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ECOSAI CIRCULAR 2025



**ECONOMIC CO-OPERATION
ORGANIZATION SUPREME AUDIT
INSTITUTIONS**



The ECOSAI is a regional forum of the Supreme Audit Institutions of South and Central Asian regions. Founded in 1994, ECOSAI aims at promoting the state auditing profession in member countries through exchange of ideas, experiences and by holding seminars, conferences, workshops and training courses.

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The term of the Governing Board Members will expire during 10th ECOSAI Assembly to be held in 2025. The ECOSAI Circular is the official organ of ECOSAI and has the objective of providing member SAIs with the forum of sharing experiences in different areas of public sector auditing.

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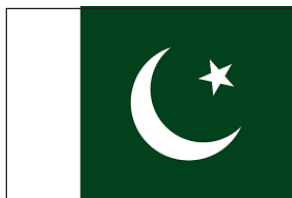
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MESSAGE OF THE SECRETARY GENERAL ECOSAI



Dear ECOSAI Members,

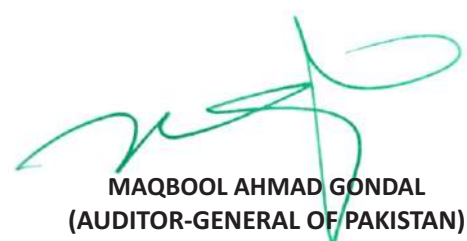
It gives me immense pleasure to introduce this edition of the ECOSAI Circular, which continues to serve as an important forum for sharing progress, experiences, and developments across our community of Supreme Audit Institutions. This publication reflects our shared commitment to promoting excellence, strengthening accountability, and fostering innovation in public sector auditing.

This edition provides a comprehensive overview of our recent engagements, including capacity-building initiatives, technical meetings, and collaborative activities undertaken by member institutions. It also features insightful articles that examine emerging trends, share practical experiences, and present forward-looking approaches aimed at enhancing the quality and effectiveness of audit practices.

The Circular remains a vital instrument for strengthening professional linkages and promoting meaningful knowledge exchange among our members. The diversity and quality of contributions enrich its value and reinforce our collective dedication to continuous learning and institutional advancement.

I extend my sincere appreciation to all contributors for their time, expertise, and valuable insights. Their efforts ensure that this publication remains a relevant and enriching resource for our community. I am confident that, through sustained cooperation and active engagement, we will continue to strengthen our institutional capacities and advance our shared objectives.

I thank all member institutions for their continued support and look forward to our ongoing collaboration.



MAQBOOL AHMAD GONDAL
(AUDITOR-GENERAL OF PAKISTAN)





NEWS FROM THE SAIs

MEMORANDUM OF UNDERSTANDING SIGNED BETWEEN SAIS OF AZERBAIJAN AND INDONESIA

A delegation headed by Vugar Gulmammadov, the Chairman of the Chamber of Accounts of the Republic of Azerbaijan met with the delegation of the Audit Board of the Republic of Indonesia within XXV INCOSAI held in Sharm El-Sheikh, Egypt.

During the meeting, a Memorandum of Understanding was signed between two institutions which envisages cooperation in various activities on public audit. After the signing ceremony, the parties discussed the areas of cooperation and future joint action plans related to the implementation of the Memo



Later on, Vugar Gulmammadov provided general information on the Chamber of Accounts, including its establishment history, development stages and international relations.

The Chair of the Audit Board of the Republic of Indonesia Dr. Isma Yatun emphasized the importance of expanding international cooperation with the Chamber of Accounts of the Republic of Azerbaijan and holding regular meetings to identify new collaboration areas.

The heads of both institutions expressed their confidence that the document will establish an important basis for a sustainable and productive partnership, as well as contribute to audit quality improvement.

SAIS OF AZERBAIJAN AND KAZAKHSTAN DISCUSSED COOPERATION IN THE FIELD OF BIODIVERSITY PROTECTION AUDIT

The preliminary results of the parallel audit conducted on environmental issues with the participation of the Chamber of Accounts of the Republic of Azerbaijan and the Supreme Chamber of Auditors of the Republic of Kazakhstan were discussed within the working visit of SAI Azerbaijan delegation to Kazakhstan.

SAI Azerbaijan representative provided extensive information on the existing legislative framework in our country on the audit of the management of state funds and other property in the field of biodiversity protection, the criteria for the external state financial control measure carried out and the results achieved.

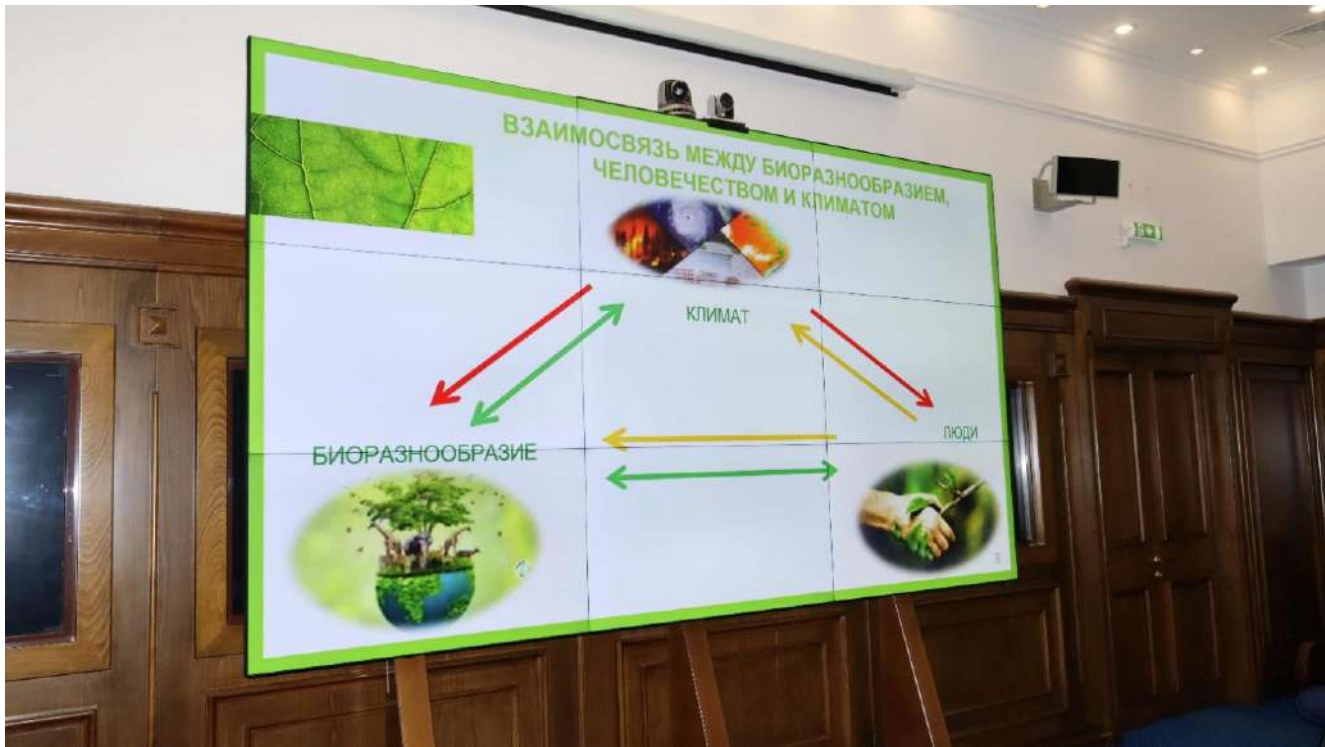


SAI Kazakhstan representative in his turn presented the results of the expert-analytical measure carried out to assess the effectiveness of measures aimed at biodiversity protection within the activities of the Ministry of Ecology and Natural Resources, as well as the Ministry of Agriculture.

Then the representatives exchanged views on the main points of the external state financial control measures carried out.

It should be noted that the "Memorandum of Understanding on conducting a parallel event on environmental issues between the Chamber of Accounts of the Republic of Azerbaijan and the Supreme Audit Chamber of the Republic of Kazakhstan" was signed

this year. The document is envisaged within the framework of the Action Plan defining the directions of bilateral cooperation for 2024-2026.



MR. MAQBOOL AHMAD GONDAL TOOK OATH AS THE 22ND AUDITOR-GENERAL OF PAKISTAN ON 15TH SEPTEMBER, 2025 UNDER THE CONSTITUTION OF THE ISLAMIC REPUBLIC OF PAKISTAN, 1973

Mr. Maqbool Ahmad Gondal took oath as the 22nd Auditor-General of Pakistan on 15th September, 2025 under the constitution of the Islamic Republic of Pakistan, 1973.



