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FINANCIAL OVERSIGHT IN THE PUBLIC PROCUREMENT PROCESS



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Abstract: This article shows the need for government procurement when purchasing goods works and services by government customers. Scientific conclusions and practical proposals for improving the public procurement process have developed.

Key words: State budget, social expenditures, budgetary organization, government procurement, contract, digital economy, information technology, electronic document, electronic platforms, corruption.

INTRODUCTION

Public procurement serves as one of the key instruments for meeting society's needs for goods, works, and services, while also regulating the economy, its growth rates, and structure on behalf of the state. It is a significant factor in the socio-economic development of the country. The primary goal of the policy in the field of public procurement is to ensure the most efficient satisfaction of the needs for goods, works, and services required for state customers to fulfill their functions, provide public services, and implement investment and production programs.

The public procurement process is defined as a system that employs a set of practical methods and approaches to maximally safeguard the interests of the state customer (budget organization). Numerous issues persist within budget organizations, among which the most prevalent and widely discussed in public is public procurement. This is because, through this system, the financial resources of the state are mobilized across various sectors of the economy.

LITERATURE REVIEW

Public procurement has a significant impact not only in the economic sphere but also in the social domain. It offers numerous positive aspects, including supporting local producers, increasing economic activity, creating jobs, and boosting tax revenues.

Prior to the adoption of the Republic of Uzbekistan's Law "On Public Procurement," the principles of public procurement in budgetary practice were centered on openness, transparency, and fairness. However, in accordance with the Republic of Uzbekistan's Law "On Public Procurement," these principles were revised to meet modern requirements. The updated fundamental principles of public procurement now include: professionalism of the state customer; justification; rational, economical, and efficient use of financial resources; openness and transparency; competitiveness and impartiality; proportionality; unity and integrity of the public procurement system; and prevention of corruption [2]. The process of implementing state procurement consists of planning state procurements, implementing the procedures for procurement, concluding and executing the contract, and control in the state procurement processes.

According to I.I. Smotritskaya, "the importance of ensuring the efficient use of public financial resources is evident in many foreign countries, including the Russian Federation, where procurement constitutes a

significant portion of total federal budget expenditures. Approximately 45.0% of the state budget is allocated to public procurement, underscoring the relevance of this issue" [4].__

The public procurement system serves as an effective tool in addressing the following socio-economic issues:

- Ensuring sustainable economic growth, supporting producers, and enhancing their competitiveness;
- Promoting competition in accordance with market economy principles and creating broader opportunities for entrepreneurial entities;
- Supporting innovation and fostering demand for new types of products;
- Addressing environmental and nature conservation issues by promoting sustainable procurement;
- Ensuring population welfare and integrating socially vulnerable groups and segments into economic processes.

According to D.V. Proskurnya, the effectiveness of state budget resource utilization reflects the degree to which set goals are achieved or tasks are fulfilled, encompassing the following indicators: economic efficiency and socio-economic impact. While economic efficiency is determined by comparing the achieved and planned economic outcomes of state budget resource use, socio-economic impact is defined by the extent to which specific socio-economic goals are met and tasks are accomplished as a result of utilizing state budget resources [5].

At the current stage of developing the public procurement system, attention should be focused on the contract system. It is of great importance for the country to publish relevant information on official websites regarding tenders conducted for the supply of goods (works, services) and the fulfillment of state orders. The contract system comprises three interconnected stages: planning and forecasting; implementing public procurement; and monitoring the execution of contracts. Implementing these stages enables the evaluation of budget expenditure efficiency, improves the quality of meeting socio-economic sector needs, and facilitates the fight against corruption in the public procurement process.

RESEARCH METHODOLOGY

The research process employed methods such as a systematic approach, induction and deduction, abstract-logical reasoning, grouping, and comparative analysis.

Results and Discussion

Within the framework of the "Uzbekistan-2030" Strategy, one of the essential pillars of institutional and economic modernization is the improvement of the public procurement system. Effective public procurement plays a critical role not only in ensuring transparency, competitiveness, and efficiency of budget spending but also in stimulating sustainable economic growth, entrepreneurship development, and reducing corruption risks.

