

**Analytical report
on the results of an internal analysis of corruption risks in the activities of the
joint-stock company “e-Finance Center”**

October 31, 2022

Astana

Full name of the object of internal analysis of corruption risks: joint stock company “e-Finance Center” (hereinafter – the Company).

The basis for conducting an internal analysis of corruption risks: The Law of the Republic of Kazakhstan № 410-V dated 18 November 2015 “On combating corruption” (hereinafter – Anti-corruption legislation of the RK), the Standard Rules for Conducting Internal analysis of corruption risks, approved by Order of the Chairman of the Agency of the Republic of Kazakhstan for Civil Service Affairs and Anti-Corruption No. 12 dated October 19 (hereinafter – Standard Rules), Methodological recommendations for conducting an internal analysis of corruption risks, approved by the Chairman of the Agency of the Republic of Kazakhstan for Combating Corruption on April 07, 2021 (hereinafter - Methodological Recommendations) Order of Chairman of the Management Board of the Company No. 218 dated October 03, 2022 “On conducting an internal analysis of corruption risks in the activities of the joint–stock company “e-Finance Center”.

The period of conducting an internal analysis of corruption risks:
October 03 – October 31, 2022

The analyzed period of activity of the object of internal analysis of corruption risks: 2021

In accordance with the requirements of the Anti-corruption legislation of the RK, main principles of conducting internal analysis of corruption risks are legality objectivity and comprehensiveness.

The internal analysis of corruption risks of the Company was carried out in accordance with the Standard Rules for Conducting Internal analysis of corruption risks Methodological Recommendations in the following areas:

- 1) identification of corruption risks in regulatory legal acts affecting the Company's activities and in internal regulatory documents affecting the activities of the Company;
- 2) identification of corruption risks in the organizational and managerial activities of the Company;

The composition of the working group on conducting an internal analysis of corruption risks was approved by the Order of the Chairman of the Management Board of the Company N 218 dated October 03, 2022 “On conducting an internal analysis of corruption risks in the activities of the joint–stock company “e-Finance Center”.

I. Identification of corruption risks in internal regulatory documents affecting the Company's activities.

The Company was established in accordance with the Decree of the Government of the Republic of Kazakhstan No. 248 dated May 05, 2017 “On certain issues of republican ownership” by converting into the joint-stock company “e-Commerce Center”.

In accordance with the Decree of the Government of the Republic of Kazakhstan No. 792 dated November 28, 2018 “On renaming the joint-stock company “e-Commerce Center”, the joint-stock company “e-Commerce Center” was renamed into the joint-stock company “e-Finance Center”.

The Company is a legal entity and carries out its activities in accordance with the Constitution of the Republic of Kazakhstan, the Civil Code of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, other regulatory legal acts of the Republic of Kazakhstan, as well as the Charter and internal regulatory documents of the joint-stock company “e-Finance Center”. The sole shareholder of the Company is the Ministry of Finance of the Republic of Kazakhstan (hereinafter – the MF RK).

The subject of the Company's activities are:

- 1) data placement and processing services;
- 2) web portals.

According to the Charter the Company carries out the following types of activities:

- 1) development, implementation, maintenance and system support of the web portal of public procurement and other information systems in the field of public finance;
- 2) implementation of project management functions for the creation, implementation, maintenance and system technical support of the web portal of public procurement and other information systems in the field of public finance. At the same time, the condition for the implementation of the project management function for the creation of information systems in the field of public finance until January 01, 2020;
- 3) provision of services on a gratuitous basis to subjects of public procurement for the use of the public procurement web portal;
- 4) provision of free of charge consulting assistance to subjects of the public procurement system on the functioning of the public procurement web portal;
- 5) ensuring information security of storage of electronic information resources of subjects of the public procurement system posted on the public procurement web portal;
- 6) implementation of the information content of the public procurement web portal in accordance with the rules of public procurement;
- 7) interaction with authorized entities on the integration of information systems of state bodies, state electronic information resources and ensuring information security;
- 8) implementation and maintenance of the database of prices for goods, works, services with the introduction of the directory;
- 9) software supply as part of the implementation of the development, implementation, maintenance of information systems;