The Honorable Chief Justice of Pakistan, Justice Yahya Afridi, administered the oath. The oath-taking ceremony was attended by Honorable Judges of the Supreme Court, the Advisor to the Prime Minister, the Secretary of Finance, the Chairman FBR, senior government officials, officers from the Pakistan Audit and Accounts Service (PA&AS), and other distinguished guests.

PARTICIPATION OF THE AUDITOR-GENERAL OF PAKISTAN IN INCOSAI-XXV MEETING HELD IN SHARM EL-SHEIKH, EGYPT

Islamabad, October 31, 2025 — Auditor-General of Pakistan (AGP) Mr. Maqbool Ahmad Gondal represented Pakistan at the XXV INCOSAI meetings of the International Organization of Supreme Audit Institutions (INTOSAI), held in Sharm El-Sheikh, Egypt, from October 27–31, 2025.

The INCOSAI meetings were convened ahead of the 25th International Congress of Supreme Audit Institutions (INCOSAI-XXV), which was formally inaugurated under the auspices of the President of the Arab Republic of Egypt. The event was hosted by Egypt’s Accountability State Authority (ASA) and brought together heads of Supreme Audit Institutions (SAIs) from across the globe.



During the sessions, AGP Maqbool Ahmad Gondal participated in extensive deliberations on key global audit and governance challenges. He presented Pakistan’s perspective on enhancing transparency, accountability, and professional excellence in public sector auditing, underscoring the importance of modern audit methodologies, technological adaptation, and collaborative oversight standards within INTOSAI.

As part of Pakistan’s international engagement, the Auditor General signed a Memorandum of Understanding (MoU) with Turkiye to strengthen cooperation between the SAIs of both countries. In addition, he signed the Action Plan 2026 with Belarus, reaffirming Pakistan’s commitment to advancing bilateral audit collaboration, capacity development, and knowledge exchange.

On the sidelines of the Congress, AGP Gondal held bilateral meetings with the heads of Supreme Audit Institutions and Government Accountability Offices of the United States, United Arab Emirates, South Korea, Japan, Kazakhstan, Azerbaijan, and Iran. These engagements focused on expanding partnerships, sharing best practices, and exploring opportunities for joint initiatives in public sector audit reform.

The participation of the Auditor-General of Pakistan at INCOSAI-XXV reflects Pakistan’s continued commitment to contributing to global audit discourse and strengthening its role within the international accountability and oversight community.

VISIT OF THE VIETNAM DELEGATION

A delegation led by Mr. Nguyen Duc HAI, Vice Chairman of the Vietnamese National Assembly, visited the TCA on September 29, 2025. The visit was also attended by the Vietnamese Ambassador, Ms. Dang Thi Thu HA, the Deputy Auditor General of SAI of Vietnam, parliamentarians, who are directors of various committees of the Vietnamese National Assembly, and officials from the Vietnamese Ministry of Foreign Affairs.

Emphasizing the importance of sustaining the strong cooperation between the SAIs as part of the developing close cooperation between the two countries, Mr. HAI expressed his appreciation for the capacity building activities carried out by the SAI of Vietnam with the TCA.

Mr. Doan Anh THO, Deputy Auditor General of the SAI of Vietnam, expressed his satisfaction with the programs carried out with the TCA this year and in previous years, and said that they hoped to enhance their close collaboration in the future.

Expressing his happiness with the visit, Mr. Metin YENER, President of the TCA, emphasized that the friendly relations between the Turkish and Vietnamese SAIs would continue to strengthen. Mr. YENER stated that this visit was an important step contributing to increased cooperation in the field of public audit on a global scale.

The visit program concluded with discussions on key areas for potential cooperation under bilateral and international organizations in the coming period.



FINANCIAL AUDIT TRAINING PROGRAM WAS HELD FOR THE SAI OF UZBEKISTAN

Financial Audit Training Program was organized for the Chamber of Accounts of the Republic of Uzbekistan under the 2025-2027 Action Plan signed between the two SAIs.

The training program included presentations on Financial Audit, the Audit Management System used in Financial Audit, VERA (Data Analysis System), the Use of Artificial Intelligence in Auditing, and the Audit of Mega Projects.



MOU ON BILATERAL COOPERATION SIGNED BETWEEN THE SAI OF TÜRKIYE AND THE SAI OF SOMALIA

Mr. Ahmed Isse Gutale, Auditor General of the SAI of Somalia, and the accompanying delegation paid an official visit to the TCA on July 8-9, 2025.

During the visit, potential areas of future cooperation between the SAIs of the two countries and issues related to best practices at the TCA were discussed, and a Memorandum of Understanding was signed between the two SAIs.



COOPERATION ACTION PLAN FOR 2025-2027 SIGNED BETWEEN THE SAI OF TÜRKIYE AND THE SAI OF AZERBAIJAN

A Cooperation Action Plan covering the period 2025-2027 was signed between the TCA and the SAI of Azerbaijan.

The Action Plan, signed by Mr. Metin Yener, President of the TCA, and Mr. Vugar Gulmammadov, Chairman of the SAI of Azerbaijan, aims to strengthen cooperation between the two institutions and increase the exchange of information and experience through audits, training programs, seminars, and workshops on common issues. In addition to the Action Plan, protocols related to audits to be conducted on common issues was also signed.



AUDITING THE SECURITY SECTOR TRAINING PROGRAM WAS HELD FOR THE SAI OF ALBANIAN

A five-day training program on “Auditing the Security Sector” was organized for the Albanian Court of Audit delegation.

With the support of the Turkish Cooperation and Coordination Agency (TİKA), field visits were arranged to various institutions and organizations, and both SAIs shared information and experiences.







ARTICLES FROM THE SAIs

APPROACHES TO AUDITING CONSOLIDATED FINANCIAL STATEMENTS OF THE PUBLIC SECTOR IN THE REPUBLIC OF KAZAKHSTAN



MR. ANUARBEK KARI

Director of Department of Social Audit and Law Enforcement
Supreme Audit Chamber of the Republic of Kazakhstan

1. ABSTRACT

The article examines theoretical and practical approaches to the auditing consolidated financial statements (CFS) of the public sector of the Republic of Kazakhstan in the context of the country's transition to modern standards of transparency and accountability of public finances.

We consider the institutional and methodological aspects of CFS preparation, the evolution of the legal and regulatory framework, and key issues in the implementation of external financial audit in accordance with the standards of the International Organization of Supreme Audit Institutions (ISSAI). Particular attention is paid to the scope of consolidation, the applicability of the accounting basis, materiality assessment, risk-based planning, and the division of responsibilities between external and internal audit.

Based on an analysis of the audit reports of the Supreme Audit Chamber (SAC) of the Republic of Kazakhstan for 2021–2025, the main limitations of the current model have been identified: ragmented consolidation, incomplete transition to IPSAS, reliance of the external audit on the internal audit, lack of uniform criteria for materiality and risk, as well as insufficient digitalization and staffing.

A comparison of domestic practices with the experience of developed countries (the United Kingdom, New Zealand, Canada, Lithuania, and Estonia) has demonstrated the need to integrate the principles of Whole of Government Accounts (WGA), apply IPSAS, and adopt risk-based approaches to auditing.

Proposed areas for improving the national model include: the formation of a national public sector accounting framework, completion of the transition to IPSAS, improvement of the SAC methodology for group audits, unification of materiality criteria, and development of digital analytics.

The results of the study confirm that the audit of consolidated financial statements in Kazakhstan is an intermediate stage in the development of a comprehensive system for accounting and auditing state's financial position, which requires further regulatory, methodological, and institutional development in accordance with ISSAI international standards and the best practices of OECD countries.

Keywords: State audit, consolidated financial statements, IPSAS, ISSAI 1600, materiality, risk-based approach, SAC of RK, Whole of Government Accounts, public sector.

2. INTRODUCTION:

The public finance management system of the Republic of Kazakhstan is undergoing a profound transformation aimed at improving the transparency, accountability, and efficiency in the use of budgetary resources. Since 2012, the country has been introducing international accounting standards for the public sector (IPSAS), elements of results-based budgeting (RBB), and a public audit system based on the standards of the International Organization of Supreme Audit Institutions (INTOSAI).

In global practice, the audit of public sector financial statements is considered a key element of public administration, ensuring public trust and effective parliamentary oversight. In accordance with ISSAI 100 and 200, the function of supreme audit institutions is to confirm the reliability of financial information reflecting the actual state of government assets and liabilities.

