Center for Implementation of Investment Projects

INTERNAL AUDIT PROCEDURE

2025

Dushanbe, Republic of Tajikistan

Contents

1. INTRODUCTION AND PURPOSE

1.1. Objective

This Internal Audit Procedure (Procedure) for the Center for Implementation of Investment Projects (CIIP) of the Committee for Environmental Protection under the Government of the Republic of Tajikistan (RT) establishes a comprehensive framework to ensure the effective, transparent and accountable use of funds while complying with international best practices, international climate finance requirements and RT's legislation\ As a national public entity mandated to implement environmental and climate-related investment projects in Tajikistan, the Center for the Implementation of Investment Projects (CIIP) plays a key role in advancing the country's sustainable development agenda. To uphold the highest standards of fiduciary management and operational excellence, CIIP requires robust internal audit mechanisms. This internal audit procedure is designed to strengthen CIIP's internal controls, enhance risk management practices, ensure compliance with applicable regulatory frameworks, and improve the overall efficiency and effectiveness of its operations. By institutionalizing this procedure, CIIP reaffirms its commitment to good governance, transparency, and accountability—both to the Government of the Republic of Tajikistan and to its development partners.

1.2. Scope

The Procedure covers all aspects of CIIP's operations, including financial management and procurement processes that encompass budgeting, expenditure tracking, financial reporting and procurement activities across all projects and organizational functions. It extends to project planning, implementation and monitoring activities from initial project identification through closure, ensuring adherence to established methodologies and donor requirements. The Procedure also addresses organizational governance and operational efficiency through examination of decision-making processes, administrative procedures and resource utilization.

Additionally, it includes oversight of the integration of environmental and social safeguards (ESS) to ensure projects comply with national regulations and international standards for environmental protection and social inclusion.

The Procedure further encompasses gender mainstreaming and social inclusion practices across all operations to ensure equitable participation and benefit distribution. Finally, it covers risk management and anti-corruption measures, including verification of the implementation of risk identification, analysis and mitigation procedures, as well as the effectiveness of controls designed to prevent fraud, corruption and other misconduct.

1.3. Importance

The internal audit process serves as a vital mechanism for strengthening CIIP's organizational integrity and operational effectiveness. Through systematic assessment of operational efficiency and effectiveness, the internal audit function provides management with valuable insights into how well processes are functioning and identifies opportunities for improvement in resource utilization, workflow design and service delivery. The process is instrumental in identifying and mitigating financial,

operational and compliance risks by evaluating control environments, assessing risk management frameworks and recommending enhancements to minimize exposure to potential threats.

Internal audit ensures adherence to relevant laws, donor requirements and safeguards through regular compliance assessments that verify conformity with Tajikistan's national legislation, international climate finance standards and CIIP's internal policies and procedures.

Furthermore, the internal audit function promotes accountability and transparency in all operations by offering independent verification of reported information and ensuring that decision-making processes are documented and justifiable. This transparency builds trust with stakeholders, including government entities, donor organizations and project beneficiaries. The function also supports continuous improvement and institutional learning by identifying patterns in findings, tracking the implementation of recommendations and disseminating best practices throughout the organization.

As a DAE for climate finance, a robust internal audit system helps CIIP maintain its status as a trusted financial intermediary by demonstrating to international funding bodies that it possesses the necessary institutional capacity to manage resources effectively. Finally, the internal audit process enables CIIP to fulfill its fiduciary responsibilities to donors, the Government of RT and project beneficiaries by safeguarding resources against misuse, ensuring funds are used for intended purposes and maximizing the impact of climate finance investments.

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Tajikistan Legislation

The Procedure operates within the following national legal framework:

- The Constitution of the Republic of Tajikistan (adopted in 1994, with subsequent amendments);
- Law "On Public Finance" (2011);
- Law "On Accounting and Financial Reporting" (No. 702 of March 25, 2011);
- Law "On State Financial Control" (2002);
- Law "On Anti-Corruption" (August 7, 2020);
- Law "On the Agency for State Financial Control and the Fight against Corruption" (March 20, 2008);
- Decree of the Government of the Republic of Tajikistan "On the Committee for Environmental Protection under the Government of the Republic of Tajikistan" (September 2, 2021, No. 357);
- Applicable tax codes and labor laws of the Republic of Tajikistan.

