



O'zbekiston Respublikasi
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Internal Audit
Community of
Practice

Development of Internal Audit System in Uzbekistan

“The Strategy for Improving the Public Finance Management System in the Republic of Uzbekistan for 2020-2024”

On August 24, 2020, the “Strategy for Improving the Public Finance Management System in the Republic of Uzbekistan for 2020-2024” was approved.

The document sets the following as key areas of the Strategy:



Develop the MTBF and introduce a new annual budgeting system - Performance Based Budgeting - in order to implement a strategic approach to fiscal policy;

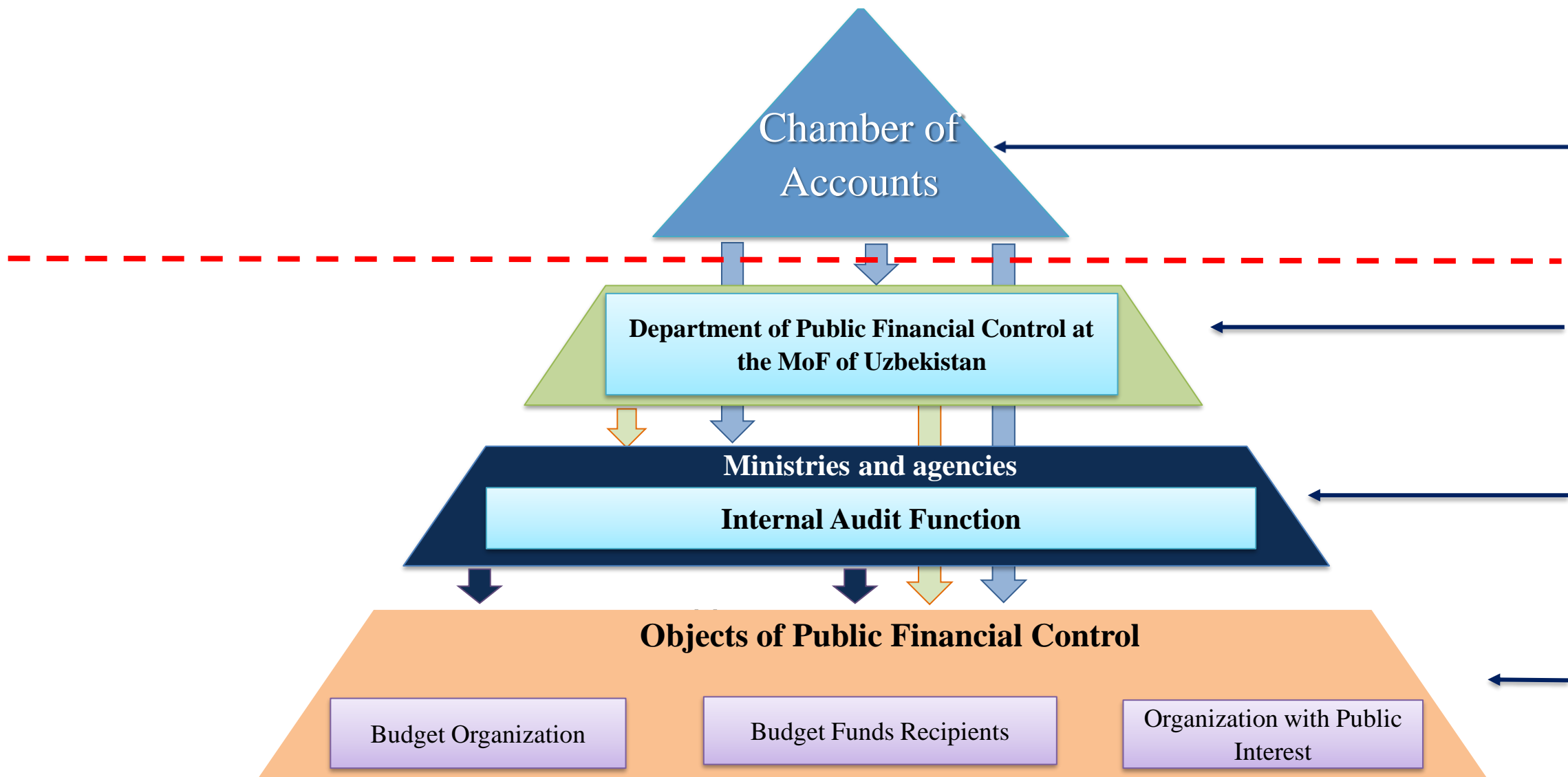
Enhance fiscal authority, accountability and responsibility of spending units and local governments;

Deploy a fiscal risks assessment system; introduce financial assets and liabilities accounting and efficient management ;
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Strengthen financial discipline through harmonization of budget accounting standards, improvement of internal audit and internal control system ;

Ensure openness, completeness of budget information and its compliance with international standards.

