

**CURRENT STATUS OF FINANCIAL CONTROL IN THE CONTEXT OF
DEVELOPMENT OF THE DIGITAL ECONOMY IN THE NATIONAL ECONOMY.**

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Abstract: This article analyzes the current state of financial control in the national economy in the context of the digital economy. At a time when digital technologies are rapidly developing, the updating of financial control methods and mechanisms, their compliance with modern requirements, is of particular importance. The article presents the institutional foundations of the financial control system in the conditions of Uzbekistan, the problems encountered in the process of digitalization, and recommendations for their solution. It also highlights the prospects for digitalization of financial control based on advanced foreign experience.

Keywords: digital economy, financial control, digitalization process, budget control, fiscal policy, economic security, public finance, audit, control system, economy of Uzbekistan, financial monitoring, modern technologies, digital transformation, fight against corruption, financial transparency.

In today's era of globalization and technological progress, the digital economy is deeply penetrating all spheres of human activity. In particular, digitalization processes are being implemented at a rapid pace in public finance and economic management systems. At the same time, these changes also require a new approach to the financial control system. In the digital economy, financial control plays an important role not only in ensuring the targeted and effective use of budget funds, but also in ensuring economic security and transparency.

In the Republic of Uzbekistan, in recent years, digital transformation processes have been actively introduced into the public finance management system. This article analyzes the current state of financial control in this process, the problems encountered, and ways to overcome them. It also considers the prospects for further improving financial control in our country based on advanced foreign experience.

At this point, it would be appropriate to touch upon the history of the application of financial control forms in Uzbekistan.

The financial control system in Uzbekistan has been gradually taking shape since independence, that is, since 1991. In the early years, the main forms of financial control were aimed at controlling state budget expenditures, monitoring tax revenues, and ensuring the rational use of state property.

1992 and 2000, financial control was mainly carried out through traditional audits, revisions, and financial inspections. During this period, the financial control departments of the Ministry of Finance acted as the main competent bodies.

Since the 2000s, in the process of modernization of the economy, laws have been adopted that legally regulate auditing activities. In particular, the Decree of the President of the Republic of Uzbekistan No. PF-6300 dated August 27, 2021 " On measures to further improve the state financial control system " Decree , the new edition of the Law "On Auditing Activities" in 2007 laid the foundation for the formation of the audit institution as an independent form of financial control.

In the 2010s, forms such as internal audit, state financial control, operational monitoring, and targeted analytical control began to be used more widely. During this period, forms of financial control became specialized by sector and region.

After 2020, the forms of financial control have changed fundamentally based on the digitalization policy. Traditional document checks have been replaced by advanced forms such as electronic monitoring, digital audit, real-time financial analysis. The introduction of electronic information systems for public procurement, tax revenues, and budget expenditures has accelerated these changes. As a result of studying the current state of financial control in Uzbekistan, we can observe that large-scale measures are being taken to reform this area, but despite this, the volume and number of cases being detected are increasing .

This, in turn, indicates that the government, ministries, and departments should pay close attention to the financial control sector , and that its legally secured infrastructure should be created based on modern technologies.

In our opinion, financial control should not be limited to the distribution of available funds, their targeted spending, and their focus on the efficiency of their use, but should also encompass the full formation of revenue funds, which are important for the formation of various funds.

Below, the results of tax audits conducted from January to October 2024 based on social media data show that the amount of tax risk identified in the risk analysis program was 3,834.8 billion soums, while in reality, 4,841.4 billion soums were identified as a result of tax audits, of which the amount of tax due was 3,150.3 billion soums, and 1,125.6 billion soums were paid by taxpayers.

At the same time, as a result of an audit conducted at 553 entities, it was revealed that the tax base of 8,360.3 billion soums was hidden, of which 266 entities understated the amount of goods sold worth 2,512.5 billion soums, 172 entities did not have goods worth 2,714.2 billion soums in warehouses, and 115 entities stored and sold undeclared goods worth 3,133.6 billion soums.



As a result of tax audit control measures carried out during this period, a total of 4,605.6 billion soums of tax payments were calculated and paid to the budget, as well as cases of concealment of the tax base were identified. We can see that the largest share of these financial errors and shortcomings was 3,424.7 billion soums or 70.7 percent for trade and catering enterprises, 460.9 billion soums or 9.5 percent for construction organizations, 330.0 billion soums or 6.8 percent for the manufacturing sector, and 404.9 billion soums or 8.4 percent for the service sector.

This data analysis highlights the need for wider use of digital financial control technologies for the complete and accurate calculation and payment of budget and extrabudgetary funds by tax entities. We can also see that the results of inspections conducted to study the state of the public procurement sector, such as in a number of sectors, in terms of the values purchased for their needs by entities that receive funds from the budget, show that there are cases of spending funds in this area in violation of a number of legislative requirements.



The results of monitoring conducted in the field of public procurement in 2024 alone showed that out of 273 public procurements worth 552.5 billion soums studied, 234, or 85 percent, were conducted illegally and their results were canceled.

