

EXPERIENCE IN CREATING THE UZBEK MODEL OF TREASURY

Takhir KUCHKAROV

Accounting Department, the Training Centre of the Ministry of Finance, Uzbekistan

ABSTRACT

This article studies the issues of an information system of the Treasury in the post-Soviet countries. The advantages and disadvantages of centralized and decentralized forms of Treasury. Based on the analysis of creation and implementation of information system of the Treasury in Uzbekistan presented the findings and recommendations. This conclusions and suggestions can be used in designing and implementing information systems similar to the Treasury in other countries.

JEL CLASSIFICATION & KEYWORDS

■ E63 ■ Corporate Information System of the Treasury ■ Cutting-edge Technologies ■ Centralized Data Processing ■ Database ■ E-signatures ■ Classifications of Budget Income and Expenditure ■ New System of Accounts ■

INTRODUCTION

All of the former post-Soviet countries, which had a planned economy, with the acquisition of independence in 1990, and the transition to a market economy had a number of problems in the management of public finances. Pre-existing mechanism for managing the state budget, based on its performance through the banking system of financing, market conditions, due to fragmentation of the budget on servicing the many banks and multi-stage implementation of the budget has the following disadvantages:

- the old system did not provide budget transparency and effectiveness of controls intended use of budgetary funds;
- under the old system lengthened mileage budget to final beneficiaries;
- you can create a significant level of average account balances at commercial banks;
- complicated by the adoption of operational management decisions in real time;
- it was impossible to maneuver the financial resources in conditions of scarcity;
- to create conditions for non-targeted use of budgetary funds.

In addition, a significant drawback of the banking system of budget execution in the post-Soviet countries is the lack of effective accounting of budget execution, and as a consequence of the presence of irregularities in budget execution. In such a situation, the only sure way to address the shortcomings inherent in the banking system, budget execution, is the transition to the treasury system of budget execution with the vesting of Treasury sufficient powers and possibilities of implementing the necessary functions to manage financial resources.

The main purpose of the Treasury is effective public financial management at the Treasury's account with the use of modern computer and information technology. When

information of the treasury system various post-Soviet countries have used their approach and methods, based on existing specific features. But the main causes of the choice of automation of the treasury system of some form is the disparity between the existing mechanisms of Treasury with their increased needs and the availability of certain conditions for the application of information technology. In addition, each country based on their capabilities and needs, and chose one or another form of construction of the treasury system. Depending on the different forms and the introduction of informatization of the Treasury. Over the years, automated treasury system perfected and available to date, treasury systems differ mainly in centralized and distributed transaction processing and technology architecture of the treasury, coverage of various functions and tasks, and other technical characteristics. Some countries, where, during an information system the Treasury did not have appropriate scientific and technical base, advanced telecommunication systems, training personnel for the establishment, operation and maintenance of automated treasury system, first introduced a distributed transaction processing and technology architecture of the treasury and then gradually moved to a centralized transaction processing and technology architecture of the treasury (Ukraine, Kazakhstan).¹

Study of long experience in operating the automated treasury system of centralized and distributed transaction processing and technology architecture in different countries shows that each of them has its advantages and disadvantages depending on the prevailing conditions (Table 1).²

Analysis and comparison of these models, the Treasury shows that the choice of a centralized model is viable from an economic point of view, under appropriate conditions and in view of its development. For an information system the Treasury is required to use so many financial, time and human resources. The slightest mistake and nedorobotki at its design and development can lead to negative consequences. Therefore, issues of effective design, development and implementation of information system the Treasury to study the experience of such systems is a very important issue.

So it makes sense to explore the positive experience of the creation and implementation of information system of the Treasury in certain countries. These countries in the former Soviet Union can be called the experience of Uzbekistan.

Since independence in 1991, Uzbekistan particular attention was paid to reform of the financial sectors of the economy with modern advances in information and communication technologies. Resolution of the Cabinet of Ministers dated

¹ Hashim, A. and W. Allan. "Information Systems for Government Fiscal Management", World Bank Sector Study Series, World Bank (Washington, 1999).

² Kuchkarov T.S. Foundations of creation and implementation of information system of national treasury. Monograph, under revision of S.S.Gulomov. – Tashkent: "Economy and finance", 2009. 224page

Table 1: Comparative table of Centralized and Distributed transaction processing and technology architecture of the Treasury

Functional / Technical Economic	Distributed transaction processing and technology architecture	Centralized transaction processing and technology architecture
Budget Preparation	Central / regional / district	Centralized
Transaction processing	Central / regional / district	Centralized
Data Saving	Central / regional / district	Centralized
Information Gathering	Mandatory and sophisticated	Not mandatory and fulfilled automatically at the centre
Financial Reports	Each unit retrieves reports from its database built in its server. It is impossible to carry out general daily control	Each unit retrieves its reports from the central database
Audit	Hard to carry out	Easy to carry out
Online / offline	Offline	Online
Connection to the database	Access to collected database is fulfilled under supervision of the centre	Quick access to all information from all regional departments under supervision
Database Management	Central / regional / district	United and centralized
Installation of software packages	Central / regional / district	Centralized
Update of software packages	Central / regional / district	United and centralized
LAN	Very powerful LAN	Less powerful LAN
Functional / Technical / Economic	Decentralized data processing	Centralized data processing
Intranet	Low power intranet	High power intranet
System management	Very sophisticated	Automatic and centralized monitoring
Maintenance	Very sophisticated	Centralized control
Technical services	Very sophisticated	Centralized control
Data exchange	Very slow queries and data exchange	Online information exchange
Online Services	<ul style="list-style-type: none"> limited to each department; fulfilled by local provider; heavy pressure on information security system 	<ul style="list-style-type: none"> not limited to each department; fulfilled on centralized manner; very good maintenance of information security system
Implementation time	2 to 3 years	1 to 2 years
Software installation / service costs	High / High	Low / High
Hardware installation / maintenance costs	High / High	High / Low
Installation of LAN and Intranet / maintenance costs	Low / High	High / High
Maintenance cost and facility and equipment support	Very High	Low
Total cost of main assets	High	Low

