

United Nations Development Programme



Country: Republic of Kazakhstan

Initiation Plan

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| Project name: | Support in the formation of a highly professional corps of external state auditors |
| CP Expected Result: | <p>Outcome 2.2: Judicial and legal systems, and public institutions, are fair, accountable and accessible to all people.</p> <p>Output 3. National and sub-national level institutions enabled to deliver quality and responsive public services</p> |
| Initiation Plan Duration: | May – December 2020 |
| Implementing Partner: | Accounts Committee for Control over Execution of the Republican Budget |
| Responsible partner: | UNDP |

Short description

The project is aimed at strengthening the capacity of employees of the Accounts Committee and other bodies of state audit and financial control under the training program of the Certified Chartered Institute of Public Finance and Accountancy of the United Kingdom. After passing the training and examination, the participants will be awarded international qualifications. This project will become part of the future three-year (2021-2023) joint project of UNDP and the Accounts Committee aimed at improving the system of external state audit in Kazakhstan.

The implementation of this project will contribute to the improvement of the SDG monitoring system in Kazakhstan.

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| Programme Period: | 2016-2020 |
| Start date: | May 2020 |
| End Date: | December 2020 |

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| Management Arrangements: | NIM |
| LPAC date: | 30.03.2020 |
| Gender marker: | 2 |

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| Total resources required: | USD 32,400 |
| Total allocated resources: | USD 32,400 |
| UNDP: | USD 32,400 |

Approved by Accounts Committee:

Natalya Godunova, Chairwoman

Approved by UNDP:

Yakup Beris, UNDP Resident Representative

I. PURPOSE

As part of the implementation of the Law “On State Audit and Financial Control” adopted in 2015, the system of state audit and financial control of the Republic of Kazakhstan has undergone significant changes. In accordance with the Law, the functions and powers of the Accounts Committee have been significantly changed.

The Accounts Committee, as the supreme body of state audit, has a special role to play in increasing efficiency of using budget resources and managing state assets. At the same time, reform of the state audit and financial control system requires transformation of the activities of the Accounts Committee, improvement of existing business processes, development of competencies of managers and employees necessary to introduce changes in the activities of the Accounts Committee. In the framework of the ongoing reform, a special role is played by staff development. High demands are placed on the state auditor, both ethical and professional. The state auditor should have relevant knowledge in various areas of the economy, national legislation, international financial reporting standards, audit methods, as exemplified by international audit organizations

The overall goal of the project is to improve professional level of the employees of the Accounts Committee in order to support national reforms in transition to state audit. As part of the implementation of the Law “On State Audit and Financial Control”, adopted in 2015, the system of state audit and financial control of the Republic of Kazakhstan has undergone significant changes.

In accordance with the Law, the functions and powers of the Accounts Committee have been significantly changed. Since 2020, the Accounts Committee has begun the audit function of the consolidated financial statements of the republican budget. This function will allow state auditors to identify topical issues in the formation of the financial statements of the republic and the state of accounting of state bodies, which is important for the subsequent accounting of state assets that are used to achieve strategic goals, including sustainable development goals.

For the qualitative implementation of the state audit in accordance with international standards, appropriate personnel are needed. Therefore, special attention is paid to the implementation of retraining and advanced training of existing personnel, as well as attracting qualified personnel with a high level of professional training. As part of the ongoing reform, high demands are placed on the state auditor, both ethical and professional. The state auditor should have relevant knowledge in various areas of the economy, national legislation, international financial reporting standards, and audit methodology, following the example of international audit organizations.

The overall goal is to help build a holistic system of state audit and financial control, strengthen financial discipline, increase the efficiency of state bodies when using budgetary funds, state assets in order to ensure economic stability in the Republic of Kazakhstan, as well as promptly prevent financial irregularities and other systemic deficiencies and problems in the activities of state bodies.

At the same time, the parties agreed that this initiative will become part of the future three-year (2021-2023) project of UNDP and the Accounts Committee aimed at improving the system of external state audit in Kazakhstan.

II. EXPECTED OUTPUT

Result 1. Support in the formation of a highly professional corps of state auditors of the Accounts Committee

1.1. Conducting training and examinations on the module “Accounting and financial reporting in accordance with the International Public Sector Accounting Standards (Diploma in International Public Sector Accounting Standards)”

1.2. Conducting training and examinations on the module “Audit in accordance with INTOSAI standards (Audit and Assurance)”:

1.3. Report on the results of training and examinations of 17 employees of the Accounts Committee under the program of the Certified Chartered Institute of Public Finance and Accountancy (CIPFA) with copies of 17 certificates.

The project implementation provides for the training and examination of 17 (seventeen) employees of the Accounts Committee in the following modules:

- 1) Accounting and financial reporting in accordance with the International Public Sector Accounting Standards (Diploma in International Public Sector Accounting Standards);
- 2) Audit in accordance with INTOSAI standards (Audit and Assurance).

