

Issues of State Financial Control and Its Improvement

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Abstract:

In this article, we examined the essence and socio-economic content of state financial control, its priorities and discussed the development of current measures to improve it. At the same time, the opinions of specialists and scientists of the industry were studied, the concept of "state financial control" was explained. The goals and objectives of state financial control are considered, based on the concept of the most important component of the public administration system. The definition of state financial control as a function of public administration ensuring the implementation of the financial policy of the state is considered.

Keywords: state financial control; financial resources; financial management; financial control; financial stability; financial reporting; classification of financial control; signs of control, types of control.

Introduction

The result of large-scale reforms in the socio-economic development of the new Uzbekistan largely depends on the correct formation and effective use of public finances.

At the initial stages of development, the main functions of state financial control bodies, as a rule, were to allow state bodies to issue orders on the allocation of budget funds, control over the legality of public expenditures, as well as the preparation of reports on the expenditure of budget expenditures.

In the era of rapid development of society, both the political and socio-economic spheres of public administration inevitably develop and become more complicated. At the same time, the problem of limited resources is getting worse from year to year, and as a result, there is a need to organize a mechanism for the most effective and rational use of them. In particular, modern society places high demands on the openness, transparency and accountability of the activities of government agencies, as well as organizations receiving funds from the budget, which in turn imposes on them the obligation to provide citizens with complete information about the expenditure of public funds. Therefore, by the middle of the 20th century, the supreme control authorities of foreign countries realized that the control system that existed at that time could not solve all the problems associated with the management of public funds.

Ultimately, the process of creating and putting into practice a new type of financial control began in stages, which, in turn, would allow the state to effectively use public resources with the rule of law at the same time as financial audit. In other words, there was a need to conduct an efficiency audit as a tool for influencing the efficiency of using budget funds. Over time, the efficiency audit turned from a method of identifying cases of inefficient spending of budgetary funds into an independent area of financial control,

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which, in turn, along with other tasks, set the task of developing recommendations for achieving a more efficient use of public funds before the efficiency audit.

Financial control is a necessary condition for the effective functioning of the economy and the financial system of the country in the context of modernization and restructuring of the economy. Financial control is aimed at ensuring the continuous development of the process of public and private reproduction, accelerating scientific and technological progress, and improving quality indicators in all spheres of the economy.

Currently, the main purpose of financial control is an objective study of the real state of affairs existing at the facility under study, and the identification or prevention of factors that negatively affect decision-making and the performance of managerial functions.

Financial control is of paramount importance for increasing economic efficiency in the society's economy, rational use of material, labor and financial resources, and saving non-production costs at the level of capabilities

Literature analysis. Financial control is a prerequisite for the effective functioning of the country's economy and financial system. Financial control is considered as a structural element of state control over the management of socio-economic development of society. The important role and importance of state financial control in the general control system, which is the main element of the management system, lies in the fact that, firstly, finance itself, as an economic category, objectively performs a control function; secondly, the role of financial relations in a market economy is increasing. It acts as a universal means of financial control, covering all processes of continuous reproduction, all stages of economic activity, all levels of government.

In a market economy, state financial control becomes a separate area of activity. At all levels of management, the object of financial control is the state, and the processes of allocation, formation and use of financial resources come to the fore. In this regard, State financial control should primarily serve to ensure the purposeful and effective use of state financial resources and the rational use of state property.

Financial control is a state-established control system aimed at determining the effectiveness of the activities of public authorities, enterprises, organizations and institutions on the part of the State or independent public bodies entrusted with the tasks of transferring control. At all levels of management of reserves, financial and material resources in the formation and expenditure of the state budget, the tasks of the control system include the purposefulness and effectiveness of operations, deviations from the principles of legality and the identification of their violations.

The purpose of the control is to take corrective measures, bring perpetrators to justice and prevent violations.

The emergence and development of financial control was due to the organization and development of the state financial system. Like finance, financial control has gone through a long period of formation and development at the stage preceding capitalist society. Some of its elements manifested themselves in slavery and in social relations in feudal societies. "The relationship between the governorship and tobelik, the right of the "fist", rooted in all social strata of general economic slavery and feudal societies of the state economy, provides an objective basis for the growing prosperity of incredibly diverse forms of "control" over the activities of state tax collectors.

