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Article

Improving The Accounting of Extra-Budgetary Funds and The Internal Audit System in Budgetary Organizations of The Higher Education System Based on International Experience

Ramazonov Akmal Samadovich[1]

1. Associate Professor of the Department of Finance and Credit, Renaissance University of Education
* Correspondence: akmal121981@gmail.com

Abstract: This article examines ways to improve financial control and internal audit services in budgetary organizations based on international experience. The following aspects of improving financial control and internal audit services in budgetary organizations within the higher education system are discussed: scientific and theoretical approaches to improving the accounting of extra-budgetary funds and internal audit services in budgetary organizations; specific features of improving financial control and internal audit services in budgetary organizations; factors influencing the improvement of accounting for extra-budgetary funds and internal audit services in budgetary organizations; international experience of foreign countries in this area; the current practical state of accounting for extra-budgetary funds and internal audit services in budgetary organizations in Uzbekistan; as well as the development of scientific and practical proposals regarding the prospects for improving accounting and internal audit services.

Keywords: financial control, internal audit, budgetary organizations

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1. Introduction

One of the main objectives of the economic policy of the Republic of Uzbekistan is the comprehensive and rapid realization of all existing potential in the social and economic spheres. Whereas previously this objective was understood solely as financial stability, it is now aimed at developing Uzbekistan's socio-economic system to the level of countries that occupy leading positions in the international economy.

To achieve these goals, one of the key ideas of the adopted **"Uzbekistan–2030" Strategy** is to *"join the group of countries with above-average income through sustainable economic growth* [1]*."*

At the global level, under conditions of economic integration and globalization, improving the state financial system remains one of the most pressing tasks. In particular, the introduction of mechanisms for accounting for and effectively controlling extra-budgetary funds of budgetary organizations enhances the transparency and efficiency of public finance. According to data from the Open Budget Survey (OBS), despite a number of positive achievements in this area in developed countries—for example, South Korea—the country ranks 85th in the Public Finance Transparency Index, 29th in terms of citizen participation in the budget process, and 75th in terms of the role of the public in the budget process and the effectiveness of their oversight capacity. In developed countries, large-scale reforms are being implemented in this field, with particular emphasis on digitalization, performance-based management, and strengthening public oversight, as well as on the necessity of organizing accounting activities in accordance with international standards, which further increases the relevance of the topic.

In the current era of rapid development of information technologies, higher education institutions play a crucial role in the development of the state and society. They not only train specialists, but also function as research centers, generators of innovation, and forces that ensure the spiritual, educational, and cultural development of society. According to data from the Organisation for Economic Co-operation and Development (OECD), the coverage rate of higher education in developed countries is 53% in France, 66% in Japan, and 71% in South Korea. In developed countries such as the United States, Germany, Japan, South Korea, and Singapore, higher education institutions have become key drivers of innovation in the economy. In particular, institutions such as the Massachusetts Institute of Technology, Harvard University, the University of Oxford, and the University of Tokyo are not limited to educational activities, but also occupy leading positions in the startup ecosystem and technology markets.

Ensuring the transparency of financial reporting, maintaining accounts in accordance with International Public Sector Accounting Standards (IPSAS), introducing automated accounting systems based on digital technologies, and developing models for managing the educational process through the use of artificial intelligence tools; improving analytical instruments for assessing and forecasting corporate risks; enhancing the financial stability of budgetary organizations through accounting policies; and improving the accounting and internal audit of the use of extra-budgetary funds are among the priority areas of contemporary scientific research in this field.

Literature Review

In Uzbekistan, higher education institutions, which constitute an integral part of the national economy, are increasingly demonstrating the importance of extra-budgetary funds for budgetary organizations under conditions of ongoing reforms in budgetary and tax policy. Drawing on the experience of developed countries in ensuring the rational and planned use of budgetary funds, current measures aimed at reducing direct budget financing of budgetary organizations highlight the growing significance of extra-budgetary resources. Taking this into account, we present our views on this issue.

Presidential Decree No. 4947 of the President of the Republic of Uzbekistan, within the framework of the direction *"Development and Liberalization of the Economy,"* sets the task of *"reducing state participation in the economy, protecting private property rights and further strengthening their priority position, and continuing institutional and structural reforms aimed at stimulating the development of small business and private entrepreneurship" [2].* This clearly demonstrates the importance and relevance of reducing budgetary financing through the expansion of privatization. The effective organization of extra-budgetary revenues in budgetary organizations largely requires the widespread application of budget accounting standards that comply with international requirements. For this reason, budget accounting standards are currently being adopted based on the requirements of international standards, namely the International Public Sector Accounting Standards (IPSAS).

Before discussing the role, significance, and directions of implementation of accounting for extra-budgetary funds and internal audit in budgetary organizations within the higher education system, it is considered appropriate to clarify the essence and content of this concept.