2.2. International Climate Finance Requirements

CIIP complies with relevant requirements from international climate funds, including but not limited to:

- Adaptation Fund's Operational Policies and Guidelines

- Green Climate Fund's Fiduciary Standards and Environmental and Social Safeguards
- International climate finance results frameworks and reporting requirements, including monitoring of adaptation-specific indicators, performance milestone tracking and regular progress reporting to funding agencies;
- Performance-based disbursement conditions and procedures that link funding releases to achievement of predetermined project milestones, results targets and compliance with fiduciary standards;
- Gender policy implementation requirements encompassing gender analysis, action plans, sex-disaggregated data collection and ensuring meaningful participation of women and marginalized groups in climate interventions;
- Whistleblower protection and anti-fraud provisions including confidential reporting mechanisms, investigation procedures, staff integrity training and due diligence processes for implementing partners.

2.3. International Best Practices

The Procedure draws on the following international standards and frameworks:

- International Standards for the Professional Practice of Internal Auditing (Institute of Internal Auditors);
- Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework;
- International Organization of Supreme Audit Institutions (INTOSAI) Standards;
- International Financial Reporting Standards (IFRS);
- ISO 31000 Risk Management framework;
- UN Global Compact principles on anti-corruption.

3. OBJECTIVES OF THE INTERNAL AUDIT

3.1. Efficiency and Effectiveness of Financial Management

The internal audit function aims to strengthen CIIP's financial management processes to ensure the proper stewardship of resources and compliance with both national regulations and international donor requirements. This objective focuses on verifying that financial systems and controls are operating as intended and that financial resources are being utilized optimally to achieve organizational goals. Key areas of focus include:

- Review financial transactions for accuracy, completeness and alignment with approved budgets;
- Verify proper fund allocation and expenditure reporting in accordance with donor guidelines and Tajikistan's financial regulations;

- Assess the effectiveness of the Financial Management and Fiduciary Accountability Framework as outlined in the POM (Section 2.7.7);
- Evaluate cash flow management, contingency funding and tranche-based disbursement mechanisms;
- Verify the cost-effectiveness analysis for adaptation/mitigation measures (POM Section 2.7.8);
- Ensure proper implementation of financial controls, including segregation of duties and dual authorization procedures.

3.2. Compliance with Safeguards and Policies

As a DAE for international climate funds, CIIP must adhere to strict environmental, social, and governance standards. The internal audit function plays a critical role in verifying compliance with these standards and identifying areas where safeguards and policies need to be strengthened. This objective ensures that CIIP meets all its obligations to stakeholders, including the Government of Tajikistan, international donors and project beneficiaries. The internal audit will:

- Assess adherence to environmental and social safeguards (ESS) as outlined in Section 5 of the POM;
- Verify implementation of CIIP's Gender Policy and social inclusion measures (POM Section 3.5);
- Evaluate the functioning of the Grievance Redress Mechanism (GRM);
- Monitor compliance with both donor requirements and national regulatory frameworks;
- Review the implementation of anti-corruption and fraud prevention measures;
- Verify proper implementation of the Whistleblower Protection Protocol.

3.3. Operational Risk Management

Effective risk management is essential for CIIP to navigate the complex environment in which it operates. The internal audit function contributes to this by systematically evaluating risk management processes and offering recommendations for improvement. This objective focuses on ensuring that CIIP can identify, assess and mitigate risks that could impact its ability to achieve its mission and objectives. Through the internal audit process, CIIP:

- Identifies and evaluates operational risks based on CIIP's Risk Management Framework (POM Section 6.1);
- Reviews the systematic identification process for project risks (POM Section 6.2);
- Assesses the effectiveness of risk analysis, prioritization and mitigation measures (POM Sections 6.3-6.4);
- Evaluates the implementation of risk monitoring and reporting systems (POM Section 6.5);

- Verifies contingency planning and emergency response measures;
- Assesses gender-specific risks and their integration with ESS frameworks.

4. INTERNAL AUDIT SCOPE AND METHODOLOGY

4.1. Financial Audits

4.1.1. Budget Management and Financial Controls

Financial audits constitute a core component of CIIP's internal audit function, focusing on the evaluation of budget preparation, approval and revision processes to ensure they are conducted in accordance with established protocols and reflect organizational priorities. These audits include thorough examination of financial transactions against approved budgets to verify that expenditures are authorized, properly recorded and aligned with project objectives. The internal audit will scrutinize procurement procedures and contract management to confirm compliance with CIIP's procurement guidelines and Tajikistan's public procurement laws, identifying any deviations that could lead to inefficiencies or compliance issues.

Asset management and inventory control systems will be assessed to verify that CIIP's physical and financial assets are properly recorded, safeguarded and maintained. The audit process will also include evaluation of payroll processing and staff reimbursements to ensure accuracy, timeliness and compliance with applicable labor laws and organizational policies. Additionally, cash and banking operations will be reviewed to confirm that proper controls are in place to safeguard funds, that bank reconciliations are performed regularly, and that banking relationships are managed effectively.

