



INCREASING THE EFFICIENCY OF USING FINANCIAL FUNDS IN BUDGET ORGANIZATIONS

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ABSTRACT	KEYWORDS
In this article, the need for effective spending of financial resources in budget organizations and its practical situation were studied using the example of higher education institutions. In particular, the sources of formation of financial funds in higher education institutions and the aspects related to their spending were researched theoretically and practically, and appropriate recommendations and conclusions were formed.	Budgetary organizations, financial results, accounting of financial results, international financial reporting, budgetary funds, extra-budgetary funds.

Introduction

Attracting financial resources and deploying them for effective purposes in budget organizations is significantly different compared to enterprises and organizations operating on a commercial basis. The main reason for this is that in budget organizations, the state is the owner of financial resources, and in commercial organizations, these funds belong to private individuals or shareholders.

The results of analyses and studies show that the level of effective use of financial resources in budget organizations is significantly lower than that of private enterprises and organizations. In recent years, there have been a number of controversial opinions on the purposeful use of financial resources, their direction, and their use in state budget organizations, in particular in state-owned higher education institutions.

The way of financing from the budget should not require changing the issues of state responsibility. It should be shown that the use of budget financing methods is effective in achieving the intended goal. Therefore, it is necessary to harmonize the budget expenditures with the strategic goals of the state [1].

In the article, the sources of financial resources and problems related to their use in state-owned higher education institutions were identified, and appropriate recommendations were developed for their consideration.

Literature Review

Control and effective use of financial resources in budget organizations are carried out on the basis of various forms of financial reporting. In particular, the main ones are:

- financial statements of budget organizations and recipients of budget funds;
- report on income receipts to the state budget and budgets of state special funds;
- report on the implementation of the state budget;
- report on the execution of budgets for state special purpose funds [2].

It is clear from this that the issues of allocation of state funds and their effective use in budget organizations are defined on the basis of relevant legal documents of the government. In particular, budget organizations shall draw up the above-mentioned financial reports as of January 1 of the next reporting year. Quarterly financial reports are drawn up as of April 1, July 1, and October 1 of the reporting year.

A liberal budget policy on the formation and disposal of funds is implemented in state higher education institutions, which are budget organizations. In particular, according to the Resolution of the President of the Republic of Uzbekistan No. PQ-61 of December 24, 2021, "On measures to grant financial independence to state higher education institutions," a number of financial independence was granted to higher education institutions, the main of which are as follows:

- determining the cost of training on a fee-contract basis, taking into account the demand in the educational services market;

- determining and extending the payment terms of students' payment-contract funds;

Among these are the involvement of local and foreign professors and specialists who can apply modern pedagogical technologies and conduct scientific research on the educational process on the basis of a contract[3].

Decentralization of the budget policy means submitting many financial decisions to local authorities. For example, according to M. Khaidarov, as a result of decentralization, it is assumed that community services will be organized and provided in such a way that they should ensure full satisfaction of the needs of the local population [4].

Assoc. A. Lee emphasizes that the role of the state budget is inextricably linked with all other balances of income and expenses, estimates, financial plans, as well as credit and cash plans, while A. Lincoln states that "the legitimate purpose of the state is to do all the work necessary for human society, whether it is done individually or together. He puts forward the opinion that it consists of performing an activity that he cannot manage at all or that he cannot perform properly[5]. From his opinion, it is possible to understand what functions of the state can be taken over by him.

In general, state budget organizations have different views on the effective use of financial resources, and they do not express each other in the same way. For example, J. Hicks from Great Britain "The financial result is the growth of capital during the reporting period. According to the opinion that the loss is a reduction of the capital, the Australian Y. According to Schumpeter, "financial result is the difference between the company's income and expenses [7]".

Famous US economist I. Fisher uses the economic definition that "a financial result is the increase in the value of assets during the reporting period due to changes in profitability". V. Rieger from Germany [8] tried to reveal the economic content of financial results by saying that "financial result is the difference between [9] the funds collected during the entire activity and the funds at the time of establishment of the enterprise".

It can be seen that the financial results are reflected in what value and for which periods they are prepared, and in some cases, the abstraction of the growth of the company's funds and other aspects are among the areas that are the focus of the attention of economists and specialists.

Analysis and Results

Funding of budget organizations is carried out at the expense of the state budget, state special purpose funds, and extra-budgetary funds of the budget organization. As a result of the reforms in the education system, the budgetary organization considered a radical change in the sources of financing of higher institutions. In particular, for the first time, 10 higher education institutions of the republic were transferred to the self-financing system as a result of the gradual academic and financial independence of about 40 state higher education institutions. Based on its potential, new opportunities are emerging in the issue of attracting budgetary and extra-budgetary funds.

Information on budget and non-budgetary funds for the years 2018–2022 on the income ratio and dynamics of state higher education institutions within the Ministry of Higher Education, Science, and Innovations of the Republic of Uzbekistan by sources of financing is provided.