For Kazakhstan, the preparation and audit of consolidated financial statements (CFS) have become central to the transition from budget execution control to the assessment of the state's financial position. The first audit conclusion on the CFS of the republican budget was prepared in 2021, and since 2022, the audit has been conducted by the Supreme Audit Chamber (SAC) on a regular basis. This process marked the beginning of the development of a national model for external financial auditing, based on ISSAI international standards and the practices of OECD countries.

Despite the progress achieved, CFS auditing in Kazakhstan remains a developing institution that requires improvement in methodology, expansion of consolidation scope, and digitization of processes. The experience of the United Kingdom, New Zealand, Canada, and the Baltic states shows that the introduction of full consolidated government reporting and its independent audit significantly increases the transparency and manageability of public finances aimed at strengthening confidence in the state's financial reporting and ensuring the compliance of the national public audit system with international best practices.

3. THEORETICAL, METHODOLOGICAL, REGULATORY, AND INSTITUTIONAL FOUNDATIONS OF AUDITING CONSOLIDATED FINANCIAL STATEMENTS IN THE PUBLIC SECTOR:

3.1. International Methodological Framework for Government Financial Auditing

The modern system of state audit is based on the International Standards of Supreme Audit Institutions (ISSAI) developed by INTOSAI. These standards form uniform principles of accountability, reliability, and independence in the audit of public finances.

ISSAI 100 establishes the fundamental principles of public auditing: independence, systematic approach, professional skepticism, and transparency. ISSAI 200 specifies the objectives of financial auditing: expressing an opinion on the reliability of financial statements prepared on an acceptable financial basis and assessing the adequacy of that basis.

ISSAI 1600 is key to auditing consolidated financial statements. It defines the concept of a group auditor, the procedure for interacting with component auditors, and the application of a risk-based approach when planning and assessing materiality.

Public sector financial statements are prepared in accordance with IPSAS (International Public Sector Accounting Standards). IPSAS 35–38 (accounting for control and consolidation of accounts), IPSAS 41 (financial instruments) and IPSAS 33 (transition to accrual accounting) are particularly important for consolidation purposes.

The combined application of ISSAI and IPSAS ensures conceptual integrity: the reliability of the state's financial position is confirmed by financial statements prepared in accordance with IPSAS and audited in accordance with ISSAI.

3.2. Relationship Between International Principles and National Practice

The analysis shows that the Kazakhstani model of CFS audit generally follows ISSAI international principles, but a number of aspects remain partially implemented.

First, **the application of IPSAS** in the public sector remains incomplete. Although their principles are declared in regulations, in practice, adapted national standards are used that do not cover the entire range of assets and liabilities. This makes it difficult to recognize the legal basis as “acceptable” according to ISSAI 200 criteria.

Secondly, **the independence of the group auditor (SAC)** is limited by the high degree of reliance on the results of the internal audit conducted by the Internal State Audit Committee (ISAC). According to ISSAI 1600, the group auditor is required to obtain its own evidence on significant components, but in practice, a significant part of the SAC procedures is replaced by an analysis of ISAC reports, which reduces the reliability of conclusions.

Thirdly, there is still no single standardized solution for **issues of materiality and audit risk assessment**. Materiality is determined individually for each audit without a formalized scale

(general, derivative, and for consolidation adjustments). This makes it difficult to compare audit results between years and components.

Finally, **institutional factors** – tight audit deadlines, a shortage of qualified personnel, and limited IT analytics capabilities – create risks that hinder the thorough application of the risk-oriented approach required by ISSAI 200 and 1810.

Nevertheless, the institutionalization of the audit of the consolidated financial statements of the Republican Budget, which began in 2021, is a significant achievement and brings Kazakhstan closer to the practices of leading supreme audit institutions.

The consistent implementation of ISSAI and IPSAS standards, the unification of materiality policies, the formation of an independent evidence base, and the expansion of the scope of consolidation will ensure the comparability of the national model with the practices of countries such as the United Kingdom, New Zealand, Canada, and Lithuania.

4. EVOLUTION OF THE PRACTICE OF AUDITING CONSOLIDATED FINANCIAL STATEMENTS OF THE REPUBLICAN BUDGET (2021–2025)

4.1. Formation of the CFS System and Transition to External Audit

The practice of auditing consolidated financial statements of the republican budget (CFS RB) was first implemented in 2021, when the Ministry of Finance prepared reports in accordance with IPSAS principles. This step marked the transition from budget execution control to confirmation of the reliability of the public sector's financial position.

The consolidation covered 36 administrators of republican budget programs, including central authorities and the Treasury Committee. The use of the integrated automated information system “e-Minfin” ensured the integration of budget and accounting data, but revealed difficulties in eliminating intra-group transactions and accounting for quasi-public sector assets.

The Supreme Audit Office (then the Audit Committee) applied the group audit model under ISSAI 1600, auditing the Ministry of Finance directly and using the results of the Internal State Audit Committee for other administrators. The 2021 audit was a pilot project aimed at testing the readiness of the accounting system for consolidation and external audit.

4.2. Development of Consolidation Methodology and System (2022–2023)

In 2022–2023, the audit of the consolidated financial statements became regular. The SAC of Kazakhstan introduced a risk-based approach (ISSAI 200, 315), focusing on the most significant

components, which accounted for more than 70% of assets and liabilities.

The scope of consolidation was expanded to include certain subordinate institutions, and analytical procedures were introduced, such as reconciliation of interdepartmental settlements and analysis of key balance sheet items.

Restrictions remained in place: some reconciliations were performed manually, which increased the risk of arithmetic errors, and quasi-public sector assets were not fully reflected. In 2023, the share of non-financial assets exceeded 60%, which required enhanced control over their recognition and impairment.

SAC audit opinions remained conditionally positive, but there was a decrease in the number of distortions and an increase in data comparability – a sign of institutional strengthening of the process.

4.3. Strengthening the Risk Model and Audit Independence (2024–2025)

Starting in 2024, the SAC of Kazakhstan transitioned to a more mature audit model by introducing a system of materiality criteria for components (a threshold of 10% of assets, liabilities, or revenues) and a risk map for consolidated financial statements reflecting the likelihood of misstatements in key categories.

The use of analytical procedures to compare cash and accrual-based indicators has expanded, and cases of incorrect classification of assets and income have been identified.

Cooperation with the Internal State Audit Committee became more formalized, but issues of differentiation of responsibilities remained relevant.

At the end of 2025, the SAC of Kazakhstan noted improvements in transparency and disclosure, but also ongoing problems:

- Incomplete coverage of the quasi-public sector;
- Lack of a national CFS combining the republican budget, local budget, National Bank and National Fund;
- Limited automation and analytical support.

Nevertheless, the audit opinion for 2025 has, for the first time, come close to being unqualified, indicating increased confidence in the reliability of government financial reporting.

4.4. Final Assessment

The period from 2021 to 2025 marked the stage of establishing the practice of auditing consolidated financial statements of the republican budget – from a pilot experiment to

regular and methodologically structured activities.

An institutional framework for consolidation has been created, cooperation between the SAC of Kazakhstan and the Internal State Audit Committee has been established, a risk-based approach has been introduced, and the quality of disclosures and data comparability has been improved.

At the same time, the audit of the consolidated financial statements of the republican budget remains a transitional stage until the formation of national consolidated financial statements covering the entire public sector. Nevertheless, over the past five years, a sufficient foundation has been laid for the transition.

5. MAIN PROBLEMS AND LIMITATIONS OF AUDITING CONSOLIDATED FINANCIAL STATEMENTS IN THE REPUBLIC OF KAZAKHSTAN

Despite the progress made in establishing a system for auditing consolidated financial statements (CFS) of the republican budget, the practice of the Supreme Audit Chamber for 2021–2025 has revealed a number of systemic limitations that prevent the achievement of international level of reliability. These problems are complex in nature and affect the regulatory, methodological, and institutional framework of public audit.

5.1 Limited Scope of Consolidation

The main problem is the narrow scope of consolidation. The consolidated financial statements of the republican budget include the reports of the administrators of republican budget programmes, but do not cover the National Bank, the National Fund and the quasi-public sector, whose assets are of macroeconomic importance.

The absence of a single consolidated financial statement for the public sector leads to fragmented data and double counting in the context of transfer relations between budgets.

Unlike international practices (WGA in the UK, Public Accounts in Canada), the Kazakh model does not provide a complete picture of the state's financial position, which reduces the analytical and managerial value of the audit.