4.1.2. Financial Reporting and Compliance

The internal audit will verify financial reporting against donor requirements and national standards to ensure CIIP's financial statements and reports accurately reflect its financial position and activities. This involves assessing the integrity of financial management systems through testing of system controls, data accuracy and information security measures to protect financial information from unauthorized access or manipulation. The audit will also include a thorough review of supporting documentation for expenditures to verify legitimacy, appropriateness and compliance with donor agreements and internal policies.

For projects funded through performance-based disbursement mechanisms, the audit will verify tranche-based disbursement compliance by confirming that all conditions for fund release have been met and properly documented. The evaluation of financial disclosure practices will ensure transparency and accuracy in financial reporting to both internal and external stakeholders. The audit will also assess tax compliance and statutory obligations to verify that CIIP fulfills all its obligations under Tajikistan's tax laws and other relevant legislation, thereby mitigating the risk of penalties or reputational damage.

4.2. Performance Audits

4.2.1. Project Implementation Efficiency

Performance audits are designed to evaluate the efficiency and effectiveness of CIIP's operations, with a particular focus on project implementation. The internal audit will conduct a thorough evaluation of project planning and approval processes as outlined in Section 2 of the POM, assessing whether established procedures are followed and whether they effectively support the achievement of project objectives. This includes examining the quality of project designs, the realism of implementation timelines and the adequacy of resource allocations.

Project execution will be assessed against established timelines and milestones to identify delays, bottlenecks, or implementation challenges that may require management attention. The audit will review resource utilization and operational efficiency to determine whether human, financial and material resources are being used optimally to achieve project outcomes. Additionally, the effectiveness of stakeholder coordination and engagement will be evaluated to ensure communication channels are functioning properly and that stakeholder inputs are appropriately incorporated into project activities.

The audit will also assess project monitoring and evaluation systems as described in POM Section 4, verifying that they provide timely and accurate information for decision-making and that they effectively track progress toward project objectives. Finally, the review of adaptation/mitigation knowledge capture and dissemination processes outlined in POM Section 7.4 will ensure lessons learned are systematically documented and shared to improve future project design and implementation.

4.2.2. Organizational Performance

The internal audit will assess CIIP's organizational structure and human resource management to determine whether they support efficient operations and effective project delivery. This includes evaluating the clarity of reporting lines, the appropriateness of staff roles and responsibilities and the effectiveness of performance management systems. The audit will examine coordination between core staff and project implementation units to identify any gaps or overlaps in responsibilities that could affect operational efficiency.

Information management systems and knowledge sharing practices will be reviewed to ensure critical information is captured, stored, and made accessible to those who need it for decision-making and reporting purposes. The audit will assess internal communication and decision-making processes to determine whether they facilitate timely and informed decisions at all levels of the organization. Additionally, the evaluation of CIIP's institutional capacity as a DAE (POM Section 3.1.1) will verify that the organization maintains the necessary capabilities to meet the fiduciary, environmental, social and gender requirements of international climate funds.

4.3. Compliance Audits

4.3.1. Environmental and Social Safeguards

Compliance audits related to environmental and social safeguards are crucial for maintaining CIIP's standing as a DAE. The internal audit will verify ESS screening and risk classification procedures to ensure potential environmental and social risks are properly identified and categorized at the project design

stage. This includes confirming that screening tools are appropriately applied and that risk classifications are consistent with the nature and scale of proposed activities.

The audit will assess the implementation of Environmental and Social Management Plans (ESMPs) to verify that mitigation measures are being executed as planned and are effectively addressing identified risks. This includes site visits to project locations to observe implementation firsthand and interviews with project staff and beneficiaries to gather feedback on the effectiveness of mitigation measures. Stakeholder engagement and consultation processes will be reviewed to confirm that affected communities and other stakeholders are meaningfully consulted throughout the project cycle and that their concerns are addressed in project design and implementation.

The audit will also evaluate the effectiveness of impact mitigation measures by reviewing monitoring data, incident reports and grievance records to determine whether interventions are achieving their intended results. Finally, assessment of monitoring and reporting on environmental and social indicators will verify that CIIP is collecting and reporting the necessary data to demonstrate compliance with ESS requirements and to identify any emerging issues that may require management attention.

4.3.2. Gender and Social Inclusion

The internal audit will verify the implementation of CIIP's Gender Policy across the project cycle, assessing whether gender considerations are integrated into project identification, design, implementation and evaluation. This includes reviewing project documents to confirm that gender analysis has been conducted and that gender-responsive actions are incorporated into project plans. The audit will assess gender-responsive budgeting practices to determine whether financial resources are allocated in a manner that promotes gender equality and women's empowerment.

