



Increasing the Effectiveness of the Budget Organizations through the Influence of Financial Control

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ABSTRACT: The article examines the issue of increasing the effectiveness of the budget organizations through the influence of financial control. In addition, the article studies research papers of scholars–economists on financial control, the activities of financial control bodies to ensure the purposeful spending of funds of budget organizations, as well as analytical operations performed. In reliance upon the research outcomes, the author has developed relevant conclusions.

KEYWORDS: effectiveness, budget organizations, financial control, financing, public funds, supervision, purposeful spending, fiscal responsibility, control system, economic efficiency, financial activities.

INTRODUCTION

Financial control authorities play a decisive role in the activities of budget organizations, they serve as guardians of fiscal responsibility and accountability. These entities, which often include state audit bodies, internal audit departments and supervisory bodies, are assigned an essential task of monitoring and auditing financial activities of budget organizations. Their activities are important in ensuring efficient distribution of resources, preventing fraud and mismanagement, and justifying public trust. In this research paper we examine significance of financial control bodies in the operation of budget organizations and their crucial role in ensuring transparency, compliance with the law and efficient use of public funds.

LITERATURE REVIEW

It should be noted, that this topic has widely been researched. In particular, Joyce (2011) providing a comprehensive study of the US Congressional Budget Office and its role in the budget process.

In the opinion of Shokhin and Voronina (1997), “Financial control implies a multi–faceted, multi–sectoral control system of state and community bodies 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 the legality and expediency of economic and financial operations, and determine the reserves of state budget revenues”.

From the point of view of Baranova (2018), 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 public and municipal financial management.

Tulakhodjaeva (1998) suggests that “Financial control is a system of control aimed at determining effectiveness of the activities of the government, enterprises, organizations and institutions by the state or independent public bodies established by the government and entrusted with control tasks.

In the opinion of Azizov (2016), “Financial control, as a system, is a control system aimed at determining the effectiveness of the activities of the government, companies, entities and institutions by the government or independent public organizations”.

From the point of view of Ibragimov and Sugirbaev (2009), “Financial control includes all processes of the movement of financial resources, starting with the process of organizing funds, starting any activity, and ending with the determination of its financial results”.

Ovsyannikov (1999) gives the following definition: “Public financial control is implementation of the rights of the government to protect its financial interests and the financial interests of its citizens by legal means”.



Malikov and Olimjonov (2019) define public financial control in a narrow and broad sense. In particular, public financial control in a broad sense is a set of regulatory measures that ensure the economic security of the country and ensure compliance with state interests in the state financial process for the implementation of an effective public financial policy. In a narrow sense, public financial control is the control carried out by state authorities and other authorized bodies over the legality and expediency of the process of formation, distribution and use of the public monetary funds of state and local governments for the purpose of effective and socio-economic development of the country.

According to Abidov (2017), public financial control is a system of measures aimed at the successful implementation of the public financial policy in order to ensure compliance with financial legislation and prevent the state from spending budget and extra-budgetary revenues without purpose.

RESULTS AND DISCUSSIONS

Financial control authorities are responsible for checking compliance with financial rules, procedures and budget restrictions established by budget organizations. In this way, they help budget organizations to maintain fiscal responsibility and prevent excessive and incorrect allocation of funds.

Prevention of fraud and mismanagement, that is, one of the main tasks of financial control authorities is to identify and prevent financial violations, fraud and misuse of funds within budget organizations. Their inspections help identify and correct any financial irregularities, which are critical to ensuring the integrity of the budget process.

Financial control authorities hold budget organizations accountable for their financial decisions and actions. Accountability is essential to ensure that budget organizations act in the best interests of the people they serve.

Financial control authorities contribute to transparency by conducting independent audits and providing detailed reports on the financial activities of budget organizations. These reports are often made available to the public, which enhances the transparency of financial transactions and increases public confidence in how public funds are managed.

By evaluating the financial practice and budget execution of budget organizations, financial control authorities help to identify areas for improvement. This data can be used to optimize the allocation of resources, ensuring that funds are directed to programs and initiatives that have the greatest impact and benefit the public.

Budget organizations must comply with various laws and regulations governing financial management. Financial control authorities play an essential role in checking the compliance of these organizations with the requirements of the law, helping to prevent legal problems and related penalties.

In short, the activity of financial control authorities is significant for the effective functioning of budget organizations. They ensure the responsible use of public funds, prevent financial mishaps, enhance responsibility of organizations, contribute to transparency, and ultimately strengthen public trust and the success of budget organizations in fulfilling their tasks and serving the interests of society.

Below we consider the analysis of the data related to our research. In Table 1 below, we have shown the growth dynamics of financial errors and deficiencies identified in the state budget organizations in 2018–2022.

Table 1. The growth dynamics of financial errors and deficiencies identified in state budget organizations in 2018–2022 [1], million UZS

Table with 6 columns: Indicators, 2018, 2019, 2020, 2021, 2022. Rows include Financial errors, Including: Shortages and utilization of funds and material assets, and Illegal costs and overpayments.

