

**Supplementary Document 19:
Financial Management Assessment –
the Ministry for Foreign Trade**

A. Introduction

1. The proposed Horticulture Value Chain Infrastructure Project (HVCIP) will complement and enhance the impact of the ongoing Horticulture Value Chain Development Project and its associated additional financing. HVCIP will establish two agro-logistic centers (ALCs) in Andijan and Samarkand that will provide a range of agribusiness facilities and services for the surrounding areas, including market trading areas for wholesalers and small farmers, cold storage, primary agricultural product processing, product certification, transport, trade finance and commercial banking, and market advisory services. The ALCs will increase the volume and quality of horticulture produce reaching domestic and export markets.

2. Under HVCIP, ADB will lend \$197 million from its ordinary capital resources (concessional loan) to the Government of Uzbekistan for a period of 25 years with a grace period of 5 years and an interest rate of 2%. The government has assigned the Ministry for Foreign Trade (MFT) to establish and supervise a new subsidiary company as an ALC management entity before the start of construction of the ALCs (planned for Q2 2020) to manage and operate the ALCs on a financially sustainable basis. The ALC management company will be organized as a limited liability company. The ALCs will be transferred to the ownership of the ALC management entity on completion of construction. The Rural Restructuring Agency (RRA) will be responsible for project management and monitoring of project implementation. A project management office (PMO) will be set up under the existing organization of RRA and will be provided with staff and operating costs from the loan proceeds.

3. As the parent company for the ALC management entity that will operate the ALCs, the MFT has undergone financial management assessment (FMA). MFT has been assessed as suitable for participation as an implementing agency in the proposed Asian Development Bank (ADB)-financed Horticulture Value Chain Infrastructure Project (HVCIP).

4. This document presents the FMA of the MFT. The FMA of was conducted using the standard ADB FMA questionnaire. As part of the FMA, MFT provided information related to the following key functions and processes:

- Legal status
- General policies and procedures
- Accounting policies and procedures
- Planning and budgeting
- Safeguarding of assets
- Other offices and implementing entities
- Internal audit
- External audit
- Reporting and monitoring
- Information systems
- Staffing

5. Supporting information is in Appendices 1–5 in the following order: Appendix 1 – Financial Management Assessment Questionnaire; Appendix 2 –Project Organization Chart and Fund Flow Diagram; Appendix 3 – Curriculum Vita and Job Descriptions; and Appendix 4 – Chart of Accounts.

B. Country and Sector Government Policy and Financial Management Issues

1. Recent Policy Initiatives in Horticulture

6. Current government policy for the development of Uzbekistan was defined in Presidential Decree No. UP-4947, dated 7 February 2017, which defined five priorities for the period 2017–2021: (i) improved governance and efficiency in public services, (ii) reform of the legal and judicial system to ensure the rule of law, (iii) development and liberalization of the economy, (iv) an enhanced social environment including employment, health, housing, the role of women, etc., and (v) improved security, ethnic harmony, religious tolerance, and international relations. In the context of the development of the economy, the strategy highlighted the modernization and intensive development of agriculture to ensure food security, increase of export potential of the agricultural sector, and further expand infrastructure for storage, transportation and sale of agricultural products. The development of agriculture, and horticulture in particular, had already been targeted through two Presidential resolutions in 2016 and 2017,¹ which identified 434 investment projects with a total value of \$740.1 million. Of these, 163 projects are for the creation of new capacity for the processing of fruit and vegetable products in specialized districts, 159 projects are for the construction of cold storage facilities equipped with refrigerators for storing export-oriented fruit and vegetable products, 36 projects are to create enterprises for the production of packaging materials, 39 projects are for the processing of meat and dairy products, and 37 projects relate to investments in other areas. These projects focus on the expansion of the production base of the food industry, the development of processing of agricultural products, full satisfaction of domestic market demand by domestic products, and the export of finished products with high added value. It is envisaged that by 2019, the share of processed products in total fruit and vegetable production will be around 25%, associated with which will be the creation of 4,600 new jobs. Over the period 2017–2021, the production of food products is expected to increase by 1.4 times, including fruit and vegetables and grapes by 1.4 times, meat products by 1.3 times, and dairy products by 1.5 times. By 2021, exports of all fruit and vegetable products are expected to be 2.3 times higher than in 2016, and exports of processed fruit and vegetable products 2.0 times the level of 2016.

7. Resolution No. 2716 proposed a series of 254 investments projects to be implemented in 2017–2018 in the field of processing, storage and packaging of fruit and vegetable products. Specific projects identified include: (i) the creation of 76 enterprises for processing fruit and vegetable products, in particular grapes, with a total capacity of 136,200 tons at a cost of \$70.78 million, mainly in areas specializing in the production of fruit and vegetable products and grapes, (ii) construction of 155 cold storage facilities for storage and pre-export preparation for shipment of fresh and processed products, with a total capacity of 134,100 tons at a cost of \$73.1 million, and (iii) establishment of 21 enterprises for the production of packaging materials with a capacity of 10.2 million units at a cost of \$5.34 million. Overall, total fruit and vegetable processing capacity is projected to rise to 465,900 tons, and the capacity of refrigeration facilities for storage, sorting, calibration and pre-export processing of fruit and vegetable products to 643,900 tons. Total investment is projected at \$144.0 million, including \$24.3 million of direct foreign investments and credit.

¹ Government of Uzbekistan. 2016. *President Resolution No. PP-2505*. Under this resolution, measures to further develop the raw materials base, deepen the processing of fruit and vegetable and meat and dairy products, increase production and export of food products in 2016-2020 were adopted and Government of Uzbekistan. 2017. *President Resolution No. PP-2716*. Under this resolution, additional measures for further deepening of processing and storage of fruit and vegetable products in 2017-2018 were adopted.

8. Funding to facilitate these investments was established through the Resolution of the President of the Republic of Uzbekistan of No. PP-2718 of 6 January 2017 "On measures to expand financial sources for the implementation of investment projects in the food, leather and footwear and pharmaceutical industries". Specifically, the financing of investment projects included in the government's Food Industry Development Program derives from (i) the Fund for Reconstruction and Development of Uzbekistan through a credit line with the National Bank for Foreign Economic Affairs of the Republic of Uzbekistan (NBU) in the amount of \$300 million for co-financing of food industry projects, and (ii) an NBU credit line in the amount of UZS300 billion to co-finance local currency costs of construction and installation works undertaken by food industry enterprises.

9. The State Program for the Implementation of the Strategy of Action for the five priority development directions of the Republic of Uzbekistan in 2017–2021 in the "Year of Support of Active Business, Innovative Ideas and Technologies (2018)", which was adopted by Presidential Decree on 22 January 2018, has five key goals: (i) improving the system of state and public service, (ii) ensuring the rule of law and further reforming the judicial and legal system, (iii) economic development and support of active entrepreneurship, (iv) development of the social sphere, and (v) ensuring security, inter-ethnic harmony and religious tolerance, as well as foreign policy. Measures in economic development and support of active entrepreneurship include:

- (i) Creation of a supportive legal and organizational environment for the development of active entrepreneurship and the introduction of innovative ideas and technologies;
- (ii) Further improvement of legal guarantees of protection and mechanisms for preventing illegal interference in the activities of business entities, tax and customs policies, and the banking and financial sector;
- (iii) Development of a strategy for reforming the agricultural sector;
- (iv) Cease provision of benefits (such as tax exemption) to individual enterprises and instead provide benefits to industries and economic sectors as a whole; and
- (v) Active development of the regions.

10. With the aim of deepening structural reforms and increasing competitiveness of the national economy through modernization and diversification, the 2018 State Program proposes legislation to support:

- (i) Diversification of agricultural production and ensuring food security of the country through increased crop yields through (a) targets for growing of vegetable, melons, fodder and oilseed crops, as well as other crop varieties (imported and adapted to domestic conditions), intensive gardens and vineyards in the areas that are exempt from cotton and wheat production, and (b) reducing the areas under cotton by 36,000 hectares and grain by 15,000 hectares in 2019 to produce more than 1 million tons of fruits and vegetables, potatoes and other products;
- (ii) Development of logistics for cultivation, acceptance, storage, processing and supply of fruits and vegetables to consumers, including the export, with regional targets for the establishment of logistics centers, cold storage and greenhouses. Responsibility for this development has been assigned to Uzbek Food Holding, the Uzbek Wine Industry Holding, and the Uzbek Food Reserve Association;
- (iii) Establishment of a green corridor with Kazakhstan, Kyrgyzstan, Belarus and Baltic countries in order to facilitate export of fruits and vegetables and to reduce the time taken for customs clearance and financial transaction;
- (iv) Diversification of transport routes with neighboring countries; and

- (v) Creation of an online "National Logistics Portal" in order to support national carriers and to facilitate business activity.

11. Under the chairmanship of the President a videoconference was held on 27 February 2018 to analyze progress on increasing exports and reducing imports. The conference reported that in the future a new system of trade organization and control would be introduced. A group led by the Deputy Prime Minister and First Deputy Prosecutor General will be responsible for organizing and monitoring exports. The regional khokims and the first deputies of regional prosecutor general offices will be personally involved in the export. A Republican working group will organize and monitor work to reduce imports. The head of the working group is the head of the Department for Combating Tax, Currency Crimes and Legalization of Criminal Incomes under the Prosecutor General's Office. Comparable working groups will be established at the regional level to work in close cooperation with exporters to provide them with real help in increasing exports and to create "green corridors." Regional working groups will assist farmers in the production of high-yielding fruit and vegetable crops, and ensure access to seeds, fertilizers, fuel and finance. It is proposed that at the district level an enterprise should be established for the export of fruit and vegetables. The meeting noted that previously made plans and given promises on exports were not met.

12. In response, deputy prime ministers and khokimiyats are instructed to ensure the full implementation of comprehensive programs to expand the production, processing, and export of horticultural produce to meet domestic needs, implement food industry projects to develop the food industry in 2018. It is also proposed to prepare "road maps" for the creation of modern logistics centers providing integrated services for storage, preparation for export, and transportation of goods. The conference also highlighted the need to introduce modern mechanisms for selling products abroad through electronic trading platforms. In this context, from 1 January 2019 a National Electronic Trading Platform of Uzbekistan will be launched in cooperation with South Korea to facilitate domestic exporters in the sale of Uzbek produce to foreign buyers. This will incorporate the establishment of an electronic database of exporting enterprises, creating enterprises' electronic passports containing information about their products, the volume of exports, etc.

2. Financial Management Issues

13. The latest Public Expenditure Financial Accountability (PEFA) assessment conducted in 2012 indicates strong performance in many PFM subsystems with 19 (out of 28) performance indicators (PIs) rated B and above. Despite comparably good performance in several areas, some of the critical PFM downstream elements (internal audit, accounting and financial reporting, external audit) were weak with the Government efforts to improve its PFM system. In particular, the Effectiveness of Internal Audit (PI-21), Competition, Value for Money and controls in Procurement (PI-19), Quality and Timeliness of Annual Financial Statements (PI-25), Scope, Nature and Follow up of external audit (PI-26), Multi-year perspective in Fiscal Planning, Expenditure Policy and Budgeting (PI-12) as well as Public Access to Key Information (PI-10) were low-rated.²

14. The action plan outlined in the PFM Reforms Strategy 2007–2018 (with the draft update for 2017-2021) aims at establishment of a modern centralized treasury system; introduction of a modern, comprehensive and unified budget and accounting system including a new budget classification and a new chart of accounts; and introduction of a medium-term budget framework

² World Bank Program Document for a proposed credit for the "Uzbekistan Reforms For Sustainable Transformation Toward a Market Economy Development Policy Operation", 29 May 2018.