The collection and analysis of sex-disaggregated data will be reviewed to ensure CIIP can monitor and report on gender-related outcomes and identify any disparities that need to be addressed. The audit will evaluate women's participation in project activities and decision-making to verify that women have equitable opportunities to engage in and benefit from CIIP's projects. Additionally, the assessment of benefits distribution among diverse beneficiary groups will confirm that project benefits reach different segments of the population, including women, youth, persons with disabilities, ethnic minorities and other potentially marginalized groups.

4.3.3. Governance and Legal Compliance

The internal audit will review compliance with CIIP's charter and governance procedures to ensure the organization operates within its mandate and follows established governance practices. This includes verifying that the Board of CIIP and the Committee for Environmental Protection approval processes are followed for decisions requiring their authorization. The audit will assess contract management and legal documentation to confirm that contracts are properly executed, monitored and enforced, and that legal documentation is complete, accurate and securely maintained.

The audit will review permit acquisition and regulatory adherence to verify that CIIP obtains all necessary permits and licenses for its operations and complies with applicable regulations. Additionally,

the evaluation of compliance with donor agreements and national legislation will ensure CIIP fulfills its contractual obligations to funding partners and operates in accordance with Tajikistan's legal framework.

4.4. Risk-Based Audits

4.4.1. Risk Assessment

Risk-based audits focus on identifying and evaluating risks that could impact CIIP's ability to achieve its objectives. The internal audit will review risk identification processes across project portfolios to determine whether potential risks are systematically identified and documented. This includes examining risk registers, risk assessment workshops and other risk identification mechanisms to ensure they are comprehensive and effectively capture emerging risks.

The audit will assess risk categorization and prioritization methods to verify that risks are appropriately classified according to their nature (strategic, operational, financial, compliance) and prioritized based on their potential impact and likelihood. This helps ensure resources are allocated to address the most significant risks. The evaluation of risk analysis techniques will determine whether CIIP's approach to analyzing risks is robust and provides a solid foundation for developing effective mitigation strategies. Additionally, the verification of risk registers and documentation will confirm that risk information is properly recorded, updated and accessible to decision-makers.

4.4.2. Risk Mitigation

The internal audit will assess the implementation of risk mitigation measures to verify that actions identified to address risks are executed as planned and are achieving the desired results. This includes reviewing action plans, implementation reports and follow-up assessments to track progress in risk mitigation. The audit will evaluate the effectiveness of contingency planning by reviewing contingency plans for critical risks and assessing their adequacy, feasibility and state of readiness.

Risk monitoring systems and reporting mechanisms will be reviewed to ensure risk information is regularly updated and communicated to relevant stakeholders, enabling timely responses to changing risk profiles. The audit will verify management responses to identified risks, assessing whether appropriate actions are taken when risks exceed acceptable thresholds. Finally, the assessment of emerging risk identification processes will determine whether CIIP has effective mechanisms to detect and respond to new risks that may arise from changes in the internal or external environment.

5. ROLES AND RESPONSIBILITIES

5.1. Internal Audit Function

CIIP establishes a streamlined internal audit function that reports directly to the Committee of Environmental Protection of the Republic of Tajikistan. Given the organization's size and stage of development, this function initially will consist of a single Internal Audit Officer with appropriate qualifications, supported by external expertise as needed for specialized audits.

The Internal Audit Officer will:

- Maintain independence from operational activities to ensure objectivity;
- Have direct reporting access to the Committee of Environmental Protection of the Republic of Tajikistan/Board to preserve autonomy;
- Be granted appropriate authority to access records, personnel and operations necessary for performing audits;
- Develop and implement a risk-based annual audit plan;
- Conduct basic financial, compliance and operational audits;
- Report findings and recommendations to management and the Committee of Environmental Protection of the Republic of Tajikistan/Board;
- Follow up on implementation of corrective actions;
- Coordinate with external auditors when required.

As CIIP grows and its needs evolve, the internal audit function can be expanded to include additional staff with specialized skills.

5.2. Management Responsibilities

5.2.1. Director and Deputy Director

CIIP's leadership plays a crucial role in establishing and supporting the internal audit function:

- Ensure the internal audit function has sufficient resources and authority;
- Review and approve the annual audit plan;
- Receive audit findings and ensure appropriate responses;
- Support the implementation of audit recommendations;
- Foster a culture that values transparency and continuous improvement;
- Report to the Committee of Environmental Protection of the Republic of Tajikistan/Board on significant audit matters and resolution of findings.

