



## CURRENT STATUS OF EXTERNAL AUDIT AND FINANCIAL CONTROL IN PRESCHOOL EDUCATION SYSTEM

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### Abstract

The state budget is a centralized monetary fund formed in order to ensure the functions and tasks of the state in the society reflected in the constitution and laws. As long as the state exists, its functions and tasks exist, and the provision of state functions, in turn, creates an objective need for financial resources. Only in Article 41 of the Constitution of the Republic of Uzbekistan, the sentence "free general education is guaranteed by the state" and "compulsory general secondary education" obligates the state to provide 11 years of free general education in schools to all citizens. In order to ensure this function, it is necessary to build and repair, equip, and organize education for free general secondary education schools that cover all of the general education age at the expense of state funds, and provide jobs for teachers who teach in schools. it will be necessary to carry out expenses such as paying fees.

**Keywords:** budget system, state budget, audit, control, state sector, budget-tax policy, inter-budgetary transfers, financial control \_

### Introduction

The share of state budget funds in the gross foreign product of the country, on the one hand, represents the level of the state's involvement in the economy, and on the other hand, it shows the extent to which the state has undertaken functions and tasks in front of the society. In this regard, if we analyze the country's main macroeconomic indicators and state budget forecasts for 2022, the state budget expenditures make up 18.6 percent of the country's GDP, and the consolidated budget expenditures make up 24.8 percent, which is almost the national income of the country through the state budget system . means redistributing a quarter. The state budget is the main "pocket", "wallet" of the country. But at the same time, the state budget is a category organized and managed according to economic laws. It is the most important lever of the state in regulating and developing the economy. If we pay attention to the economic development of the countries of the world, the most important factor in the country's development depends on the rational and effective organization of the "fiscal" policy of the country.





The state should "organize the fiscal policy in the country in such a way that taxes and duties fill the budget at the set rate to the maximum extent and support the development of producers and entrepreneurs, not disrupting their activities. In addition, the uniform and stable development of all regions of the country is related to the correct organization of the budget and tax policy. That is, the application of differentiated rates based on the level of development of regions, the allocation of budget transfers to relatively less developed regions, and the improvement of their investment potential are among the issues in determining the rates of state taxes and duties. In addition, social and social protection, social security are also important in the budget policy, therefore they have the largest weight in the budget expenditures. Even and stable development of all sectors of the economy is directly related to budget policy. In this case, the state tax rates are applied in a stratified manner and the budget supports the industries with low profitability.

The state budget redistributes the country's gross foreign product (national income) as an economic category. According to the economic literature, the state budget redistributes this distribution between regions, between social strata, and between sectors.

### **Literature Review**

The organization of financial flows in the budget system, theoretical and practical aspects of the formation and use of the income of the budget system, foreign economists - L. Goncharenko, E. Evstigneev, A. Isaev, M. Kulisher, R. Campbell, A. Laffer, K. McConnell, G. Menkiw, U. Petty, A. Pogorletsky, D. Ricardo, A. Smith, A. Sokolov, S. Sutirin, D. Tikhonov, D. Chernik have been thoroughly researched in scientific works.

Local economists N.Khaydarov, T.Malikov, O.Olimdzhanov, A.Zhoraev, A.Vakhobov, Z.Srojiddinova, O.Komolov, D.Gofurov, M.Bauetdinov, the essence of state budget income and expenses, effectiveness of budget funds who conducted scientific research on its use.

### **Research Methodology**

Scientific abstraction, induction and deduction, comparative analysis, structural analysis.

### **Analysis and Results**

According to the report of the external audit service of the Ministry of Preschool Education for the end of 2021, because the Preschool education system has not been





adequately controlled for many years, this sector has fallen into a dire situation, where violations and abuses are rampant. The situation showed the need to strengthen control work. For this purpose, on September 30, 2021, an external audit service was established at the Ministry of Preschool Education. The auditors directly subordinated to the Minister of Pre-School Education were given the important tasks of identifying and preventing cases of illegal embezzlement of budget funds and deficits. Auditors regularly provide information about the work carried out. Below we bring to your attention the next report.

11 billion by the end of 2021. Some financial law violations were identified and 278 study documents were sent to law enforcement agencies for legal action. 47.6% of the total identified financial violations were deficits and illegal expenses, 27.6% were violations of public procurement legislation, 17.2% were improper planning of budget funds, and 7.7% were surplus of material resources and other situations.