Many scientists have been engaged in the theory of financial control, its content, role and organization, therefore, during the transition to a new system of market relations and the formation of a new financial system, it is useful to study all the various points, including the opinions of scientists from the CIS countries and developed market economies.

We present a comparative analysis of the definitions of financial control.

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Table 1. Comparative analysis of definitions of financial control

T.S. Malikov
•State financial control is a set of regulatory measures that ensure the economic security of the country and respect for state interests in the financial process of the country in order to implement an effective state financial policy [1].
B.Sh.Safarov, I.I.Ayubov.
•Financial control is a component of the entire control system, the focus of which is aimed at the successful implementation of state financial policy, the formation and effective use of financial resources in all sectors and branches of the sectoral economy.
N.S.Malein.
•financial control is the activity of financial, credit and business bodies (organizations) regulated by legal norms, aimed at ensuring financial, budgetary, credit, settlement and cash discipline in the process of executing plans and consists in verifying the legality, validity and rationality of monetary expenditures.
A.N. Kozyrina
•financial control is the activity of state bodies carried out using specific organizational forms and methods, and in some cases non—governmental bodies endowed with appropriate powers by law in order to establish the legality and reliability of financial transactions, objectively assess the economic efficiency of financial and economic activities and identify reserves to increase it, increase revenue revenues to the budget and preserve state property
E.A. Voznesenskiy
•Financial control is the activity of state and public bodies; it consists in verifying the validity of the processes of formation and use of centralized and local monetary funds in order to comply with planned proportionality in extended reproduction.

Economic control is the most effective control created by mankind over production. It includes prices, wages, profits, production and use costs, loan interest, rent, taxes, cash, etc. and is carried out by.

The existence of the task of financial control does not in itself entail the existence of financial control, it presupposes important organizing activities of the relevant state bodies.

1. Financial control is a manifestation of the important role of finance in expanded reproduction.
2. Financial control is manifested as one of the activities of public administration bodies.
3. Financial control is an independent task of management, such as regulation, planning, accounting and analysis of the activities of an economic entity.
4. Through distribution relations, financial control is applied to the relations of production, exchange, circulation and consumption.

The subject of control may be a special body of the control system, a controlling organization, or a separate legal entity. A group of objects that have a certain commonality in terms of organizing the activities of a controlling entity is merged, for example, into the Ministry of Finance or the control and inspection department. When carrying out control measures, the scope of activity of a particular control entity should be precisely defined in order to avoid cases of verification by several control entities of the same object on the subject of the same control. It is important that the obligations imposed on the subjects of control follow from the goals set for the supervisory authorities and fully comply with them.

Research methodology. Scientific research aimed at studying the economic content of state financial control within the framework of the article shows that the concept itself covers a very wide and diverse range of processes. Based on this, the article used methods such as complex analysis and a systematic approach, as well as a general scientific method — dialectics, analysis, synthesis, induction, deduction and special methods of systematization of scientific information.

Results. Special attention is paid to financial control, both in the context of a market economy and in the context of economic liberalization and modernization. In the process of transition to a market economy, the goals and objectives, types and forms of financial control, such as finance itself, have radically changed. Now he performs tasks such as providing advice and guidance not only for punitive purposes, but also in order to control the full accumulation of funds by the State necessary to fulfill its tasks and the purposeful effective spending of budgetary funds. Today, the financial control system concentrates in its structure the types, forms and methods of control, as well as supervisors and supervisors.

Financial control consists of state and non-state financial control in accordance with the scope of action.

State financial control is a complex and purposeful system of economic and legal actions of specific authorities and management, based on the basic laws of the state. The Constitution of the country plays a crucial role in the organization of financial control. Its legal regulation depends on the type of state, its socio-political orientation, the level of economic development, and the ratio of ownership forms. The state financial control is aimed at monitoring the cost proportions of the GDP distribution.

