

**IDENTIFYING THE POSSIBILITIES OF ADAPTING ADVANCED FOREIGN
COUNTRIES' SUPPORT MECHANISMS FOR STRENGTHENING PUBLIC
ADMINISTRATION CONTROL IN THE TREASURY SYSTEM OF UZBEKISTAN**

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ABSTRACT

Effective public administration control over budget execution is a key condition for ensuring fiscal discipline, transparency, and efficient use of public funds. In Uzbekistan, large-scale reforms in public financial management have been implemented in recent years, particularly through the modernization of the treasury system and the introduction of the Single Treasury Account. However, challenges remain related to preventive control, performance-based monitoring, and digital integration. This study aims to identify the possibilities of adapting advanced foreign countries' support mechanisms to strengthen public administration control in the treasury system of Uzbekistan. Using comparative and institutional analysis methods, the research examines treasury control practices in developed countries and evaluates their applicability within Uzbekistan's legal, institutional, and technological framework. The findings indicate that the gradual adaptation of digital treasury platforms, risk-based expenditure control, and international standards can significantly enhance the effectiveness of public administration control. The study offers practical recommendations for improving treasury control mechanisms in Uzbekistan.

Keywords

Treasury system, public administration control, international experience, Uzbekistan, budget execution, public financial management.

1. INTRODUCTION

1.1 Background of the Study

In modern public administration, effective control over public finances is considered a fundamental prerequisite for sustainable economic development and public trust in government institutions. The treasury system plays a central role in ensuring public administration control by managing budget execution, monitoring expenditures, and preventing misuse of public funds. As global public financial management practices evolve, governments increasingly focus on strengthening treasury-based control mechanisms through digitalization, international cooperation, and institutional reforms.

Uzbekistan has undertaken significant reforms in public finance management over the past decade, including the establishment and development of the treasury system under the Ministry of Economy and Finance. The introduction of the Single Treasury Account, expansion of treasury servicing of budget organizations, and gradual digitalization of expenditure processes have improved fiscal transparency. Nevertheless, public administration control within the treasury system still faces challenges related to fragmented control procedures, limited use of preventive and risk-based mechanisms, and insufficient integration of international best practices. Advanced foreign countries such as the United States, United Kingdom, France, Germany, South Korea, and Estonia have developed comprehensive treasury control systems supported by international organizations, modern financial management information systems, and

performance-oriented control frameworks. Studying these experiences provides valuable opportunities for strengthening Uzbekistan's treasury control system.

1.2 Problem Statement

Despite ongoing reforms, public administration control in Uzbekistan's treasury system remains largely focused on compliance-based and post-expenditure control. Preventive control, performance evaluation, and automated risk assessment mechanisms are not yet fully developed. In addition, limited utilization of international support mechanisms reduces the effectiveness of treasury control and constrains fiscal discipline.

1.3 Research Objectives

The main objective of this study is to identify the possibilities of adapting advanced foreign countries' support mechanisms to improve public administration control in the treasury system of Uzbekistan.

Specific objectives include:

- Analyzing the theoretical foundations of public administration control in treasury systems
- Examining foreign countries' treasury control mechanisms
- Assessing the current state of treasury control in Uzbekistan
- Identifying adaptation possibilities and challenges
- Developing practical recommendations for improving treasury control

1.4 Research Questions

1. What are the key mechanisms of public administration control in advanced treasury systems?
2. How do international support mechanisms enhance treasury control effectiveness?
3. What possibilities exist for adapting these mechanisms to Uzbekistan's treasury system?

1.5 Significance of the Study

The study contributes to academic research on public financial management and provides policy-oriented recommendations for treasury reform in Uzbekistan. The findings may be useful for policymakers, treasury officials, and researchers.

2. METHODS

2.1 Research Design

This research employs a **qualitative analytical research design**, focusing on comparative and institutional analysis of treasury control systems.

