

The Essence of the Development of Public Audit in Modern Conditions

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Abstract. The research shows the studies of the Kazakhstan state audit system on the example of the experience of the Republic of Latvia. The quality of the state audit plays an important role for the effectiveness of the states bodies. The state audit includes the policy check in compliance with the international standards and perspectives. In the present research we speak on the existing types of the audit: performance audit, financial audit, statutory audit. There have been studied the achieved results of the state control in the Latvian Republic. The institution of the state audit exists nearly in all the countries in the world and has recently developed particularly dynamically. The state audit's purpose is to control the budgetary funds and to assess legal use of the administrative resources in order to provide for a reasonable, economical and effective use of the funds. In Kazakhstan the institution of the state audit has appeared comparably recently – with the signing by the Head of the state on November 12, 2015 of the laws “On the state audit and financial control” and “On the amendments and additions to several legislative acts on the issues of the states audit and financial control”, which were elaborated to realize the Concept of introduction of the state audit in the Republic of Kazakhstan in the light of the international standards.

1. Introduction

The Latvian Republic is bound by the common membership in the European Union; the country preserves its individuality regarding the language, the culture and the history. And their common democracy is seen in different democratic systems and processes, as well as in distinct parliamentary, constitutional and administrative systems. It is against this backdrop that the supreme control body performs its activity in the Latvian Republic.

2. Analysis of the publications

The issues of the state audit are subject to studies in the scientific works by A.B.Zeynelgabdin [1], A.M.Kari [2] – monitoring and audit of the state financial resources.

3. Methods

In the work we applied the scientific methods of research: deduction method, used to perceive the essence of the state audit; analysis method; synthesis method; comparison method used to amplify and

to ground tendencies and conditions influencing the development of the state audit.

4. Results of the research

The state control of the Latvian Republic is an independent collegial supreme audit body, a key element of the state financial control system, serving the common interest via providing for independent guarantees of an effective and beneficial use of resources of the central and local government. The state control constitutes one of six constitutional state bodies in Latvia.

Types of the audit of the state are represented in Table 1.

Table 1. Types of audit in the Latvian Republic

Name	Financial audit	Performance audit	Statutory audit
Purpose	The purpose is to ensure that the financial audit shows a true statement of the financial condition of a unit subject to audit	The purpose is to estimate whether the operations of a unit subject to audit are effective, productive and economically vital	The purpose is to estimate whether the transactions and operations correspond to the requirement of laws and statutory acts
Criteria for estimation	Standard criteria that could be used in all types of audits	Different for each session	Standard criteria that could be used in all types of audits
Methods	More or less standard	Different for each session	More or less standard
Frequency	Performed regularly	Performed when there have been discovered any problems in a correspondent area	Performed when there have been discovered any problems in a correspondent area
Reports	Standard	Different content of reports	Different content of reports

Source: the official webpage. The State control of Latvia. URL: <http://www.lrvk.gov.lv> (as of 31.05.2019).

A systematic use of audits of the financial statements, of compliance audit, of performance audit allows increasing the quality of public resources management. Accounts Committee, when elaborating the concept and plans for the midterm period, proceeds from necessity of a transition from financial audit of functional expenses of a state to performance audit of the result of use of the national resources in the framework of the project approaches towards development management.

Effective management of the economy, financial resources is provided on the basis of a systematic analysis, feedback from the element of the management mechanism, in particular, the mechanisms of planning, use and estimation of the economic events. At that the state audit and financial control constitute two of the basic elements of the economy management.

The experience of the Russian Federation and the Republic of Lithuania (??), which were on the same starting position with the Republic of Kazakhstan regarding the question of reforming of the State Financial Control. The analysis shows that in these countries the approach towards elaboration of the standards had a step-by-step nature. The elaboration of the standards was executed on the basis of the Plans of elaboration adopted therefor. In order to increase the quality of their elaboration there have been created working groups on elaboration of standards for external state financial control. At that, both countries have references in the national legislation to the application of the ISA and ISSAI standards (Law of Lithuania “On the National audit commission of Lithuania”; Law of the RF No 252-FZ “On the amendments to the Budget code of the Russian Federation and selected statutory acts of the Russian Federation”). Moreover, we deem useful the Russian experience, where on the first stage there has been adopted a standard named “Organization of the methodological support of the operation of the Court of Audit” together with “Rules of formation, exposition and arrangement of standards and

methodic documents of the Court of Audit”, which contributed to systematization of the support of the state financial control system with the methodological base.

5. Conclusion

The state audit shall not only simply reveal these or those incompliances, but also reveal reserves and potential of use, management of the state financial resources with a stronger feedback, effectiveness. The use of the experience of the Republic of Latvia in the Kazakhstani state audit will allow estimating the quality of activity of the state bodies and organizations dealing with financial resources management. On the grounds of the risk, experience and previous audits analysis, the state control of the Republic of Latvia has constituted socially utmost standards for performance and statutory audit. Thus, the purpose of the development of the state audit system is to increase the effectiveness of use of the budgetary funds and state assets management. The adoption of the Law of the Republic of Kazakhstan “On the state audit and financial control” allows to construct a solid system of the state audit and financial control, to increase effectiveness of the state bodies’ activity, to increase transparency of use of the budgetary funds and state assets management, to timely and promptly prevent financial offences and to eliminate factors conducive to commitment of offences, to deliver to the President, the Parliament, the Government of the Republic of Kazakhstan and to the society complex and objective information.

6. Acknowledgment

We would like to thank our dear language assistant Suleimenova Buldyryk for the help in translation of the article. We are deeply thankful to our parents and colleagues, who kindly supported us when working on the research.

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