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IMPROVING EXPENDITURE ACCOUNTING IN HIGHER EDUCATION INSTITUTIONS

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Abstract: This scientific article examines the theoretical and practical aspects of cost accounting in higher education institutions, including the proper classification of expenditures, their reflection in financial statements, and ways to improve the efficiency of their accounting. In addition, the article analyzes the importance of improving the accounting system, ensuring transparency, and strengthening financial control in the process of using budgetary and extra-budgetary funds in higher education institutions. The results of the study serve as a basis for drawing conclusions on expanding the financial independence of higher education institutions and improving cost accounting.

Keywords: budgetary funds, extra-budgetary funds, economic classification, financial control, financial statements, higher education institutions, cost accounting.

Annotatsiya: Mazkur ilmiy maqolada oliy ta'lim tashkilotlarida xarajatlar hisobini yuritishning nazariy va amaliy jihatlari, xarajatlarni to'g'ri tasniflash, moliyaviy hisobotlarda aks ettirish hamda ularning samaradorligini oshirish masalalari yoritiladi. Shuningdek, oliy ta'lim muassasalarida byudjet va byudjetdan tashqari mablag'lardan foydalanish jarayonida hisob tizimini takomillashtirish, shaffoflikni ta'minlash va moliyaviy nazoratni kuchaytirishning ahamiyati tahlil qilinadi. Tadqiqot natijalari oliy ta'lim tashkilotlarida moliyaviy mustaqillikni kengaytirish va xarajatlar hisobini takomillashtirish bo'yicha xulosalar chiqarishga xizmat qiladi.

Kalit so'zlar: byudjet mablag'lari, byudjetdan tashqari mablag'lar, iqtisodiy tasnif, moliyaviy nazorat, moliyaviy hisobot, oliy ta'lim tashkilotlari, xarajatlar hisobi.

Аннотация: В данной научной статье рассматриваются теоретические и практические аспекты ведения учета расходов в субъектах организаций высшего образования, вопросы правильной классификации расходов, их отражения в финансовой отчетности, а также повышения эффективности их учета. Кроме того, анализируется значение совершенствования системы учета, обеспечения прозрачности и усиления финансового контроля в процессе использования бюджетных и внебюджетных средств в высших образовательных учреждениях. Результаты исследования служат основой для формирования выводов по расширению финансовой самостоятельности организаций высшего образования и совершенствованию учета расходов.

Ключевые слова: бюджетные средства, внебюджетные средства, экономическая классификация, финансовый контроль, финансовая отчетность, организации высшего образования, учет расходов.

INTRODUCTION

Higher education institutions play a significant role in the socio-economic development of the state. Their primary functions include training highly qualified specialists, advancing scientific research, and supporting innovative activities. The effective fulfillment of these functions depends directly on the availability of adequate financial resources and their efficient utilization. Among these financial resources, state budget funds are of particular importance.

In recent years, reforming the higher education system in the Republic of Uzbekistan, granting higher education institutions greater financial autonomy, and improving the efficiency of the use of budget funds have become key priorities of state policy. In this context, the proper organization and continuous improvement of expenditure accounting for budget funds in higher education institutions have become particularly important. Budget funds constitute the principal financial foundation of the higher education system, and their targeted, economical, and transparent use directly influences the quality of education and the sustainability of the system.

At present, expenditure accounting for budget funds in higher education institutions is effectively maintained in accordance with the existing regulatory and legal framework, while consistent efforts are being undertaken to further improve this process. In particular, strengthening the alignment between expenditure planning and execution, enhancing the analysis of expenditures based on the economic classification, and expanding the analytical capabilities of financial reporting contribute to improving the efficiency of budget fund utilization. Furthermore, the gradual integration of digital accounting systems and the enhancement of internal financial

control mechanisms create broad opportunities for further improving the quality of expenditure accounting. Improving expenditure accounting for budget funds in higher education institutions is closely linked not only to accounting practices but also to financial management, budgetary discipline, and the enhancement of educational quality.

