



Member of Accounts
Committee Imanzhussup
Akpombayev



SAls' approaches to the ISSAI
implementation challenges:
Kazakhstan's experience

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Methods of ISSAI' implementation

- an “overnight” implementation
- implementation in stages

These methods are related to the readiness and features of public audit system and national public administration.

Challenges

- Implementation and using international standards are the systematic and constant work. While doing it SAI is facing following challenges:
- reluctance of SAI and national legislation;
- complexity of standards' structure and content;
- frequency and volume of changes and amendments to the standards;

Challenges

- implementation of new audit instruments and difficulty of its' determining (audit risk, level of materiality, sampling);
- expensive updates and changes of audit operational system;
- potential deficit of knowledge and skills of who should apply standards;
- changes of public auditors' mindset;
- gap of professional staff on implementation standards and change management

Kazakhstan experience on ISSAI' implementation

❖ 2013

Conception on implementation of public audit in accordance with ISSAI defines stages (step –by- step) of transition process .

- establishing an optimal public audit structure;
- creation of an unified public audit certification system;
- building an integrated database

❖ 2015

Adoption of the Law on “Public audit and financial control” which determines public audit system and establishes principles, powers of public audit according to ISSAI.

Stages of transition to ISSAI

- drafting legislation and its continuous improvement;
- developing methodology on conducting public audit according to ISSAI;
- establishing of the well- balanced public audit structure (external and internal audit co-operation) ;
- creation of a public auditors' training, re-training system in accordance with the world best practice;
- building an integrated database of public audit outcomes;
- establishing public audit certification purposed to a proven knowledge and qualification of public auditors

The most significant new powers of Accounts Committee

- Audit of consolidated financial statement;
- Audit of implementation of strategies of development and plans of development of national managing holdings, national holdings, national companies in which the state is a shareholder;
- ensure the development and functioning of an unified database for public audit and financial control with the purpose of information exchange with agencies for state control and surveillance, other state agencies, entities under public audit and agencies conducting electronic public audit and approve rules for creating and managing a unified database for public audit and financial control and using its data;
- coordinate the risk management system of the authorized agency for internal state audit and internal audit services that are part of the system of agencies for public audit and financial control;
- conduct evaluation of performance of agencies for public audit and financial control.

Methodology on public audit in Kazakhstan

- Since transition to ISSAI was determined as step-by step the methodology on public audit in Kazakhstan has been developed according to ISSAI, taking in account features of national public administration system.
- During 2 years more than 50 documents (rules, standards, handbooks) have been developed.
- Law on public audit and financial control establishes the standards' system:
 - general standards
 - procedure standards
 - handbooks for different types of audit

Novelty of legislation on public audit

Specialized audit of the quasi-state sector' entities:

public audit recourses are not enough to conduct complete audit of numerous entities which shares government owned. Therefore the competences on compliance audit and performance audit in this area were transferred to the audit companies.

Public auditor Certification System

Professionalization of public auditors includes academic education, improving level of qualification through training and re-training of public auditors.

Implementation of requirements the levels of qualification, certification of public auditors and continuous process of professional development of SAI staff.

System of public auditors qualification in Kazakhstan

- Academic level: in higher education institution the specialty “Public Audit” for master and PhD programs has been opened.
- Professional level: unique system of national certification integrated to the international certification institutions which includes external and internal public auditors .

Conclusion

- ❖ *The transition to public audit according to the international standards is considered as important condition of effective public management, crucial duty of providing for the growth of public well-being and nations' prosperity.*
- ❖ *The lessons learned from the public audit reforming are:*
 - *ISSAI implementation is complex and continuous process*
 - *clear assessment of current public audit system needed*
 - *facing challenges in ISSAI implementation requires more recourses in preparation stage and high quality control - in implementation process*
 - *professional staff which can change their mindset is important*



Kazakhstan SAI

Thank you!