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Experience of Kazakhstan in Implementation of International Standards in Auditing: Healthcare Sector

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ABSTRACT

The main objectives of the article are (i) to study the application of IFRS and ISA in the analysis of financial indicators and activities in healthcare organizations, (ii) to identify whether the application of IFRS and ISA in the analysis of financial indicators and activities in healthcare organizations lead to the increased transparency and efficiency of healthcare organizations, and (iii) to propose suggestions to improve the quality of the audit. The study reveals that there is a positive relation between audit processes and transparency of healthcare organizations. Moreover, the audit process and risk assessment in healthcare organizations have a positive impact on the efficiency of provided services. However, analyzed audit reports of 8 healthcare organizations showed lack of credibility and transparency, which affected organizational processes as was seen during the COVID-19 pandemic. Authors suggest that the Ministry of Health together with the Ministry of Finance should harmonize approaches to the methodology of Patient Support Services, comply with internal expertise as well as external expertise with procedural audit standards.

INTRODUCTION

In December 2021, members of the Eurasian Economic Union (EAEU) signed the “Agreement on the implementation of audit activities in the EAEU” aimed at liberalization of accounting and auditing markets in EAEU. In the light of this event, the issue of transition to International Financial Reporting and Auditing Standards (hereinafter – IFRS), International Standards on Auditing (hereinafter – ISA), and International Standards of Supreme Audit Institutions (hereinafter – ISSAI) becomes especially urgent. According to the Ministry of National Economy of the Republic of Kazakhstan, today there are about 6,400 subjects in the quasi-public sector and more than 5,000 of them operate in the social sector. Data of state and local executive bodies of Kazakhstan shows that the number of unprofitable organizations amounted to about 1,000 over the past three years and more than half of unprofitable organizations allocated in the social sector.

Considering that significant funds from the budget are allocated to healthcare organizations on an annual basis and that majority of organizations in the social sector are unprofitable, in this article authors selected 8 leading healthcare organizations and hospitals to analyze their audit reports. The objectives of the article are (i) to study the application of IFRS and ISA in the analysis of financial indicators and activities in healthcare organizations, (ii) to identify whether the application of IFRS and ISA in the analysis of financial indicators and activities in healthcare organizations lead to the increased transparency and efficiency of healthcare organizations, and (iii) to propose suggestions to improve the quality of the audit.

The novelty of this research is that healthcare services are integral part of social economy and wellbeing of citizens. However, currently audit process in healthcare organizations of Kazakhstan is implemented at low level and COVID-19 pandemic crisis in healthcare sector was clear example of weaknesses of the system. Thereby, findings and recommendations that will be proposed in this research will contribute to the improvement of audit process with application of IFRS and ISA, as a result healthcare organizations will be able to provide better services for citizens.

This article includes five parts: introduction, literature review, research methodology, results and discussions, and conclusion.

1. LITERATURE REVIEW

Auditing is crucial to control processes of an organization and make them more transparent (Oliveira et.al., 2021). Other authors support this statement and argue that information on accounting and audit is not only used to effectively manage the costs of the company but also plays a crucial role in forecasting and management planning (Bodiako, 2021). After start of pandemic COVID-19, risk assessment became an important issue for health organizations. Common risks include whether information ordered correctly, the use of medications, one day stays, how cash is managed in the hospital, patient registration, quality of laboratory services. Based on the assessment of abovementioned risks audit report is prepared that should comply with standards to provide better services by healthcare organization (RSM, 2015).

Because of non-profit nature of healthcare organizations, the quality of services provided is crucial indicator and should be constantly improved. There are also three interdependent indicators of efficiency such as economic, social and medical indicators. Medical indicators could be described as satisfaction with medical services and positive dynamic in treating. Social effectiveness is an outcome that can be measured when person goes back to society. Cost-efficiency is ratio between the costs of recovery and the outcome of a given treatment (Solomatina, 2017).

Additionally, since governments are becoming more transparent and increasing quality of public services and it requires new ways of interaction between authorities, business sector and citizens as consumers of goods and services. One possible way to do it is to conduct sanitary and epidemiological audit, which is independent assessment by third party. The compliance with sanitary rules and other regulatory documents in the field of sanitary and epidemiological welfare in the course of their economic or other activities is evaluated. However, this type of audit is not indicated in the legal framework of the country, but it is very effective tool in assessing organizations in social sphere (Mai et al., 2016). The following hypotheses, therefore, are formulated to test these associations:

H1: There is a positive relation between audit processes and transparency and efficiency of healthcare organizations.

