

Foreign Experience in Assessing Efficiency of Control Over Targeted Spending of Funds by Budgetary Organizations

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Annotation:

The article is devoted to the consideration of the issues of the foreign experience of evaluating the effectiveness of control over the targeted spending of funds by budgetary organizations. In addition, it reveals the tasks of improving the control over the targeted spending of public funds by budgetary organizations in Uzbekistan. In reliance upon the research results, the author has developed relevant proposals and recommendations.

Keywords: budget, budgeting, budget management, budgetary organization, budget control.

INTRODUCTION

Uzbekistan has recently made several efforts to enhance budget transparency and accountability, including reation of a performance-based budget and the establishment of an online budget portal that provides public access to budget information. These efforts are a step in the right direction and can serve to improve control over the targeted spending of public funds by budgetary organizations.

One of the major problems is the lack of transparency and accountability in budget management. Although recent efforts have been made to enhance budget transparency through the establishment of an online budget portal, public access to budget information is still limited and the available information is often not presented in a user-friendly format.

Another problem is limited ability of employees of budgetary organizations to effectively manage public funds. More training and development opportunities are required to improve the skills and knowledge of the staff of budgetary organizations, particularly in financial management, risk management, performance monitoring and evaluation.

In addition, corruption and inefficiency in budget management processes a major problem in Uzbekistan. This causes massive misappropriation or wastage of public funds, which can adversely affect service delivery and overall economic growth.

Finally, there is a need for a strong legal and regulatory framework to regulate budget management processes and ensure accountability of budgetary organizations for effective use of public funds. Moreover, it is necessary to further improve the mechanisms for monitoring compliance with statutory acts and standards established by budgetary organizations.

In general, in Uzbekistan there are a number of tasks that need to be solved in order to improve control over the targeted spending of public funds by budgetary organizations. These include raising budget transparency and accountability, increasing the capacity of employees of



budgetary organizations, eliminating corruption and inefficiency in budget management processes, and strengthening the legal and regulatory foundations of budget management. This justifies the relevance of our research paper.

Literature Review

Definitely, it is possible to rely on the ideas and concepts obtained from the existing literary sources on the topic of control over the targeted spending of public funds by budgetary organizations.

Andryushin (2019) states that “effective control of target costs requires a comprehensive approach that includes not only financial control, but also organizational and legal control. According to his proposal, the use of information technologies will enable to improve control mechanisms, increase the transparency and accountability of budgetary organizations”.

Radygin (2019) discusses the problems of modernization of public administration in Russia, including the need to improve budgetary control mechanisms. They propose comprehensive measures to increase the effectiveness of budget control, such as strengthening the role of internal auditors and improving the quality of financial reporting.

Lu and Wang (2016) have considered China’s progress in controlling the use of public funds over the past decade. They note that while there have been some improvements, such as increased transparency and accountability. In addition, there are still serious problems with corruption and lack of effective oversight leftn. They suggest that China needs to strengthen its legal and institutional framework to control public spending to ensure efficient use of funds.

Pardun and Garrison (2000) provide an overview of the public spending control system, focusing on the role of legislative and executive control. According to their opinion that while the system has strengths such as regular audits and public reporting requirements, it also has weaknesses such as the complexity of the budget process and lack of transparency in some areas. They suggest that the USA can learn from the experiences of other countries and implement reforms to improve accountability and control over public spending.

Vasiliev (2018) discusses significance of effective budget control mechanisms to ensure targeted spending of public funds. He noted that the lack of clear guidelines and weak enforcement mechanisms results in misuse of funds and require more effective monitoring and control measures.

Kadochnikov (2017) emphasizes the need for greater transparency and accountability in the management of public funds, especially in relation to targeted spending. He emphasizes the importance of clear objectives and measurable results to ensure that targeted spending is effective and recommends the use of performance-based budgeting to achieve this aim.

According to Bilyalova (2019), in order to raise the accountability and transparency of public finance management in Kazakhstan, it is necessary to improve control over the targeted use of budget funds. It recommends introduction of the advanced control methods such as performance-based budgeting, internal control systems and risk management to prevent financial irregularities and improve the efficiency of public spending.

Akhmetshin (2020) points to the need to improve control over the targeted use of budget funds in order to increase the accountability and efficiency of public inance management in Kyrgyzstan. He suggests undertaking a risk-based approach to supervision that prioritizes high-

risk areas and implementing automated management tools such as data analytics to improve the effectiveness of supervisory processes.

