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FEATURES OF REFORMING STATE FINANCIAL CONTROL IN THE REPUBLIC OF UZBEKISTAN

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Abstract

The purpose of this article is to identify the main directions for improving the system of state financial control in the Republic of Uzbekistan. The principles for constructing a system of state financial control vary depending on the established historical, economic and legal traditions of the country. The article describes the current level of development of state financial control in the country and trends in the introduction of advanced international experience in order to increase the efficiency of financial control. It is known that standards of external state control are formed and approved by the national control and accounting authorities of the corresponding country, as a rule, taking into account the requirements of INTOSAI standards.

Keywords: Budget, control, budget control, financial control, state financial control, financial management system, supreme financial control bodies, internal financial control, internal audit, control bodies.

Introduction

Financial control is an important part of the public financial management system, the increasing importance of which in the modern world is reflected, among other things, in the Lima Declaration of the Guiding Principles of Control, according to which financial control is an integral component of public financial management. The relevance of the topic of this study is due to the strengthening of the role of financial control in all countries of the world and the search for ways to increase the effectiveness of its implementation.

LITERATURE REVIEW

President of Uzbekistan Sh. Mirziyoyev noted that "The large-scale reforms carried out in Uzbekistan over the years of independence have laid a solid foundation for national statehood and sovereignty, the rule of law, human rights and freedoms, created decent living conditions for the population and the realization of the creative potential of citizens.

Under these conditions, the rational, economic and efficient use of budgetary funds will play an important stabilizing role in the national economy, contributing to an increase in the effectiveness of public finances.

According to Russian scientist A.N. Kozyrin, "control is the activity of state bodies, which is carried out using special forms and methods, as well as in some cases the activities of non-

governmental bodies authorized to establish the legality and reliability of financial transactions, an objective assessment of the economic efficiency of financial and economic activities, identify reserves to increase it, increase the budget profitability and preservation of property in the "hands" of the state . The same opinion is shared by E.Y. Gracheva.
E.Y. Gracheva also notes that the management process is an informational interaction between the managing and managed subsystems and "financial control is a kind of feedback signal that leads to the responsibility of the perpetrators for deviations, offenses related to the implementation of legal norms, managerial decision–making, and also provides information necessary for further optimization of the adopted regulatory legal acts.
Professor S.U.Mekhmonov notes that "the internal audit service of budgetary organizations, which was an important structural element of the internal control system, is recognized as an activity that allows effective control over all parts (degree) of the internal control system."
Associate Professor Z.U. Khamidova notes that "the internal audit service in budgetary organizations is an activity aimed at ensuring the completeness and compliance with the law of internal documents of an organization's activities based on regulatory documents, evaluating the effectiveness of using budget funds using modern information technologies and making recommendations for its improvement, as well as further increasing the transparency of the budget process."

ANALYSIS AND RESULT

In the budget system, the internal audit service helps to increase the coverage of the control function of numerous budget organizations, which increases the efficiency of using budget funds. According to the decisions taken in recent years by the Government of the country, it is envisaged to further strengthen macroeconomic stability and maintain high economic growth rates by ensuring "the balance of the State budget at all levels while maintaining the social orientation of expenditures," improving "inter-budgetary relations" aimed "at strengthening the revenue side of local budgets." This can be achieved only through well-organized control in the republic over the effective and efficient use of budgetary funds in the budgetary sphere through the improvement of the system of state financial control.
The internal audit service plays an important role in this area. Currently, internal audit is widespread in various fields of economic activity, as well as large enterprises and budget organizations prefer to have their own structural unit, whose main responsibilities are related to the organization of the control function.
For example, it is more beneficial for commercial organizations to have their own structures than to use consulting services or outsource external audit specialists to perform identical tasks.
Large-scale work is underway in the country to transform the fiscal, budgetary, and monetary systems. The reforms have not bypassed the system of state financial control, in particular, the state audit office. Thus, measures are being taken in this area to adopt International Standards on Auditing in the Public Sector (ISSAI-International Standards of Supreme Audit Institutions (Denmark; audit standards) developed by the International Organization of Supreme Audit Institutions INTOSAI (International Standards of Supreme Audit Institutions).
One of the main mechanisms of public administration and influence on the change in the economic structure of the country is the financial mechanism, the fundamental part of which is the budget.

The allocation and use of budgetary funds, as well as other financial and material resources by the State, determine the effectiveness and efficiency of its activities as a whole.

Thus, Article 3 of the Budget Code of the Republic of Uzbekistan provides the following definition: "state financial control is the study, analysis and comparison of accounting, financial, statistical, banking and other documents of objects of state financial control in order to monitor the implementation of budget legislation;".

Article 170 of the General Provisions clarifies that "State financial control is carried out by state financial control bodies in order to identify, eliminate and prevent violations of budgetary legislation by objects of state financial control, as well as to prevent corruption offenses in the budgetary sphere."

Article 174 "State financial control carried out by the Accounts Chamber of the Republic of Uzbekistan", defining the tasks of the Accounts Chamber of the Republic of Uzbekistan, notes that: "audit of the effectiveness and legality of expenditures of the budgets of the budgetary system and other funds established in accordance with the established procedure, identification of opportunities for their reduction at all levels;"

Currently, large-scale reforms are underway in the field of internal audit of the Republic of Uzbekistan, aimed at improving the efficiency of its functioning. From the very beginning of the implementation of this reform, the Government of Uzbekistan outlined the main directions of reforming the budget sector, including:

- optimization of the existing network of budget recipients;
- clarification of the legal status and reorganization of budgetary institutions;
- transition to new forms of financial support for the provision of public services;
- implementation of result-oriented budgeting methods, which is based on monitoring the effectiveness of the use of budgetary funds through the implementation of an internal audit system.

