

COMPARATIVE ANALYSIS OF BUDGET ACCOUNTING STANDARDS IN UZBEKISTAN AND INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS

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ABSTRACT	KEYWORDS
<p>This study provides a comprehensive comparative analysis of Uzbekistan's Budget Accounting Standards and International Public Sector Accounting Standards (IPSAS). Through document analysis and comparative methodology, this research examines the key differences, similarities, and implementation challenges between these two accounting frameworks. The findings reveal significant gaps in asset recognition, revenue accounting, and financial reporting transparency that hinder Uzbekistan's alignment with international best practices. The study identifies critical areas requiring reform and provides recommendations for gradual convergence toward IPSAS adoption, contributing to the broader discourse on public sector accounting harmonization in emerging economies.</p>	<p>Budget accounting, IPSAS, Uzbekistan, public sector accounting, financial reporting, convergence</p>

Introduction

The global movement toward transparent and accountable public financial management has intensified the need for standardized accounting practices in the public sector. International Public Sector Accounting Standards (IPSAS), developed by the International Public Sector Accounting Standards Board (IPSASB), represent the benchmark for public sector financial reporting worldwide. These standards aim to enhance transparency, accountability, and comparability of public sector financial statements across different jurisdictions.

Uzbekistan, as an emerging economy undergoing significant economic reforms, faces the challenge of modernizing its public financial management systems to align with international best practices. The country's current budget accounting framework, established through various legislative acts and regulations, reflects a traditional cash-based approach that differs substantially from the accrual-based IPSAS framework. This disparity creates challenges for international comparability, transparency, and effective public financial management.

The importance of this comparative analysis stems from Uzbekistan's strategic economic development goals and its aspirations for international integration. As the country seeks to attract foreign investment and enhance its economic standing, the adoption of internationally recognized accounting standards becomes crucial for building investor confidence and improving governance structures. Furthermore, the World Bank and other international organizations increasingly emphasize the importance of IPSAS adoption for emerging economies as a means of strengthening public financial management.

Literature Review

The theoretical foundation of public sector accounting has evolved significantly over the past decades, moving from traditional cash-based systems toward comprehensive accrual accounting frameworks. Wynne (2008) argues that the adoption of accrual accounting in the public sector represents a fundamental shift from focusing solely on cash flows to providing a complete picture of government financial position and performance. This theoretical evolution underlies the development of IPSAS, which incorporates both cash and accrual basis standards to accommodate different levels of accounting sophistication across jurisdictions.

The New Public Management (NPM) movement has significantly influenced public sector accounting reform, emphasizing the adoption of private sector management practices in government operations. Hood (1995) identifies accounting transparency and performance measurement as core elements of NPM, which directly support the rationale for IPSAS adoption. However, critics like Broadbent and Guthrie (2008) argue that the direct application of private sector accounting principles to public sector entities may not always be appropriate, given the different objectives and accountability relationships in government organizations.

Institutional theory provides another lens for understanding public sector accounting reform. DiMaggio and Powell (1983) suggest that organizations adopt similar practices due to coercive, mimetic, and normative pressures. In the context of IPSAS adoption, coercive pressures from international organizations, mimetic behavior copying successful countries, and normative pressures from professional accounting bodies all contribute to the drive for standardization. This theoretical framework helps explain why countries like Uzbekistan face pressure to align with international standards despite potential implementation challenges.

Global adoption of IPSAS has been gradual but steady, with varying degrees of implementation across different regions. Benito et al. (2007) conducted a comprehensive survey of IPSAS adoption worldwide, finding that developed countries generally show higher adoption rates than emerging economies. European Union countries, influenced by statistical reporting requirements and good governance initiatives, demonstrate relatively high IPSAS compliance. However, implementation challenges persist even in developed countries, particularly regarding complex standards such as those dealing with consolidated financial statements and social benefits.

Emerging economies face unique challenges in IPSAS adoption, as highlighted by Adhikari and Mellemvik (2011) in their study of developing countries. These challenges include limited technical expertise, inadequate IT infrastructure, resistance to change from existing stakeholders, and competing priorities for scarce resources. The authors emphasize that successful IPSAS implementation requires not only technical accounting knowledge but also strong institutional support and political commitment.