Extra-budgetary funds are additional revenues generated beyond allocations from the state budget, obtained as a result of services rendered or activities carried out by a budgetary organization in accordance with its field of activity, or acquired in the manner prescribed by law. These funds are mainly accumulated through service provision, leasing, commercial activities, or charitable contributions. They enable budgetary organizations to develop their activities through additional sources of financing and play an important role in strengthening the material and technical base, incentivizing employees, and improving overall operational efficiency. For example, educational institutions may use such funds to purchase modern equipment to improve the quality of education or to finance new projects related to the educational process.

The effective functioning of budgetary organizations primarily depends on their full and timely provision with financial resources. Therefore, in the process of reforming the public finance system, improving mechanisms for the allocation and use of budgetary funds has consistently remained at the center of state policy. In numerous academic sources and regulatory legal documents, definitions and explanations of the concepts of accounting for extra-budgetary funds and internal audit in budgetary organizations are provided. At both international and national levels, many definitions and approaches have been proposed by economists and practitioners in the field (auditors, accountants, and analysts). In examining accounting and internal audit services in budgetary organizations within the higher education system, we primarily studied the views of foreign and domestic scholars, definitions of internal audit, their perspectives, and developments in this area.

According to **P. S. Ghising**, internal audit is interpreted as a control system established by an economic entity in budgetary and other types of organizations, regulated by internal documents based on the interests of management and owners, and aimed at ensuring compliance with accounting requirements and the reliability of accounting information. From this perspective, internal control and financial control are considered the first and second lines of defense prior to this process, while internal audit represents an important function that serves as the *"third line of defense"* in organizational governance. It contributes to assessing the effectiveness of risk management and control processes and acts as an independent and objective source of assurance in achieving an organization's strategies and objectives. In addition, internal audit provides consulting services aimed at increasing organizational value by continuously monitoring and analyzing processes and offering specific recommendations for their improvement. Such an approach enables enhanced efficiency of existing operational processes [3].

Russian economists **A. V. Vershinina** and **E. R. Orlova** define internal audit as *"an independent and objective activity of an organization aimed at the timely identification and assessment of shortcomings in the effectiveness of the management system, management practices, and internal control systems [4]."*

Internal audit helps to identify weaknesses in the management system and provides recommendations for improving control processes. In large organizations, where management structures are extensive, management is unable to monitor all components on a daily basis, which increases the demand for internal audit. Internal audit is an activity focused on studying and evaluating the effectiveness of the internal control system within an organization, identifying potential weaknesses, and providing recommendations for their elimination.

Another Russian economist, **L. V. Sikorskaya**, argues that *"the economic security of the state is influenced by various external and internal factors. One of the key conditions for ensuring the sustainable development of the national economy is the stability of the public finance management system, characterized by its ability to counter threats to economic activity and to prevent, neutralize, and eliminate emerging risks. Solving these tasks is inextricably linked to the establishment of an effective management mechanism, the information from which serves as the basis for assessing the effectiveness and soundness of managerial decisions [5]."*

According to **N. A. Kazakova**, the main objectives of audit in the public sector include examining the objectivity of budget fund allocation, assessing the effectiveness of budget fund utilization, auditing the targeted and proper use of budget funds, developing management strategies for the targeted use of funds, and preparing information and reports based on audit results for relevant authorities [6].

Among Uzbek economists, **A. Ibragimov** states that *"the internal control service provides the head of a state body with reports on control results and offers recommendations for improving internal processes, rules, and procedures in order to enhance the efficiency of the state body's activities and achieve accurate and final results [7]."*

In his scientific research, **A. Ostonokulov** examined the theoretical and methodological foundations of accounting and reporting for extra-budgetary funds of budgetary organizations. He also analyzed the practical aspects of the formation and accounting of extra-budgetary revenues and expenditures, the procedures for preparing and presenting financial statements related to their movement, and conducted an analysis of financial reporting indicators on the movement of extra-budgetary funds, forming relevant conclusions. According to him, the internal audit service in budgetary organizations ensures proper accounting of budgetary and extra-budgetary funds, prevents illegal spending and misappropriation of budget funds, monitors contract execution, avoids unjustified accounts receivable and payable, and strengthens budgetary discipline. Currently, internal audit staff in budgetary organizations prepare periodic reports based on their skills and experience and submit them to the head of the organization or higher-level officials according to the reporting hierarchy. This situation arises because, although internal audit services exist in budgetary organizations, key aspects such as the form, structure, and content of internal audit reports, reporting frequency, list of report recipients, subordination of internal auditors, and related issues are not clearly defined [8].