(MTBF) and program budgeting.³ The Treasury Single Account has been introduced and made functional. In addition, the Government made a progress on implementation GFS-2001 compliant Chart of Accounts, and interim FMIS. The Government also introduced eProcurement system, with an internal portal established to post information related to tendering processes.

15. To provide budget transparency required by the Budget Code the state budget main parameters and execution reports started to be published on the MOF website. In 2017, a pilot Medium Term Budget for 2018–2020 has been developed and adopted at a municipality level. Twelve national standards of the Budget Accounting (SBA), based on IPSAS, have been drafted in frame of UNDP "Budget system reform in Uzbekistan" project, however implementation of IPSAS still remains a challenge due to capacity constraints and substantial resources required in staff training and rolling out of the standards.

16. The internal audit is currently dominated by a control/inspection framework that relies on extensive external financial control activities undertaken by the State Financial Control Division of the Ministry of Finance. While audited annual budget execution reports are presented in a consistent and very detailed way, they do not disclose accounting policies and other information required by international accounting standards. The Chamber of Accounts, the highest financial supervisory body, relies on desk reviews to identify unusual or suspicious activity, with field visits focused on areas of concern within budget organizations—an approach that is not consistent with good practices and acceptable standards.⁴ As noted in the 2013 Accounting & Auditing ROSC,⁵ there is no critical mass of professionally qualified accountants and knowledge of internationally recognized accounting and auditing standards is limited in both the public and private sectors. Overall PFM reforms have been proceeding slowly during last few years.

17. Within the framework of the State Program for the Implementation of the Strategy for Action in the "Year of Dialogue with the People and Human Interests" (2017) more than 30 laws and 900 by-laws were adopted. The is included the key Concept of Administrative Reform, which defined clear measures for (i) radical reform of the public administration system, (ii) the development of the electronic government system and the provision of public services, (iii) reducing the administrative burden on the economy and expanding market governance mechanisms, (iv) creating a healthy competitive environment and a favorable investment climate, (v) introduction of modern methods of the strategic planning in the public administration system, (vi) the formation of an effective, professional civil service, and (vii) the introduction of effective mechanisms to combat corruption in executive bodies.

18. The State Program (2017) also envisaged expanding the source of local budget revenue through sustainable development of sectors and regions, further optimization of budget expenditures, reduction of subsidies to towns and districts, deepening fiscal decentralization processes, and increasing the transparency of the budgeting process. On this basis, the concept of preparing and publishing of a Budget for Citizens was developed. Under Uzbekistan's unified budget system, local authorities have their own sources of income and spending powers, but within the framework of a single State Budget. They receive subventions, subsidies and transfers from the state budget, but they are prohibited from planning for a deficit and borrowing (except for budgetary loans to eliminate cash shortfalls). In addition, local authorities are responsible for providing social services to the public. The Budget for Citizens is important for local authorities in

³ Republic of Uzbekistan Ministry of Finance Information Document "Public Financial Management Reform Strategy 2007-2018"

⁴ World Bank Country Partnership Framework for Uzbekistan for the period FY16-FY20, Report No. 105771-UZ, 19 May 2016.

⁵ Reports on Observance of Standards and Codes.

reconciling their actions with government policy and as a means of interaction with the public. Ministry of Finance has for the first time developed and published the Budget for Citizens for 2018 in July of 2018.

19. In accordance with Presidential Decree No. UP-5075 of 7 June 2017 "On measures to expand the powers of state authorities in the field of forming local budgets" an experiment was conducted in Tashkent on increasing revenue powers and delineating expenditure obligations of local authorities. Based on the results of the experiment, Presidential Resolution No. PP-3454 of 29 December 2017, it was decided to expand the experiment to the budget of the Republic of Karakalpakstan, and regional budgets from 1 January 2018. This provided for (i) expanding the revenue base of local budgets (through full receipt of certain taxes and fees into local budgets), (ii) distribution between the budget of the Republic of Uzbekistan (State Budget), the budget of the Republic of Karakalpakstan and regional budgets in accordance with the State Budget of income from certain types of taxes, leaving any amount in excess of the required transfers to the State Budget at the discretion of local authorities, and (iii) allocation of targeted social transfers from the State Budget to the budget of the Republic of Karakalpakstan and regional budgets for payment of wages and social payments of budgetary organizations. From 1 January 2018 the Council of Ministers of the Republic of Karakalpakstan, the authorities of the regions and the city of Tashkent, districts and cities have the right, subject to the agreement of the corresponding Councils of People's Deputies, to form reserve funds in the amount of 1% of their total expenditure to cover additional, unforeseen expenses in the economic, socio-cultural and other spheres.

20. The 2018 State Program outlines activities aimed at expanding the revenue base of the State Budget, further reducing the tax burden, simplifying the tax system and improving tax administration. The Order of the President No. P-5214 dated 13 February 2018, required the Republican Commission to prepare a new draft of the Tax Code and established Working Groups on improvement of tax legislation and tax administration. The aim is to improve fiscal policy and increase the level of transparency of the budget process by introducing modern methods of tax administration and taxation and effective mechanisms for timely tax collection. The Republican Commission and the Working Groups are tasked with first developing a draft concept on improving the fiscal policy by 1 April 2018, and second drafting the new Tax Code by 1 July 2018.

21. In the finance sector, a draft Resolution of Cabinet of Ministers "On additional measures to increase the access to the banking services" has been developed which requires CBU to: (i) introduce by 1 April 2018 a mechanism to allow individuals to withdraw foreign currency in cash in Uzbekistan rather than by transfer to international payment cards within limits to be established by individual commercial banks, (ii) to introduce by April 1, 2018, together with commercial banks, a system for remote management of individuals' accounts (i.e. without the need to visit a branch) that ensures that enables them to carry out transactions for the purchase and sale of foreign currency and the transfer of funds from international payment cards to deposit accounts in foreign or national currency, (iii) to develop by 1 May 2018 together with the National Project Management Agency under the President of the Republic of Uzbekistan, a concept for the establishment of a national bank processing center that provides information and technological interaction between banks participating in settlements on local and international bank cards, (iv) by 1 July 2018, in conjunction with the Association of Banks of Uzbekistan and commercial banks to complete the integration of domestic payment systems with the main international payment systems ensuring the acceptance of non-resident payment cards in the entire network of payment terminals, and (v) to ensure by 1 November 2018, together with commercial banks, the creation of automated exchange offices operating around-the-clock, especially in places frequented by tourists.

C. Financial Management Assessment

1. General Financial Management Assessment

22. The MFT responded satisfactorily to the FMA. The FMA included a review of ADB's Country Partnership Strategy, Public Expenditure Financial Accountability (PEFA) assessments for Uzbekistan, World Bank Country Partnership Framework, Accounting and Auditing ROSC, Uzbekistan PFM Reforms Strategy 2007-2018, national legislation and government decrees, and Ministry for Foreign Trade's Regulation (approved by Resolution of Cabinet of Ministers No. 346 dated 2 June 2017), unaudited financial statements for 2017 and 1st half of 2018, completed FMA Questionnaire (Appendix 1) and internal policies and documents. Discussions were also held with MFT's staff.

23. The MFT will serve as an implementing agency for HVCIP. It will establish a subsidiary to manage and operate the two ALCs. The ALC management entity will be established before construction of the ALCs starts (planned for Q2 2020). The ALCs will be transferred to the management entity on completion of construction and commissioning.

24. The MFT was established in 2017 in accordance with Presidential Decree "On measures for improvement of the management system in the area of foreign trade" No. UP-5012 dated 13 April 2017. According to the Decree, the former Ministry for Foreign Economic Relations, Investments and Trade of Republic of Uzbekistan was reorganized into the MFT. The MFT is the authorized state body responsible for formation and implementation of government policy in the field of foreign trade and coordinates the work of government bodies in the field of regulating foreign trade activities. It is the legal successor of the Ministry for Foreign Economic Relations, Investments and Trade of the Republic of Uzbekistan for its obligations and treaties, including international ones, regarding foreign trade relations.

25. The MFT is 100% owned by the government and reports to Cabinet of Ministers. In accordance with the Presidential Resolution "On measures for organization of activities of the Ministry for Foreign Trade of Uzbekistan" No. PP-2887 dated 13 April 2017, the ministry is part of the Complex of the Cabinet of Ministers of the Republic of Uzbekistan on the development of foreign trade activities, export potential, machine building, automotive, electrical, defense, cotton processing and light industry, product standardization. The Ministry has authorized representatives in the Republic of Karakalpakstan, regions (oblasts) and the city of Tashkent. The material and technical support of the Ministry and its authorized representatives, as well as the remuneration of employees of the Ministry's system, are financed from the state budget of the Republic of Uzbekistan within the allocated budget allocations, as well as other sources not prohibited by law.

26. Among the main tasks of the ministry are:

- development and implementation of a unified state policy in the field of foreign trade;
- realization of complex marketing researches of world markets, assistance in implementing programs to develop the export potential of the Republic of Uzbekistan, developing and implementing practical measures to develop and improve the competitiveness of products with high added value in the Republic of Uzbekistan, taking into account the requirements of foreign markets;

- support the export of goods, works and services, promote the expansion and strengthening of trade cooperation of the Republic of Uzbekistan with foreign countries, ensure favorable access to foreign markets for goods, works and services produced in the Republic of Uzbekistan, develop and implement measures aimed at diversifying markets.

27. The system of the MFT includes the central apparatus and five subsidiaries. The organization structure of MFT is in Figure 1 and of its central apparatus is in Figure 2.