This control applies to all channels of cash flow (distributed) related to the formation of public financial resources, their full and timely receipt and targeted use.

The state and non-state spheres of financial control (types, varieties) also differ fundamentally from each other in their ultimate goals, despite the similarity of control methods. The main purpose of state financial control is to maximize the reduction of funds to the state treasury and minimize the cost of public administration, in contrast, the main purpose of non-state financial control (especially financial control within the firm) is to minimize deductions and other expenses to state profits in order to simultaneously increase the rate of profit, both areas of financial control are limited the legal framework of the current legislation.

Financial control is actively involved in solving multifaceted complex tasks in various spheres of economic life of society and in economic management, in accordance with which it assumes the definition of certain requirements for its organization. At the same time, it is divided into various groups that exercise financial control (Figure 1).

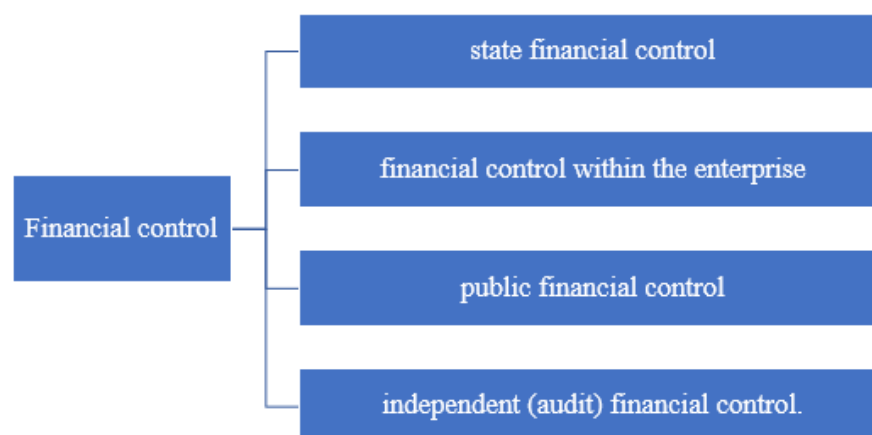


Figure 1. Financial control groups

State financial control is carried out by separate ministries, in addition to public administration bodies. When conducting financial control, public administration bodies cover all economic entities in the country, regardless of the form of ownership and departmental subordination. The control over finances carried out by ministries is carried out only by special supervisory and audit bodies within them. On the other hand, their objects of control will include the production and financial activities of enterprises, concerns, associations and shareholder societies under ministries.

Financial control at the enterprise is carried out by the economic service (accounting, financial department), which is organized at the enterprise, in the organization and institution. The object of control, on the other hand, is the financial and production processes of a separate enterprise and a structural unit (branch, branch, department) that is part of a separate enterprise.

State financial control is carried out by a separate group, by individuals (specialists), provided that it is voluntary and does not require remuneration. Being an object of control, it refers to certain tasks that the inspector faces.

Independent (audit) financial control is carried out by special audit firms and services.

The method of financial control can be understood as the study of financial and economic information and the real state of the object of control in interrelation with the help of certain methodological techniques, including observation, comparison, analysis, generalization of the results obtained, the conclusion of a holistic conclusion from them, the conclusion of a general conclusion from certain results. facts and particular conclusions from the general state. Financial control at the enterprise is carried out by the economic service (accountant, financial department), which is organized at the

enterprise, in the organization and institution. The object of control, on the other hand, is the finances and production process of a separate enterprise and a structural unit (branch, representative office, branch) that is part of a separate enterprise.

Dicussion. The immediate purpose of control is manifested in the implementation of the financial and economic functions of the state, ensuring sustainable economic development of the country. Being the main means of optimizing the use of public funds, it directs and directs budget policy, ensures the legality of the financial and economic activities of the entity, and also protects its economic interests.

In turn, the state budget policy refers to all measures to fulfill the socio-economic, social, scientific, technical and other functions assigned to it. The mechanism of budgetary policy includes certain goals and objectives aimed at creating a sustainable and transparent public finance management system. The analysis of the effectiveness of individual industries becomes a kind of guideline for the further implementation of this policy and an indicator of the financial potential of the state.