- 10) free of charge participation in the development of technical regulations, state and industry standards in the field of informatization;
- 11) development of training programs, organization and conduct of training, including the organization, if necessary, of seminars, conferences and courses, retraining and advanced training of specialists in the field of electronic public procurement by order of central and local executive bodies, subjects of the quasi-public sector, provided that competition in the relevant commodity market is not restricted;
- 12) implementation of information and technical support for state bodies in the implementation of accounting of state property on a gratuitous basis;
- 13) expert and analytical assessment of data in the field of public finance for the Ministry of Finance of the Republic of Kazakhstan and its structural divisions (organizations);
- 14) development of specialized responses and methodological recommendations for the Ministry of Finance of the Republic of Kazakhstan and its structural divisions (organizations);
- 15) implementation of the development of technical documentation, with the exception of operational documentation, for the creation and development of information systems of state bodies in the field of the budget process;
- 16) implementation of system and technical support and maintenance of information systems of state bodies in the field of budget process;
- 17) implementation of project management for the creation, development, system and technical support and maintenance of information systems of government agencies in the field of the budget process;
- 18) providing consulting assistance to subjects of information systems of state bodies in the field of the budget process;
- 19) ensuring compliance of information security of information systems of state bodies in the field of budget process with the requirements of the legislation of the Republic of Kazakhstan on informatization.

During the internal analysis of corruption risks regulatory legal acts, internal regulatory documents affecting the Company's activities and its structural divisions were studied. According to the results of the analysis of discretionary powers and provisions that contribute to the commission of corruption offenses have not been identified.

It is recommended:

To update internal regulatory documents affecting the Company's activities at least once a year.

II. Identification of corruption risks in the organizational and managerial activities of the Company.

1. Personnel management, including staff turnover.

The procedure for selecting employees to fill vacant positions in the Company is carried out in accordance with the Rules for the selection and Adaptation of Employees of the joint-stock company “e-Finance Center” (hereinafter - the Rules), approved by the decision of the Company's Management Board dated March 15, 2021 (Record No. 8) and amendments approved by the decision of the Company's

Management Board dated May 14, 2021 (Record No.18). The search for candidates for vacant positions is carried out by employees of the structural unit responsible for personnel issues of the Company on the basis of an application for recruitment with the setting of tasks for the probation period, indicating the requirements for knowledge, professional skills, experience and tasks assigned to the candidate for the probation period, agreed in the electronic document management system. An employee of the structural unit responsible for personnel issues forms an announcement about a vacancy on available Internet sites, on websites <https://www.enbek.kz/> and <https://hh.kz/>. The selection of candidates is carried out in accordance with paragraph 11 of the Rules. Recruitment is carried out in accordance with paragraph 14 of the Rules. Also, there is an internal search and selection of candidates, by transferring an employee from another and (or) this structural unit. The qualification requirements for candidates are set out in the job descriptions of positions approved by the order of the Chairman of the Management Board of the Company or the person performing his/her duties. According to paragraph 3 of Article 32 of the Labor Code of the Republic of Kazakhstan (hereinafter – the LC RK), candidates for employment submit a certificate of the presence or absence of information about the commission of a corruption crime. At the same time, in accordance with the anti-corruption legislation of the Republic of Kazakhstan, employees of the Company authorized to perform administrative-business and (or) organizational command functions, as well as authorized to make decisions on the organization and conduct of purchases, including state ones, assume anti-corruption restrictions. All documents related to the Company's employees are formed into personal files and stored in iron cabinets, and only employees of the structural unit responsible for personnel issues have access to them.

Transfers of employees to higher positions are carried out on the basis of the initiator's memo, with the consent of employees in compliance with the requirements of Articles 33 and 38 of the LC RK. It is mandatory to check the candidate's compliance with the qualification requirements set out in the job description.

If a candidate for a position does not have a specialized education, but has knowledge, skills and practical experience in the field of activity for five or more years, can perform the duties assigned to him qualitatively and in full, on the recommendation of the commission, such a candidate is appointed to the appropriate position, as well as persons, having special training and work experience, in accordance with the Qualification Directory of positions of managers, specialists and other employees, approved by the Order of the Minister of Labor and Social Protection of the Republic of Kazakhstan No. 553 dated December 30, 2020.

