



THE ROLE AND IMPORTANCE OF THE COMPLIANCE CONTROL SYSTEM IN PREVENTING CORRUPTION RISKS IN THE STATE AND PRIVATE SECTOR.

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Annotation: This article provides a list of heads of State and Government involved in corruption. In Uzbekistan, in accordance with the requirements of the law on corruption, a list of oversight compliance is established; international standards and standards for the supervision of compliance with corruption legislation; international standards for the supervision of compliance with corruption legislation; international standards for the supervision of compliance with corruption legislation; international standards for the supervision of compliance with corruption legislation.

Keywords: compliance control system, private sector, corruption risks,

The reforms being carried out in the fight against corruption in the public and private sectors are not only aimed at improving national legislation based on foreign experience, but also at implementing into national legislation certain international standards that have been used as an effective system in this area.

One of them is the compliance control system, which is a set of effective and efficient tools that have been widely used in this area.

The initial elements of the compliance control system are attributed to the establishment of the Accident Prevention & Insurance Association in Germany in 1884.

However, most foreign literature, in particular, in the scientific book on the history of compliance by American scientist Martin Kling, states that this system first emerged in 1906 with the establishment of the FDA (Food and Drug Administration), a federal service that oversees the activities of companies producing food and pharmaceuticals in the United States, and the need to establish companies and organizations whose activities are aimed at public safety.

The concepts of “**compliance**” or “**compliance control**” emerged in the Anglo-Saxon legal system at the beginning of the last century and these concepts mean “organizing one’s activities in accordance with specially established procedures and rules”. “Compliance” means consent, conformity and acting in accordance with a rule or instruction.

Anti-corruption compliance control is a preventive system that organizes the activities of state bodies and business entities, banks in accordance with international standards, laws and other

regulatory legal acts in the field of combating corruption, including timely identification and prevention of corruption risks, conflicts of interest, reporting on violations of the law and corruption-related offenses.

The purpose of introducing compliance control is to prevent corruption risks in the public and private sectors and to systematically identify areas and areas where such risks exist, to monitor factors that create conflicts of interest on a legal and financial basis, to create a comprehensive mechanism for systematically protecting activities from various financial, economic sanctions and other influences, and to maintain a positive image of the activity.

“Compliance officer” is an employee of the compliance service responsible for compliance with laws, regulatory documents, internal regulations, and is responsible for monitoring and regulating the actions of employees in accordance with established rules.

This concept, which is of particular importance in the fight against corruption, was initially established in paragraph 21 of the “State Program for Combating Corruption in 2019-2020”, adopted on the basis of the Decree of the President of the Republic of Uzbekistan No. PF-5729 dated 27.05.2019 “On measures to further improve the anti-corruption system in the Republic of Uzbekistan”, in order to strengthen anti-corruption measures in organizations with a state share in the authorized capital, in paragraph 21, the task of introducing an anti-corruption compliance control system and systematically monitoring its effectiveness was established. The compliance control system was first reflected in this document under this name.¹

Based on the decree, starting from 2019, within the framework of the implementation of the UNDP project “Fighting Corruption through Effective, Accountable and Transparent Governance Institutions in Uzbekistan”, in cooperation with the responsible agencies, including the Prosecutor General's Office, the Ministry of Justice and based on the specifics of their activities, the task of introducing a compliance control system to identify and prevent corruption risks as a pilot project in joint-stock companies and state organizations with a state share of 100% or more than 50% in the authorized capital, as well as large companies operating in foreign markets or having foreign partners, was set.