5.2 Incomplete Transition to IPSAS

The transition to International Public Sector Accounting Standards (IPSAS) remains incomplete. Adapted national methodologies are applied, which do not ensure full compliance with IPSAS 35, 41 and 19.

Quasi-government assets and liabilities are not reflected, fair value measurement is not applied, and guarantees and long-term social obligations are not fully accounted for.

As a result, the financial statements are not fully comparable with international standards, and the SAC of Kazakhstan is forced to issue a qualified opinion with reservations regarding the completeness of disclosures.

6. ANALYSIS OF SUBJECT AREAS OF INCREASED RISK IN THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

The effectiveness of the audit of consolidated financial statements depends on the auditor's ability to identify areas subject to the risk of material misstatement. According to ISSAI 315, risk arises when errors or violations could influence the decisions of users of the financial statements.

The experience of the Supreme Audit Chamber of the Republic of Kazakhstan for 2021-2025 shows that the following areas are most at risk: budget revenues, financial assets and liabilities, non-financial assets, transactions with the quasipublic sector, and intra-group settlements.

6.1 Budget Revenues

Risks are associated with discrepancies between cash and accrual income due to weak integration of tax and accounting records. Certain taxes (corporate income tax, VAT) are accounted for on a cash basis, which contradicts the accrual method under IPSAS.

Tax liabilities are often recorded as assets without taking into account the probability of collection, whereas international practice requires the disclosure of contingent assets. This area remains a zone of high inherent risk, affecting the reliability of budget and deficit indicators.

6.2 Financial Assets and Liabilities

The highest number of errors is recorded in the classification and valuation of financial assets, especially investments in the quasi-public sector and budget loans. Investments are often recorded at nominal value, without fair valuation and disclosure of repayment terms.

Government guarantees and borrowings are not reflected when there is a probability of their execution, which leads to an underestimation of liabilities. The failure to apply IPSAS 41 and 19 criteria distorts the structure of the state balance sheet and reduces the transparency of reporting.

6.3 Non-Financial Assets

More than 60% of the assets of the consolidated financial statements of the republican budget are non-financial assets – property, fixed assets, and construction projects. The main risks are incomplete inventory, outdated cadastral data, and incorrect classification of expenses.

Irregular revaluation of assets at fair value (in violation of IPSAS 17) leads to a distortion of net assets.

This area combines high inherent and control risk due to the complexity of accounting and weaknesses in internal procedures.

6.4 Transactions with the Quasi-Public Sector

State-controlled national companies and holding companies are not included in the consolidated financial statements of the republican budget, although they are subject to consolidation under IPSAS 35. The absence of their accounting understates the volume of state assets and liabilities and distorts the results of the financial statements.

The Supreme Audit Chamber notes that state support and subsidies are often not reflected as investments or liabilities, which reduces transparency. In international practice (the United Kingdom, New Zealand), such organizations are included in consolidated financial statements through an investment control mechanism, ensuring full disclosure of fiscal risks.

6.5 Intragroup Settlements

The elimination of intragroup transactions remains one of the most problematic areas. Discrepancies between the data held by administrators and the Ministry of Finance lead to double counting of income and expenditure.

The integrated automated information system 'e-Minfin' does not provide automatic reconciliation, so procedures are performed manually.

International experience (Estonia, Finland) shows that automating reconciliations and creating a centralised catalogue of transactions significantly reduces the risk of errors and speeds up consolidation.

6.6 Conclusions

The main sources of distortions in the Republic of Belarus's fiscal policy are concentrated in five areas:

- Non-compliance with the accrual method of income recognition;
- Understatement of financial assets and liabilities;
- Incomplete accounting for property and capital investments;
- Lack of consolidation of the quasi-public sector;
- Errors in the elimination of intra-group transactions.

These factors explain the conditionally positive nature of the SAC of Kazakhstan opinion in

recent years. However, their systematic identification reflects the development of a risk-oriented approach.

Further risk reduction is possible through the completion of the transition to IPSAS, the inclusion of the quasi-public sector in the audit scope, the automation of consolidation, and the implementation of a unified SAC risk model, which will ensure the reliability of consolidated financial statements and prepare the groundwork for auditing public finances as a whole.

7. INTERNATIONAL EXPERIENCE AND COMPARATIVE ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENT AUDIT PRACTICES

Global practice shows that the development of consolidated financial statement (CFS) auditing reflects a shift from budgetary control to management based on the principles of transparency and accountability.

The most mature models have been implemented in countries where government accounts are presented as Whole-of-Government Accounts (WGA) and audited in accordance with ISSAI standards.

The effectiveness of such systems is determined by three factors:

- Full consolidation perimeter,
- Independence of a Supreme Audit Institution (SAI),
- Uniform methodology for accounting and asset valuation.

7.1 United Kingdom (WGA)

Since 2010, the United Kingdom has been publishing a country-wide CFS covering over 9,000 government organizations. The reporting is prepared in accordance with IFRS, adapted to the public sector, and the audit is conducted by the Supreme Audit Institution, which is accountable to Parliament.

Features of the model:

- Inclusion of all levels of government and controlled institutions (Tax Authority, NHS, Bank of England, etc.);
- Consolidation based on control;
- Application of the true and fair view principle.

The first few years were accompanied by reservations, but since 2020, the reporting has been recognised as reliable.

The British experience shows that building a fully-fledged CFS requires 10–15 years of adaptation.

7.2 New Zealand

New Zealand was one of the first countries to introduce accrual accounting and apply IPSAS. Annual reporting covers all government agencies and funds, including the central bank.

Key Features: Transparent perimeter, risk-based approach and uniform materiality policy (1% of assets).

A distinctive feature is the disclosure of all professional judgements, which increases user confidence.

For Kazakhstan, this model is important as an example of mature application of IPSAS and risk assessment practices.

7.3 Canada

The Public Accounts of Canada model covers the federal government and all agencies under the control of the Treasury.

Key features:

- Strict parliamentary accountability and public responses from ministers;
- Automated consolidation and a single database;
- Personalised responsibility of agencies.

The Canadian practice demonstrates how external audit is integrated into the budget cycle — an element that Kazakhstan needs to develop.

7.4 Comparative Analysis

Indicator	United Kingdom	New Zealand	Canada	Lithuania / Estonia	Kazakhstan
Consolidation perimeter	Full (all levels, CB, state-owned enterprises)	Full	Almost full	Full	Partial (without NB and National Fund)
Accounting standards	IFRS (public sector)	IPSAS (PBE)	PSAS (based on IPSAS)	IPSAS-lite/national standards	National (partially IPSAS)
Auditor independence	High (NAO → Parliament)	High (OAG NZ)	High (OAG Canada)	Medium	Limited (SAC of Kazakhstan + Internal State Audit Committee)
Automation	Full	High	High	Full	Partial

8. AREAS FOR IMPROVEMENT IN THE CONSOLIDATED FINANCIAL STATEMENT AUDIT SYSTEM IN THE REPUBLIC OF KAZAKHSTAN

An analysis of CFS audit practices shows that the institution of external state audit in Kazakhstan has taken shape, but requires further improvement, primarily in methodological, institutional and technological aspects. This does not mean revising the system, but rather fine-tuning it to increase the reliability and analytical value of CFS.

8.1 Methodological Direction

The main priority is to improve the CFS audit methodology used by the SAC. It is necessary to:

- Unify approaches to risk assessment and identification of significant components in accordance with ISSAI 1600 and 315;
- Clarify the procedure for applying the principle of materiality within the Methodology by introducing a multi-level assessment (general, component and corrective);
- Increase the use of analytical procedures (ISSAI 330), including trend and structural analysis;
- Clarify the procedure for verifying the compliance of the national accounting framework with IPSAS requirements.

This will make it possible to form a unified, risk-oriented and comparable audit system without introducing new regulations.

8.2 Institutional Direction

It is necessary to strengthen cooperation between the SAC and the Internal State Audit committee by establishing:

- Uniform principles for the use of internal audit evidence;
- Coordinated planning of audit targets to avoid duplication.

It is also necessary to develop the practice of publicly presenting audit results and discussing them at the interdepartmental level, thereby enhancing transparency and parliamentary accountability.

The key strategic objective is to transition from auditing the consolidated financial report of the republican budget to a unified CFS for the public sector.

8.3 Organisational and Human Resources Direction

The quality of the audit depends on the professional level of the staff.