It is the latter of the above-mentioned areas that is the most important, as it is aimed at fulfilling one of the basic principles of the republic's budget system, prescribed by article 14 of the Budget Code, on the effectiveness of the use of budgetary funds. This principle means that "when drawing up and executing budgets of the budgetary system, participants in the budgetary process, within the limits of their powers, proceed from the need to achieve a result using the amount of funds determined by the budgets of the budgetary system."3

Internal audit in budgetary organizations, being an integral part of the unified financial control system, is designed to continuously monitor all financial transactions carried out in the economic activities of budgetary organizations, as well as cost estimates for extra-budgetary funds of budgetary organizations.

A competent organization of internal audit in budgetary organizations makes it possible to identify hidden reserves, detect violations of the economy regime, planning and financial and budgetary discipline, prevent and promptly eliminate possible losses and unjustified expenditures of budgetary and extra-budgetary funds of the organization.

Internal audit in budgetary organizations is the most important part of the system for monitoring the activities of budgetary institutions. Using internal audit information, heads of budget organizations can promptly make informed management decisions, analyze the financial and economic activities of the organization, carry out and control the targeted expenditure of funds, take measures to eliminate miscalculations and deviations from approved standards, illegal spending. With the help of internal audit, each budget organization carries out systematic monitoring of the availability and safety of material and monetary resources, monitoring their rational use, taking into account economic expediency, which contributes to improving the efficiency of the budget system.

RECOMMENDATIONS AND CONCLUSION

Thus, by Decree of the President of the Republic of Uzbekistan dated August 27, 2021 No. UP-6300 "On measures to further improve the system of State financial control"4, in order to improve the system of state financial control over the effective management of public financial resources, the targeted and rational use of budgetary funds, as well as ensuring the fulfillment of tasks defined in the State Program for implementation of the Action Strategy on five priority areas of development of the Republic of Uzbekistan in 2017 — In 2021, the "Year of Youth Support and Public Health Promotion" established that, in accordance with the Law of the Republic of Uzbekistan "On the Accounts Chamber of the Republic of Uzbekistan", the forms and types of control carried out by the Accounts Chamber, starting from January 1, 2022, were additionally introduced into practice.:

- financial audit, which provides an assessment of accounting (budgetary) accounting, reliability of financial statements, targeted and legitimate use of financial resources, completeness of income, as well as the legality of financial transactions;
- compliance audit, which provides for checking and evaluating the use of consolidated and attracted budget funds, the implementation of public procurement and business processes, as well as ensuring the completeness of income, for compliance with the requirements of regulatory legal acts and compliance with government programs;
- performance audit, which provides for an assessment and analysis of the effectiveness and efficiency of expenditures, subsidies, benefits and preferences, the cost-effectiveness of using allocated funds, meeting established targets, the feasibility and effectiveness of projects implemented from the consolidated budget and attracted funds, as well as the availability of state and regional programs with sources of financing.

In order to ensure the implementation of the decree of the President of the Republic of Uzbekistan "On further improving the efficiency of expenditures of the State Budget of the Republic of Uzbekistan and improving the activities of State financial control bodies" dated February 14, 2022 PP-128, as well as the further development of the internal audit service of ministries and departments and improving the regulation of their activities by Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated August 1, 2022 No. 416 "On Approval of the Model Regulation on the Internal Audit Service of Ministries and Departments" approved:

- fundamentals and procedures for the organization of internal audit services in ministries and departments;
- duties and functions of the Internal Audit Service;
- qualification requirements for employees of the internal audit service and restrictions on participation in internal audit activities;
- analysis and assessment of compliance with budget legislation by internal audit services and the study of the formation of financial statements;

- preparation of reports on the rights and responsibilities of the internal audit service, as well as on the activities of the internal audit service;
- keeping records of cases of violations of the identified budgetary requirements of the legislation and informing the heads of ministries and departments about them.

This government decree defines the main tasks of the internal audit service:
- providing the supervisory Board with reliable information and preparing proposals for improving the company's activities based on the results of internal audit;
- prompt submission of recommendations to the company's management bodies on the elimination of deficiencies identified during the internal audit process, and monitoring their elimination.

The main functions of the internal audit service are:
- implementation of internal audit (quarterly and based on the results of the reporting year) by conducting appropriate audits in the areas specified in the Regulations, in accordance with the plan approved annually by the Supervisory Board of the enterprise.;
- conducting an expert examination of concluded business contracts for their compliance with legal requirements;
- providing methodological assistance to the company's structural divisions in maintaining accounting records and preparing financial statements, advising them on financial, tax, banking and other legislation;
- providing assistance to the company's supervisory board in developing technical specifications, evaluating audit organizations' proposals, and making recommendations when choosing an audit organization to conduct an audit.

The Internal Audit Service has the right to:
- receive company documents (orders, executive orders, decisions of management bodies, certificates, calculations, certified copies of necessary documents and other documentation), oral and written explanations from officials and responsible persons of the company on issues arising during the internal audit;
- involve relevant specialists of the company to assist in conducting internal audit.

The professional level of the internal audit service staff should be maintained by improving their skills on a systematic basis in educational institutions that have the appropriate license.

Employees of the internal audit service are subject to annual certification by the company's Supervisory Board.

The main conditions for the independence of the internal audit service are:
- appointment and dismissal of the head of the internal audit service and its employees from their positions, setting their salaries and other payments according to the decisions of the supervisory board of the enterprise;
- direct subordination to the company's supervisory board.

An effective internal audit system will allow solving a range of different issues in the field of business process and risk management in the public sector.

In our opinion, an effective internal audit system will reduce the risks associated with the implementation of various government programs and timely monitor targets, increase the efficiency of business processes, and provide the management of a budget organization with timely and complete information necessary to make correct and effective management decisions.

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