



Treasury Control in the Budget Process and Prospects for its Development

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ABSTRACT

In this article, treasury control in the state financial control system in the budgeting process, its essence and tasks, shortcomings of the system, issues of its development are described. In this, the main focus is on treasury control, the need to improve its effectiveness in the budget process, and its specific features are shown.

Keywords:

Budget process, treasury control, internal audit, initial, current and final control, budget costs, efficiency.

Introduction.

The importance of state financial control, including treasury control, in the development of competition in the process of public procurement by purposeful and rational use of budget funds, increasing the transparency of public procurement, as well as creating equal opportunities for business entities is considered important.¹

On the other hand, in 2020-2024, the main directions of the strategy for improving the public finance management system of the Republic of Uzbekistan are to strengthen control over the budget process, unify budget accounting standards, and strengthen financial discipline by improving the control and audit system².

These reforms envisage effective formation and

development of the state finance and state budget control system, improving the purposefulness and effectiveness of spending budget funds in the state budget system, as well as improving the control of its movement³.

In the state program approved by the decree of the President of the Republic of Uzbekistan No. PF-60 "On the New Development Strategy of Uzbekistan for 2022-2026" adopted by the President of the Republic of Uzbekistan on January 29, 2022, further improvement of the efficiency of the state budget expenditures and improvement of the activities of the state financial control bodies were separately mentioned.

One of the priority directions of the development of the budget control system in the state financial control is the improvement of the treasury in the budgets of the budget system, which occupies a special place in the management of budget funds. Formation of the income part of the budgets of the budget system, the process of implementation of

¹Decree No. PF-14 of the President of the Republic of Uzbekistan on January 25, 2022 "On the primary organizational measures to effectively establish the activities of the executive authorities of the Republic . " <https://lex.uz/pdfs/6369997>

²Resolution No. 506 of the Cabinet of Ministers of the Republic of Uzbekistan dated 24.08.2020 "On approval of the Strategy for improving the public finance management system of the Republic of Uzbekistan in 2020-2024". <https://lex.uz/docs/4966572>.

³ S.T. Eshnazarov . State budget control: Problems and solutions. J: Economy and finance. #3 2023 year.

expenses of all budget organizations and institutions from the budget, primary and current control over the targeted spending of budget funds is carried out through the treasury system. According to the decree of the President of the Republic of Uzbekistan No. PF-14 "On the first organizational measures to effectively establish the activities of the executive authorities of the Republic" adopted by the President of the Republic of Uzbekistan on January 25, 2022, the treasury of the Ministry of Finance of the Republic of Uzbekistan became the Treasury Service Committee under the Ministry of Economy and Finance was established.

With the establishment of the Treasury, a new state financial institution, a new type of control was created - treasury control. Treasury control is state financial control. Because it is implemented by state bodies. That is why scientific study and research of the nature of treasury control, its role and importance in state financial control is the demand of today ⁴.

The treasury, as a state financial body, controls the actions of the participants in the budget process.

Setting a scientific problem

State financial control has been sufficiently studied in the works of scientists and specialists. In their research, the problems of state financial control were studied, and treasury control in the budget process, its essence, issues of its development and improvement were partially studied.

The purpose of the study

During the budget process, it is considered appropriate to clarify the nature and tasks of treasury control, to determine the directions for improving its effectiveness.

Research methods

The article analyzes the research conducted in this direction. At the same time, empirical-analytical, statistical, analysis of national legislation and other research methods were used in the research.

Analysis and main results

⁴ N.I. _ D. Anilenko . gosudarstvennyy kaznacheyskiy control: theoretical-methodological y- aspect development. A: Mejdunarodnyy bukhgalterskiy uch. No. 33, 2014gg.

The main tasks of the treasury from the point of view of state financial control: State budget Management of funds in the Unified treasury account; mandatory registration of contracts of budget organizations and recipients of budget funds with suppliers of goods (executors of work, service providers) concluded at the expense of the budgets of the State budget and state special funds within the sums specified in the cost estimates and in accordance with the established goals;

by ensuring compliance with payment discipline by directly making payments to the accounts of suppliers of goods (works, services) on behalf of budget organizations and recipients of budget funds and on their behalf within the sums stipulated in the budget organizations and recipients of budget funds and in the registered contracts work ⁵;

monitor the optimization of the use of budget funds directed to the financing of budget organizations, including defense and security structures; controlling the process of price formation in the implementation of public procurement; Collecting, processing and analyzing information about the implementation of the state budget ⁶.

In addition, strengthening the control over the origin and purposeful use of the revenues of the budget system budgets; monitoring the execution of state budget revenues and expenses; the treasury is also directly involved in avoiding and reducing payables and receivables.

