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METHODOLOGICAL APPROACHES TO ASSESSING COMPLIANCE WITH LEGISLATION, INTERNAL REGULATIONS AND INTERNATIONAL INTERNAL AUDIT STANDARDS IN THE PUBLIC PROCUREMENT PROCESS

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Abstract: This article examines methodological approaches to assessing compliance with legislation, internal regulations, and international audit standards in the public procurement process. The study argues that compliance assessment in procurement should not be limited to formal legal verification, but should be based on an integrated framework combining statutory norms, institutional procedures, and professional audit principles. The article analyzes normative-legal, internal regulatory, standards-based, process-based, risk-based, quality-oriented, and data-driven approaches to procurement compliance assessment. Particular attention is given to the methodological role of procurement cycle analysis, internal control procedures, risk indicators, quality assurance mechanisms, and continuous digital monitoring. The findings show that the most effective compliance assessment model is one that links legal conformity, internal organizational discipline, and international auditing requirements into a single evaluative system. It is concluded that such an integrated methodological approach strengthens transparency, accountability, and audit reliability in public procurement, improves the preventive function of internal audit, and contributes to the lawful, efficient, and well-documented use of public funds.

Keywords: Public procurement, internal audit, compliance assessment, legislation, internal regulations, international audit standards, risk-based audit, process-based approach, internal control, continuous monitoring.

Introduction

Public procurement is one of the most regulation-intensive segments of public financial management, since it directly affects budget discipline, transparency, competition, and the

efficiency of public spending. For this reason, the assessment of compliance in procurement cannot be limited to formal legal review only; it must also include internal regulatory requirements and professional audit standards. In scholarly literature, public procurement is described as “a complex system of legal instruments” aimed at satisfying public needs in an effective way (Shmeleva Marina, 2022). This definition is methodologically important because it frames procurement not as a single transaction, but as a multi-stage institutional process requiring structured compliance assessment.

Research on procurement control also emphasizes that “control over the movement of funds in procurement conditions should be carried out at all stages of procurement preparation, including the conclusion and execution of contracts” (Levandovskaya Anastasiya, 2025). This idea supports a process-based audit methodology in which compliance is tested across planning, supplier selection, contracting, execution, and reporting stages. At the same time, studies on internal control in the public sector define it as “a complex of organizational measures, methods, and procedures” intended to ensure the lawful and efficient use of budgetary resources (Fedchenko Yelena, 2017).

Another important dimension is the quality and standardization of control activity. It has been argued that “the use of a unified standard for ensuring the quality of control activity increases openness and provides a common approach to control procedures” (Frunze Valeriy, 2021). Therefore, assessing compliance in public procurement requires an integrated methodological framework that combines legal norms, internal regulations, and international audit standards into a coherent evaluative system.

Assessing compliance in the public procurement process requires a multidimensional methodology because procurement decisions are governed simultaneously by statutory law, institutional rules, and professional audit principles. In practice, methodological approaches to compliance assessment should not treat these layers as isolated. Rather, they should be analyzed as interdependent normative systems that shape procurement behavior and determine the legality, procedural correctness, and auditability of transactions. The dissertation materials previously reviewed in this conversation also treat procurement as an integrated “procurement chain” that includes needs identification, planning, choice of procurement method, contract conclusion, acceptance, payment, and subsequent monitoring.

The first methodological approach is the normative-legal compliance approach. Under this approach, the auditor evaluates whether procurement procedures comply with applicable laws and subordinate regulations. This includes the legality of procurement planning, correct selection of procurement method, observance of competition rules, compliance with disclosure requirements, proper contract formalization, and lawful execution and payment. The relevance of such an approach follows from the legal understanding of procurement as a structured regulatory domain rather than a purely managerial activity. Shmeleva’s work on the concept of public procurement in the Russian Federation is especially useful here because it frames procurement as a legal institution with system-wide implications. Methodologically, this means compliance testing must begin with a legal matrix that maps each procurement stage to the relevant statutory requirements.

However, a purely legal review is insufficient. The second methodological approach is the internal regulatory compliance approach, which focuses on an entity’s internal procurement rules, delegation procedures, approval routes, authorization thresholds, control points, documentation standards, and conflict-of-interest declarations. Internal regulations often operationalize legislation and adapt it to the organization’s structure. Fedchenko defines internal control in public institutions as a complex of organizational measures, methods, and procedures, which implies that compliance cannot be fully assessed unless the auditor examines how internal rules translate legal requirements into practical routines. Under this approach, procurement assessment should include testing whether the institution followed its own internal workflow, whether approvals were obtained from the competent authority, whether procurement committees acted within their mandate, and whether documentary evidence is consistent with internal procedural requirements.

The third methodological approach is the standards-based audit approach, which evaluates procurement compliance through the lens of international audit standards and good professional practice. The dissertation material reviewed earlier states that the mission of internal audit in the public sector is “to enhance and protect organizational value through risk-based, objective assurance, advice and insight,” reflecting the logic of Public Sector Internal Audit Standards. In methodological terms, this means procurement compliance assessment should not only ask whether a transaction was legally correct, but also whether the audit process itself was objective, risk-based, adequately documented, evidence-driven, and properly followed up. International standards therefore expand compliance assessment beyond legal conformity into methodological quality, professional independence, sufficiency of evidence, and monitoring of recommendations.