It is recommended to:

- Expand training on ISSAI and IPSAS;
- Introduce a mentoring and experience sharing system;

- Develop digital analytics and data visualisation skills;
- Synchronise the CFS audit schedule with the Ministry of Finance reporting calendar, which will increase the depth of analysis and reduce rush deadlines.

8.4 Technological Direction

Technological modernisation is the key to audit efficiency. Modernisation of the e-Minfin integrated automated information system should ensure:

- Automatic reconciliation of intra-group transactions;
- Consolidation and analytical processing of data;
- Compatibility with the systems of the Ministry of Finance, the Internal State Audit Committee and SAC of Kazakhstan;
- Introduction of digital audit elements and visual dashboards.

Data integration and automation of reconciliations will reduce labour costs and increase the reliability of the evidence base.

8.5 Final Development Guidelines

Improving the audit of consolidated financial statements should lead to the formation of a unified system of financial accountability for the state. Comprehensive implementation of the measures outlined will make it possible to:

- Ensure that the audit complies with ISSAI 1600 and IPSAS 35 standards;
- Increase the independence and evidential value of the audit opinion;
- Develop a comprehensive understanding of the country's financial situation among parliament and society;
- Transform the audit of consolidated financial statements from a technical procedure into a tool for strategic analysis of public finances.

Thus, Kazakhstan has the necessary conditions for the transition to an integrated model of public financial audit based on international standards and principles of accountability.

CONCLUSION

An analysis of the theoretical, regulatory and practical aspects of auditing the consolidated financial statements of the Republic of Kazakhstan shows that the country has established the foundations of a modern external financial audit system that complies with ISSAI international standards and accountability principles.

Since 2021, the Supreme Audit Chamber has introduced the practice of auditing the republican budget's consolidated financial statements, ensuring the transition from traditional control to confirming the

reliability of the state's financial information. This process has become a key step towards increasing transparency and public confidence in public finances.

At the same time, there are still some limitations: incomplete consolidation perimeter, partial adaptation of IPSAS, insufficient formalisation of the risk approach and materiality, as well as limited digitalisation and human resources.

International experience shows that improving the audit of consolidated financial statements is a step-by-step process that requires a unified methodology, IT integration, and professionalisation of personnel. For Kazakhstan, the priorities are to complete the transition to IPSAS, introduce a risk model and digital tools, and expand consolidated financial reporting to the entire public sector.

The audit of consolidated financial statements should be viewed as a strategic tool for public administration and fiscal risk analysis. Its development will ensure the quality of financial decisions, transparency and sustainability of public finances.

OVERVIEW OF PROCEDURES CONDUCTED DURING THE PERFORMANCE AUDIT OF QUASI-PUBLIC ENTITIES



MS. ABIYEVA GULMIRA

Head of the Sector of the Department of International Cooperation and Methodology of the Supreme Audit Chamber of the Republic of Kazakhstan

By definition, performance audit involves the assessment and analysis of the activities of the quasi-public sector entities in terms of performance, economy, productivity, and effectiveness. During the performance audit of a quasi-public sector entity engaged in operational, investment, financial, and other activities, the following is assessed:

- management of financial resources (taking into account profitability, liquidity, turnover, market stability ratios, as well as the condition and renewal of fixed assets);
- corporate governance (taking into account the strategy and development plans, ethical standards and corporate culture, and the assessment of corporate governance);
- implementation of documents of the System of state planning for quasi-state sector entities (development plans, action plans, strategy).

The performance audit of the quasi-public sector entity involves studying and/or understanding the requirements of the legislation regulating its activities, including internal (local) documents. State auditors and other members of the performance audit group must be aware of the policies and practices applied by the quasi-state sector entity in carrying out its primary and other types of activities, as well as the adopted distribution of competencies, powers, and responsibilities within the organization.

INFORMATION BASIS FOR CONDUCTING STATE AUDIT

- Laws on the republican budget and decisions on the local budget
- Charters, constituent agreements, regulations and other legal documents
- Normative Legal Acts and information on the management and disposal of state property on shares in state ownership
- Agreements, contracts, agreements concluded on the use of budget funds
- Accounting, tax, statistical and other reporting
- Materials of audit (expert-analytical), control activities of the bodies of the State audit and financial control, Audit reports of audit organizations.

The listed documents are not considered comprehensive.



1. ON THE MANAGEMENT OF FINANCIAL RESOURCES

When studying and conducting performance audit of quasi-public sector entities in the, auditors must pay attention to the following:

- Is the responsibility for the results of the activities of the organization managing state assets defined and ensured;
- Is there a correlation between the volumes of budget funding and the financial results of the quasi-public sector entity's activities and the assessment of its effectiveness;
- Is the achievement of profitability, liquidity, and market activity indicators ensured in the financial activities of entities in the quasi-public sector;
- Is effective management of investment projects and state assets achieved;

Planning Of State Audit

At the preliminary planning stage, the following is STUDY AND ASSESSMENT:

- state policy in the sphere of managing the activities of the Quasi-public sector entity
- current legislation regulating relations in the sphere of state property
- compliance of the Strategies of national management holdings with the main program documents of the country
- the impact of the activities of individual national management holdings, national companies on the development of the economy, a separate sector of the economy

- the effectiveness of the individual programs implementation (national IPO, legalization, privatization, nationalization)

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- ☑ the impact of the activities of individual national management holdings, national companies on the development of the economy, a separate sector of the economy
- ☑ the effectiveness of the individual programs implementation (national IPO, legalization, privatization, nationalization)



Depending on the purpose, questions, and criteria of the performance audit, the audit group selects one of three main approaches (system-oriented approach, results-oriented approach, and problem-oriented approach) for conducting the performance audit or combines the specified approaches:

In order to minimize audit risk, analytical procedures are conducted based on the developed criteria for performance auditing of the activities of quasi-public sector entities to exclude contradictions between their indicators.

Based on the chosen audit approach for the proper structuring of subsequent analytical and audit procedures, auditors determine the scope of the planned audit activity, which includes the development of audit questions, the definition of participants in the area being studied in the performance audit, as well as the geographical parameters (the location of the quasi-public sector entity) and the period under study.

In determining the methods of conducting an audit (analysis, comparison, evaluation, verification, inspection, audit sampling, materiality threshold, and others), the possibility of applying one or a combination of several methods is taken into account, including comparative analysis and selective research.

Based on the results of the preliminary study of the quasi-public sector entity, the audit group prepares an Audit Program, which includes information about the audit activity, as well as indicators and questions related to the audit entity aimed at achieving the audit objectives.

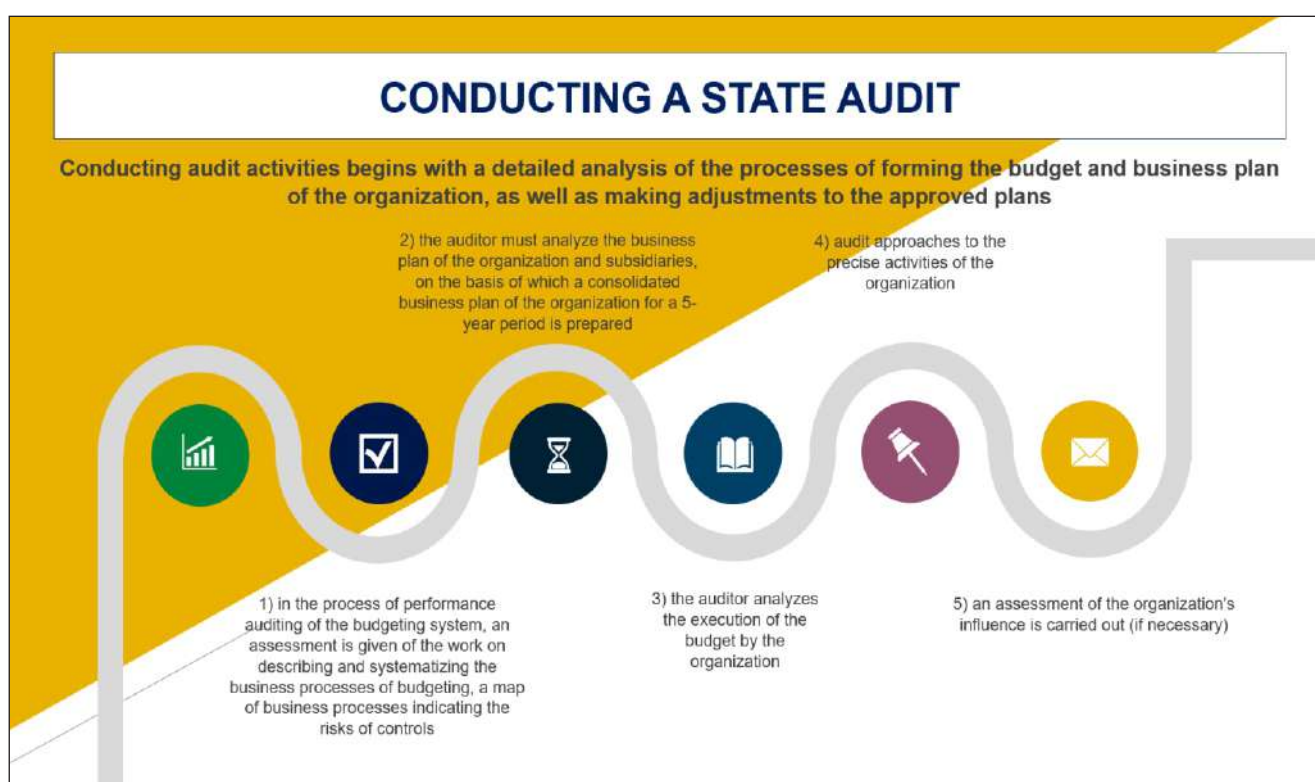
During the performance audit of the activities of a quasi-public sector entity, the following are evaluated:

