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IMPROVING THE METHODOLOGY OF PUBLIC AUDIT IN THE SYSTEM OF STATE FINANCIAL CONTROL

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Abstract: This article analyzes the issues of improving the methodology of public audit within the system of state financial control on the basis of international standards and foreign experience. The study comparatively examines INTOSAI standards, the U.S. GAO "Yellow Book", the UK National Audit Office's "value for money" approach, the methodology of the European Court of Auditors, the PEFA assessment framework, as well as the ongoing reforms implemented in Uzbekistan. The article develops scientific and practical proposals for improving public audit methodology through risk-based planning, performance auditing, digitalized control, quality management, the audit evidence chain, and monitoring the implementation of audit recommendations.
Keywords: public audit, state financial control, Accounts Chamber, risk-based audit, performance audit, INTOSAI, GAO, NAO, PEFA, digital audit, internal control.

INTRODUCTION

State financial control is an essential public governance institution that ensures the lawful, purposeful, economical, and effective use of public resources. As a modern stage of this system, public sector auditing is no longer limited to detecting financial irregularities but requires a comprehensive methodology aimed at assessing the economy, efficiency, and effectiveness of public expenditure. According to the INTOSAI approach, public sector auditing is primarily classified into financial audit, compliance audit, and performance audit. This classification implies that the methodology of public auditing should be understood not as a single audit technique but as a set of audit types selected according to specific objectives.[1]

In Uzbekistan, institutional reforms in the field of state financial control have entered a new stage in recent years. Law of the Republic of Uzbekistan № LRU-546[2] of July 1, 2019 "On the Audit Chamber of the Republic of Uzbekistan" defines the Accounts Chamber as the supreme body of external public audit and state financial control. Furthermore, Presidential Decree No. DP-252[3] of December 18, 2025 "On additional measures to further improve the activities of state audit and financial control", sets out the tasks of developing the national public audit framework in accordance with international standards and advanced foreign practices, while introducing strategic management, international auditing standards, and comprehensive quality control into the activities of the Accounts Chamber. Therefore, improving the methodology of public auditing is of considerable importance from both theoretical and practical perspectives.

The objective of this study is to develop scientific and practical recommendations for improving the methodology of public auditing within the state financial control system based on international experience. To achieve this objective, the article addresses the following tasks: defining the concept and content of public audit methodology; analyzing the legal and institutional framework of public auditing in Uzbekistan; comparatively evaluating the experience of foreign countries and international organizations; and proposing a risk-based, digitalized, and results-oriented model of public auditing.

REVIEW OF LITERATURE ON THE SUBJECT

The international foundation of public audit methodology is primarily based on the standards developed by INTOSAI. Within the INTOSAI framework, the ISSAI 100–400 series establishes the general principles of

1 INTOSAI. ISSAI 100: Fundamental Principles of Public-Sector Auditing. (issai.org)
2 https://lex.uz/docs/6906971
3 https://lex.uz/uz/docs/-7926706

public sector auditing and provides the core standards for financial audit, performance audit, and compliance audit. These standards emphasize auditor independence, professional judgment, the sufficiency and reliability of audit evidence, quality control, and accountability as fundamental principles throughout the audit process.

In the United States, the Government Auditing Standards, commonly known as the Yellow Book, developed by the Government Accountability Office (GAO), serve as the principal professional standards for public auditing. The 2024 revised edition places particular emphasis on quality management systems within audit organizations, management responsibility for quality, risk-based quality management, and monitoring activities. These revised standards are scheduled to become effective for audits beginning after December 15, 2025.[4] This experience demonstrates that the effectiveness of public auditing depends not only on audit techniques but also on the efficiency of the quality management system implemented throughout the audit organization.

The experience of the United Kingdom's National Audit Office (NAO) highlights the importance of the value for money approach. The NAO independently evaluates the extent to which government objectives have been achieved economically, efficiently, and effectively through the use of public funds. It also emphasizes the application of various audit methods and techniques in performance audits, with the specific methodology used being explicitly disclosed in each value for money report. This practice enhances the transparency and verifiability of audit findings.

Within the methodology of the European Court of Auditors (ECA), the audit process is divided into the stages of planning, examination, and reporting. The methodology is based on IFAC and INTOSAI standards, as well as the relevant Code of Ethics, while being adapted to the institutional environment of the European Union. The ECA distinguishes among financial, compliance, and performance audit objectives and applies the "no surprises" principle, which promotes regular and transparent communication with the audited entity throughout the audit process. In performance audits, the ECA evaluates programs, operations, management systems, and procedures from the perspectives of economy, efficiency, and effectiveness.