A fourth approach is the process-based compliance assessment approach. Levandovskaya’s argument that procurement control should be conducted at all stages of procurement preparation, contract conclusion, and execution strongly supports this model. In this approach, auditors assess compliance not as a one-time event but as a chain of decisions and controls. This is important because violations often arise not at the payment stage, but much earlier: for example, through inflated needs assessment, tailored technical specifications, unjustified qualification criteria, restricted competition, or undocumented amendments. A process approach therefore allows the auditor to locate compliance failures at their origin rather than merely recording their financial outcome.

A fifth approach is the risk-based compliance approach. In developed procurement systems, compliance assessment is increasingly aligned with red flags, risk indicators, and analytical prioritization. Earlier dissertation material in this conversation highlighted such indicators as affiliated bidders, unjustified direct contracting, price deviations, repeated winners, and irregular contract modifications. Methodologically, this means that compliance work should be prioritized according to risk exposure, materiality, and corruption vulnerability. Not every procurement transaction requires the same level of audit depth. High-value contracts, low-competition procedures, repeated supplier patterns, or unusually amended contracts should receive enhanced compliance testing. This approach improves audit efficiency and aligns procurement review with international audit principles of risk-based planning.

A sixth approach is the quality-oriented compliance approach. Frunze emphasizes the need for unified standards in the quality assurance of control activity and links control effectiveness to the consistency of procedures and the quality of outcomes. From a methodological standpoint, this suggests that compliance assessment should also evaluate the quality of the control environment itself: whether procurement controls are designed properly, whether they function consistently, whether exceptions are documented, whether feedback loops exist, and whether repeated violations are reduced over time. In other words, compliance should be assessed not only transaction by transaction, but also through the maturity of the institution’s procurement control architecture.

A seventh approach is the data-driven and continuous monitoring approach. Dissertation evidence reviewed earlier showed that remote control and digital monitoring can prevent significant procurement-related losses and detect irregularities before damage materializes. In methodological terms, this means compliance assessment should rely not only on document sampling, but also on digital registers, dashboard indicators, procurement platform logs, supplier patterns, and exception analytics. Continuous monitoring makes it possible to detect deviations in near real time and to integrate legal, internal, and professional compliance requirements into an automated control framework.

Table 1. Methodological approaches to assessing compliance in the public procurement process.

Methodological approach	Main assessment focus	Key audit questions	Practical significance
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Normative-legal approach	Compliance with laws and subordinate regulations	Was the procurement procedure lawful at each stage?	Ensures legality and formal validity
Internal regulatory approach	Compliance with internal procurement rules and approval procedures	Were internal approval routes, thresholds, and responsibilities observed?	Ensures organizational discipline and procedural consistency
Standards-based audit approach	Compliance with international audit standards and professional requirements	Was the audit objective, risk-based, documented, and evidence-supported?	Improves audit quality and professional reliability
Process-based approach	Compliance across the full procurement cycle	At which stage did the deviation originate?	Identifies root causes, not only final symptoms
Risk-based approach	Compliance review focused on high-risk procurement segments	Which contracts require enhanced testing due to materiality or red flags?	Improves audit efficiency and corruption detection
Quality-oriented approach	Quality and maturity of the control environment	Are procurement controls consistent, standardized, and effective?	Strengthens control architecture and repeatability
Data-driven monitoring approach	Digital compliance signals and continuous control	Do digital records reveal unusual patterns, deviations, or alerts?	Enables early warning and preventive audit action

Taken together, these approaches show that methodological assessment of procurement compliance should be integrated rather than fragmented. Legislation provides the formal legal basis, internal regulations translate those norms into institutional procedures, and international audit standards ensure that the review itself is professionally robust, independent, risk-based, and capable of producing actionable assurance. A fragmented methodology may identify isolated violations, but only an integrated methodology can explain why deviations occur, where controls fail, and how future non-compliance can be prevented.

The study shows that assessing compliance in the public procurement process requires a comprehensive methodological framework that goes beyond narrow legal verification. Public procurement is governed by several normative layers at once: statutory law, internal organizational regulations, and international audit standards. Therefore, a sound compliance assessment methodology must integrate all three dimensions into a unified analytical structure. The legal dimension determines whether procurement decisions conform to external normative requirements; the internal regulatory dimension reveals whether the institution has followed its own rules, procedures, and approval logic; and the standards-based dimension evaluates whether the audit process itself meets professional principles of independence, objectivity, risk orientation, evidence sufficiency, and follow-up control.

The analysis also demonstrates that the most effective methodological approaches are those that combine process-based review, risk prioritization, quality assurance, and digital monitoring. A

process-based approach allows auditors to trace deviations throughout the procurement chain and identify the stage at which non-compliance originated. A risk-based approach helps focus audit resources on the most material and vulnerable procurement segments. A quality-oriented approach strengthens the consistency and maturity of the control environment, while a data-driven approach enables continuous monitoring and early detection of irregularities. Together, these methods transform compliance assessment from a retrospective documentary exercise into a proactive and preventive instrument of public financial governance.

Consequently, the methodological assessment of compliance in public procurement should not be reduced to checking formal legality after the fact. It should function as an integrated assurance mechanism aimed at safeguarding legality, strengthening internal discipline, improving procurement transparency, and aligning audit practice with international standards. Such an approach increases the reliability of procurement decisions, reduces the probability of corruption and procedural abuse, and contributes to more efficient, accountable, and auditable use of public funds.

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