Figure 1: Ministry for Foreign Trade Organization Chart

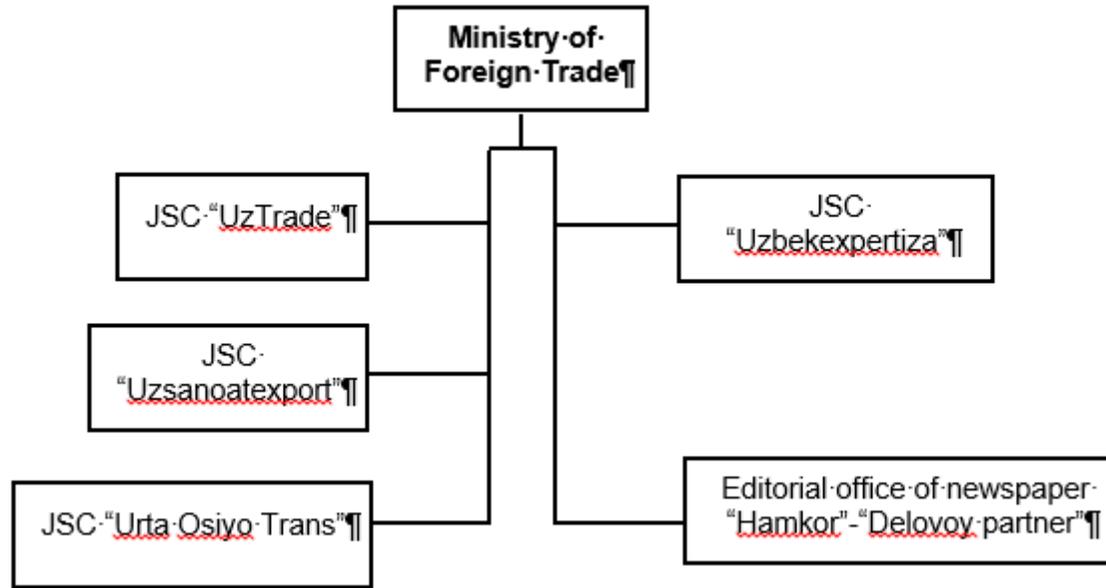
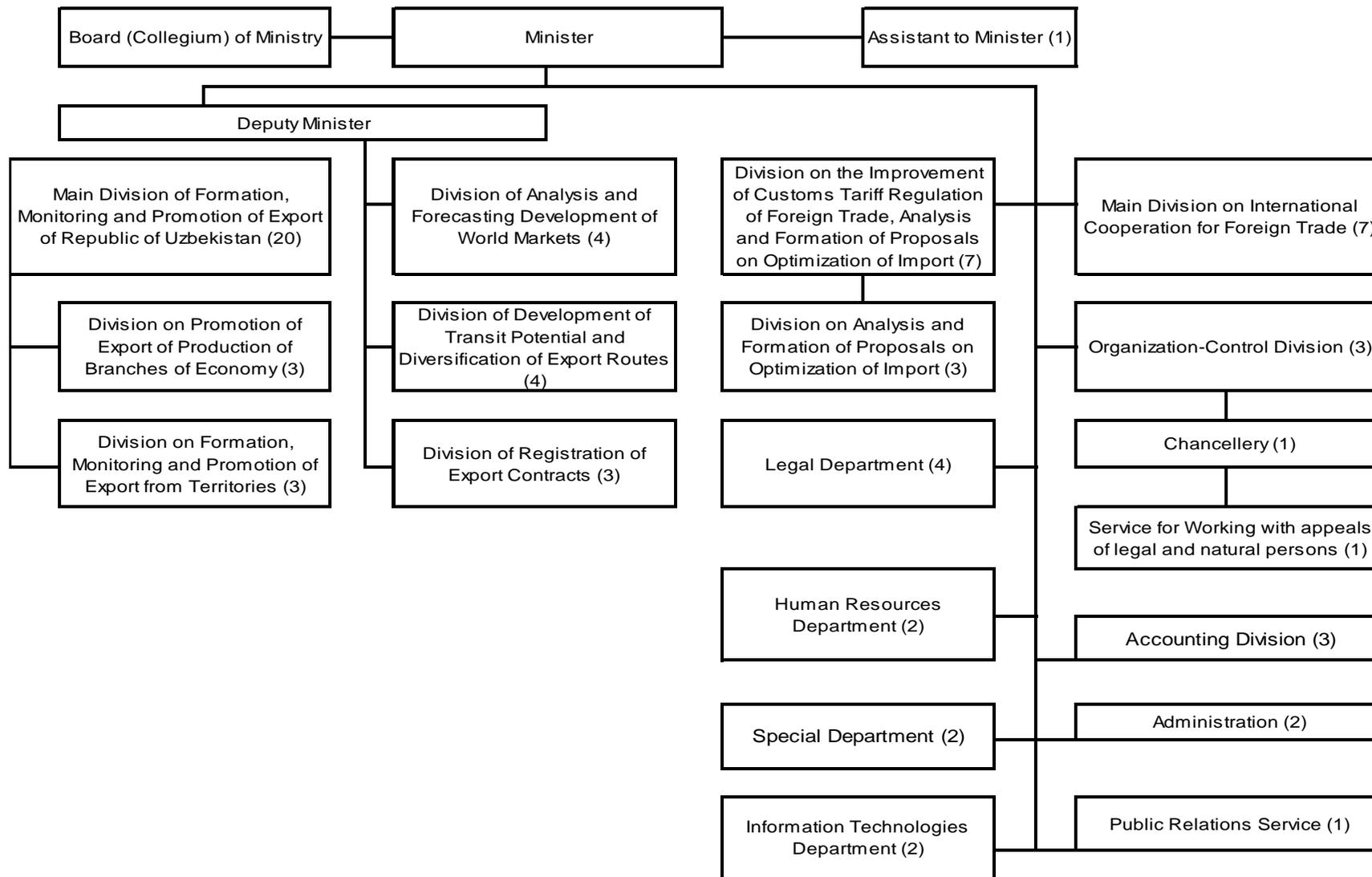


Figure 2: Ministry for Foreign Trade Central Apparatus Organization Chart



28. With respect to financial management, the MFT has formalized policies and procedures in respect of financial accounting and reporting. There are however limitations in respect of (i) accounting staff trained in international public sector accounting standards (IPSAS), (ii) accounting staff experienced in or familiar with ADB procedures, (iii) inventory of fixed assets, (iv) the lack of internal audit function and v) lack of risk management function. The Ministry's financial management is considered appropriate for implementation of HVCIP. Overall, the financial management risk is assessed as medium.

2. Planning and budgeting

29. The MFT has acceptable budgeting and planning capacity. Budgeting process follows requirements of the Budget Code of Republic of Uzbekistan (dated 26.12.2013). Budget request for the next year is submitted by MFT to MOF by 1st June of current year. Estimates of expenditures (budget) for the current year is prepared by Organization-Control Division taking into account the indicators of economic and social development programs and based on information received from other departments and divisions. Estimates of expenditures are made within the limits of budget assignments for the respective financial year with the distribution by months of the year: i) for the first-third groups of classification of expenditures – distributed by items of expenditures, and ii) for the forth group (other expenses) – without breakdown by items of expenditures. The estimates of expenditure are accompanied by the decoding of the forth group of expenses by items of expenditures, as well as expenses by the list of types of goods (works, services) for state needs, which are purchased mainly from small business entities. The budgets (estimates) are signed by Head of Organization-Control Division and approved by the Minister before 10th of March each year. Estimates of expenditures for the first quarter of the current year are made based on the amount of expenses for the last quarter of the preceding year. Approved estimates of expenditures are submitted to and registered by MOF before 1st of April each year.

30. The MFT is entitled to spend budget assignments provided for in their expenditure estimates until the end of the fiscal year. Expenses are made within limits of budget assignments. Actual expenditures are compared to budgets (estimates of expenditures) on a quarterly basis. The comparison is automated and reported to MOF on quarterly and annual basis using MOF integrated software UzASBO. Overlimits are not allowed. Reallocations between the budget items are subject to prior approval by MOF. The explanation of main factors which affected budget execution, including the reasons of savings are reported to MOF as part of explanatory notes to the quarterly and annual financial reports. All procurements go through electronic platform xarid.uz.

3. Staff

31. Staffing schedule (positions, number of staff and their salaries with bonuses) as of 1st January each year is approved by Minister before 10th of March and submitted to and registered by MOF by 1st of April each year. Number of approved staff increased from 63 in 2017 to 86 in 2018. The segregation of functional responsibilities is defined by the MFT's organizational structure and staff responsibilities are stated in job descriptions. Monitoring and control over MFT's participation in HVCIP will be undertaken by the Organization-Control Division and Division on Export Promotion.

32. With respect to financial management, the staff of the Accounting Division reports to Head of Organization-Control Division and comprises a chief accountant, a deputy chief accountant and a main specialist. The Head of Organization-Control Division who was former chief accountant of MFT has extensive experience of work in international organizations though he works less than one year in his current position. The Chief Accountant and both deputy chief accountant have worked for the MFT less than one year however have more than 20 years of accounting experience. The MFT has perpetual employment contracts with all

Accounting Division staff. No staff in the Accounting Division has IPSAS qualification or certification. The staff of the Accounting Division are not familiar with or have experience with ADB policies and procedures. However, they will not be involved in disbursement or procurement under HVCIP, which will be managed by RRA.

4. Accounting and Reporting

33. Though MOF in frame of joint project with UNDP drafted 10 national standards based on IPSAS they are not enforced and not enough for implementation of IPSAS principles in public sector. The MFT follows the national regulations adopted by Ministry of Finance to regulate accounting and reporting in budgetary organizations. It prepares financial statements and submits them to MOF on quarterly and annual basis. Financial reports are submitted electronically through MOF software complex UzASBO. Besides it submits tax and statistical reports on quarterly and annual basis.

34. The MFT uses integrated software UzASBO to manage accounting and reporting. All payments are made based on primary documents which are approved and signed by the management (Minister, his deputy or Head of Organization-Control Division). Transactions in the accounting system are checked on a daily basis by the Chief Accountant and Head of Organization-Control Division. Back-up of accounting data is saved on the server of the MFT and through UzASBO on server of MOF. Back-up of data from server to external hard disk is made once a year. All supporting documents are retained by the MFT on an internal archive on continuous basis.

35. The MFT has a separate cash office and uses cash only for part-payment of salaries. An agreement on the responsibility for material loss (of cash or valuables) has been signed with the cashier.

5. Internal Control, Internal and External Audit

36. The MFT's internal control system is adequate for the provision of timely information and reporting. Internal procedures follow the requirements of MOF regulations on accounting and reporting. All procurements are made through electronic portal of state procurements xarid.uz. However, not all fixed assets were assigned inventory numbers for purposes of conducting inventories on a regular basis in accordance with the requirements of NAS. In addition, not all furniture was recorded yet due to process of transfer-acceptance of fixed assets was not fully finished. So, the MFT has developed terms of reference for conducting inventory of its assets with preparation of their description and inventory register, as well as labeling using the services of an external valuation company for such inventory.

37. The MFT does not have an internal audit function. It is subject to state financial control (checks) by the Chief Division of State Financial Control of MOF. This division was established in 2017 by transforming of Chief Control-Revision Division of MOF. The Chief Division of State Financial Control conducts continuous distance control and monitoring of activities of MFT using automated software of MOF and periodic (annual) checks based on annual plan. Checks out of the plan may be conducted based on decisions of President or Cabinet of Ministers or managers of bodies of state financial control. The Division also has a special access to electronic portal of state and corporate procurements which allows to exercise the state financial control over usage of state budget funds.

38. The MFT is subject to annual statutory external audit by Chamber of Accounts (Supreme Audit Institution of Uzbekistan).⁶ . However, the Chamber of Accounts relies on desk reviews to identify unusual or suspicious activity, with field visits focused on areas of

⁶ A request to review reports prepared by the Chamber of Accounts was declined due to confidentiality of reports.

concern – the approach which is not consistent with good practices. Currently a new law on Chamber of Accounts is being developed, further there is a need for developing and aligning auditing practices with International Standards of Supreme Audit Institutions, starting with introduction of the compliance and financial audits.

