IMPROVING THE ACCOUNTING OF CONSTRUCTION AND REPAIR EXPENSES IN BUDGETARY ORGANIZATIONS

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Annotation. This article analyzes the accounting practices for funds allocated to construction and repair works in budgetary organizations, existing challenges, and ways to improve the accounting process. Effective management and accurate accounting of construction and repair expenses ensure the rational use of public funds. The article proposes recommendations for improving the current accounting policy.

Keywords. budgetary organization, construction and repair, expense accounting, fixed assets, financial management, accounting policy, and automated systems.

INTRODUCTION

In a market economy, the rational use of public funds and the establishment of a system to account for every sum spent is one of the main priorities of modern financial management. In particular, construction and repair works carried out within the financial activities of budgetary organizations often require large amounts of funding. Therefore, it is crucial that these expenses are properly classified, documented by established standards, and accurately recorded in financial accounts. The technical condition of fixed assets used by budgetary organizations, compliance with their operational lifespan, and their modernization or restoration based on modern requirements directly influence the efficiency of the organization's activities. Through construction and repair works, not only is the existing material and technical base preserved, but also service quality is improved, safety is ensured, and efficiency is increased. For this reason, these expenditures should be regarded as one of the main operational directions of the organization.

Although existing legislative documents define general rules for recording construction and repair costs in financial accounting, in practice, various interpretations, incorrect codifications, and inconsistent application of criteria are often observed. In particular, misclassifications between capital and current repair costs, incorrect categorization in accounting software, and baseless indicators in reports lead to the inefficient use of public funds. Such issues weaken the control over state budget expenditures, increase corruption risks, and violate budget discipline. Today, the step-by-step implementation of digitalization in the public financial management system—through automated information systems such as GFMIS, 1C: Budget, and Hisob. uz—creates opportunities for transparent and systematic accounting. However, a properly structured accounting policy, qualified personnel, and a strict internal control system are required to utilize these systems effectively.

Accurate organization of accounting for construction and repair expenses enables institutions to use financial resources more wisely and increase the renewal and modernization of fixed assets. Therefore, this article scientifically explores the theoretical foundations of accounting for construction and repair expenses in budgetary organizations, the existing problems, and proposed solutions, as well as effective directions for improving the accounting system. It develops proposals for the classification of these expenses, evaluation criteria, generation of reports through automated software solutions, and strengthening of financial oversight.

The Economic Essence and Classification of Construction and Repair Expenses. Construction and repair expenses in budgetary organizations refer to financial resources allocated from the state budget aimed at renewing, maintaining, and developing fixed assets used by publicly funded institutions. These expenses are a critical component of financial accounting and budget discipline, and they are classified as follows:

Capital Expenditures. These include the construction of new buildings and facilities, reconstruction of existing structures, modernization and technical upgrading, and major (capital) repairs. Capital expenditures are those that increase the value of fixed assets. They are reflected in the balance sheet in financial accounting and are subject to depreciation.

Current Expenditures. These cover routine (daily) repair works, minor technical maintenance, and the replacement of items such as paint, glue, furniture, and other equipment. These costs are considered part of operational (service) expenses and are classified as direct expenditures related to organizational activities.

Existing Problems and Shortcomings in Practice. Currently, some issues are observed in accounting for construction and repair expenses. In many budgetary organizations, the distinction between capital and current expenditures is not clearly defined in the accounting policy. This results in misclassification in estimate documentation and financial reports. In some cases, expenses carried out through financial software are entered under incorrect codes, leading to inaccurate representation of construction and repair costs in reports. Moreover, due to insufficient knowledge among financial staff or documentation errors, funds may be misused. Internal audit and control systems are often ineffective.
In many organizations, construction and repair expenses are still recorded manually or using Excel spreadsheets. This leads to data entry errors, inconsistencies in reporting, and delays in decision-making.

Directions for Improving the Accounting System. To eliminate the above issues in accounting practices and establish effective management, the developed proposals are presented in Table 1.

Proposals for Improving the Accounting System	
Revision of the Accounting Policy	Organizations should clearly define the following in their accounting policies: a) the criteria for capital and current expenditures; b) the procedures for approval, documentation, and formalization of these expenditures; c) the financial codes used in accounting and their consistency.
Utilization of Automated Systems	Through software systems such as GFMIS, 1C:Budget, and Hisob.uz, expenditures can be managed: a) in real-time; b) through automatic coding; c) based on internal control mechanisms.
Strengthening Internal Audit and Control Systems	For each construction or repair project, it is necessary to ensure: a) the accuracy of the estimate documents and contracts; b) the alignment between the scope of work and allocated funds; c) the accountability of contractors.
Training Qualified Personnel	For the continuous professional development of accountants, financial specialists, and estimators, it is necessary to implement: a) certification courses; b) online seminars; c) state-approved training programs.
Continuous Monitoring by State Oversight Authorities	a) Analyzing the targeted use of construction and repair expenses; b) Taking measures to identify and prevent violations of the law.

Table 1. Proposals for Improving the Accounting System

Conclusion

Construction and repair expenses play a significant economic and social role in the activities of budgetary organizations. Accurate and systematic accounting of these expenses enables the improvement of an organization's material and technical condition, enhances service quality, and ensures the rational use of public funds. This article examined the types of construction and repair expenses, practical issues

encountered in their financial accounting, shortcomings in the current system, and ways to improve accounting through modern management and automated approaches. The analysis shows that in the current financial management system, distinctions between capital and current expenditures are not clearly defined, strict criteria are lacking in accounting policies, and the level of automation is often insufficient. These issues negatively affect the quality of financial reporting, transparency, and the targeted use of budget funds.

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