

PEMIPAL



Internal Audit
Community of
Practice



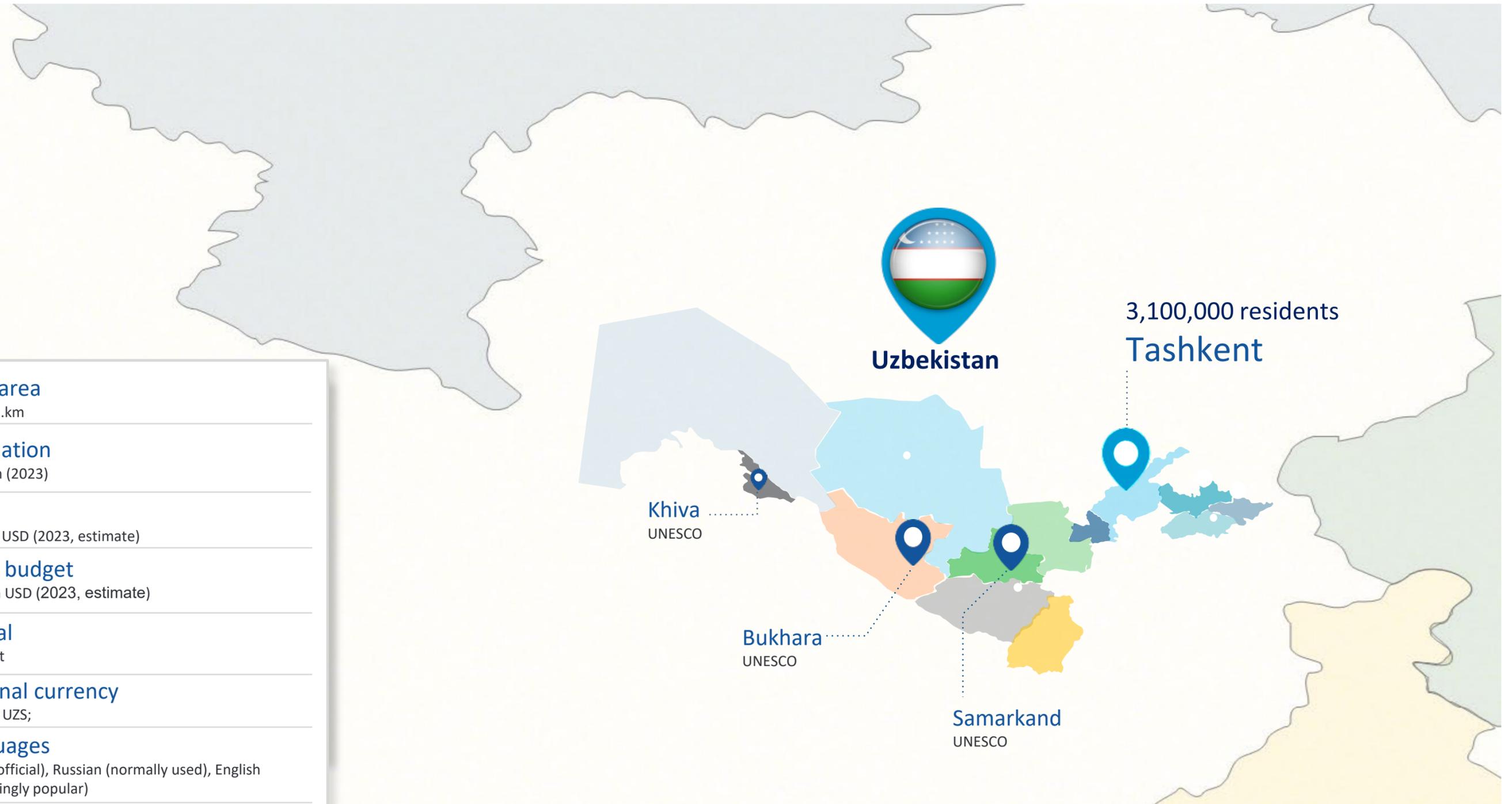
**MINISTRY OF ECONOMY AND
FINANCE OF THE