- the presence of clearly defined boundaries of responsibility for the performance of quasi-public sector entities in the between the state as the owner and regulator, on one side, and the companies managing state assets, on the other;
- the existence of a relationship between the volumes of budget financing and the planned financial results of entities in the quasi-public sector in terms of achieving performance indicators;
- the results of financial and economic activities;
- the effectiveness of managing investment projects and state assets.
- if necessary, the size of the contribution of the state sector to the country's GDP and its role in the state's economy.

When conducting an performance audit of the activities of a quasi-public sector entity, the auditor examines the composition of certain performance indicators, the reliability of information collection systems for the formation of these indicators; the level and quality of the services and products provided, when assessing which great attention is paid to the results of surveys of customers and consumers of goods (work and services); the impact of the activities of the quasi-public sector entity on the economy, social development, and the environment; the adequacy of the internal control system.

Conducting A State Audit

Conducting audit activities begins with a detailed analysis of the processes of forming the budget and business plan of the organization, as well as making adjustments to the approved plans.



- in the process of performance auditing of the budgeting system, an assessment is given of the work on describing and systematizing the business processes of budgeting, a map of business processes indicating the risks of controls.
- the auditor must analyze the business plan of the organization and subsidiaries, on the basis of which a consolidated business plan of the organization for a 5-year period is prepared
- the auditor analyzes the execution of the budget by the organization
- audit approaches to the precise activities of the organization
- an assessment of the organization's influence is carried out (if necessary)

During the audit, for example, the following is carried out:

- analysis of the degree of achievement of key financial and economic activities indicators (dynamics, facts of exceeding or failing to meet targets);
- analysis of the degree of achievement of the investment (innovation) plan indicators.
- analysis of the implementation and evaluation of the execution of the strategy/development plan at the internal control entity, and measures taken as a result;
- analysis of the reliability of the results of the evaluation of the execution of the development strategy, development plan, conducted by authorized bodies; effectiveness of the evaluation (measures taken).

In the process of performance audit of the budgeting system, the auditor must assess the performance of the staff in the responsible department, whose functional responsibilities include organizing the processes of budget formation. The procedure of poor budget formation carries the risk of errors in financial planning due to incomplete information.

Also, in assessing development plans, the auditor must evaluate the justification for making adjustments to the development plan and the annual budget of the audit entity. When analyzing the organization's budget execution, the auditor should analyze the main budget indicators by item based on the results of the reporting period.

In case if the main indicators show that certain budget items have a significant share, for example, if revenues exceed the planned figures, it is necessary to disclose the reasons for the deviations and determine whether the planned indicators for the items (such as financial and other income) are underestimated.

During the performance audit, the auditor assesses the timeliness of control, analysis of deviations, and identification of their causes, as well as the implementation of measures regarding deviations in budgets, the actual execution of budgeting procedures (planning, monitoring, reporting, control). In this regard, the auditor must pay special attention to the justified/unjustified, effective/ineffective use of cash flows, as well as the effectiveness of budgeting.

The auditor must analyze general and administrative expenses item by item, conduct interviews with

responsible parties, and obtain comments, for example, on the reasons for overspending in the budget's expenditure part. The auditor must assess the effectiveness of the organization's management as well as evaluate the risks of possible distortion of financial results when consolidating financial reports.

In the approaches of auditing the procurement activities of the organization, the auditor must assess and analyze the legality and appropriateness, justification, timeliness, and effectiveness of the purchases made. The effectiveness of expenditures on procurement is determined based on planned, concluded, and executed contracts.

The business process of procurement activities is also assessed, results are summarized, including the identification of the causes of detected deviations, violations, and deficiencies (in this case, the procurement of goods, works, and services not used in the organization's activities indicates ineffective expenditure of Company funds).

When assessing the impact of the organization (if necessary) on social and economic development, budgetary relations, and infrastructure development, the role and place of the company in the industrial and social infrastructure, as well as its impact on the environment, are evaluated.

To assess the effectiveness of the use of public assets, state auditors use aggregated and integral performance indicators, that is, indicators that allow measuring the efficiency of the use of the portfolio of public assets.

Depending on the purpose and audit questions, state auditors develop corresponding aggregated and integral indicators, the quantity and content of which are determined using professional judgment and the involvement of experts.

2. ON CORPORATE GOVERNANCE

When determining issues for data analysis, reports from previously conducted audits at the site are studied, including internal audit services (hereinafter referred to as IAS) and special purpose audits regarding the auditing of the corporate governance system and the identification of violations (deficiencies) related to this system.

Based on the results of the preliminary study, the management principles that are not applied at the entity (according to the principles outlined in the Corporate Governance Code) are identified. Accordingly, the list of audit questions is formed only for those principles that are functioning at the entity.

At the same time, the reasons for the non-application of principles that are not implemented in the corporate governance system of the audited entity are investigated during the audit. For example, there is no internal audit functioning in the joint-stock company. Accordingly, no internal audit is

conducted. It is necessary to clarify the reasons for non-compliance with the legal requirements: absence of staff, in general, the service has not been created, regulatory documents have not been approved, including the plan, etc.

Definition of audit indicators:

- completeness of the implementation of the corporate governance system (practical application) - assessing the compliance of the entity with the requirements of the norms for corporate governance.
- the completeness of the exercise of the shareholder powers (management body, participant) – an assessment of the completeness and quality of the shareholder's (management body's, participant's) implementation of the powers established by law and the charter of the entity.
- The effectiveness of the Board of Directors (supervisory board) – an assessment of the ratio of the results obtained from activities to the planned ones, taking into account the resources used to achieve them (including remuneration to the members of the Board of Directors);
- the effectiveness and performance of the internal audit (control, inspector) - an assessment of the implementation degree of the planned tasks of the internal audit (control, inspector) and the comparison of the results achieved from the activities with the planned ones, taking into account the resources used to achieve them (including staff, salaries, bonuses, and working time);
- the effectiveness of the internal risk management system - assessment of the degree of achievement of the planned objectives of the risk management system;
- completeness, effectiveness, and performance of the activities of executive bodies (the management of a joint-stock company, the director of a limited liability company, and a republican state enterprise) - assessment of the completeness and quality of the implementation of powers, the degree of achievement of set tasks, the ratio of results obtained from activities to those planned, taking into account the resources used to achieve them (including the number of organization staff, financial resources, and wages and rewards).

It is possible to involve as experts individuals who have sufficient experience working as corporate secretaries, as well as to engage specialists from the authorized body supervising issues related to corporate governance assessment in state-controlled organizations.

