Introduction. This article presents the importance of the public sector audit activity to effective governance and defines the key elements needed to maximize the value the public sector audit activity provides to all levels of the public sector. Its purpose is to encourage readers to reflect on the public sector audit activities that now serve their jurisdictions and evaluate how those audit activities can be supported to fulfill their highest role in the governance of public sector entities most effectively.

Objective. The subjects of the quasi-public sector in the Republic of Kazakhstan include state-owned enterprises, limited liability partnerships, joint-stock companies, including national holdings, national companies of which the state is a participant or shareholder, as well as subsidiaries, dependent and other legal entities affiliated with them in compliance with the legislative acts of the Republic of Kazakhstan.

The organization of the audit of a quasi-public sector entity is determined in order to establish basic principles and requirements for the audited organization based on International Auditing Standards.

The audited organization is a Kazakhstani hydrocarbon exploration, production, processing and transportation operator, representing the interests of the state in the oil and gas industry of Kazakhstan - the joint-stock company National Company KazMunayGas. In carrying out its activities, the audit organization seeks to comply with International Standards on Auditing. One of the main principles of the work of auditors is independence and objectivity. The activities of auditors are evaluated according to the results of each project by the head of the audit engagement. In conclusion, the management of the audit organization summarizes and analyzes information to improve work efficiency and improve the audit planning process.

Keywords: quasi-public sector, organization of an audit, International Auditing Standards, main principles of audit, audit organization.

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and transportation operator representing the interests of the state in the oil and gas industry of Kazakhstan - National Company KazMunayGas (hereinafter - KMG). The founder of KMG is the Government of the Republic of Kazakhstan represented by the Committee on State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan. KMG shareholders are the National Welfare Fund Samruk-Kazyna (90%) and the National Bank of the Republic of Kazakhstan (10% + 1 share).

Figure 1 shows KMG’s sales market.

![Figure 1 - Sales market of the KMG goods sold](image)

In 2019, KMG produced 23.6 million tons of oil and 8.3 million cubic meters of gas condensate. KMG's portfolio of exploration projects includes 23 projects (joint and own), of which 14 are implemented on land, 9 on the sea. As a national company, KMG has a pre-emptive right of subsoil use in strategic subsoil blocks, and also receives a 50% share in the preparation of new contracts for the development of offshore deposits.

In carrying out its activities, the audit organization seeks to comply with standards. The auditors, in the performance of their duties, identify areas and processes of internal audit that can be improved or also brought into line with standards [1].

One of the main principles of the work of auditors is independence and objectivity. The independence of auditors in the implementation of their tasks and functions is ensured by the appropriate organizational status, which provides for accountability to the Accounts Committee and their direct supervision of the activities of auditors [2].

Auditors should be independent of the influence of third parties in the performance of the tasks and functions assigned to them, in order to properly fulfill them and ensure objective and impartial judgments. The criteria for the independence of auditors is independence in the preparation of the audit plan, the choice of audit methods and procedures, the amount of work to achieve the goal and reflecting audit reports.

In order to comply with the principles of objectivity and impartiality in the process of performing their functions, auditors should not be involved in any activities that may subsequently be audited and audit of the activities or functions performed by them during the period that is audited [3].

During the audit, the audit manager constantly monitors the implementation of measures taken to ensure the quality of work. Activities are designed to ensure the quality of work and confidence that the activities of the audit organization are carried out in accordance with the audit plan [2]. The annual audit plan of the centralized internal audit service of KMG for 2020 is shown in Table 1.

The audit director monitors the overall effectiveness of measures to ensure the quality of work. The specified process includes external evaluation and independent control. An external assessment of the audit quality review is carried out in accordance with international audit standards and its results are brought to the attention of the Accounts Committee.

Also, the head of the audit, to monitor the overall effectiveness of measures to ensure the quality of work throughout the process of fulfilling the audit engagement in order to ensure the planned and high-quality fulfillment of the objectives of the engagement.

The quality control system for the work of internal auditors is based on standard procedures and policies, as well as on the professional opinion of the audit director, which includes the information reflected in Figure 2.
The system of quality control of the work of auditors also facilitates the receipt by the audit manager of the necessary information for further planning the professional training of auditors, in order to improve the quality of work and for more efficient use of the professional qualities of auditors in the planning and implementation of audit tasks [4].

Planning for audit activities begins with the preparation of an audit plan. The audit manager

<table>
<thead>
<tr>
<th>№</th>
<th>Name of the audit engagement</th>
<th>Risk rating</th>
<th>Timing of the audit engagement</th>
<th>Objectives of the audit engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial audit</td>
<td>High</td>
<td>31.03.2021</td>
<td>checking exclusively financial (accounting) statements to assess the degree of their reliability</td>
</tr>
<tr>
<td>2</td>
<td>Operational audit</td>
<td>High</td>
<td>31.03.2021</td>
<td>verification of procedures and methods of enterprise functioning in order to assess the effectiveness of activities. For example, checking the implementation of business plans, target programs, staff performance, etc.</td>
</tr>
<tr>
<td>3</td>
<td>Audit for compliance with legislation</td>
<td>High</td>
<td>31.03.2021</td>
<td>tax audit - checking for compliance with tax legislation</td>
</tr>
<tr>
<td>4</td>
<td>Compliance audit</td>
<td>Average</td>
<td>31.03.2021</td>
<td>analysis of specific financial or business activities to determine whether they comply with prescribed conditions, rules or laws</td>
</tr>
<tr>
<td>5</td>
<td>Price audit</td>
<td>Average</td>
<td>31.03.2021</td>
<td>checking the validity of setting a price for a product, work, service</td>
</tr>
</tbody>
</table>

Table 1

Figure 2 – A professional opinion of the auditor
must effectively manage the audit process in order to ensure the maximum usefulness of the audit for KMG.