The conducted analyses revealed several systemic shortcomings and priority directions for reform in the field of public procurement:

A significantly low share of "green" procurement, which hinders the development of sustainable and environmentally responsible practices.

A high proportion of procurement conducted through direct contracts, undermining competitiveness and market fairness.

Weaknesses in the monitoring and control mechanisms for contract fulfillment.

Absence of an effective complaint-handling system, limiting accountability and public trust.

Presence of risks of corruption, pre-arranged agreements, conflicts of interest, and affiliation, which reduce system integrity.

Limited participation of small and medium-sized enterprises (SMEs) in procurement processes.

Insufficient professional competence of procurement officials, who often lack modern knowledge and skills.

To clearly illustrate these problems, the following table systematizes them along with their implications and possible strategic directions:

Table 1. Pressing Issues in Public Procurement and Strategic Directions under "Uzbekistan-2030"

| No | Identified Issue | Negative Implications | Strategic Direction for Reform |
|----|-------------------------------------|---|--|
| 1 | Low share of "green" procurement | Environmental risks, unsustainable spending | Introduce eco-labeling, green procurement quotas |
| 2 | High proportion of direct contracts | Reduced competition, higher costs | Expand use of open electronic tenders |
| 3 | Weak contract monitoring | Non-fulfillment of obligations | Establish digital monitoring & performance audit tools |

| | | | |
|---|--|--|---|
| 4 | Absence of complaint system | Lack of accountability, low trust | Develop independent complaint-review mechanism |
| 5 | Corruption risks & conflicts of interest | Reduced system integrity | Strengthen transparency, conflict-of-interest disclosure |
| 6 | Limited SME participation | Inequality of access, market concentration | Introduce SME-friendly procurement quotas and training |
| 7 | Low professional competence of staff | Inefficient procurement, errors | Capacity building, certification, and retraining programs |

The above findings highlight that the current public procurement system does not fully meet the requirements of transparency, inclusiveness, and sustainability set out in the Uzbekistan-2030 Strategy. In particular, the extremely low share of “green” procurement indicates insufficient alignment with global sustainable development trends. The high rate of direct contracts demonstrates systemic weaknesses in ensuring competition, which may result in inflated prices and lower quality of goods and services.

Another critical gap lies in the absence of an effective complaint-handling mechanism, which prevents stakeholders from defending their rights and undermines trust in the system. The analysis also underscores the urgent need for digitalization, especially in monitoring contract fulfillment and preventing corruption risks.

Furthermore, human capacity development is a decisive factor. Without improving the competencies of specialists responsible for procurement, reforms will remain ineffective. Training, professional certification, and the introduction of international best practices are therefore essential.

Reforming the public procurement system along these strategic directions will allow Uzbekistan to reduce corruption risks, expand the participation of SMEs, stimulate green development, and ensure transparency and fairness. This, in turn, will contribute to the achievement of sustainable socio-economic development goals under the “Uzbekistan-2030” Strategy.

CONCLUSION AND RECOMMENDATIONS

In conclusion, the reforms being implemented in the public procurement system enable the reduction of unjustified expenses in public procurement and curb corrupt financial flows. In the current context, one of the key tasks for effectively managing the country’s economy is aligning legal obligations and contracts with public procurement. The placement of state orders is based on the following principles: efficient use of budget and extra-budgetary funds, ensuring equal and fair treatment of all participants in the state order placement process, competitiveness, openness, transparency, accountability, responsibility, and financial oversight.

Thus, as a result of measures to expand the use of information and communication technologies in public procurement in the Republic of Uzbekistan, the electronic public procurement system is developing in line with international standards, and all stages of the procurement process are being digitized.

In our opinion, to develop the public procurement system in the Republic of Uzbekistan, it would be advisable to systematically collaborate with representatives of leading foreign and international organizations and financial institutions to thoroughly study international experience and adapt it to the specific characteristics of the country.

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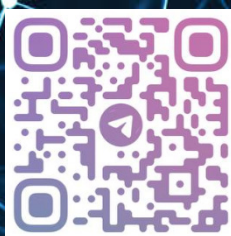
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