The full-time staff number of the Company for the period from January to December 2021 was 433 in accordance with the organizational structures of the Company approved by the decisions of the Board of Directors of the Company dated November 03, 2020 (Record No. 10) and December 02, 2021 (Record No. 15), respectively. The number of administrative and managerial personnel is 57 units, production personnel is 376 units, and freelance workers are 5 people. As of December 31, 2021, the quantitative composition of the Company's Management Board consisted of 5 people - Chairman of the Management Board, Deputy Chairman of the Management Board for Production (member of the Management Board), Deputy Chairman of the Management Board (member of the Management

Board), Technical Director (member of the Management Board), Managing Director (member of the Management Board). There were no staff reductions in 2021.

An analysis of the Company's personnel showed that during the period from January 1 to December 31, 2021, 66 employees were employed by the Company, 90 employees were dismissed. The main reasons for the dismissal of employees were the following: by agreement of the parties, on the initiative of an employee. There are no dismissed employees for negative and disciplinary reasons.

For the period from January 01 to December 31, 2021, 73 orders on personnel transfer and relocation were registered. In accordance with section 8 of the Internal Labor Regulations of joint-stock company “e-Finance Center”, approved by the decision of the Company's Management Board dated September 20, 2019 (Record No. 16) with amendments No. 1 approved by the decision of the Company's Management Board dated February 26, 2021 (Record No. 6), disciplinary penalties were imposed on 7 employees of the Company in 2021 for non-compliance with the requirements of job descriptions and internal regulatory documents of the Company. Disciplinary penalties were prematurely lifted from 4 employees.

The remuneration system is approved by the decision of the Board of Directors of the Company dated January 29, 2019 (Record No. 1), changes to the Remuneration System were introduced in 2021, in terms of setting the maximum amount of the annual bonus based on the results of performance evaluation for the reporting period for the Company's senior employees, approved by the decision of the Board of Directors of the Company dated August 04, 2021 (Record No. 10).

In order to further improve the skills of the Company's employees, the order of the Chairman of the Management Board No. 2 dated January 06, 2021 “On approval of the Training and Advanced Training Plan for Employees of JSC “e-Finance Center” for 2021” was approved. During the analyzed period, 304 employees of the Company were trained and advanced, including 83 administrative and managerial personnel and 221 production personnel.

60 employees of the Company were awarded by the Ministry of Finance of the Republic of Kazakhstan with letters of thanks, certificates of honor, the badge “Karzhi kazmetinin uzdigi”, dedicated to the Day of the National Currency of the Republic of Kazakhstan, the jubilee medal “Kazakhstan Republikasynyng Tauelsizdigine 30 zhyl” and “100 let MF RK”.

The Company's management ensures all social guarantees provided for by the legislation of the Republic of Kazakhstan.

According to the results of monitoring of publications in the mass media, resonant and defamatory publications against the Company's employees were not revealed. There were no appeals from individuals and legal entities regarding the corrupt actions of the Company's employees.

There is no disciplinary action against employees for corruption offenses in 2021, and the commission of criminal and administrative corruption offenses by employees of the Company has been revealed.

It is recommended to:

1. To set a time limit in accordance with the Labor Code of the Republic of Kazakhstan when imposing disciplinary penalties. The facts of premature cancelling disciplinary penalties negate the preventive purpose of punishment.

2. Conflict of interest settlement.

The settlement of conflicts of interest in the Company is carried out in accordance with the Law of the Republic of Kazakhstan No 415-P dated May 13, 2003 “On Joint Stock Companies”, the Corporate Governance Code of the joint-stock company “e-Finance Center”, approved by the decision of the Sole Shareholder – by Order of the First Vice Minister of Finance of the Republic of Kazakhstan N1257 dated November 13, 2019, the Code of Business Ethics of the joint-stock company “e-Finance Center”, approved by the decision of the Board of Directors of the Company dated June 28, 2019 (Record No. 7).

During the internal analysis in the Company for the period 2021, no conflicts of interest were identified.

