



## **ADVANCED FOREIGN EXPERIENCES IN IMPROVING THE LEGAL FRAMEWORK FOR FINANCIAL CONTROL OVER THE USE OF BUDGET FUNDS**

Jurayev Nomoz Tursunpulotovich  
Independent Researcher at Tashkent State University of Economics

### **ABSTRACT**

This paper examines the historical evolution, institutional structures, and global practices of state financial control. It outlines the major stages in the development of financial oversight systems and highlights the diverse models implemented across countries, including courts of accounts, audit tribunals, and supreme audit institutions.

### **KEY WORDS**

State financial control, public audit, courts of accounts, supreme audit institutions (SAI); budget oversight; financial accountability; international models; efficiency; transparency; economic security.

### **Introduction**

International experience shows that supervisory authorities operate quite effectively at various levels of government, particularly in the area of budgetary and financial management. The existing system of state financial control in a given country typically reflects unique characteristics shaped by its historical development. Moreover, in global practice, such bodies have long become an integral part of democratic societies and a fundamental element in the management of public financial resources.

In this context, ensuring the rational, efficient, and targeted use of state budget funds emerges as one of the key priorities of national fiscal policy. A well-functioning financial control system plays a critical role in achieving this goal by enabling systematic and transparent monitoring of budget expenditures, preventing violations and abuses, and reinforcing accountability mechanisms.

Given these factors, it becomes especially important for the country to clearly define the powers of financial control institutions, strengthen both parliamentary and public oversight of their operations, and modernize control mechanisms through the use of information technologies. Consequently, studying international experience in the implementation and functioning of state financial control systems holds considerable relevance and practical value for our country.

### **Literature Review**

In his renowned study “A Public Management for All Seasons?”, Christopher Hood analyzes the possibilities of utilizing market mechanisms in public financial management. He emphasizes that principles of competition, choice-based approaches, and results-oriented management systems play a crucial role in increasing the efficiency of treasury operations and public procurement systems.

According to Hood, the public procurement system is not only a tool for controlling expenditures but also a vital platform for improving the overall quality of public administration [1].

In his scholarly work “Procurement and Public Management: The Fear of Discretion and the Quality of Government Performance”, Steven Kelman discusses the role of discretion and authority in public procurement processes. He argues that, rather than avoiding bureaucratic boundaries entirely, granting a certain level of discretion to local budgets in the use of public funds can have a positive impact on the effectiveness of public administration [2].

Y.M. Voronin views financial control not merely as a process of ensuring legality, but also as a mechanism for assessing the efficiency and effectiveness of a management object [3].

According to A.N. Kozyrin, financial control is defined as the activity of state authorities carried out through specific forms and methods, and in some cases, also by non-governmental bodies authorized to determine the legality and reliability of financial operations. He explains it as an objective assessment of the economic efficiency of financial and economic activities, aimed at identifying reserves for improvement, increasing budgetary profitability, and maintaining public ownership of assets [4].

According to A.V. Vakhobov and T.S. Malikov, in order to properly organize and effectively implement financial control, it is necessary to classify on certain criteria such as the regulatory framework governing its execution, the timing of its implementation, the subjects of control, and the objects being monitored [5].

V.Sh. Nuritdinova and M.A. Sharapova emphasize that organizing financial control is an essential component of financial resource management. In their view, financial control not only ensures the legality and appropriateness of financial activities but also reflects the accountability of the state and economic entities to society [6].

## Research Methodology

This research employs a qualitative methodology grounded in the analysis of both theoretical concepts and international best practices related to public financial control systems. The study is based on a descriptive-analytical approach, which involves the collection, review, and synthesis of academic literature, government reports, and relevant legal documents to explore the evolution, structure, and effectiveness of financial control mechanisms.