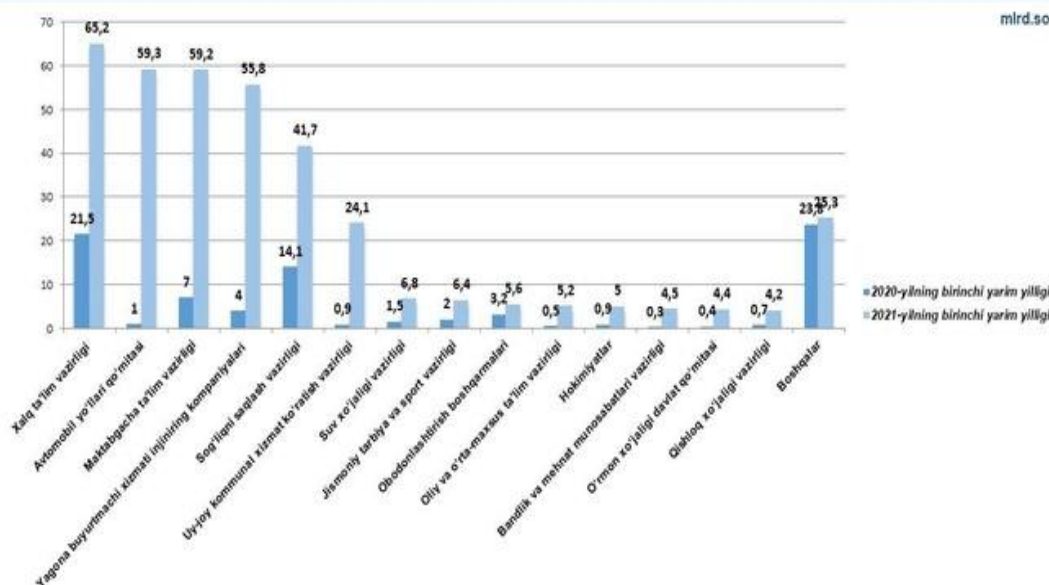
257 submissions were submitted to ministries and departments regarding the identified cases, including 52 to the Ministry of Health, 32 to local government bodies, 30 to the Ministry of Transport, 23 to the Ministry of School and Preschool Education, 18 to the Ministry of Higher Education and Innovation, 14 to the Ministry of Water Resources, and a total of 88 submissions were sent to other ministries and departments to eliminate the identified financial violations and prevent such cases in the future.

Based on the results of the monitoring, 273 questionnaires were sent to law enforcement and supervisory authorities, and 104 of those who violated legal requirements were brought to administrative and 85 to disciplinary liability.

In addition, despite the implementation of large-scale financial control measures, we can see that financial violations in this area, especially errors and shortcomings in the spending of budgetary and extra-budgetary funds, are increasing.



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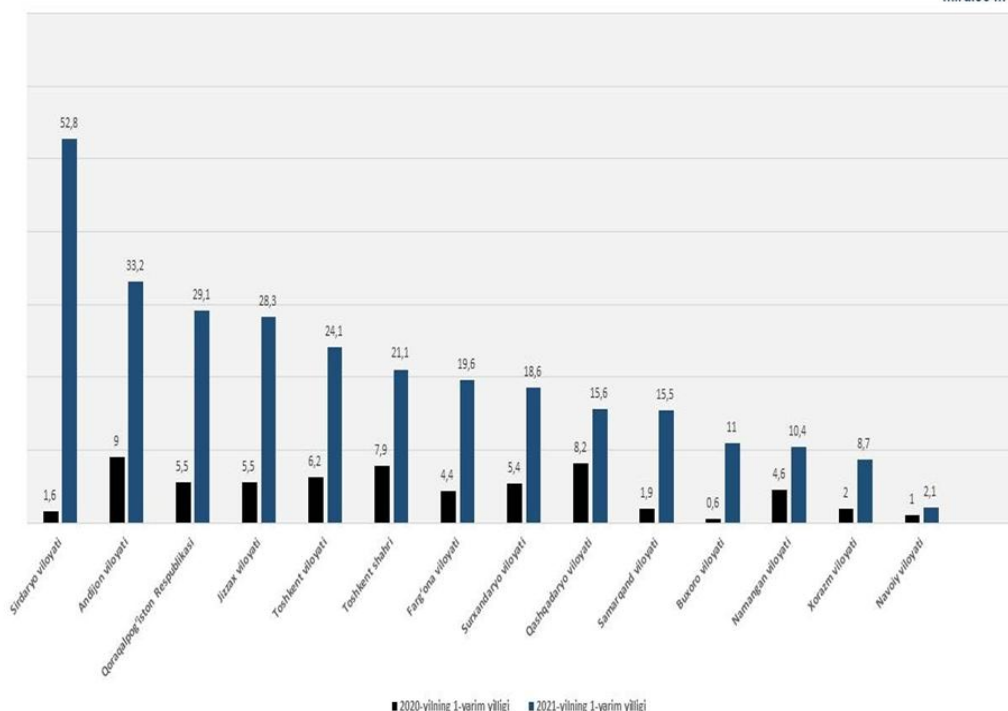
the available data on violations and other errors and omissions identified by the State Financial Control Inspectorate of the Ministry of Finance, i.e. the dynamics of the 1st half of 2020 and the 1st half of 2021 , we can see that in this reporting period, i.e. the 1st half of 2021, the number of financial violations and other errors and omissions by ministries and departments increased compared to the corresponding period of the previous 2020.