The data demonstrate that the identified financial errors and deficiencies amounted to 68104.1 million UZS in 2018, 142591.9 million UZS in 2019, 245956.4 million UZS in 2020, 1072120 million UZS in 2021, and 974882 million UZS in 2022. Of this,



financial errors related to shortages and utilization cases of funds and material assets amounted to 15608.9 million UZS in 2018, 30348.6 million UZS in 2019, 81354.2 million UZS in 2020, 124562 million UZS in 2021, and 166391 million UZS in 2022. Financial errors and deficiencies related to illegal expenses and overpayments amounted to 52495.2 million UZS in 2018, 112243.3 million UZS in 2019, 164602.2 million UZS in 2020, 947558 million UZS in 2021, and 808491 million UZS in 2022.

These statistics illustrate that the activity of financial control authorities is important. Their control and inspections are essential in maintaining financial condition of budget organizations and public trust, and ensuring the effective and legal use of the public funds. Growing indicators emphasize the need for measures to further strengthen financial control to maintain the integrity of budget organizations and their financial operations.

Table 2. The dynamics of financial control efficiency results conducted in budgetary organizations in 2018–2022 [2], mln. UZS

Indicators:	2018	2019	2020	2021	2022
Funds recovered and saved as extra	33703,0	12731,0	31125,3	154160	150500
Recovered funds	51090,1	129138,8	168771,1	298870	460254
Materials of control measures given to law enforcement agencies	60127,1	129621,7	239534,9	329019	525600

Table 2 analyzes the dynamics of the results of financial control efficiency in budget organizations in 2018–2022, and the funds recovered and saved constituted 33703.0 million UZS in 2018, 12731.0 million UZS in 2019, 31125.3 million UZS in 2020, 154160 million UZS in 2021 and 150500 million UZS in 2022, while the recovered funds accounted for 51090.1 million UZS in 2018, 129138.8 million UZS in 2019, 168771.1 million UZS in 2020, 298 870 million UZS in 2021 and 460254 million UZS in 2022. In addition, the materials for control activities provided to law enforcement agencies amounted to 60127.1 million UZS in 2018, 129621.7 million UZS in 2019, 239534.9 million UZS in 2020, 329019 million UZS in 2021, and 525600 million UZS in 2022.

In general, the data in Table 2 indicate a positive trend in the efficiency of financial control of budget organizations. The increase in funds, savings and materials allocated for control measures shows significance of these control bodies in detecting and eliminating financial irregularities. Their role in more efficient management of resources and compliance with financial regulations is also crucially important.

Table 3. Analysis the costs prevented for legal and financial obligations and funds in excess in 2018–2022 [3]

Indicators	2018	2019	2020	2021	2022	
Legal obligations (contracts returned)	Number (thousand)	443	472	364	435	455
	Amount: Billion UZS	25030	28556	46943	44184	42200
Costs prevented from untargeted use and funds in excess in financial obligations (billion UZS)	2309,1	1535,4	9334,0	909,6	955,0	

Table 3 illustrates the analysis the costs prevented for legal and financial obligations and funds in excess in 2018–2022. Legal obligations were returned in 443 thousand cases in 2018, the total amount of which constituted 25030 billion UZS. In 2019 it amounted to 28556 billion UZS in 472 thousand cases, in 2020 this indicator accounted for 46943 billion UZS in 364 thousand cases, in 2021 it was 44184 billion UZS in 435 thousand cases, and in 2022 this indicator amounted to 42200 billion UZS in 455 thousand cases. Moreover, the costs prevented for legal and financial obligations and funds in excess amounted to 2309.1 billion UZS in 2018, 1535.4 billion UZS in 2019, 9334.0 billion UZS in 2020, 909.6 billion UZS in 2021, and 955 billion UZS in 2022.

Scientifically grounded analysis of these data requires additional process, such as the nature of these legal obligations, the causes of unexpected costs, and any policy changes or external factors that may affect these numbers over the years. In fact, a more detailed study of the organizations involved in these legal obligations and costs may provide more information about the conclusions. The data illustrate interesting facts of legal and financial obligations during the years in question and suggest further research to understand the factors and consequences beyond these fluctuations and changes.



CONCLUSION

In conclusion, in order to eliminate these problems, it is necessary to implement comprehensive measures such as strengthening financial control, conducting regular audits, enhancing transparency, and applying strict consequences for financial violations. In addition, it is important to identify the core causes of these problems and take corrective measures to ensure efficient and responsible use of public funds. The overall goal should be to protect public finances, increase fiscal responsibility and maintain taxpayers' confidence in the financial integrity of budget organizations.

In conclusion, it can be said that raising efficiency of financial control measures in budget organizations is of crucial importance, and the introduction of remote control methods can be a significant step forward. These measures must be carefully planned, implemented and monitored to ensure compliance with legal and ethical standards, effective prevention of financial crimes and strengthening of financial accountability.

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