The Public Expenditure and Financial Accountability (PEFA) framework provides an evidence-based methodology for assessing the quality of public financial management through 31 performance indicators and 94 dimensions. It covers seven key pillars, including budget reliability, transparency, management of assets and liabilities, budget execution control, accounting and reporting, and external scrutiny and audit. This approach demonstrates that public auditing should extend beyond identifying legal violations to encompass the evaluation of the entire public financial management cycle.

In Uzbekistan, the development of the digital infrastructure for public auditing also has significant methodological importance. Decree of the President of the Republic of Uzbekistan August 27, 2021 No. DP-6300[5] "On measures to further improve the system of state financial control" stipulates that all state financial control activities must be registered in the State Audit information system, while any unregistered control activities are considered unlawful. The Decree further requires that each control activity be supported by a detailed plan specifying the audit subject, audit questions, and procedures for data collection and analysis. According to the Regulation approved in 2025, the primary purpose of the State Audit information system is to analyze violations of budget legislation, prevent duplicate and unjustified control activities, and automate the processes of data collection, processing, storage, and reporting.

RESEARCH METHODOLOGY

The study employs normative-legal analysis, comparative analysis, a systems approach, institutional analysis, and benchmarking methods. The research materials include the legal and regulatory framework governing state financial control and the activities of the Accounts Chamber of the Republic of Uzbekistan, as well as the methodological standards and guidelines of INTOSAI, the GAO, the NAO, the ECA, and the PEFA framework.

The research methodology was implemented in three stages. In the first stage, the main components of public audit methodology were identified, including audit object selection, risk assessment, determination of audit objectives and criteria, evidence collection, synthesis of findings, reporting, and monitoring the implementation of audit recommendations. In the second stage, international practices were compared with the existing public audit system in Uzbekistan. In the third stage, practical recommendations for improving public audit methodology were developed.

In this article, the term "public audit methodology" refers to the integrated system of principles, criteria, methods, information sources, and quality control mechanisms that guide the planning, execution, evidence collection, evaluation, reporting, and follow-up monitoring of audit activities related to the use of public financial resources and state assets.

4 U.S. Government Accountability Office. Government Auditing Standards: 2024 Revision. (GAO)
5 https://lex.uz/docs/6965855

ANALYSIS AND RESULTS

The findings indicate that five key directions are of primary importance for improving public audit methodology.

First, audit planning should be risk-based. Although the current state financial control system includes annual audit plans and programs, modern public auditing requires the selection of audit objects based on criteria such as budget volume, social significance, previous violations, data anomalies, the performance of government programs, and corruption risks. Decree of the President of the Republic of Uzbekistan August 27, 2021 No. DP-6300 “On measures to further improve the system of state financial control” also requires the application of remote auditing, risk analysis, the expansion of external data sources, and the use of information systems maintained by ministries and government agencies. These provisions highlight the need to establish an audit universe—a comprehensive database of all potential audit entities—and to rank them according to their level of risk.

Second, performance auditing should be expanded alongside financial and compliance auditing. International practice demonstrates that public auditing extends beyond verifying the legality of public expenditures. For example, the European Court of Auditors evaluates government programs and management systems based on the principles of economy, efficiency, and effectiveness in its performance audits. Similarly, the United Kingdom’s National Audit Office assesses whether public expenditure has delivered value for money in achieving government objectives. As Uzbekistan continues to strengthen program budgeting and results-based budgeting, performance auditing should become a strategic priority within the state financial control system.

Third, the digital public audit platform should be transformed into an analytical instrument. At present, the State Audit information system plays an important role in registering control activities, consolidating audit information, and preventing duplicate inspections. According to the relevant Regulation, its purpose is to improve the effectiveness of control activities by automating data collection, processing, storage, and reporting. At the next stage of development, the system should evolve into an analytical platform capable of supporting risk indicators, automated alerts, budget expenditure anomaly detection, public procurement analysis, and real-time monitoring of the implementation of audit recommendations.

Fourth, audit quality should be managed as a distinct methodological component. The 2024 revision of the GAO’s Yellow Book shifts the emphasis from quality control to quality management, highlighting management responsibility for quality, risk-based quality management, and monitoring mechanisms. In the context of Uzbekistan, this experience suggests the need to introduce internal audit quality regulations, peer reviews, engagement quality reviews, and audit evidence mapping within the Accounts Chamber and other state financial control institutions.

Fifth, institutional effectiveness in public auditing should be systematically evaluated. The SAI Performance Measurement Framework (SAI PMF) provides an evidence-based approach for assessing the performance of supreme audit institutions across such dimensions as independence, ethics, audit quality, resource management, and stakeholder engagement. This framework could serve as an important methodological foundation for evaluating the strategic development of the Accounts Chamber, its institutional capacity, audit coverage, and its overall impact on public accountability.