6. Summary

39. A summary of MFT's financial management strengths and weaknesses is in Table 1.

Table 1: Ministry for Foreign Trade Financial Management Strengths and Weaknesses

Category	Strengths	Weaknesses
Staffing	Experienced accounting staff Experience of working and managing projects of international organizations	Not familiar with ADB procedures
Financial accounting and reporting	Formalized policies and procedures Accounting system is fully functional and automated Financial reporting is fully automated and integrated with MOF	Lack of accounting staff professionally qualified or trained in IPSAS
Planning and budgeting	Acceptable planning and budgeting capacity Automated comparison of actual expenses with budget Overlimits impossible due to not allowed by integrated software and pre-approval by MOF	None
Internal control	Policies and procedures incorporate proper internal control procedures	Not all fixed assets properly recorded and registered (some furniture not recorded, some fixed assets not labeled with inventory numbers)
Internal audit	None	Lack of internal audit function
External audit	Continuous distance monitoring and control by State Financial Control Division	Chamber of Accounts needs to develop and align its practices with International Standards of Supreme Audit Institutions
Information Systems	UzASBO software provides for automated accounting of transactions and generation of reports	None
HVCIP = Horticulture Value Chain Infrastructure Project, IFI = international financial institution, IPSAS = International Public Sector Accounting Standards. MOF = Ministry of Finance.		

Sources: Asian Development Bank.

D. Risk Assessment

40. A risk assessment in respect of Ministry for Foreign Trade participation in HVCIP is in Table 2.

Table 2: Ministry for Foreign Trade Risk Assessment

Risk	Risk Description	Risk Rating	Risk Mitigation
Inherent Risk			
Country Specific Risk	Macroeconomic stability and inflation	L	Government commitment to continuing economic reforms Inflation managed through effective demand management
	Public financial management, procurement, and institutional accountability	M	Risk Assessment and Risk Management Plan defined in ADB Country Partnership Strategy 2012-2016 and Country Operations Business Plan 2018-2020
	Public financial management - budget coverage is not fully comprehensive and development expenditures financed through external loans and grants are not included in the budget	M	Government is implementing a medium-term budgetary framework that will minimize off-budget expenditures, link overall budgeting to medium-term policy priorities, and improve the accounting of development spending
	Governance and regulation Enforcement of anti-corruption legislation	M	ADB support (through technical assistance) to government-led efforts for governance and regulatory improvements, and procurement reforms
	Falling demand for key exports such as oil, gold, and vehicles leading to tighter foreign exchange regime, which affects government capacity to repay foreign exchange borrowing	M	Support from ADB and other international financial institutions for government policy for diversification of the export base
	Difficult business environment. As of 1 June 2017, Uzbekistan ranked 74 of 190 countries in the World Bank <i>Doing Business 2018</i> survey. Critically, ranked 168 for trading across borders	M	Government efforts to improve business environment. Comparable rankings in the 2016 survey were 87 overall, but 159 for trading across borders
Project Specific Risk	Domestic demand for higher priced (and higher quality) fresh and processed horticulture produce may fall in the event of an economic downturn	M	Consumer demand for higher quality (and safe) produce rising as indicated by retail market developments (growth and distribution of supermarkets) Forecasts indicate continued strong economic growth

Risk	Risk Description	Risk Rating	Risk Mitigation
	Horticulture export potential may be constrained by competition from neighboring countries also developing horticulture sector. This may reduce demand for the services of agro-logistic centers	M	Government policy and strong institutional and financial support for the promotion of the horticulture sector, especially exports Project support from ADB and other international financial institutions for horticulture sector development and exports
Institution Specific Risk	Ministry for Foreign Trade is not experienced in managing ADB projects and in ADB procedures.	M	MFT will not be receiving any fund from the project. Salaries of ALC management company staff and operating cost for the project period will be paid from RRA's advance account. However, MFT staff need training on ADB's monitoring and reporting procedures. ADB has launched an e-learning module on cash-IPSAS on ADB website. MFT staff could familiarize themselves through this module.
Overall Inherent Risk		M	
Control Risk (Entity Level)			
Internal Control	Fixed assets are not properly registered and labeled with inventory numbers	M	Conducting inventory and registering of all fixed assets with assigning and labeling them with inventory numbers
Funds Flow	No specific risk	L	Monitoring by ADB review missions
Budgeting	No specific risk	L	Monitoring by ADB review missions
Staffing	Staff is not experienced/familiar with ADB procedures and reporting requirements	M	Training on ADB procedures and reporting
Financial Accounting and Reporting	Lack of accounting staff certified or trained in IPSAS	M	Support accounting staff in IPSAS training and certification Accounting staff to complete e-module on cash IPSAS
Internal Audit	There is no internal audit function	M	State Financial Control Division of MOF conducts continuous distance monitoring/control and periodic checks MFT to include two internal auditor positions into its staff complement and budget for starting 2019 and hire these internal auditors after MOF's approval of the staff complement and budget. These staff will undertake internal auditing functions for both the MFT and ALCs management company.

Risk	Risk Description	Risk Rating	Risk Mitigation
External Audit	External audit conducted by Chamber of Accounts is not in accordance with International Standards of Supreme Audit Institutions	M	A new law on Chamber of Accounts is being developed which aims at putting in place the external audit requirements in accordance with international practices. Monitoring by ADB review missions
Reporting and Monitoring	No specific risk	L	Monitoring by ADB review missions
Risk Management	No risk management function	M	State Financial Control Division of MOF conducts continuous distance monitoring/control and periodic checks Developing risk management policy and procedures and including relevant risk management functions into job descriptions of heads of departments and divisions. Monitoring to be conducted by internal auditor.
Information Systems	No specific risk	L	Monitoring by ADB review missions
Overall Control Risk		M	
ADB = Asian Development Bank; HVCIP = Horticulture Value Chain Infrastructure Project, IPSAS = International Public Sector Accounting Standards, MFT = Ministry for Foreign Trade. H = high; L= low; M = moderate			

Sources: Asian Development Bank.

E. Financial Management Action Plan

41. The proposed financial management action plan for MFT is in Table 3.

Table 3: Ministry for Foreign Trade – Financial Management Action Plan

Risk Descriptions	Risk Rating	Action(s)	Complied by	Responsibility
MFT staff are not experienced in managing ADB projects and in ADB procedures.	M	MFT's accounting staff attend training in ADB monitoring and reporting procedures.	Q3 2019	MFT (with assistance of ADB and RRA)
Lack of accounting staff trained and certified in IPSAS.	M	Support accounting staff in IPSAS training and certification and access to e-module on cash IPSAS. MFT accounting staff complete e-module on cash IPSAS.	Q4 2019	MFT
Fixed assets are not properly registered and labelled with inventory numbers.	M	Conduct inventory of fixed assets and assign and label all fixed assets with inventory numbers (MFT has already developed terms of reference for conducting of inventory with the help of outside valuation company)	Q4 2018	MFT
No internal audit function in place.	M	MFT shall include two internal auditor positions into its staff complement and budget for starting 2019 and hire these internal auditors after MOF's approval of the staff complement and budget. These staff will undertake internal auditing functions for both the MFT and ALCs management company.	Internal auditing staff mobilized by Q3 2019	MFT
No risk management function in place.	M	Develop risk management policy and procedures and include relevant risk management functions into job descriptions of heads of departments and divisions. Monitoring to be conducted by internal auditor.	Q3 2019	MFT

IPSAS = International Public Sector Accounting Standards; M = Moderate; MFT = Ministry for Foreign Trade; RRA = Rural Restructuring Agency.

Sources: Asian Development Bank.

Financial Management Assessment Questionnaire

Topic	Response	Potential Risk Event
1. Executing / Implementing Agency		
1.1 What is the entity's legal status / registration?	Ministry (budgetary organization)	
1.2 How much equity (shareholding) is owned by the Government?	100%	
1.3 Obtain the list of beneficial owners of major blocks of shares (non-governmental portion), if any. ⁷	Government is the only beneficial owner	
1.4 Has the entity implemented an externally-financed project in the past? If yes, please provide details.	Yes. Former Ministry of foreign economic relations, investments and trade (MFERIT) signed Protocol in 2015 with Japan International Cooperation Agency (JICA) on implementation of TA project "Development of business people's potential and establishment of ties on the basis of the Uzbek-Japanese Center for Human Resources Development". The timeframe of the project was prolonged until 2020. MFT continuous the project as a successor of MFERIT.	
1.5 Briefly describe the statutory reporting requirements for the entity.	MFT submits quarterly and annual financial statements to MOF, as well as quarterly and annual tax reports to local tax authorities and statistical reports to local statistics authorities.	
1.6 Describe the regulatory or supervisory agency of the entity.	MFT reports to Cabinet of Ministers	MFT is part of the Complex of the Cabinet of Ministers of the Republic of Uzbekistan on the development of foreign trade activities, export potential, machine building, automotive, electrical, defense, cotton processing and

⁷ In such cases, consult OAI on the need for integrity due diligence on non-governmental beneficial owners.

Topic	Response	Potential Risk Event
		light industry, product standardization
1.7 What is the governing body for the project? Is the governing body for the project independent?	Monitoring and control over the execution of Horticulture Value Chain Infrastructure Project (HVCIP) will be undertaken by the Organization-Control Division.	
1.8 Obtain current organizational structure and describe key management personnel. Is the organizational structure and governance appropriate for the needs of the project?	Attached. Key management personnel is Minister and Deputy Minister of MFT. Yes.	
1.9 Does the entity have a Code of Ethics in place?	Yes.	Approved by Order No.95-p dated 30.06.17
1.10 Describe (if any) any historical issues reports of ethics violations involving the entity and management. How were they addressed?	None	
2. Funds Flow Arrangements		
2.1 Describe the (proposed) project funds flow arrangements in detail, including a funds flow diagram and explanation of the flow of funds from ADB, government and other financiers, to the government, EA, IA, suppliers, contractors, ultimate beneficiaries, etc. as applicable.	See Attachment 1	
2.2 Are the (proposed) arrangements to transfer the proceeds of the loan (from the government / Finance Ministry) to the entity and to the end-recipients satisfactory?	Yes	
2.3 Are the disbursement methods appropriate?	Yes	
2.4 What have been the major problems in the past involving the receipt, accounting and/or administration of funds by the entity?	None	
2.5 In which bank will the Imprest Account (if applicable) be established?	Not applicable As the project executing agency, the Rural Restructuring Agency (RRA) will manage loan disbursements	
2.6 Is the bank in which the imprest account is established capable of – <ul style="list-style-type: none"> • Executing foreign and local currency transactions? • Issuing and administering letters of credit (LC)? 	Yes Yes Yes	

Topic	Response	Potential Risk Event
<ul style="list-style-type: none"> • Handling a large volume of transaction? • Issuing detailed monthly bank statements promptly? 	Yes	
2.7 Is the ceiling for disbursements from the imprest account and SOE appropriate/required?	No	
2.8 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	<p>The existing Project Management Office (PMO) in RRA will manage disbursements from ADB</p> <p>RRA has significant experience of implementing ADB projects</p>	
2.9 Does the PIU have adequate administrative and accounting capacity to manage the imprest fund and statement of expenditure (SOE) procedures in accordance with ADB's Loan Disbursement Handbook (LDH)? Identify any concern or uncertainty about the PIU's administrative and accounting capability which would support the establishment of a ceiling on the use of the SOE procedure.	<p>The existing Project Management Office (PMO) in RRA will manage disbursements from ADB</p> <p>RRA has significant experience of implementing ADB projects</p>	
2.10 Is the entity exposed to foreign exchange risk? If yes, describe the entity's policy and arrangements for managing foreign exchange risk.	No.	
2.11 How are the counterpart funds accessed?	No counterpart is envisaged	
2.12 How are payments made from the counterpart funds?	Not applicable	
2.13 If project funds will flow to communities or NGOs, does the PIU have the necessary reporting and monitoring arrangements and features built into its systems to track the use of project proceeds by such entities?	<p>Not applicable</p> <p>Project funds will not flow to NGOs or communities</p>	
2.14 Are the beneficiaries required to contribute to project costs? If beneficiaries have an option to contribute in kind (in the form of labor or material), are proper guidelines and arrangements formulated to record and value the labor or material contributions at appraisal and during implementation?	No	
3. Staffing		
3.1 What is the current and/or proposed organizational structure of the accounting department? Attach an organization chart.	The current Accounting Division consists of the Chief Accountant, his deputy and a main accounting specialist.	