The facts of affiliation during the public procurement procedure and the occupation of vacant positions directly subordinate to the position held by close relatives (parents (parent), children, adoptive parents (adoptive parents), adopted (adopted), full- and half-siblings, grandfathers, grandmothers, grandchildren) or spouse have not been revealed.

The development of corporate culture issues and effective interaction with stakeholders is carried out through the application of business conduct practices and regulated by the Company's Code of Business Ethics and the Corporate Governance Code.

All employees of the Company are required to familiarize themselves with the internal regulatory documents of the Company confirming this by signature.

After the conclusion of the employment contract, an employee of the structural unit responsible for personnel issues, no later than 3 (three) working days, introduces the accepted employee to the internal regulatory documents of the Company.

Corruption risks in personnel management, facts of conflict of interest, as well as violations of accepted anti-corruption restrictions and prohibitions have not been revealed.

The Company's internal regulatory documents sufficiently regulate the issues of planning, competitive selection and placement of personnel, staff training and development, creation and development of a professional personnel reserve, implementation of a system of motivation and efficiency improvement, efficiency management, employee motivation, implementation of corporate governance practices and formation of corporate culture.

It is recommended:

To develop a Policy for identifying and resolving the conflict of interests of the Company, in accordance with the anti-corruption legislation of the Republic of Kazakhstan.

3. Carrying out public procurement.

When carrying out public procurement, the Company is guided by the following regulatory legal acts of the Republic of Kazakhstan and internal regulatory documents of the Company:

- 1) The Law of the Republic of Kazakhstan No 434-V dated December 4, 2015 “On Public Procurement”;

2) Resolution of the Government of the Republic of Kazakhstan No. 1181 dated December 31, 2015 “On Approval of the List of certain types of goods, works, services purchased from public associations of disabled people of the Republic of Kazakhstan and organizations established by Public Associations of disabled people of the Republic of Kazakhstan, producing and (or) supplying goods, performing works, providing services, and invalidation of certain decisions of the Government of the Republic of Kazakhstan”;

3) Resolution of the Government of the Republic of Kazakhstan No. 1200 dated December 31, 2015 “On approval of the Rules for public procurement using a special procedure”;

4) Resolution of the Government of the Republic of Kazakhstan No. 127 dated March 20, 2020 “On the definition of a special procedure for public procurement” (valid until December 31, 2020 inclusive);

5) Order of the Minister of Finance of the Republic of Kazakhstan No. 598 dated November 30, 2015 “On approval of the Rules for conducting desk control”;

6) Order of the Minister of Finance of the Republic of Kazakhstan No. 648 dated December 11, 2015 “On approval of the Rules for public procurement”;

7) Order of the Minister of Finance of the Republic of Kazakhstan No. 677 dated December 23, 2015 “On approval of the List of goods, works, services of daily and (or) weekly needs for the period until the results of public procurement are summed up by means of a tender or auction and the entry into force of the public procurement agreement”;

8) Order of the Minister of Finance of the Republic of Kazakhstan No. 692 dated December 28, 2015 “On approval of the Rules for the Use of the Public Procurement Web Portal”;

9) Order of the Minister of Finance of the Republic of Kazakhstan No. 694 dated December 28, 2015 “On approval of the Rules for the formation and maintenance of registers in the field of public procurement”;

10) Order of the Minister of Finance of the Republic of Kazakhstan No. 231 dated April 10, 2017 “On approval of the List of types of goods, works, services, public procurement of which is carried out in accordance with standard tender documents (auction documents)”;

11) Order of the Minister of Finance of the Republic of Kazakhstan No. 1127 dated December 29, 2018 “On determining the lists of goods, works, services for which public procurement is carried out by unified organizers of public procurement”;

12) Order of the First Deputy Prime Minister of the Republic of Kazakhstan-Ministry of Finance of the Republic of Kazakhstan No. 159 dated March 1, 2019 “On approval of the list of goods, works, services for which division into lots by their homogeneous types and at the place of their delivery (execution, provision) is not required”;

13) Order of the First Deputy Prime Minister of the Republic of Kazakhstan - Minister of Finance of the Republic of Kazakhstan No. 521 dated May 31, 2019 “On approval of the list of goods, works, services for which public procurement is carried out by means of a tender with preliminary qualification selection”;

14) Instructions on the organization of public procurement of goods, works, and services of the joint-stock company “e-Finance Center”, approved by the

decision of the Management Board of the Company dated September 20, 2019 (Record No. 16).