## Results and Analysis

State Financial Control is defined as a legally regulated set of activities carried out by public authorities and administrative institutions at various levels of governance, aimed at ensuring the legality, efficiency, and transparency of public financial management. Its core objective is to detect, prevent, and mitigate irregularities, abuses, and inefficiencies in the use of public financial and material resources, including alienable intangible assets and state property rights, which may pose direct or indirect fiscal and/or material risks to the state.

In addition to addressing violations of financial and economic legislation—particularly in the budgetary domain—state financial control seeks to identify systemic deficiencies in the organization and management of financial operations across public sector entities, state-owned enterprises, and institutions closely linked to public administration. It also plays a critical role in safeguarding the financial and economic security of the state.

Globally, the fundamental functions of state and municipal financial control are well-established and include: oversight of budgetary fund inflows and expenditures; monitoring the use, privatization, and nationalization of public property; supervision of off-budget state and municipal financial activities; control of fund movements in banks and financial institutions; assessment of the effectiveness and legality of tax benefits and government subsidies; and the prevention and suppression of financial misconduct and abuse.

The evolution of state financial control systems has occurred over several key historical phases, reflecting legal, institutional, and technological advancements. These stages are summarized in Table 1, highlighting the transformation from basic treasury oversight to complex, integrated, and digitized systems of public financial accountability.

**Table 1 Stages in the Formation and Development of State Financial Control Worldwide**

Year	Event
1314	The position of General Controller of the State Treasury was introduced in England.
1319	The Court of Accounts was established in France.
1365	The Court of Accounts of the Kingdom of Navarre (Spain) was established.
1761	The Court of Accounts of the Austro-Hungarian Empire was established.
1862	The Court of Accounts of Italy was formed.
1920	The Austrian Constitution of November 10, 1920, was adopted, including a section devoted to the principles of state control over accounting and financial activities.
1921	The U.S. General Accounting Office (now Government Accountability Office – GAO) was established as an independent legislative agency.
1977	At the IX Congress of INTOSAI (International Organization of Supreme Audit Institutions) in Lima, the Lima Declaration of Guidelines on Auditing Precepts was adopted, which enshrined the fundamental principles and objectives of external control over public finances in a democratic society.

The development of state financial control has progressed through several distinct historical stages. The first stage was marked by rudimentary oversight mechanisms, predominantly implemented by monarchs and ruling elites who managed state treasuries with limited transparency or institutional structure. Between the 14th and 18th centuries, the establishment of the first *courts of accounts* in various European countries marked the initial institutionalization of public financial oversight.

The second stage, spanning the 19th and 20th centuries, introduced the legal formalization and institutionalization of financial control. This period saw the creation of independent audit institutions, the development of regulatory frameworks, and the implementation of parliamentary oversight mechanisms, resulting in more structured and accountable systems of public financial management.

The third and modern stage is characterized by the integration of digital technologies, the shift towards performance-based auditing, and the adoption of risk-oriented control frameworks. In the contemporary era, financial control functions not only to ensure legal compliance but also to enhance economic security, budgetary efficiency, and transparency within public administration.

Cross-national comparisons reveal significant diversity in institutional arrangements for financial control. In countries such as Australia, Canada, the United Kingdom, Denmark, India, Egypt, and Ireland, these functions are often carried out by individual officials within government structures. In contrast, countries such as Belarus, Lithuania, Moldova, Cyprus, Albania, Israel, Afghanistan, Jordan, Indonesia, Colombia, and Monaco assign comprehensive control powers to Supreme Audit Institutions (SAIs).

A third cluster of nations—including France, Italy, Romania, Tunisia, Argentina, Haiti, Algeria, Guinea, Morocco, and Slovenia—employ courts of accounts to fulfill financial oversight roles. Similarly, Brazil, Portugal, and Uruguay operate audit tribunals, which perform comparable functions within judicial frameworks. A separate group of countries, including Greece and the Republic of the Congo, implement financial control through specialized audit departments within the Supreme Court. Moreover, some nations delegate control to other bodies: in Mauritius and Mali, the Departments for the Control of Public Expenditures carry out this function; in Laos, Cambodia, and Equatorial Guinea, audit offices under the Ministry of Foreign Affairs are responsible. In Senegal, financial control is performed by the Second Division of the President's Report to Parliament.

