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Azerbaijan State Oil and Industry University

Financial Report

2025

The university's revenue base is planned to be formed in accordance with the ASOIU Charter from funds allocated from the state budget, income from its activities, including funds from paid education, donations, grants, attracted investments and other funds not prohibited by law. The forecast indicators in this regard are specifically reflected in the revenue section of the "Revenue and Expenditure Estimate" approved annually for ASOIU:

- revenues from state orders (educational expenses and scholarships);
- revenues from "SABAH" groups;
- revenues from the "Teacher of the Future" scholarship;
- revenues from paid personnel training;
- revenues from providing educational grants to citizens of the member states of the Organization of Islamic Cooperation and the Non-Aligned Movement;
- other revenues (revenue from conducting scientific and research work, grants, work performed under economic contracts and other activities in accordance with the legislation, etc.).

The budget plan for financial and economic activities is drawn up in accordance with the Strategic Development Plan of ASOIU. The formation of the budget for the current year is based on the principle of budget balance and allows determining the base of income and expenses. ASOIU has a system of planning financial resources for the short and medium term. Thus, each year, taking into account the actual indicators of the previous year, base forecast indicators are drawn up based on the action plan for the new budget year and the next 3 years.

The purpose of the current financial plan is to ensure the sustainable solvency of ASOIU. At the stage of organizing financial planning, the sequence of work to be done to form real planning is determined, and the method of substantiating appropriate indicators is selected. The purpose of the financial plan for the medium term is to determine the dynamics of sustainable development of the University.

The following approaches are taken into account during financial forecasting and planning at the University:

- provision of quality educational services and strengthening financial potential;
- realism of achieving planned goals, taking into account the impact of external and internal financial risks;
- the possibility of using indicators of the achieved results in the process of financial forecasting and planning;
- justification of financial planning.

In modern economic conditions, the formation of the University's income is determined not only by educational activities, but also by a wide range of services. Among them, income from scientific research activities and the application of innovations, commercialization of scientific results, other services (use of scientific devices, income from the organization of recreation, nutrition and dormitories), material and technical base (rent, provision of transport services, publishing services, etc.) can be cited as an example.

The University constantly focuses on the areas of activity for attracting and increasing additional financial resources:

- increasing income through commercialization of the results of scientific research;
- increasing sources of financing (personal donations, charitable funds, etc.) along with the actual source of finance (revenues from the budget and paid educational services);
- expanding the spheres of financing of direct users of educational services.

Financial resources obtained in the estimate:

- for state order (educational expenses and scholarships);
- for “SABAH” groups;
- for “Teacher of the Future” scholarship;
- for paid personnel training;

According to the financial statements for 2024, the total budget for revenues and expenses was as follows:

University financial support	2024
Revenue	72.2 mln
Expenses	67.9 mln
General budget	112.6 mln
Debt	0
Account balance	44.6 mln

It should be noted that the procurement of goods (works and services) related to essential needs is carried out in accordance with the Law of the Republic of Azerbaijan “On State Procurement” and a report is submitted to the Accounts Chamber of the Republic of Azerbaijan at the end of each budget year.

The procedure for preparing and approving a budget estimate for the acquisition and use of financial resources is carried out in accordance with the requirements of the Law of the Republic of Azerbaijan “On Budget System” and in accordance with the procedure established for public legal

entities by the Law of the Republic of Azerbaijan “On Accounting”. Thus, for each budget year, the “Revenue and Expenditure Estimate” is approved for ASOIU in coordination with the Ministry of Science and Education. This document indicates the balance at the beginning of the year, sources of income, and the designation of the economic classification of income and expenses during the year at the paragraph level. During the current budget year, usually based on the analysis conducted at the end of the 9-month report, a refined “Revenue and Expenditure Estimate” is approved in order to use financial resources more efficiently and accelerate their turnover.

The purchase of goods, performance of works and provision of services at ASOIU is carried out in accordance with the Law of the Republic of Azerbaijan No. 245-IIQ dated December 27, 2001 “On State Procurement” <https://e-qanun.az/framework/1029>, in compliance with the requirements of the legislation. At the same time, the appropriate procurement method is used, depending on the minimum indicators approved by the relevant executive authority, based on the estimated prices compiled within the control figures approved in the annual “Estimate of Income and Expenditures” of ASOIU (provided that annual indicators are not divided by goods and contracts), and the necessary measures are taken based on the results of the tender.

Financial and accounting operations for the purchase of goods, performance of works and provision of services are organized in accordance with the requirements of the legislation (<https://eqanun.az/framework/1029>). The purchase of goods, performance of works and provision of services are carried out in accordance with the requirements of the current legislation (tender, etc.), on the basis of an approved contract and in accordance with the “Price Agreement Protocol” stipulated in the contract. Funds are transferred on the basis of supporting documents submitted electronically. After the goods are received into the warehouse, the relevant handover acts are recorded in accounting and the necessary correspondence is written.