An analysis of the carrying out public procurement in 2021 showed that in accordance with the Law of the Republic of Kazakhstan “On Public Procurement”, the Company carried out public procurement in the amount of 7,280,690.2 thousand tenge during the reporting period, out of which by:

- open tender – 105, in the amount of 5,263,501.7 thousand tenge;
- request for price proposals – 93, in the amount of 38,647.5 thousand tenge;
- competition with pre-qualification selection – 5, in the amount of 100,996.9 thousand tenge;
- from one source by direct conclusion of a contract – 170, in the amount of 1,460,502.6 thousand tenge;
- from one source for failed purchases – 16, in the amount of 417,041.5 thousand tenge

The reasons for the failed purchases were the low purchase price and high qualification requirements. The number of cancelled purchases is 0, the number of court proceedings with suppliers is 10, the reasons for which are improper fulfillment of contractual obligations.

Thus, the analysis of the implementation of public procurement of goods, works, and services of the Company showed that, in general, there are no corruption risks in public procurement due to the fact that public procurement of the Company is regulated by regulatory acts of the Republic of Kazakhstan and internal regulatory documents of the Company, as well as public procurement of the Company is conducted through the web portal of public procurement in electronic form, excluding any contacts with a supplier. The exclusively electronic format of concluding contracts made it possible to generate complete and reliable information on purchased goods, works, services on the web portal and determine their average purchase prices. The introduction of electronic contracts and a number of other standards aimed at simplifying and transparency of public procurement have made it possible to minimize corruption risks.

During 2021, there were no facts of revision or cancellation of purchases based on the results of in-house control by the state audit bodies.

There were no inspections of the Company by the state audit and financial control bodies in 2021.

III. Other issues arising from organizational and managerial activities.

In accordance with the decision of the Board of Directors of the Company dated December 02, 2021 (Record No. 15), a staff unit “compliance manager” was introduced into the organizational structure of the Company, accountable to the Board of Directors of the Company. The staff unit of the compliance manager was introduced into the structure of the Company due to the changes and additions made to paragraph 3 of Article 16 of the anti-corruption legislation of the Republic of Kazakhstan. *In the subjects of the quasi-public sector, structural units are defined that perform the functions of anti-corruption compliance services, the main task of*

them is to ensure compliance by the relevant organization and its employees with the legislation of the Republic of Kazakhstan on combating corruption.

The anti-corruption compliance service exercises its powers independently of the executive body, officials of a quasi-public sector entity, is accountable to the board of directors, the supervisory board (if any) or one independent management body and is independent in ensuring compliance with the requirements of the legislation of the Republic of Kazakhstan on combating corruption. The competence, organization and procedure of the anti-corruption compliance service is determined by an internal act of a quasi-public sector entity.

It is recommended:

1. To develop and approve the Company's internal regulatory documents in the field of combating corruption, in accordance with the anti-corruption legislation of the Republic of Kazakhstan.
2. To consider the implementation of the international standard ISO 37001 or ST RK 3049-2017 in the Company.
3. To confirm compliance with ISO 37001 or ST RK 3049-2017.

Based on the results of an internal analysis of corruption risks in the Company's activities, it was **DECIDED:**

1. To submit the Analytical report to the Chairman of the Management Board of the Company for consideration.
2. To post the results of the internal analysis of corruption risks in the Company's activities on Company's corporate Internet resource, taking into account the provision of official, commercial or other secrets protected by the legislation of the Republic of Kazakhstan.

**Deputy Chairman of the
Management Board**

M. Kaliakparov

**Compliance Manager,
Head of the working group**

S. Shayakhmetova

Members of the working group:

Internal Auditor

B. Murziyev

Risk manager

G. Bekzhanova

Deputy Director
of the Department of information,
internal security and testing

Ye. Medeuov

Director of the
Accounting and finance department

A. Nysanbekova

Director of the
Legal department

B. Kulbuldin

Director of the
Personnel management department

Yu. Zipina