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Article



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KEY PERFORMANCE INDICATORS OF EMPLOYEES OF UZBEKISTAN'S CHAMBER OF ACCOUNTS

Abstract: This article addresses such issues, as priority measures for improvement of the personnel policy and the state civil service in Uzbekistan, the legislation, the contents of the KPI, types of KPI used in world practice, important indicators of efficiency, the urgency of its introduction as well as the KPI practice in foreign countries and their effects on organizational performance. Also, the paper highlights the need to introduce KPI in Uzbekistan, the results expected from its introduction, the advantages and ensuing problems.

The main stages of audit activities of Uzbekistan Chamber of Accounts (COA), the implementation of measures based on the results of the audit, monitoring and analysis of the operational discipline, as well as the KPI-related work carried out in the COA are covered in this research.

It is scientifically based that the author achieves positive results as a result of the implementation of the efficiency system for the improvement of the state financial control and internal audit system.

The achievement of positive results due to the implementation of the efficiency system for the improvement of the public financial control and internal audit system is scientifically justified by the author.

Key words: Public financial control, Chamber of Accounts, COA, KPI, public audit, state budget, efficiency.

Language: English

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Introduction

Intensive social and economic reforms carried out in 'New Uzbekistan' depend to a large extent on the proper formation of public finances and their effective use.

The program of priority measures related to fundamental improvement of personnel policy and state civil service system in Uzbekistan has been already approved.

This program envisages the development of a strategy for the development of the State Civil Service until 2030 and the implementation of modern methods of management and performance evaluation of employees based on integrated **key performance indicators** (KPI).

The Law of the Republic of Uzbekistan "On the Public Civil Service" also specifies a number of requirements, namely:

- implementation of the system for assessing the performance of the public civil service in Uzbekistan;
- determining the level of achievement of the main efficiency indicator of civil servants as a subject of performance evaluation;
- promoting or demoting a civil servant, assigning a qualification level, rewarding and applying disciplinary punishment based on the achieved results;
- formulating the activity plan of the public civil servant based on the main indicators of his activity.

It is envisaged to take into account the main indicators of the employee's performance when conducting the qualification exam.

In his speech to the Parliament on January 22, 2020, the President of Uzbekistan emphasized the feasibility of introducing a KPI system to assess the activities of heads and employees at all levels of

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executive authorities, starting with the Prime Minister and members of the Government.

As the above-mentioned tasks and the mechanisms of their implementation show, improving the functioning of the public financial control system and increasing the effectiveness of their activities in our country is of critical importance.

Scientific research aimed at studying the economic content of “Key Performance Indicators” (KPI) shows that this concept itself covers a wide range of processes.

The concept of ‘Key performance indicators’ (KPI)

The notion “KPI” is an abbreviation of the English expression of “Key Performance Indicators”, translated into Russian as “Klyucheveye pokazateli effektivnosti” (“Ключевые показатели эффективности”), and into Uzbek as “Samaradorlikning muhim ko‘rsatkichlari”.

‘Key performance indicators’ are conceptual tools that:

- measure the degree of realization of the goals set for the organization;
- assess the performance of the organization, its departments and employees expressed in numbers;
- that the organization makes it possible to assess the situation and implement its strategy;
- ensures employees' desire to increase their work activity.

The relevance of introducing KPI:

- The experience of foreign countries demonstrates that KPI is an effective and fair system;
- KPI is currently introduced in enterprises and banking institutions of Uzbekistan;
- The President of Uzbekistan has set the goal of introducing this system for all state institutions;

The draft Law of the Republic of Uzbekistan “On Public Civil Service” envisages the introduction of a system for evaluating the performance of public civil servants.

The KPI experience of foreign countries

Let’s tackle types of KPIs used in international practice.

- **Indicators of achieved results** that evaluate the results achieved in terms of quality and quantity;
- **Cost indicators** that evaluate the amount of the resources spent;
- **Activity indicators** that assess the performance of production processes (compliance with the performance algorithm);
- **Productivity indicators** that evaluate the ratio of the results achieved and the time spent;
- **Efficiency indicators** that evaluate the ratio of the results achieved and the resources spent.