Source: Author

April 26 2002 "On the reform of the financial industry," marked the beginning of the creation of the Treasury in Uzbekistan.

Law of the Republic of Uzbekistan dated 26.08.2004, "On the treasury of the state budget," identified key tasks, functions, powers and responsibilities of the Treasury Ministry of Finance of the Republic of Uzbekistan.

Uzbekistan, in contrast to many post-Soviet countries in designing and developing an information system the Treasury acted his way. Was first studied the world experience the creation of similar systems in the developed world. After their study, with the help of experts from the

www.journals.cz/

International Monetary Fund and other international consultants began to develop a draft for a future system. Have been developed methodological foundations of the treasury budget execution has been developed to design, we studied its interaction with other information systems. It was subsequently developed a prototype of the future information system of the Treasury of Uzbekistan. Based on the study and test operation in the prototype of the future information system of the Treasury of Uzbekistan were worked out all of its mechanisms. Appropriate changes were made and improvements that will allow to avoid big mistakes and big zatrat at its creation. Was selected as a form of centralized information system for the Treasury to the centralized database, which in the future without any problems allow to modernize and develop. Develop information systems of the Treasury in 2005 was gradually introduced in all regions of the country.

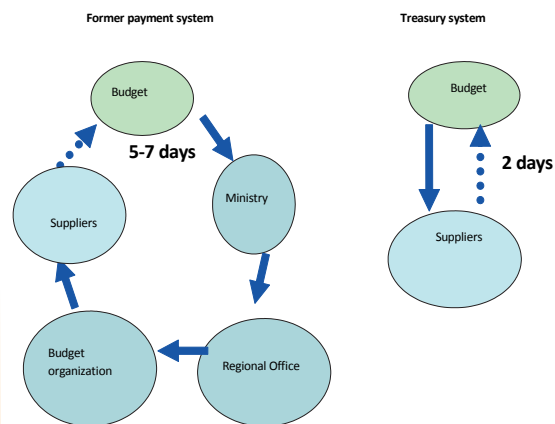
Presidential Decree of 28 February 2007 "On improvement of the treasury of the state budget" has allowed to identify the main problems and prospects of the Treasury Ministry of Finance of the Republic of Uzbekistan.

Treasury Information System of Uzbekistan is based on centralized processing and storage of data. With its modern design realized WEB-technology, DBMS ORACLE, digital signatures and other technologies and means of protection of information.

Application Information System Treasury has improved the time of payment and control of proper use of appropriated funds on a national scale (Figure1).³

³ Research Report on "Development of the theory and methodology of the Treasury revenue out of the State Budget" for the year 2010. The State Committee on Science and Technology of the Republic of Uzbekistan.

Figure 1: Transactions of funds



Source: Author

According to international experts in the Treasury, who has studied the information system of the Treasury of the Republic of Uzbekistan, it is one of the best in post-Soviet countries.

Experience development and implementation of information system of the Treasury in Uzbekistan, the following conclusions and recommendations:

- based on an analysis of existing information systems to choose more efficient its shape with the development and modernization of this system in the future;
- the design of complex information systems, you must first design the future of his relationships;



- It is necessary initially to develop a prototype of the future information system and make it a test on real data;
- to test the prototype in a small region in parallel to the existing system some time after its successful completion, you can implement it in actual practice;
- introduction of an information system be phased.

Based on these recommendations when designing and developing information systems in treasury or similar complex information systems in other industries one can avoid big mistakes and excessive future costs.

REFERENCES

1. Hashim, A. and W. Allan. "Information Systems for Government Fiscal Management ", World Bank Sector Study Series, World Bank (Washington, 1999).
2. Resolution of the Cabinet of Ministers dated 26 April 2002 on measures to prepare the project "Reform of the Public Finance Management".
3. Law of the Republic of Uzbekistan dated 26.08.2004, "On the treasury of the state budget".
4. Decree of the President of the Republic of Uzbekistan dated 28 February 2007 "On measures on further development of the treasury of the State budget".
5. Kuchkarov T.S. Foundations of creation and implementation of information system of national treasury. Monograph, under revision of S.S.Gulomov. – Tashkent: "Economy and finance", 2009. 224 page.
6. Research Report on "Development of the theory and methodology of the Treasury revenue out of the State Budget" for the year 2010. The State Committee on Science and Technology of the Republic of Uzbekistan.