To assess effectiveness of organization performance audit is done by bodies of state of financial control to examine performance of executive authorities and other organizations using state funds. In addition, recommendations to improve the work processes are done in the framework of performance audit. Audit performance is done in several stages such as planning, conducting and preparing budget (Sugaipova & Aleeva, 2010). Moreover, inadequate use of allocated budget funds is the main reason for negative outcome in organizations of social spheres. Here performance audit measures social effect of provided services and should increase quality of management decision (Schastlivenko & Korneva, 2014).

Performance audit methodology can be done in the way of “Question tree”, where questions are done in hierarchical order starting from low to high level questions. “Question tree” method helps to identify very specific things in healthcare organization and then results could be calculated by statistical methods. Questionnaires and surveys can increase the objectiveness of the method (Budarin & Elbek, 2020). Budarin & Elbek (Ibid.) noted that often performance audit is hardly conducted in rural areas because of their remoteness. As an example of Russian Federation experience, the government support the idea of developing cluster for rural areas and it can be done by following success factors: strong communication, interdisciplinary interaction, partnership, support of authorities and high level of participation of doctors and patients (Lapygin & Kovalev, 2020). Cluster policy helps to improve provided services in healthcare organization and could be the further direction to improve in Kazakhstan. Moreover, audit and feedback (A&F) could help to bring changes in working processes of healthcare organizations, however, sometimes ‘know-why’ and ‘know-what’ commitments are less important to bring changes in organizations by workers. Rather researchers should focus on increasing ‘want to’ desire of workers to increase performance indicators (Glenngård & Anell, 2021).

The next important to mention is the procurement procedures, which is crucial element on having adequate amount of resources to provide services or production. Procurement procedures also important during audit process and according to Golovin (2020) identification of target spending of funds and compliance measures affect the ability to have sufficient resources in the organization. In addition, during the audit of healthcare organization, level of salary of workers could be a critical indicator, if their wages are higher, it could be argued that this sphere is important to developed in the region. In order to create highly effective healthcare organizations, it is needed to apply legally acceptable tools of indicators, assess successfulness of provided services and whether budget funding was allocated properly or not. Right strategy of assessment and audit will help to reduce mortality rate, raise satisfaction of citizens with provided services and have positive impact on citizens’ wellbeing (Dubina, 2021).

These prior empirical results allowed to assume the following research hypotheses:

H2: Application of IFRS in healthcare organizations helps to identify risks and contributes to the improvement of methods forecasting citizens’ demand in medical services.

2. RESEARCH METHODOLOGY

Several researches have been made about the application of international financial reporting and auditing standards in the analysis of financial indicators and activities in healthcare organizations. Furthermore, authors intend to propose novelties in the standards that can improve the quality of the audit. Research approach of this study was mix of quantitative and qualitative methods. In qualitative method data was collected from various sources of literature of foreign authors in this area, documents and news articles on this topic.

Qualitative theoretical method included historical analysis of audit reports for different periods with reflection of opinions of auditors, abstract-logical that is analysis of the information found from different articles of researchers in this area. In addition, empirical research methods were used to analyze the statistical data on companies brought to responsibility for untimely preparation of financial statements when untimely audit was carried out.

Furthermore, quantitative survey methodology was used for data collection of audit reports of 8 healthcare organizations of Kazakhstan between 2016 and 2020. Variables used in data collection were (Profit/Revenue)*100% and (Borrowed capital/equity)*100% since these variables could show clear picture of effectiveness and transparency of the organization. In addition, regulatory framework of the Ministry of Health on supporting documents for auditing was reviewed. Then proposals have been formed to strengthen supervision over the correct use of ISA and ISSAI in healthcare organizations.