Gafurov (2020) discusses such problems as the lack of efficient monitoring mechanisms for controlling the targeted spending of budget funds in Uzbekistan, as well as limited capabilities of control institutions. It recommends that the government invest in developing a robust control system, including audits, inspections and evaluations, to ensure the efficient use of public funds.

In particular, the results of the above studies have shown that the use of budgeting can help to improve the targeted use of public funds by budgetary organizations. By connecting the use of funds with specific goals, budgetary organizations are encouraged to use funds purposefully and efficiently, and the intended results are achieved.

Another idea from the literature is the importance of stakeholder involvement in the budget process. By involving civil society organizations, local communities, and other stakeholders in the budget process, budget agencies can better align their spending priorities with the needs and preferences of the population.

Furthermore, the literary sources emphasize significance of transparency and accountability mechanisms in controlling the targeted spending of public funds by budgetary organizations. This may include such measures as regular reporting, disclosure of budget-based information and public access to budget-based information.

In addition, the literary sources emphasize the need for strong internal control in budgetary organizations to ensure targeted and effective use of public funds. This includes measures such as internal audits, financial reporting requirements and effective procurement and contracting processes.

In addition, essentiality of external control mechanisms, such as independent audit and control bodies, has been emphasized to ensure the responsible and efficient use of public funds by budgetary organizations. In general, relying on the ideas from the literature helps in the development and implementation of effective control mechanisms of the targeted spending of public funds by budgetary organizations. Based on existing research, economists and practitioners can improve efficiency of budgetary organizations and ensure that public funds are used to provide the necessary services to the population in the most targeted and efficient way.

Analysis and Discussion of Results

Budgetary organizations are established to provide services to the population and are financed from public funds. Effective use of public funds is important for budgetary organizations to provide the services required by the population. However, targeted spending of public funds by budgetary organizations is sometimes ineffective and may lead to wasteful use of state resources. Therefore, it is necessary to have appropriate control mechanisms to ensure targeted and effective spending of funds.

The budgeting process is one of the most significant mechanisms for controlling target costs. The state allocates funds to budgetary organizations based on their needs and priorities. Later, budgetary organizations must use these funds in accordance with the goals set in the budget.



By linking the use of funds with specific goals and objectives, the government can ensure the targeted and efficient use of funds.

Performance management is another important control mechanism. It involves setting goals, monitoring results, and making adjustments as needed to ensure goals are met. By monitoring the activities of the public budgetary organizations, it is possible to identify areas where the targeted spending of funds is ineffective and undertake measures to eliminate them.

Internal control in budgetary organizations is also essential in ensuring targeted spending of funds. These controls include financial controls, such as internal auditing and financial reporting, as well as operational controls, such as monitoring the use of resources and ensuring their efficient use.

In addition to internal control, external control is also important in ensuring targeted spending of state funds by budget organizations. This oversight can occur from a variety of sources, including independent auditors, regulatory agencies, or the public. These entities can ensure the responsible and efficient use of public funds by budgetary organizations through the external control implementation.

One of the problems in controlling the targeted spending of public funds is the possibility of misappropriation or misuse of funds by budgetary organizations. In some cases, budget organizations may commit corruption or misuse public funds for personal gain. To prevent this, it is necessary to introduce strong accountability mechanisms such as regular inspections to detect and prevent any violations.

Another problem is to ensure that budgetary organizations have the necessary capabilities and resources for efficient management and use of public funds. This can be particularly difficult in developing countries, where budgetary institutions lack the technical expertise and capacity needed to effectively manage public funds. In such cases, the government may need to provide technical assistance and capacity building assistance to budgetary organizations to help them manage public funds effectively.

In addition, public participation and transparency in the budgeting process will also help budgetary organizations to use public funds in a targeted manner. If the population is informed about the budget process, the goals and tasks of the budgetary organizations, they can provide valuable feedback and monitor the targeted and effective use of public funds.

Finally, it is necessary to constantly monitor and evaluate efficiency of mechanisms for controlling the targeted spending of public funds by budgetary organizations. By regularly evaluating efficiency of these mechanisms and making necessary adjustments, the government can ensure the most efficient use of public funds.

In short, control of the targeted spending of public funds by budgetary organizations is important in ensuring the targeted and effective use of public funds. By implementing strong accountability mechanisms, encouraging public participation and transparency, as well as continuously monitoring and evaluating oversight mechanisms, the government can ensure that public funds are used in the most effective way to deliver the services people need.