Topic	Response	Potential Risk Event
3.2 Will existing staff be assigned to the project, or will new staff be recruited?	Existing staff will be assigned to the project	
3.3 Describe the existing or proposed project accounting staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions and CVs of key existing accounting staff.	<p>Proposed project accounting staff will include the Head of Organization-Control Division, Chief Accountant, his deputy and the main accounting specialist.</p> <p>The Head of Organization-Control Division, Chief Accountant and his deputy have worked for MFT less than one year however have more than 20 years of accounting experience.</p> <p>CVs and job descriptions are in Attachment 2</p>	
3.4 Is the project finance and accounting function staffed adequately?	Yes	
3.5 Are the project finance and accounting staff adequately qualified and experienced?	Yes	
3.6 Are the project finance and accounting staff trained in ADB procedures, including the disbursement guidelines (i.e., LDH)?	No	
3.7 What is the duration of the contract with the project finance and accounting staff?	Accounting staff have perpetual employment contracts	
3.8 Identify any key positions of project finance and accounting staff not contracted or filled yet, and the estimated date of appointment.	All project finance and accounting staff are contracted	
3.9 For new staff, describe the proposed project finance and accounting staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions.	No new project finance and accounting staff will be hired under the project	
3.10 Does the project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	Yes	
3.11 What is the turnover rate for finance and accounting personnel (including terminations, resignations, transfers, etc.)?	Accounting staff have worked for MFT for less than one year.	
3.12 What is training policy for the finance and accounting staff?	No separate budget	
3.13 Describe the list of training programs attended by finance and accounting staff in the last 3 years.	No separate budget	

Topic	Response	Potential Risk Event
4. Accounting Policies and Procedures		
4.1 Does the entity have an accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds (in particular, the legal agreements with ADB)? Will the project use the entity accounting system? If not, what accounting system will be used for the project?	Yes. Though project financial transactions will not go through accounting system of MFT, RRA uses 1-C Enterprise (version 8.2) system which will also be used for project accounting. It allows proper recording of project financial transactions	
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes All transactions are made based on the primary documents which are approved and signed by the responsible management. Transactions in the system are checked daily by the Chief Accountant.	
4.3 Is the chart of accounts adequate to properly account for and report on project activities and disbursement categories? Obtain a copy of the chart of accounts.	Yes Disbursement will be the responsibility of RRA. The Chart of Accounts is in Attachment 3	
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	
4.5 Are the General Ledger and subsidiary ledgers reconciled monthly? Are actions taken to resolve reconciliation differences?	Yes	
4.6 Describe the EA's policy for retention of accounting records including supporting documents (e.g, ADB's policy requires that all documents should be retained for at least 1 year after ADB receives the audited project financial statements for the final accounting period of implementation, or 2 years after the loan closing date, whichever is later). Are all accounting and supporting documents retained in a defined system that allows authorized users easy access?	Accounting data are backed through MOF software UzASBO on MOF's server and all data on MFT internal server. All data then transferred from server to external hard disk on annual basis. Accounting records and documents are retained for continuously in an internal archive	
4.7 Describe any previous audit findings that have not been addressed.	n/a.	MFT declined to provide reports of Chamber of accounts due to confidentiality of the reports.

Topic	Response	Potential Risk Event
Segregation of Duties		
4.8 Are the following functional responsibilities performed by different units or persons: (i) authorization to execute a transaction; (ii) recording of the transaction; (iii) custody of assets involved in the transaction; (iv) reconciliation of bank accounts and subsidiary ledgers?	Yes	
4.9 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes	
Budgeting System		
4.10 Do budgets include physical and financial targets?	Yes	
4.11 Are budgets prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance?	Yes	
4.12 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations against the budget?	Yes, on a quarterly and annual basis. Yes, explanatory note is part of financial statements reported to MOF on quarterly and annual basis.	
4.13 Are approvals for variations from the budget required (i) in advance, or (ii) after the fact?	In advance.	
4.14 Is there a ceiling, up to which variations from the budget may be incurred without obtaining prior approval?	No variations without prior approval.	
4.15 Who is responsible for preparation, approval and oversight/monitoring of budgets?	Organization- control Division	
4.16 Describe the budget process. Are procedures in place to plan project activities, collect information from the units in charge of the different components, and prepare the budgets?	Estimates of expenditures (budgets) are prepared based on government programs and consolidated by Organization-Control Division. They are subject to approval by Minister before 10 March each year and submitted to and approved by MOF before 1 April each year	
4.17 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	Yes, prepared by project preparation team	

Topic	Response	Potential Risk Event
<p>Is there evidence of significant mid-year revisions, inadequate fund releases against allocations, or inability of the EA to absorb/spend released funds?</p> <p>Is there evidence that government counterpart funding is not made available adequately or on a timely basis in prior projects?</p> <p>What is the extent of over- or under-budgeting of major heads over the last 3 years? Is there a consistent trend either way?</p>	<p>No</p> <p>No</p> <p>Not applicable</p>	
Payments		
4.18 Do invoice-processing procedures require: (i) Copies of purchase orders and receiving reports to be obtained directly from issuing departments? (ii) Comparison of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received? (iii) Comparison of invoice quantities with those indicated on the receiving reports? (iv) Checking the accuracy of calculations? (v) Checking authenticity of invoices and supporting documents?	Yes	
4.19 Are all invoices stamped PAID, dated, reviewed and approved, recorded/entered into the system correctly, and clearly marked for account code assignment?	Yes	
4.20 Do controls exist for the preparation of the payroll? Are changes (additions/deductions/modifications) to the payroll properly authorized?	Yes	
Policies And Procedures		
4.21 What is the basis of accounting (e.g., cash, accrual) followed (i) by the entity? (ii) By the project?	i) Accrual by the entity ii) Cash basis will be used by RRA for the project	
4.22 What accounting standards are followed (International Financial Reporting Standards, International Public Sector Accounting Standards – cash or accrual, or National Accounting Standards (specify) or other?	National Accounting Standards and regulations of MOF	
4.23 Does the project have adequate policies and procedures manual(s) to guide activities and ensure staff accountability?	MFT uses MOF regulation as its accounting policies and procedures manual	
4.24 Is the accounting policy and procedure manual updated regularly and for the project activities?	n/a	

Topic	Response	Potential Risk Event
4.25 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting policy or procedure to be used by the entity?	Yes	
4.26 Are there written policies and procedures covering all routine financial management and related administrative activities?	Yes	
4.27 Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization from them?	Yes	
4.28 Are manuals distributed to appropriate personnel?	Yes	
4.29 Describe how compliance with policies and procedures are verified and monitored.	Distance monitoring and periodic checks are conducted by State Financial Control Division of MOF	
Cash and Bank		
4.30 Indicate names and positions of authorized signatories for bank accounts. Include those persons who have custody over bank passwords, USB keys, or equivalent for online transactions.	First signatory: J. Khodjaev – Minister S. Saifnazarov – Deputy Minister R.Mamajanov – Head of Organization-Control Division Second signatory: M.Akhmedjanova –Chief Accountant D.Nishanova – Deputy Chief Accountant. Mamajanov R., are responsible for custody of USB keys and passwords.	
4.31 Does the organization maintain an adequate and up-to-date cashbook recording receipts and payments?	Yes	
4.32 Describe the collection process and cash handling procedures. Do controls exist for the collection, timely deposit and recording of receipts at each collection location?	MFT gets cash from its bank only for part payment of salaries. No other cash is collected	
4.33 Are bank accounts reconciled on a monthly basis? Or more often? Is cash on hand physically verified, and reconciled with the cash books? With what frequency is this done?	Yes, on a daily basis	
4.34 Are all reconciling items approved and recorded?	Yes	
4.35 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes	
4.36 Are there any persistent/non-moving reconciling items?	No	

Topic	Response	Potential Risk Event
4.37 Are there appropriate controls in safekeeping of unused cheques, USB keys and passwords, official receipts and invoices?	Yes	
4.38 Are any large cash balances maintained at the head office or field offices? If so, for what purpose?	No	
4.39 For online transactions, how many persons possess USB keys (or equivalent), and passwords? Describe the security rules on password and access controls.	Four persons possess USB keys since accounting transactions and records are made in UzASBO online. Access to computers is protected by passwords, and to UzASBO – by USB keys.	
Safeguard over Assets		
4.40 What policies and procedures are in place to adequately safeguard or protect assets from fraud, waste and abuse?	Inventory of assets is conducted in accordance with the relevant legislation	
4.41 Does the entity maintain a Fixed Assets Register? Is the register updated monthly? Does the register record ownership of assets, any assets under lien or encumbered, or have been pledged?	Yes, however some furniture items were not still recorded due to process of transfer-acceptance was not finished.	
4.42 Are subsidiary records of fixed assets, inventories and stocks kept up to date and reconciled with control accounts?	Yes, however some furniture items were not still recorded due to process of transfer-acceptance was not finished.	
4.43 Are there periodic physical inventories of fixed assets, inventories and stocks? Are fixed assets, inventories and stocks appropriately labeled?	No inventory of fixed assets was conducted yet due to according to national legislation requirements it is conducted once in two years and MFT started its activities 1,5 years ago. Some fixed assets were not labeled.	
4.44 Are the physical inventory of fixed assets and stocks reconciled with the respective fixed assets and stock registers, and discrepancies analyzed and resolved?	Inventory of fixed assets was not yet conducted.	
4.45 Describe the policies and procedures in disposal of assets. Is the disposal of each asset appropriately approved and recorded? Are steps immediately taken to locate lost, or repair broken assets?	Disposal of assets is approved by the minister	
4.46 Are assets sufficiently covered by insurance policies?	No	
4.47 Describe the policies and procedures in identifying and maintaining fully depreciated assets from active assets.	All assets shall have an inventory number for identification	

Topic	Response	Potential Risk Event
	Fully depreciated assets are used or written-off in accordance with requirements of national legislation	
Other Offices and Implementing Entities		
4.48 Describe any other regional offices or executing entities participating in implementation.	RRA will be executing agency under HVCIP	
4.49 Describe the staff, their roles and responsibilities in performing accounting and financial management functions of such offices as they relate to the project.	The PMO will be in RRA and staffed with a chief accountant and financial specialist for financial management functions	
4.50 Has the project established segregation of duties, controls and procedures for flow of funds and financial information, accountability, and reporting and audits in relation to the other offices or entities?	Yes	
4.51 Does information among the different offices/ implementing agencies flow in an accurate and timely fashion? In particular, do the offices other than the head office use the same accounting and reporting system?	Yes	
4.52 Are periodic reconciliations performed among the different offices/implementing agencies? Describe the project reporting and auditing arrangements between these offices and the main executing/implementing agencies.	Not yet. They will be performed after the start of the project	
4.53 If any sub-accounts (under the Imprest Account) will be maintained, describe the results of the assessment of the financial management capacity of the administrator of such sub-accounts.	No	
Contract Management and Accounting		
4.54 Does the agency maintain contract-wise accounting records to indicate gross value of contract, and any amendments, variations and escalations, payments made, and undisbursed balances? Are the records consistent with physical outputs/deliverables of the contract?	Yes	
4.55 If contract records are maintained, does the agency reconcile them regularly with the contractor?	Yes	
Other		
4.56 Describe project arrangements for reporting fraud, corruption, waste and misuse of project resources. Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property?	MFT has relevant internal regulations and action plan for combatting corruption, Code of ethical behavior, also Rules of internal labor discipline which includes provisions of waste,	