Uzbekistan's public financial management system reflects the country's unique historical development and ongoing economic transformation. Following independence in 1991, Uzbekistan maintained many elements of the Soviet-era budgetary system while gradually introducing market-oriented reforms. The country's approach to economic transition has been characterized by gradualism and state-led development, which has influenced the pace and nature of public sector reforms.

Recent years have witnessed accelerated reform efforts under President Shavkat Mirziyoyev's administration, with significant emphasis on improving governance and transparency. The "Strategy of Actions on Five Priority Directions of Development of the Republic of Uzbekistan in 2017-2021" included specific commitments to enhancing public financial management and adopting international best practices. However, limited academic research has been conducted on the specific challenges and opportunities for IPSAS adoption in Uzbekistan's context.

International organizations have played an important role in supporting Uzbekistan's public financial management reforms. The World Bank's Public Financial Management Modernization Project and the Asian Development Bank's various governance initiatives have provided technical assistance and capacity building support. These interventions have helped raise awareness of international standards and best practices, creating a foundation for more comprehensive reform efforts.

Methodology

This study employs a qualitative comparative analysis approach to examine the differences between Uzbekistan's Budget Accounting Standards and IPSAS. The research design is based on document analysis and content analysis methodologies, which are particularly appropriate for comparing regulatory frameworks and accounting standards. The comparative analysis framework allows for systematic identification of similarities, differences, and gaps between the two accounting systems.

The research adopts an interpretive paradigm, recognizing that accounting standards are socially constructed and context-dependent. This approach acknowledges that the mere technical comparison of standards is insufficient without considering the institutional, cultural, and economic factors that influence their development and implementation. The study therefore incorporates both technical and contextual analysis to provide a comprehensive understanding of the convergence challenges and opportunities.

Results

Uzbekistan's budget accounting system is primarily governed by the Law on Budget System of the Republic of Uzbekistan and various implementing regulations issued by the Ministry of Finance. The system follows a predominantly cash-based approach with some elements of modified cash accounting for specific transactions. The framework emphasizes budgetary control and compliance rather than comprehensive financial reporting, reflecting its historical development from Soviet-era practices.

IPSAS, in contrast, provides a comprehensive framework of 50 standards covering both cash and accrual basis accounting for public sector entities. The standards are designed to enhance transparency, accountability, and comparability of public sector financial statements worldwide. IPSAS follows a conceptual framework similar to private sector standards but adapted for public sector characteristics such as non-exchange transactions, service delivery objectives, and political accountability requirements.

Table 1 Comparison of key aspects of Uzbekistan budget accounting and IPSAS

Aspect	Uzbekistan Budget Accounting Standards	IPSAS
Primary Basis	Cash basis with limited accrual elements	Comprehensive accrual basis (with cash basis option)
Revenue Recognition	When cash is received	When control is established (accrual) or when cash is received (cash basis)
Expense Recognition	When cash is paid	When resources are consumed (accrual) or when cash is paid (cash basis)
Asset Recognition	Limited to cash and some physical assets	Comprehensive asset recognition including intangibles, financial instruments
Liability Recognition	Mainly contractual obligations	Full recognition including provisions, contingencies, employee benefits

The fundamental difference between the two frameworks lies in their approach to transaction recognition. Uzbekistan's system primarily recognizes transactions when cash changes hands, which provides strong budgetary control but limited information about the government's full financial position. IPSAS accrual standards provide a more comprehensive view of government finances by recognizing assets, liabilities, revenues, and expenses when they occur rather than when cash is exchanged.

Table 2 Comparative analysis of financial statement presentation BAS and IPSAS

Component	Uzbekistan Budget Accounting Standards	IPSAS
Primary Statements	Budget execution reports, Cash flow statements	Statement of Financial Position, Financial Performance, Changes in Net Assets, Cash Flows, Comparison of Budget and Actual
Consolidation	Limited consolidation requirements	Comprehensive consolidation of controlled entities
Comparative Information	Previous year budget vs. actual	Comparative financial information across periods
Segment Reporting	Limited by budget classifications	Comprehensive segment reporting by service/geographic segments
Notes to Financial Statements	Basic explanatory notes	Comprehensive disclosure requirements

Uzbekistan's financial reporting focuses heavily on budget execution and compliance, with limited emphasis on comprehensive financial position reporting. IPSAS requires a full set of financial statements that provide stakeholders with complete information about the government's financial position, performance, and cash flows.