3. RESULTS AND DISCUSSION

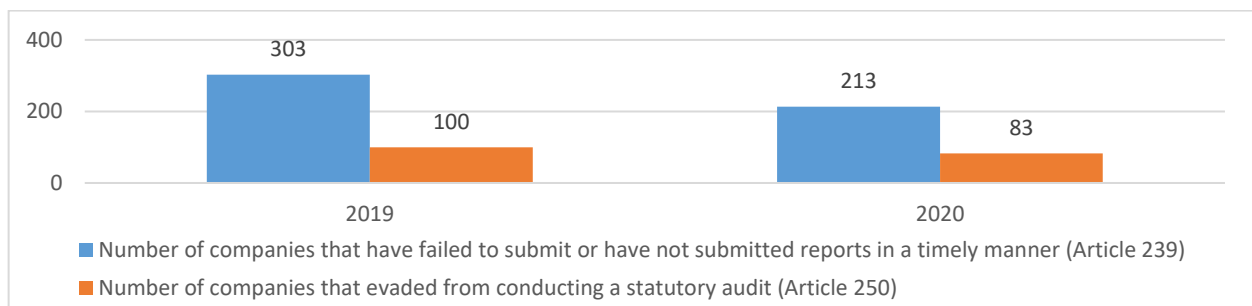
3.1 Analysis of healthcare organizations' financial indicators

The Kazakh Code of Administrative Offenses (hereinafter – Code of Administrative Offenses) provides Articles 238 and 239 with compositions for violation of accounting legislation in the form of:

- evasion from accounting, if this action does not contain signs of a criminal offense;
- submission of deliberately inaccurate financial statements, submission in violation of the established time limit or failure to submit it without a valid reason by the founders in accordance with the constituent documents, to the authorized body in the field of state statistics at the place of registration, to the state control and supervision bodies in accordance with their competence, to the “Financial Reporting Depository” (hereinafter – FRD);
- preparation of distorted financial statements, concealment of data to be reflected in accounting, as well as destruction of accounting documentation;
- the signing of the financial statements by the chief accountant of the public interest organization, who is not a professional accountant.

For these offenses, a sanction is provided in the form of fines, depending on the subject, its size and legal regime. Misstatement of the financial statements for the purposes of this article is a misstatement of more than twenty monthly estimates (On Administrative Infractions, 2014).

Figure 1. Organizations of public interest under Articles 239 and 250 of code of administrative offenses



Note*: the reports Organizations of public for 2021 will be prepared in September 2022, considering the requirements of the legislation.

Source: own study

It could be said that despite the presence of the FRD system, where organizations are required to upload their financial and audit reports, there are still number of companies that do not submit financial statements and evade the statutory audit.

The number of increased amounts of fines indicates a certain failure in the financial reporting system and its timely submission to the FRD system. There are several healthcare organizations that did not submit their financial statements on time such as Astana Medical University for 2017, Kazakhstan Medical University of Continuing Education Joint Stock Company and others.

Moreover, to deeply study the nature of healthcare organization, the analysis of profit to revenue and the ratio of debt-to-equity capital of healthcare organizations was done and it is shown in the table below.

Table 1. Analysis of profit to revenue and the ratio of debt-to-equity capital of healthcare organizations

Year		2018		2019		2020	
#	Name of organization	Profit/Revenue	Borrowed capital/equity	Profit/Revenue	Borrowed capital/equity	Profit/Revenue	Borrowed capital/equity
1	National Scientific Center of Traumatology	0.00	0.05	0.00	0.07	0.00	0.09
2	SK-Pharmacy	0.02	2.64	0.03	2.11	0.03	0.221
3	National Scientific Oncological Center	0.31	0.56	0.01	0.57	-0.02	0.22
4	National Scientific Medical Center	0.01	0.10	0.00	0.10	-0.22	0.34
5	Astana Medical University	-0.18	0.11	0.37	0.11	-	-
6	Social Health Insurance Fund	0.21	0.32	0.09	0.22	0.02	0.19
7	Kazakh National Medical University	10.36	0.48	0.02	0.04	0.06	0.05
8	National Scientific Center of Oncology and Transplantology	0.39	1.26	0.00	1.26	-0.68	1.14

Note*: the reports of 7 healthcare organizations for 2021 have not been published.

Source: own study

According to data of 8 healthcare organizations from the FRD system shows low performance in terms of financial indicators. From the Table 1 it is seen that the ratio of profit to revenue and borrowed funds to equity does not look attractive. At the same time, organizational form of these organizations is presented in the form of joint-stock companies and a state enterprise on the basis of the right of economic management, they belong to organizations of public interest. Consequently, these healthcare organizations are subject to annual audits and their reports must be posted on the FRD system.