The peculiarity of the KPI system used for civil servants, especially for the employees of the COA of

Uzbekistan, is that most of the results cannot be expressed only in terms of financial indicators, such as the reduction of expenses and the increase of profit, which are considered important for business entities.

As for international standards, such as **ISO 9000:2008**, the KPI system is interpreted as follows.

- **Effectiveness** – the level of achievement of the intended results or the ability of the organization to focus on results.
- **Efficiency** – the mutual ratio of resources spent with the achieved results, or the organization's ability to implement its goals and plans through certain quality indicators expressed by certain requirements (time, price).

That is, to understand the functioning of the KPI system, one needs to operate with these two important tools, ‘Effectiveness’ and ‘Efficiency’.

The KPI system in Uzbekistan: experience, advantages and problems

The necessity to introduce the KPI system in Uzbekistan is justified by the following factors.

- The peculiarity of the COA activities. The result of the efficiency of the employees in charge of many tasks that require a large amount of labour remain not visible or measurable and thus neglected.
- Although the number of employees, assigned functions and tasks within the COA structure are increasing, there is an imbalance in the distribution of labour among employees.
- Due to the high competence of the COA employees, they should not be busy only with the execution of current tasks, and the need to encourage them to engage in personal initiatives and activities when the volume of work is low, as well as to engage in additional activities that can bring a high impact on the COA.
- There is a need to increase the quality of performance of tasks and functions by proportional distribution of labour among employees and increasing work efficiency.
- Since a mechanism for objective assessment of the employee's activity is created, his/her personal motivation, self-confidence, loyalty and operational approach as well as creativity will be expected to increase.

Expected results

- Due to healthy competition among employees, work efficiency and productivity will increase.
- In addition to direct audit events, the effectiveness of control measures will improve due to the fact that employees will be highly valued for identifying problems. preventing and taking measures to eliminate them.
- The focus is set on the full identification and elimination of violations, additional income, optimized costs, and existing problems at the control object.

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Achieved results

In its yet-not-so-long period of operation, the COA of Uzbekistan has done a lot of positive work in implementing the KPI. An *ad interim charter* was developed to regulate the procedure for evaluating the effectiveness of the COA.

The procedure for determining the effectiveness of the COA management staff, i.e. the assessment of

labour discipline, volume of work performed and operational discipline, as well as indicators of initiative, was established.

To ensure that the KPI of employee activity should be clear, measurable and result-aimed, the following approach was applied by the COA recently (See Table 1).

Approaches used in the assessment of critical performance indicators (Table 1)

N	Work to be done	Example	Approach
1.	Daily tasks that do not require special skills or experience	Preparation of draft business trip order, study program, business trip certificates, letters to ministries, issuance of travel tickets	Minimal assessment
2.	Performance of current tasks and functions	Participation in the audit event	Minimal assessment
3.	Achieving efficiency while performing assigned tasks	Identification of deficiencies, additional income, optimized costs during the audit event	Applying encouraging coefficients
4.	Implementation of the results of the audit event	Elimination of identified deficiencies, restoration of deficits to the budget, acceptance of given proposals	High level assessment
5.	Activities that are not directly related to work, but improve its quality through self-improvement	Be engaged in academic activities outside of working hours and gaining international certificates and scholarly degrees	High level assessment

Also, with the appropriate order of the COA Chairman, an Evaluation Commission was established to re-check the performance indicators of the employees.

The following sources of information are mainly used to determine the KPI of the COA employees:

The single e-system of the operational discipline – www.app.ijro.uz;

The e-system of the COA operational discipline – www.hp.ijro.uz;

The “State Audit” software of the COA – www.davlatauditi.uz;

The unified automated information system of the COA;

The e-program on the daily activity, location and attendance of the COA employees – davomat_bot

The official website of the COA – www.ach.gov.uz is set to collect indicators through e-programs.

Key performance indicators (Table 2)

Key performance indicators (based on the functions and tasks of the COA divisions)			
Total number of indicators – 66			
	1. Key indicators of performance (per control event)	2. Additional indicators of performance (per expert analysis)	3. Other indicators and affecting factors
Total number	39	22	5

Key performance indicators (Table 2.1)

Key indicators of performance			
Total number of key indicators – 39			
	1. Engagement in audit events	2. Taking measures following audit events	3. Analysis and monitoring of COA documents execution

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Total number	21	13	5
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Four stages in determining KPI of the COA employees

The following indicators related to the KPI of COA employees have been elaborated and are currently applied by the COA.

