

## Theoretical fundamentals of estimates performance accounting and reporting

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### Abstract

This article presents a description of the research conducted on the improvement of the procedure for drawing up and approving estimates in budget organizations. The need to prepare and approve estimates in budget organizations is theoretically based. In it, research was carried out to identify existing problems by analyzing the current state of budget organizations' preparation and approval procedure. Scientific and practical proposals and recommendations on improving the procedure for drawing up estimates in budget organizations are given.

**Keywords:** Budget organization; Fiscal year; Expenditure estimate; Expenditure item; Income and expenditure estimate

### 1. Introduction

In recent years, Uzbekistan has undertaken comprehensive and systematic reforms aimed at elevating the national higher education system to a qualitatively new level. These reforms are primarily driven by the growing demand for highly qualified specialists capable of responding effectively to the challenges of globalization, technological transformation, and the knowledge-based economy. Ensuring the preparation of competitive human capital that meets contemporary labor market requirements, while simultaneously improving education in line with state standards and continuously modernizing all structural components of the higher education system, has become one of the most pressing strategic priorities of national development.

In this context, the Concept for the Development of the Higher Education System of the Republic of Uzbekistan until 2030 defines the key directions of systemic reform in higher education. The Concept emphasizes the transition to a new qualitative stage in training highly skilled, independently thinking professionals endowed with modern knowledge, strong professional competencies, and high moral and ethical values. It also prioritizes the modernization of higher education institutions, the introduction of advanced educational technologies, and the strengthening of the link between higher education, the social sphere, and key sectors of the economy, thereby ensuring sustainable socio-economic development of the country. These strategic objectives reflect the state's commitment to aligning higher education with international standards while preserving national development priorities.

At the same time, the effective implementation of these reforms requires a solid institutional and financial foundation. In particular, the issues related to the preparation, approval, and registration of expenditure estimates and staff schedules of budget-funded institutions remain insufficiently resolved from a scientific and methodological perspective. The absence of a fully developed, evidence-based approach to improving these procedures limits the efficiency, transparency, and accountability of financial management in public sector organizations, including higher education institutions. Consequently, the need to refine the mechanisms governing budget expenditures and staffing structures has become increasingly urgent, underscoring the high relevance and practical significance of the selected research topic within the framework of ongoing public sector and higher education reforms.

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## 2. Literature Review

The financing of investment projects included in state programs is regulated through established institutional and procedural mechanisms. In particular, capital construction customers responsible for capital construction projects are required to submit to the Treasury service units a monthly disaggregation of expenditures formed on the basis of the approved address lists and title lists of construction projects. These documents must be duly agreed with the relevant economic and financial authorities, ensuring consistency between sectoral priorities, budgetary allocations, and implementation schedules.

According to M. Ostonokulov, the expenditure estimate (cost estimate) serves as the principal planning document, defining the volume, purpose, and quarterly distribution of budgetary funds allocated for the maintenance and functioning of an organization. It provides a financial framework that determines both the scale and the targeted use of resources necessary to ensure the continuity of institutional activities. From this perspective, the expenditure estimate functions as a core instrument of budget planning and financial discipline.

Similarly, Sakhartseva emphasizes that the budget estimate of a public (budgetary) organization constitutes its main planning document, as it not only confirms expected revenues but also authorizes the execution of expenditures. The estimate specifies the direction and amount of funds, ensures the fulfillment of institutional functions and objectives throughout the fiscal year, and serves as a practical mechanism for budget execution. This interpretation highlights the dual role of the estimate as both a regulatory and an operational financial tool.

In budgetary organizations, the estimate is regarded as a fundamental document that determines the volume of targeted revenues, regulates the use of allocated funds, and provides financial support for the organization's activities over the course of the year. An integral component of the estimate is the funding allocation plan, which details the annual amount of resources and their distribution by quarters. Unlike general expenditure estimates, targeted budget allocations are classified according to specific economic categories, including:

- Wages and equivalent payments (such as allowances for families with children, financial assistance to low-income households, scholarships, and similar payments);
- Payroll-related contributions;
- Capital investments envisaged under the state investment program and allocated according to approved address lists;
- Other expenditures.