The analysis shows that 40 percent of the illegal expenses are due to "dead souls", that is, employees who are registered in various positions in the preschool educational institution (MTM), but do not actually work in the institution. In this way, the head of MTM illegally embezzled the salaries written to the "dead soul" employees, and the non-working "dead soul" employees had illegal work experience. Today, when providing employment to the population is an urgent issue in the republic, it has been determined that these "dead souls" are occupying the place of specialists and employees who want to work conscientiously.

In many cases, **employment for the positions of tutor, tutor's assistant, cleaner, kitchen worker, janitor is being falsified**, which in turn has a negative impact on the institution's activities. For example, 592 million soums were paid to 19 unemployed employees in specialized MTM No. 9 in Sharof Rashidov district of Jizzakh region, 100 million soums in MTM No. 6 in Samarkand district of Samarkand region. more than soums, in MTM No. 38 in Pastdargom district - 60 mln. 46 mln. soums in MTM No. 4 in Urganch District, Khorezm Region. 30.4 million soums, in the MTM No. 596 in Tashkent city. 22.8 million soums, in MTM No. 244 in Uchtepa district. soums, etc. wages were unjustifiably written off.

Another type of illegal spending is **fraudulent withdrawals of cash from employees by writing them false wages and bonuses**. For example, 20.8 mln. Soums of cash were unjustifiably written off from the treasury without being given to employees. The same situation is in the specialized MTM No. 9 in the Sharof Rashidov district of the Jizzakh region - 17.3 million. 35 mln. soums in MTM No. 14 in Shavot tumn of Khorezm region. soums and others.





249 million by the preschool education department of Dangara district of Fergana region. Soum food purchase contracts were concluded without the conclusion of the procurement commission and the signature of a lawyer. According to the contract, the auditors paid 9 mln. of meat products. It was found that the products were purchased at high prices and the products were of poor quality.

Also, the auditors found cases of transferring funds to suppliers based on forged documents without actually delivering the products under the contracts. For example, the pre-school education department of Kattakorgan district of Samarkand region spent 11.5 million for children's furniture. 10 million soums for sheets to MTM No. 40 in Gijduvan district, Bukhara region. 49 million soums for food products in Bukhara city MTM No. 42. it can be mentioned that soums were transferred on the basis of forged documents.

In the studies conducted by the auditors, an inventory of material assets is definitely organized. Deficiency revealed as a result of the inventory indicates the possibility of looting of the property. In simple terms, food shortage means that these products do not reach the children's meals. In most cases, excess products are created as a result of making false entries in the documents: for example, food products are indicated in the recipe as being used in cooking, but in reality the products are not put into the pot. The auditors found that these products were hidden in different places.

Also, it was found that MTM employees made arbitrary changes to the food lists and created fake food lists. In the 11th MTM in Namangan district of Namangan region, it was found that the food list in the kitchen does not match with the food list submitted to accounting for the write-off of food products, as a result, 14.7 million . Soum products were written off in excess.

Incorrect planning of budget funds, the amount of funds allocated to preschool educational institutions for the relevant financial year, given by the institutions, and several other indicators are taken into account. For example, if an excess staff unit is entered as a result of incorrect calculations, it will cause a budget surplus to be planned. Timely identification of over-planned funds means prevention of illegal expenses that are the basis of administrative or criminal liability.

For example, as a result of adding 8.5 additional state units to the state table of MTM, 29.7 mln. surplus budget funds of soums are planned.

The control activities carried out by the auditors of the Ministry of Pre-school Education in pre-school educational institutions are regularly carried out in the capital and regions.

During 2019, the Ministry of Preschool Education conducted control activities in a total of 728 organizations.





As a result of the control activities, a total of 31.6 billion soums of financial violations were detected, of which:

deficit, illegal spending and looting - 19.3 billion soums;

Failure to comply with the requirements of the state procurement legislation (situations such as without conducting a tender, without concluding a contract, based on false offers) - 7.1 billion soums;

Other financial deficiencies (non-compliance with accounting and payment discipline requirements) - 1.9 billion soums;

Additional funds calculated for the budget of Davlab and organizations amounted to 3.3 billion som.

The analysis shows that 40 percent of the illegal expenses detected from the funds allocated for wages are paid by "dead souls", i.e. employees who are registered in various positions in the preschool education organization (MTT), but do not actually work in the organization. In this way, the head of MTM illegally embezzled the wages written to the "dead soul" employees, and the non-working "dead soul" employees had illegal work experience. Today, when providing employment to the population is an urgent issue in the Republic, these "dead souls" are occupying the place of specialists and employees who want to work conscientiously.

Today, in order to increase the effectiveness of preventive measures and the wide use of information technology in control work, it is necessary to provide access to the "UzASBO" software complex and DMBAT programs of the Ministry of Finance.

