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### IMPROVING SPECIAL AUDIT PROCEDURES FOR PUBLIC PROCUREMENT, BUDGET EXPENDITURES, AND STATE ASSETS

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#### Abstract

The thesis examines the improvement of special audit procedures for public procurement, budget expenditures, and state assets in budget organizations on the basis of digital data and analytical tests. For each area, specific procedures aimed at detecting the risk of violations, errors, and fraud through the use of digital sources are proposed.

**Keywords:** internal audit, special procedures, public procurement, budget expenditures, state assets, analytical tests, digital evidence.

#### Introduction

The digitalization of the public finance management system — the introduction of the Public Finance Management Information System (DMBAT), the “UzASBO” budget accounting suite, the electronic public procurement system, and the electronic digital signature (EDS) — has created new opportunities for internal audit. However, traditional audit procedures often rely on sample-based document checks and do not make systematic use of large volumes of electronic data. Therefore, improving special, data-driven procedures for public procurement, budget expenditures, and state assets is a pressing task.



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### **Special procedures for public procurement.**

In public procurement, the main risks are restriction of competition, splitting of purchases, artificial price inflation, and conflicts of interest. To detect these risks, the following procedural improvements are proposed: fully reconciling tender minutes and contracts with the data of the electronic public procurement system and verifying the authenticity of the EDS and time stamps; identifying purchase-splitting by detecting contracts concluded with a single counterparty within a short period for amounts close to the threshold; analyzing the share of single-bidder tenders and the concentration of winning suppliers; assessing unjustified price inflation by comparing contract prices with market (reference) prices; and checking links between the counterparty's owner and the procuring entity's staff (matching of taxpayer identification number, address, and contact details).

### **Special procedures for budget expenditures**

In budget expenditures, the main sources of risk are non-purposeful and inefficient use of funds, falsified payments, and breaches of financial discipline. The directions for improving the procedures are: applying Benford's Law and a duplicate-payment test to DMBAT payment flows to detect falsified or double-executed transactions; analyzing the volume of estimate execution and inter-item reallocations to assess the quality of planning; measuring the concentration of year-end (fourth-quarter) expenditures; monitoring the timely settlement of advance payments and overdue receivables; checking the consistency between the wage fund and the staffing schedule to identify fictitious staff positions and unjustified payments; and assessing the purposeful spending of funds by expenditure codes (economic classification).



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### Special procedures for state assets

For state assets, the main risks are incomplete recording of assets, shortages, inefficient use, and unlawful disposal. The improved procedures include: reconciling the electronic results of inventory counts with accounting registers to identify shortages and surpluses; checking the trail of fixed-asset movements (receipt, transfer, disposal) and the documentary justification of each transaction; independently recalculating depreciation; comparing assets with the state property register and cadastre data to identify unregistered or ownerless assets; and assessing the legality of leasing and other disposal transactions as well as the completeness of related revenues.

### Special procedures and digital sources by area

Area	Main risk	Special procedure	Digital source
<b>Public procurement</b>	Restriction of competition, splitting, price inflation	Analysis of split purchases and single bidders; price comparison	Electronic public procurement system
<b>Budget expenditures</b>	Non-purposeful use; falsified/duplicate payments	Benford and duplicate tests; estimate-execution analysis	DMBAT, "UzASBO"
<b>State assets</b>	Shortages; non-recording; inefficiency	Inventory reconciliation; comparison with register	Inventory, accounting registers, register



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### Conclusion

Improving special audit procedures for public procurement, budget expenditures, and state assets on the basis of digital data and analytical tests transforms internal audit from reactive document checking into proactive, data-driven risk detection. This approach broadens audit coverage, strengthens the evidence base, and contributes to ensuring budget discipline. Integrating these procedures with public finance systems (DMBAT, the electronic public procurement system, and “UzASBO”) further enhances their effectiveness.

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