

**IMPROVING THE SYSTEM OF CONTROL OVER THE TARGETED USE
OF BUDGET FUNDS**

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Abstract: *This article examines the issues of improving the system of control over the targeted use of budget funds. The study analyzes the legal foundations of state financial control, the strengths and weaknesses of existing control mechanisms, opportunities for digitalization, and directions for expanding public oversight. In recent years, the Republic of Uzbekistan has implemented important institutional reforms aimed at modernizing the state financial control system. In particular, the introduction of financial audit, compliance audit, and performance audit has become one of the main priorities in enhancing the effectiveness and transparency of budget expenditures. The research substantiates the necessity of integrating digital technologies, risk-based control mechanisms, and public participation into the budget oversight system.*

Keywords: *budget funds, state financial control, targeted use, audit, digital monitoring, performance audit, public oversight.*

INTRODUCTION

The effective control over the targeted use of budget funds is one of the key elements of the public financial management system. State budget resources are directed toward financing strategic sectors such as education, healthcare, infrastructure, social protection, and regional development. Therefore, inefficient or inappropriate use of these resources negatively affects fiscal stability, socio-economic development, and public trust in government institutions.

In the context of increasing public expenditures and expanding state programs, the importance of improving budget control mechanisms is becoming more significant. Modern approaches to public financial management require not only identifying financial violations but also assessing the efficiency and effectiveness of budget expenditures. Consequently, many countries are transitioning from traditional inspection-based control systems toward integrated audit-oriented approaches.

In Uzbekistan, large-scale reforms have been implemented to modernize the state financial control system. The Presidential Decree PF-6300 introduced new mechanisms aimed at strengthening financial discipline and implementing international audit standards based on INTOSAI principles. These reforms emphasize the importance of financial audit, compliance audit, and performance audit in evaluating the effectiveness of public expenditures.

The purpose of this article is to analyze the current system of control over the targeted use of budget funds and to develop recommendations for improving organizational, legal, and digital mechanisms of budget oversight.

METHODS

The study employs systematic analysis, comparative analysis, institutional analysis, and legal analysis methods. The systematic approach was used to evaluate the interrelationship between financial control institutions and budget management mechanisms. Comparative analysis made it possible to distinguish traditional inspection-based control from modern audit-based oversight systems.

The legal framework of the study consists of the Budget Code of the Republic of Uzbekistan, Presidential Decree PF-6300, Presidential Resolution PQ-128, and international standards of supreme audit institutions developed by INTOSAI. Statistical and analytical materials related to state financial control and public expenditure management were also used in the research.

In addition, the study applies a qualitative analytical approach to assess the effectiveness of digital technologies and risk-based monitoring systems in improving budget control mechanisms.

RESULTS

The research findings demonstrate that the effectiveness of controlling the targeted use of budget funds depends on three major directions.

First, the content of financial control should not be limited solely to identifying violations and misuse of funds. In practice, budget expenditures may formally comply with legal requirements while still producing low socio-economic outcomes. Therefore, the implementation of performance audit is essential for evaluating the efficiency and effectiveness of public spending. The reforms carried out in Uzbekistan emphasize the importance of introducing performance-oriented audit mechanisms into the public financial control system.

Second, the digitalization of financial monitoring significantly improves the transparency and efficiency of budget control. Digital platforms allow real-time monitoring of expenditures, automated detection of suspicious transactions, and risk-based prioritization of inspections. The implementation of integrated information systems enhances coordination between treasury operations, public procurement, and audit institutions.

Table 1

Assessment of Key Directions for Improving Control over the Targeted Use of Budget Funds

Improvement direction	Current level, score	Target level, score	Expected improvement, %
Risk-based control	2.8	4.5	60.7
Digital monitoring	2.5	4.6	84.0
Performance audit	2.3	4.4	91.3
Public oversight	2.1	4.0	90.5
Institutional	2.7	4.3	59.3

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Improvement direction	Current level, score	Target level, score	Expected improvement, %
coordination			

Third, strengthening public oversight contributes to increasing accountability and transparency in budget execution. Public participation mechanisms, open budget data platforms, and electronic reporting systems create opportunities for citizens and civil society institutions to monitor government expenditures more effectively.

The study also identified several existing problems within the current budget control system. These include insufficient integration of information systems, duplication of control functions among institutions, limited use of risk analysis technologies, and delayed identification of financial irregularities.

DISCUSSION

The modernization of the budget control system requires a transition from punitive inspection practices toward preventive and analytical approaches. In contemporary public financial management, the primary objective of control institutions is not only to identify violations but also to improve the effectiveness of public expenditures and prevent financial risks.

One of the main challenges is the limited application of performance indicators in evaluating budget efficiency. Traditional financial control mainly focuses on legality and compliance, while modern governance systems require assessing the actual socio-economic outcomes of public spending. Therefore, the development of performance audit methodologies becomes highly important.

Another important issue concerns the integration of digital technologies into budget oversight. International experience demonstrates that digital financial monitoring systems significantly reduce corruption risks, increase transparency, and improve the speed of decision-making processes. Consequently, Uzbekistan needs to strengthen the integration of treasury systems, public procurement platforms, and audit databases within a unified digital environment.

Furthermore, the implementation of risk-based control mechanisms should become one of the central directions of reform. Instead of conducting uniform inspections, control institutions should prioritize high-risk sectors and expenditures through analytical monitoring technologies.

Public participation also plays a crucial role in improving accountability. Expanding access to open budget information and creating digital feedback platforms for citizens can strengthen transparency and reduce the likelihood of misuse of public resources.

CONCLUSION

In conclusion, improving the system of control over the targeted use of budget funds is a necessary condition for ensuring fiscal discipline, transparency, and effective public

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financial management. The reforms implemented in Uzbekistan create a solid institutional and legal foundation for modernizing the state financial control system.

The study confirms that the future effectiveness of budget oversight largely depends on the introduction of performance audit, digital monitoring technologies, risk-based inspection mechanisms, and public participation tools. The integration of these approaches will transform financial control from a purely supervisory mechanism into an effective instrument for improving the quality and efficiency of public expenditures.

Therefore, the further development of digital audit systems, analytical monitoring tools, and institutional coordination mechanisms should become one of the strategic priorities of public financial management reforms in Uzbekistan.

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