

THE CONCEPT AND SIGNIFICANCE OF COMPLIANCE CONTROL IN THE REPUBLIC OF UZBEKISTAN

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Annotation. This scientific thesis briefly reveals the concept, importance of compliance control in the Republic of Uzbekistan, the practice of its implementation in organizations. It should be noted that compliance in Uzbekistan is a perspective institution. This is a relatively new social and legal institution that can lay the foundation for a new profession, a new understanding of activities in companies and governmental bodies.

Key words: compliance, corruption, corruption risks, company, organization, government body, practice, prevention.

Compliance control is a special type of specific activity aimed at examining the activities of a company (or government body) for compliance with the law and ethical principles.

Compliance control in Uzbekistan was first disclosed in the activities of the Department for Combating Economic Crimes under the General Prosecutor’s Office “On approval of internal control rules to combat the legalization of proceeds from crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction in commercial banks” (May 23 2017).

The Decree of the President “On measures to further improve the anti-corruption system in the Republic of Uzbekistan” UP-5729 dated May 27, 2019 approved the “State Anti-Corruption Program for 2019-2020”, which provided for compliance control and monitoring of its effectiveness, establishing a certification procedure for anti-corruption standard (ISO 37001).

On June 29, 2020, the Decree of the President “On additional measures to improve the anti-corruption system in the Republic of Uzbekistan” was adopted¹. In general, compliance is “a system of control and management of risks arising from non-compliance with the norms of the law, instructions of regulators, regulatory organizations; rules of self-regulatory organizations and other forms of business associations; internal documents. This system has its own goals and functions. The overall goal of implementing compliance control is “creating effective mechanisms in the company to identify and analyze corruption-hazardous areas of activity, assess and manage legal and financial risks”². The compliance control division implements

¹ the Decree of the President № УП-6013 “On additional measures to improve the anti-corruption system in the Republic of Uzbekistan” June 29, 2020 (Указ Президента Республики Узбекистан «О дополнительных мерах по совершенствованию системы противодействия коррупции в Республике Узбекистан» от 29 июня 2020 г., № УП-6013) // Source: <https://lex.uz/docs/4875786>

² Compliance control. World Business Organization (ICC), July 21, 2016 (Комплаенс контроль. Всемирная организация бизнеса (ICC), 21.07.2016 г.) // Source: <http://www.iccwbo.ru/blog/2016/komplaens-kontrol-chto-takoe-i-dlya-chego-nuzhen/>

many methods for collecting “information, its analysis and classification, as well as indicator options that can help the company in evaluating results”³.

In Uzbekistan, at the moment, among the companies that apply compliance control, one can name joint-stock company “Uzbekneftegaz”, “Uzkiyosanoat”, LLC “UMS”, State Tax Committee, the Ministry of Justice and some other organizations.

It should be noted that the Ministry of Justice is the first state body that initiated the implementation of a compliance system in accordance with international standards.

In commercial organizations, anti-corruption programs (policy documents) have been formulated, which constitute the content of anti-corruption compliance at the internal level.

Thus, at JSC “Uzbekneftegaz”, in order to ensure the effective construction and functioning of the anti-corruption compliance system, the company established the Financial and Compliance Control Department, which is directly subordinate to the Chairman of the Board of the company.

Two unique principles for organizing anti-corruption compliance were enshrined in JSC “Uzkiyosanoat”. Thus, in the process of conducting its activities, including in the framework of interaction with Counterparties, state bodies, JSC adheres to the principle of rejection of any forms and manifestations of corruption (the principle of “zero tolerance” to corruption). For employees, this means an obligation not to commit Corrupt Actions, including: — not to offer, promise, authorize benefits, benefits, services; - not to make payments to simplify formalities and many other prohibitions, in accordance with the anti-corruption policy of JSC “Uzkiyosanoat”.

The Company guarantees that no sanctions, including dismissal, demotion, deprivation of remuneration, discrimination, harassment, persecution, will be applied to employees who refuse to commit Corruption or other actions that would be a violation of the requirements of applicable anti-corruption legislation.

It should be noted that the anti-corruption policy of LLC “UMS” has been developed in accordance with the requirements of the anti-corruption legislation of the Republic of Uzbekistan. LLC “UMS” in the practice of implementing the compliance system (which has been used since 2015) regularly “takes measures to identify and subsequently update corruption risks, paying special attention to the risks specific to its activities, regions of presence, as well as potentially vulnerable business processes”. The Company develops and implements anti-corruption procedures that reasonably and proportionately meet the level and nature of the identified risks.

The compliance program of “Uzavtosanoat” consists of many structural parts. As an example, the main ones are:

1. The commitment of the company's management to comply with the compliance program (high-level commitment);
2. The Policies & Procedures aim to ensure that ethical standards are in place in the conduct of business;
3. Autonomy of the compliance function and its provision with sufficient resources⁴.

³ Timofeev E.A. Integration of the compliance system into the functioning of Russian organizations. (Тимофеев Е.А. Интеграция системы комплаенса в функционирование российских организаций) Journal "Innovations and Investments" 2019 // Source: <https://cyberleninka.ru/article/n/integratsiya-sistemy-komplaensa-v-funktsionirovanie-rossiyskih-organizatsiy>

⁴ UzAuto spoke about the features of the compliance system. Date: 20.08.2020 // Source: <https://repost.uz/uz-auto-compliance-program> (В UzAuto рассказали об особенностях системы комплаенс)

Thus, the practice of applying compliance control that we have identified is progressive, but the number of organizations that use it in the Republic of Uzbekistan is rather small.

Approaching the conclusion of this scientific thesis, it can be noted that compliance control is a subdivision of an organization whose employees work in the field of monitoring, identifying and preventing risks (various, corruption, financial, etc.) that can harm material and non-material capacity of the organization (government body). The importance of compliance control in the Republic of Uzbekistan cannot be underestimated, because it is an internal corruption prevention mechanism in both the private and public sectors. If this area of activity is developed, then the quality of the ongoing anti-corruption policy will increase.

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