Accounting is carried out in accordance with the procedure established for public legal entities by the Law of the Republic of Azerbaijan “On Accounting” <https://e-qanun.az/framework/5458>, financial reports are compiled, submitted and published. The University also periodically submits reports to relevant state bodies (State Tax Service, State Statistical Committee, Ministry of Science and Education, etc.).

After ASOIU has switched to the principle of self-financing, constant improvement of sources of obtaining financial resources and directions of their use is of particular importance, and the formation of new sources of financial resources and their efficient use are among the main goals of the University’s development. In this direction, the current state of the University's financial resources, their composition and structure (proper management of creditors and debtors, the state

of its reserves), the problems of financial resource management are analyzed, the efficiency of their management is assessed (the efficiency of the use of financial resources primarily includes their targeted use).

Investment decisions, taking into account the protected costs, also constitute a very important and at the same time fundamental component of the process of managing the financial resources of the enterprise, since they lead to the removal of a large part of them from circulation over a long period. As is known, the assessment of the efficiency of financial resource management is significantly related to the assessment of the efficiency of investments in assets.

Results of the accreditation assessments of the Azerbaijan State Oil and Industry University conducted by the Agency for Quality Assurance in Education on the financial aspect

1. Management of financial resources

1.1. Compliance of the sources of ATM's financial resources (state budget, paid education, scientific research, donations, grants, etc.) with its Charter

The Charter of ASOIU was approved by the Resolution No. 300 of the Cabinet of Ministers of the Republic of Azerbaijan on August 12, 2022 and registered by the State Registration Department of Legal Entities of the Main Department of National Revenues of the State Tax Service under the Ministry of Economy of the Republic of Azerbaijan on October 20, 2022.

As stated in paragraph 5.2 of the Charter, the property of the higher education institution is formed from the charter fund, other property given to it by the founder, funds allocated from the state budget, income from its activities, including funds from paid education, donations, grants, attracted investments and other funds not prohibited by law.

As stated in paragraph 5.13 of the Charter, the funds received from the activities of the university are directed only to the development of education, the development of the material and technical base of the institution, the social protection of students and educators, as well as other goals determined by regulatory legal acts. The expenditure of funds received by the University is regulated in accordance with the "Rules for the Use of Funds Received from the Performance of Works and Provision of Services by Subordinate Institutions Not Included in the Structure of State Bodies (including Service Fees)" approved by the Resolution No. 257 of the Cabinet of Ministers of the Republic of Azerbaijan dated September 10, 2021.

1.1. Planning Level of Financial Resources for the Short and Medium Term

In the Self-Analysis Report submitted by ASOIU, the Action Plan for the Short (1-year) and Medium-Term (5-year) Development Strategy for 2021-2030 set the goal of conducting scientific research on the basis of 101 joint venture agreements with local and foreign enterprises, organizing commercial production through enterprises of which ASOIU is the founder and co-founder, and actively participating in grant projects of national and international science foundations in order to expand and diversify financial opportunities. In order to implement the targets set out in the Action

Plan in the short and medium term, regular meetings are held with the participation of the Vice-Rector for Scientific Affairs, the Vice-Rector for International Relations and the Vice-Rector for Economic Affairs and are reported to the rector.

1.2. Transparency level of obtained financial resources

Information on financial resources obtained by ASOIU is transparent and accessible to interested parties. A report on the obtained financial resources is submitted annually to the ASOIU Scientific Council. As stated in paragraph 3.1.18. of the ASOIU Charter, one of the main tasks of the university is to ensure the effective use of budget funds, loans, grants and other financial resources allocated to the university for their intended purpose.

Relevant information on the obtained financial resources is submitted to the state bodies of the Republic of Azerbaijan (Ministry of Science and Education of the Republic of Azerbaijan, Ministry of Finance of the Republic of Azerbaijan, Chamber of Accounts of the Republic of Azerbaijan, State Tax Service under the Ministry of Economy of the Republic of Azerbaijan, State Statistical Committee of the Republic of Azerbaijan) on a quarterly and annual basis. It is recommended to establish an internal audit mechanism at ASOIU.

1.3. Compliance of the use of financial resources with the ATM Charter

As stated in paragraph 5.13. of the ASOIU Charter, the funds received from the university's activities may be directed only to the development of education, the development of the material and technical base of the institution, the social protection of students and educators, as well as other goals determined by regulatory legal acts. As can be seen from the financial report submitted by the ASOIU Financial Management Board, the use of financial resources complies with the ASOIU Charter and the SIP.

1.4. Compliance of the procedure for preparing and approving the budget estimate for the acquisition and use of financial resources with the ATM Charter

As stated in paragraph 5.2. of the ASOIU Charter, the property of the university is formed from the statutory fund, other property given to it by the founder, funds allocated from the state budget, income from its activities, including funds received from education, 104 donations, grants, attracted investments, and other funds not prohibited by law. The procedure for preparing and

approving a budget estimate for the acquisition and use of financial resources is carried out in accordance with the ASOIU Charter. The acquisition and use of financial resources of the University is carried out in accordance with clause 5.5. of the Charter, in accordance with the rights of ownership and use of property freely in accordance with its purposes, and the right to dispose of it is exercised by agreement with the Ministry.