Definitely, the potential mechanisms of controlling the targeted spending of public funds by budgetary organizations should be considered in the following order:

1. Performance-based budgeting: As mentioned above, linking the use of funds to specific indicators and goals can encourage budgetary organizations to use funds in a targeted

and efficient manner. This may include setting specific performance indicators and targets, tracking progress towards those targets and linking funding to the achievement of those targets.

2. **Participation of parties concerned (stakeholders):** Collaboration with stakeholders such as civil society organizations, local communities, and other stakeholders can help budget agencies better align their spending priorities with public needs and preferences. This may include consultation processes, public hearings and other forms of participation to solicit feedback from stakeholders.

3. **Transparency and accountability:** Measures such as regular reporting, disclosure of budget-based information and public access to budget-based information can enhance transparency and accountability in the use of public funds. This helps to strengthen the trust of the population, to ensure responsible and efficient use of funds by budgetary organizations.

4. **Internal control:** Strong internal control helps ensure targeted and efficient use of public funds. This includes measures such as internal audits, financial reporting requirements and effective procurement and contracting processes to minimize the risk of fraud, waste of funds and abuse.

5. **External control:** External control mechanisms, such as independent audits and supervisory agencies, can provide an additional level of accountability and ensure that budgetary organizations use public funds responsibly and efficiently. This may include regular audits and reviews of budget processes and controls to identify areas for improvement.

6. **Results-based budgeting:** Results-based budgeting involves setting specific performance goals and linking funding to the achievement of those goals. However, results-based budgeting focuses more on achieving broader social outcomes, such as improving health outcomes or reducing poverty, rather than specific indicators.

7. **Risk management:** Effective risk management helps budgetary organizations identify and reduce risks associated with the use of public funds. This may include conducting risk assessments, developing risk management plans and implementing risk mitigation strategies to minimize the risk of financial loss or adverse impact on public services.

These are only some of the potential mechanisms for controlling the targeted spending of public funds by budgetary organizations. The exact mechanisms used will depend on the context and the specific challenges experienced by budgetary organizations in each case. At the same time, budgetary organizations can ensure targeted and effective provision of services required by the population by implementing comprehensive measures that promote openness, accountability and efficient use of public funds.

Evaluating efficiency of control over the targeted spending of funds by budgetary organizations requires a complex methodology that includes setting goals, developing performance indicators, collecting data, analyzing data, identifying areas for improvement, implementing changes, and monitoring progress. In general, it should be aimed at comprehensive assessment of the activities of budgetary organizations and setting focus areas for improvement. Assessing efficiency of control over the targeted use of funds by budgetary organizations is a complex process that requires a thorough methodology and requires a complex methodology that includes the following steps:

Determining the goals of targeted spending of funds: At the first stage, budgetary organizations determine tasks for targeted spending of funds. This may include goals such as reducing



poverty, improving health, or promoting economic growth. This may include goals such as reducing poverty, improving health, or promoting economic growth.

Developing performance indicators: The next step is to develop performance indicators that can be used to evaluate the effectiveness of target spending. These indicators must be measurable, relevant, and aligned with spending goals.

Data collection: the data should be collected on the performance indicators identified in step 2. This includes financial data, such as budgeted funds and expenditures, as well as non-financial data, such as the number of people benefiting from targeted spending.

Data analysis: the data collected should be analyzed to determine whether the target spends have been effective in achieving their objectives. This analysis should include a comparison of the actual performance with the planned performance.

Identify areas for improvement: focus areas for improvement should be identified in reliance upon the data analysis. This budget may include areas where the organization can improve its performance or where changes can be made to target spending to achieve better results.

Making changes: once areas for improvement are identified, changes should be made to improve target cost effectiveness. This may include changes to budget allocations, changes to the targeting of expenditures, or changes to the control mechanisms used to control expenditures.

Control efficiency assessment: Control efficiency assessment over the targeted spending of funds by budgetary organizations based on the data analysis. This may include comparing actual expenditures with budgeted amounts, identifying cases of fraud or misuse of funds, and assessing efficiency of expenditures. This may include strengthening internal controls, improving financial management practices, and training and supporting staff of the budgetary organization.

Progress monitoring: Finally, progress should be monitored to determine whether the changes implemented have been effective in improving targeted spending. This may include monitoring financial and non-financial data to ensure that targeted spending is achieving its goals.