With this, the possibility of remote "online" control and prevention of illegal expenses will be created, and it will be possible to reduce existing financial violations by 60%.

According to our studies, the financial control in the preschool education system, which is the object of research, is organized based on the procedures and methods presented in Table 5.

Table 1 Implementation of financial control in the preschool education system

<b>Controller Organ</b>	<b>Control tasks</b>
<b>Financial departments</b>	ensuring compliance with the budget-status discipline by budget organizations; controlling the correctness of budget accounting and financial reporting by budgetary organizations.
<b>Treasury Departments</b>	compulsory registration of contracts of budget organizations based on control over the amount specified in the cost estimates and their conclusion in accordance with the established goals; a way to ensure compliance with payment discipline by making direct payments to the accounts of suppliers of goods (works, services) on behalf of budget organizations within the sums provided for in cost estimates and registered contracts implementation with





<b>State financial control departments</b>	compliance with budget and budget-status discipline; implementation of budget system budgets; implementation of state financial control over the correct conduct of public procurement tenders.
<b>Ministry of Preschool Education external audit service</b>	ensuring the construction and execution of budget organizations' budget estimates, calculation and payment of wages, budget and extra-budgetary funds accounting, monitoring of funds received from the sale of goods (work, services) specific to the type of activity; carrying out preventive work on the illegal looting of funds; control over the conduct of tenders and the conclusion of contracts; making suggestions on improving the accounting and reporting system of budget organizations; to avoid unjustified debtor and creditor debts, to strengthen budget discipline, to ensure the efficiency of procurement of goods (work, services).

It can be seen from the data of the table that in the control of activities of pre-school educational system institutions, financial departments, treasury departments and state financial control departments observe the discipline of budgeting and accounting and financial reporting in the execution of estimates. is to control the correctness of the data.

Control work carried out by financial departments and treasury bodies is carried out before the control of state financial control departments. In the audits conducted by the state financial control departments, the processes after the completion of the relevant transactions are checked. It can be seen that the financial control in the preschool education system is performed after the financial transactions in the organizations have been completed . Also, the system organizations do not implement the development of external control system and recommendations and suggestions for improving the current situation.

The external audit service of the Ministry of Preschool Education directly controls the processes related to the preparation of estimates of system organizations, organization of their execution, organization and maintenance of accounts, preparation and presentation of financial reports, giving methodological recommendations in these processes and eliminating existing situations. serves to make management decisions.

The external audit service of the Ministry of Pre-School Education can carry out audits based on the characteristics of system organizations, imagining existing external technical, organizational and methodological problems.

State financial control bodies carry out state financial control in accordance with annual control plans approved by state financial control bodies or an authorized body.





In some cases, implementation of unplanned state financial control: of the Resident of the Republic of Uzbekistan or the Cabinet of Ministers of the Republic of Uzbekistan; in cases where the state financial control body receives information about the facts of violations of budget legislation, it is allowed based on the decisions of the heads of the state financial control bodies.

Financial control is carried out through special principles. Control principles are scientifically developed and practical political, organizational and legal foundations of control, their adherence ensures the effectiveness of control. The principles of control determine the general order of control in the field of finance, which is goal-oriented.

### **Conclusions and Suggestions**

Identifying and grouping regular deficiencies related to internal audit and financial control in the preschool education system, studying their causes and consequences, and implementing measures to prevent them.

In institutions (organizations) of the pre-school education system, it is necessary to establish regular cooperation between internal audit service staff and accounting staff in the system. In this way, shortcomings in the preparation of estimates and schedules of states and their execution, organization and maintenance of accounting and preparation of financial reports are avoided.

To the heads of subordinate institutions and centralized financial and accounting services, to improve the system of budget accounting and reporting, to avoid unjustified debtor and creditor debts, to strengthen budget discipline, to use budget funds, including the efficiency of purchasing goods, works and services. increase, as well as preparation of recommendations on issues of strengthening the staff of centralized financial and accounting services.

Organization of mandatory submission of submissions to lower institutions on the elimination of cases of violations of the law, the causes and conditions of their occurrence in the pre-school education system. It serves the full operation of the system related to financial and economic operations and their accounting in preschool educational institutions.

In our opinion, it is necessary to organize inspections by scientifically and practically eliminating the methodological problems mentioned above at the stages of internal audit and financial control in the institutions of the preschool education system, to carry out the inspection stages in accordance with a detailed and specific plan





prepared in advance, in a certain order of sequence , ultimately reduces errors made by auditors and serves as a guarantee of quality implementation of financial control.

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