

**THEORETICAL ASPECTS OF THE STATE TREASURY CONTROL MECHANISM  
DEVELOPMENT**

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**Annotation:** *Theoretical aspects of the State Treasury control mechanism development. Research of aspects of funding methods of financial security of regional policy development is presented. The aims and tasks of the Investment Fund of Republic of Uzbekistan are investigated. Disadvantages of qualitative and quantitative criteria used for selection of investment projects claiming to get financial support from the government are discussed.*

**Keywords:** *State Treasury control, structure, mechanism, process, subjects, objects, fiscal control. the Investment Fund of the Russian Federation, regional investment funds, selection of investment projects, criteria of efficiency.*

Control being a management function is aimed at ensuring effective functioning of economic systems. One of the most important elements of control is development and improvement of treasury internal control. Treasury internal control is a process which is implemented by the Executive Board and officials of Treasury. The purposes of the internal control are to adhere to legislative, normative acts and regulations, to achieve both greater efficiency and gains in performance of the activities, to improve the quality of the reporting made. Development of effective treasury control for government revenue assurance formation, its due promptitude and control for legal order and efficiency of utilization and spending of budget money is becoming one of the most important tasks of modern economic policy of Republic of Uzbekistan. The main purposes of treasury internal control are to carry out preventive measures duly and efficiently, to identify the reasons for the revealed violation, and to elaborate a package of measures for further prevention of violations and for minimizing the effects of the already revealed violations jointly with the constituent entity.

Being an important function of management, internal control has a great impact on efficient and successful achievement of tasks and functions in State management. The signs of efficient internal control in Treasury are its complexity, and task and requirement orientation with respect to the conditions of its functioning. In accordance with uniform requirements and standards of internal control developed by Ministry for Finance of Republic of Uzbekistan it is necessary to ensure the control is organized on systemic and flexible basis which manifests itself in the process of subjects and objects of control selection and in the form it is performed. Anti-corruption is the key element of internal control. It is characterized by ultimate regulation of all the processes at the

stage of pre-checkout preparation, of control activities conducting, of making up, and of eliminating the violations revealed. Internal control in Treasury is efficiently developing and functioning. The object of internal control is the whole scope of activities of the departments of Treasury of the Ministry of Finance of Republic of Uzbekistan.

The Treasury of the Ministry of Finance of Republic of Uzbekistan is the key component of the unified system of the State financial control. Considering the importance of the tasks solved by this organization in the system of economic security of the country, it provides the implementation of the State budgetary policy. The improvement and development of the theory-based mechanism of State Treasury control procedures implementation determine the relevance of the study.

The aim of the study is to clarify the "State Treasury control" concept, the definition of its structural elements and dominant characteristics, forms and methods of preventive control procedures. The objectives of the research are the theoretical underpinning of the "State Treasury control" concept and its structure in accordance with the specifics of the economic category, and the development of conceptual framework of its implementation. In the study, I used scientific methods of collection and processing of economic information, monitoring practices and comparative analysis of the results.

On the basis of theoretical analysis, generalization and systematization of materials related to the investigation, I have clarified the conceptual apparatus and the structure of the State Treasury control. The paper identifies the dominant attributes of the State Treasury control, and offers methodological, organizational and technical bases of this type of control and mechanisms of its implementation.

The proposed methodology enables to improve the implementation mechanism of preventive control procedures in the course of budget execution of the budgetary system of Republic of Uzbekistan.

The State Treasury control as an economic category is a form of State financial control carried out by a special executive authority in accordance with its legislative powers to control the execution of budgets of the State budgetary system, the legitimate, intended and effective expenditure of funds in the public sector of economy. This control is considered as a holistic unity of its methodological, organizational and technical elements. The implementation of the proposed control mechanism will make it a valid tool in increasing the efficiency of budgetary resources in public finance management.

Reports to the Ministry of Finance of the Republic of Uzbekistan

Carries out:

- coordination and verification of activities of public financial control departments in the Republic of Karakalpakstan, provinces and Tashkent municipality and provision of methodological support;
- checking of facts identified by the Treasury of the Ministry of Finance of the

Republic of Uzbekistan suggesting inappropriate use of budget funds by the organizations, ungrounded overestimation of accounts payable by budget users;

- checking accuracy of execution of other expenses by the extra-budgetary

Pension Fund under the Ministry of Finance of the Republic of Uzbekistan;

- control over compliance with the order, time frame and full volume of

payments from the budgets of the budgetary system, cash disbursement for payment of salaries, pensions, benefits, scholarships and other similar payments.

- **preventive activities** with budgetary organizations on compliance with the budgetary legislation

- **constant monitoring** of financial activity of budgetary organizations with the use of specialized automated software products

- in-depth **analysis** of identified cases of embezzlement, shortage, budget legislation violations in public organizations and development of specific activities to eliminate favorable conditions;

- **verification** as part of control over **elimination of legislation violations** identified during previous revision or check;

- drafting of **submissions** to the the Board of Ministers of the Republic of Karakalpakstan, regional administrations of provinces and Tashkent municipality, as well as to the ministries, public committees, agencies, budgetary organizations and budget users by results of revisions and checks;

- **generalization** of public control documents by centralized tasks, drafting of relevant reports and proposals on their basis;

- materials of revisions and checks on identified characteristic violations of the budgetary legislation and drafting of proposals on elimination and prevention of their occurrence in the future.

**Public financial control** over targeted use of:

▶ funds in foreign currency by diplomatic missions of the Republic of Uzbekistan abroad;

▶ budgetary loans;

▶ credit lines and credits (borrowing) attracted or guaranteed by the Republic of Uzbekistan;

▶ funds allocated for social benefits and material aid to low-income families;

▶ funds from centralized sources allocated for implementation of investment programs of the Republic of Uzbekistan;

▶ spending of public earmarked funds;

▶ humanitarian aid and technical assistance funds;

▶ resources of the Fund for payments for agricultural products procured for public needs, timely processing of payments, full volume and timeliness of payments;

▶ compliance with the budget legislation by budget administrators, budgetary organizations and budget users;

- ▶ correctness of carried out tenders (awards) for public procurement purposes;
- ▶ activity of territorial financial authorities and treasury subdivisions related to execution of corresponding budgets.

Government support from the Investment Fund comes in the three forms: direct co-financing of project; acquisition of a stake in the share capital of a company managing a specific project; a system of State guarantees that will differ from existing guarantees of the Ministry for Finance (the guarantees do not have to be envisioned in the budget each year and these funds are not nullified at the end of the year). Two types of criteria will be used in selecting projects: qualitative and quantitative. Qualitative criteria include national priority, among other things. Quantitative criteria include: overall economic performance manifested as the project contribution to gross regional product and gross domestic product; budget performance (growth in tax revenue); financial performance (internal rate of return, payback period, profitability index). Qualitative criteria are adopted in a joint order of the Ministry for Economic Development and the Ministry of Finance.