



CONDUCTING AND IMPROVING PERFORMANCE AUDITS IN BUDGETARY ORGANIZATIONS

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Abstract: This article provides a comprehensive analysis of the theoretical and practical aspects of organizing and improving performance auditing in budgetary organizations. During the research process, the role of performance auditing in the public financial control system, its relationship with the internal control system, and the experience of developed countries were studied. In particular, the performance auditing systems of the United States, the United Kingdom, Canada, Germany, and Sweden were analyzed, and the institutional and methodological foundations of auditing in these countries were identified. According to the results of the research, it was substantiated that the introduction and development of performance auditing in budgetary organizations serves to increase the efficiency of the use of public financial resources and improve the public administration system. In addition, the article developed a conceptual model for implementing performance auditing and proposed scientifically grounded recommendations for developing the public financial control system.

Keywords: performance audit, public financial control, internal control system, budgetary organizations, audit methodology, public administration, audit system, 3E model, INTOSAI standards.

Introduction

In modern public administration systems, ensuring the efficient use of public finances and improving the effectiveness of government programs is one of the most important strategic tasks. The increasing volume of state budget funds, the growing number of government programs, and the increasing demand for public services are strengthening the need to improve the public financial control system. Therefore, the issue of evaluating the efficiency of the use of financial resources in the public sector is gaining significant scientific and practical importance.

The public financial control system is an important management instrument that ensures control over the formation, distribution, and use of public funds. This system is aimed at ensuring the legality, purposefulness, and efficiency of the use of public funds and contributes to improving the effectiveness of public administration.

One of the important elements of the public financial control system is performance auditing. Performance auditing is a type of audit aimed at evaluating the economy, efficiency, and effectiveness of government programs, projects, and organizational activities. This audit allows the assessment of the efficiency of the use of public financial resources and the evaluation of the actual outcomes of government programs.

Performance auditing plays an important role as a strategic management tool in the public administration system. Through this audit, the effectiveness of government programs is analyzed, the efficiency of resource utilization is determined, and recommendations are

developed to improve the management system. Therefore, performance auditing is considered an important component of the public administration system in many developed countries.

Today, in developed countries such as the United States, the United Kingdom, Canada, Germany, and Sweden, performance auditing is an integral part of the public administration system. In these countries, performance auditing evaluates the effectiveness of government programs and improves the efficiency of public fund utilization. This contributes to ensuring transparency and accountability in the public administration system.

In the Republic of Uzbekistan, large-scale reforms are also being implemented to improve the public financial control system and increase the efficiency of the use of public funds. In recent years, important regulatory documents have been adopted aimed at modernizing the public financial control system, developing the internal audit system, and introducing performance auditing.

However, despite these reforms, several problems remain in organizing and developing performance auditing in budgetary organizations. In particular, the insufficient development of audit methodology, the lack of auditor qualifications, and the insufficient implementation of modern audit technologies negatively affect the development of performance auditing.

Therefore, studying the issues of organizing and improving performance auditing in budgetary organizations from a scientific perspective is of great importance.

Research Methodology

During the research process, methods such as scientific observation, comparative analysis, logical analysis, statistical analysis, and system analysis were used. In addition, the experience of developed countries in the field of performance auditing was studied, and the possibilities of adapting these experiences to the national practice of Uzbekistan were analyzed.

In particular, the experience of the United States, the United Kingdom, Canada, Germany, and Sweden in organizing performance auditing was analyzed. Based on this analysis, scientific conclusions and practical recommendations for improving the public financial control system were developed.

Theoretical Foundations of Performance Audit

Performance auditing is defined as an independent type of audit aimed at evaluating the economy, efficiency, and effectiveness of the use of public resources. Unlike financial and compliance audits, performance auditing focuses on evaluating the final outcomes of government programs and organizational activities.

International audit organizations play an important role in developing the methodological foundations of performance auditing. In particular, the International Organization of Supreme Audit Institutions (INTOSAI) develops international audit standards and methodological guidelines for public sector auditing.

The **ISSAI 3000 – Performance Audit Standard** developed by INTOSAI defines the basic principles of performance auditing in the public sector. According to this standard, performance auditing is aimed at evaluating the economy, efficiency, and effectiveness of government programs.