In our country, a number of strategic initiatives have been adopted to ensure public welfare through sustainable economic growth. These initiatives focus on consistently advancing economic transformation and institutional reforms, creating a favorable investment and business environment, and implementing a balanced monetary policy. Naturally, when determining its development path, any country pays particular attention to the level of organization and effectiveness of its financial system. A clear and transparent system for the recognition and accounting of expenditures in public sector entities is of crucial importance in ensuring economic stability and efficiency.¹

The legal framework governing the expenditures of higher education institutions operating as legal entities in the Republic of Uzbekistan is based on a well-established system that serves to ensure their economic and social sustainability. The Budget Code and other legislative acts developed in accordance with it provide the necessary legal guarantees for the lawful and efficient execution of institutional expenditures².

In recent years, considerable attention has been devoted to the effective management of expenditures in higher education institutions, as well-planned expenditures can contribute to ensuring their long-term financial sustainability.

REVIEW OF LITERATURE ON THE SUBJECT

The scientific perspectives, research activities, and findings of scholars are closely related to the specific characteristics of their research objects. The issues of properly organizing expenditure accounting in higher education institutions, maintaining accounting records for both budgetary and extra-budgetary funds, ensuring the reliability of the financial reports prepared on their basis, and promoting the efficient use of allocated resources have been extensively discussed in the studies, scholarly publications, and monographs of both foreign and domestic economists.

In particular, the American economists Kaplan R. S. and Atkinson A. A. noted in their research that cost classification and cost allocation are among the most commonly applied concepts in accounting for expenditures in higher education institutions, aiming to accurately assign costs to specific activities and programs within an institution. Expenditure accounting methods in higher education require a clear distinction between direct and indirect costs, enabling institutions to allocate expenditures appropriately among academic programs, research projects, and administrative functions. They further emphasized that improper cost allocation may result in incorrect managerial decisions and inefficient use of resources.³

A considerable number of studies have also been conducted in this field by scholars in the Republic of Uzbekistan. In particular, Sindarov S. I., in his research on improving the accounting of inventories in higher education institutions, emphasized that in accordance with public sector accounting standards, it is necessary to strengthen the planning of expenditures related to inventories and enhance accountability during their execution. At the end of the fiscal year, inventory balances in budgetary institutions should be analyzed based on established criteria. If the residual value of inventories exceeds the prescribed limit, the amount allocated in the budget for inventory procurement in the following fiscal year should be reduced accordingly⁴.

The practice of expenditure accounting in higher education institutions plays an important role in enhancing institutional transparency, accountability, and strategic decision-making. Given the increasing complexity and diversity of funding sources and operational activities in higher education, evaluating the theoretical and methodological foundations of expenditure accounting approaches is of critical importance.

RESEARCH METHODOLOGY

This study analyzes the accounting of expenditures financed from extra-budgetary funds in higher education institutions of Uzbekistan, the procedures governing the use of these funds, and the possibilities of maintaining accounting records based on expenditure classification. The research employed the methods of

1 O'zbekiston Respublikasi Prezidentining 2026-yil 16-fevraldagi "Mamlakat taraqqiyotining 2030-yilgacha mo'ljallangan ustuvor yo'nalishlari doirasida islohotlarni izchil davom ettirish va yangi bosqichga olib chiqishning qo'shimcha chora-tadbirlari to'g'risida"gi PF-21-son Farmoni // URL: <https://lex.uz/docs/-8050769>

2 O'zbekiston Respublikasining 26.12.2013-yildagi "O'zbekiston Respublikasining Budjet kodeksini tasdiqlash to'g'risida"gi O'RQ-360-son Qonuni // URL: <https://lex.uz/docs/-2302187>

3 Kaplan, R. S., & Atkinson, A. A. (2015). *Advanced Management Accounting* (4th ed.). Prentice Hall.

4 Sindarov Sh. Oliy ta'lim muassasalarida moddiy boyliklar hisobini takomillashtirish: https://doi.org/10.55439/ECED/vol23_iss5/a46 // Iqtisodiyot va ta'lim. – 2022. – T. 23. – Ne. 5. – C. 275-281;

induction, deduction, synthesis, and comparative analysis. In addition, official statistical data relating to higher education institutions were used to evaluate the concepts of treasury management and digital payments, their role within the treasury system, and their development trends.

