



## The Significance of Financial Control in Ensuring Targeted Spending in Vocational Education Institutions

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**ABSTRACT:** This article is devoted to consideration of the significance of financial control in ensuring the targeted spending in vocational educational institutions. Research papers of economists on the concept of financial control have been investigated and the impact of financial control contributing to economic efficiency has been analyzed. In reliance upon the research results the author has developed relevant proposals and recommendations.

**KEYWORDS:** vocational education, financial control, expenditures, targeted spending, economic efficiency, effective distribution, market economy, management, financial condition, financial planning.

### INTRODUCTION

Currently in rapidly developing market economy, entities face various challenges in financial control and cost management. Efficient allocation and use of resources is crucially important to the financial condition and long-term sustainability of the entity. Achieving this goal is not easy, as many factors, including economic uncertainties, evolving market dynamics, and the increasing complexity of various business operations, can hinder this process. This factor constitutes the basis for emphasizing the significance of financial control, increasing the ability to exercise precise control over the targeted spending.

Financial control is a key component of proper organizational management. It includes a set of practices and processes, such as budgeting, financial planning, and management accounting that together affect how an entity allocates and manages its financial resources. A well-structured financial control system not only ensures the entity's financial responsibility, but also serves as a leading force in achieving its strategic goals. Financial control, by its essence, is ensuring the optimal distribution of the entity's financial resources to achieve predetermined goals and objectives, while targeted spending involves the deliberate allocation of resources to specific activities, projects, or departments in accordance with organizational strategies. The synergy between these two concepts is important for organizations seeking to not only effectively manage their expenditures, but also to increase growth, innovation and competitiveness in a dynamic market.

Efficient organization of the cost targeting, which is often treated as a practical expression of the entity's financial strategy, is necessary to manage financial resources in line with strategic priorities. Adjusting the objectives of expenditures in compliance with the overall mission and goals of the entity is an important requirement that companies must observe in an increasingly competitive and dynamic business environment.

This research paper explores the complex relationship between financial control mechanisms and cost targeting and aims to reveal how effective financial control strategies affect an entity's ability to meet cost targets.

### LITERATURE REVIEW

Many scholars have conducted studies on the issues related to the financial control. We will examine some of them in order to reveal the essence of financial control within the framework of this research.

According to Zambaev (2012), financial control is carried out in order to ensure the ability of the government to exercise its legal rights to protect its financial interests and the financial benefits of citizens.

From the point of view of Salikhov (2005), public financial control is defined as “the activities of the public authorities with appropriate powers using certain organizational forms and methods in order to establish the legality and reliability of financial



operations, to objectively assess the economic efficiency of financial and economic activities and to determine the reserves for its growth, to raise the income and receipts to the budget and to preserve state property”.

In the opinion of Danilevskiy (1993), “Financial control is an important function and an integral part of the general mechanism of economic and production management, which includes financial, lending and production indicators. The sphere of control includes production and distribution of goods, consumption and their circulation in monetary terms”.

Itkin thinks (1992): “The activity of the public control authorities should be focused on checking the implementation of state laws and presidential decrees, legality, correctness and expediency of the direction of allocated budget funds, and the effective and economical use of the public funds at all levels of management of material and financial resources”.

According to Drobozina (1997), “Financial control implies the control over the financial activities of all economic entities (state, enterprises, institutions, organizations) by legislative and executive authorities at all levels and specially established institutions using special methods. It includes control of compliance with financial and economic legislation in the process of formation and use of monetary funds, assessment of the economic efficiency of financial and economic operations and appropriateness of the expenses incurred”.

In the opinion of Shokhin and Voronina (1997), “Financial control is a comprehensive multi–sectoral control system of the government and community authorities that perform the functions of controlling these activities in order to objectively assess economic efficiency of financial and economic activities of enterprises, institutions and organizations, determine legality and expediency of economic and financial operations, as well as determine the reserves of state budget revenues”.

From the point of view of Baranova (2018), the public financial control is a lever of financial policy aimed at regulating budget legal relations, ensuring compliance with budget legislation and other statutory acts.

Penchuk (2014) defines public financial control as a functional element of state and municipal financial management.