Federal states often reflect their constitutional structure in the naming of oversight bodies, such as the Federal Court of Audit in Germany and the Federal Audit Office in Switzerland. In Finland and Estonia, a generalized term—Supreme Audit Institution (SAI)—is applied.

Despite institutional variations, several common features are observed across countries:

Institutional independence from both legislative and executive branches;

A strong emphasis on the targeted, efficient, and economical use of public resources;

Use of cost-benefit analysis to evaluate institutional effectiveness, often measured by comparing funds recovered or saved through audit interventions with the resources allocated for audit activities.

An illustrative case is Japan, where the Board of Audit possesses constitutional independence from all three branches of government—executive, legislative, and judicial. The institution's effectiveness is evident in the scale of financial recoveries, which in some years exceeds 336.7 billion yen.

In the United States, since 1921, the U.S. Government Accountability Office (GAO) has served as the federal-level Supreme Audit Institution. Additionally, the U.S. Department of the Treasury performs departmental control, while internal departmental oversight is managed by the Chief Financial Officer and the Inspector General of the U.S. Department of Education.

Globally, the formation and appointment of audit institutions typically follow one of three models:

Parliamentary model – where parliament plays a central role in appointing audit leadership;

Non-parliamentary model – where appointments are made by the President or executive government;

Mixed model – which combines elements of both parliamentary and presidential appointments.

The core tasks of audit institutions, as enshrined in many national legal systems, include:

Oversight of state budget execution: For example, in Italy, the *Court of Audit* conducts both preliminary and subsequent controls on the legality and execution of financial acts. In Portugal, the national audit body monitors the full cycle of budget implementation.

Control over public revenues and expenditures: In Greece, the *Court of Audit* supervises central and local government expenditures and oversees public-law entities, pursuant to statutory regulations.

These practices demonstrate the universal importance of financial control as a critical component of democratic governance, fiscal discipline, and institutional accountability.

Control over public revenues and expenditures: In Greece, the Court of Audit organizes and conducts control over government expenditures, and—according to specific legal provisions—also oversees the expenditures of local government bodies and other legal entities under public law.

## Conclusion

The evolution of state financial control demonstrates its growing role as a cornerstone of public governance and fiscal responsibility. From its origins in monarchic oversight to the establishment of

independent audit institutions and modern digitalized control systems, financial control mechanisms have become vital tools for ensuring transparency, legality, and the efficient use of public resources. International practices show a wide diversity in institutional models, yet they converge on key principles such as independence, accountability, and cost-effectiveness. Whether implemented through audit courts, supreme audit institutions, or government inspectorates, state financial control plays a crucial role in protecting national economic security, enhancing public trust, and supporting sound budgetary management.

Given the increasing complexity of public finances and the growing demand for transparency, further integration of performance-based auditing, risk assessment tools, and digital technologies will be essential in strengthening financial control systems globally. Countries seeking to reform or modernize their control structures can benefit significantly from the systematic study and adaptation of international experiences.

## References

1. Christopher Hood (1991): "A Public Management for All Seasons?" / Public Administration.
2. Steven Kelman (1990): "Procurement and Public Management: The Fear of Discretion and the Quality of Government Performance" / AEI Press.
3. Воронин Ю. М. Государственный финансовый контроль. М.: финансовый контроль, 2005.
4. Козырин А. Н. Финансовый контроль // Финансовое право / под ред. проф. О. Н. Горбуновой. — М.: Юрист, 1996. — С.48.
5. Vahobov A. V., Malikov T.S. Moliya: umumnazariy masalalar. O'quv qo'llanma. T. 2008. 322-bet
6. Nuritdinova V.Sh., Sharapova M.A. Moliyaviy nazorat: O'quv qo'llanma. T.: 2014. 380-bet.