

Methodological Guidelines for Organizing Control Over Public Procurement in the Ministry of Mining Industry and Geology

1. General Provisions

1. These Methodological Guidelines for Organizing Control Over Public Procurement (hereinafter referred to as the "Guidelines") are intended to provide methodological support for the internal anti-corruption control department of the Ministry of Mining Industry and Geology (hereinafter referred to as the "Ministry").

2. The purpose of these Guidelines is to define recommended methods and procedures for controlling public procurement, which are to be applied by the internal anti-corruption and audit departments of the Ministry. When necessary, specialists from the internal audit, finance, accounting, and other departments of the Ministry may be involved in control measures by special order or directive.

3. The Guidelines outline:

the concepts, objectives, subject, and objects of control over public procurement;

the main sources of information for control activities;

the stages and directions of procurement control and their content;

the need for a comprehensive evaluation of procurement efficiency, taking into account the prevention of corruption risks during the justification of planned expenditures;

the procedure for using and implementing the results of control activities.

4. The main terms used in these Guidelines correspond to those defined in Article 4 of the Law of the Republic of Uzbekistan "On Public Procurement" No. ORK-684 dated April 22, 2021.

2. Regulatory and Legal Framework for Public Procurement

5. The main documents defining the norms and rules for conducting public procurement, as well as procedures, deadlines, and requirements related to this process, are as follows:

1. Law of the Republic of Uzbekistan No. 684 dated April 22, 2021 "On Public Procurement," which establishes the basic principles and rules in the field of public procurement;

2. Law of the Republic of Uzbekistan No. ORK-419 dated January 3, 2017 "On Combating Corruption," which governs relations in combating corruption, including in the public procurement sector;

3. Law of the Republic of Uzbekistan No. ORK-931 dated June 5, 2024 "On Conflict of Interest," which regulates matters related to conflicts of interest, including in public procurement;

4. Presidential Resolution No. PP-5171 dated July 2, 2021 "On Measures to Ensure Transparency and Enhance the Efficiency of Public Procurement," introducing relevant updates and amendments to the procurement monitoring system;

5. Presidential Resolution No. PP-4544 dated December 5, 2019 "On Measures for the Further Improvement of the Public Procurement System and Broad Involvement of Entrepreneurs in the Procurement Process";

6. Cabinet of Ministers Resolution No. 276 dated May 20, 2022 "On the Procedure for Organizing and Conducting Procedures Related to Public Procurement";

7. Presidential Resolution No. PP-3953 dated September 27, 2018 "On Measures to Implement the Law of the Republic of Uzbekistan 'On Public Procurement'";

8. Resolution No. 186 dated May 15, 2018 "On the Activities of the Operator of the Specialized Information Portal for Organizing and Conducting Public Procurement";

9. Presidential Resolution No. PP-332 dated July 25, 2022 "On Measures to Improve the Procedure for Examining Pre-Project Documentation for Investment and Infrastructure Projects, Technical Specifications, and Documents for Public Procurement";

10. Presidential Decree No. UP-6019 dated July 6, 2020 "On Additional Measures for Developing a Competitive Environment and Reducing State Participation in the Economy";

11. Presidential Resolution No. PP-4302 dated May 1, 2019 "On Measures for the Further Development of Industrial Cooperation and the Expansion of Production of Demand-Driven Goods";

12. Cabinet of Ministers Resolution No. 37 dated January 26, 2021 "On Measures for Improving Procurement Processes within Public Procurement Using Information and Communication Technologies";

13. Cabinet of Ministers Resolution No. 18 dated January 12, 2022 "On Additional Measures to Improve the Organization and Conduct of Electronic Online Auctions and Competitions."

14. Law of the Republic of Uzbekistan No. ZRU-850 dated July 3, 2023 "On Competition," aims to regulate relations in the field of competition. It focuses on controlling and preventing actions that may restrict competition in goods or financial markets and infringe upon consumer rights in competitive or natural monopoly conditions.

15. Presidential Resolution No. PP-5171 dated July 2, 2021 "On Additional Measures to Ensure Transparency and Enhance the Efficiency of Public Procurement," establishes exceptions to the public procurement law for certain organizations due to the strategic significance of their activities.