International tender processes were held to implement the project in state organizations. The process was attended by “White and Case” (USA), “KPMG” (Italy) and other international auditing companies with extensive experience in this field. In cooperation with experts from KPMG, which was declared the winner according to the tender results, work is underway to introduce this system as a pilot project in the system of joint-stock companies “Uzbekneftegaz” and “Uzkimyosanoat” and the Ministry of Justice of the Republic of Uzbekistan (including the central office of the ministry, the Samarkand regional justice department, the Jomboy district justice department, the central office of the State Services Agency, the Tashkent city department of the agency, the Yunusabad district public services center, the central office of the Intellectual Property Agency). Also, starting this year, these experiments are being carried out at the initiative of the Prosecutor General's Office of the Republic of Uzbekistan with the support of the UNDP, in the Ministry of Construction of the Republic of Uzbekistan, the Ministry of Higher and Secondary Specialized Education, the Ministry of Health, as well as in state organizations such as the Tashkent city administration, the Tashkent regional administration, the Mirzo Ulugbek district and Buka district administrations.

The implementation of the compliance service in the above-mentioned companies and organizations is carried out in 4 stages:

Stage 1: analysis of the current state of the anti-corruption compliance control service;

Stage 2: development or improvement of anti-corruption measures and control mechanisms;

Stage 3: implementation of the anti-corruption “compliance control” service;

Stage 4: work is being carried out in such processes as assessing the effectiveness of the implemented anti-corruption “compliance control” procedures.

¹ The “State Program for Combating Corruption in 2019-2020”, adopted on the basis of the Decree of the President of the Republic of Uzbekistan No. PF-5729 dated May 27, 2019 “On Measures to Further Improve the Anti-Corruption System in the Republic of Uzbekistan”

The UN Convention against Corruption, such as Article 12 “*Private Sector*”, Article 21 “*Bribery in the Private Sector*”, Article 22 “*Looting of Property in the Private Sector*”, and Article 39 “*Cooperation between National Authorities and the Private Sector*”, provides recommendations on identifying corruption risks and implementing a number of preventive measures to prevent them. In particular, it specifically indicates the need for the state to take measures to ensure the transparency of accounting and financial reporting, regulate accounting standards and internal audit against corruption-related offenses in the private sector.

International standards and documents adopted by the Organization for Economic Cooperation and Development (OECD). The next category of international standards that play a significant role in the fight against corruption is the conventions and international recommendations adopted by the OECD.

The Convention of the Organization for Economic Cooperation and Development on Combating Bribery of Foreign Public Officials in International Business Transactions, adopted on November 21, 1997, is the Convention of the Organization for Economic Cooperation and Development.²

Here, we can cite the “**Management Guide on Internal Control, Ethics and Compliance**”, which embodies the best practices and experiences in compliance services.

The Basel Committee on Banking Supervision, adopted in April 2005 (in a new edition), is a document on banking supervision “**On Compliance and the Compliance Function in Banks**”.

The recommendations of the Basel Committee on Banking Supervision, adopted in April 2005, include the following recommendations for organizing a compliance control system in banks and companies and organizing an anti-corruption policy by the compliance service:

create mechanisms to ensure the independence of the compliance service;

if there are cases where compliance control functions are performed by different departments of the bank, in this case, the management should clearly distinguish between them through internal documents, in which case it would be appropriate to designate the implementation of compliance functions as the main activity of this service, since duplication of tasks affects the efficiency and independent activities of the compliance service;

ensure the right of the compliance service to freely submit and disclose its conclusions on corruption to executive bodies without any obstacles;

ensure that the compliance service regularly reports to the management on existing corruption cases;

determine the status of the compliance service as subordinate only to the management, a number of priority tasks were listed as recommendations.

The development of compliance services on US stock exchanges and in the US economy led to the adoption of the **Foreign Corrupt Practices Act of 1977 (FCPA)**. The FCPA established strict rules of compliance, including strict requirements for accounting and financial reporting, and strict rules on dealings with government officials to prevent corruption in the private sector.

In addition, the adoption of laws such as the Sarbanes-Oxley Act in 2002 created a US model of the compliance control system, mainly for combating corruption in the foreign operations of companies.

The next example of the formation of a compliance control system to combat corruption in the global economy is associated with the legislation of the United Kingdom. **The UK Bribery Act** was adopted on April 8, 2010 and came into force on July 1, 2011.

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² Convention of the Organization for Economic Cooperation and Development on Combating Bribery of Foreign Public Officials in International Commercial Transactions, adopted on November 21, 1997.

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