The 3E Model of Performance Audit

International practice shows that performance auditing is mainly carried out based on the **3E model**:



Criterion	Description
Economy	Ensuring that resources are acquired and used at the lowest possible cost
Efficiency	Achieving maximum results from available resources
Effectiveness	Achieving the planned objectives of government programs

The 3E model is widely used in developed countries to evaluate the effectiveness of government programs.

Internal Control System and Performance Audit

The internal control system plays an important role in the organization of performance auditing. Internal control ensures the reliability of financial information, improves the efficiency of operations, and prevents financial risks.

One of the widely used models for evaluating internal control systems is the **COSO internal control model**.

Table COSO Internal Control Components

Component	Description
Control Environment	The organizational structure and management culture that form the basis of internal control
Risk Assessment	Identification and analysis of potential risks
Control Activities	Policies and procedures that help ensure management directives are carried out
Information and Communication	Systems that provide relevant information for decision-making
Monitoring	Continuous evaluation of the internal control system

These components form the foundation for organizing performance audits in public sector organizations.

International Experience in Performance Auditing

The experience of developed countries shows that performance auditing is an important component of public administration.

United States

In the United States, performance auditing is conducted by the **Government Accountability Office (GAO)**. GAO evaluates the effectiveness of federal government programs and provides recommendations to improve public administration.

For example, audits conducted in the healthcare sector revealed inefficiencies in the use of federal funds and led to improvements in the management of healthcare programs.



United Kingdom

In the United Kingdom, performance auditing is conducted by the **National Audit Office (NAO)**. NAO performs audits based on the **Value for Money (VFM)** concept.

Value for Money auditing evaluates government programs based on economy, efficiency, and effectiveness.

Canada

In Canada, performance auditing is conducted by the **Office of the Auditor General**. The institution evaluates government programs and assesses their effectiveness.

For instance, environmental programs were audited to evaluate whether public resources were used efficiently.

Germany

In Germany, performance auditing is conducted by the **Federal Court of Auditors (Bundesrechnungshof)**. The institution evaluates government programs and infrastructure projects to ensure efficient use of public funds.

Sweden

In Sweden, performance auditing is conducted by the **Swedish National Audit Office**. The institution evaluates public services and government programs.

The main goal of performance auditing in Sweden is to improve the quality of public services and ensure effective governance.

Table Conceptual Model for Implementing Performance Audit in Uzbekistan

Model Element	Experience of Developed Countries	Implementation Directions in Uzbekistan	Expected Results
Institutional system	Independent supreme audit institutions (GAO, NAO, OAG)	Expanding the authority of internal audit services	Increased audit independence
Audit methodology	INTOSAI and COSO standards	Implementation of international audit standards	Improved audit quality
Risk-based audit	Risk-based audit planning	Introduction of risk-based audit planning	Increased audit effectiveness
Information systems	Digital audit platforms	Development of electronic audit systems	Faster audit processes
Monitoring	Monitoring of audit recommendations	Strengthening monitoring mechanisms	Stronger control system

Table Directions for Developing Performance Audit in Uzbekistan

Direction	Experience of Developed Countries	Current Situation in Uzbekistan	Proposed Measures
Audit standards	INTOSAI standards widely applied	Limited national standards	Introduction of international audit standards
Audit methods	Value for Money auditing	Mainly financial audit	Expansion of performance auditing
Information technologies	Digital audit systems	Partially implemented	Development of electronic audit platforms
Auditor training	Professional auditor training systems	Insufficient training	Strengthening auditor training programs
Parliamentary oversight	Audit reports submitted to parliament	Limited oversight	Increasing parliamentary involvement

Conclusion

The analysis shows that performance auditing plays an important role in improving the efficiency of public administration and ensuring the effective use of public financial resources. International experience demonstrates that performance auditing contributes to improving government programs, strengthening transparency, and enhancing accountability in public administration.

Therefore, it is necessary to further develop performance auditing in budgetary organizations of Uzbekistan by introducing international standards, strengthening internal control systems, and implementing digital audit technologies

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