5.2.2. Department Heads and Project Managers

Department Heads and Project Managers play a central role in supporting the internal audit function. As operational leaders, they are responsible for ensuring transparency, facilitating access and implementing improvements based on audit findings. Their proactive engagement is essential for maintaining robust internal controls and fostering a culture of accountability. Operational managers are key partners in the audit process. Their responsibilities include:

- Provide access to information, records and personnel needed for audits;

- Implement corrective actions in response to audit findings;
- Integrate basic risk management practices into operations;
- Ensure staff compliance with policies and procedures;
- Provide feedback to improve the audit process.

5.3. Oversight Function

In the current governance structure of CIIP, CIIP designates a Board member with financial expertise to provide oversight of the internal audit function. This Board member is responsible for the following:

- Review and endorse the annual audit plan to ensure alignment with risk priorities and institutional goals;
- Meet regularly with the Internal Audit Officer to discuss progress, challenges and strategic audit matters;
- Review significant audit findings and monitor management's response;
- Provide updates to the full Board on audit matters emerging risks and internal control improvements.

As CIIP's governance structure matures, a formal Audit Committee may be established with more comprehensive responsibilities.

6. AUDIT PLANNING AND SCHEDULING

6.1. Audit Frequency

The internal audit will establish a balanced approach to audit frequency that ensures comprehensive coverage while respecting CIIP's resource constraints. A comprehensive organization-wide risk assessment will be conducted annually to identify priority areas for audit attention. Key financial processes will be reviewed at least annually to ensure strong financial controls are maintained throughout the organization. Areas identified as high-risk during the annual risk assessment will receive priority attention in the audit schedule.

Follow-up reviews will be conducted six to nine months after significant findings to verify that corrective actions have been implemented effectively. Additionally special reviews may be initiated outside the regular audit schedule at the direction of the Committee of Environmental Protection of the Republic of Tajikistan/Board or management when specific concerns arise or significant changes occur in the organization.

6.2. Annual Audit Plan

6.2.1. Development Process

The annual audit plan will be developed through a straightforward process that begins with the Internal Audit Officer conducting a basic risk assessment. This assessment will include discussions with management and review of key documents to identify areas of potential risk. Based on this assessment

and available resources the Internal Audit Officer will prepare a draft audit plan that prioritizes high-risk areas.

The draft plan will be reviewed by the Director and the designated Board member to ensure alignment with organizational priorities and concerns. After incorporating their feedback the final plan will be presented to the Committee of Environmental Protection of the Republic of Tajikistan/Board for approval. The plan may be updated during the year if significant new risks emerge that require immediate attention or if substantial changes occur in CIIP's operating environment.

6.2.2. Components of the Audit Plan

The annual audit plan will include several key components to guide the audit work throughout the year. It will clearly identify priority audit areas based on the risk assessment to ensure resources are directed at the most critical concerns. For each planned audit the plan will outline specific objectives and scope to provide clarity on what will be examined.

The plan will establish an approximate timeline for each audit to help manage resources and set expectations with auditees. It will identify resource requirements including any need for external expertise for specialized audits beyond the capacity of the Internal Audit Officer. The plan will also include some flexibility to accommodate special requests or emerging issues that may arise during the year.

6.3. Risk-Based Planning

The audit plan will prioritize areas based on several key risk factors to ensure limited audit resources focus on the most significant concerns. Areas with high financial significance and large transaction volumes will receive priority attention due to their potential impact on CIIP's financial position. Operations with greater complexity will be given higher priority as they typically present more opportunities for control weaknesses or inefficiencies.

Areas with previous audit findings or known control weaknesses will be targeted for follow-up to ensure identified issues have been properly addressed. Functions experiencing significant changes in systems personnel or procedures will receive attention as changes often introduce new risks. Donor requirements and compliance considerations will factor into planning decisions as non-compliance could jeopardize funding relationships.

Available resources and timing constraints will be realistically considered in developing the plan to ensure audit commitments can be fulfilled. A simple risk assessment matrix will document the evaluation of risks and prioritization of audit areas making the planning process transparent and defensible.

7. AUDIT EXECUTION AND FIELDWORK

7.1. Data Collection

7.1.1. Methods

The internal audit uses straightforward methods to gather information necessary for thorough and effective audits. The foundation of most audits will be a comprehensive review of relevant policies procedures and documentation to understand the intended processes and controls. This will be complemented by interviews with key personnel to gain insight into how processes actually function in practice and to identify any challenges or concerns.

Direct observation of processes and activities will be used when practical to verify that documented procedures are being followed and to identify any inefficiencies or control gaps. Sample testing of transactions and records will provide evidence of control effectiveness and compliance with established requirements. Analysis of financial and operational data will help identify unusual patterns, trends or anomalies that may indicate areas requiring closer examination.

