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**Intergovernmental Working Group of Experts on  
International  
Standards of Accounting and Reporting  
(ISAR)**

**32nd SESSION**

4 - 6 November 2015

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Afternoon Session

**Updates on ADT implementations**

Presented by

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Ministry of Finance, Kazakhstan

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**32nd session of the Intergovernmental Working  
Group of Experts on International Standards of  
Accounting and Reporting (ISAR)  
Geneva, Switzerland, 4-6 November 2015**

**ADT Implementation: case of Kazakhstan**

**Arman Bekturova**

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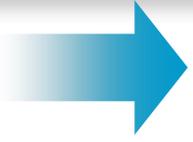


# Republic of Kazakhstan

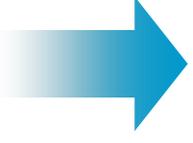




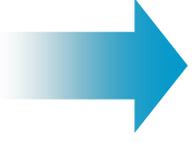
# General information about the Republic of Kazakhstan



**Geographical location:** Kazakhstan is a Central Asian country situated in the heart of Eurasia



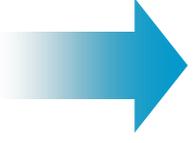
**Territory:** 2.724.900 sq. km (1.049.150. sq. miles). Kazakhstan is the CIS's second largest country which territory occupies 9<sup>th</sup> place in the world, yielding only to Russia, China, USA, Argentina, Brazil, Canada, India and Australia



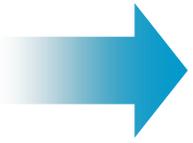
**Population:** 17 million 584 thousand of people. Density of population: 6,5 people on 1 sq. km.



**Capital:** Astana (since December 10, 1997). Population: 811 529 (as of the beginning of 2015).



**State language:** Kazakh together with Russian as an official language



**State structures:** Republic of Kazakhstan is a unitary State with presidential form of the rule. The head of State – President Nursultan Nazarbayev (since 1991)



# The main functions of the Ministry of Finance

**Improvement of the legislation on accounting and auditing** (annually dozens of legal acts are brought into conformity with the requirements of IFRS and ISA)

**Contributing to the development of highly qualified professionals** (laws and regulations were developed in accordance with the requirements of the international standard of education 8)

**Monitoring and enforcing compliance with the legislation of the Republic of Kazakhstan**

**Promoting IFRS, IPSAS and ISA implementation**

**Improving the position of Kazakhstan in the Global Competitiveness Index of the World Economic Forum in terms of “Strength of auditing and reporting standards” (74th place in 2014/2015)**

**Participation in the development of international accounting and auditing framework**



## Application of accounting standards in Kazakhstan

**IFRS - for big businesses and public interest entities\*.**

**IFRS for SMEs – for medium enterprises and state owned enterprises.**

**National financial reporting standard – for small enterprises**

**IPSAS – for state institutions**

\*public interest entities — financial organizations, joint-stock companies (except for non-commercial), subsoil user organizations and organizations with state participation



# ACCOUNTING AND AUDITING

## What has been done?

- 8 Accounting guidances (out of 15) were amended for easy application of international standards
- Audit. In last three years 156 auditors were certified

## What are the next steps?

- Raise the requirements to the national qualification
- Improvement of external quality control in accordance with the Eurasian Economic Union recommendations

## What are the next steps

- Unification and standardization of requirements on the quality of self regulated organizations (9 organizations and 21 training centers)
- Development and establishment of independent oversight Board



# STATE AUDIT AND FINANCIAL CONTROL

Management assessment, aimed at developing and improving the effectiveness of Audit  
**STATE AUDIT**

State financial control

**Violations and response measures**



Unitary standards of state audit  
Single database of state audit (responsibility for accuracy, completeness and timeliness of the introduced information)  
Coordination of state audit's activities by supreme body and through the Coordination Council

INDEPENDENT EXTERNAL EVALUATION

SELF-ASSESSMENT OF GOVERNMENT, ALLOWING TO CORRECT ERRORS ON TIME



Selective control based on RMS.  
Analysis, evaluation, test of efficiency and legality of management of national resources to ensure dynamic growth of quality of living conditions of population and national security  
Identify causes, reserves AND potential of management use of state assets

Detailed (operational) check out  
BASIS FOR EXTERNAL STATE AUDIT

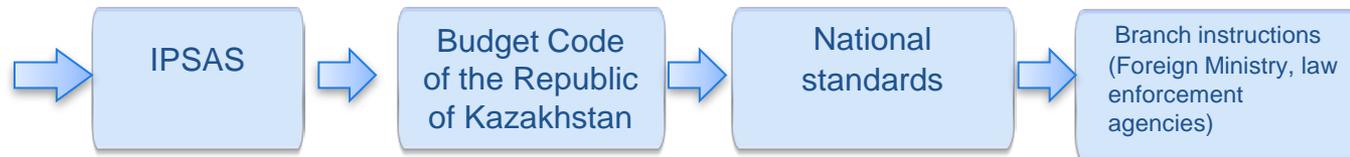
FEEDBACK  
(complaints, responses, proposals on the results of state audit)