S. Mehmonov, in turn, defines internal audit as "an activity aimed at monitoring and controlling the preparation and execution of estimates by an organization through verifying compliance with legislative acts, ensuring the reliability of financial reporting data, adherence to budget estimate discipline, and the targeted and rational use of funds" [9]. This definition clearly outlines the role and functions of internal audit in budgetary organizations; however, it does not take into account the task of assessing and improving the effectiveness of organizational management through the development of proposals and recommendations.

In his research, A. Turaev emphasizes that "the use of internal audit service results by external auditors enables a reduction in the time spent on audit engagements, thereby lowering labor costs within audit firms, as well as providing opportunities to obtain additional audit evidence based on the principle of sufficiency of audit evidence " [10].

It should be noted that the internal audit service of public sector organizations is responsible not only for control functions but also for the provision of related services. Considering that the transition to international standards is currently underway in our country, activities such as monitoring financial statements, compiling financial reports, and providing consulting services based on international experience are of significant importance.

According to the definition provided by the Institute of Internal Auditors (IIA), internal audit is "an independent and objective assurance and consulting activity designed to add value to and improve an organization's operations." Internal audit helps an organization achieve its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and corporate governance processes. This definition reflects the purpose and functions of internal audit, though they are expressed in general terms.

All of the above definitions share a common objective, namely that the internal audit service in budgetary organizations is an activity aimed at identifying inconsistencies in organizational operations, providing the necessary advice and recommendations to eliminate them, and conducting continuous monitoring.

In budgetary organizations, the internal audit service is an activity that, based on regulatory documents, ensures the completeness and legality of internal documentation, controls the reliability of prepared reports, evaluates the effective use of budgetary and extra-budgetary funds through the application of modern information technologies, provides recommendations for their improvement, and enhances the transparency of the budget process.

Based on the foregoing, we consider it appropriate to define internal audit in the public sector as follows. In our view, internal audit in budgetary organizations refers to an independent and objective activity carried out by an internal auditor, aimed at ensuring the targeted and rational use of budgetary and extra-budgetary funds during the preparation and execution of estimates, assessing the legality of financial processes and the financial control system, and continuously monitoring, evaluating, and improving the effectiveness of expenditure planning and execution, managerial decision-making, and internal control systems through the provision of professional recommendations and advisory services [11].

2. Materials and Methods

During the research process, a wide range of methods was employed, including a systematic approach aimed at elucidating the theoretical and methodological foundations of the study, as well as comparative analysis, grouping, and comparison. The article outlines ways to improve the theoretical and methodological aspects of organizing the accounting of extra-budgetary funds and internal audit in budgetary organizations.

3. Results and Discussion

The use of extra-budgetary funds provides budgetary organizations with the following additional opportunities Figure 1.

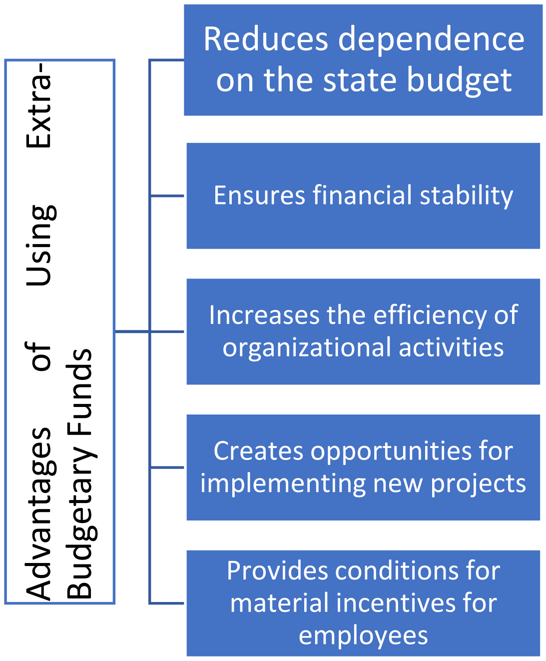

Figure 1. Advantages of Using Extra-Budgetary Funds.

The purpose of organizing the accounting and internal audit of extra-budgetary funds held in the personal accounts of budgetary organizations is to ensure the targeted use of extra-budgetary funds, prevent cases of misappropriation, and organize and monitor accounting activities in accordance with the requirements of current regulatory and legal documents [12].

The tasks of organizing the accounting of extra-budgetary funds are presented in **Figure 2**.