Depending on the results of the preliminary study, the time available for conducting the audit, and the quantitative composition of the audit team, an expanded or brief list of questions is formed and conducted:

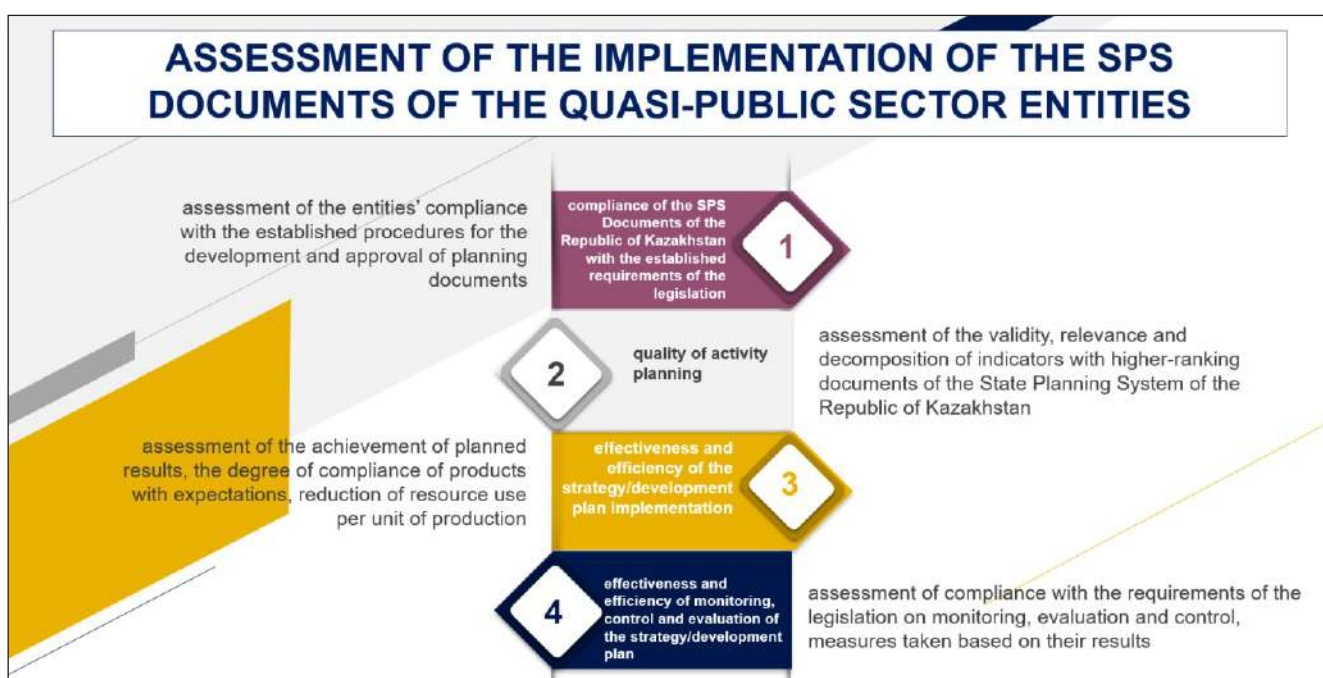
- Analysis of internal documents of the audited entity according to the corporate governance system for completeness and compliance with legal requirements and the Model Corporate Governance Code, their relevance.
- analysis and evaluation of the actual implementation of all components of the corporate governance system, including staffing, the effectiveness of their work (whether there is a formal approach). Risks and consequences of the non-functioning of corporate governance components;

- analysis of the performance and effectiveness of the corporate secretary's activities in joint-stock companies (staff composition, turnover, fulfillment of work plans and responsibilities according to regulations, remuneration and reward system, workload, feasibility of the functioning of the corporate office if present);
- assessment of corporate governance according to the Rules for the Assessment of Corporate Governance in State-Controlled Joint Stock Companies.

3. ON THE IMPLEMENTATION OF DOCUMENTS OF THE STATE PLANNING SYSTEM OF THE QUASI-PUBLIC SECTOR ENTITIES

Assessment Of The Implementation Of The Sps Documents Of The Quasi-public Sector Entities

- compliance of the SPS Documents of the Republic of Kazakhstan with the established requirements of the legislation assessment of the entities' compliance with the established procedures for the development and approval of planning documents
- quality of activity planning assessment of the validity, relevance and decomposition of indicators with higher-ranking documents of the State Planning System of the Republic of Kazakhstan
- effectiveness and efficiency of the strategy/development plan implementation assessment of the achievement of planned results, the degree of compliance of products with expectations, reduction of resource use per unit of production
- effectiveness and efficiency of monitoring, control and evaluation of the strategy/development plan assessment of compliance with the requirements of the legislation on monitoring, evaluation and control, measures taken based on their results.



The evaluation of development plans is carried out by comparing the achievement of the indicators specified in the development plan. The list of indicators for evaluating the implementation of the development plan includes the assessment of:

- implementation of the company's development plan in accordance with the execution of the country's program and strategic documents (territorial development programs), plans for the development of government agencies, as well as the company's development strategy;
- achievement of production performance indicators of the company;
- achievement of financial performance indicators of the company;
- implementation of investment (innovative) projects;
- corporate governance;
- fulfillment of other goals, objectives and assessment of the achievement of projected key performance indicators reflected in the approved company development plan.

It is also necessary to conduct an analysis of the dynamics of the achieved results for all indicators in comparison with previous periods of activity (five years), if such planned indicators existed earlier.

It is possible to use a comparative analysis with other market entities providing/supplying similar services/goods or from whom it is possible to purchase goods and services under contracts.

4. BY THE CONTENT OF THE AUDITOR'S REPORT

The auditor's report reflects brief information on the issue of the Audit Program, the absence or identified violations and/or systemic deficiencies that create conditions for the possible occurrence of violations and require amendments and/or additions to the legislation. The auditor's report may include the results of:

- analysis of the financial and economic activities of a quasi-public sector entity;
- verification of compliance with legislation in the process of implementing financial and economic activities by quasi-public sector entities;
- verification of compliance with legislation in the process of implementing public procurement by quasi-public sector entities;
- verification of compliance with the requirements of regulatory legal acts on the payment of dividends on state-owned shares or shares of net profit by quasipublic sector entities;
- verification of the validity of administrative expenses of quasi-public sector entities;
- analysis of the efficiency of the mechanism for the sale of share packages of quasi-public sector entities owned by the state;
- verification of the presence of non-core or inefficiently used or unused property;
- verification of the fulfillment of obligations under contracts by quasi-public sector entities within the framework of allocated budgetary funds;

- comparative analysis with similar entities of the quasi-public sector (domestic or foreign in this industry (sphere)).
- analysis of the causes and consequences of the identified problems and shortcomings of the resource management system, as well as possible risks;
- reserves for improving the indicators of the resource management system.
- analysis and assessment of the activities of the management body in terms of control and coordination of corporate governance of the subordinate organization
- analysis of the organization of the corporate governance system at the facility, including for each management and/or control body;
- analysis of the causes and consequences of identified problems and shortcomings in the corporate governance system, as well as possible risks;
- reserves for improving the corporate governance system.
- conclusions on the quality of planning;
- conclusions on the results of the implementation of the strategy/development plan for the reporting period, including key performance indicators; the impact of the facility's activities on the industry/region, market share;
- problems that arose in the process of implementing the development plan, their impact on goals and performance indicators;
- analysis and assessment of the activities of the management body in terms of monitoring and coordinating the implementation by the subordinate organization of recommendations for making changes or additions to the company's development plan, taking measures to ensure the timely implementation of planned activities by responsible executors, etc.

The conclusions contain recommendations:

- for improving financial and economic activities, the corporate governance system;
- for solving identified problems and eliminating violations and deficiencies;
- for reviewing, adjusting, updating individual goals, objectives, indicators, and activities of the strategy/development plan;
- to solve identified problems and ensure the implementation of the development plan;
- to organize work on monitoring, evaluating and controlling the implementation of the strategy/development plan; other recommendations to improve the performance of the audited entity.

The audit report is sent not only to the entity, but also to the governing body and the authorized body. If the audit entities were national management holdings, national holdings, then the recommendations should be sent to the Specialized Councils on State Corporate Governance (if any).

AUDIT TRANSPARENCY: HOW TO COMMUNICATE COMPLEX FINANCIAL DATA TO THE BROAD PUBLIC



MS. DINARA ALIMOVA

Director of Department of Public Relations
Supreme Audit Chamber of the Republic of Kazakhstan

In the digital age, where social media and mobile apps play a key role, people have become accustomed to information being disseminated quickly and freely. Digitalisation has brought transparency to many areas of life, from education and healthcare to banking and public administration.

As a result, public trust in state institutions is no longer shaped solely by the results of reforms or budget efficiency. Open and high-quality communication is becoming increasingly important.

Following the instructions of Kassym-Jomart Tokayev, the President of Kazakhstan, state audit and financial control bodies, led by the Supreme Audit Chamber (SAC), strive to clearly and consistently explain to citizens how public resources are used, what decisions are made, and what risks are identified by audits.

In today's world, government agencies can no longer afford to work in the “old way”, publishing dry reports once a year. There is a need to communicate with citizens in the language and at the pace to which the digital ecosystem has accustomed them.