ANALYSIS AND RESULTS

According to the principal theories of public financial management, the efficient allocation, stabilization, and targeted use of expenditures and resources within the public sector are of fundamental importance. Since educational services possess significant social value, these funds represent a financial resource guaranteed by the state. From an economic perspective, budget funds are non-repayable and earmarked financial resources that must be spent strictly for their designated purposes.

In higher education institutions, budget funds are primarily allocated to finance operating expenditures associated with ensuring the uninterrupted delivery of educational activities. Therefore, budget financing constitutes one of the key factors supporting the financial sustainability of the higher education system.

The proper classification of expenditures financed from budget funds is an essential prerequisite for ensuring effective accounting and control. In higher education institutions, budget expenditures are accounted for in accordance with the Budget Code of the Republic of Uzbekistan and the budget classification approved by the Ministry of Finance. The largest share of expenditures consists of personnel remuneration. These expenditures include the salaries of academic staff and employees, basic wages, allowances, and incentive payments.

Personnel remuneration is a key factor directly affecting the quality of education, and its adequacy is essential for maintaining and developing human capital. The next major category of budget expenditures comprises social contributions, including state social insurance and other mandatory contributions. These expenditures are closely linked to personnel remuneration and are calculated in accordance with the norms established by the state. In addition, budget funds are used to finance utilities, communication services, transportation, business travel expenses, and material costs associated with organizing the educational process. These expenditures ensure the uninterrupted delivery of educational activities. Furthermore, in certain cases, current repair and maintenance expenses may also be financed from budget funds (Table 1).

Table 1. Budget-funded expenditures of state higher education institutions under the Ministry of Higher Education, Science and Innovation, including institutions with and without financial autonomy, during 2021–2025⁵ (Thousand UZS.)

№	Group name	2021	2022	2023	2024	2025
1	Group I Salary and equivalent payments	49,414,834.00	50,008,712.00	81,341,549.00	95,731,645.00	115,819,461.00
2	Group II Employer deductions	9,282,444.00	11,505,325.00	9,204,107.00	40,767.00	63,783.00
3	Group IV Other expenses	7,710,000.00	34,050,395.45	38,704,314.00	20,744,100.00	36,667,591.00
	TOTAL	66,407,278.00	95,564,432.45	129,249,970.00	116,516,512.00	152,550,835.00

Table 1 presents the budget-funded expenditures of state higher education institutions under the Ministry of Higher Education, Science and Innovation, distinguishing between institutions with financial autonomy and those without, by expenditure category for the period 2021–2025.

According to the data presented in the table, total expenditures amounted to 66,407,278 thousand UZS in 2021 and increased to 152,550,835 thousand UZS by 2025. Thus, total expenditures grew by approximately 2.3 times over the five-year period. The most significant increases were observed in 2022 and 2023, when total expenditures reached 95,565,432.45 thousand UZS and 129,249,970 thousand UZS, respectively. In 2024, total expenditures declined to 116,516,512 thousand UZS, mainly due to reductions in certain expenditure categories. In 2025, expenditures increased substantially once again, reaching the highest level recorded during the period under analysis.

Group I expenditures, namely salaries and salary-equivalent payments, accounted for the largest share of total expenditures throughout the entire period. While expenditures in this category amounted to 49,414,834

⁵ Prepared by the author.

thousand UZS in 2021, they increased to 115,819,461 thousand UZS in 2025, representing a growth of 134.4% compared with 2021. A particularly sharp increase was observed in 2023, when Group I expenditures reached 81,341,549 thousand UZS. This indicates that expenditures related to the remuneration of academic staff and employees constitute the highest priority within the structure of budget-funded expenditures in higher education institutions.

Group II expenditures, which comprise employer social contributions, amounted to 9,282,444 thousand UZS in 2021 and increased to 11,505,325 thousand UZS in 2022. In 2023, this figure declined to 9,204,107 thousand UZS. In 2024 and 2025, these expenditures decreased significantly, amounting to only 40,767 thousand UZS and 63,783 thousand UZS, respectively. This trend may indicate changes in the accounting treatment or financing procedures related to employer contributions.