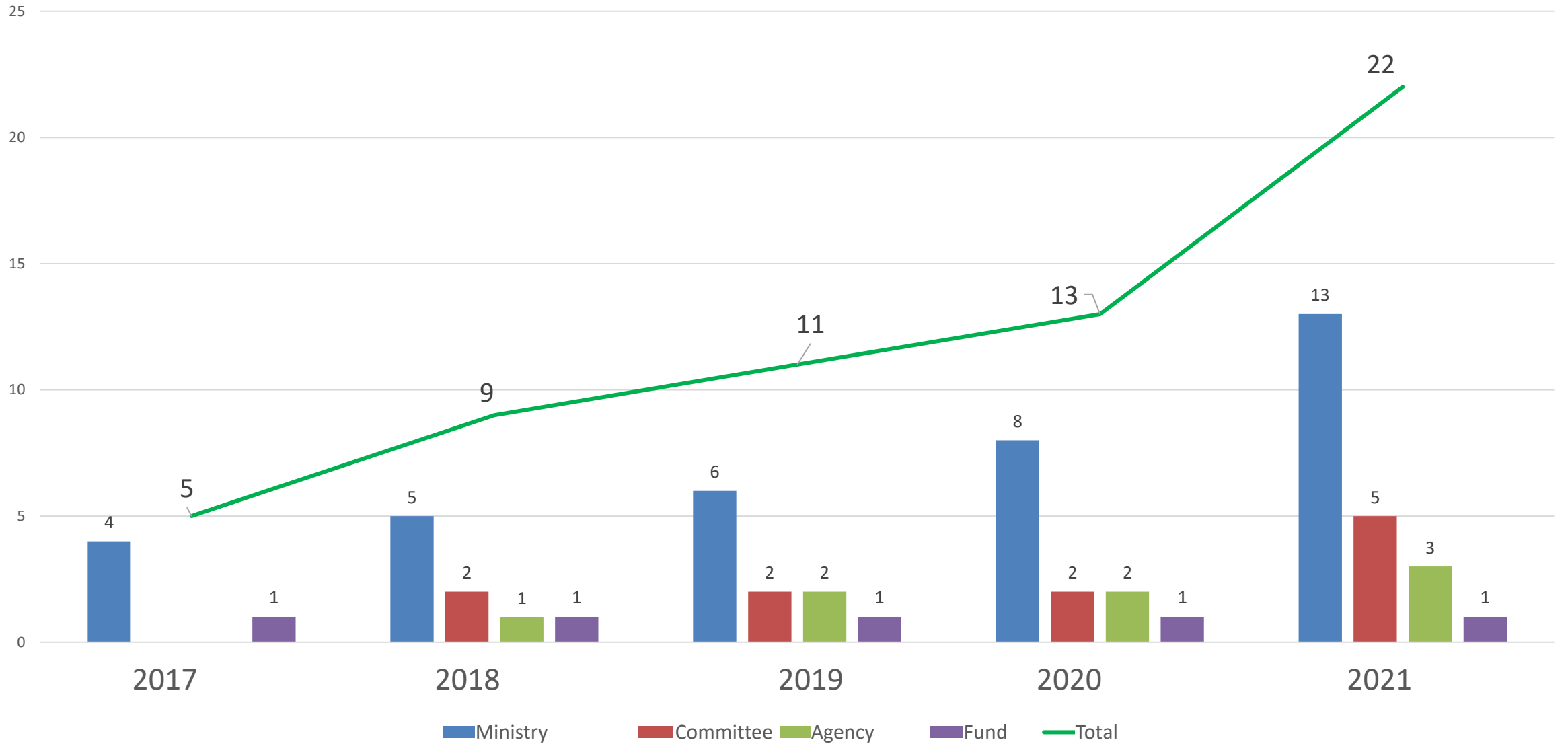
The Current System of Public Financial Control in the Republic of Uzbekistan