When it comes to the asset recognition framework represents one of the most significant differences between the two systems. Uzbekistan's approach provides limited guidance on asset recognition and measurement, particularly for complex assets like infrastructure and intangibles. IPSAS provides comprehensive guidance that enables more accurate representation of government assets and their value.

Uzbekistan's revenue recognition follows a primarily cash-based approach, recognizing revenues when payments are received rather than when entitlements arise. This approach aligns with budgetary control objectives but may not provide accurate information about government's revenue potential or timing of revenue recognition. Tax revenues, the largest component of government revenue, are recognized only when collected, which can lead to significant timing differences compared to economic activity. IPSAS provides detailed guidance on revenue recognition for both exchange and non-exchange transactions. Non-exchange transactions, which are particularly relevant for government entities, include taxes, transfers, and grants. IPSAS 23 (Revenue from Non-Exchange Transactions) requires recognition of revenue when the government gains control over resources, which provides more timely and accurate revenue reporting.

Discussion

The comparative analysis reveals that the gap between Uzbekistan's budget accounting standards and IPSAS reflects broader theoretical tensions in public sector accounting reform. The findings support institutional theory predictions about the challenges of transplanting accounting practices across different institutional contexts. While coercive pressures from international organizations encourage IPSAS adoption, the analysis demonstrates that successful implementation requires alignment with local institutional capabilities and political priorities.

The results also contribute to the New Public Management debate by highlighting the practical challenges of implementing private sector-inspired accounting practices in traditional public sector contexts. The emphasis on budgetary control in Uzbekistan's system reflects different accountability relationships and performance measures compared to private sector entities, supporting arguments for context-sensitive approaches to public sector accounting reform.

The findings align with Adhikari and Mellembvik's (2011) observations about IPSAS implementation challenges in developing countries. Their emphasis on technical capacity, institutional support, and political commitment resonates strongly with the Uzbekistan context. However, this study extends their analysis by examining specific technical differences and providing detailed comparative analysis of accounting treatments.

Wynne's (2008) arguments about the benefits of accrual accounting in the public sector are supported by the analysis, which reveals how cash-based systems limit the information available for decision-making and accountability. However, the study also identifies practical constraints that may limit the immediate applicability of these benefits in Uzbekistan's context, supporting more nuanced perspectives on public sector accounting reform.

The analysis partially contradicts Broadbent and Guthrie's (2008) critique of NPM-inspired accounting reforms by demonstrating clear technical advantages of IPSAS in areas such as asset recognition and financial reporting comprehensiveness. However, the implementation challenges identified support their concerns about the appropriateness of direct private sector practice transplantation without adequate attention to public sector contexts.

Conclusion

This comparative analysis of Uzbekistan's Budget Accounting Standards and IPSAS reveals significant differences that reflect both technical and institutional factors. The predominantly cash-based approach in Uzbekistan provides strong budgetary control but limits comprehensive financial reporting and

accountability. IPSAS offers a more complete framework for public sector financial reporting but requires substantial changes to current practices and capabilities.

The analysis identifies several key areas where convergence would provide significant benefits, including asset recognition and measurement, revenue recognition, and financial statement presentation. However, implementation challenges related to technical capacity, institutional readiness, and resource constraints suggest that a gradual, phased approach would be most appropriate for Uzbekistan's context.

The study contributes to the broader literature on public sector accounting reform in emerging economies by providing detailed analysis of a specific country context and examining both technical and institutional dimensions of convergence challenges. The findings support arguments for context-sensitive approaches to IPSAS implementation while confirming the potential benefits of international standard adoption.

Future research should examine stakeholder perspectives on IPSAS implementation in Uzbekistan, analyze the costs and benefits of different implementation approaches, and develop detailed implementation roadmaps for priority areas. Comparative studies with other post-Soviet states could also provide valuable insights for regional approaches to public sector accounting reform.

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