REPUBLIC OF UZBEKISTAN**

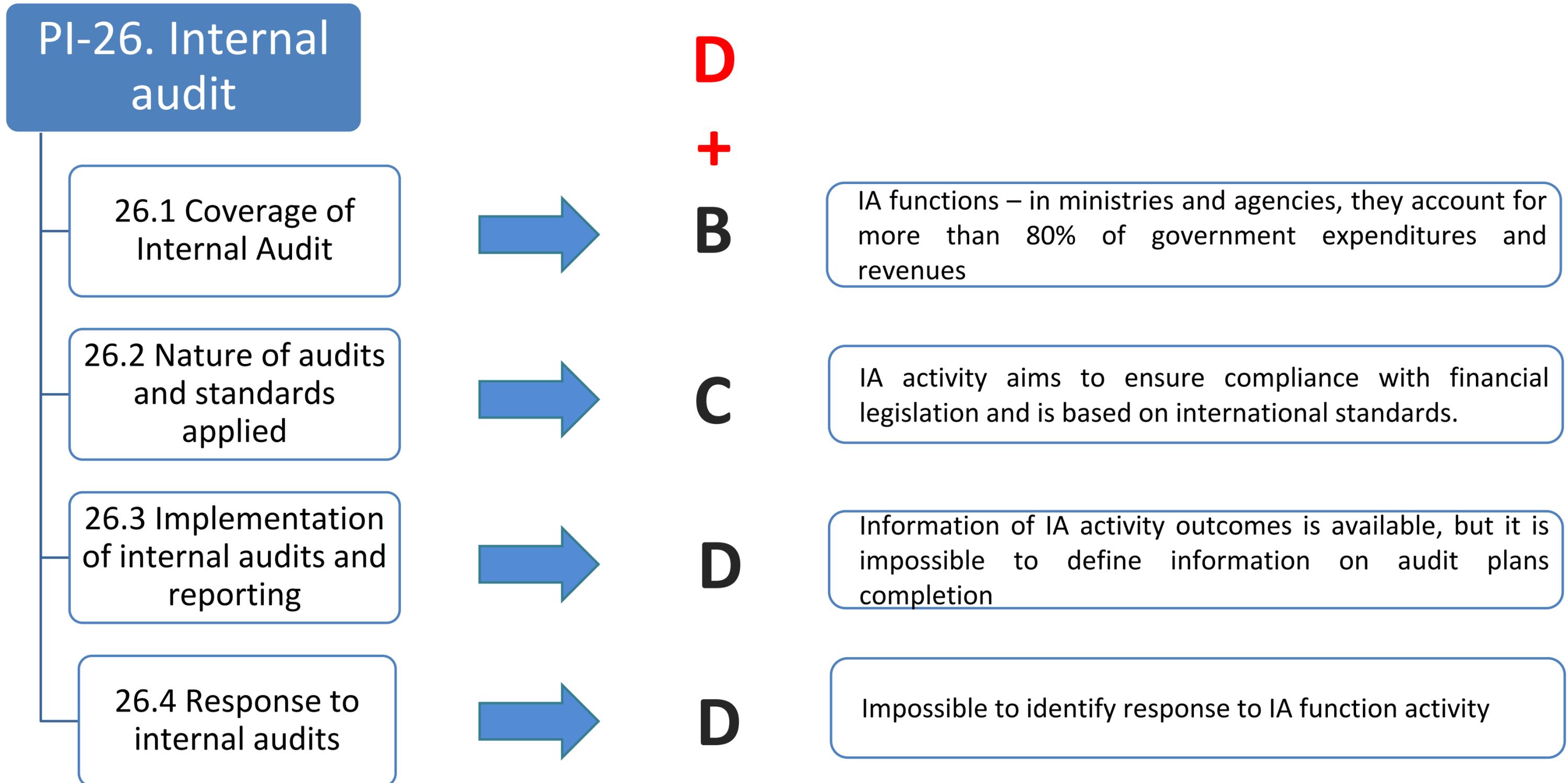
Public Internal Financial Control Reforms in the Republic of Uzbekistan