The following synthesized definition can be formulated based on the various perspectives presented by scholars on financial control: “Financial control is a multifaceted and integrated function that includes regulation, assessment and control activities within the framework of the economic management mechanism. It is implemented by the public authorities and institutions in order to protect the financial interests of the government and citizens, to ensure the legality and efficiency of financial and economic operations. Its goals are to assess economic efficiency of financial activities, preserve state assets, increase budget revenues, and ensure compliance with financial and economic legislation. Financial control serves as an important lever of financial policy, regulates budget legal relations, helps to properly manage state and city finances”.

This definition summarizes the main aspects highlighted by scholars, emphasizing the multifaceted and regulatory nature of financial control, its role in ensuring financial legitimacy, efficiency and compliance with the law, and the importance of economic management and public financial policy.

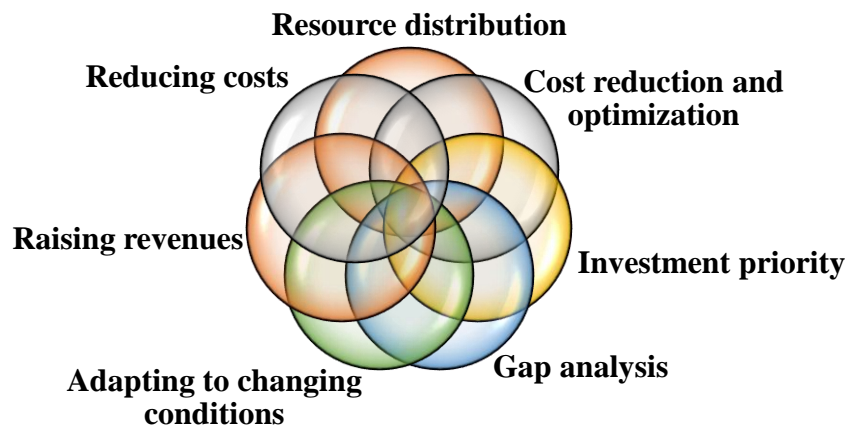
## RESULTS AND DISCUSSIONS

Cost targeting begins with the budget, as it sets spending limits and targets for different categories or projects. Observance over these goals is an important part of financial control. It aims to effectively manage available resources, reduce waste and reallocate resources as needed to ensure financial sustainability.

Financial control includes such measures of controlling expenditures as monitoring, reducing unnecessary expenditures and ensuring that all expenditures are reasonable and within budget. Cost targeting enables entities to strategically allocate resources to specific areas, control expenditures, and direct funds to where they can make the greatest impact.

The part of financial control involves measuring and analyzing financial performance to identify areas that may require corrections or improvements. Targets of expenditures serve as performance indicators. By comparing actual expenditures with these goals, entities can assess how well they are managing their resources and meeting their financial goals.

Financial control not only helps the entities set and control spending targets, but also plays a crucially important role in improving economic efficiency. Financial control ensures the efficient use of the financial resources of the entity by optimizing the allocation of resources, controlling expenditures, prioritizing investments and adapting to changing conditions. This, in turn, enables an entity to achieve effective cost targeting while maintaining financial stability and competitiveness. The impact of financial control contributing to economic efficiency is demonstrated in Figure 1:



**Figure 1.** The impact of financial control on economic efficiency

Financial control mechanisms, in particular budgeting and financial planning, help entities to optimally allocate resources. By setting specific budgets for different departments and projects, entities can ensure that financial resources are directed to areas that align with their strategic goals. This separation prevents wastage and improves economic efficiency.

The practice of financial control often involves a serious analysis of expenditures. By carefully monitoring and analyzing expenditures, entities can identify areas where the expenditures can be reduced or optimized without compromising the quality or performance of products and services. This cost-effective approach results in more efficient use of resources.

Financial control enables the entities to prioritize investments based on their strategic importance. When resources are limited, this prioritization ensures that spending is directed toward initiatives that make the greatest impact on the entity's goals. This not only increases economic efficiency, but also helps achieve strategic goals.

An integral part of financial control, management accounting provides the tools and data to monitor performance and conduct variance analysis. By comparing actual costs with budgeted figures, entities can identify discrepancies and undertake corrective action as needed. This real-time feedback system enables to control expenditures and improve economic efficiency.

Effective financial control operations enable entities to adapt to changing economic conditions and market dynamics. When financial control systems are flexible and responsive, organizations can make timely adjustments to their spending plans. Such flexibility ensures efficient use of resources even in the face of unexpected challenges or opportunities.