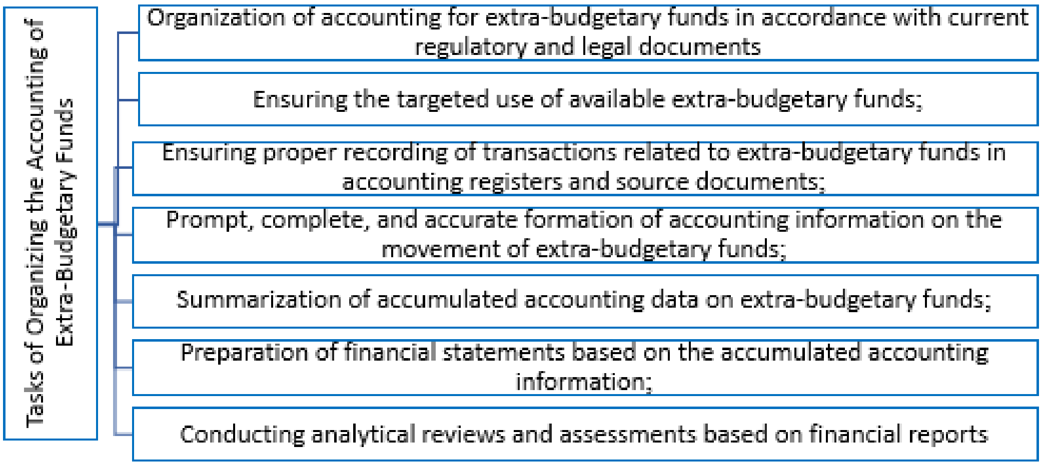

Figure 2. Tasks of Organizing the Accounting of Extra-Budgetary Funds [13].

According to the Budget Code, "the Fund for Material Incentives and Development of Budgetary Organizations is formed from the following sources:

1. Income received from the sale of goods, works, and services—that is, the positive difference between revenues from sales and the costs incurred for their production is recognized as income;
2. A portion of the proceeds received from leasing property recorded on the balance sheet of an institution is also recognized as income of the fund [14].

In higher education institutions (HEIs) under the system of the Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan, indicators of attracting extra-budgetary funds have been increasing from year to year. The results of the analysis presented below clearly demonstrate this trend Table 1.

Table 1 presents indicators of the formation of development fund revenues (in percent) in higher education institutions, including Mirzo Ulugbek National University of Uzbekistan (NUUz), Tashkent State University of Economics (TSUE), Tashkent State University of Uzbek Language and Literature (TSUULL), Gulistan State University (Gulistan SU), and Karshi Engineering and Institute of Economics (Karshi Engineering and Economics Institute, KEEI), presented by sources of formation of development fund revenues in relative terms, broken down by years [15].

Table 1. Indicators of the Formation of Development Fund Revenues in Higher Education Institutions (percent)

HEI	Source of Revenue	2020	2021	2022	2023	2024
NUUz	Commercialization	24	9	19	18	21
	Dormitories (Student Housing)	73	90	66	52	49
	Deposits			14	29	29
	Other sources	3	1	1	1	1
TSUE	Commercialization	62	60	55	52	46
	Dormitories (Student Housing)	36	39	30	24	25
	Deposits			14	23	28
	Other sources	2	1	1	1	1
TSUULL	Commercialization	53	42	32	29	27
	Dormitories (Student Housing)	43	52	38	32	30
	Deposits			21	32	34
	Other sources	4	6	9	7	9
KEEI	Commercialization	47	41	30	18	20

	Dormitories (Student Housing)	46	42	23	12	11
	Deposits	0	0	34	61	61
	Other sources	7	17	13	9	8
Gulistan SU	Commercialization	43	42	31	22	27
	Dormitories (Student Housing)	47	36	26	15	22
	Deposits			26	53	44
	Other sources	10	22	17	10	7

Accordingly Figure 3. at Mirzo Ulugbek National University of Uzbekistan (NUUz) in 2020, 24% of development fund revenues were generated through the commercialization of scientific developments by academic staff, 73% from payments for the use of student dormitories, and 3% from other sources. In 2021, these indicators amounted to 9% from commercialization, 90% from student dormitories, and 1% from other sources. In 2022, 19% of revenues were generated through commercialization, 66% from student dormitories, 14% from income earned by placing temporarily idle extra-budgetary funds in commercial bank deposits, and 1% from other sources. In 2023, the respective shares were 18% from commercialization, 52% from student dormitories, 29% from deposit placements, and 1% from other sources. In 2024, development fund revenues were formed by 21% from commercialization, 49% from student dormitories, 29% from deposit placements, and 1% from other sources.

At Tashkent State University of Economics (TSUE) in 2020, 62% of development fund revenues were generated through the commercialization of scientific developments by academic staff, 36% from student dormitory payments, and 2% from other sources. In 2021, the corresponding figures were 60%, 39%, and 1%, respectively. In 2022, commercialization accounted for 55%, student dormitories for 30%, income from depositing temporarily idle extra-budgetary funds for 14%, and other sources for 1%. In 2023, these indicators were 52% from commercialization, 24% from student dormitories, 23% from deposit placements, and 1% from other sources. In 2024, development fund revenues consisted of 46% from commercialization, 25% from student dormitories, 28% from deposit placements, and 1% from other sources.