7.1.2. Access to Information

Effective audits depend on timely access to accurate and complete information. The Internal Audit Officer will have access to all information necessary to conduct thorough audits within the scope of the audit plan. Management will take responsibility for facilitating the timely provision of documents and data to support the audit process.

The Internal Audit Officer will maintain the confidentiality of sensitive information encountered during audits sharing it only with those who have a legitimate need to know. Information requests will be reasonable and focused on the audit objectives to minimize disruption to ongoing operations and avoid unnecessarily broad data collection.

7.2. Testing and Evaluation

7.2.1. Financial Testing

Financial testing will focus on verifying the integrity and reliability of CIIP's financial processes and controls. This will include verification of samples of financial transactions to confirm they are properly authorized, documented and recorded. The audit will review account reconciliations to ensure they are performed regularly and accurately with discrepancies properly investigated and resolved.

Financial data will be analyzed for unusual patterns that might indicate errors inefficiencies or potential misconduct. Key financial controls will be tested to verify they are functioning as designed and offering the intended safeguards. Compliance with financial policies will be verified to ensure consistent application of established procedures across the organization.

7.2.2. Performance Testing

Performance testing will evaluate how effectively CIIP is achieving its objectives and using its resources. This will include comparing actual results with planned objectives to determine whether projects and programs are meeting their intended goals. Process efficiency and effectiveness will be reviewed to identify opportunities for streamlining operations and improving service delivery.

Resource utilization will be assessed to determine whether human financial and material resources are being used optimally and economically. The achievement of project objectives will be evaluated to verify that CIIP is delivering the outcomes expected by stakeholders and funding partners.

7.2.3. Compliance Testing

Compliance testing will verify adherence to the various requirements governing CIIP's operations. This includes verifying adherence to key policies and procedures to ensure they are consistently applied throughout the organization. The audit will confirm compliance with donor requirements to safeguard CIIP's relationships with funding partners.

Implementation of environmental and social safeguards will be assessed to verify that projects are not causing unintended harm to the environment or vulnerable communities. Gender mainstreaming practices will be reviewed to ensure equitable participation and benefit distribution. Anti-corruption and fraud prevention measures will be tested to verify they are effective in deterring and detecting potential misconduct.

7.3. Audit Tools and Techniques

The internal audit will initially use basic tools and techniques appropriate to CIIP's size and complexity. Standard spreadsheets will be used for data analysis enabling the auditor to organize and examine financial and operational information. Sampling worksheets will guide transaction testing ensuring a systematic approach to selecting and evaluating samples.

Simple process maps will help in understanding workflows identifying control points and recognizing potential inefficiencies or risks. Basic risk and control matrices will document the relationship between identified risks and the controls designed to mitigate them. Standard templates will be used for documenting findings ensuring consistency and completeness in audit documentation.

8. REPORTING AND FOLLOW-UP

8.1. Audit Report Structure

8.1.1. Draft Report

Audit reports will be clear and concise to maximize their utility to management and the Committee of Environmental Protection of the Republic of Tajikistan/Board. Each report will begin with a brief executive summary highlighting key findings offering busy decision-makers with an overview of critical issues. The background and objectives section will explain the context and purpose of the audit to establish a common understanding of what was examined and why.

Major findings will be presented with supporting evidence to ensure credibility and facilitate understanding of the issues identified. Practical recommendations for improvement will be offered for each finding, giving management clear guidance on how to address identified concerns. The draft report will include space for management responses to be incorporated later.

8.1.2. Final Report

The final report will incorporate management responses and agreed actions reflecting a collaborative approach to addressing audit findings. It will include implementation timelines and responsible parties establishing clear accountability for follow-up actions. The report will be distributed to appropriate stakeholders ensuring that those with responsibility for governance and operations are informed of audit results.

8.2. Actionable Recommendations

Recommendations provided in audit reports will be designed to add value and support organizational improvement. They will be practical and implementable within CIIP's resource constraints, acknowledging the limitations under which the organization operates. Each recommendation will be clearly linked to the corresponding finding establishing a logical connection between the issue identified and the proposed solution.

Recommendations will be specific about what needs to be done, avoiding vague or general suggestions that could be interpreted differently by different readers. They will be prioritized based on risk and importance helping management focus attention on the most critical issues first. Recommendations will address root causes rather than symptoms to promote sustainable improvements rather than temporary fixes.

8.3. Follow-Up Procedures

8.3.1. Tracking System

A simple tracking system will be maintained to monitor the implementation of audit recommendations. This system will record all audit recommendations offering a comprehensive inventory of issues identified through the audit process. It will document agreed management actions establishing a baseline against which progress can be measured.