The participation of the Treasury in the effective management of the budget process and the implementation of initial and current control over the targeted and targeted use of budget funds directly increases the effectiveness of the control system.

The implementation of the treasury system in the implementation of the state budget is aimed at preventing the unintended use of budget funds in the form of unused balances by

⁵Article 176 of the Budget Code of the Republic of Uzbekistan. <https://lex.uz/acts/2304138>

⁶The decision of the Cabinet of Ministers of the Republic of Uzbekistan "On approval of the regulation on the treasury of the Ministry of Finance of the Republic of Uzbekistan". <https://lex.uz/docs/1145689>.

combining budgets of the budget system, budget organizations and budget recipients, budget and extra-budgetary funds, funds of state special funds in a centralized single treasury account opened in the Central Bank, as well as their enabled rapid target management⁷.

The use of the treasury system of budget execution provides the most effective control of the targeted spending of funds by budget organizations and institutions before the implementation of cash expenditures, as well as the possibility not only to identify violations and shortcomings in the budget and finance sector, but also to prevent and eliminate them. The development of the treasury system of the control of the financial flows of the state budget is a factor that determines the efficiency and effectiveness, the speed of processing and transmission of large amounts of information, as well as the rapid formation of information and financial relations between the participants of the budget process.

The control functions of the treasury bodies are carried out in the preventive and current control phase in the financing of expenses of the recipients of budget funds at the expense of personal accounts opened in the treasury bodies.

In our opinion, it is appropriate for the Treasury to have full powers of initial, current control and monitoring at the stages of planning, conclusion and implementation of public procurement contracts. This applies to public purchases approved by the state budget, as well as to the compliance of initial prices. For this, it is necessary for the Treasury to continuously control and monitor the effectiveness of public procurement at all stages of this process - from the planning of public procurement costs to the execution of contract terms, and to carry out a systematic audit. Treasury must collect and process data on orders and contracts, customers and suppliers on a daily basis and compare them with budget performance data. The collected data must also be submitted to other

supervisory authorities. The Treasury has the ability to monitor. If these powers are given to the Treasury, the organization of this work does not require large expenses.

At this point, internal control and audit should no longer be limited to controlling financial and economic activities, but should cover all areas of the organization's activities. In addition, internal control and audit should become a means of providing continuous information on the status of the system, standards and norms and the absence or existence of deviations from them. This tool is essential for timely decision-making at all levels.

The result of the research gives the conclusion that the existing system of audit and control in practice is mainly focused on inspection work. A common control with this direction is an on-site inspection of the object. Also, with this form of control, a subsequent control method is used, which allows to identify and eliminate violations that occur in the work process, but does not allow to prevent violations. The duration of such events is carried out annually or once every two to three years. In our opinion, the effectiveness of such control is very low. The internal control system should not be episodic, it should be implemented every day. That's when the result of the work will be.

Taking into account the objectives set Taking into account the objectives set for today's internal control, it is necessary to form new forms and methods that make internal control effective in all plans, including expensive plans. Therefore, it is desirable to transfer the inspections to the electronic remote level. This reduces the cost of control measures. Also, in order to obtain the desired effect from this type of control, it is necessary to formalize control measures, develop integrated standards and methods of internal audit and control.

The development of the interdepartmental audit and control system in the treasury should be carried out in three main directions: internal control; internal audit and treasury risk management.

The issue of interdepartmental audit is important. World practice shows that the most effective area of internal financial control is

⁷M. Mansurov, State finance: treasury and its development prospects. // Monograph. - Latvia. Globe edition, 2022

interdepartmental audit. In economically developed countries, in contrast to external audit, interdepartmental audit is given a lot of attention. At the same time, interdepartmental audit in our country is at an early stage of development both from a professional and legislative point of view. Scientific and practical developments on internal audit in the budget sector are not sufficiently developed. We believe that the need of the day is to move from old, very expensive control mechanisms to modern mechanisms, one of which is interdepartmental audit. For this, it is necessary to develop regulatory documents for the introduction of interdepartmental audit in the treasury, as well as drafts of appropriate internal audit standards.

Today, the audit and internal control system in

the Treasury does not operate sufficiently, and the principle of order, as well as control standards, have not been developed.

Based on the main directions of treasury development and improvement, it is desirable to develop a concept for the development of internal audit and control in treasury bodies and to define specific standards and criteria in it.

In our opinion, it is appropriate to develop the audit and internal control system in the treasury and its activities, and to implement measures in the six main areas listed below. See the table.