As can be seen from the table National Scientific Oncological Center, SK-Pharmacy and National Scientific Medical Center the ratio of debt capital to equity in 2020 are 0.22, 0.221 and 0.34 respectively. Therefore, it could be assumed that such a significant increase in borrowed funds should be disclosed when they are audited both by public and private auditors.

According to clause 30.2 of the ISSAI 5300 Information Technology Audit Manual (ISSAI, 5300), computer-based audit methods (automated system and database tests) are used to facilitate materiality tests regardless of the type of audit, which is crucial in planning and conducting the audit.

According to this approach these 2 organizations with a significant increase in borrowed funds can be included in the audit plan of subordinate organizations of the Ministry of Health in order to check the FRD system and further planning. However, in auditing the social sphere, it could not be relied only on financial indicators and an analysis of non-financial indicators is also needed. In this regard, it is necessary to integrate with the information system “Register of State Property” of the State Property Committee. This will

make it possible to compare financial indicators with non-financial ones. The table below shows healthcare organizations and types of audit reports issued for 2020 with a description of the reservations.

Table 2. Audit reports of organizations in the field of healthcare for 2020

#	Name of organization	Audit report	Basis for qualified opinion
1	National Scientific Center of Traumatology	Qualified opinion	Inability to monitor the inventory of stocks and fixed assets
2	SK-Pharmacy	Annual financial statements present fairly in all material respects	-
3	National Scientific Oncological Center	Annual financial statements present fairly in all material respects	-
4	National Scientific Medical Center	Annual financial statements present fairly in all material respects	-
5	Astana Medical University	-	-
6	Social Health Insurance Fund	Qualified opinion	Risks of material misstatement due to fraud or error
7	Kazakh National Medical University	1) Qualified opinion (2020); 2) Annual financial statements present fairly in all material respects (2021)	Not participating in the inventory and reporting notes
8	National Scientific Center of Oncology and Transplantology	Qualified opinion	Inability to monitor the inventory of stocks and fixed assets

Source: own study based on information from FRD system

As can be seen, the reasons for the reservations were impossibility of participating in the inventory of fixed assets and stocks, and in some cases the risks of material misstatement due to fraud or errors. Thus, it could be assumed that these healthcare organizations should be reflected in the risk management system and in planning audit activities of government auditors for last periods. According to ISSAI 3200 “Practical guidance for performance auditing”, the auditor should select audit topics through strategic planning by supreme audit institutions, by analyzing potential topics and conducting research to identify audit risks and problems. (ISSAI 3000/89 89). The auditor should select audit topics that are meaningful and verifiable and are consistent with the mandate of the audit bodies. The auditor should conduct a process of selecting topics for the audit to maximize the expected impact of the audit, considering the audit capabilities. (ISSAI 3000/91 89).

Thereby, it is proposed to include audit reports of private auditors with a qualification in the standard system of risks of governmental audit bodies. This table also shows the presence of a number of open questions in the activities of health organizations. Moreover, according to ISSAI 3920 “The Performance Audit Process” (ISSAI, 3920), audit planning should consider areas traditionally at risk (e.g., IT systems, procurement, technology, environmental issues and health). ISSAI 5110 “Guidelines for Conducting Environmental Auditing” states that auditing health issues can have a clear link with auditing environmental pollution. Limiting pollution can make a big difference for citizens, improve the overall well-being of society and lead to significant cost savings.

According to the results of the first International Scientific and Practical Online Conference under the auspices of the INTOSAI Chairman, which was held on April 21-22, 2021, the COVID-19 pandemic and the need to overcome its consequences highlighted the importance of developing and improving methods of external government audit (control) of health systems and social security in all countries of the world.

Digital technologies, including big data analytics and machine learning play a critical role. Thus, INTOSAI should intensify the exchange of experience and best practices in the field of real-time auditing and digitalization of auditing, including experience in the application of innovative technologies, analysis and

data management. Equally important is effective coordination between governments and SAIs, based on the principles of openness and involvement of all stakeholders, including the academic community and international organizations.

According to the key conclusions of this International Scientific and Practical Online Conference it was noted the need to standardize information flows and develop a data management system for the exchange of information between various government agencies. The set-up of common digital platforms for governments and access to real-time data will enable timely analysis of transactions. The organizers and participants of this conference also emphasized the importance of “Disguise” and the provision of anonymized data for solving the problems of protecting personal information. According to the conference participants, digital technologies can be used to expand the “geography” of audit, mobilize the necessary resources and coordinate interaction with government agencies and civil society.