2.2 Data Sources

The study is based on secondary data, including:

- Legal and regulatory documents of Uzbekistan's treasury system
- Reports from the Ministry of Economy and Finance of Uzbekistan
- Publications of international organizations (IMF, World Bank, OECD)
- Academic journals and books on public financial management

2.3 Analytical Methods

- **Comparative analysis** was used to compare treasury control mechanisms in advanced countries and Uzbekistan.
- **Institutional analysis** assessed governance structures and control responsibilities.
- **Systematic review** identified best practices and support mechanisms applicable to Uzbekistan.

Table 1. Comparison of Treasury Control Indicators: Uzbekistan vs. International Standards (2024-2025)

Indicator	Uzbekistan Status (2024-2025)	Advanced/International Benchmark	Source/Mechanism
TSA Coverage	High (Centralized Treasury Single Account established)	Full consolidation of all govt. cash (OECD Standard)	IMF/Treasury Dept
Budget Reliability (PI-2)	< 10% variance in expenditure	< 5% variance (PEFA "A" Rating)	PEFA Assessment
Public Asset Management	Significant state participation (2,116 entities)	High transparency & minimal state footprint	IMF Technical Report
Financial Reporting	Transitioning to IPSAS	Full IPSAS Compliance	WB/UN Statistics
PPP Contract Value	27% of GDP (Rapid growth)	High risk management controls	IMF eLibrary
GovTech Maturity	Category A (World Bank Index)	High Digital/Automated Audit	World Bank 2024
Internal Audit Coverage	Expanding (E-Anti-Corruption portal)	Risk-based, independent audit units	OECD/PEFA

2.4 Research Limitations

The study relies on secondary data and does not include empirical surveys or interviews, which may limit the depth of practical insights.

Table 2. Comparative Matrix of Foreign Support Mechanisms and Adaptation Options for Uzbekistan

Support mechanism	Common use in advanced countries	Current status in Uzbekistan (indicative)	Adaptation option (practical)
Risk-based ex-ante controls	Automated risk scoring; red-flag rules at commitment/payment stage.	Mostly compliance/document checks; limited risk profiling.	Develop risk registers; pilot automated red flags for high-risk spending categories.

FMIS integration (budget–procurement–accounting)	Single workflow; e-approvals; audit trails.	Digital tools exist but integration can be fragmented.	Interoperability layer; unique identifiers; standardized data dictionary.
TSA cash & liquidity tools	Cash forecasting; liquidity dashboards; consolidated bank accounts.	TSA functions exist; forecasting and coverage can be strengthened.	Expand TSA coverage; implement cash forecasting and daily position reporting.
Performance-oriented control & spending reviews	Performance indicators linked to funding; periodic spending reviews.	Performance elements developing; not always embedded in execution control.	Introduce performance checkpoints; spending review pilots in key sectors.
Open budget / transparency dashboards	Citizen budgets; open contracting and payment data.	Transparency improving; further data publication possible.	Publish anonymized payment datasets; interactive dashboards for execution.

Source: Author synthesis based on IMF (2016), World Bank (2020), OECD budget governance guidance, and Uzbekistan reform documents.

3. RESULTS

3.1 Conceptual Framework of Public Administration Control in the Treasury

Public administration control in the treasury system includes:

- **Preventive control** (before expenditure authorization)
- **Current control** (during budget execution)
- **Subsequent control** (audit and evaluation)

Effective treasury systems emphasize preventive and automated controls to minimize fiscal risks.