At the same time, the following **four stages** in determining employee performance indicators have been determined.

1. The main stages of participation in audit events;

- ▀ Development of the COA annual program;
- ▀ Participation in the organizational stage of the audit event;
- ▀ Participation in the initial study phase of the audit event and remote examination;
- ▀ Involvement into the control event;
- ▀ Forming the results of the audit event;

2. The main stages of implementation of measures following the audit event

- ▀ Review of objections expressed by the control object;
- ▀ Preparation of proposals for elimination of identified errors, prevention of future occurrences, and improvement of the control object performance;
- ▀ Making proposals to the Administration of the President and the Cabinet of Ministers regarding bringing to responsibility the heads of ministries, state committees, agencies, local state authorities and other public organizations;

- ▀ Preparation of presentations, instructions, conclusions, and analytical data;
- ▀ Submission of the materials following the audit event to the law enforcement bodies;
- ▀ Participation in the process of reviewing materials in law enforcement bodies or courts.

3. Stage of monitoring and analyzing the execution of COA documents

- ▀ Acceptance of proposals and instructions, summary, analytical information, measures and road maps;
- ▀ Criminal or administrative proceedings initiated by law enforcement bodies;
- ▀ Checking that measures have been taken against the responsible employees of the control object;
- ▀ Bringing to administrative responsibility those who have violated the budget discipline, obstructed the COA legal activities or did not fulfill their legal requirements.

4. The stage of forming additional KPI

- ▀ Preparation of the COA annual report;
- ▀ Preparation of information for the meetings of the President of Uzbekistan, the Administration of President, Chambers of the Parliament, the Cabinet of Ministers and the COA itself;

- ▀ Participation in the development of normative-legal and departmental documents;
- ▀ Release of analytical data to mass media;
- ▀ Addressing appeals of individuals and legal entities;
- ▀ Providing practical assistance to legal entities and individuals;
- ▀ Execution of direct assignments of the COA Chairman and Deputies Chairman;
- ▀ Working with candidates for recruitment to the COA

The results of the introducing KPI into the COA activities

Today, the KPI of the COA employees are automatically evaluated. Currently, the performance of the COA employees is evaluated at the end of each quarter and translated into the KPI rating system based on **234 indicators** in **17 areas of activities**.

This process serves to improve the work efficiency of the concerned employees, to increase their work and initiative, moral and material stimulation.

In particular, employees with consistently high KPI are encouraged, and on the contrary, measures are taken to impact the performance of those with low indicators.

Proposals to improve the KPI system in the COA

The following measures are proposed to be taken to improve performance evaluation indicators of the COA employees.

All COA divisions should study in depth the aggregated indicators of the KPI system and research the possibility of using them.

The special targeted guidelines for the use of these new indicators should be developed and each employee should be brought to it.

Approbation of the work by 2-3 employees of a COA division in the past period of 2023 should be done.

Upon the results of the approbation, the optimal amounts of evaluation indicators should be determined.

To systematically assess the performance of the COA employees, a special e-program should be developed in the nearest future.

Conclusion

Today, the implementation of the KPI system in the activities of financial control bodies employees is considered one of the urgent requirements. It is aimed at achieving performance and efficiency indicators of the area.

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The introduction of performance indicators produces healthy competition among employees. Due to that, work efficiency and the effectiveness of adult events increase.

This new system enables to identify and eliminate ongoing problems in control objects. Special focus is made on preventing violations as fully as possible.

By its means, a mechanism for objective assessment of the employee's activity is created. That gives stimulus for the employee's personal motivation,

self-confidence, corporate loyalty, work discipline as well as the desire for new things.

Then, a mechanism for evaluating auditor performance will be improved. A system for monitoring and evaluating personal activity indicators will be developed in terms of achieving the strategic tasks. Compliance with financial culture will be promoted. Ultimately, COA of Uzbekistan will need to introduce the practice of determining control measures based on the "risk and control" principle.

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