After successfully completing training and passing examinations, participants will be awarded the qualification "CIPFA Public Auditor".

For training and examination of the employees of the Accounts Committee, it is necessary to attract trainers who meet the following qualification requirements:

- CIPFA representative or CIPFA accredited trainer;
- degree in audit / public finance / economics;
- presentation skills;
- proven experience in conducting training in audit / public finance / economics for at least 3 years;
- CIPFA certificate;
- it is desirable to have international professional audit certificates, the INTOSAI certificate for state audit is preferable.

III. MANAGEMENT ARRANGEMENT

The project will be managed in accordance with UNDP direct execution policies, rules and regulations.

UNDP acts as an executive partner. Accounts Committee is the beneficiary of the project, closely involved in its implementation.

IV. MONITORING

In accordance with UNDP program policies and procedures, monitoring will be carried out through the following procedures and activities:

- Result monitoring;
- Risk monitoring and control.

Final progress report will be prepared at the end of the Initiation Plan.

VI. ANNEXES

Standard letter of agreement between UNDP and Accounts Committee for Control over Execution of the Republican Budget for the provision of support services

Reference is made to consultations between officials of the Accounts Committee for Control over Execution of the Republican Budget (hereinafter referred to as "the Accounts Committee") and officials of UNDP with respect to the provision of support services by the UNDP country office for nationally managed programmes and projects. UNDP and the Accounts Committee hereby agree that the UNDP country office may provide such support services at the request of the Accounts Committee through its institution designated in the relevant project document of the joint project of the UNDP and the Accounts Committee.

The UNDP country office may provide support services for assistance with reporting requirements and direct payment. In providing such support services, the UNDP country office shall ensure that the capacity of the Accounts Committee - designated institution is strengthened to enable it to carry out such activities directly. The costs incurred by the UNDP country office in providing such support services shall be recovered from the administrative budget of the office.

The UNDP country office may provide, at the request of the designated institution, the following support services for the activities of the project:

- (a) project oversight and quality assurance
- (c) procurement of goods and services;
- (d) payment processing

The procurement of goods and services and the recruitment of project personnel by the UNDP country office shall be in accordance with the UNDP regulations, rules, policies and procedures. Support services described in paragraph 3 above shall be detailed in an annex to the project document, in the form provided in the Attachment hereto. If the requirements for support services by the country office change during the life of a project, the annex to the project document is revised with the agreement of the UNDP resident representative and the designated institution.

The relevant provisions of the Standard Basic Assistance Agreement (SBAA) between the UNDP and the Government of Kazakhstan, signed by the Parties on 5 October 1992, including the provisions on liability and privileges and immunities, shall apply to the provision of such support services. The Accounts Committee shall retain overall responsibility for the nationally managed project through its designated institution. The responsibility of the UNDP country office for the provision of the support services described herein shall be limited to the provision of such support services detailed in the annex to the project document.

Any claim or dispute arising under or about the provision of support services by the UNDP country office in accordance with this letter shall be handled pursuant to the relevant provisions of the SBAA.

The manner and method of cost-recovery by the UNDP country office in providing the support services described in paragraph 3 above shall be specified in the annex to the project document.

The UNDP country office shall submit progress reports on the support services provided and shall report on the costs reimbursed in providing such services, as may be required.

Any modification of the present arrangements shall be effected by mutual written agreement of the parties hereto.

If you are in agreement with the provisions set forth above, please sign and return to this office two signed copies of this letter. Upon your signature, this letter shall constitute an agreement between the Accounts Committee and UNDP on the terms and conditions for the provision of support services by the UNDP country office for nationally managed project the United Nations Development Programme (UNDP) and the Accounts Committee for Control over Execution of the Republican Budget "Support in the formation of a highly professional corps of external state auditors".

Attachment to the Annex 5:

DESCRIPTION OF UNDP COUNTRY OFFICE SUPPORT SERVICES

Reference is made to consultations between the Accounts Committee , the institution designated by the Government of Kazakhstan, and officials of UNDP with respect to the provision of support services by the UNDP country office for the nationally managed project of UNDP and the Accounts Committee "Support in the formation of a highly professional corps of external state auditors", Project ID, or "the Project".

In accordance with the provisions of the letter of agreement signed and the project document, the UNDP country office shall provide support services for the Project as described below.

Support services to be provided, including:

| Support services | Schedule for the provision of the support services | Amount and method of reimbursement of UNDP (where appropriate) |
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| Payment Process | Ongoing throughout implementation when applicable | UNDP will directly charge the project upon provision of services, on a quarterly basis. |
| Vendor profile entry in ATLAS | Ongoing throughout implementation when applicable | As above |
| Consultant recruitment | Ongoing throughout implementation when applicable | As above |
| Procurement of goods and services not involving local CAP | Ongoing throughout implementation when applicable | As above |
| F10 settlement | Ongoing throughout implementation when applicable | As above |