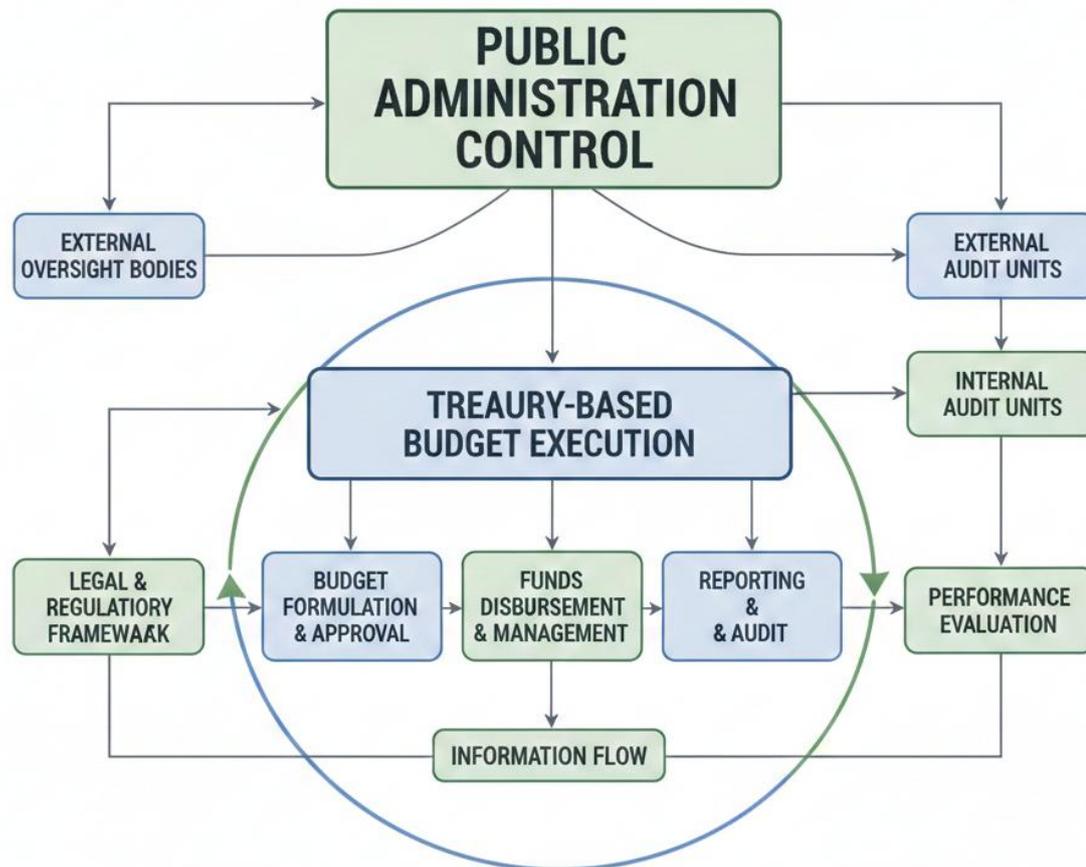


FIGURE 1. CONCEPTUAL MODEL OF PUBLIC ADMINISTRATION CONTROL IN TREASURY-BASED BUDGET EXECUTION

3.2 Treasury Control Mechanisms in Advanced Foreign Countries

3.2.1 United States

The U.S. Treasury system integrates the Treasury Single Account, real-time monitoring, and strong internal controls. Performance-based budgeting and independent audits ensure accountability.

3.2.2 United Kingdom

HM Treasury applies spending reviews, medium-term fiscal frameworks, and digital financial management systems to strengthen control.