Topic	Response	Potential Risk Event
	misuse of recourses and conflict of interests.	
5. Internal Audit		
5.1 Is there an internal audit (IA) department in the entity?	No	
5.2 What are the qualifications and experience of the IA staff?	No internal audit function	
5.3 To whom does the head of the internal audit report?	No internal audit function	
5.4 Will the internal audit department include the project in its annual work program?	No internal audit function	
5.5 Are actions taken on the internal audit findings?	No internal audit function	
5.6 What is the scope of the internal audit program? How was it developed?	No internal audit function	
5.7 Is the IA department independent?	No internal audit function	
5.8 Do they perform pre-audit of transactions?	No internal audit function	
5.9 Who approves the internal audit program?	No internal audit function	
5.10 What standards guide the internal audit program?	No internal audit function	
5.11 How are audit deficiencies tracked?	No internal audit function	
5.12 How long have the internal audit staff members been with the organization?	No internal audit function	
5.13 Does any of the internal audit staff have an IT background?	No internal audit function	
5.14 How frequently does the internal auditor meet with the audit committee without the presence of management?	No internal audit function	
5.15 Has the internal auditor identified / reported any issue with reference to availability and completeness of records?	No internal audit function	
5.16 Does the internal auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	No internal audit function	
6. External Audit – entity level		
6.1 Is the entity financial statement audited regularly by an independent auditor? Who is the auditor?	Yes By Chamber of Accounts (Supreme Audit Institution)	
6.2 Are there any delays in audit of the entity? When are the audit reports issued?	No Before 10 May	
6.3 Is the audit of the entity conducted in accordance with the International Standards on Auditing, or the International Standards for Supreme Audit Institutions, or national auditing standards?	No, in accordance with national legislation.	
6.4 Were there any major accountability issues noted in the audit report for the past three years?	N/a	MFT declined to provide reports of Chamber of Accounts due to

Topic	Response	Potential Risk Event
		confidentiality
6.5 Does the external auditor meet with the audit committee without the presence of management?	No	
6.6 Has the entity engaged the external audit firm for any non-audit engagements (e.g., consulting)? If yes, what is the total value of non-audit engagements, relative to the value of audit services?	No	
6.7 Has the external auditor expressed any issues on the availability of complete records and supporting documents?	No	
6.8 Does the external auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	No	
6.9 Are there any material issues noted during the review of the audited entity financial statements that were not reported in the external audit report?	Yes	
External Audit – project level		
6.10 Will the entity auditor audit the project accounts or will another auditor be appointed to audit the project financial statements?	Another (project financial statements will be audited by an auditor engaged by RRA)	
6.11 Are there any recommendations made by the auditors in prior project audit reports or management letters that have not yet been implemented?	N/a	
6.12 Is the project subject to any kind of audit from an independent governmental entity (e.g. the supreme audit institution) in addition to the external audit?	Yes Chamber of Accounts	
6.13 Has the project prepared acceptable terms of reference for an annual project audit? Have these been agreed and discussed with the EA and the auditor?	No Project yet to start	
6.14 Has the project auditor identified any issues with the availability and completeness of records and supporting documents?	Not applicable Project yet to start	
6.15 Does the external auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	Auditor not yet engaged Project yet to start	
6.16 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?	No	
6.17 [For second or subsequent projects] Were past audit reports complete, and did they fully address the obligations under the loan agreements? Were there any material issues noted during the review of the		

Topic	Response	Potential Risk Event
audited project financial statements and related audit report that have remained unaddressed?		
7. Reporting and Monitoring		
7.1 Are financial statements and reports prepared for the entity?	Yes	
7.2 Are financial statements and reports prepared for the implementing unit(s)?	No	
7.3 What is the frequency of preparation of financial statements and reports? Are the reports prepared in a timely fashion so as to be useful to management for decision making?	Quarterly and annual	
7.4 Does the entity reporting system need to be adapted for project reporting?	Yes	
7.5 Has the project established financial management reporting responsibilities that specify the types of reports to be prepared, the report content, and purpose of the reports?	No	
7.6 Are financial management reports used by management?	Yes	
7.7 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes	
7.8 How are financial reports prepared? Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Financial statements are directly prepared by the automated accounting system UzASBO.	
7.9 Does the financial system have the capacity to link the financial information with the project's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	No	
7.10 Does the entity have experience in implementing projects of any other donors, co-financiers, or development partners?	Yes, JICA project.	
8. Information Systems		
8.1 Is the financial accounting and reporting system computerized?	Yes	
8.2 If computerized, is the software off-the-shelf, or customized?	Customized	
8.3 Is the computerized software standalone, or integrated and used by all departments in the headquarters and field units using modules?	Integrated	
8.4 How are the project financial data integrated with the entity financial data? Is it done through a module in the enterprise	Not applicable Project yet to start	

Topic	Response	Potential Risk Event
financial system with automatic data transfer, or does it entail manual entry?		
8.5 Is the computerized software used for directly generating periodic financial statements, or does it require manual intervention and use of Excel or similar spreadsheet software?	Directly	
8.6 Can the system automatically produce the necessary project financial reports?	No	
8.7 Is the staff adequately trained to maintain the computerized system?	Yes	
8.8 Do the management, organization and processes and systems safeguard the confidentiality, integrity and availability of the data?	Yes	
8.9 Are there back-up procedures in place?	Yes	
8.10 Describe the backup procedures – online storage, offsite storage, offshore storage, fire, earthquake and calamity protection for backups.	Accounting data is backed automatically through UzASBO and saved on server of MOF. In addition, all data is saved on internal server. Data from internal server transferred to external hard disk on annual basis.	

Project Organization Chart and Fund Flow Diagram

Figure 1: Project Organization Chart

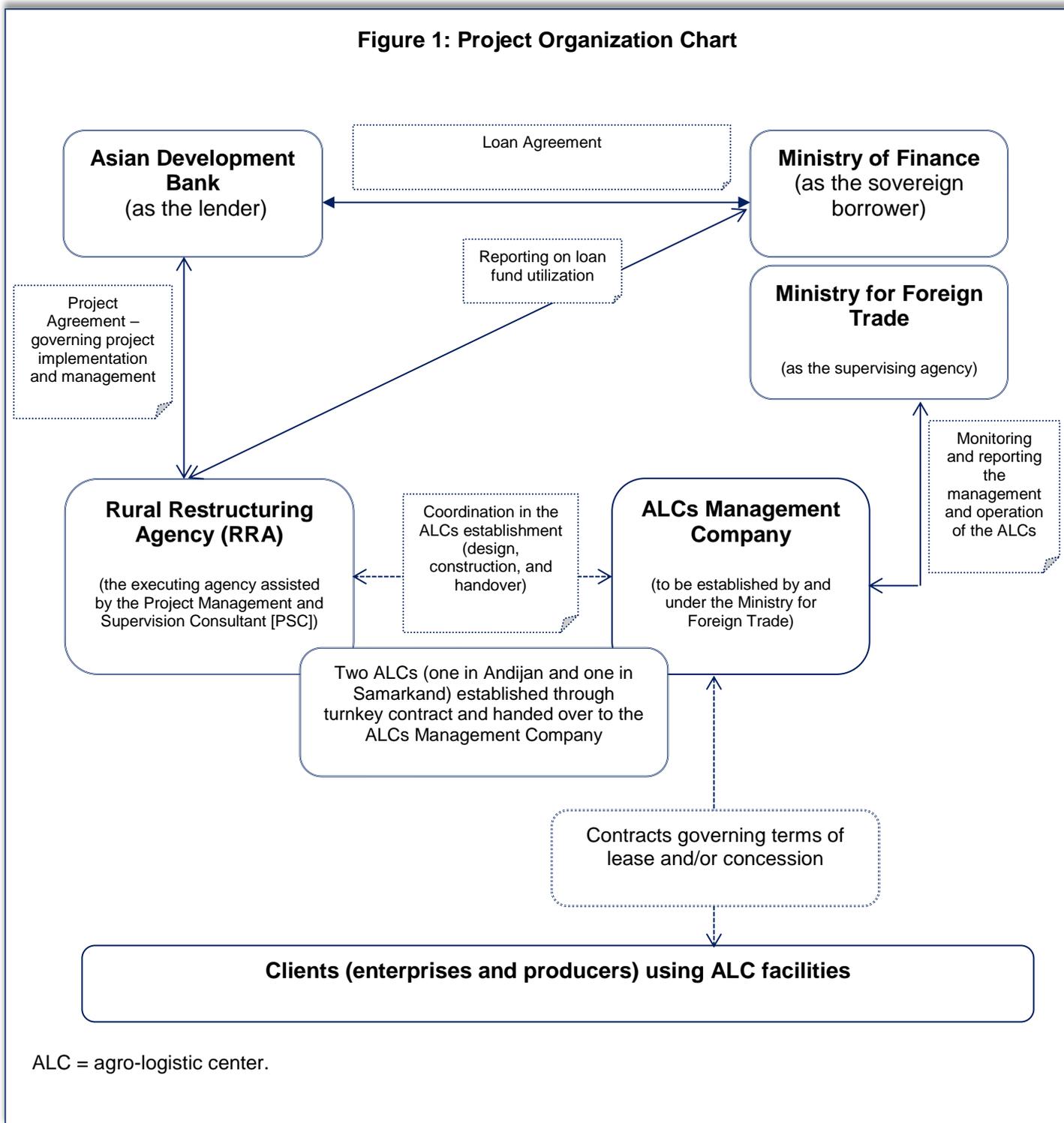
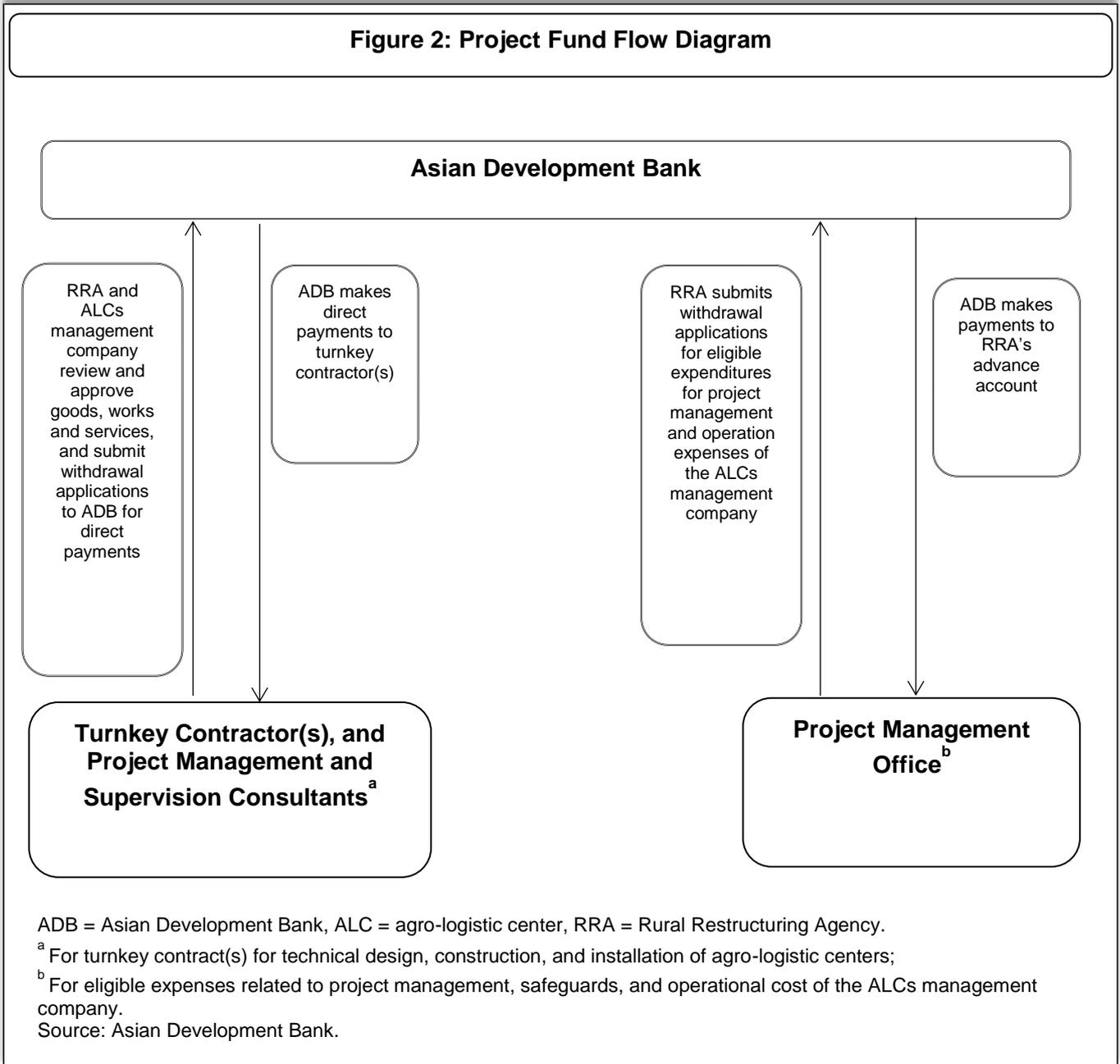


