THE ROLE OF BUDGETARY CONTROL IN THE USE OF SOCIAL SECTOR EXPENDITURES

M.A. Sharapova, senior lecturer
Tashkent financial institute
(Uzbekistan, Tashkent)

Abstract. The article discusses problems of budgetary control optimization in the use of social sector expenditures, specifically analyzes control reports by The Accounting Chamber of the Republic of Uzbekistan, and Control and Revision Department under Ministry of Finance of the Republic of Uzbekistan.

Keywords: budgetary discipline of social sector expenditures, budgetary control, control measures, basic standards, shortcomings, offence, loss, assimilation, illegal expenses.

In the stage of economic modernizations effective and addressed use of budgetary funds, expansion of economic independence and responsibility of budgetary organization managers so as to strengthen budgetary discipline, simplification of financing mechanism of budgetary organization and facilitating rational distribution of existing funds whilst the budgetary funds deployment, rewarding for services of budgetary organization personnel, improvement of their productivity and contracting turnover ratio are to stand for main directions of ongoing economic reforms.

Budgetary control carries a significant importance in the effective use of budgetary funds. However, distributors of budgetary funds, managers of budgetary organizations, chief accountants, personnel of financial departments have been lacking sufficient control level and demonstrating low responsibility that consequently has been causing number of shortcomings in budget execution, including:

– Maintenance and exploitation of excessive staff in budgetary organizations where revision and inspection measures are hold;
– Misuse of cash received from commercial banks;
– Payment for unworked working hours;
– Appropriation of material values;
– Illegal write-offs or spending inventories;
– Discrepancy between accounting standards and its conduct
– Others.

In order to eliminate above mentioned shortcomings and comply with budgetary discipline, specifically to effectively implement budgetary discipline and optimizing it in accordance with modern requirements, budgetary control process is to be based on particular standard.

Practically, vast majority of budgetary expenditures is allocated to social sector in Uzbekistan. Thus, the status of budgetary discipline in budgetary organization is characterized by the conditions at organizations of educational and healthcare system. Therefore, the government under the leadership of the president of the country has been instructing certain tasks over khokimiyats with addressed consumption of budgetary funds.

The following diagram demonstrates the share of social sector expenditures in total expenditures of state budget of the Republic of Uzbekistan in 2015 and 2016.
As shown in the diagram, social support expenditures stand for 59.1% in total budgetary expenditures in 2015, while net social sector expenditures i.e. expenditures on education, healthcare, culture and science account for 49.2%. In 2016 the share of the two indicators increased to 55.9% and 49.6% respectively. In other words, net social sector expenditures increased by 0.44% albeit a 3.2% decrease in social sector and social support expenditures in comparison to last year. In the structure of total budgetary expenditures, the expenditures on education slightly fell from 33.8% to 33.7%, when expenditures on science reached to 0.8% with a 0.2% increase. Moreover, expenditures of healthcare system and expenditures on culture and sports constitute 14% and 1% respectively. These facts facilitate to assume that the net social sector expenditures have still maintaining a significant share in total budgetary expenditures.

Consequently, the control over effective and rational use of funds assigned for social sector has been one of the vital issues of the present time. Here we will discuss the results of control measures over budgetary execution conducted by financial control bodies, particularly by The Accounting Chamber of the Republic of Uzbekistan and, Control and Revision Department under Ministry of Finance of the Republic of Uzbekistan. Since these control bodies generally take final control, we will consider the information published in January 1, 2016.

During the reporting year the Accounting Chamber took control measures according to 30 control directions in 90 organizations of the country and detected number of offences. In accordance with the results of control measures 28 instructions were sent to controlled ministries and agencies by the Accounting Chamber. Furthermore, 75.9 billion sums were levied by the state in result of control measures during reporting year.