Many strategies can be used to improve control over targeted spending of public funds by budgetary organizations. By adopting a comprehensive approach that includes various mechanisms such as performance-based budgeting, stakeholder engagement, transparency and accountability, risk management, and digital transformation, budgetary organizations can increase their opportunities to manage public funds in a targeted and efficient manner. As a result, it yields favorable outcomes, in particular:

Raising opportunities: raising opportunities of budgetary organizations will help increase their ability to effectively manage public funds. This may include training and development opportunities for staff, as well as developing systems and processes that support effective budget management.

Multilateral cooperation: cooperation with other organizations, including other budgetary organizations, civil society groups, and private sector entities, can help improve the effectiveness of budget management. This may involve sharing information and resources, as well as working together to develop innovation-based solutions to budget management challenges.



Digital transformation: the use of technology and digital tools will help increase the efficiency and transparency of budget management processes. This may include the use of online budget portals, automated budget management systems and data analytics tools to improve budget planning, implementation and monitoring.

Risk-based budgeting: adopting a risk-based approach to budgeting helps budgetary organizations identify and mitigate risks associated with the use of public funds. This may include conducting risk assessments and developing risk management plans that prioritize high-risk areas and allocate resources accordingly.

Monitoring and evaluation of results: Regular monitoring and evaluation of budget results will help in effective use of public funds and achievement of desired results. This may include establishing monitoring and evaluation systems that monitor the achievement of target results, as well as periodic audits to assess the efficiency of budget management processes.

Conclusion and Proposals

In reliance upon the foreign experience and the opinions of economists specified above, in the context of improving the control over the targeted spending of public funds by budgetary organizations in Uzbekistan, the following can be included in the list of tasks that can be implemented to solve the tasks we have mentioned:

- *raising budget transparency and accountability;*
- *raising accessibility of the general public to the budget information;*
- *strengthening the monitoring and evaluation of budget spending to ensure effective use of funds;*
- *establishing a system of public reporting on the activities of budgetary organizations;*
- *improving the provision, selection and retention of training and professional development opportunities to improve the skills and knowledge of employees of the budgetary organizations;*
- *encouraging the use of digital tools and technologies to improve budget management processes;*
- *eliminating corruption and inefficiencies in budget management processes. Strengthening anti-corruption laws and regulations to prevent corruption;*
- *improving risk management and internal control processes in budgetary organizations;*
- *implementing the measures to improve procurement processes and ensure effective use of public funds;*
- *strengthening the legal and regulatory basis of budget management. Reviewing and updating existing laws and regulations to adjust them in compliance with international best practices. Moreover, establishing clear standards and guidelines for budget management and ensure their consistent application. Strengthening control mechanisms over budget management in order to ensure compliance with established regulatory legal documents and standards.*

Comprehensive and coordinated implementation of control over targeted spending of public funds by budgetary organizations in Uzbekistan implies a comprehensive approach aimed at solving the tasks we mentioned above. This may include the following steps:

- ✓ *Developing a comprehensive strategy for improving control over targeted spending of state funds by budgetary organizations, defining specific tasks and specific measures to be implemented to achieve these goals.*
- ✓ *Improving budget transparency and accountability by establishing a user-friendly online budget portal that provides detailed information on budget allocations and expenditures.*
- ✓ *Strengthening the capacity of budget organization employees through training and professional development programs aimed at financial management, risk management, performance monitoring and evaluation.*
- ✓ *Organization of efficient risk management and internal control processes in budgetary organizations to prevent corruption and inefficiency in budget management processes.*
- ✓ *Strengthening anti-corruption laws and regulations to prevent corruption in budget management and ensure compliance with established regulations and standards.*
- ✓ *Improving procurement processes and ensuring effective use of public funds by implementing activities such as performance-based contracting, electronic procurement system and regular audits.*
- ✓ *Setting clear standards and guidelines for managing budget funds and ensure their consistent application in all budgetary organizations.*
- ✓ *Strengthening the control mechanisms over budget management by raising the role of the state audit body and establishing an independent fiscal council to provide independent analysis and advice on budget policy and practice.*
- ✓ *Involving civil society organizations and the public in the budget management process through regular consultations and feedback mechanisms.*

A comprehensive and coordinated approach to improving control over the targeted spending of public funds by budgetary organizations in Uzbekistan requires the long-term commitment of the government, stable political will, and the active participation of all interested parties, including budgetary organizations, public organizations, the general public, and civil society bodies.

In conclusion, it should be said that improving control over the targeted spending of public funds by budgetary organizations in Uzbekistan requires a long-term commitment of the government, civil society and other stakeholders in cooperation to establish effective policies, processes and control mechanisms.

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