

**ISSUES OF REFORMING ACCOUNTING AND REPORTING IN THE
PUBLIC SECTOR**

Annotation: In this article highlights of issues of reforming accounting and reporting in the public sector.

Key words: accounting, reporting, public sector.

The development of the accounting and reporting system in the public sector is one of the directions of the budget reform being carried out in Uzbekistan. The relevance of this direction is determined by the fact that accounting and reporting systems accumulate information about the flows and reserves of assets and liabilities, financial results of the public administration sector, which is necessary for making high-quality and timely management decisions.

Over the past two decades, Uzbekistan has been consistently reforming its accounting and reporting system. The changes in the accounting and reporting system stipulated in the Law were aimed at generating information about the financial position and financial results of business entities that is useful to users of financial statements. From these positions the main tasks of accounting are defined as follows:

1) formation of complete and reliable data on the state and movement of assets, property rights and obligations required by internal users of accounting reports (managers, founders, participants and owners of the organization's property), as well as external users-investors, creditors, etc.;

2) generalization of accounting data for the purpose of effective management of the process of economic activity, the use of material, labor and financial resources in accordance with approved norms, standards and estimates;

3) preparation of financial, tax and other reports for external and internal users.

At this stage, accounting for the execution of the State budget is carried out in three directions:

- 1) accounting operations of State budget execution financial authorities;
- 2) the accounting operations of the Treasury budget execution Treasury units,
- 3) accounting performance estimates of budgetary institutions.

Accounting in budget organizations for accounting for the execution of cost estimates is carried out on the basis of instructions On accounting in budget organizations and Regulations on accounting for revenues and expenditures of budget organizations and other documents.

World experience confirms that such qualitative characteristics as clarity, relevance, reliability and comparability of information are achieved by direct use of international standards or their application as the basis for building a national accounting and financial reporting system.

The advantages of introducing IFRS OS that are common to all countries are the following:

- better quality of financial information, which in turn helps provide more opportunities for evaluating public sector performance;
- ability to adapt to changes more easily;
- better integration of budget, financial accounting and statistical reporting;
- increased transparency;
- improving the management of state assets by improving the accuracy and completeness of information;
- improving the quality of strategic planning, public Finance management and economic policy development, for example, improving efficiency in the allocation of budget resources;
- ability to compare financial statements with those of other countries.

A reliable accounting and reporting system is a necessary prerequisite and supporting factor for other areas of public Finance management reform. In particular, there is an increasing emphasis on results in the planning and execution of the State budget. The same goals are also pursued by OS IFRS, according to

which the preparation of financial statements in the public sector should be aimed not only at providing information for decision-making, but also at making the organization accountable for the resources provided to it. Providing high-quality and complete information is a prerequisite for other areas of reform in this area.

Along with the above reasons, the need to switch to IFRS OS is due to practical problems of the current regulatory framework. The assessment of the legal framework based on the criteria for constructing the IFRS OS revealed the following limitations:

1) there is no clear basis for disclosure of information.

In the current legislation, there is no clarity in determining the accounting policy of public sector units when preparing reports on the implementation of the State budget. It was envisaged that all issues of budget accounting would be regulated in the Instructions on accounting in budget organizations. However, practice has shown that it is almost impossible to consolidate all aspects of financial and economic activities of budgetary institutions in one Instruction. As a result, the current legislation does not clearly regulate the procedure for recording transactions in accounting.

2) there is no procedure for maintaining budget accounting of certain financial, budgetary and extra-budgetary operations.

The current legislation does not reflect the procedure for accounting operations of state organizations related to certain types of activities (in particular, agricultural activities, currency transactions, etc.). Thus, there is no procedure for accounting and reporting the activities of subsidiary farms of professional colleges.

3) many accounting Regulations (accounting in the Treasury, budget organizations, financial authorities) that duplicate some aspects of accounting and reporting. So, the order of defining and accounting for depreciation of fixed assets budget organizations is duplicated in the regulations on the procedure for determining and accounting depreciation of fixed assets of budget organizations and the Instruction on accounting in budget organizations. Instructions on

accounting in financial bodies of budget execution of the Republic of Karakalpakstan, regions and cities

4) it is not possible to analyze public finance statistics for external users.

The current accounting system does not allow generating complete information (including consolidated statements of the country's financial condition) that meets the needs of external users.

5) lack of consolidation of all public Finance accounts.

The state budget and all extra-budgetary funds are currently accounted for separately. As noted in section 2, accounting and reporting in budget organizations, financial bodies, and accounting for state trust funds and extra-budgetary funds are regulated by various instructions, regulations, and industry regulations.

Taking into account this criterion, experts of the world Bank in the latest assessment of public finances in Uzbekistan noted that financial statements are prepared in a detailed form. At the same time, it was pointed out that the financial information does not meet the requirements of international standards. In particular, it is noted that " ... at present, reports do not contain disclosures of accounting policies and other information (for example, for unexpected liabilities and full disclosure of financial assets and liabilities), which is a typical requirement of international accounting standards".

In turn, it should be noted that obtaining high-quality and reliable information that meets the needs of its internal and external users can be ensured only if there is a methodology for budget accounting and reporting that meets generally recognized international standards.

In accordance with the norms of the Budget code of the Republic of Uzbekistan, budget accounting is an orderly system for collecting, registering and summarizing information about the state of assets and liabilities in monetary terms that are taken into account when executing budgets of the budget system, as well as operations that change these assets and liabilities. Budget reporting is a generalized system of data on the state of assets and liabilities, compiled on the basis of budget accounting data according to established forms.

At the same time, the unified methodology of budget accounting and budget reporting is established by the Ministry of Finance of the Republic of Uzbekistan in accordance with this Code, budget accounting standards, as well as other legislative acts.

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