1.4. Level of implementation of current control over the use of financial resources for their intended purpose

The funds obtained from the activities of the University are spent in accordance with the “Rules for the use of funds obtained from the performance of work and provision of services by subordinate organizations that are not part of the structure of state bodies (including service fees charged)” approved by the Resolution No. 257 of the Cabinet of Ministers of the Republic of Azerbaijan dated September 10, 2021. Control over the use of financial resources for their intended purpose is carried out by an external auditor or internal audit unit appointed by the ASOIU Board of Trustees. The use of financial resources for their intended purpose is also based on the Decree of the President of the Republic of Azerbaijan No. 586 dated June 6, 2007 “On the preservation and improvement of the efficient use of state property”. Current control over the use of financial resources for their intended purpose is also carried out by state bodies of the Republic of Azerbaijan (Ministry of Science and Education of the Republic of Azerbaijan, Ministry of Finance of the Republic of Azerbaijan, Chamber of Accounts of the Republic of Azerbaijan, State Tax Service under the Ministry of Economy of the Republic of Azerbaijan).

1.5. Status of organization of procurement procedures for the purchase of goods, performance of works and provision of services in accordance with the requirements of the legislation

Procurement procedures for the purchase of goods, performance of works and provision of services are carried out in accordance with the Law of the Republic of Azerbaijan “On State Procurement”. During the procedure, control over the preparation of contracts, tenders and quotations in accordance with the requirements of the law is carried out by the State Service for Supervision of Antimonopoly and Consumer Market under the Ministry of Economy of the Republic of Azerbaijan. Reports on the organization of procurement procedures for the purchase of goods, performance of works and provision of services in accordance with the requirements of the legislation are submitted to both the university administration and state bodies of the Republic of Azerbaijan (Ministry of

Science and Education of the Republic of Azerbaijan, Ministry of Finance of the Republic of Azerbaijan, Chamber of Accounts of the Republic of Azerbaijan, State Tax Service under the Ministry of Economy of the Republic of Azerbaijan).

1.6. The state of organization of financial and accounting operations for the purchase of goods, performance of works and provision of services in accordance with the requirements of the legislation

At ASOIU, financial and accounting operations for the purchase of goods, performance of works and provision of services are carried out in accordance with the requirements of the Law of the Republic of Azerbaijan “On Accounting”. During the field inspection and interviews, the procedure for drawing up documents was reviewed, the procedure for holding tenders was closely familiarized, the winners of the announced tenders by year and their relevant documentation were familiarized with, as well as signed contracts. During the interview, it was observed that the tender participants and their relevant documents were placed in the electronic database of the State Service for Antimonopoly and Consumer Market Supervision under the Ministry of Economy of the Republic of Azerbaijan.

1.7. The status of preparation of financial and accounting reports in accordance with the requirements of the legislation and submission to relevant authorities (tax, statistics, Ministry, etc.)

Financial and accounting reports are prepared and submitted in accordance with the tax reports submitted by public legal entities to tax authorities on the basis of the Tax Code of the Republic of Azerbaijan and the requirements of the Law of the Republic of Azerbaijan "On Accounting". Financial and accounting reports are submitted to state authorities of the Republic of Azerbaijan (Ministry of Science and Education of the Republic of Azerbaijan, Ministry of Finance of the Republic of Azerbaijan, Chamber of Accounts of the Republic of Azerbaijan, State Tax Service under the Ministry of Economy of the Republic of Azerbaijan, State Statistical Committee of the Republic of Azerbaijan) on a quarterly or annual basis.

1.8. The status of publication of financial and accounting reports in accordance with the requirements of the legislation

Although reports prepared in accordance with the requirements of the Law of the Republic of Azerbaijan "On Accounting" or any other financial and accounting reports are not published on the official website of ASOIU, it is planned to share such reports publicly in the future.

1.9. Status of activities to improve sources of financial resources and directions of use

When looking at the ASOIU Charter, SIP, and short, medium and long-term development strategy for 2021-2030, it is possible to see that the sources of financial resources and directions of use have improved over the years. In this direction, conducting scientific research work on the basis of joint economic agreements with local and foreign enterprises, active participation in national and international grant projects, establishing new laboratories, providing them with modern equipment, expanding and enriching the "Book House", stimulating scientific research work through internal grants, inviting leading foreign and local specialists to ASOIU, ensuring membership in international organizations, etc., the measures taken serve to improve and diversify financial resources. For this purpose, as is clear from the interviews, regular meetings are held at ASOIU, and proposals are listened to on improving sources of financial resources and directions of use. Proposals are submitted to the Board of Trustees and relevant government agencies for consideration when planning the next budget estimate.