Figure 2: Project Fund Flow Diagram



Curriculum Vitae **Mamadjanov Roustam Israilovich**

From 26 July 2018:

Head of Organization-Control Division of Ministry of Foreign Trade

Date of Birth:
22.07.1977

Place of Birth:
Kokand, Fergana region

Nationality:
Uzbek

Party:
no

Education:
Higher

Graduated from:
1999 Tashkent State Economic University

Specialization:

economist

Scientific degree:
no

Scientific title:
no

Knowledge of foreign languages:
English, Russian

State awards: no

Is a member of republic, regional, city or district Councils of people's deputies: no



WORK EXPERIENCE

- 1994-1999 - Student of the Tashkent State University of Economics
- 1998-1999 - Specialist of the Cash Department of the Kokand branch of the National Bank for Foreign Economic Activity of the Republic of Uzbekistan
- 1999-2000 – Chief Accountant of LLC "Single Privatization Bureau"
- 2000-2002 – Research Fellow at the Department of International Finance and Banking, Tashkent State University of Economics
- 2001-2003 - Monitoring Specialist of the Financial Sector Development Agency (FSDA) of the Republic of Uzbekistan, Central Bank
- 2003-2004 - Assistant Manager, Ministry of Economy and World Bank Project and United Nations Development Program joint project "Uzbekistan - Clean Water, Sanitation and Health Project"
- 2004-2005 - Financial Analyst of Management Group for Improvement of Drinking Water Supply System in the Republic of Karakalpakstan and Khorezm Region, Ministry of Economy of the Republic of Uzbekistan and Asian Development Bank -
- 2005-2006 - Financial expert of the United Nations Development Program and Global Fund Project "Fight AIDS, Tuberculosis and Anemia"
- 2006-2008 - Financial expert of the Uzbekistan Representative Office of United Nations Development Program
- 2008-2011 - Payments specialist of Central Asian Fight AIDs project
- 2011-2012 - Head of Internal Operations Control Department, Internal Audit Department, Deputy Director of Accounting and Reporting Department of Xalk Bank
- 2012-2015 - Financial expert of joint project of United Nations Development Program and the Global Fund to Fight AIDS, Tuberculosis and Anemia
- 2013-2014 – Head of the Internal Audit Service, Insurance company "XALQ SUG'URTA"

- 2015–2016 - Acting Project Manager of Project Implementation Unit of the Project "Equipment of Laboratories of State Sanitary and Epidemiological Surveillance Centers" at the Ministry of Health of the Republic of Uzbekistan
- 2016- 2017 - Team Leader, Joint Project of Ministry of Health of the Republic of Uzbekistan, Islamic Development Bank, and Saudi Development Fund.
- 2017-2017 - Executive Director of the Central Bureau for Implementation of the "Health-3" Project, Ministry of Health of the Republic of Uzbekistan.
- 2017-2017 - First Deputy Director of the State Center for Drugs, Medical Technique Expertise and Standardization of the Ministry of Health of the Republic of Uzbekistan.
- 2017-2017 - Director of RTIDK "UZMEDEXPORT", Ministry of Health of the Republic of Uzbekistan.
- 2017-2017 - Manager of the Food Enrichment Program under the Ministry of Health of the Republic of Uzbekistan, Health Food Program "Health-3".
- 2017-2018 - Head of Financial-Economic Division - Chief Accountant of the Ministry for Foreign Trade of the Republic of Uzbekistan.
- 2018 – present - Head of Organizational-Control Department of the Ministry for Foreign Trade of the Republic of Uzbekistan

Curriculum Vitae **Akhmedjanova Maktuba Shakirdjanovna**



From 26 July 2018:

Head of Accounting Division – Chief Accountant of Ministry for Foreign Trade

Date of birth:
04.03.1963

Place of birth:
Tashkent

Nationality:
Uzbek

Member of party:
no

Education:
Higher

Graduated from:
1981, Tashkent Institute of Economy

Specialization:

economist

Scientific degree:
no

Knowledge of foreign languages:
Russian

State awards:
no

Is a member of republic, regional, city or district Councils of people's deputies:

no

WORK EXPERIENCE

1981-1985 – Methodist of the Central Accounting Department of the Ministry of Health of Uzbekistan

1985-1996 – Senior methodist of the Central Accounting Department of the Ministry of Health of Uzbekistan

1996-1999 – Leading methodist of the Central Accounting Department of the Ministry of Health of Uzbekistan

1999-2017 – Deputy Head of Accounting Department of Ministry of Health of Uzbekistan

2017-2018 – Financial manager of the project implementation group "Equipping clinics of medical higher educational institutions and republican clinical hospitals with modern medical equipment" of the Ministry of Health of Uzbekistan

2018- 2018 – Chief Specialist of the Financial-Economic Division of the Ministry for Foreign Trade of the Republic of Uzbekistan

2018 – present - Head of Accounting Division - Chief Accountant of the Ministry for Foreign Trade of the Republic of Uzbekistan

Curriculum Vitae Nishanova Dono Akhralovna

From 27 July 2018:

Deputy Chief Accountant of Accounting Department of Ministry for Foreign Trade of Republic of Uzbekistan



Date of Birth:
19.12.1979

Place of Birth:
Tashkent

Nationality:
Uzbek

Party:
no

Education:
Higher

Graduated from:
2005, Tashkent State Agrarian University
2009, Bank Finance Academy.

Specialization:
Finance.

State awards? No

Scientific degree:
no

Scientific title:
no

Knowledge of foreign languages:
Russian, English, French

Is a member of republic, regional, city or district Councils of people's deputies?:
no

WORK EXPERIENCE

- 1999 – 1999** - 1st category specialist of Mirzo-Ulugbek district Finance Department budget inspection
- 1999 – 2005** - Revenue Analysis Specialist of Mirzo-Ulugbek district Finance Department
- 2005 – 2007** - Deputy Chief Accountant of Budget accounting and execution sector of Mirzo-Ulugbek district Finance Department
- 2008 – 2011** - Acting Chief Accountant of budget accounting and execution sector of Mirzo-Ulugbek district Finance Department
- 2011 – 2012** - Deputy Head of Finance Department of Mirzo-Ulugbek district, Acting Head of "Budget Department"
- 2012 – 2017** - Acting Chief Accountant of budget accounting and execution sector of Mirzo-Ulugbek district Finance Department
- 2017 – 2018** - Chief Accountant – Head of budget accounting and execution sector of Mirzo-Ulugbek district Finance Department
- 2018 – 2018** - Main Specialist of the Accounting Division of the Ministry for Foreign

Trade of the Republic of Uzbekistan

2018
present - - Deputy Chief Accountant of the Accounting Division of the Ministry for Foreign Trade of the Republic of Uzbekistan

Curriculum Vitae

Botirov Zarif Madjitovich

From 7th September 2018 :

Main Specialist of Accounting Division of Ministry for Foreign Trade of Republic of Uzbekistan



Date of Birth:

21.04.1993

Nationality:

Uzbek

Education:

Higher

Specialization:

Scientific degree:

no

Knowledge of foreign languages:

Russian, English

State awards:

no

Is a member of republic, regional, city or district Councils of people's deputies

no

Place of Birth:

Pakhtachi district of Samarkand region

Member of party

no

Graduated from:

2016, Tashkent Institute of Textile and Light Industry

Accounting and audit.

Scientific title:

no

WORK EXPERIENCE

2015-2016 - Accountant of Yunusabad district school No.247.

2016-2018 – Settlements Accountant of Tashkent Bank College.

2018-2018 – Deputy Chief Accountant of Finance-accounting service of education department of Mirzo Ulugbek district

2018 - present – Main Specialist of Accounting Division of Ministry of Foreign Trade of Republic of Uzbekistan

Job descriptions

Head of Organization-Control Division

- Coordinates:
 - issues of financial support and material-technical supplies of the Ministry;
 - implementation of the effective personnel policy of the Ministry and upgrading of the qualification of personnel, including by sending them to foreign business trips, optimizing sending of the employees of Ministry and subordinate organizations abroad;
 - the activities of the Chancellery, the registration of incoming and outgoing correspondence, controls the execution of controlling orders of higher-level, third-party organizations and internal decisions of the Ministry.
- signs financial documents and contracts of Ministry, coordinates issues of financial support of the Ministry.