Tashkent - 2023

Brief Information about Uzbekistan

	Land area 448.9 sq.km
	Population 36.0 mln (2023)
	GDP 87.5 bln USD (2023, estimate)
	State budget 21.0 bln USD (2023, estimate)
	Capital Tashkent
	National currency SUM, or UZS;
	Languages Uzbek (official), Russian (normally used), English (increasingly popular)





The PFM Improvement Strategy (2020-2024)

Development of medium-term fiscal framework and implementation of performance-based budgeting

Enhancing institutional capacity for macro-fiscal forecasting and responsibility of the budget process participants

Boosting authority and accountability of spending units

Accounting for financial assets and commitments and implementation of a system to effectively manage them

Enhancing financial discipline by improving the budget accounting, internal control and audit

Ensure transparency, completeness of fiscal data and their compliance with international standards

Enhancing parliamentary and public oversight over the budget process

The current PFC system in the Republic of Uzbekistan

External

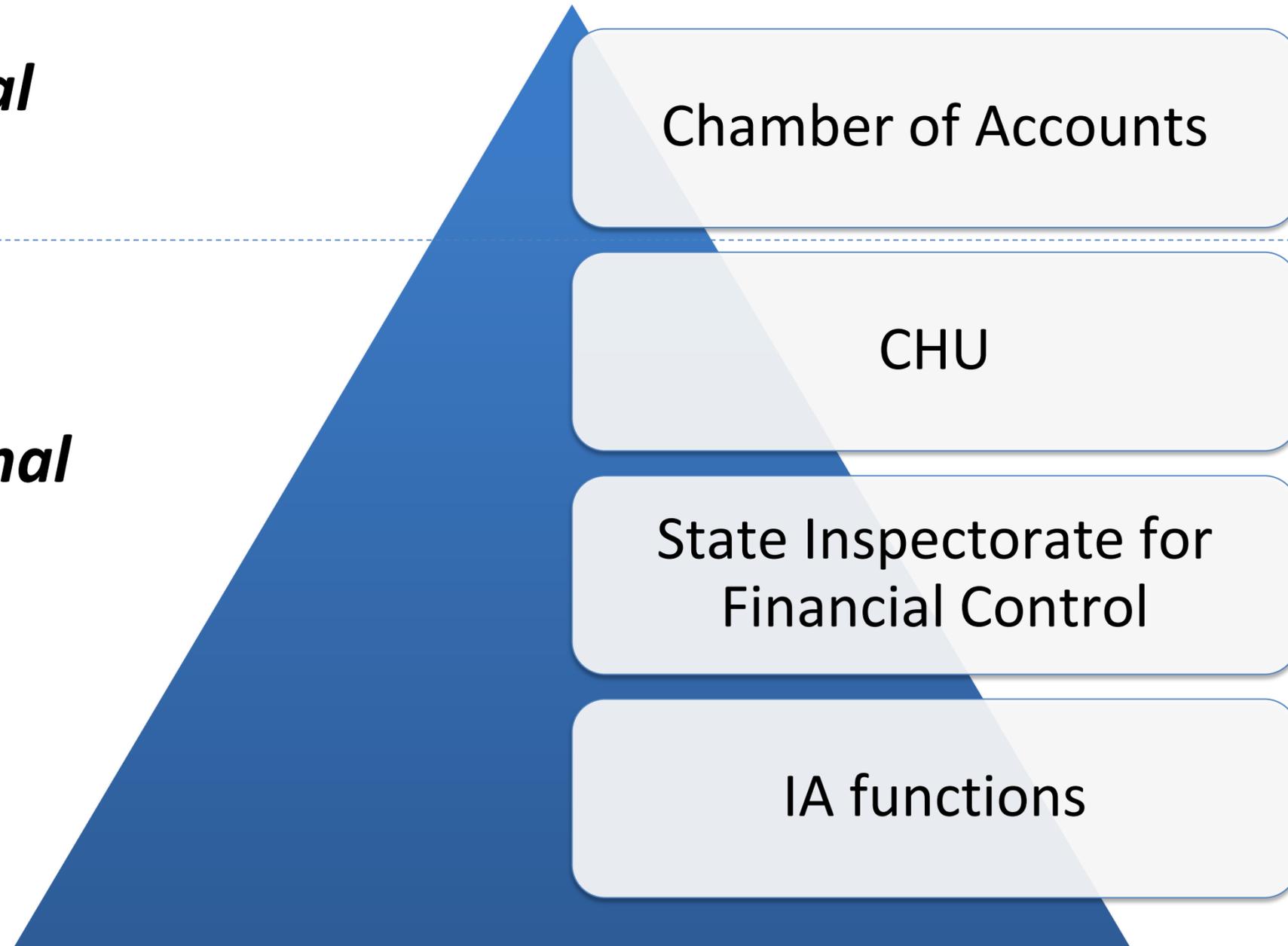
Chamber of Accounts

Internal

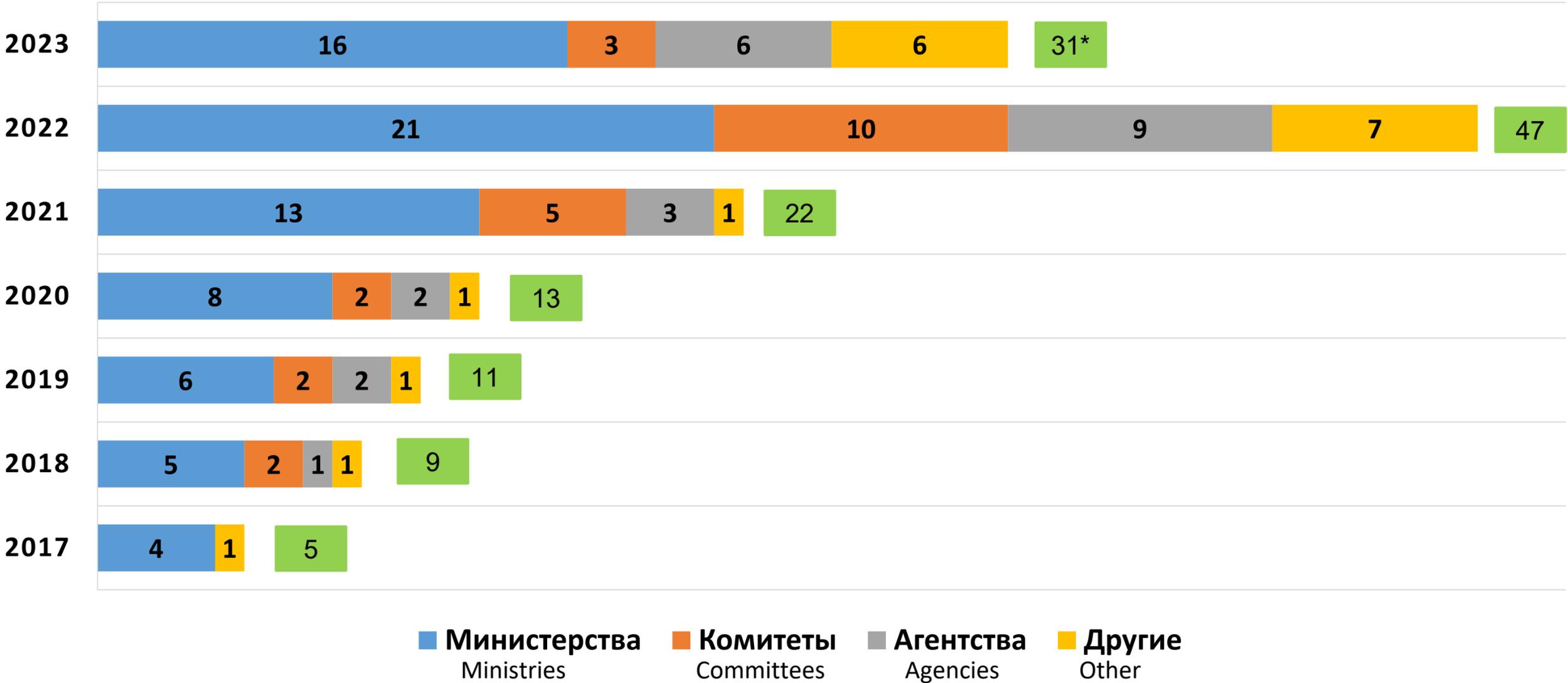
CHU

State Inspectorate for
Financial Control

IA functions



Number of IA units in ministries and agencies of Uzbekistan

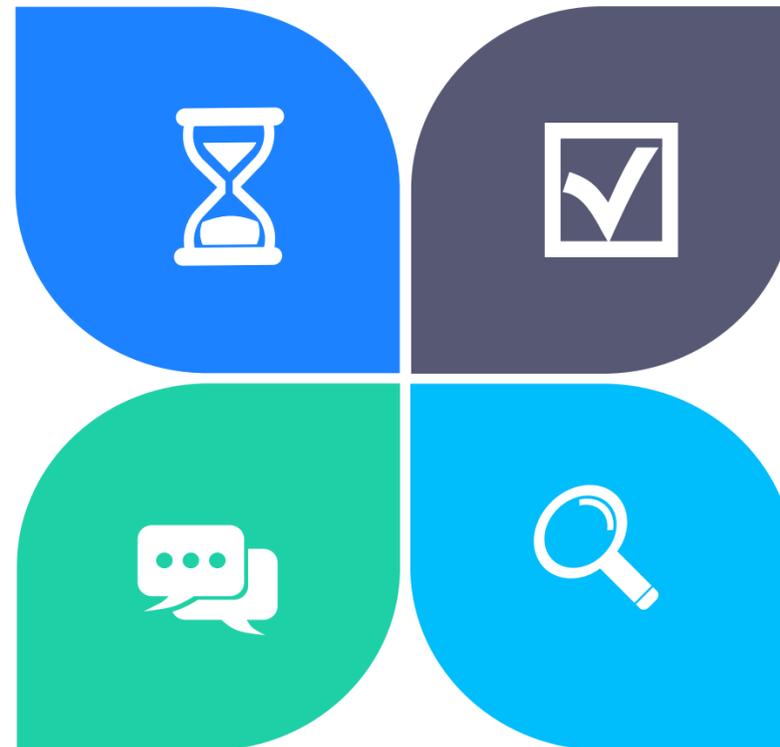


**Note: The number of internal audit units has been reduced as part of the administrative reform carried out in accordance with Presidential Decree No. PF-14 of 25 January 2023 "On priority institutional measures for the effective adjustment of the activities of the republican executive authorities"*

Directorate on the Internal Audit

System Development and Coordination (CHU)

Methodological support



Support in risk management
and performing remote audits

Arranging training and
certification

IA functions performance
evaluation and developing
summary reports

A new system of public sector financial control and internal audit

drafting of new legislation on internal control and audit of the public sector

developing risk-based guidance and manuals in line with international best practices and standards