Significant changes were also observed in Group IV, which includes other expenditures. These expenditures amounted to 7,710,000 thousand UZS in 2021 but increased sharply to 34,050,395.45 thousand UZS in 2022. In 2023, they reached their highest level at 38,704,314 thousand UZS. Subsequently, they declined to 20,744,100 thousand UZS in 2024 before increasing again to 36,667,591 thousand UZS in 2025. These fluctuations indicate that expenditures related to utilities, inventories, procurement of goods and services, current repairs, and other operational needs of higher education institutions varied considerably over the years.

Overall, during the period 2021–2025, Group I expenditures consistently represented the largest share of expenditures financed from the state budget. This demonstrates that the principal financial burden of higher education institutions is associated with salaries and salary-equivalent payments. At the same time, the substantial increases in Group IV expenditures in certain years reflect the growing need for material and technical support, procurement of services, and operational expenditures. The fact that total expenditures reached their highest level in 2025 indicates the increasing scale of state financial support provided to public higher education institutions.

The financing of expenditures of higher education institutions from the state budget is accounted for through Sub-account 503000 “Budget Financing.” The credit side of this sub-account records payments made from budget funds through the institutions’ personal treasury accounts (Table 2).

Table 2. Accounting entries for funds financed from the state budget and expenditures incurred from these funds⁶

No.	Description of accounting transaction	Debit	Credit
1	Advance payment of salaries to employees from budget funds	153400	503000
2	Payment of the Unified Social Payment (USP) from budget funds	342200	503000
3	Advance payment to suppliers and contractors from budget funds	151100	503000
4	Transfer of savings under the expenditure estimate to development funds at the end of the last working day of the reporting quarter	102401	503000
5	Write-off of budget financing (payments made) during the fiscal year	503000	981000

The financing of higher education institutions from state budget funds is carried out strictly on the basis of approved expenditure estimates. In preparing these expenditure estimates, the amounts and conditions of remuneration, as well as the prices and tariffs for goods, works, and services, are determined for all institutions based on the conditions effective as of 1 January of the relevant fiscal year. For seasonal institutions or institutions established during the fiscal year, these amounts are determined based on the conditions effective on the first day of the month in which the institution commenced its operations.

CONCLUSIONS AND SUGGESTIONS

The findings of this study indicate that maintaining accurate, consistent, and systematic accounting of expenditures financed from both budgetary and extra-budgetary funds in higher education institutions is a key factor in ensuring financial sustainability, improving the quality of educational services, and strengthening budgetary discipline. The steady growth in expenditure levels over the years further confirms that the development of the higher education system is regarded as one of the priority directions of state policy.

Improving expenditure accounting requires, above all, its alignment with the requirements of modern financial management. In this regard, several priority areas should be emphasized.

First, it is necessary to strengthen the analytical approach to expenditure accounting based on funding sources. Recording expenditures not only according to the economic classification but also by types of activities,

⁶ Prepared by the author.

programs, and performance outcomes would enhance the efficiency of financial resource utilization. This would also provide a foundation for introducing elements of performance-based budgeting into the higher education system.

Second, ensuring consistency between financial planning and accounting is of critical importance. In practice, significant differences often arise between approved expenditure estimates and actual expenditures. To reduce these discrepancies, it is necessary to introduce medium-term financial planning mechanisms and to consider actual institutional needs when establishing expenditure limits.

Furthermore, the use of digital technologies in expenditure accounting should be expanded. Maintaining accounting records and financial reporting within integrated information systems, together with the implementation of automated control mechanisms, would improve the accuracy, transparency, and reliability of accounting information.

Based on the above analysis and the identified priority areas, one of the most important directions for improving expenditure accounting in higher education institutions is the introduction of an expanded analytical accounting system.

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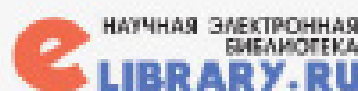
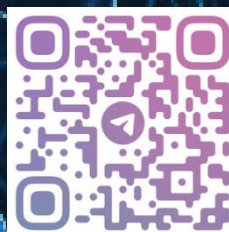
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