Legal Framework of the Current PFC System

	Function/Task	Framework
1.	Financial control (inspection)	The Budget Code of the Republic of Uzbekistan
2.	Internal audit	Resolution of the President of the Republic of Uzbekistan III-3231 “On further improvement of the mechanism to finance educational and health care institutions and the public financial control system”
		Resolution of the President of the Republic of Uzbekistan III-4938 “On measures to ensure implementation of Law of the Republic of Uzbekistan “On the State Budget of the Republic of Uzbekistan for 2021”.
3.	External audit	Law “On the Chamber of Accounts of the Republic of Uzbekistan”

Change in the number of IA units at ministries and agencies



Key challenges of the current internal audit system

PFC system

- Separate FC vs. IA tasks and functions;
- Coordination of the PFC system;
- A systematic risk-based approach;
- ICT availability.

Regulatory and methodological framework

- Standards and guidelines for IA function;
- Internal auditors certification systems
- A unified database to collect data on IA plans and activity outcomes

HR

- Lack of skilled personnel and staff turnover;
- Lack of understanding of IA functions, goals and outcomes

The current state of IA development

PFC system

- With international experts' assistance to draft a law "On Public Financial Control";
- Resolution of the President of the Republic of Uzbekistan "On measures to further develop the PFC system" has been drafted;
- Internal auditors perform PC-enabled desk reviews/control