development and piloting of software to manage internal audit activities

development and delivery of training and awareness raising programs

development of a certification system concept

Improving IA methodology



Model Regulations on the Internal Audit Function



Procedure for certification of qualifications of IA function employees



National IA standards



Procedure for evaluating the performance of internal audit functions



A Guide on performing IA



Procedure for implementation of the audit system with citizen participation

A system for certification and professional development

Certification system

Certification is done by the Uzbekistan Chamber of Auditors

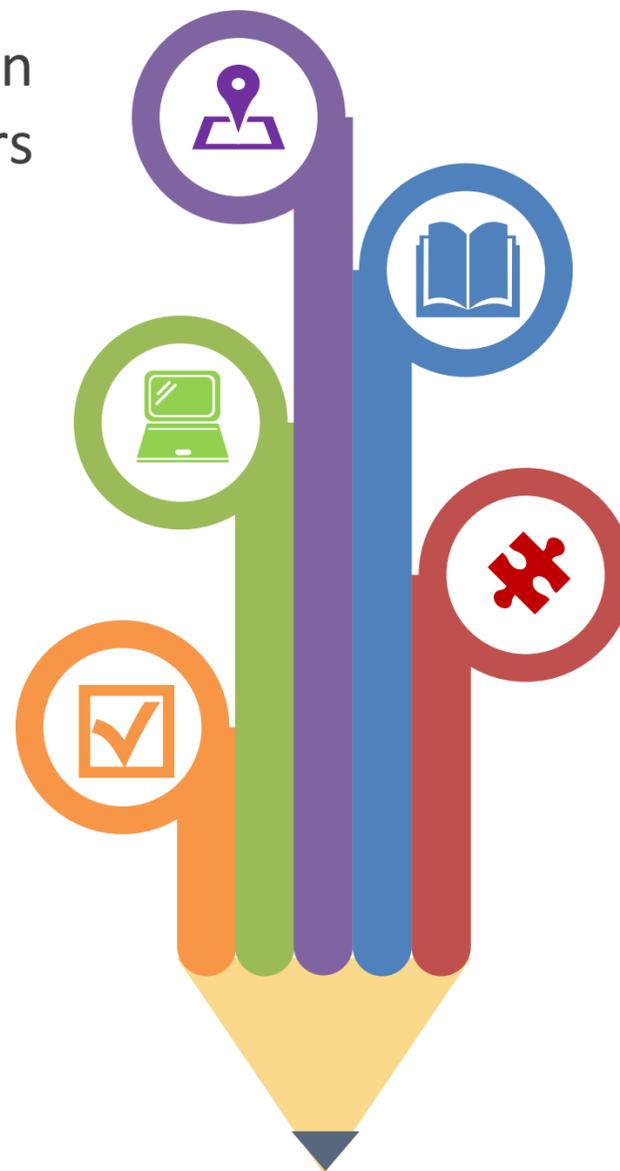
The qualification examination is held every month in the form of a test

At present, 179 candidates have obtained the internal audit certificate

Professional development system

The Training Center of the Ministry of Economy and Finance provides professional development of the IA functions' employees

The certificate holder is required to update his/her qualifications every two years



IA functions coordination

Ministry of Economy and
Finance

General statistics; implementation of the work plan; recommendations based on the results of internal audit assignments; information on the recommendations implementation

“Davlat auditi”
 (“Public Sector Audit”)
software solution

Work plans of internal audit functions, orders on internal audit assignments and their results

Evaluating performance of IA functions in ministries and agencies



performed by the
**Ministry of Economy
and Finance**



done to ensure
**compliance with
regulations** related
to IA and **improve
their performance**