Head of Accounting Division - Chief Accountant:

- exercises overall management of the activities of the Accounting Division, organizes control over the work of the Division, distributes responsibilities, establishes the degree of responsibility for the assigned work areas;
- organizes a system for conducting timely and reliable accounting, and reporting financial activities of the Ministry;
- exercises overall control over the reliability of accounting and reporting;
- represents Management in state and other organizations within the limits of its competence;
- makes suggestions on the selection and placement of personnel in the Division;
- organizes control over the safety of documentation;
- conducts work to ensure strict observance of labor discipline by the employees of the Division, financial and cash discipline;
- organizes, on instructions from the Management, the work on studying the financial and economic activities of subordinate organizations that are part of the Ministry's system;
- organizes and exercises control over the use and repayment of borrowed funds received as the obligations of the Ministry;
- develops measures to improve the organization of automation and computerization of accounting and reporting in the central apparatus and structural units of the Ministry;
- organizes a system for controlling financial investments in securities and authorized capitals of subordinate units, as well as loans provided to other enterprises, ensuring safety of material values and securities by conducting planned inventories;
- summarizes and analyzes the results of inspections by authorized supervisory bodies and internal inspections, and prepares recommendations for the dissemination of positive experience, increasing the effectiveness of cooperation, and also makes proposals for taking measures to eliminate and prevent negative phenomena, shortcomings, violations, recovery of damages;
- organizes systematic monitoring of the financial discipline of the Ministry with the development of measures to prevent the occurrence of past due accounts receivable and accounts payable, in cases of their actual availability, exercises strict control over their reduction;
- as necessary, makes proposals on improving the activities of the Division and financial services of organizations that are part of the system of the Ministry;
- develops and submits proposals for the management of the Ministry to stimulate the work of the staff of the Division and their qualifications;

- organizes the work on the formation and use of the funds of the centralized development fund, the promotion, training and other activities of the Ministry system;
- monitors the fulfillment of obligations of banks and other borrowers to the MFT for deposits, loans and return of financial assistance in the form of interest-free loans by subordinate organizations of the Ministry,
- performs other functions arising from tasks assigned to the Division;
- bears personal responsibility for the timely and qualitative execution of instructions from the Management of the Ministry and the tasks assigned to Division, for the reliability and completeness of information outgoing from the Division.

Deputy Chief Accountant

- organizes accounting of budget funds, execution of the budget of the Ministry;
- prepares an estimate of expenses for the Ministry for submission to the Ministry of Finance of the Republic of Uzbekistan for registration;
- compile a monthly consolidated statements (reports) on the execution of the budget estimates of the Ministry and submit it to the Ministry of Finance of the Republic of Uzbekistan on a monthly, quarterly, semi-annual, annual basis;
- carries out methodological assistance in the maintenance of accounting and reporting of financial activities of the structural units of the Ministry;
- ensures proper accounting of incoming cash and inventory, timely reflection in the accounting of transactions related to their movement,
- develops a bank of reserve fund and prepares quarterly and annual reports on these funds;
- accounts for the financing of the Ministry; prepares Memorial Order No. 2, a cumulative statement on the development of the bank and controls the preparation and timely submission of accounting entries,
- calculates travel expenses in foreign currency,
- carries out control and timely execution of settlements in foreign currency, including letters of credit, transfers, collection, performs work with cumulative accounts in foreign currency and Soum of the Ministry in accordance with the effective procedures for recording transactions with foreign currency;
- maintains ledger "Journal main" on the budget;
- develops the staff schedule of the Ministry; analyzes the results of financial and economic activities of subordinate organizations;
- prepares proposals for improving the financial performance of organizations within the system of the Ministry;
- maintains records of receivables and payables in organizations that are part of the system of the Ministry, as well as accounting for intra-departmental debts;
- prepares monthly information on the accounts receivable and payable of the Ministry;
- makes calculations on taxes to the budget, on the changes of revenues in foreign exchange;
- supervises the accounting for deductions from profits to a centralized fund for development and promotion (contracts with companies);
- compiles and controls the timeliness of the submission of the necessary forms of statistical and economic reporting of the financial activities of the Ministry with the provision of information in accordance with the established procedure to the authorized bodies;
- keeps records of settlements on the off-budget account, on the accounting accounts, journals, orders, and records in the general ledger, sums up the results, and prepares an off-budgetary balance sheet for the Ministry;

- conducts an analysis of the financial and economic activities of the self-supporting units of the Ministry with subsequent submission of proposals on reserves to increase the overall profitability of the activities;
- performs the functional duties of the head of the division in his absence;
- carries out the instructions of the head of the division, arising from the tasks assigned to management;
- bears personal responsibility for the timely, correct and high-quality execution of instructions from the Management of the Ministry and assigned to its tasks, for the reliability and completeness of information outgoing from the Division.

Main Specialist of Accounting Division

- reckons employees wages, pensions, allowances, payments for sick leave, for travel and meals, analyzes their records;
- maintains a memorial order No. 5 , a set of payroll statements;
- keeps records and reports on tax deductions from wages, analysis and reporting of deductions from the wage fund;
- conducts acts of reconciliation monthly for labor expenses from an off-budget account with the tax and statistical authorities for taxes and payments to the budget;
- studies and introduces progressive forms of payment and labor incentives aimed at improving labor performance;
- compiles and controls the timeliness of the provision of the necessary statistical and economic reporting of financial activities of the Ministry with the provision of information in accordance with the established procedures to the authorized bodies;
- keeps records of settlements with accountable persons, compiles monthly reports on travel expenses in the national currency, organizes accounting for material values;
- makes a memorial order No. 12, cumulative statement on the accounting fo material values and hands over to the deputy head of the division on a monthly basis;
- maintains journals on the accounting for material values;
- carries out accounting and control over preparation and timely submission of reports by materially responsible persons;
- carries out monthly checks and reconciliation of balances on accounts with materially responsible persons,
- carries out accrual of depreciation of fixed assets and keeps records of the depreciation;
- keeps records of settlements on the utilities; registers contracts on public services and payments on a budget account in the Treasury of the Ministry of Finance of the Republic of Uzbekistan;
- participates in the inventory (at least once a year), compiles the inventory records according to the results of the inventory and timely reflects the results in the accounting registers;
- maintains ledgers of authorization of powers of attorney and conducts an analysis of not closed powers of attorney;
- constantly increases his qualifications;
- executes instructions of the chief of the division -chief accountant and deputy chief accountant of the division, arising from tasks assigned to the Division.
- bears personal responsibility for the timely, correct and high-quality execution of instructions from the Management of the Ministry and assigned to its tasks, for the reliability and completeness of information outgoing from the Division.

CHART OF ACCOUNTS

Name of account	Number of account	Name of sub-account	Number of sub-account
I part. Non-financial assets			
1-§. Property, plant and equipment and other long-term non-financial assets			
Property, plant and equipment (PPE)	01	Residential buildings	010
		Notorious buildings	011
		Facilities	012
		Machinery and equipment	013
		Vehicles	015
		Library fund	018
		Other PPE	019
Depreciation of PPE	02	Depreciation - Residential buildings	020
		Depreciation - Notorious buildings	021
		Depreciation - Facilities	022
		Depreciation - Machinery and equipment	023
		Depreciation - Vehicles	025
		Depreciation - Other PPE	029
Other long-term non-financial assets	03	Intangible assets	030
2-§. Non-production assets			
Non-production assets	04	Land improvement	040
3-§. Inventory			
Finished goods	05	Finished goods	050
Other inventory	06	Construction materials	060
		Food products	061
		Medicines and remedies	062
		Inventory and household equipment	063
		Fuel, fuels and lubricants	064
		Spare parts for machinery and equipment	065
		Other inventory	069
4-§. Investments in non-financial assets			
Capital expenditures for PPEs	07	Equipment for installation	070
		Work-in-progress	071
		Other expenditures for PPEs	072
Capital expenditures for intangibles	08	Expenditures for intangibles	080
Capital expenditures for other non-financial assets	09	Expenditures for goods (works, services)	090
		Other expenditures for inventory	091
II part. Financial assets			
Budget funds in the accounts	10	Budgetary funds for financing maintenance of organization	100
		Budgetary funds for financing other	101

		purposes	
Off-budget funds in the accounts	11	Funds received from settlements for special types of payments	110
		Proceeds from education contract payments	111
		Fund for development of budgetary organization	112
		Other off-budget funds	113
		Funds temporarily available for budgetary organization	114
		Account in foreign currency	115
		Cash in other accounts	119
Cash on hand	12	Cash on hand in national currency	120
		Cash on hand in foreign currency	121
Other cash	13	Letters of credit	130
		Money transfers in transit	131
		Cash equivalents	132
Financial investments	14	Cash in deposit accounts	140
III part. Debtor and creditors			
Settlements with various debtor and creditors	15	Settlements with suppliers and contractors	150
		Settlements with customers	152
		Insurance payments	154
		Settlements related to funds temporarily available to budgetary organization	155
		Settlements related to special types of payments	156
		Settlements with other debtor and creditors	159
Settlements with budget and off-budget funds	16	Settlements with budget on payments to budget	160
		Settlements on single social payment	161
		Settlements on Individual Accumulated Pension Contributions account	162
		Settlements with off-budget Pension Fund	163
		Settlements with other off-budget funds	169
Settlements with employees and scholarship recipients	17	Settlements on recovery of material loss	170
		Settlements with employees on social benefits	171
		Settlements with reportable persons	172
		Settlements with employees on salaries and wages	173

		Settlements with scholarship recipients	174
		Other settlements with students	175
		Settlements on payments to be withheld from salaries	176
		Settlements on deposited payments	177
		Other settlements with employees	179
Other settlements	18	Other settlements between parent and subsidiary organizations	180
IV part. Accounts for accounting financial results			
1-§. Sales and expenses			
Sale of goods (works, services)	20	Sale of goods (works, services)	200
		Sale of PPEs and other assets	201
Other expenses	21	Overhead expenses	210
		Period expenses	211
2-§. Financial results of current year			
Financial results of current year for the budget funds	23	Financial results of current year for the budgetary funds	230
		Actual expenses from budgetary funds	231
		Financing from budget	232
Financial results of current year for the settlements related to special types of payments	24	Financial results of current year for the settlements related to special types of payments	240
		Actual expenses made at expense of funds from settlements related to special types of payments	241
		Funds of parents accrued in educational institutions	242
Financial results for current year on contract-payment financing of education in educational institutions	25	Financial results for current year on contract-payment financing of education in educational institutions	250
		Actual expenses made at expense of funds received from contract-payments form of education in educational institutions	251
		Income from contract-payments form of education in educational institutions	252
Financial results for current year on funds of Fund for development of budgetary organization	26	Financial results for current year on funds of Fund for development of budgetary organization	260
		Actual expenses made at expense of Fund for development of budgetary organization	261
		Income on funds of Fund for development of budgetary organization	262
Financial results for current	27	Financial results for current year on	270

year on other income		other income	
		Actual expenses from other income	271
		Other off-budget income	272
		Excess property discovered during inventory	273
3-§. Final financial results			
Final financial results	28	Final financial results on budget funds	280
		Final financial results on settlements related to special types of payments	281
		Final financial results on funds from contract-payment form of education in educational institutions	282
		Final financial results on funds of Fund for development of budgetary organization	283
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		Tax benefits on taxes and compulsory payments accrued to budget and off-budget funds	285
V part. Off-balance sheet accounts			
Rented PPE			01
Materials accepted for responsible storage			02
Forms of strict accountability			04
Writing-off bad debts			05
Valuables paid from centralized funding			06
Debts of pupils and students on non-returned material assets			07
Mobile sport prizes and trophies			08
Unpaid referrals			09
The subjects of military technique			11
Spare parts of vehicles given instead of depreciated parts			12