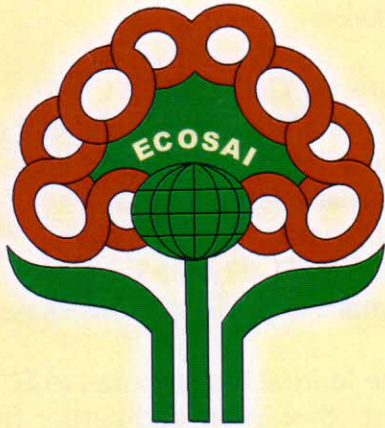


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The ECOSAI (Economic Co-operation Organization Supreme Audit Institutions) is a regional forum of the Supreme Audit Institutions of the South and Central Asian Regions. Founded in 1994, the ECOSAI aims at promoting the state auditing profession in member countries, through exchange of ideas, experiences and by holding seminars, conferences, workshops and training courses.

The ECOSAI Circular is published yearly. The 9th ECOSAI Governing Board Meeting, held at Islamabad, Pakistan on January 26, 2004 had decided that in future the ECOSAI Circular will be published every year before the BoG meeting by the SAI Pakistan. It was also suggested that besides covering general activities, the ECOSAI Circular should also include some activities of professional issues.

The editors invite submission of articles, special reports, and news items which should be sent to the International Relations and Coordination Wing of the SAI Pakistan at the following address:

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TABLE OF CONTENTS

<i>May 2006</i>	<i>Page No.</i>
Ecosai information	2
Issues on improvement of State Financial Control in the Republic of Azerbaijan	3
MTBF and its implementation in Pakistan	6
World Bank Project for the State Financial Control Committee of the Republic of Tajikistan	9
Report of ECOSAI training workshop Audit of privatisations	11
News in brief	18



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Issues on improvement of State Financial Control in the Republic of Azerbaijan

Fundamental reforms are being conducted for the reconstruction of the economy in the Republic of Azerbaijan, after regaining of state independence in 1991. The essential directions of these reforms

embraces the creation of an economy in compliance with market relations, the formation of a new system on state participation in economy management, the rational integration of the state economy to the world economy, etc.

In last 15 years Azerbaijan economy had a great success in these directions, basically formed the liberal and open economic system, attracted a big amount of foreign investments to the economy and created a strong private sector, appropriate state administrative institutions, a network of market infrastructure corresponding to the international practice.

The Chamber of Accounts, established in 2001, is a new organization for the Republic of Azerbaijan in this system. The special legislative and normative methodological base for the activity of the Chamber of Accounts was formed.

In 2004 the State Program on Anticorruption Struggle in Azerbaijan was accepted. In this program the priority was given to the strengthening of control over state financial flows, to the increase the effectiveness of the use of the state funds, to promotion transparency in state financial management, etc. Following discourses on the

improvement of the state financial control in Azerbaijan propounded by the Chamber of Accounts, which plays a big role in implementation of this program.

One of the main directions of improvement of economic legislation, in condition with strengthening and extending financial flows of the state and considering new responsibilities of the economic system, objectives and aims of the State Anticorruption Program and world practice on anticorruption struggle, should be improvement and reconstruction of the state control mechanism on both functional and institutional plan.

The main objective in functional direction should be an elimination of mutual contradiction and discrepancies of the legislation mechanism of proper state control in different links of economic processes.

Primarily, should be provided a principle of unity of economical policy in management at a framework of reforms in state management system. Following consider the main criteria for improvement of legislation:

- Formation of objective information about economic processes and prevention of asymmetrical assessment of information by appropriate subjects of management;
- Inadmissibility of excessive requirements of legislative norms or of a great number of directive norms;
- Inadmissibility of discretionary authority of officials in legislative plan;
- Accountability for an activity and necessity of the control in government sector.

According to the practice of the last few years in some cases, above mentioned principles in acting legislation, creates serious problems. For