3. Scope of Oversight of Public Procurement

6. Control and monitoring of public procurement are carried out by the Department of Internal Anti-Corruption Control and the Internal Audit Department of the Ministry of Mining and Geology and are part of internal control measures. The purpose is to assess the justification of procurement planning, its efficiency and effectiveness, analyze procurement outcomes, achieve procurement objectives, and prevent potential corruption risks in the field of public procurement.

The control of public procurement should include an evaluation of budgetary and extra-budgetary expenditures, the justification of planning (orders), including the rationale for pricing of goods, works, and services procured, as well as an assessment of possible corruption risks with regard to procurement efficiency. Additionally, the conditions of contracts, their timelines, volumes, costs, quantities, and the quality of procured goods, works, and services are assessed, alongside the pricing methodology and the efficiency of the contract management system.

7. The tasks of procurement control include:

Reviewing, analyzing, and evaluating the legality, feasibility, justification, timeliness, efficiency, and effectiveness of expenses for planned, concluded, and executed contracts;

Identifying deviations, violations, and deficiencies in public procurement, studying their causes, and developing proposals to eliminate and improve the contract system.

Public procurement control covers all stages of the procuring entity's activities, from procurement planning to the execution and management of contracts, including the preparation and evaluation of tender proposals and subsequent contract management.

Key Stages of Public Procurement

1st Stage: Preparation of the annual procurement plan, taking into account the specifics of the budget and the timing of fund allocation.

2nd Stage: Development of tender documents and selection of the procurement method for each item included in the plan.

3rd Stage: Publication of an announcement for the specific procurement.

4th Stage: Preparation and submission of tender proposals by interested entrepreneurs.

5th Stage: Evaluation of tender proposals by the procuring entity and selection of the winner.

6th Stage: Signing a contract with the tender winner.

7th Stage: Contract execution.

8th Stage: Settlement of accounts between the procuring entity and the supplier.

9th Stage: Reporting on contract performance.

8. The subject of public procurement control is the use of budgetary and extra-budgetary funds by the Ministry of Mining and Geology and its subordinate organizations.

9. During the control process, employees of the Ministry's Internal Anti-Corruption Control and Internal Audit Departments review, analyze, and evaluate the following aspects:

The organization and utilization of budgetary and extra-budgetary funds at all stages—from procurement planning to the fulfillment of obligations;

The legality, timeliness, justification, and feasibility of procurement expenditures;

The efficiency and effectiveness of using budgetary and extra-budgetary resources;

The system of departmental control over public procurement;

The procuring entity's internal procurement control system.

10. The objects of procurement control include the Ministry itself, its structural divisions, and all subordinate organizations authorized to conduct public procurement. Control measures also evaluate the activities of procuring entities, their contract services and procurement commissions, the involvement of specialized organizations and experts, as well as the effectiveness of the departmental and internal control systems of the procuring entity.

4. Information Sources for Public Procurement Oversight

11. The following sources of information are recommended for monitoring public procurement:

1. Public Procurement Legislation.

2. Internal documents of the procuring entity, including:

A document establishing the contract service and its regulations, or a document confirming the permanent composition of the procuring entity's staff performing contract service functions if a separate structural unit is not established;

A document on the establishment of the procurement commission and its operational procedures;

Documents regulating procedures for planning, justifying, and executing procurements;

An approved procurement schedule;

Requirements for specific types of goods, works, and services, including maximum prices and normative expenditures for government agencies and extra-budgetary funds;

A document regulating the procuring entity's control over public procurement;

Other documents and information relevant to procurement control objectives.

3. Information systems in the field of public procurement, including documents approved by the procuring entity and published in these systems.

4. Electronic platforms and the information published on them, including registers of participants in electronic auctions.

5. Official websites of procuring entities and information about planned procurements.

6. Results of previous audits by supervisory and regulatory bodies, such as the Anti-Corruption Agency, the Accounts Chamber, and others.

