



THE ROLE OF AUDIT IN ENHANCING THE ECONOMIC EFFICIENCY OF PUBLIC PROCUREMENT

Xulkar Askarovna Usmonova

Independent Researcher at the Department of Financial Analysis
Tashkent State University of Economics

Abstract:

This article examines the crucial role of auditing in enhancing the economic efficiency of public procurement processes. Specifically, it explores how audits contribute to the rational use of budgetary funds, reduction of corruption risks, evaluation of the quality and utility of procurement outputs, and implementation of digital technologies. The study also highlights the importance of adapting international best practices to the national context of Uzbekistan. Auditing is assessed not merely as a legal oversight mechanism but as a strategic economic analysis tool that strengthens transparency, accountability, and resource efficiency.

Keywords: Public procurement, audit, economic efficiency, digitization, corruption, international experience, life cycle costing.

Introduction

Public procurement plays a vital role in the functioning of the economy, serving as a key instrument for governments to fulfill their responsibilities in sectors such as infrastructure, healthcare, and education. The efficiency and legality of public spending are not only essential for fiscal discipline but also for maintaining macroeconomic stability and public trust. Establishing effective audit mechanisms over public procurement ensures that budgetary resources are used purposefully, economically, and transparently.

From a Keynesian perspective, public spending—including procurement—serves as a major tool for stimulating aggregate demand and fostering economic growth. Therefore, the efficiency of public procurement must be evaluated not solely on legal compliance but also in terms of its broader macroeconomic implications.

Methodology

The research applies the following methodological approaches:

- **Analytical Approach:** To examine the relationship between audit functions and economic efficiency in public procurement.





- **Comparative Analysis:** Evaluation of international experiences (e.g., United States, South Korea, Singapore, Kazakhstan) in comparison with practices in Uzbekistan.
- **Descriptive Analysis:** To explore key issues such as digitization, life cycle costing, and SME inclusion in procurement.
- **Scientific Synthesis:** Generalization of empirical findings to derive practical recommendations.

Results

Audit activities play a fundamental role in assessing and enhancing the economic efficiency of public procurement. Key contributions of auditing include:

- 1. Ensuring legality and compliance** – Evaluation of whether public expenditures align with legal and policy frameworks, ensuring budgetary discipline.
- 2. Detecting and preventing corruption** – Identification of fraud, collusion, and conflicts of interest within procurement processes, promoting transparency and fair competition.
- 3. Evaluating quality and utility** – Assessment of the practical usefulness and performance of procured goods and services.
- 4. Life Cycle Costing (LCC)** – Analyzing total costs over the entire lifespan of procured assets, allowing for long-term economic decision-making.
- 5. Supporting alternative analysis** – Facilitating comparison between procurement options to select the most cost-effective solution.
- 6. Incorporating international standards** – Enhancing audit quality and outcomes by applying global standards (e.g., INTOSAI, ISSAI frameworks).

Discussion

In addition to traditional audit methods, the following contemporary directions are gaining momentum in both academic and practical discussions:

1. Digitization and Electronic Procurement

Implementation of digital platforms, e-tendering systems, AI-powered risk assessment, and blockchain technologies have significantly improved transparency and operational efficiency in public procurement. In Uzbekistan, the phased introduction of such systems is creating new opportunities for enhancing audit coverage and depth.





2. Inclusion of Small and Medium Enterprises (SMEs)

International practice demonstrates that involving SMEs in procurement supports economic diversification and local production. However, issues such as product quality, reliability, and delivery timeliness necessitate enhanced audit oversight to ensure value for money and accountability.

3. International Best Practices and Localization

Countries such as Kazakhstan, Singapore, and South Korea have developed robust procurement oversight systems emphasizing transparency, digitization, and anti-corruption mechanisms. Adapting these practices to the national context of Uzbekistan can significantly enhance the overall efficiency and integrity of the public procurement system.

Conclusion

Auditing is not only a regulatory control tool but also a critical instrument for economic analysis in public procurement. The integration of digital technologies, the adaptation of international experiences, and the application of life cycle costing models serve to enhance the strategic value of audit practices.

In the context of Uzbekistan, the following recommendations are crucial for improving the economic efficiency of public procurement:

- Implementation of electronic and automated audit systems;
- Strengthening mechanisms that promote SME participation with adequate monitoring;
- Institutionalizing life cycle cost analysis in procurement decisions;
- Aligning national audit practices with international standards such as ISSAI.

These measures can contribute to improved fiscal transparency, reduced corruption, and optimal allocation of budgetary resources—ultimately strengthening public sector governance and socio-economic development.

References

1. INTOSAI. (2013). International Standards of Supreme Audit Institutions (ISSAI). Retrieved from: <https://www.intosai.org/>
2. World Bank. (2020). Procurement Regulations for IPF Borrowers. Washington, DC.
3. Asian Development Bank (ADB). (2019). Procurement Guidelines. Manila: ADB.



4. Transparency International. (2019). Corruption and Public Procurement. Berlin.
5. OECD. (2016). Good Practices for Public Procurement. Paris: OECD Publishing.
6. Flynn, A., & Davis, P. (2017). Public Procurement and Corruption: The Role of Auditing. *Journal of Public Procurement*, 17(1), 1–26.

