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Single Treasury Account of the Public Treasury and Development Prospects

Key words: *Treasure, finance, economy, management, tax, local budget, access tax, cash, accounting, inflation, economical creases, transfer.*

Annotation: *The article contains the results of execution of the government budget has become the key direction of activity of Uzbekistan's treasury over the period of activity of the treasury system of the Republic of Uzbekistan, and a number of practical efforts has been made for continuous development of processes and procedures for managing the transactions with treasury accounts of the government budget with the view of more quality and efficient management of budget proceeds.*

Cash execution of the government budget is considered as an important mechanism of performing obligations in the course of adopting the budget for the following year. When talking about the cash execution of the budget, one should bear in mind that its implementation includes two financial processes: monetary receipts and expenditures made from the treasury account. Development of processes and procedures for managing the transactions with treasury accounts of the government budget, as well as working through the single treasury account serve as main direction of improving the Public treasury activity.

The single treasury account (STA) is a special bank account administered by the Treasury of the Ministry of Finance, and proceeds of the Government budget (including proceeds of special state funds) and extra-budgetary proceeds of budget organizations are credited to this account (8).

Expenditures of legal entities and individuals, for which proceeds are earmarked in the Government budget are paid, and expenses of public special funds are executed from the STA. Activity of treasury bodies in the light of using the STA is considered a new information technology of quality execution of the Government budget, and following are of importance in this process: centralization of revenues and payment of expenditures of the Government budget with the STA; centralization of accounting the revenues of budgets of various levels with a single account, execution of Government budget expenditures at the

level of central treasury; daily reflection of revenue and expenditure transactions of the Government budget, and accounting of public assets and obligations (7).

In addition, budgets of all levels of the budget system of the Republic of Uzbekistan are executed based on the principle of unified organization of cash, as well as accounting and reporting (6), and it provides for gradual crediting of all revenues and receipts to the Single treasury account and implementation of all planned expenditures from the Single treasury account (6).

The STA is opened with the Central Bank of the Republic of Uzbekistan. In addition to budget execution, the duty of administering the budget accounts and budget funds is vested on the treasury bodies.

Administration of the Government budget funds means administration of funds held with national and regional treasury accounts (single treasury account) and currency accounts of the Treasury of the Ministry of Finance (in national and foreign currency) with the view of timely execution of expenditures of recipients of budget funds (8).

Introduction of a complex system of treasury execution of the Government budget based on the STA and automated information software is organized through carrying out of activity of the Central Bank's institutions, Treasury and tax bodies and administrative institutions, which collect payments (tax, customs, etc.) in real-time (online) mode in a unified information space. This, in turn, requires the transfer of the cash execution of the Government budget (budget revenues and expenditures) from banks fully to the Treasury bodies, maintenance of the public sector accounting and budget classification in accordance with international standards (Government Financial Statistics Manual developed by the International Monetary Fund, International Public Sector Accounting Standards developed by the International Federation of Accountants).

At present, following elements of treasury execution of the Government budget are being applied in Uzbekistan: registration of contracts between the budget recipients and goods suppliers and control over payment of their expenditures, payment of expenditures from the national and regional treasury accounts, implementation of financial processes with accounts of budget institutions and organizations opened with treasury bodies, accounting and budget classification partially in compliance with international standards, and elements of planning and administration of the Government budget funds. In addition, electronic auction trade for state procurement needs has also been introduced.

Transition of the treasury to the STA gives an opportunity to resolve one of the vital issues in the area of development of treasury technologies p introduction of operating management of transactions with Government budget funds, i.e. centralized management of the STA liquidity (3).

The STA liquidity can be described as an ability to pay for monetary obligations from the Government budget funds in timely manner over certain period.

Liquidity is a complex concept, and it cannot be determined by a single indicator. In turn, one should use a system of ratios studied in dynamics in order to assess it. It is proposed to use the instantaneous, current and long-term liquidity for this purpose, because they are based on the economic essence of liquidity, which requires the balance between the assets and budget obligations linked to the duration of cash receipts and expenditures.

Instantaneous liquidity ratio is calculated as a ratio of the amount of budget funds held with the STA to the liabilities to be paid immediately from this account. It defines the reserves

of the highly liquid funds of the Government budget over certain period with respect liabilities, which can be demanded during the same period.

Current liquidity ratio is calculated as a ratio of the amount of total volume of monthly budget receipts accounted for with the STA to the cash equivalent of the Government budget obligations to be funded during the given period. Current liquidity ratio indicates the degree of balance of funds with the STA over the most recent month, degree of optimal planning of structure and volume of cash receipts and expenditures for short-term outlook.

Long-term liquidity ratio reflects the ratio between the budget receipts planned for long-term (over one year) and ability of the Government budget to pay under respective forecasted public legal and civil legal expenditure obligations.

Study of this system of ratios in evolution enables to resolve the most important issue of the national economy – further systematic implementation of the process of analysing the STA position for the purpose of performance of all budget obligations in timely and full manner.

Based on the ratio of cash receipts and expenditures, one can describe the STA payment position over certain period both by deficit of funds and its replenishment with contingent excess budget funds.