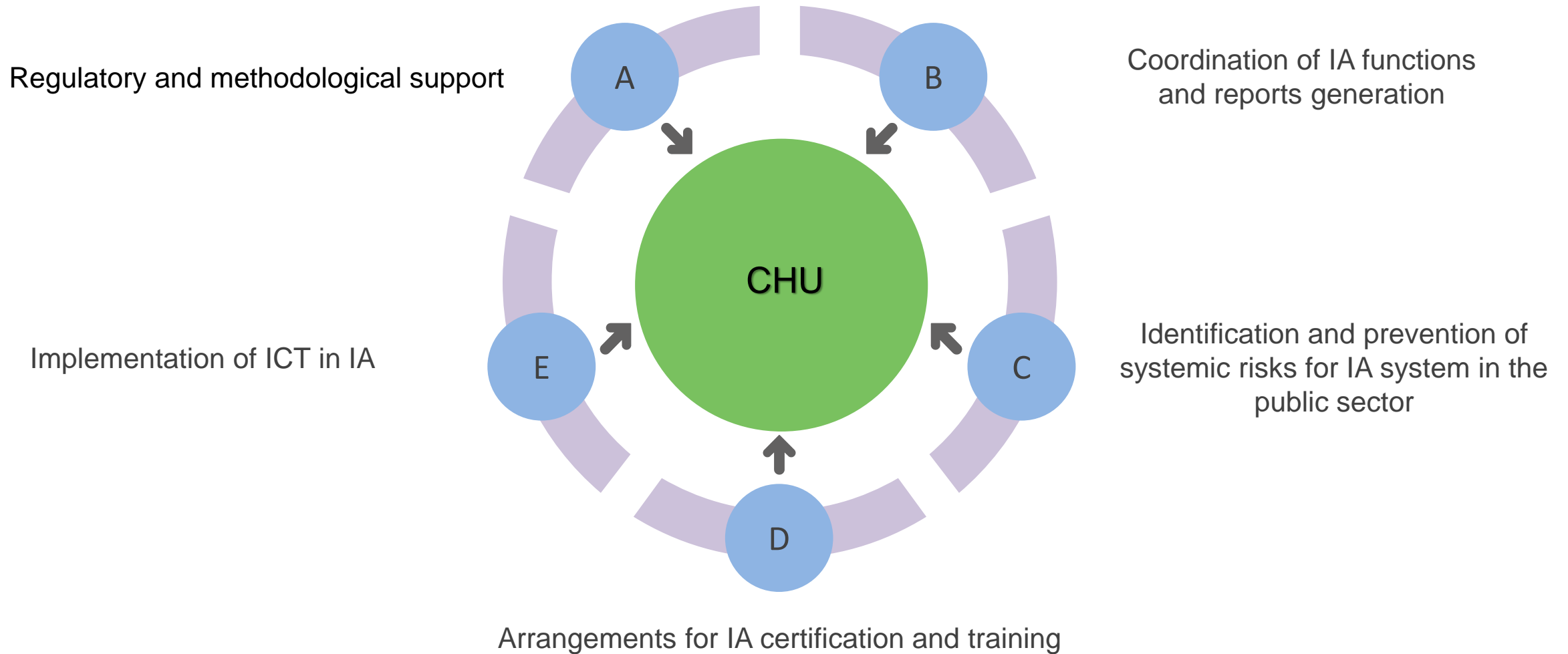
Regulatory and methodological framework

- Standard guidelines "On the IA Function at Ministries and Agencies" have been developed;
- The Code of Ethics for IA functions of ministries and agencies has been developed;
- Specifications for the unified database to collect data on IA plans and activity outcomes have been developed;
- A joint WB-PWC project in 2021 is to:
 - develop national IA standards;
 - finalize the IA Guidelines and pilot them in a ministry.

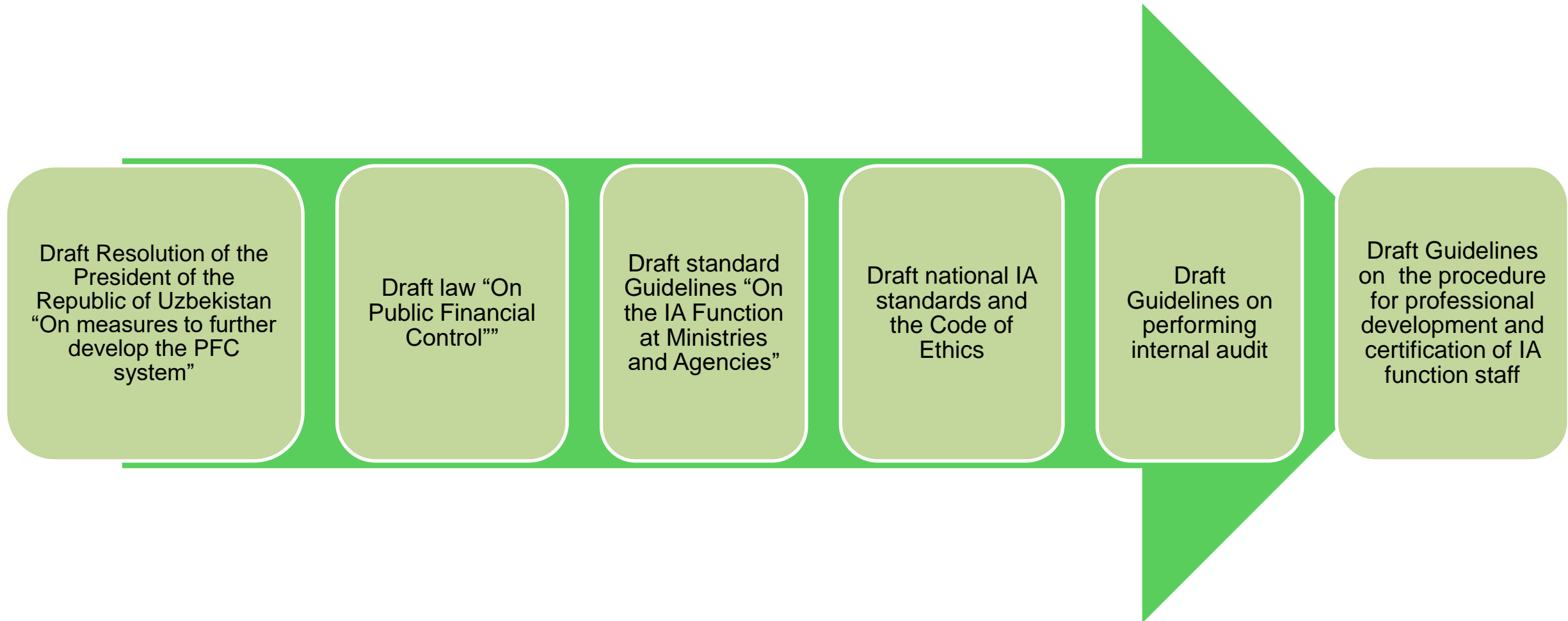
HR

- A new professional development program for internal auditors has been developed;
- Workshops and trainings are delivered to raise awareness of functions and objectives of IA activity and outcomes;
- IA Certification Guidelines are to be developed in 2021.

Key activities of the Central Harmonization Unit supporting IA development at ministries and agencies



Improving the **legislative framework** for public sector internal audit and developing its **methodological framework**



Thank you!!!