3.2.3 France and Germany

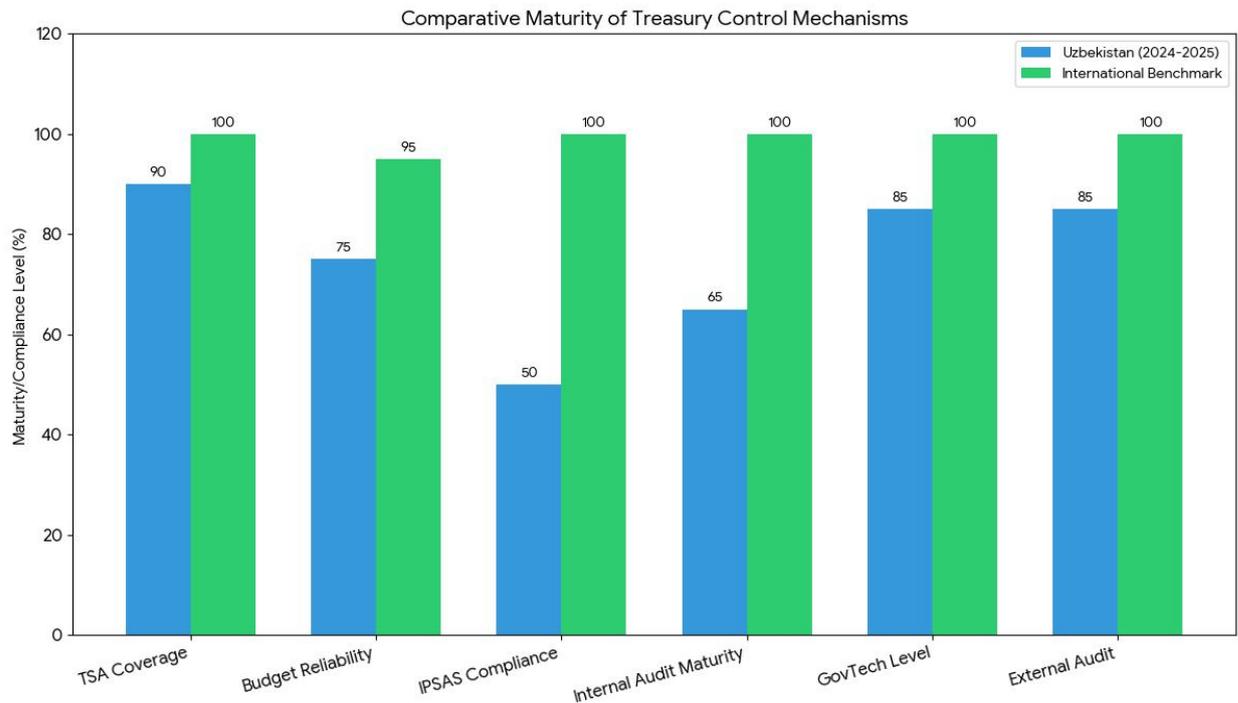
These countries combine strict legal compliance with performance evaluation, supported by strong coordination between treasuries and supreme audit institutions.

3.2.4 South Korea and Estonia

Advanced digital treasury platforms, e-budgeting, and automated risk-based controls significantly enhance transparency and efficiency.

In advanced foreign countries (such as the US, France, South Korea, and Japan), treasury control has evolved from a simple "paymaster" function into a sophisticated, strategic management

system. These mechanisms prioritize **liquidity optimization**, **risk mitigation**, and **high-speed digital oversight**.



The following graph visualizes the maturity and compliance levels of the treasury control mechanisms in Uzbekistan compared to international benchmarks (based on 2024–2025 performance data).

Figure 2. Maturity Level of Treasury Control Mechanisms: Uzbekistan vs. International Benchmarks

This comparative chart highlights the progress of Uzbekistan's reforms and identifies the "gap" where foreign mechanisms (like IPSAS and Risk-Based Auditing) are most needed.

- **TSA Coverage:** Uzbekistan shows high performance here (90%), nearly matching international standards due to the centralized Treasury Single Account.
- **Budget Reliability:** There is a moderate gap (75% vs 95%), suggesting a need for tighter expenditure control and better forecasting mechanisms used in countries like the UK or France.
- **IPSAS Compliance:** This is the largest area for adaptation (50% level). Moving from national standards to full accrual accounting is the primary technical hurdle for the 2025–2027 period.
- **Internal Audit Maturity:** While Uzbekistan has expanded its audit coverage, the shift toward a "Risk-Based" approach (benchmarked at 100%) is the next phase of evolution.
- **GovTech Level:** Uzbekistan's strong performance (85%) in digital government (World Bank Category A) provides a solid foundation for automating the advanced treasury controls discussed.

