrective adjustments;

Finally, it can be concluded that the disclosure system has two main objectives: First, provide suitable and appropriate information in order to achieve expects results, and second, compile these information in order to allow for a holistic view of the enterprise's achievements.

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