At Tashkent State University of Uzbek Language and Literature (TSUULL) in 2020, 53% of development fund revenues were formed through the commercialization of scientific developments by academic staff, 43% from payments for student dormitories, and 4% from other sources. In 2021, these figures amounted to 42% from commercialization, 52% from student dormitories, and 6% from other sources. In 2022, 32% of revenues were generated through commercialization, 38% from student dormitories, 21% from income earned by placing temporarily idle extra-budgetary funds in commercial bank deposits, and 9% from other sources. In 2023, the respective shares were 29% from commercialization, 32% from student dormitories, 32% from deposit placements, and 7% from other sources. In 2024, development fund revenues were formed by 27% from commercialization, 30% from student dormitories, 34% from deposit placements, and 9% from other sources [16].

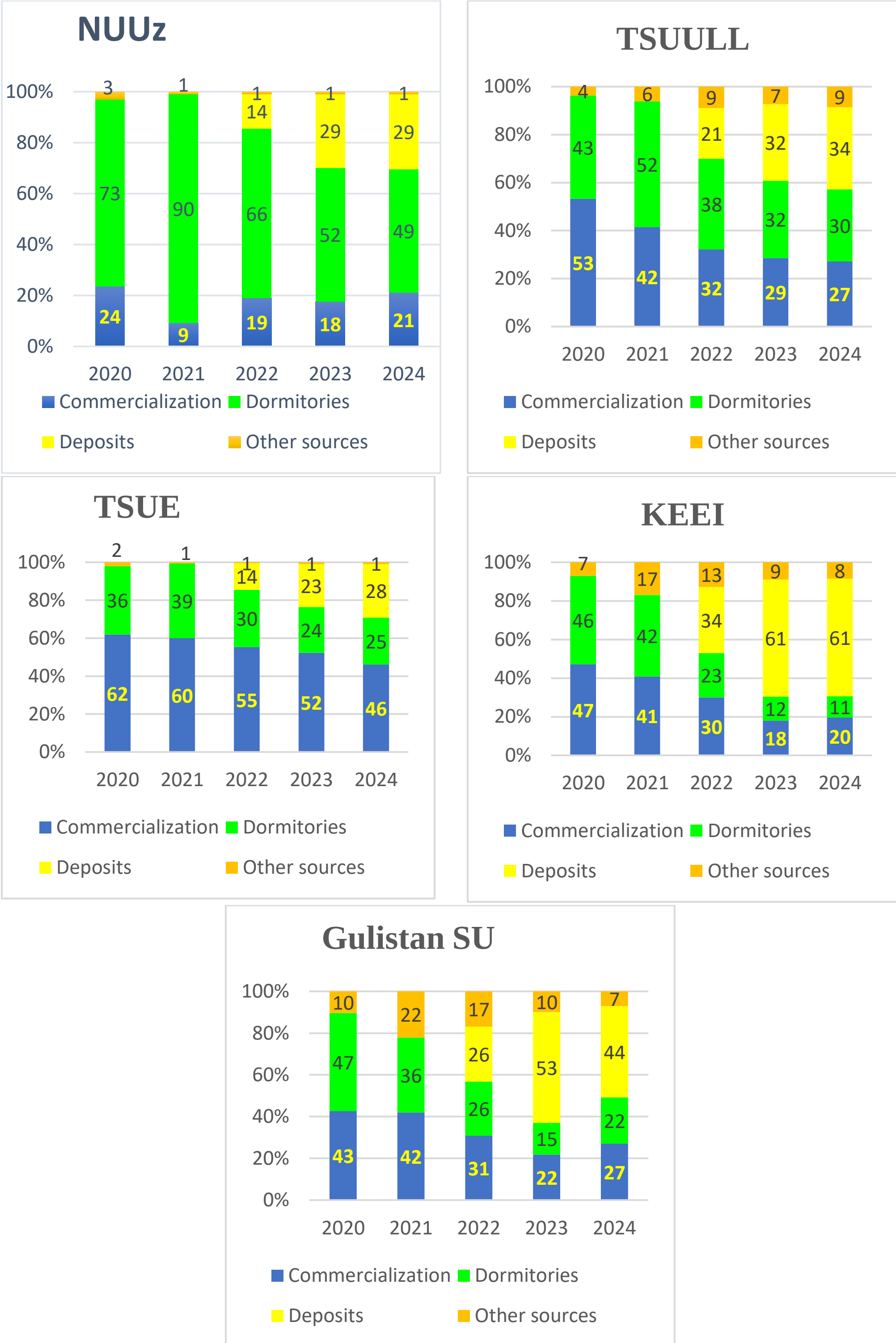

Figure 3. Share of Development Fund (DF) Revenues by Source in Higher Education Institutions (percent)