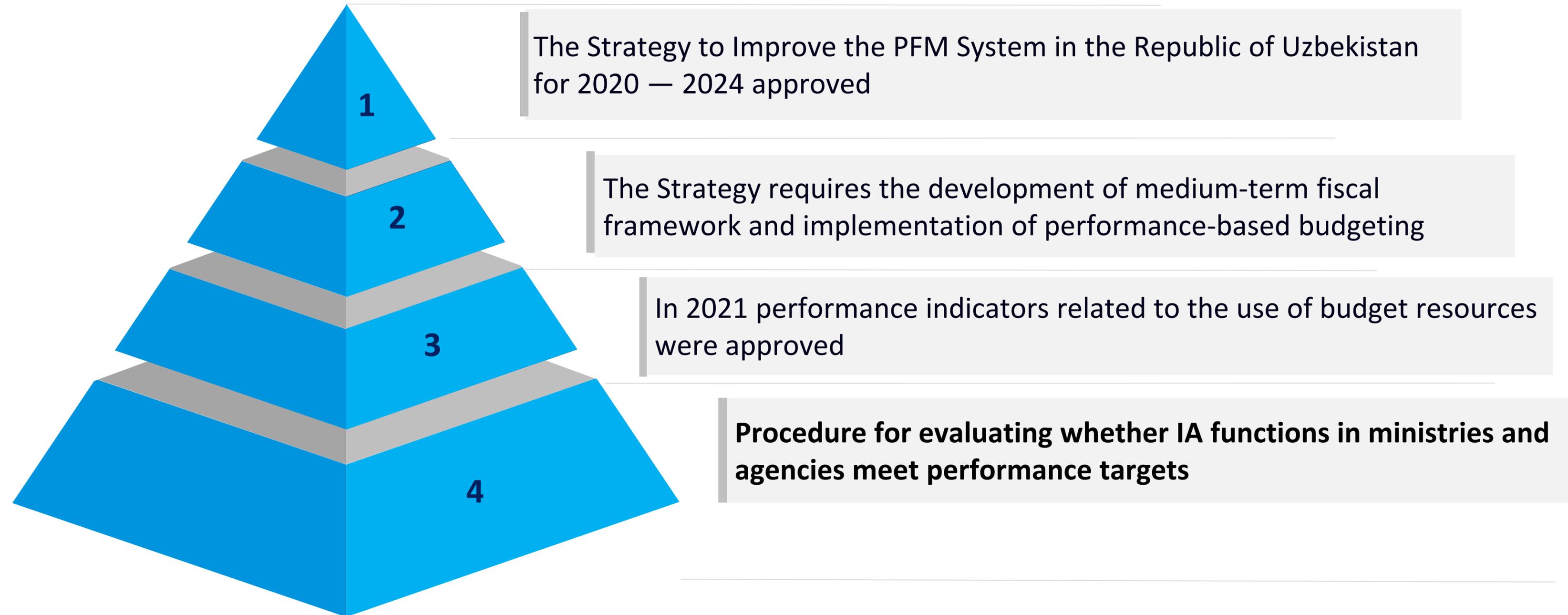
**based on the
evaluation
outcomes, IA
functions receive
recommendations
and suggestions**



**evaluation report is
submitted to the
Cabinet of Ministers**



Synergy with PFM and PIFC reform (in particular, IA)



Synergy with PAR and PIFC reform (in particular, IA)

A new single list of republican bodies of executive power was approved (26 in total, including 21 ministries, 2 committees, 3 agencies)

New common requirements for the establishment of organizational subdivisions and introduction of positions in republican bodies of executive power have been approved

Improvement of the procedure for exercising control functions by ministries and agencies, as well as organizations subordinate to them, based on risk assessment, as well as optimization of their coordinating and controlling functions was specified

Wide introduction of information and communication technologies in this area, including digitalization of the work process of ministries and agencies was specified

The transfer of certain functions of ministries and agencies and organizations subordinate to them to the private sector was specified

When establishing organizational subdivisions of the central apparatus and their full time equivalents, the ratio of managers was specified

Future steps

- Draft a law on **the system of internal audit and(or) internal control**
- Draft a **Concept and Methodology for the development of IC** in the public sector
- **Design the “Internal Audit” software solution** to facilitate digitalization of IA functions’ operation
- **Develop a certification system** in line with the best international practices and **train trainers** to support professional development of internal auditors
- Implementation and piloting of **IT audit**

Questions

1. Do we need to **approve the legislative framework for IA and IC by a single legal document**, or approve just the IA part? Currently the legislative framework (definitions, organization, reporting, supervision) for PIC in Uzbekistan is underdeveloped.
2. What **coordination functions** does the CHU have?
3. How to define **staffing levels, criteria and conditions for establishing IA functions** in ministries and agencies?

Questions

4. In the course of administrative reforms, if a ministry has several committees and other agencies, **would it be advisable to centralize IA function in this ministry, or have them decentralized?** How the IA function in the central office could coordinate **their activity?**
5. What approaches could be used to support **collaboration** between IA and the **Chamber of Audits, financial inspection, anti-corruption agency and law enforcement?** (Benefits and risks).
6. What are the **key criteria in determining KPIs of internal auditors?** (audit area, skills, performance evaluation and monitoring, ratings)?

Questions

7. What are the key aspects in **arranging and implementing digitalization** of IA functions?
8. What are the **risks and benefits of establishing Audit Committees** in ministries and agencies?



Thank you!