3.2 Audit reports of healthcare organizations

As a next step authors studied audit reports of healthcare organizations and started from collecting and calculating information of fixed assets and profits of subordinate organizations in healthcare sector.

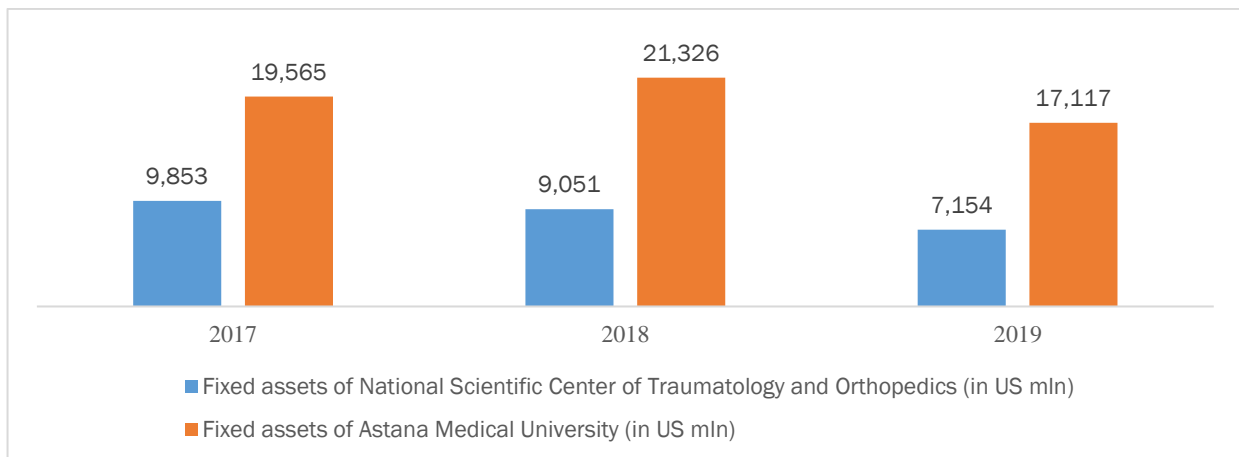


Table 3. Information on profits of subordinate organizations in the field of healthcare

Name of organizations		Profit 2018-2019 (USD mln)	
		2018	2019
1	National Scientific Center of Traumatology and Orthopedics	0.002	0.2
2	Astana Medical University	1.527	-3.176

Source: own calculations

As can be seen, fixed assets of the National Scientific Center of Traumatology and Orthopedics have been reduced from 9.853 to 7.154 million US dollars from 2017 to 2019. At the same time, profit for 2018 was at the level of 2 245 US dollars. Profit for 2019 shows a slight increase at the level of 20 967 US dollars.

Figure 2 shows that there is slight increase of the equipment with fixed assets of the non-profit joint-stock company “Astana Medical University” from 19.565 million US dollars in 2017 to 17.117 million US dollars. At the same time, a significant loss of 3.176 million US dollars in 2019 signals the need to draw

the attention of auditors to such a loss. However, in 2018 the organization recorded a profit of 1.52 million US dollars.

Since healthcare organizations are subjects of civil circulation system and can use borrowed funds, it will be convenient for users to view immediately the report on the assessment of the assets of healthcare organizations, which can serve as collateral property. Ministry of Finance of the Republic of Kazakhstan has developed a questionnaire for all users of the FRD in order to evaluate its effectiveness. The questions are summarized in the following table:

Table 4. Questionnaire on the degree of satisfaction with healthcare organizations

Question	Answer (choose from the list)
Are you satisfied with the work of FRD?	5 (highest grade)
How do you assess the application of IFRS in your organization?	Satisfied
How do you assess the application of IFRS in general in Kazakhstan?	Difficult to answer
How do you assess the application of International Standards on Auditing?	Satisfied
Your suggestions for improving international financial reporting standards and international auditing standards	No
Your suggestions for improving (raising the level) of the application of international financial reporting standards in your organization	No
Have you encountered difficulties in applying international financial reporting standards?	No
Have you asked for clarification of international financial reporting standards?	No
Have there been any transactions (events) in your organization for which it was practically impossible to apply the requirements of international financial reporting standards?	No
Are there any contradictions between the norms of the legislation of the Republic of Kazakhstan and the norms of international financial reporting standards?	Not available