In order to increase the effectiveness of the audit, specialized audit software is used. Also, for audit activities, integration with a single software in the field of risk management and corporate-wide software is carried out.

The preliminary procedure prior to the development of the audit plan is the analysis of the risk register and risk map. The risk register is analyzed for completeness and, if necessary, supplemented by the risks identified by the auditors as a result of previous audits to form a set of risks. Then it is necessary to determine the relationship of each of the risks with the approved strategic goals of KMG. As a result of the analysis of the set of risks, it is necessary to compile / update the audit set based on the functions and operations of all structural units of KMG, the degree and nature of risks of business processes, including the support of projects carried out by subsidiaries, and, if necessary, dependent and jointly controlled organizations of KMG. Also, when compiling / updating the audit set, the structure of KMG’s assets is taken into account, including the acquisition or disposal of interests in subsidiaries, dependent and jointly controlled entities of KMG [5].

Auditors may conduct audits of business processes not covered by the audit set, based on the degree and nature of the risks of such business processes [3].

After determining the audit set to be audited, the auditors evaluate the importance of each area in terms of the tasks set, and determine the areas that should be covered by the audit plan. At the same time, the emphasis is placed on those business processes and areas of activity of KMG with which the highest risks are associated, and / or those in which the internal control systems are the most unreliable.

Thus, the basis for the development of the audit plan is a set of risks, the preparation of which is ensured by the management of KMG, which is responsible for the effectiveness of risk management and internal control, and the audit team compiled by internal auditors. The audit organization, in turn, conducts an independent risk assessment in order to ensure the identification of new risks and / or the possible reassessment of existing risks. The auditors check

Figure 3 - Information needed to determine the scope of the audit
the assessment of the key risks faced by KMG, as well as coordinate with the risk management function by preparing recommendations based on the performed audit assignments and the information provided [6].

The head of the audit ensures that the audit plan is prepared taking into account the audit resources for the implementation of the plan, including the calculation of the time spent on the audit and the time required to improve the qualifications of the internal auditors.

To determine the required scope of the audit plan, auditors take into account the following information in Figure 3.

In preparing the audit plan, auditors pay attention to one of the important tasks related to the assessment and issuance of relevant recommendations aimed at improving the corporate governance process with respect to achieving the following goals:

- effective provision of information on risk and control issues of the relevant bodies and units of KMG;
- effective coordination of activities and information exchange between the Board of Directors, the executive body of KMG and internal auditors [4].

Thus, the audit plan is based on a risk assessment. In order to effectively use the audit resources, in case of significant changes in the audited business processes, restructuring of the subject of the audit, changes in the organizational structure of the audit object, etc., the order and sequence of audits approved in the audit plan may be reviewed by the head of the audit in agreement with Counting Committee. The audit manager periodically reviews the audit plan to determine the need to make, in the prescribed manner, changes and additions as a result of identifying new risks and / or reassessing existing risks, as well as including new tasks of the Accounts Committee [7].

The next step in organizing an audit is to draw up an audit program. Under the guidance of the head of the audit engagement, the auditors draw up and document the audit program that

<table>
<thead>
<tr>
<th>№</th>
<th>Business process risk description</th>
<th>Audit procedures</th>
<th>Method and sample size</th>
<th>Number of man-hours</th>
<th>Working documentation</th>
<th>Responsible auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inefficiency of corporate governance and internal control</td>
<td>inspection; observation; the confirmation</td>
<td>expert review</td>
<td>152 hours</td>
<td>Internal audit regulation</td>
<td>Ivanov A.</td>
</tr>
<tr>
<td>2</td>
<td>Wrong emphasis in the ranking of competencies</td>
<td>inspection; observation; the confirmation; re-conducting;</td>
<td>expert review</td>
<td>152 hours</td>
<td>Internal audit regulation</td>
<td>Ivanov A.</td>
</tr>
<tr>
<td>3</td>
<td>The use of modern technologies does not fully meet the needs of the business</td>
<td>observation; the confirmation; analytical procedures;</td>
<td>expert review</td>
<td>152 hours</td>
<td>Internal audit regulation</td>
<td>Ivanov A.</td>
</tr>
<tr>
<td>4</td>
<td>Vague management tasks</td>
<td>request; inspection; observation; the confirmation;</td>
<td>expert review</td>
<td>152 hours</td>
<td>Internal audit regulation</td>
<td>Ivanov A.</td>
</tr>
</tbody>
</table>
determines the nature, timing, scope of the planned audit procedures and the distribution of work between the auditors necessary to achieve the objectives of the engagement, based on the results of the risk assessment. The audit program is a set of instructions for the auditor conducting the audit, as well as a means of monitoring and verifying the proper performance of the work and ensures the effectiveness of the audit (Table 2).