Strategic Insight for Your Research

The graph identifies that the **most significant possibilities for adaptation** lie in **Financial Reporting (IPSAS)** and **Internal Audit Maturity**. Strengthening these specific areas using OECD-style risk-based frameworks will provide the highest impact on "Public Administration Control" within the Treasury system.

The following sections detail the core mechanisms used in these nations, which serve as the "gold standard" for the adaptation possibilities you are exploring for Uzbekistan.

Centralized Treasury Single Account (TSA) 2.0

While many countries have a TSA, advanced nations use an "Active" model rather than a "Passive" one.

- **Zero-Balance Accounts (ZBA):** Line ministries do not hold idle cash. Funds are "swept" into the central account daily, and payments are made only at the moment of obligation.
- **In-House Banking (IHB):** The Treasury acts as a bank for the government, providing "internal loans" between departments to avoid external borrowing costs.
- **Real-Time Liquidity Monitoring:** Advanced countries use systems that provide a "Cash Position" update every few minutes, allowing them to invest surplus cash in overnight markets to generate revenue.

Risk-Based Internal Control & "Remote Audit"

Advanced systems move away from checking every single transaction (which is slow) to a risk-weighted approach.

- **Automated Fraud Detection:** AI algorithms flag transactions that deviate from historical patterns or established procurement prices.
- **Predictive Analytics:** Using historical data to forecast future cash needs with over 95% accuracy, reducing the need for "emergency" budget reallocations.
- **Segregation of Duties (SoD) Automation:** Systems like those in South Korea (K-Digital) automatically block a payment if the person authorizing it is the same person who created the invoice.

Integrated Financial Management Information Systems (IFMIS)

In countries like France (Chorus system) or Japan, the Treasury is not a separate silo; it is the "nervous system" of the government.

- **Straight-Through Processing (STP):** Information flows from the procurement stage (contracting) directly to the payment stage without manual re-entry, eliminating human error.
- **Accrual Accounting (IPSAS):** Unlike simple cash-based systems, advanced treasuries track **liabilities** (what is owed in the future) and **assets** (the value of buildings/equipment), providing a full "Balance Sheet" of the country.

Table 3. Comparison of Advanced Mechanisms.



Mechanism	Focus	Typical Example Countries
Active Cash Management	Minimizing borrowing costs	USA, UK, Canada
K-Digital Oversight	Eliminating corruption via AI	South Korea
Accrual-Based IFMIS	Long-term fiscal transparency	France, New Zealand
Public Asset Control	Managing SOE fiscal risks	Japan,

3.3 International Support Mechanisms

Key support mechanisms include:

- Technical assistance from international financial institutions
- Financial Management Information Systems (FMIS)
- Adoption of international standards (IPSAS, PEFA)
- Capacity-building and professional training programs

3.4 Treasury Control System in Uzbekistan

Uzbekistan’s treasury system ensures centralized budget execution and control. However, challenges include limited preventive control, insufficient digital integration, and weak performance monitoring.

3.5 Possibilities of Adaptation for Uzbekistan

The analysis shows that Uzbekistan can adapt:

- Digital treasury platforms
- Risk-based expenditure control
- Performance-oriented monitoring
- International reporting standards

4. DISCUSSION

The results demonstrate that advanced treasury systems rely on integrated digital solutions and preventive control mechanisms. For Uzbekistan, gradual adaptation is necessary due to institutional and legal constraints. International experience confirms that treasury reforms improve fiscal discipline and public trust when supported by capacity-building and legal alignment.

Challenges include resistance to change, high implementation costs, and human resource limitations. However, phased implementation and international cooperation can mitigate these risks.

5. CONCLUSION

This study identified the possibilities of adapting advanced foreign countries’ support mechanisms to strengthen public administration control in Uzbekistan’s treasury system. The findings indicate that digitalization, risk-based control, and international standards are essential for improving treasury control effectiveness. Gradual and well-coordinated adaptation of these mechanisms can enhance transparency, accountability, and efficiency in public financial management in Uzbekistan.

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