The system will track implementation status allowing the Internal Audit Officer to monitor progress and identify any areas where implementation is lagging. Actual implementation dates will be noted enabling the assessment of timeliness and the identification of patterns in implementation effectiveness.

8.3.2. Follow-Up Reviews

For significant findings follow-up reviews will be conducted to verify that agreed actions have been implemented as planned. These reviews will assess the effectiveness of implemented actions determining whether they have successfully addressed the underlying issues identified in the original audit. Outstanding issues will be escalated to senior management if necessary, ensuring that persistent or serious concerns receive appropriate attention.

9. TRAINING AND CAPACITY BUILDING

9.1. Internal Audit Capacity

9.1.1. Core Skills

The effectiveness of the internal audit function depends on the capabilities of the Internal Audit Officer. This individual should possess or develop a basic understanding of audit standards and methodologies offering a foundation for professional and effective audit work. Knowledge of financial management and controls is essential for evaluating CIIP's financial processes and identifying potential weaknesses.

Familiarity with CIIP's operations and donor requirements will enable the auditor to assess compliance with both internal policies and external obligations. Awareness of environmental and social safeguards is necessary for evaluating this critical aspect of CIIP's work as a climate finance entity. Understanding of gender mainstreaming principles will support the assessment of CIIP's efforts to promote gender equality through its projects and operations.

9.1.2. Professional Development

To strengthen the internal audit function CIIP supports the ongoing professional development of the Internal Audit Officer. Access to relevant training opportunities will be provided to enhance technical skills and keep abreast of evolving audit practices. Mentoring from experienced auditors may be arranged to provide guidance and share practical insights.

Participation in professional networks will be encouraged to facilitate knowledge exchange and peer learning. Online resources and self-study materials will be utilized to supplement formal training expanding the auditor's knowledge base in a cost-effective manner.

9.2. Organizational Awareness

9.2.1. Management Understanding

To foster cooperation with the audit process CIIP promotes understanding of the value and purpose of internal audit throughout the organization. Basic orientation on the purpose and value of internal audit will be provided to management helping them understand how the audit function contributes to organizational success. Guidance in responding to audit findings will be available to help managers engage constructively with the audit process.

Information on implementing and documenting corrective actions will be shared to help management effectively address audit recommendations. This focus on organizational awareness will help create a positive audit environment where the internal audit function is viewed as a valuable partner in improving CIIP's operations.

10. TRANSPARENCY AND ACCOUNTABILITY

10.1. Reporting on Audit Activities

10.1.1. Internal Reporting

Audit results will be shared internally with key stakeholders to ensure those with governance and management responsibilities are informed about audit findings and recommendations. The Committee of Environmental Protection of the Republic of Tajikistan/Board and designated oversight member will receive audit reports and updates offering the information needed for effective governance oversight.

The Director and Deputy Director will be kept informed of audit activities and findings to support executive decision-making and prioritization.

Relevant department heads and managers will receive audit reports related to their areas of responsibility ensuring they understand identified issues and recommended actions. Staff responsible for implementing recommendations will be informed about specific actions required of them establishing clear accountability for follow-up.

10.1.2. External Reporting

Summary audit information will be provided to external stakeholders as required by obligations or agreements. Donor organizations will receive information specified in funding agreements demonstrating CIIP's commitment to transparency and accountability. External auditors will be provided with relevant internal audit information to support their work and avoid duplication of effort. Government authorities will receive information required by regulations ensuring compliance with reporting obligations.

10.2. Public Disclosure

In the interest of transparency CIIP makes appropriate information about its internal audit activities available to the public and stakeholders. A summary of internal audit activities will be included in CIIP's annual report demonstrating the organization's commitment to good governance. General information about audit findings and improvements made will be shared with stakeholders, building confidence in CIIP's operations and management.

While promoting transparency CIIP also protects sensitive information that could compromise security privacy or confidentiality if publicly disclosed. This balanced approach will support accountability while respecting legitimate confidentiality needs.

11. CONTINUOUS IMPROVEMENT

11.1. Improving the Audit Function

The internal audit function itself will be subject to ongoing improvement to enhance its effectiveness and value to the organization. Feedback from management on audit processes will be sought to identify opportunities for improvement and address any concerns about audit approaches or methods. Lessons learned from each audit will be documented creating a knowledge base to inform future audit planning and execution.

Audit approaches will be refined based on experience ensuring that methods evolve and improve over time. Simple quality self-assessments will be conducted periodically to evaluate the effectiveness of the internal audit function and identify areas for enhancement.

11.2. Procedure Updates

This Internal Audit Procedure will be maintained as a living document that evolves with CIIP's needs and circumstances. It will be reviewed annually to ensure continued relevance and effectiveness in guiding

the internal audit function. Updates will be made to reflect changes in CIIP's operations and requirements ensuring the procedure remains aligned with organizational realities.