Financial control goes beyond control over expenditures. It also focuses on revenue and profitability. By aligning expenditures with revenue-generating activities and ensuring that resources are invested where they can generate the highest return, financial control contributes to overall profitability, thereby providing the means to achieve cost objectives. Financial control operations include risk assessment and mitigation strategies. By identifying and mitigating financial risks, entities can avoid costly disruptions and unexpected expenses. Such proactive approach in managing risks enhances economic efficiency through unscheduled financial failures.

Some financial control mechanisms include performance measurement and incentive structures. These tools motivate employees and departments to meet or exceed their cost goals by linking financial performance to incentives. This approach encourages cost-conscious behavior and raises cost effectiveness at all levels of the entity.

In reliance upon the above research and analysis, it is known that financial control plays a decisive role in ensuring the targeted spending of expenses in professional educational institutions. However, like any system, it can face challenges that hinder its effectiveness. Therefore, we have compiled common problems and solutions related to financial control in educational institutions in Uzbekistan (Table 1):



**Table 1.** The common problems and solutions related to financial control in educational institutions in Uzbekistan

Problems	Solutions
Transparency absence	Implement transparent financial reporting and disclosure mechanisms to demonstrate stakeholders how funds are allocated and spent;
Improper budgeting	Improve the budgeting process by engaging key stakeholders, setting realistic financial goals, and regularly reviewing and adjusting the budget;
Ineffective internal control	Strengthening internal controls by implementing segregation of duties, approval processes, and regular internal audits to detect and prevent financial violations;
Ineffective monitoring of expenditures	Use financial management software and reporting tools to provide real-time expense monitoring, automated alerts on budget deviations, and detailed financial reporting;
Budget deficit	Study alternative sources of income;
Lack of long-term financial planning	Developing a long-term financial plan consistent with the entity’s strategic goals and objectives. This plan should take into account factors such as enrollment growth, facility maintenance, and technological advances;
Misallocation of resources	Prioritize the allocation of resources to support core educational functions and essential services, ensuring that funds are used to improve the learning environment.

Based on the information in Table 1, solving these problems in financial control and management is necessary to ensure that expenditures in vocational education institutions in Uzbekistan are targeted and consistent with the educational mission and goals of the institution. By implementing the proposed solutions, vocational education institutions can enhance financial transparency, efficiency and accountability, ultimately improve the quality of education and contribute to the sustainable operation of these institutions.

In general, under conditions of professional education institutions in Uzbekistan, financial control plays a decisive role in shaping and influencing the targeted use of expenditures. The impact of financial control on targeted spending is of great importance, as it is evident that it affects the quality of education, allocation of resources and the overall efficiency of these institutions. The final conclusion on the targeted use of financial control in vocational educational institutions in Uzbekistan is as follows:

1. Financial control measures enhance transparency and accountability in the allocation and use of resources. This transparency enables educational institutions to ensure that funds are targeted and spend on specific educational programs, faculty development, as well as infrastructure improvements;

2. Financial control includes strict adherence to the budget, prevention of overspending and financial mismanagement. Adherence to budget constraints helps institutions make targeted spending decisions based on predetermined financial allocations;

3. Efficient financial controls help institutions streamline the allocation of resources by directing funds to areas that directly contribute to their academic mission. By eliminating waste of resources and optimizing costs, institutions can improve efficiency while maintaining quality of education;

4. Reduction of expenses and control efforts that are part of financial control enable educational institutions to reduce unnecessary expenditures. This cost management strategy supports targeted spending by freeing up resources for specific programs and initiatives;

5. Financial control often involves setting performance indicators. These indicators can be used to monitor the effectiveness of various programs, to ensure that resources are spent in accordance with academic goals;



6. Financial control encourages long-term financial planning, which enables institutions to set financial goals and allocate resources strategically. Long-term planning ensures that expenditures are directed toward sustainable growth and academic development;

7. Compliance with financial regulations and regular audits, components of financial control, help maintain integrity in financial transactions. This ensures that expenses are spent in accordance with legal and ethical standards;

8. Efficient financial controls can create a financial cushion that enables institutions to flexibly allocate resources in response to changing needs or unexpected challenges, ensuring targeted and flexible use of resources.

## CONCLUSION

In conclusion it should be noted that financial control plays an important role in guiding and influencing expenditure targeting in vocational education institutions in Uzbekistan. It provides transparency, accountability, efficiency and cost management, enabling institutions to strategically allocate resources to support their educational mission and long-term development. By maintaining adequate financial controls, these institutions can ensure that every expenditure is directed toward improving the quality of education and overall success of their students and faculty.

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