In our opinion, in order to increase the effectiveness of state financial control in our country, it is important to carry out: Including:

- the unification of various regulatory bodies having the same functional functions in the implementation of financial control, and the unification of all of them into a single Accounting Chamber of the Republic of Uzbekistan;
- effective implementation of a risk analysis system, desk control and robbery prevention in control activities, expanding access to information from external sources;
- the influence of local governments in the regions is strong, as a result of the regular involvement of law enforcement officers (this situation accounts for 87% of inspections) to study the causes of incomplete fulfillment of tasks assigned to the supervision system, cases of embezzlement of budget funds.

The internal audit system plays an important role in improving the activities of state financial control. "The need for internal audit is manifested in the fact that in large enterprises the management is not engaged in day-to-day control over the activities of the subordinate management structure and the activities of the enterprise as a whole.

Consequently, "in large enterprises, the top management does not control the daily activities of the enterprise, as a result of which there is a need for information about its activities, which is collected to confirm the reliability of reports from the lowest level managers or subordinate units." Internal audit provides information about these activities and confirms the reliability of managers' information. Internal audit is mainly necessary to prevent the loss of resources and to make the necessary changes within the enterprise."

When organizing and implementing internal audit activities in our country, it is important to eliminate the following problems:

- 1) although the main purpose of internal audit is to identify errors and deficiencies, prevent them, and eliminate systemic problems, however, in practice, in most cases they remain unsystematic, ineffective checks;
- 2) the number of internal audit personnel is disproportionate to the number of facilities in their field, while in some cases there is insufficient qualification of personnel to ensure effective audit, lack of control over the results of activities;
- 3) systematic elimination of violations identified as a result of internal audit is not provided;

- 4) during the audit, the risk analysis, remote control and theft prevention system is not implemented effectively, access to information from external sources is limited;
- 5) the legislation does not establish the status of the internal audit system in the direction of financial control.

As a result, the findings of the internal audit services are returned by law enforcement agencies to the State Financial Control Inspectorate for an audit appointment.

An important regulatory framework in this regard was Resolution No. 416 of the Cabinet of Ministers of the Republic of Uzbekistan dated August 1, 2022 "On approval of the Model Regulation on the Internal Audit Service of Ministries and Departments".

Thus, the establishment of an efficiency audit as a type of state financial control has become a necessary link in the process of transition to effective public administration. In addition, the use of performance auditing has begun to have an effective impact on the political, financial, economic and social spheres of society.

Conclusion. The following positive results are expected to be achieved from the implementation of the above-mentioned proposals to improve state financial control:

- Thanks to the development and adoption of the law "On State Financial Control and Audit" the tasks of state control bodies and internal audit services are clearly defined;
- The Accounting Chamber is defined as the body responsible for carrying out a unified policy in the system of state financial control, coordination and methodological support of the activities of republican and territorial organizations in the system;
- a unified database of all financial control bodies will be created, an effective control system based on desk control and risk analysis will be implemented.;
- systematic work on consolidation, collegial discussion and elimination of identified violations and problems in a single electronic database will be established;
- an effective mechanism of mutual deterrence and balance of interests between state financial control bodies will be created;
- an integrated system of state financial control will be created that meets international requirements;
- the activities of internal auditors are clearly defined, the identification of violations before they are committed as a result of strengthening current control in the system of ministries and the prevention of misappropriation;
- a system of retraining and advanced training of employees of supervisory authorities and the Internal Audit Service has been created, the level and qualifications of personnel have been improved;
- the repetition of inspections is prevented, the level of corruption is reduced, strict observance of budgetary discipline by budgetary organizations is ensured;
- due to the increase in salary rates in the system, staff turnover is reduced, and the institute of qualified auditors is being formed.

Summing up, we can say that the positive changes taking place in all areas in recent years, the formation of an audit of efficiency in the system of state financial control in accordance with international standards during the rapid development of the process of integration into the world community, and bringing it to a qualitatively new level contribute to the economic development of our republic.

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