At Gulistan State University, in 2020, 43% of development fund revenues were generated through the commercialization of scientific developments by academic staff, 47% from payments for the use of student dormitories, and 10% from other sources. In 2021, the corresponding shares were 42% from commercialization, 36% from student dormitories, and 22% from other sources. In 2022, 31% of revenues were generated through commercialization, 26% from student dormitories, 26% from income earned by placing temporarily idle extra-budgetary funds in commercial bank deposits, and 17% from other sources. In 2023, the respective indicators amounted to 22% from commercialization, 15% from student dormitories, 53% from deposit placements, and 10% from other sources. In

2024, development fund revenues were formed by 27% from commercialization, 22% from student dormitories, 44% from deposit placements, and 7% from other sources.

At the Karshi Engineering and Economics Institute (KEEI), in 2020, 47% of development fund revenues were generated through the commercialization of scientific developments by academic staff, 46% from payments for the use of student dormitories, and 7% from other sources. In 2021, these indicators amounted to 41% from commercialization, 42% from student dormitories, and 17% from other sources. In 2022, 30% of revenues were generated through commercialization, 23% from student dormitories, 34% from income earned by placing temporarily idle extra-budgetary funds in commercial bank deposits, and 13% from other sources. In 2023, the respective shares were 18% from commercialization, 12% from student dormitories, 61% from deposit placements, and 9% from other sources. In 2024, development fund revenues consisted of 20% from commercialization, 11% from student dormitories, 61% from deposit placements, and 8% from other sources. The results of this analysis are presented more clearly in Figure 3.

Turning to the Table 2. analysis of expenditures financed by development fund resources in higher education institutions over the analyzed years (Table 2), at Mirzo Ulugbek National University of Uzbekistan (NUUz) in 2020, 22% of expenditures financed from development fund revenues were covered by income from the commercialization of scientific developments by academic staff, 72% from payments for student dormitories, and 6% from other sources. In 2021, these indicators amounted to 9% from commercialization, 89% from student dormitories, and 2% from other sources. In 2022, 18% of expenditures were financed from commercialization revenues, 67% from student dormitories, 13% from income earned by placing temporarily idle extra-budgetary funds in commercial bank deposits, and 2% from other sources. In 2023, the respective shares were 17% from commercialization, 53% from student dormitories, 28% from deposit placements, and 2% from other sources. In 2024, expenditures were financed by 20% from commercialization, 49% from student dormitories, 29% from deposit placements, and 2% from other sources [17].

Table 2. Relative Indicators of Expenditures Financed by Development Fund Resources in Higher Education Institutions (percent)

HEI	Source of Revenue	2020	2021	2022	2023	2024
NUUz	Commercialization	22	9	18	17	20
	Dormitories (Student Housing)	72	89	67	53	49
	Deposits	0	0	13	28	29
	Other sources	6	2	2	2	2
TSUE	Commercialization	59	59	55	51	46
	Dormitories (Student Housing)	38	40	30	25	25
	Deposits	0	0	14	23	28
	Other sources	3	1	1	1	1
TSUULL	Commercialization	45	36	35	30	27
	Dormitories (Student Housing)	36	42	33	28	28
	Deposits	0	0	18	29	32
	Other sources	19	22	14	13	13
KEEI	Commercialization	36	33	25	16	18
	Dormitories (Student Housing)	35	37	20	12	12
	Deposits	0	0	30	55	56
	Other sources	29	30	25	17	14

Gulistan SU	Commercialization	36	37	28	20	20
	Dormitories (Student Housing)	37	37	23	16	26
	Deposits	0	0	24	49	44
	Other sources	27	26	25	15	10

At Figure 4. Tashkent State University of Economics (TSUE), in 2020, 59% of expenditures financed from development fund revenues were covered by income obtained from the commercialization of scientific developments by academic staff, 38% from payments for the use of student dormitories, and 3% from other sources. In 2021, the corresponding figures amounted to 59% from commercialization, 40% from student dormitories, and 1% from other sources. In 2022, 55% of expenditures were financed from commercialization revenues, 30% from student dormitories, 14% from income earned by placing temporarily idle extra-budgetary funds in commercial bank deposits, and 1% from other sources. In 2023, the respective shares were 51% from commercialization, 25% from student dormitories, 23% from deposit-placement income, and 1% from other sources. In 2024, expenditures were financed by 46% from commercialization, 25% from student dormitories, 28% from deposit-placement income, and 1% from other sources.