The procedure will be refined based on practical experience with implementation incorporating lessons learned and addressing any implementation challenges identified. Significant changes to the procedure will be approved by the Board ensuring proper governance oversight of this important organizational framework.

11.3. Learning from Audits

To maximize the value of internal audits CIIP use audit results as a source of organizational learning and improvement. Common issues identified across multiple audits will be analyzed to identify systemic problems that may require broader organizational solutions. Preventive measures will be developed for recurring issues shifting the focus from correction to prevention where possible.

Successful practices identified during audits will be shared across departments promoting the adoption of effective approaches throughout the organization. Insights from audits will inform organizational improvements beyond the specific recommendations in audit reports leveraging audit work to drive broader enhancements to CIIP's operations.

12. ESSENTIAL TEMPLATES

12.1. Annual Audit Plan Template

CENTER FOR IMPLEMENTATION OF INVESTMENT PROJECTS (CIIP) ANNUAL INTERNAL AUDIT PLAN FOR [YEAR]

1. INTRODUCTION

This Annual Internal Audit Plan outlines the planned audit activities for the Center for Implementation of Investment Projects (CIIP) for the [YEAR] fiscal year, based on an assessment of key risks and organizational priorities.

2. RISK ASSESSMENT SUMMARY

Priority Risk Areas:

1. [Risk Area 1]
2. [Risk Area 2]
3. [Risk Area 3]

3. PLANNED AUDITS

Audit Area	**Risk Level**	**Key Objectives**	**Timeline**	**Resource Needs**
[Audit Area 1]	**High**	**• [Objective 1]** **• [Objective 2]**	**[Quarter]**	**[X] days**
[Audit Area 2]	**Medium**	**• [Objective 1]** **• [Objective 2]**	**[Quarter]**	**[X] days**
[Audit Area 3]	**High**	**• [Objective 1]** **• [Objective 2]**	**[Quarter]**	**[X] days**
Follow-up Reviews	--	**• Verify implementation of prior recommendations**	**[Quarter]**	**[X] days**

4. RESOURCE SUMMARY

Total Days Required: [X] days External Expertise Needed: [Specify area if applicable] Allowance for Special Requests: [X] days

APPROVAL

Role	Name	Signature	Date
Internal Audit Officer			
Director, CIIP			
Board Representative			

12.2. Audit Report Template

CENTER FOR IMPLEMENTATION OF INVESTMENT PROJECTS (CIIP) INTERNAL AUDIT REPORT

Audit Area: [Insert Audit Area] Report Date: [Date]

1. EXECUTIVE SUMMARY

Audit Objective: [Brief statement of audit objective]

Key Findings: [2-3 bullet points highlighting significant findings]

Overall Conclusion: [Brief statement about the area audited]

2. BACKGROUND AND SCOPE

Background: [Brief context about the audited area]

Scope: [What was included and excluded from the audit]

Methodology: [Brief description of audit approach]

3. FINDINGS AND RECOMMENDATIONS

Finding 1: [Title of Finding]

Issue: [Description of the issue identified]

Risk/Impact: [Potential consequences of the issue]

Recommendation: [Specific suggestion to address the issue]

Management Response: [To be completed by management]

- Action Plan:
- Responsible Person:
- Target Date:

Finding 2: [Title of Finding]

Issue: [Description of the issue identified]

Risk/Impact: [Potential consequences of the issue]

Recommendation: [Specific suggestion to address the issue]

Management Response: [To be completed by management]

- Action Plan:
- Responsible Person:

- Target Date:

4. ACKNOWLEDGMENTS

[Brief acknowledgment of cooperation received]

Distribution:

- Board Representative
- Director, CIIP
- [Other relevant parties]

Prepared by: [Name], Internal Audit Officer

12.3. Recommendation Tracking Template

CENTER FOR IMPLEMENTATION OF INVESTMENT PROJECTS (CIIP) AUDIT RECOMMENDATION TRACKING

Status as of: [Date]

1. SUMMARY OF RECOMMENDATIONS

Status	Number	Percentage
Implemented		
In Progress		
Not Started		
Overdue		
Total		**100%**

2. DETAILED TRACKING

Audit Report	Finding	Recommendation	Priority	Responsible Person	Due Date	Status	Comments

3. VERIFICATION OF IMPLEMENTATION

Audit Reference	Finding Ref.	Recommendation	Verification Method	Verification Date	Verified By	Results	Follow-up Required

APPROVAL

Role	Name	Signature	Date
Internal Audit Officer			
Director, CIIP			