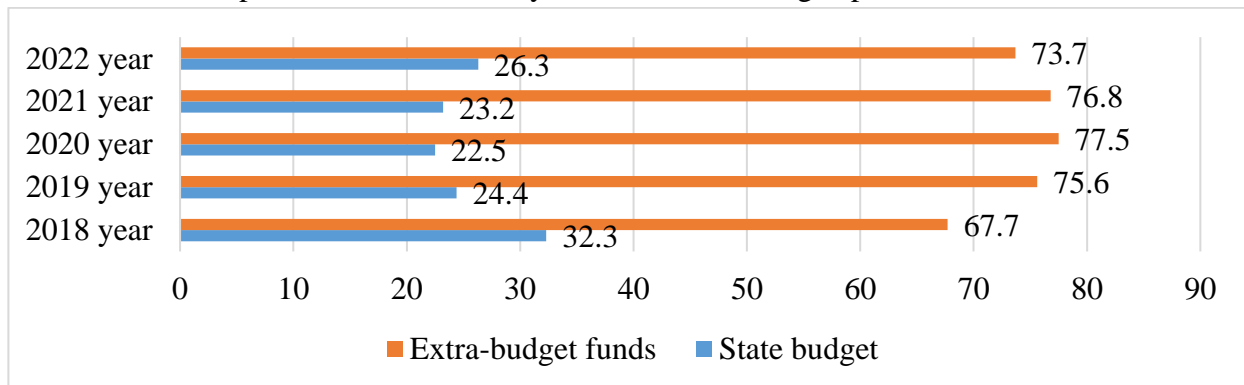


Figure 1. Dynamics of ratio between sources of income of higher education institutions in the Republic of Uzbekistan¹ (as a percentage of the total)

As can be seen from the data in the picture, the share of budget revenues in the total sources of income of state higher education institutions is decreasing year by year. For example, this source was 32.3 percent in 2018, but by 2022 it decreased to 26.3 percent, or 6.0 points.

Also, the share of revenues generated from extra-budgetary funds has a tendency to increase in the following years, and it can be seen that if this source was 67.7 percent in 2018, it will increase to 73.7 percent by 2022, or by 6.0 points during the analyzed period.

Of course, this situation is caused by the reforms implemented in the education system in recent years. In particular, the education market in Uzbekistan is expanding, and its main direction is becoming a source of commerce. Non-state higher education institutions are showing enthusiasm in this regard. In fact, the state, foreign, and non-state higher education institutions operating in our country have common and specific characteristics, and the mission of almost all non-state educational institutions in the country's educational market is aimed at increasing the level of capitalization and the amount of dividends of the founders due to the increase in the number of students.

It is worth noting that a number of economists have carried out and are continuing research on

¹Developed by the author based on official statistics.

financial results and their implementation in budget organizations, including higher education. One of them is A. Khojaev, a researcher who carried out scientific work on the accounting and internal audit of extra-budgetary funds of higher education institutions. In his scientific work, A. Khojaev extensively researched the activities of state, foreign, and non-state higher education institutions in our country. In particular, they identified the financial differences between state, foreign, and non-state educational institutions.

The following picture shows information about the criteria developed by A. Khojiev in the framework of his research on the organization of financial resources and accounting in state, foreign, and non-state higher education institutions.