7. Data from law enforcement agencies on identified violations of procurement legislation.

8. Websites of manufacturers of goods, works, services, and others. For conducting a monitoring activity, multiple sources directly related to the subject and object of control may be used simultaneously.

At the same time, it is necessary to take into account the minimum set of documents that must be available to the control object before the procurement stage:

A document on the organization of the contract service and its regulations, or if the contract service has not been established, a document confirming the permanent composition of the procuring entity's employees performing its functions;

Documents on the establishment of the procurement commission(s) and the regulation of their work;

A document regulating control in the field of public procurement by the procuring entity;

A procurement schedule, including the initial (maximum) contract price, the contract price with a single supplier, and the justification of additional requirements for participants;

Requirements for specific types of goods, works, and services, including their maximum prices and normative costs;

Documents confirming the justification of the initial (maximum) contract price.

Before signing the contract (in addition to the previous documents):

Notifications of procurement, procurement documents, draft contracts with changes and clarifications;

A decision to cancel the selection of a supplier (contractor, performer);

Protocols drawn up during the procurement process, including decisions to exclude participants from the procurement selection or refuse to sign a contract with the winner;

Applications to participate in the competition, requests for quotations, requests for proposals, and audio recordings of the opening of envelopes with bids;

Bids from procurement participants;

Documents confirming the receipt of bid security;

Justification for procurement from a single supplier (contractor, performer);

Documents confirming the impossibility or impracticality of using other selection methods, other than a single supplier, including reports.

For executed contracts (in addition to the previously submitted documents):

Signed contracts (agreements) and amendments to them;

Terminated contracts (agreements);

Documents confirming the imposition of penalties (fines, fees) on unreliable suppliers (contractors, performers) and withholding contract performance security from unreliable suppliers (contractors, performers);

Documents confirming the delivery of goods, completion of works, provision of services, and their use;

Documents justifying changes to the terms of signed contracts and/or their non-performance.

12. Main Publicly Accessible Information Sources for Public Procurement Oversight in Uzbekistan

Public Procurement Portal of the Republic of Uzbekistan (*xarid.mf.uz*) — Operated by the Ministry of Economy and Finance, this portal consolidates information on public procurement and facilitates electronic interaction with external systems.

Electronic Public Procurement System (*xarid.uzex.uz*) — A portal featuring a classifier of goods and services for public procurement and a registry of participants.

Special Procurement Portal of the Uzbek Republican Commodity and Raw Materials Exchange (*etender.uzex.uz*) — A specialized platform for electronic tenders and auctions.

State Procurement Platform (*xt-xarid.uz*) — Facilitates trading with a scoring system and automated evaluation.

Transparent Construction Portal (*monitoring.mc.uz*) — Publishes procurement information in the construction and infrastructure sectors.

Electronic Cooperation Portal (*cooperation.uz*) — Used for procuring goods produced by local industrial enterprises.

Uzbek Republican Commodity and Raw Materials Exchange Website (*uzex.uz*) — Provides current quotes and trading news.

Ministry of Economy and Finance of Uzbekistan Website (*imv.uz*) — Offers general information on public procurement rules.

State Committee on Statistics Portal (*registr.stat.uz*) — Provides data on companies participating in public procurement, including details on their owners and management.

5. Stages of Public Procurement Oversight

13. Public procurement oversight consists of three stages:

Preparatory stage;

Main stage;

Final stage.

14. Preparatory Stage of Public Procurement Oversight

At the preparatory stage, the subject and objects of control are preliminarily studied, their characteristics are analyzed, necessary data and information are collected, and a program for public procurement oversight is developed based on these findings.

15. Analysis of Subject and Object Characteristics

Studying the characteristics of the subject and objects of oversight is necessary to define the questions to be addressed, the methods of examination, the criteria for evaluating the subject and objects, and to prepare the public procurement oversight program.

Recommended actions during this stage include:

Compiling a list of legal and regulatory acts of the Republic of Uzbekistan applicable to procurement, considering the specifics of the subject and objects of oversight;

Identifying information sources for oversight and collecting necessary data on procurements, followed by a preliminary analysis;

Identifying and analyzing existing risks of inefficient use of budgetary and extra-budgetary funds.