As noted by Ibragimov and Sugirbaev, the forms of funding allocation plans and expenditure estimates are approved by the Ministry of Finance of the Republic of Uzbekistan. The literature distinguishes several types of estimates, including individual estimates, consolidated estimates, and estimates for centralized activities. In budgetary organizations, the accounting of the execution of income and expenditure estimates plays a crucial role. Through this accounting process, comprehensive information is generated and reported on the execution of budgetary and extra-budgetary funds, encompassing financial and non-financial assets, receivables and payables, as well as current and final financial results.

The scholarly works of S. Mehmonov further elaborate on the accounting functions associated with estimate preparation and execution in budgetary organizations. These functions include: documenting transactions related to the execution of income and expenditure estimates and recording them in accounting registers; forming results of estimate execution; summarizing accounting data related to budget execution and preparing financial reports; and extensively applying modern information technologies in the organization of accounting processes. Such an approach underscores the importance of accounting as a tool for transparency, control, and informed decision-making in public financial management.

Budgetary organizations that possess legal entity status and, in addition to budgetary allocations, have alternative sources of income are required to prepare separate income and expenditure estimates for extra-budgetary funds. This requirement reflects the diversified financial structure of modern public institutions and the need for differentiated financial planning and control mechanisms.

The budget system is inherently multi-sectoral, with budgetary organizations occupying a particularly significant role. These organizations are institutions maintained through budgetary funds in accordance with established procedures to perform specific state functions. Their financial resources are formed from allocations from the state budget as well as

from extra-budgetary revenues, and expenditures are carried out strictly within the framework of approved estimates and regulatory requirements.

According to the approaches advanced by Tuychiev, Ostonokulov, Ibragimov, and Tursunov, the accounting of income and expenditure estimates for both budgetary and extra-budgetary funds enables the systematic formation and presentation of information on assets and their sources during the process of estimate execution. This reinforces the role of accounting in ensuring financial transparency, accountability, and effective resource utilization in public sector institutions.

### 3. Research Methodology

This study focuses on identifying and comprehensively explaining the significance of improving the procedures for the preparation and approval of expenditure estimates in budgetary organizations, both for the organizations themselves and for information users involved in the budget execution process. Attention is paid to the direct linkage between expenditure estimates and the state budget, as well as to their role in ensuring effective public financial management. In line with the methodological approach outlined in the scientific monograph by A. Ostonokulov, the research primarily employs quantitative and qualitative methods, reflecting the fact that the core data are expressed in numerical form and require both statistical measurement and interpretative analysis.

The research process involves a systematic examination of the current state of practice, relevant foreign experience, and available empirical data. Following this initial review and comparative analysis, special emphasis is placed on an in-depth assessment of accounting and reporting practices related to the execution of expenditure estimates in budget-funded organizations. Based on the results of this analysis, the study formulates practical and scientifically grounded recommendations aimed at improving the accounting, reporting, and overall execution of expenditure estimates within the framework of budgetary financing.

### 4. Discussion and Results

As of the present period, the total number of higher education institutions operating in the country has reached 210. Of these, 115 are state higher education institutions and their branches, 65 are non-state (private) higher education institutions, and 30 are branches of foreign higher education institutions operating within the territory of the Republic. In percentage terms, state higher education institutions account for approximately 55 percent of the total number, non-state institutions for 31 percent, and branches of foreign institutions for 14 percent.

**Table 1** Information on the expenditure estimates of funds allocated from the state budget to higher education institutions (HEIs) and their execution (*thousand uzs*)

| Years | Indicators         | Group I "Wages and Equivalent Payments" | Group II "Additions to Wages" | Group III "Other Expenditures" | Total        |
|-------|--------------------|---|-------------------------------|--------------------------------|--------------|
| 2021  | Planned            | 31,332,320.5                            | 4,422,923.2                   | 4,225,970.9                    | 39,981,214.6 |
|       | Financing          | 29,489,396.2                            | 4,101,925.2                   | 4,145,953.1                    | 37,737,274.5 |
|       | Actual expenditure | 29,483,500.4                            | 4,101,925.2                   | 2,363,297.4                    | 35,948,723.0 |
| 2022  | Planned            | 20,856,782.5                            | 443,337.0                     | 21,568,041.2                   | 42,868,160.7 |
|       | Financing          | 20,856,210.3                            | 440,095.6                     | 21,568,041.2                   | 42,864,347.1 |
|       | Actual expenditure | 20,856,255.0                            | 528,724.1                     | 21,243,269.1                   | 42,628,248.2 |
| 2023  | Planned            | 31,140,848.0                            | 1,011,159.0                   | 27,063,378.7                   | 59,215,385.7 |
|       | Financing          | 27,363,930.9                            | 501,286.2                     | 26,749,718.2                   | 54,614,935.3 |
|       | Actual expenditure | 27,833,002.9                            | 118,420.4                     | 27,799,485.6                   | 55,750,908.9 |

Source: Prepared by the author based on the financial statements of the higher education institution.