At Tashkent State University of Uzbek Language and Literature (TSUULL), in 2020, 45% of expenditures financed from development fund revenues were covered by income from the commercialization of scientific developments by academic staff, 36% from payments for student dormitories, and 19% from other sources. In 2021, these indicators amounted to 36% from commercialization, 42% from student dormitories, and 22% from other sources. In 2022, 35% of expenditures were financed from commercialization revenues, 33% from student dormitories, 18% from income earned by placing temporarily idle extra-budgetary funds in commercial bank deposits, and 14% from other sources. In 2023, the respective shares were 30% from commercialization, 28% from student dormitories, 29% from deposit-placement income, and 13% from other sources. In 2024, expenditures were financed by 27% from commercialization, 28% from student dormitories, 32% from deposit-placement income, and 13% from other sources.

At the Karshi Engineering and Economics Institute (KEEI), in 2020, 36% of expenditures financed from development fund revenues were covered by income from the commercialization of scientific developments by academic staff, 35% from payments for student dormitories, and 29% from other sources. In 2021, the corresponding shares were 33% from commercialization, 37% from student dormitories, and 30% from other sources. In 2022, 25% of expenditures were financed from commercialization revenues, 20% from student dormitories, 30% from income earned by placing temporarily idle extra-budgetary funds in commercial bank deposits, and 25% from other sources. In 2023, the respective indicators amounted to 16% from commercialization, 12% from student dormitories, 55% from deposit-placement income, and 17% from other sources. In 2024, expenditures were financed by 18% from commercialization, 12% from student dormitories, 56% from deposit-placement income, and 14% from other sources [18].

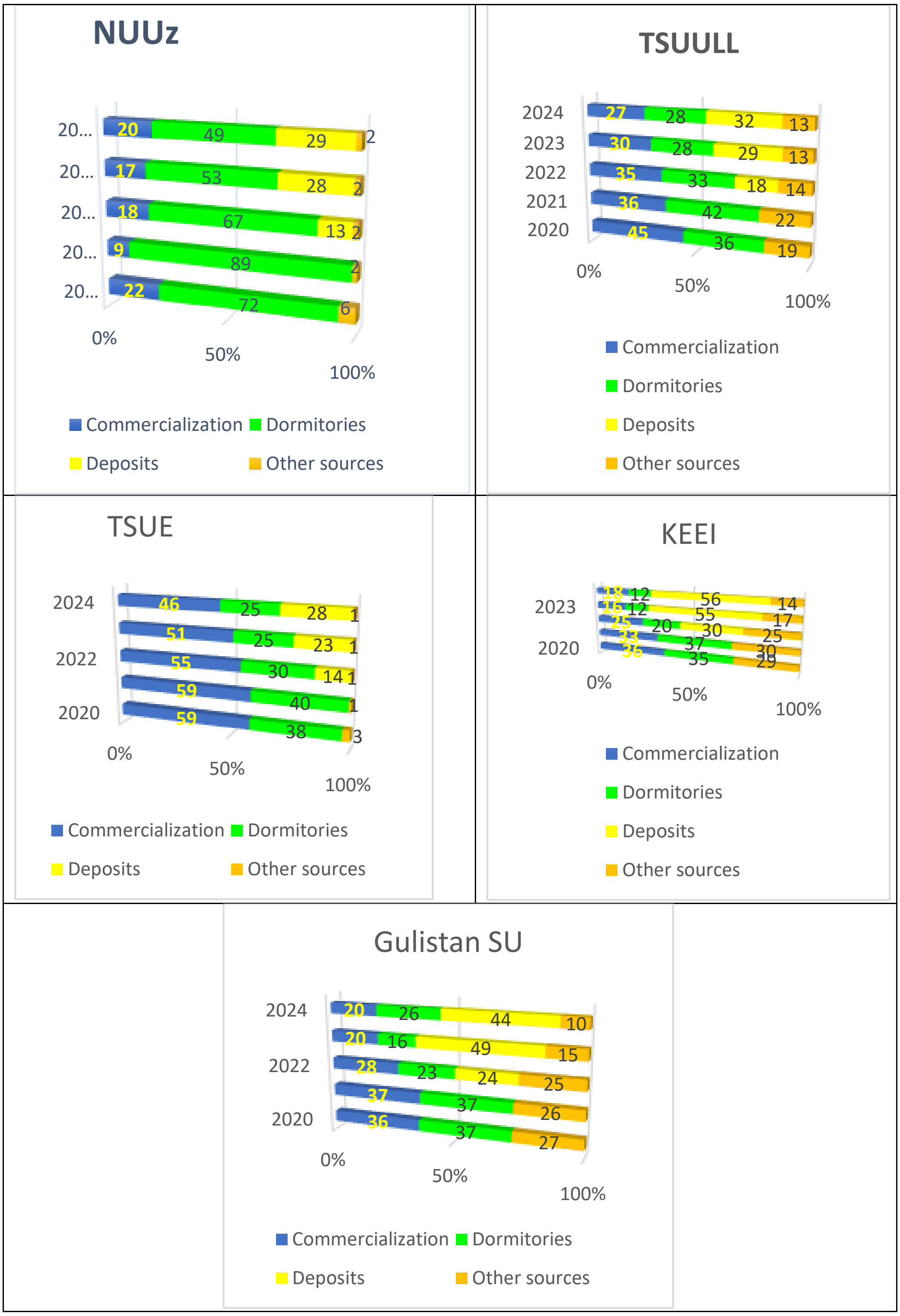

Figure 4. Share of Development Fund (DF) Expenditures by Source in Higher Education Institutions (percent)