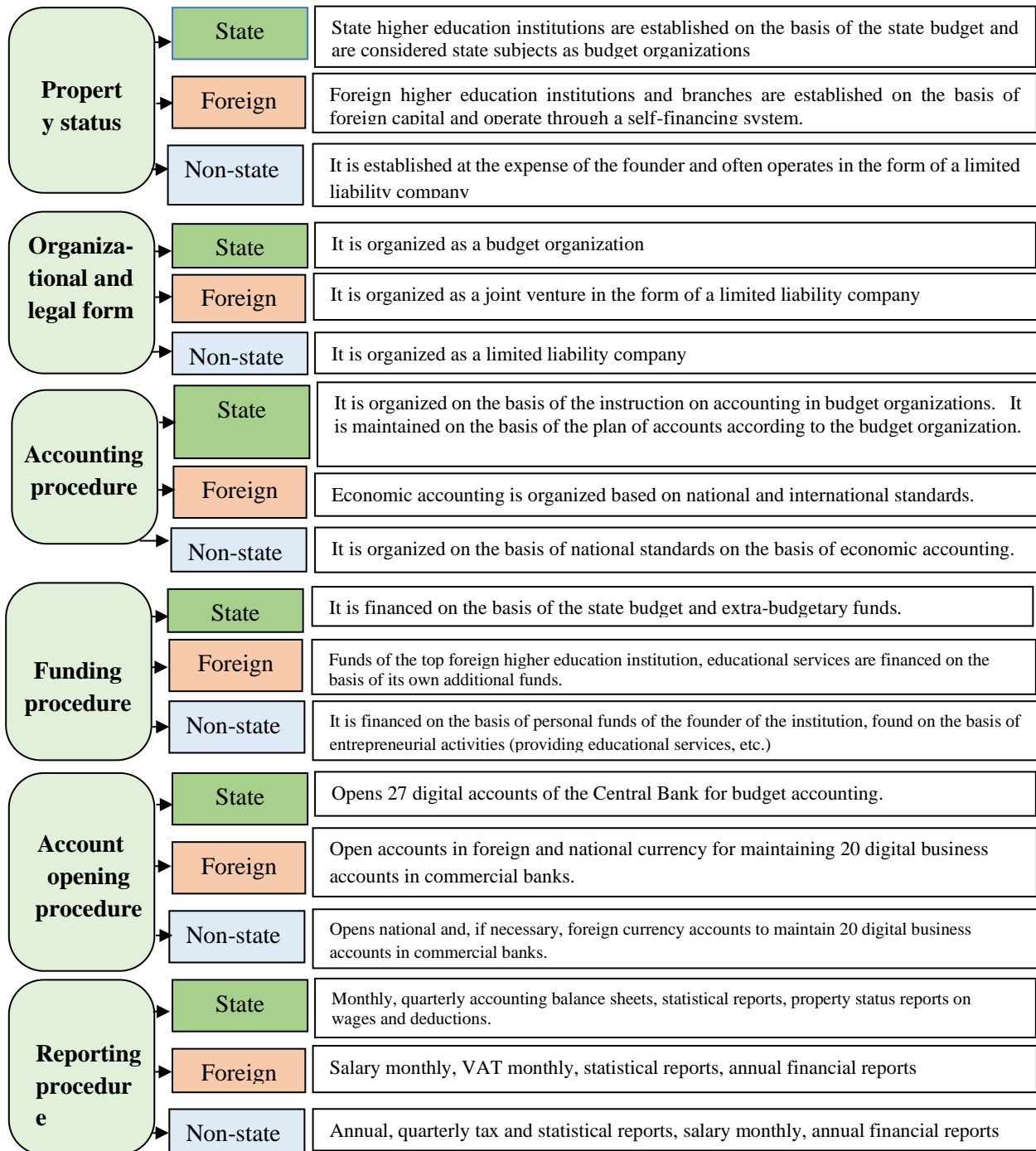


Figure 1. General and specific differences of higher education institutions in Uzbekistan aspects

As can be seen from the picture, the general and specific aspects of state, foreign, and non-state higher education institutions operating in Uzbekistan are highlighted in six directions.

As can be seen from the above, the issues of accounting, analysis of extra-budgetary funds, and organization of internal audit work are fundamentally different in higher education institutions with different forms of ownership.

In particular, the opening and maintenance of accounts of higher education institutions in commercial banks and the accounting of income and expenditure of financial funds to these accounts are not the same. The main difference is that if non-state higher education institutions open their accounts in banks as commercial organizations, the accounts of higher education institutions that receive funds from the budget open accounts in the treasury departments of the Ministry of Finance and dispose of funds within the limits of the relevant estimates.

As a result of the analysis and studies, we witnessed the presence of significant differences in the sources of financial resources and their costs in higher education institutions operating from the budget compared to foreign and non-state higher education institutions. In particular, this difference is implemented in state higher education institutions according to the goals and relevant standards set within the cost estimate, and in foreign and non-state universities, it is focused on attracting more qualified professors and teachers and increasing the quota.

Summary

As a result of the research, analysis, and study of the effective use of financial resources in budget organizations, we were able to formulate the following conclusions:

- Foreign and domestic economists do not have a single approach regarding the financial sources of budget organizations and their spending. Besides, in recent years, funding of state higher education institutions from the budget has been significantly reduced.
- sources of financial resources and their placement in budgetary organizations differ significantly from those of foreign and non-state higher education institutions. If this distinction is made within the framework of the approved estimate of the cost of funds in state higher education institutions, in foreign and non-state universities, the main attention is paid to attracting more qualified professors and teachers and attracting more qualified professors and increasing the number of students.
- The effectiveness of financial funds in state higher education institutions financed from the budget is lower than that of foreign and non-state higher education institutions, which is caused by a number of factors. For example, if the state is interested in the effective use of funds in higher education institutions, the founders of non-state higher education institutions will benefit from this.
- It is necessary to ensure transparency in the purchase of goods and equipment in higher education institutions financed by the budget. In particular, when concluding a contract, taking into account the real prices of the objects to be purchased, the delivery of goods and equipment within the terms specified in the contract, etc., are among these.

In general, effective use of funds in higher education institutions financed by the state budget is considered an urgent issue, and there are still some problems that are waiting to be solved.

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