In case of lack of funds, temporary cash disruption emerges, and debt resources are usually borrowed from international financial institutions according to world practices in order to overcome such disruption.

In case of availability of contingent excess funds with the STA, gaps in duration and volumes of cash receipts to the Government budget in short-term outlook, as well as temporary spare resources emerge as a result of cash payments from such excess funds.

At the same time, in accordance with Article 14 of the Law of the Republic of Uzbekistan “On Treasury Execution of the State Budget”, the treasury may have an opportunity to ensure and manage the STA liquidity through placement of the Government budget funds on deposits with the Central Bank’s institutions. Key approaches to STA liquidity management are formed for this purpose, according to which priority directions for ways of placing the balances of the Government budget funds are determined. For instance, it is appropriate to direct such funds to reduce the debt obligations of the Government budget; and should it be impossible or unnecessary to reduce the debt obligations of the government budget due to objective circumstances - to direct the rest of fund to liquid assets through conclusion of deposit agreements with credit organizations selected based on established criteria and according respective tender. In this case additional receipts will be achieved due to placement of temporary spare budget funds in the national financial market in form of deposits.

At the same time, a number of factors, which have a substantial impact on formation of the STA and its efficient functioning, should also be noted.

It is appropriate to implement gradual transition to finding and use of internal reserves of budget funds accounted for with the STA, transactions associated with accounting and consolidation of revenues of the Government budget and extra budgetary funds, as well as rendering of services primarily to state-owned commercial entities and later to private commercial entities through the STA.

Implementation of a process of “zeroing” the accounts of the central and regional treasury bodies in the course of closing the daily budget expenditures transactions is also

considered as an important reserve for replenishment of the STA funds, and introduction of its automated information software into practice is an important task. So far the STA of the Treasury has not been opened. This, in turn, leads to delays in crediting the funds by the Central Bank institutions to the Government budget, and does not allow efficient operating management of funds. Therefore, it is appropriate to transfer the respective accounts of the Central Bank's regional institutions to the automated accounts balancing system and transfer them directly to the treasury account. Similar systems are being successfully applied in a number of foreign countries, namely, in Germany. It is called "CASH CONCENTRATIONS" in FRG (3). Introduction of such technology in Uzbekistan would supplement the daily balances with the STA. Corporate data processing information system functioning at the Information and Computing Center of the Ministry of Finance has no such capabilities.

Introduction of a technology of daily "raise" of balances of the extrabudgetary funds and temporary spare funds of state-owned commercial entities-recipient of Government budget funds, which are held with the single treasury accounts, may become another way of reimbursement-based replenishment of the STA resource base. Functioning of each such accounts in the STA mode will enable the STA strengthening during the periods of cash disruptions. In such case, additional reserve of non-interest bearing short-term debt may be formed in order to ensure the balance of the Government budget.

Increase of the budget funds turnover is considered as an important element affecting the efficiency of the STA functioning. Use of a unified information space for the settlements system of the Central Bank and Treasury is of great importance in this process. The following may be noted as its key directions:

1) Development of electronic payment system at the Central Bank and Treasury level. In our opinion, it is important to transfer the Uzbekistan's treasury to electronic banking payment system, a substantially progressive model of interregional settlements of the Central Bank. On the one hand, it ensures high efficiency and reliability of interregional term settlements, and, on the other hand, increases the speed of payments from the Government budget through expediting the treasury funds circulation;

2) Improvement of mutual partnership of the Treasury and recipients of budget funds in the sphere of information exchange. This process has the following features:

It enables the implementation of "paperless" information exchange between the treasury and recipients of budget funds. It means submission of budget data of the recipients of budget funds and implementation of financial processes of the Treasury, recipients of budget funds and third parties in the course of a single operations day.

In addition, introduction of a system of electronic document circulation among the recipients of budget funds. This includes the following most important aspects: transmission of documents for payment of budget obligations and receipt of respective excerpts via electronic communication networks using the electronic digital signature; delivery of budget parameters; electronic authorization of payments using the budget funds (by virtue of "scanned copies", i.e. scanned samples of primary documents, which serve as grounds for effecting the respective payment); development of technologies of receipt of cash fund by budget institutions using the corporate plastic cards, etc (1).

The technology of active management of STA liquidity also requires further improvement. Introduction of information software for reliable, timely and complete cash

forecasting of movement of the Government budget funds is the most important means of this process.

Information software for cash planning and modelling of the STA liquidity may serve as an optimal model of this process.

To our opinion, efficient functioning of this model will, in addition to introduction of above-mentioned technological and organizational innovations, assist in receiving additional interest receipts from temporary spare funds, while enabling the substantial increase of reliability, timeliness and completeness of cash planning of budget funds movement and increase of transparency of cash execution of the budget; and will ultimately prepare a foundation for increasing the quality and efficiency of financial governance in the public administration sector.

Good cash governance within the Government budget may improve the banking system of liquidity management. This is vital for introduction of a full-fledge relations between the credit managers and persons in charge of monetary and credit policy. Treasury will not enable to disrupt the banking system liquidity through sharp changes in its deposits or its borrowing activity.

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