Measures for the development of the interdepartmental audit and control system in the treasury

Route name		The purpose of the activities carried out within the direction
1		2
1.	The results manage	Introduction of the principles and mechanisms of result-oriented management and project management in the treasury .
2.	Internal control	Providing prompt control over the implementation of functional and administrative processes in the Treasury and its regional departments .
3.	Treasury risks manage	The earliest detection of possible irregularities , deficiencies and inefficient use of resources in the implementation of treasury activities .
	Internal audit	Effectiveness and legality that ensure the implementation of powers in the field of the specified activity of the Treasury. Providing objective information about the legality and effectiveness of the processes being implemented, the use of state financial and non-financial resources by the Treasury, and the quality of reports .
5.	Improvement of the information and technical support of the internal control and audit system	Automation of processes and procedures in the main areas of internal control and audit system development, introduction of new technologies.
6.	Organization of internal control and audit system and ensure development	Formation of necessary information, personnel, resources and other support for the development of the internal control and audit system, improvement of the mechanisms of dissemination of successful experience.

Implementation of result-oriented management mechanisms helps to: achieve clearly planned results; leads to more effective control of the activity of the treasury and its

regional bodies and structural divisions and to increase the efficiency of the use of financial and non-financial resources.

It envisages the improvement of the

interdepartmental audit and control system in the field of information, analytical and technical equipment, the development and implementation of the necessary software and technical tools in the fundamental directions of the development of the audit and internal control system.

Internal control is understood as a process aimed at compliance with regulatory and legal documents, effectiveness and efficiency of ongoing activities, and quality of consolidated reporting. The purpose of internal control is to create a system of rapid control over the execution of functional and administrative processes in treasury bodies. The main task of internal control is to ensure continuous control over the fulfillment of the requirements of regulatory and legal documents, as well as other types of documents in the organizational and structural structures of the treasury's central apparatus and its regional divisions, and determines the fulfillment of the powers assigned to it by the treasury.

In recent years, in the conditions of "liberalization" of the budget process, including giving more freedom to local authorities (local budgets), there is a risk of an increase in the volume of unnecessary or ineffective expenditures from the budget, which means that the task of further improving the treasury control system is set, and in comparison with other types of state financial control, budget funds characterized by an increase in the capacity to ensure the efficiency of use.

In addition, there is a problem of the information content of the information that goes to the treasury when allowing certain operations to be carried out during the implementation of control functions. From the point of view of quality, official data is evaluated as a set of data of an official nature, which determines its ability to meet the needs of a certain property in accordance with the purpose of treasury control. At the same time, it is necessary to take into account the external and internal characteristics of the data.

The quality of information in the nature of service largely depends on the structural features of the management system, which are mainly determined by the rules for the

organization of control (for example, the presence or absence of secondary data processing after error correction, diversity control, secondary control and the total volume of data or its reprocessing of error-detected parts, etc.). Among the tasks that ensure the quality of official data, first of all, complex targeted control, during the implementation of this type of control, it is possible to identify errors introduced into the data at all previous stages; secondly, control of a local nature, with this type of control, the goal is to detect errors introduced only in local operations or a set of operations.

Accidental data errors occur due to human intentional tampering with data content, hardware malfunctions, and programming errors. When analyzing the veracity of information, the source of the information is taken into account in the case of intentional violation of information by a person.

Today, it is necessary to form a well-functioning internal control mechanism aimed at prevention of violations, strict compliance with regulatory and legal documents, internal norms and rules, as well as timely notification of existing shortcomings and losses. The implemented software and application programs of the automated treasury system significantly expand the capabilities of internal control.

Minimization of undetected customer errors at the level of territorial divisions of the treasury should include current and subsequent control. Then, during the working day, the relevant work of the regional divisions of expenses will be controlled, and the comments will be eliminated in a short time.

In order to carry out these works, it is necessary to organize internal current control, in which it will be possible to implement control at a certain level of approval of authorizations for cash expenses. Such control is carried out before cash payments from the accounts opened at the Central Bank institution.

Conclusions and suggestions

It should be noted that the comprehensive reforms in the state financial system in recent

years have not bypassed the state financial control. Within the framework of the strategy of improving the public finance management system of the Republic of Uzbekistan, the State Financial Control Inspectorate, as well as the Treasury Institute, were developed and the Treasury Service Committee was established. In the formation of budget control in the state financial control system, departmental control institutes (internal audit system) conducted by the first-level budget fund distributors were established and it was possible to prevent violations of the budget legislation to some extent.

The use of modern methods of the institution of treasury control, which is widely used in the world practice in the budgets of the budget system, and its further improvement will further increase the effectiveness of the state budget control. The development of a concept for the development of internal audit and control in treasury bodies and setting specific standards and criteria in it is a requirement of today.

Also, the creation of an effective system of treasury control provides an opportunity to achieve flexible management of financial flows during the execution of budgets of the budget system, increase the efficiency of financing of state programs, reduce negative aspects related to the misuse of state funds, as well as economical use of state resources. This, in turn, requires the recognition and development of legal and regulatory bases of treasury control.

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