Source: own study

As can be seen from the table, selected healthcare organizations in this analysis are generally satisfied with the functionality of the FRD and they do not have proposals for improving the situation with the application of international financial reporting and auditing standards. However, if you turn to audit reports, many questions arise. Next, the attention should be drawn to the fact that according to the order of the Minister of Health of the Republic of Kazakhstan dated October 28, 2020 # RK DSM-164/2020, a confidential audit is carried out on:

- Maternal mortality;
- Perinatal mortality;
- Infant mortality;
- Critical cases in obstetrics.

According to Article 35 of the Code of the Republic of Kazakhstan “On the health of the people and the health care system” the examination of the quality of medical services (assistance) is a set of organizational, analytical and practical measures taken to make an opinion on the level of quality of medical services provided by individuals and legal entities by using indicators that reflect the indicator of efficiency, completeness and compliance of medical services with standards. Examination of the quality of medical services (assistance) is divided into internal and external. A patient support and internal examination services are created in a medical organization in order to conduct an internal examination.

The patient support service and internal expertise conduct a current analysis of the organization of medical care, the clinical activities of a medical organization, identification of violations of the procedure for the provision of medical care and standards, a medical incident, as well as consideration of patients' requests within a period not exceeding five calendar days.

Based on the results of the examination, proposals are made to the head of the medical organization to eliminate the identified causes and conditions that reduced the quality of medical services. In this regard, it is necessary to collect all recommendations based on the results of the examination on a single platform for the purpose of exchanging data with other healthcare organizations and this will help prevent shortcomings in the activities of other health organizations.

The authors developed a spreadsheet for analyzing audit reports and piloted data for several healthcare organizations. By sampling the reports of healthcare organizations, deviations from the requirements of the audit standards were identified.

Table 5. Analysis of audit reports of healthcare organizations

<i>Date, number of the report</i>	<i>Description of limitations and violations</i>	<i>Description in the audit report of the risk assessment</i>	<i>Consequences arising from this activity of the audited object</i>	<i>Authors' recommendations for improving current state</i>
JSC "National Scientific Medical Center". December 31, 2020, No. 20017404,	The Company did not have significant violations of the chains of production, supply, shipment, sales of products	The auditors have not carried out a comprehensive risk analysis. The Company believes that there is significant uncertainty regarding COVID-19, and scope and duration of the impact on the demand and prices of the goods they manufacture, on their suppliers, on their employees and on the global financial markets.	Risks have not been analyzed, there is a high probability of misrepresentation of information or actions bypassing the internal control system.	Eliminate conflicting formulation (p. 24) (ambiguous formulation in terms of risk transfer), develop a specific risk management system, conduct an analysis, indicate the reasons for the increase in inventory, increase wages (write explanatory notes). Open access to the placement of the report of the Accreditation Center for Quality in Healthcare, so that it is possible to compare the data and trace possible risks.
LLP "National Scientific Oncological Center", No. 404 dated June 28, 2017, for the year ended December 31, 2020 and the Audit Report of BAGAM audit LLP - an independent auditor	The audit report has been prepared with technical errors.	On page 43 of the audit, it is indicated that the organization does not carry out activities related to foreign exchange transactions. However, the Cash Flow Statement establishes losses from currency transactions in the amount of 23 772 for the previous and reporting period. In addition, on page 43, the liquidity ratio is indicated, which has increased	The statistics of cancer patients in the country is constantly growing, however, this audit report, based on the results of which it is impossible to determine how well and correctly the activity was carried out, which indirectly affects the negative statistics. The auditor's report does not disclose risks and internal control.	To improve audit reports in the future, it is necessary to reflect the real picture, in compliance with international auditing standards 315 "Knowledge of the entity and its environment, assessment of the risks of material misstatement." Managerial reporting of healthcare organizations should be integrated with the FRD portal. The oversight of adherence to auditing standards and quality control of reports should be improved.

Source: own study

As can be seen from the table above, auditing organizations did not fully disclose the assessment of risks, and internal control and used stereotyped formulations when auditing health care organizations. Some reports contained technical errors. As can be seen from the current situation, it is necessary to improve the supervision of auditors' compliance with standards.

