

SUCCESS STORIES

Uzbekistan

Shaping the Future of Internal Audit

Context

The transition from financial inspection to internal audit was a core element of Uzbekistan's Public Finance Management Strategy for 2020–2024. As an active member of PEMPAL's Internal Audit Community of Practice (IACOP), Uzbekistan has significantly enhanced its internal audit competencies while regularly participating in community events and leveraging PEMPAL's knowledge products.

PEMPAL Impact

Representatives from Uzbekistan regularly participate in IACOP meetings to gain practical insights and exchange experiences with internal audit practitioners. The close collaboration with PEMPAL IACOP supported the launch of a well-designed internal audit system. The IACOP played a key role as a reliable source of knowledge and experience, especially to address challenges during the transition period, and as a platform for networking during plenary sessions held in Uzbekistan at the beginning

of the planned reforms in internal audit (2017) and during development (2023). Additional IACOP plenary sessions are expected in the country at further stages of internal audit reforms. As a natural extension of these events, seminars on internal audit and internal control practices were organized for more than 600 internal audit personnel from ministries and other state authorities across the country.

Recent methodological improvements to internal audit in Uzbekistan reflect the valuable contribution of the PEMPAL community in producing knowledge products. Many PEMPAL knowledge products contributed to the development of internal audit legislation including the Model Charter on Internal Audit Service, Internal Audit National Standards, Internal Audit Manual, Certification System for Internal Audit Personnel, and Assessment of Internal Audit Services. These knowledge products are also in use for educational purposes at higher educational institutions in the country. For instance, almost 200 students gained a master's degree in state financial control and audit with core modules such as "Internal Audit in Public Sector", "State Financial Control" in

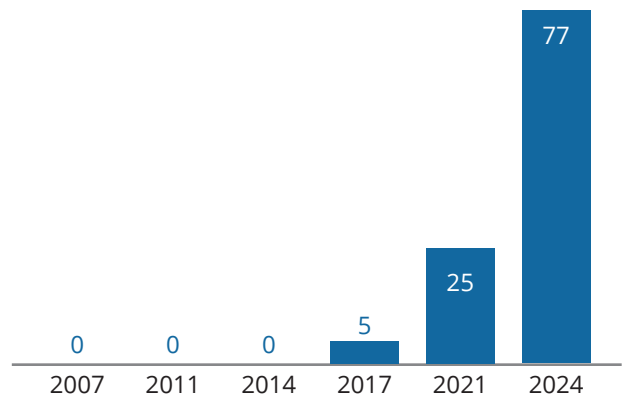


2024. Meanwhile these materials are actively used in practical training to improve the skills of internal audit personnel. Approximately 400 internal audit personnel took part in an advanced training program at the Training Center under the Ministry of Economy and Finance in 2024. In addition, these products are a resource for advanced studies in the field of state financial control and audit and they have been used in 5 scientific degrees (PhD).

After years of dedicated efforts and strategic development, Uzbekistan’s public sector internal audit system has significantly improved and is aligning with international standards. Notably, the adoption of international best practices and direct engagement with experts and practitioners has contributed to progress in the Public Expenditure and Financial Accountability assessment score. In 2024, the internal audit component received a **B+** grade, a substantial improvement from the D+ rating in 2019.

PEMPAL regularly surveys its members on the impact derived from taking part in its Internal Audit Community of Practice. The results, shown in the figure below, illustrate the improvements and significant impact indicated by Uzbekistan:

Figure. Uzbekistan - Significant impact



Source: IACOP Impact Periodical Survey

Additionally, PEMPAL has supported the development of the central harmonization unit and contributed to its emerging role in public internal audit and modifying the conceptual framework of harmonization function.

Next Steps

Moving forward, Uzbekistan aims to establish a robust internal control and internal audit system aligned with evolving international standards. One of the key challenges in this process may be the implementation of an internal control methodology, as it serves as a foundational framework across various areas. PEMPAL IACOP’s continued support and interactive engagement will be instrumental in addressing these challenges.



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