The audit program is correlated with the calculation of the time spent on the audit, which is a rough estimate of the resources needed to complete the audit engagement. The indicated resources mainly include the time spent by the auditors on the preparation of all stages of the audit process: planning, implementation of the audit assignment, preparation of the report, and final procedures.

The head of the audit engagement ensures the following procedures in the preparation of the audit program:
- determination of the characteristic of audit evidence necessary to obtain conclusions on the results of the audit;
- determination of the procedures necessary for the collection of audit information;
- identification of priority actions and procedures in order to ensure the initial implementation of the most important and essential of them [8].

The audit program may be revised and revised as necessary during the execution of the audit engagement and allow the use of new audit procedures, since the auditor plans his work continuously throughout the duration of the engagement, due to changing circumstances or unexpected results obtained during the execution audit procedures. Significant changes to the audit program are documented. The audit program drawn up by the auditor is agreed upon by the audit director [9].

If necessary, the duration of the audit engagement may be extended by the audit manager, based on the memo of the audit engagement manager [10].

Also, when organizing an audit, it is necessary to determine the resources for performing the audit engagement.

The head of the audit engagement determines the resources necessary to achieve the objectives of the engagement. The composition of the audit team is determined based on the nature and degree of complexity of the audit engagement, time limits and the availability of actual resources. When planning, conducting and completing an audit, the head of the audit engagement monitors the project budget (Table 3).

<table>
<thead>
<tr>
<th>№</th>
<th>Audit object name</th>
<th>Content of recommendations</th>
<th>Deadline for elimination / implementation</th>
<th>Responsible person of the audited entity</th>
<th>Execution status (completed, not completed, in progress)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inefficiency of corporate governance and internal control</td>
<td>develop a company’s strategy for the near future and oversee the activities of the company’s top management</td>
<td>30.06.2021</td>
<td>Ivanov A.</td>
<td>not completed, in progress</td>
</tr>
<tr>
<td>2</td>
<td>The use of modern technologies does not fully meet the needs of the business</td>
<td>Improve the qualifications of employees, conduct training</td>
<td>30.06.2021</td>
<td>Ivanov A.</td>
<td>not completed, in progress</td>
</tr>
</tbody>
</table>
Conclusion. Thus, having decided all the organizational aspects of the audit, the auditor proceeds with the audit engagement, which includes: assessment of the internal control system; analysis of audit findings; preparation of working documentation; preparation of an audit report.

The activities of auditors are evaluated by the results of each project by the head of the audit engagement. In conclusion, the management of the audit organization summarizes and analyzes information to improve work efficiency and improve the audit planning process.

Because public sector auditing is key to good public governance, it is crucial that it maintain the right resources for the right amount of time with an appropriately broad mandate to achieve the organization’s governance objectives. The public sector audit activity’s mandate should be sufficiently broad to enable it to respond to the full scope of the entity’s activities. Although auditors may be able to add value to any segment of the organization for which they can provide independent, objective assurance at a minimum, every public sector entity requires some form of independent audit activity that has authority to evaluate the full range of public sector activities.

Full audit coverage is frequently provided by complementary external and internal audit entities. However, in some smaller public sector entities, one audit entity alone, or an entity that is a hybrid of internal and external audit characteristics, may be appropriate.

Ultimately, public sector auditing strengthens public by providing for accountability and protecting the core values of the public sector governance entity, ensuring managers and officials conduct the public’s business transparently, fairly, and honestly, as well as with equity and integrity. Elected and appointed officials at all levels of the public sector should support effective audit activities by establishing independent audit functions that meet all of the key elements.

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Квазимемлекеттік сектор субъектісі аудитінің процессі және аудитті ұйымдастыру маселелері

**Аннотация.** Макалаңда мемлекеттік кәсіпорындар немесе кәсіпорының қызметінде мемлекет қатысушысы болатын Қазақстан Республикасының квазимемлекеттік сектор субъектілерінің аудиті ұйымдастыру турали айтылады. Мемлекеттік аудитті ұйымдастыру аудиттелетін ұйымға қойылатын негізгі қағидалар мен талаптарды белгілеу мақсатында қайдалайды. Тексерілген ұйым - Қазақстандық мұнай-газ саласындағы мемлекеттің мүдделерін білдіретін қазақстандық оператор - «ҚазМұнайГаз» Ұлттық компаниясы. Ол қауіпсіздік және объективтілік болып табылады. Аудиторлардың қызметі жұмысын жүзеге асыруда аудиторлық ұйым тақырыптарының келісімін бағалайды.

Түйін сөзлер: квазимемлекеттік сектор, аудитті ұйымдастыру, Халықаралық аудит стандарттары, аудиторлық ұйым.

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