At Gulistan State University, in 2020, 36% of expenditures financed from development fund revenues were covered by income from the commercialization of scientific developments by academic staff, 37% from payments for the use of student dormitories, and 27% from other sources. In 2021, the corresponding figures amounted to 37% from commercialization, 37% from student dormitories, and 26% from other sources. In 2022, 28% of expenditures were financed from commercialization revenues, 23% from student dormitories, 24% from income earned by placing temporarily idle extra-budgetary funds in commercial bank deposits, and 25% from other sources. In 2023, the respective shares were 20% from commercialization, 16% from student dormitories, 49% from deposit-placement income, and 15% from other sources. In 2024, expenditures were financed by 20% from commercialization, 26% from student dormitories, 44% from deposit-placement income, and 10% from other sources. These trends are illustrated more clearly in Figure 4.

The conducted analysis demonstrates that in recent years the use of extra-budgetary funds in the higher education system has been steadily increasing. The effectiveness of accounting and control mechanisms for extra-budgetary funds directly depends on the extent to which the internal audit function is properly implemented in budget-financed organizations. Notably, developed countries such as the United States, the United Kingdom, Japan, and Germany have already established effective internal audit systems within the public sector.

Internal audit may be classified according to its scope of application and the functions it performs. Based on international practice, internal audit is divided into two main categories by scope of application: internal audit in the public sector and internal audit in the private sector.

In the United Kingdom, internal audit standards for budgetary organizations are developed by the Internal Audit Standards Advisory Board. A key feature of these standards is that they are formulated based on requirements set by Relevant Internal Audit Standard Setters, including the Chartered Institute of Public Finance and Accountancy (CIPFA), HM Treasury, the Department of Health, and the Ministry of Finance, which establish specific requirements and criteria for internal audit in budgetary organizations.

In Japan, the organization, certification, and oversight of internal audit are carried out by the Certified Public Accountants and Auditing Oversight Board (CPAAOB), an independent body under the Financial Services Agency. This body plays a crucial role in ensuring professional competence, transparency, and oversight in the field of internal audit.

In Sweden, extra-budgetary funds of public institutions are centrally accounted for through the Consolidated Fund System. Each institution submits quarterly reports on the use of funds, which are analyzed electronically within a unified information system.

In Norway, every payment and expenditure of public finances is disclosed to the public through the Transparency Portal. The internal audit function is carried out by an independent authority—the Office of the Auditor General.

In Australia, internal audit in public institutions is organized in accordance with the international standard ISO 19011. A unified electronic accounting system—the Integrated Financial Management System (IFMS)—is used to record extra-budgetary funds.

4. Conclusion

Based on the conducted research, the following conclusions and recommendations have been formulated.

At present, in Uzbekistan, the accounting of extra-budgetary funds in budgetary organizations within the higher education system is maintained in an aggregated manner. This approach leads to difficulties in obtaining clear analytical accounting records and detailed accounting data by types of extra-budgetary funds. To address this issue, it is recommended to open separate working accounts within the structure of the development fund revenue account of higher education institutions and to maintain separate analytical accounting for the following categories: "Revenues from the use of student dormitories," "Revenues from the commercialization of scientific research and developments carried out by academic staff of higher education institutions," and "Revenues from placing temporarily idle cash balances of the institution in deposits with commercial banks."

The system of internal audit and financial control services in budgetary organizations represents one of the modern directions of state financial control, and it is natural that various approaches to its organization may exist. Therefore, in implementing this system, the following recommendations are proposed based on international experience:

1. According to the Swedish model: introduction of an automated system for analyzing electronic financial reports;
2. According to the Norwegian model: implementation of a system for disclosing public sector expenditures to the population through an open web portal;
3. According to the Australian model: reorganization of internal audit based on international ISO standards;
4. Based on the recommendations of the Organisation for Economic Co-operation and Development (OECD): establishment of a comprehensive register of extra-budgetary funds and implementation of monitoring through an independent authority.

The effective organization of accounting and internal audit of extra-budgetary funds contributes to ensuring the stability and transparency of public finance. By studying and adapting international experience, it is possible to enhance the efficiency of financial management practices and strengthen public oversight in Uzbekistan.

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