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

33rd SESSION
4 - 6 October 2016
Room XVIII, Palais des Nations, Geneva

Thursday, 6 October 2016
Morning Session

Agenda item 5. Other business: Follow-up on the previous sessions of ISAR
(a) Accounting Development Tool implementation update

Presented by

Arman Bekturova
Director
Ministry of Finance, Kazakhstan

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Assessment of the corporate reporting in Kazakhstan

Ms. Bekturova Arman
Director, Accounting and Audit Methodology Department Ministry of Finance of the Republic of Kazakhstan
Republic of Kazakhstan

Kazakhstan is the world's largest landlocked country, and the ninth largest in the world with 17.5 mln. of population.

Kazakhstan is the largest and strongest performing economy in Central Asia, generating 60% of the region's GDP.
The main functions of the Ministry of Finance

• Improvement of the legislation on accounting and auditing (many legal acts are brought into conformity with the requirements of IFRS and ISA);

• Contribution into 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;

• IFRS, IPSAS and ISA implementation;

• Improvement of ranking in the Global Competitiveness Index of the World Economic Forum;

• Forum in terms of “Strength of auditing and reporting standards” (88th place in 2016);

• Participation in the development of international accounting and auditing framework
How Kazakhstan implements the accounting standards

• IFRS - for large companies and public interest entities*. 
• IFRS for SMEs – for medium enterprises and state owned enterprises.
• The national financial reporting standard – for small enterprises
• IPSAS – for state companies.

* Public interest entities — financial organizations, joint-stock companies (except for non-commercial), subsoil user organizations and organizations with state participation
The data as of 1st September, 2016

Financial Statements - 23,729
Audit reports - 11,547
Corporate events - 37,390

Source: www.dfo.kz
# Action plan for improvement of infrastructure of the corporate reporting

<table>
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<tr>
<th>Recommendations:</th>
<th>Action Plan:</th>
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<td>1. Clear procedures and deadlines of IFRS, ISA, IFAC and ISE translation into Kazakh and Russian languages</td>
<td>Signing the contract with IFAC on permission to translate <strong>Code of professional ethics and ISE</strong> into Kazakh and Russian languages; Providing translation and publishing on a Ministry of Finance website the actual versions of IFRS, IPSAS and ISA.</td>
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<td>2. Promotion and enhancement of the reporting on environmental, social and governance (ESG)</td>
<td>Preparing sustainable development reports; Training among Board members; Developing of a code in corporate governance.</td>
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<td>3. Setting up of the Independent Supervisory Authority</td>
<td>Analyzing and implementing the best practices from other countries</td>
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<td>4. Increase of the role and responsibility of Professional Organizations of Accountants and Auditors particularly in investigation on work and disciplining of the members.</td>
<td>Making amendments in Regulations.</td>
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<td>5. Improvement of the professional accountants training program.</td>
<td>Enhancements requirements according to ISE</td>
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• SYSTEM CHANGES IN BUDGET PROCESSES:
• TRANSITION OF ALL PUBLIC INSTITUTIONS TO THE INTERNATIONAL STANDARDS OF ACCOUNTING IN 2013;
• ORIENTATION ON RESULT;
• PREPARATION OF THE NEW BUDGET CODE.

✓ ON NOVEMBER 12, 2015 “THE STATE AUDIT AND FINANCIAL CONTROL" REGULATION WAS SIGNED;

✓ THE REGULATION WAS DEVELOPED TO EXCEPT DUPLICATION AND TO ENABLE MUTUAL RECOGNITION OF AUDIT RESULTS AMONG FINACIAL CONTROL AUTHORITITES.
NATIONAL SYSTEM OF QUALIFICATION

National Qualifications Framework

Industry Qualifications Framework

Professional standards

Methodological expert centers

Educational standards

professional activity

Market
tasks and problems
demand

educational activities
demand
competence

Centers of qualification
award and confirmation

Methodological expert centers

Educational standards

Professional standards
GLOBAL INDEX OF COMPETITIVENESS OF THE WORLD ECONOMIC FORUM "PERFECTION OF STANDARDS OF ACCOUNTING AND AUDIT" (MoF)

Technique:

- Standards of financial audit and the reporting in your country are how strong.
- The indicator is determined only by polling. Selection of the entities respondents of VEF shall correspond to industry structure of economy (to GDP weight).

A comparison with the CIS countries

- Armenia: 66
- Kazakhstan: 88
- Russia: 103
- Kyrgyzstan: 123
- Moldova: 128
Thank you for your attention!

Ms. Armanay Bekturova
Astana, Kazakhstan
email: a.bekturova@minfin.gov.kz