In addition, by 2023, significant structural transformations were implemented in the higher education sector. Specifically, 17 branches of state higher education institutions were reorganized into institutes, 10 institutes were upgraded to university status, and 10 higher education institutions underwent comprehensive institutional transformation. By the same year, the total number of students exceeded 1.3 million, corresponding to a higher education enrollment coverage rate of 42 percent of total applicants.

These large-scale reforms have inevitably influenced the system of financing higher education. Based on the analysis conducted, it can be concluded that public funding allocated to higher education institutions during the period from 2019 to 2023 has demonstrated a consistently upward trend. This sustained growth in budgetary allocations reflects both the expanding scale of the higher education system and the state's strategic commitment to strengthening its financial support base (see Table 1).

The data presented in Table 1 were compiled based on the expenditure estimates of the research object for the period from 2021 to 2023. In particular, the figures for Group IV ("Other Expenditures") were formed using the annual financial reports corresponding to this expenditure category.

The data presented in the table indicate that the primary priority should be the effective and well-grounded planning of expenditures. An analysis of the table compiled based on multi-year reports shows the absence of Group III expenditures. This, in turn, implies that no budgetary funds were planned for the implementation of investment projects at the research object, meaning that capital investment activities were not financed from the state budget during the period under review.

The research object is a higher education institution. An analysis of the budgetary funds allocated to this institution for the period from 2021 to 2023 covering the stages of expenditure planning, financing, and actual spending, as agreed with the higher education institution itself, the regional financial authorities, and the relevant higher-level ministry reveals that, in most years, the allocated budgetary resources were predominantly directed toward Group IV expenditures. This indicates that the structure of budget spending in higher education institutions is largely oriented toward "other expenditures," rather than toward investment-related or capital development activities.

During the period under review, expenditure planning financed from the state budget increased by 2.2 times, while the level of financing (recognition of planned funds as expenditures) rose by 2.1 times, and actual expenditures increased by 2.03 times. These dynamics clearly indicate a stable and systematic growth in budgetary financing of state higher education institutions within the public sector. A percentage-based analysis further highlights this trend: compared to 2019, by 2023 the planned volume of budgetary allocations to state higher education institutions increased by 126 percent, financing through the UzASBO software system grew by 110 percent, and actual expenditures rose by 103 percent. The observed gap between planned allocations and actual spending suggests the existence of surplus budgetary funds, which in practice leads to the return of unutilized resources to the state budget at the end of the fiscal year, thereby pointing to shortcomings in expenditure planning accuracy.

Budgetary accounting in state higher education institutions is conducted using memorial order forms and is increasingly supported by modern digital technologies. Accounting operations are carried out through integrated electronic platforms such as UzASBO2, MySoliq.uz, Stat.uz, Didox.uz, and UzASBO Invoice, with authorized officials utilizing electronic digital signatures. Notably, all state higher education institutions in the Republic maintain their accounting records within the UzASBO2 system developed and administered by the Ministry of Economy and Finance, which enables centralized formation of information on treasury account inflows, expenditures, and revenues, thereby strengthening transparency, control, and fiscal discipline.

## 5. Conclusion

In conclusion, the study demonstrates that since the dominant share of expenditures in budgetary organizations is financed from the state budget, ensuring the targeted use of allocated resources and the reliability of related financial information remains a critical task. Improving the legal and methodological framework for accounting and analyzing expenditure estimates is essential to enhance transparency, objectivity, and timeliness of financial reporting. In this regard, priority should be given to standardizing staffing schedules on the basis of model templates, strengthening the justification of Group IV expenditure calculations particularly for utility services expanding electronic systems for registering and managing expenditure estimates to reduce the need for subsequent amendments, and advancing scientific research aimed at developing robust methodological foundations for accounting, analysis, and control of expenditure estimate execution in budgetary organizations.

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