The table below summarizes the key methodological lessons from international experience that are relevant to Uzbekistan (Table 1).

Table 1. Key Methodological Lessons from International Experience for Uzbekistan[6]

International Source / Experience	Key Methodological Aspect	Recommendation for Uzbekistan
INTOSAI	Differentiation of financial, compliance, and performance audits; independence and professional standards	Develop separate methodological standards for each type of public audit
GAO, United States	Quality management and risk-based quality management	Introduce a quality management system and peer review mechanism within public audit institutions
NAO, United Kingdom	*Value for money* audits and transparent disclosure of audit methodologies in reports	Require mandatory disclosure of audit methods, evidence, and evaluation criteria in performance audit reports
ECA, European Union	Planning–execution–reporting audit cycle; *“no surprises”* communication principle	Introduce professional communication protocols with audited entities and an audit evidence mapping system

6 Source: Compiled by the author.

The most important challenge in improving public audit methodology is the transition from control to auditing, from inspection to analytical evaluation, and from merely identifying legal violations to enhancing the quality of public governance. In practice, state financial control often focuses primarily on verifying the lawful use of public funds, the formal accuracy of documentation, and compliance with reporting requirements. While these functions remain essential, they are no longer sufficient. Public funds may be spent legally while still failing to achieve the intended socio-economic outcomes. Therefore, public audit methodology should be closely linked to results-based budgeting, strategic government objectives, and the evaluation of the effectiveness of public programs.

The Strategy for Improving the Public Financial Management System of the Republic of Uzbekistan for 2025–2030 establishes several priorities, including strengthening internal control systems within public institutions, introducing comprehensive risk management practices, reinforcing the legal framework for internal auditing, certifying internal auditors in accordance with international standards, and accelerating the digitalization of internal audit processes.[7] These priorities indicate that the methodology of public auditing should be developed by taking into account the institutional linkages among external audit, internal audit, internal control, and risk management.

Based on the findings of the study, the following model is proposed for improving public audit methodology:

Risk-based selection model. Each audit entity should be assessed based on criteria such as budget size, the share of public procurement, previous audit findings, social significance, the number of complaints, anomalies identified in information systems, and corruption risks.

Audit objectives and criteria matrix. For each audit engagement, the following questions should be answered in advance: *What is being audited? According to which criteria will it be evaluated? What evidence is required? Who are the intended users of the audit results?*

Audit evidence mapping. Every audit conclusion should be linked to its supporting evidence, including documentary sources, interviews, electronic data, calculations, and analytical findings. This approach enhances the credibility and reliability of audit reports.

Digital analytics and remote auditing. The State Audit information system should be transformed into an integrated analytical environment that connects budget execution data, public procurement information, financial statements, treasury data, and internal audit results.

Monitoring the implementation of audit recommendations. Each recommendation contained in the audit report should be monitored through an open electronic platform indicating the responsible institution, implementation deadline, expected outcome, and current implementation status.

The practical implementation of this model would reduce the punitive nature of state financial control while strengthening its preventive, analytical, and decision-support functions. At the same time, it would improve the accessibility of audit reports for the public, enhance their practical value for parliamentary oversight, and increase their usefulness for decision-making within public institutions.

CONCLUSIONS AND SUGGESTIONS

Improving the methodology of public auditing within the state financial control system is an essential prerequisite for strengthening budgetary discipline, ensuring the efficient use of public resources, and enhancing accountability in public governance in Uzbekistan. International experience demonstrates that modern public auditing extends beyond identifying legal violations and increasingly focuses on proactive risk assessment, measuring the performance of government programs, managing audit quality, applying digital analytics, and monitoring the implementation of audit recommendations.

Based on the findings of this study, the following scientific and practical conclusions have been drawn. First, public audit methodology should be standardized separately for financial, compliance, and performance audits. Second, a risk-based ranking system should be introduced for selecting audit entities. Third, the State Audit information system should evolve from a data registration tool into an analytical, forecasting, and monitoring platform. Fourth, it is advisable to establish both internal and external mechanisms for assessing audit quality. Fifth, performance auditing should be closely integrated with results-based budgeting and the monitoring of government programs.

In conclusion, improving public audit methodology through the integration of international standards, advanced foreign experience, and ongoing national reforms will contribute significantly to enhancing the transparency, accountability, and effectiveness of public financial management in Uzbekistan.

7 2025–2030-yillarda davlat moliyasini boshqarish tizimini takomillashtirish strategiyasi

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