16. Data and Information Collection from Open Sources

At the preparatory stage, data and information should be collected through the analysis and assessment of procurement information about the objects of oversight in open information systems and the study of documents and materials related to the subject of public procurement oversight from other open sources. These may include:

The Public Procurement Portal (*xarid.mf.uz*);

Electronic trading platforms (*etender.uzex.uz*, *xt-xarid.uz*, *cooperation.uz*, *Shaffof qurilish*, and others);

Official websites of procuring entities.

Considerations During Data Collection:

Organize the process to ensure critical analysis (sufficiency of data) of conclusions and findings based on evidence collected during oversight activities.

Determine the reliability and completeness of the information for further evaluation of the legality, feasibility, justification, timeliness, efficiency, and effectiveness of procurement expenditures.

17. Developing a Public Procurement Oversight Program

Based on the preliminary study of the oversight object, a draft program for conducting oversight in the public procurement sphere is prepared.

18. Main Stage of Public Procurement Oversight

During the main stage of oversight in the public procurement sphere, information regarding the legality, feasibility, justification, timeliness, efficiency, and effectiveness of expenditures on planned, concluded, and executed procurement contracts is verified, analyzed, and evaluated in line with the questions outlined in the oversight program. This includes collecting and analyzing materials, documents, data, factual evidence, and other relevant information needed to prepare a report on the conducted oversight.

At this stage, acts and working documents are compiled to record the results of the inspection. These serve as the foundation for preparing reports, conclusions, and recommendations based on the oversight.

Additionally, summarized data on all procurements carried out by the procuring entity during the audit and/or reporting period are analyzed. This includes quantitative and cost indicators broken down by procurement methods, contracts, agreements, and the status of submitted and rejected bids.

The information must be categorized by procurement methods—distinguishing between competitive methods and single-source procurement (supplier, contractor, or provider).

19. Verification, Analysis, and Evaluation of the Feasibility and Justification of Expenditures

At this stage, during the preparation of the procurement plan-schedule and in the planning of goods, works, and services procurement, the following are assessed:

The feasibility of procurements;

The analysis and evaluation of the alignment of planned procurement with procurement objectives;

Compliance with the legislation of the Republic of Uzbekistan and other regulatory legal acts related to the public procurement system.

Feasibility of Procurement Expenditures

Feasibility refers to the presence of justified needs of the ministry (agency) or organization required to achieve the objectives of approved programs, implement activities, and fulfill the established functions and powers of the respective government bodies.

Justification of Procurement Expenditures

Justification includes substantiation of planned procurements, their volumes (quantities), and requirements for quality, consumer, and other characteristics of goods, works, and services to be procured, based on standardization rules.

The oversight process should also evaluate the quality of the procuring entity's procurement planning. This includes analyzing the number and volume of changes made to the preliminary procurement plan-schedule and assessing the even distribution of procurements throughout the year (e.g., uniformity of procurement activities).

20. Verification, Analysis, and Evaluation of the Timeliness of Procurement Expenditures

This stage assesses the timeliness of expenditures for procuring goods, works, and services, considering all stages of procurement planning, execution, contract conclusion, and implementation. It also analyzes and evaluates the appropriateness of procurement timelines, ensuring conditions are met with minimal budgetary costs while achieving objectives within the established deadlines.

Timeliness of Procurement Expenditures

Timeliness refers to the establishment and adherence to schedules that are sufficient for contract execution and the performance of procurements at the right time and with minimal costs.

The oversight activity should account for:

The seasonality of works and services;

The duration and continuity of production cycles for specific goods, works, and services;

The supplier's (contractor's, provider's) availability of time reserves for rectifying deficiencies and conducting acceptance of goods, works, and services.

21. Verification, Analysis, and Evaluation of Procurement Efficiency

At this stage, the efficiency of expenditures on procuring goods (works, services) is reviewed and analyzed across all stages: planning, supplier selection (contractors, providers), contract conclusion, and execution.