The overall satisfaction of the two health organizations with the degree of application of the standards from Table 5 shows that the other 6 are not involved in the assessment process and it is impossible to fully reflect the picture. It turns out that the stakeholders themselves do not monitor audit reports and are not involved in the process of polling on the state of the application of auditing and financial reporting standards.

CONCLUSION

According to the ISSAI standards, the auditor must as part of the planning and/or conducting the audit discuss the audit criteria with the audited entity (ISSAI 3000/49). From the publicly available reports of the audit bodies, no information has been provided on the discussion of performance criteria with health organizations, or vice versa.

Supreme Audit Institutions (hereinafter - SAI) should clearly state the standards followed in conducting performance audits (ISSAI 3000/61).

According to paragraph 70 of ISSAI 3000 established external relations are not only important in the short term in gaining access to information and ensuring a proper understanding of the subject. Also, in long term, it is important for SAIs to gain the trust and respect of stakeholders and build their credibility.

Some of the key stakeholder groups are:

- Legislative bodies;
- Executive bodies (except for the audited object);
- Citizens;
- Mass media;
- Scientific community;
- Non-governmental organizations.

There are no works of the researcher in the area of building trust and credibility. The auditor must be ready to innovate throughout the audit process (ISSAI 3000/77). The audit reports do not provide information on the implementation of innovations. Furthermore, most governments focus on transparency of healthcare organizations and our H1 is supported and it is seen that there is a positive relation between audit processes and transparency of healthcare organizations. Moreover, the audit process and risk assessment in healthcare organizations have a positive impact on the efficiency of provided services, and the lack of risk assessment affected to slow increase of profit of healthcare organizations. However, analyzed audit reports of 8 healthcare organizations showed lack of credibility and transparency, which affected organizational processes as was seen during the COVID-19 pandemic.

Moreover, the auditor should exercise professional judgment and skepticism and should consider issues from different points of view, while maintaining an open and objective attitude towards different views and arguments (ISSAI 3000/68). According to the results of the study, there is no information about the consideration of the situation from different sides.

From the presented tables on the analysis of audit reports, prepared by both private and public entities it could be concluded that auditors do not fully comply with ISA and ISSAI. The reports do not disclose the risks and positive aspects of the organization's activities. Moreover, our H2 is supported that the application of IFRS in healthcare organizations contributes to the improvement of methods of forecasting the needs of the population in medical services and new technological innovations could draw a trend in medical services.

In 2020 the Auditor General of the Republic of Lithuania Mindaugas Maciauskas spoke about his vision of the State Audit Office of the Republic of Lithuania and emphasized the importance of presenting examples of best practices to the public, and not just focusing on the problems identified in the audited bodies (Chaker & Abdullah, 2011). However, analyzed audit reports, both private and public, indicate that there is no description of the positive aspects of the activities of healthcare organizations. Thus, there is no presentation of good examples to the public, and reports lack of information on the inclusiveness of audit and the possibility of analyzing data from information systems of state bodies.

After analyzing audit reports of the healthcare organization, authors propose following recommendations:

- To supplement table #5 with an illustration of examples, the Unified database, which should function in accordance with the Law “On State Audit and Financial Control”. This table should also be provided in the procedural standards of auditing of governmental audit bodies and private audit companies;
- Integration of financial statement audit and performance audit data is inevitable. Therefore, the authors propose to finalize the audit procedural standards with additional Tables #3,4,5. This integration will make it possible to compare data for different periods, and according to the serious deviations that have arisen, it will be possible to select the riskiest objects according to the ISSAI requirements;
- Foreign experience shows the need to use the potential on of Internal Audit Services in preventing deficiencies. In Kazakhstan, the Health Code provides both Patient Support and Internal Expertise Services. However, the results of the work of these Services and their recommendations are not considered in decision making process.

The authors recommend developing the requirements of audit standards to identify the leadership qualities of managers.

To conclude the discussion, authors suggest that the Ministry of Health together with the Ministry of Finance should harmonize approaches to the methodology of Patient Support Services, comply with internal expertise as well as external expertise with procedural audit standards. In the future, this will help to reduce the scope of the audit, therefore, reduce the cost of the audit and allow state bodies to focus on the most important risks.

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