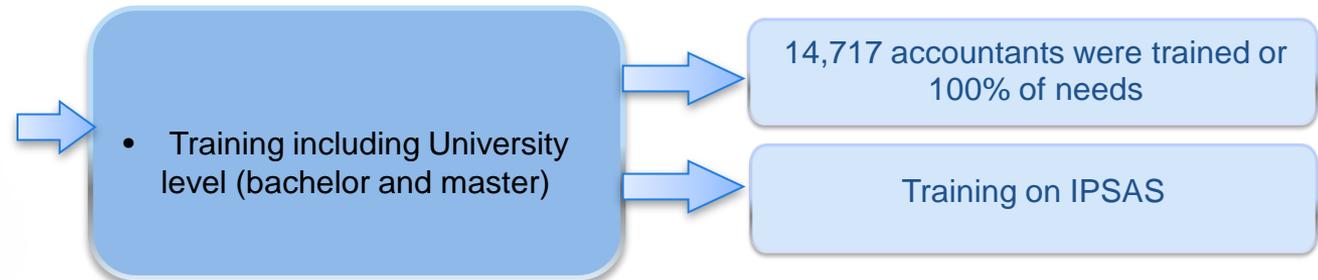
# RESULTS OF THE FIRST STAGE OF IPSAS IMPLEMENTATION

## COMPONENTS OF THE REFORM

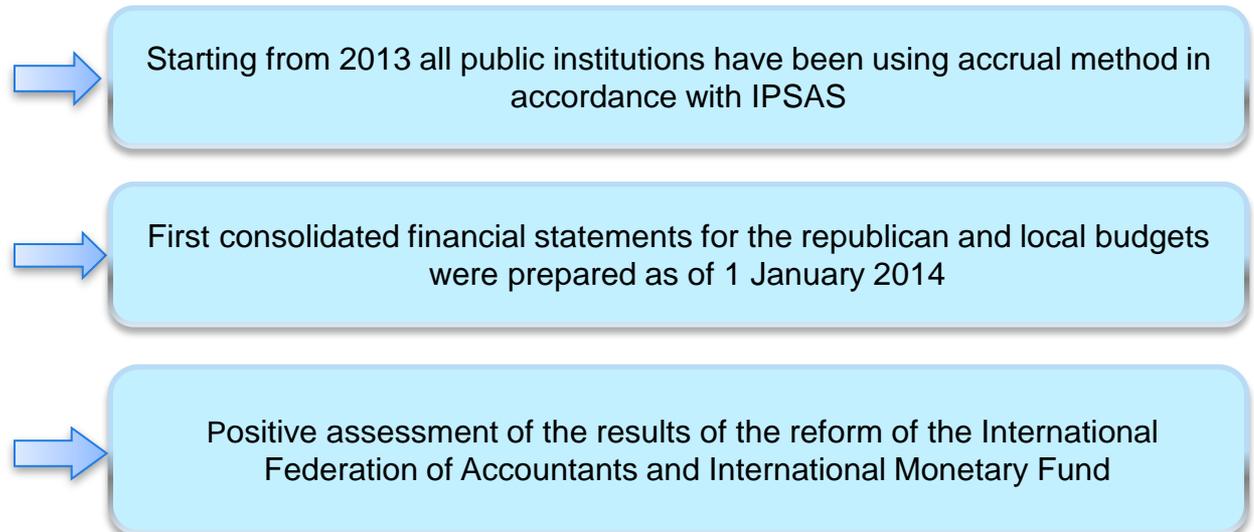
### 1. METODOLOGY



### 2. TRAINING



### 3. RESULT





# SECOND STAGE OF REFORM ON IPSAS IMPLEMENTATION

(THE CONCEPT OF A NEW BUDGET POLICY APPROVED BY PRESIDENTIAL DECREE on JUNE 26, 2013)

The Budget Code includes provisions on

Presenting revenue part of the budget on an accrual basis

Preparation of the consolidated financial statements

Submission of the consolidated financial statements to the Parliament by 2019 after external audit

# Evaluation of corporate reporting infrastructure



- Negotiations with the UNCTAD on assessment.
- Selection of national consultant.
- 21 September 2015 - kick-off session  
(30 experts, videoconference with the UNCTAD working group in Geneva).
- Coordination of respondents under the guidance of UNCTAD
- Collecting responses on questionnaire



## Key stakeholders of the ADT project in Kazakhstan

- MoF, National Bank, Financial Control Committee of the MoF, Ministry of National Economy
- Association of Financial Institutions of Kazakhstan
- Kazakhstan Stock Exchange
- DFO, the web – portal for the financial statements of public interest companies
- Auditor's Chamber of Kazakhstan, Kazakhstan Auditor's Council and Board of Auditors
- The Big 4, Grant Thornton and BDO Kazakhstan
- Accountants and Accounting Organisations Association, Professional Accountant's Chamber of Kazakhstan
- New Economic University, Financial Academy of the MoF
- National Entrepreneurs' Chamber of Kazakhstan



## What are we expecting?

- Identify problem areas and determine potential for improving the quality of corporate reporting
- Development of the roadmap on improvement of infrastructure of corporate reporting
- Improved interaction and understanding between stakeholders on accounting and audit infrastructure



***Thank you for your attention!***