Definition of Procurement Efficiency

Efficiency refers to achieving the best contract performance conditions (compared to other procurement participants) based on the indicators specified in the procurement documentation, ensuring efficient use of available resources and adherence to the principles of the public procurement system, while meeting the planned procurement goals.

Recommended Indicators for Evaluating Procurement Efficiency

The following indicators are suggested for evaluating the efficiency of expenditures on procurement (both for the oversight object during the reporting period and for specific procurements):

Potential Budget Savings During Initial Price Formation and Justification: The difference between the initial (maximum) contract prices in the procurement schedule and the average contract prices established by other procuring entities for similar goods, works, or services, or the average market price for similar goods, works, or services (considering comparable delivery conditions, procurement volumes, warranty obligations, shelf life, etc.).

Budget Savings During the Procurement Process (Supplier Selection): Reduction of the initial (maximum) contract price relative to the concluded contract price.

Additional Budget Savings and Benefits:
Additional savings or benefits obtained through procurement (supplier selection) and contract conclusion, including the acquisition of innovative and high-tech products (e.g., additional services, better quality or functionality, lower operating costs, extended warranty periods, etc.).

Budget Savings During Contract Execution:
Reduction of the contract price without altering the quantity, volume, or quality of goods, works, or services, or other contractual conditions.

Total Budget Savings

It is recommended to calculate total budget savings across all procurement stages—from planning to contract execution—by summing the above indicators as part of the efficiency assessment.

Ensuring Competition in Procurement

The procuring entity’s adherence to the principle of fostering competition, which directly affects procurement efficiency, should also be evaluated.

For analyzing competition during the reporting period, the following indicators are recommended:

Average Number of Bids per Procurement:
The ratio of the total number of participant bids to the total number of procurement procedures.

Average Number of Accepted Bids per Procurement:
The ratio of bids accepted by the procuring entity to the total number of procurement procedures.

Proportion of Single-Source Procurements:
The ratio of single-source procurements to the total procurement volume (in monetary terms).

Exclusions in Competition Analysis

Non-competitive procurements (e.g., large centralized procurements, limited number of producers or sellers, lack of market suppliers capable of meeting contract conditions) should be excluded from these calculations.

22. Verification, Analysis, and Evaluation of Procurement Effectiveness

At this stage, the effectiveness of expenditures on procurements is assessed during contract execution, as well as compliance with the principle of accountability for achieving results in meeting public needs.

Definition of Procurement Effectiveness

Effectiveness refers to the extent to which procurement goals and the intended results for meeting public needs are achieved (i.e., the availability of goods, works, and services in the planned quantity and quality).

Components of Procurement Effectiveness Evaluation

Economic Effectiveness:

Determined by comparing achieved and planned economic results from the use of budgetary funds, expressed in terms of specific goods, works, or services.

Socio-Economic Effectiveness:

Assessed by analyzing the level of satisfaction of municipal needs and achieving established objectives during procurements.

23. Verification of Legality in Procurement Expenditures

At this stage, the compliance of the audited entity with the legislation of the Republic of Uzbekistan and other regulatory acts governing the contractual system in public procurement is reviewed and analyzed. This applies to the stages of planning, conducting procurement, contract conclusion, and execution.

Definition of Legality in Procurement Expenditures

Legality refers to adherence by participants in the contractual system of public procurement to the legislation of the Republic of Uzbekistan and other regulatory acts governing the contractual system.

Addressing Violations of Procurement Legislation

If violations of procurement legislation with indications of administrative offenses are detected, relevant information and materials must be sent to procurement oversight bodies for enforcement measures.

The primary areas and issues for oversight in public procurement are outlined in Appendix 1 of these Methodological Recommendations. Examples of common corruption violations and risks at various stages of public procurement are provided in Appendices 2–4. These appendices can be used to ensure a systematic approach to oversight activities across all key stages of each public procurement process.

24. Identification of Illegal Activities

The purpose of oversight in public procurement is not to uncover illegal actions (or omissions) by participants in the contractual system that constitute crimes punishable under criminal law.

However, during oversight procedures, risk factors necessitating measures under criminal legislation for violations of public procurement laws should be monitored.