In accordance with the Decree of Ministry of Finance and Ministry of Public Education basic norms for per-pupil expenditures of secondary educational institution were adopted. According to these norms, per-pupil expenditures are fixed at 1.4 million sums. But the reality does not match with the Decree norms that only 1.3 million sums (93%) have been assigned.
In this case almost all expenditures that were realized less than norms are basically involved by 4th-group expenditures i.e. institution maintenance expenditures. 1st and 2nd group expenditures are executed by 99.2% while 4th group expenditures by 47.5%.

Eventually a decrease has been occurred in the effectiveness of the use of modern equipment, furniture and tools, in result of which below-standard conditions have been created for pupils.

Despite the measures that have been taken for years, the cases of illegal spending of funds assigned from the state budget, the loss of funds and other material values, and the crime of fraud have steel been observed.

Every year 0.2-0.3% of expenditures on public education institutions are being detected by Control and Revision bodies of the Ministry of Finance of the Republic of Uzbekistan as illegal expenditures, loss and fraud. For instance, according to results of control measures taken in 2015, 97% of public education institutions committed illegal expenditures, loss and fraud.

Vast majority of financial offence cases are connected with excessive transfer of funds to plastic card of personnel; declaring salaries for not unworked staff; distribution of lessons for non-specialists or non-pedagogue personnel; hiring those who obtained an artificial diploma as a teacher of schools or trainer of kindergardens. Moreover, committing the loss of food; fraud through overvaluing reconstruction works; and food that does not meet with sanitary requirements are remaining to be common types of malfeasance in budgetary organizations.

There are also a number of problems and shortcomings in concert with the aforementioned which cannot be ignored.

For example, only 150 thousand sums are allocated for maintenance and current repairment of computers. Most schools even do not plan any funds for this kind of expenses in their estimates. In consequence there is a paltry opportunity to use those computers during classes.

The medicines are to be financed at the expense of schools' own funds. But no school estimates do not include any expenditure for medicines.

The governmental Decree embeds pre-payments for electricity in the amount of one-month consumption and for natural gas in the amount of half-month consumption. But the funds assigned from local budgets are not enough to make those payments.

In result payables in the value of 1.5 and 1.1 billion sums have evolved from electricity and gas respectively in the balance sheets of public education institutions in 2015.

In the meantime educational institutions frequently make 2 and 3 month advance payments for electricity and natural gas. According to present informations, in the ind of last year educational institutions had 750 million sum receivables from electricity and 645.2 million sums from natural gas.

It must be noted that turnover of finance and accounting personnel, their lack of experience, poor control by the managers of or-
organizations have been main reason for above mentioned financial offences, problems and shortcomings.

Considering all facts and data discussed above, following recommendations might be provided in so as to mitigate those shortcomings:

– With the aim of strict compilation with control standards over the expenditures that are subject for saving: gradually decrease the budgetary expenditures other than the expenditures to finance social and cultural events, and constrain to accrue the expenditures exceeding the norms as payables and receivables in the balance sheets of organizations.

– Facilitate wide opportunities for budgetary organizations to increase their own funds and shift them to fund-maximizing organizations, and improve the delivery of paid services at the organizations functioning in social and cultural sector.

– Implement amendments into the civil-servant punishment system for ineffective use of budgetary funds in result of committing shortcomings through violating budgetary discipline, and increase its sensitivity. Because the existing punishment measures are very light.

References


РОЛЬ БЮДЖЕТНОГО КОНТРОЛЯ В ИСПОЛЬЗОВАНИИ РАСХОДОВ СОЦИАЛЬНОГО СЕКТОРА

М.А. Шарапова, старший преподаватель
Ташкентский финансовый институт
(Узбекистан, г. Ташкент)

Аннотация. В статье рассматриваются проблемы оптимизации бюджетного контроля при использовании расходов социального сектора, в частности, анализируются контрольные отчеты Счетной палаты Республики Узбекистан, Департамента контроля и пересмотра при Министерстве финансов Республики Узбекистан.

Ключевые слова: бюджетная дисциплина расходов социального сектора, бюджетный контроль, меры контроля, базовые стандарты, недостатки, правонарушения, утрата, ассимиляция, незаконные расходы.

Journal of Economy and Business, vol.1