In particular, we can observe that in the first half of 2021, violations and errors worth 65.2 billion soums were identified in the Ministry of Public Education, which is an increase of 43.7 billion soums compared to the same period in 2020, in the Roads Committee by 59.2 billion soums, in the Ministry of Preschool Education by 52.2 billion soums, in the Single Customer Service engineering companies by 51.8 billion soums, in the Ministry of Health by 27.6 billion soums, and in the Ministry of Housing and Communal Services by 23.2 billion soums.

**Mahalliy budjetlar mablag'larini maqsadli sarflanishida aniqlangan qonunbuzilish
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Also, when analyzing the dynamics of violations and other errors identified in the targeted spending of local budget funds as a result of financial controls, we can observe that the number of violations in the spending of budget funds in the first half of 2021 has significantly increased compared to the same period in 2020.

The largest number of financial violations occurred in the Syrdarya region, which increased by 52.8 billion soums in the first half of 2021, or by 51.2 billion soums compared to the same period in 2020, in the Andijan region by 33.2 billion soums, or by 24.2 billion soums compared to the same period in 2020, in the Republic of Karakalpakstan by 23.6 billion soums, in the Jizzakh region by 22.8 billion soums, in the Tashkent region by 17.9 billion soums, in the city of Tashkent by 13.2 billion soums, and in the Fergana region by 15.2 billion soums.

Analysis of the dynamics of this data shows that, along with the expansion of the scope of financial control measures being carried out, the spending of budget and extrabudgetary funds being formed and allocated, despite the launch of a number of software packages in the field of public procurement and other financial services, creates the need to introduce and widely use new modern digital technologies based on world practice in a way that eliminates the human factor.

Thus, if we consider the current organizational state of financial control in Uzbekistan, the forms of financial control have historically gone the way from simple control, i.e. inspections and audits, to digital audits, and are currently being improved based on modern economic requirements.

1. The relationship between the digital economy and financial supervision

The digital economy is a modern economic model based on information and communication technologies, encompassing real and virtual economic activities. One of its main features is the ability to manage the flow of information quickly, accurately and transparently. Financial control is a key tool in ensuring economic stability, financial discipline and transparency.

As the digital economy develops, financial control also requires new forms and mechanisms. Traditional control methods are no longer sufficient in this area. Therefore, online monitoring of financial transactions, the introduction of automated audit systems, and the use of artificial intelligence and blockchain technologies are becoming increasingly relevant.

2. Current status of the financial control system in Uzbekistan

The financial control system in the Republic of Uzbekistan is an integral part of the state financial system and is implemented by bodies such as the Ministry of Finance, the Accounts Chamber, and the State Financial Control Inspectorate . In recent years, the following achievements have been made:

Implementation of the "Taxpayer" and "Government Procurement" electronic platforms;

Monitoring the movement of budget funds through the "Electronic Budget" system;

Pilot introduction of digital audit methods;

The Open Budget project aims to ensure transparency in public finances.

However, there are still problems in the system that need to be resolved:

Incomplete automation of financial control processes;

Weak regional and cross-sectoral coordination;

Low level of information systems integration;

Lack of qualified digital personnel.

3. Advantages of using digital technologies in financial control

Digital technologies improve the financial control process in the following ways:

Speed and accuracy: Ability to capture and analyze data in real time;

Transparency: Providing open information on costs and financial flows;

Error Reduction: Increase accuracy by reducing the human factor;

Combating corruption: Detecting illegal activities through automated monitoring systems.

For example, in the field of public procurement, the use of digital technologies has increased the openness of procurement processes and resulted in savings in budget funds.

4. Foreign experience and recommendations for Uzbekistan

In many developed countries of the world (for example, Estonia, Singapore, the Republic of Korea), financial control is fully digitalized. In these countries, financial flows are analyzed using artificial intelligence, and incorrect expenses are identified using automatic audit algorithms.

The following recommendations are important for Uzbekistan:

Creation of a single information platform for financial supervisory authorities;

Introduction and standardization of digital audit methodologies;

Development of special programs to train qualified IT specialists;

Improving information exchange between the public and private sectors;

Implementation of blockchain, artificial intelligence and big data technologies.

In conclusion, improving the financial control system in the context of a digital economy is a pressing need. Although certain results have been achieved in this regard in the Republic of Uzbekistan, there is a need for deep digitalization of the system, widespread introduction of automated control tools, and strengthening the integration of information systems.

The organization of financial control based on digital technologies not only ensures targeted and effective spending of budget funds, but also serves the implementation of strategic goals such as economic security, transparency, and the fight against corruption. Also, the study of advanced foreign experiences and their adaptation to the national system are important factors in developing effective solutions in this area.

In the future, the quality and reliability of financial management can be significantly improved by managing financial control on the basis of modern digital platforms, using artificial intelligence, blockchain, and big data technologies.

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