If suspicion of illegal actions (or omissions) arises during oversight, the identified cases should be referred to appropriate law enforcement authorities.

Investigating Corruption and Related Offenses

Instances of violations, including corruption, where it is detected that the same IP addresses were used by customers and participants or evidence of collusion exists, must be thoroughly investigated by the Department of Internal Control for Anti-Corruption.

Oversight should focus on identifying the responsible individuals, causes of violations, and conditions enabling them. Following the investigation, the Ministry's leadership should be informed of the established facts and provided with recommendations for holding the responsible parties accountable.

To avoid imposing multiple types of penalties (e.g., administrative and disciplinary) on the same individual for a single offense, the Ministry's leadership may forward information about the violations to law enforcement for legal evaluation.

25. General Considerations for Evaluating Evidence Gathered During the Audit

During this stage, the following actions are undertaken:

Assessment of Sufficiency and Necessity of Evidence:
Ensure the evidence gathered during procurement oversight is adequate and necessary.

Evaluation of Evidence for Identifying Noncompliance:
Assess the relevance of evidence in identifying facts of noncompliance with established requirements.

Assessment of Compliance with Legal Standards:
Verify that all critical information regarding the subject of procurement oversight aligns with legislative norms and requirements.

Determination of the Significance of Noncompliance:
Evaluate whether noncompliance is material, taking into account the importance of the related numerical indicators, circumstances, nature, and causes of noncompliance, as well as potential consequences and their financial impact.

As part of evidence evaluation and results formulation, written explanations may be obtained from employees of audited entities to substantiate the gathered evidence.

The factual data and information obtained through public procurement oversight are recorded in audit reports. Information gathered and analyzed from other sources is documented in working papers.

26. Final Stage of Procurement Oversight

During the final stage of public procurement oversight:

The results of the audit are summarized.

A report on the conducted oversight is prepared, including identification of the causes of deviations, violations, and deficiencies.

Recommendations are developed to address these issues and improve the contractual system in public procurement.

27. Development of Proposals (Recommendations) Based on Public Procurement Oversight Results

The final stage of forming results from public procurement oversight is the preparation of proposals (recommendations). If deviations, violations, and deficiencies are identified during the audit and the findings suggest that the quality and outcomes of the audited entity's activities in public procurement can be significantly improved, appropriate proposals (recommendations) should be prepared to address these issues and enhance the entity's performance.

These proposals (recommendations) are included in the report on public procurement oversight results and are submitted to the audited entity in the form of a presentation or directive.

At this stage, it is necessary to:

Develop proposals (recommendations) aligned with the objectives of public procurement oversight and based on the conclusions and results of the audit.

The proposals (recommendations) should be formulated to:

Address identified deviations, violations, and deficiencies, as well as their root causes.

Be directed to the audited entities.

Include specific measures for the audited entities to eliminate identified issues.

Aim to achieve measurable or assessable outcomes upon implementation.

Be simple in form and sufficiently detailed.

28. Preparation of the Public Procurement Oversight Results Report

The report on public procurement oversight results should include detailed information on the legality, appropriateness, justification, timeliness, efficiency, and effectiveness of procurement expenditures. It should also contain conclusions and proposals based on the results of the audit, including possible consequences and recommendations.

The report may also include proposals (recommendations) for improving the overall contractual system in public procurement.

29. Quarterly Reporting by the Ministry's Internal Oversight Departments

Quarterly, within established deadlines, the Ministry's Internal Control Departments for Anti-Corruption and Internal Audit submit their reports on public procurement oversight results to the Minister and, via the electronic platform "E-Anticor.uz," to the Anti-Corruption Agency.

30. Compilation of Generalized Information on Public Procurement Oversight Results

Within the Ministry, the Department of Internal Control for Anti-Corruption and Internal Audit analyzes the causes of identified violations and deficiencies, prepares proposals aimed at addressing them, and works to improve the contractual system in public procurement. Additionally, it systematizes information on the implementation of these proposals.

Generalized information on the results of public procurement oversight is published on the Ministry's official website and through other media outlets.