Therefore, new audit and public reporting formats are becoming not just a technical task for the SAC, but an element in the formation of a culture of digital trust.

SIMPLIFYING COMPLEXITY: PROFESSIONAL RESPONSIBILITY

Financial statements and audit reports are traditionally perceived as documents for a narrow circle of specialists. For most citizens, they are “difficult” and incomprehensible language of numbers, terms, and regulations.

Therefore, the key conclusion from Kazakhstan's experience is that it is important not only to conduct a high-quality audit, but also to provide clear information support.

In our opinion, a multi-level structure for presenting information is optimal:

- Professional version – for analysts, researchers, and government agencies;

- Concise but informative press releases written in clear and accessible language – for the media and social networks;
- Concise visual materials – for a wide audience.

This approach reduces the risk of misinterpretation, makes auditing transparent, and makes government administration understandable and predictable.

VISUALIZATION AS A TOOL FOR ATTRACTING ATTENTION

We clearly understand that modern citizens receive information primarily through visual means. Therefore, Kazakhstani auditors actively use infographics, graphs, diagrams, and visual maps of budget expenditures in their work.

Simple but high-quality visualisation helps us show revenue growth, cost efficiency, the implementation of government programmes, identified violations and the state's response to them.

In an environment where most people consume news via smartphones, visual language becomes an important way to build trust with the audience. A clear picture sometimes does much more than hundreds of pages of analysis. It is a proven tool to draw attention to truly important information on a national scale.

REGULARITY IS A KEY ELEMENT OF PREDICTABILITY

Transparency in public finances cannot be a one-off event. Kazakhstan's experience has shown that regular reporting of all kinds of information makes the system manageable and predictable. Today, this is already standard practice in the state apparatus.

As for the Supreme Audit Chamber, our weekly, monthly, quarterly, semiannual, and annual publications form a clear rhythm in which auditing becomes a real part of public life, rather than a closed and isolated system.

At the same time, as the central link in state audit and financial control, we strive to maintain balanced communication: on the one hand, we try to be as open as possible with our audience and share the most important information, and on the other hand, we strictly monitor compliance with the confidentiality of information protected by law.

At the same time, the SAC is constantly working to improve its data disclosure methodology in order to maximize public benefit and minimize potential risks to the interests of the state.

COMMUNICATION IS WOVEN INTO THE DNA OF STATE AUDITING

One of our key conclusions in recent years is that an audit does not end with the final document – the audit report. It ends when the identified violations are finally eliminated and the results become clear to

the public.

Therefore, communication tools are not a simple addition to the audit, but an integral part of it:

- public briefings;
- explanatory materials;
- interaction with journalists;
- cooperation with bloggers;
- work through social networks and much more.

The comprehensive approach we use in our communications work yields tangible and impressive results.

Over the past year, the website of the Supreme Audit Chamber of Kazakhstan has received over 134,000 visits and 1.92 million page views. In the past nine months alone, more than 90 press releases have been published in Kazakh, Russian, and English. Our new platform, the GOSAUDIT.KZ Telegram channel, has also seen steady growth in subscribers thanks to its timely and visually appealing content, which includes photos and videos.

In terms of professional coverage, in just nine months of 2025, there were more than 5,000 mentions of the SAC's activities in the media and social networks. This is a clear indication that auditing has become a real participant in public discourse in Kazakhstan.

The audience was particularly interested in the section “State Audit on the Shelves,” which explains the complex principles of state audit and financial control in simple terms. In essence, this is one of the new forms of manifestation of President Kassym-Jomart Tokayev's concept of the “Listening State.” And we continue to develop new formats.

SPECIFIC FEATURES OF KAZAKHSTAN

Kazakhstan is currently undergoing systemic changes. Society is becoming more demanding in terms of the use of national resources, the quality of public services, and communications. Several key factors contribute to this:

- **Growth of digital mindset.** Citizens actively use eGov, mobile applications, and Telegram channels of government agencies. This creates high demand for promptness and visual clarity of information.
- **Generational demand for transparency.** The younger generation of Kazakhstani citizens wants to see where their taxes go and what real value they bring to society.
- **Awareness of the risks of misinformation.** This challenge is very familiar to the Kazakh audience. Therefore, public reports, visualised data, regular explanations and open communication reduce the scope for speculation: citizens receive information directly from the audit body, rather than through a chain of intermediaries.

When complex matters become understandable, everyone benefits.

When financial information becomes accessible to everyone, public trust grows, stability is strengthened, and government reforms receive genuine support from citizens.

Simple data presentation, modern visualization, regular reporting, and high quality communication transform auditing from a closed professional procedure into a powerful public tool.

Kazakhstan proves by example that long-term success is achieved not only through reforms, but also through the formation of a culture of honesty and trust. Clear and transparent auditing is one of the most important tools for shaping this culture.

When financial data is open and understandable, decisions are predictable, and communication is honest, the state gains not just trust, but partnership with its citizens. And this partnership is an important resource for development for many years ahead.

FORENSIC-LENS APPROACH: GETTING MORE FROM ROUTINE AUDITS



MR. AAMIR FAYYAZ

Director General, Performance Audit Wing
Pakistan

Supreme Audit Institutions (SAIs) are expected to be endowed with the broader mandate to conduct the most common types of audits: financial, performance and compliance (ISSAI/100). The primary expectations from the SAIs are linked to the discharge of their mandate viz. these audits. In line with the Lima Declaration (1977), this mandate gets translated into five macro audit objectives: legality, regularity, economy, efficiency, and effectiveness of financial management. While all these objectives are of equal importance, each Supreme Audit Institution is supposed to determine its priorities on a case-by-case basis. (INTOSAI-P-1). The modern SAIs do not allow their laurels to rest on the 'primary' and the 'basics' and constantly remain on the lookout for possible experimentation with newer, hybrid audit approaches and types. It would not be an exaggeration to say that the SAIs no longer operate in 'safe mode' and have chosen to come out from their proverbial ivory towers to venture into areas that, at times, leave many of the old school gaped at the audacity of experimentation. While the umbrella audits are there, the underlying thematic subjects continue to evolve and expand. Who could have fancied SAIs auditing air, water, waste pollution; natural resources, bio-diversity, disasters, pandemics, environment, sustainable development, public-private partnership, key national indicators, food security, information systems, public debt, fraud, corruption, and, what not! While there could be many explanations for this strong urge to do 'more' than may be considered strictly 'required', suffice it would be to say that these initiatives are in the long-term interest of the SAIs and their clientele. SAIs' indulgence in this brave new audit world is characterized by the VUCA environment that is driven by technology, big data, AI, newer forms of accountability and enhanced expectations of citizens and other stakeholders. Alongside the 'what part', audit methodologies- the how part of audit- continue to evolve and change for the better with the objective that entities, programs, projects, activities and processes are subjected to complete and thorough audits and thus provide a high level of assurance to the users of audit opinions and reports. The shift to the newer and more complex audit tools and techniques, on a large scale, may require mobilization of material resources which may not be available to all SAIs, all the time, and thus may necessitate adoption of an incremental approach that matches outputs with the inputs. This article points to a low hanging fruit by proposing a methodological tweak, albeit on a small scale, at the operational level, in an attempt to help SAIs operate somewhat outside the box, utilize the existing audit

mandate and while remaining largely within the available resource pool, introduce more meat in their traditional regularity (financial and compliance) audit products. This has significant potential to enhance their value for the stakeholders. Let us explore it with the help of a hypothetical scenario.

SAI-XYZ (a hypothetical entity) is facing an unpleasant situation. Its credibility is on the wane. Many of its stakeholders view it as an antique institution, churning out routine and run-of-the-mill audit reports as a ritual, on subjects and criteria that they consider increasingly tasteless, insipid, irrelevant and cut-off from the ground level governance and financial management challenges. Expectation gaps exist and continue to grow. There is a lot of actual and perceived pressure, internal and external, on the SAI to innovate and improvise. The current audit practices just scratch the surface, target procedural compliance, and tend not to capture the broader picture. Year after year, its auditors continue to concentrate on individual transactions, following established steps to arrive at audit findings. In the process, however, they tend to lose sight of overall entity-level risk management and the resultant internal control systems, and the reliability and accuracy of budgetary data. Despite the likelihood and impact of fraud on account of systemic governance issues affecting performance, there is but inadequate conscious effort to consider and address these risks. It is in this context that the SAI-XYZ is about to undertake an audit that its auditee profiling system has ranked very high in terms of materiality and risk. The senior management of SAI-XYZ, recently attended an online seminar on the relevance of forensic audits for the SAIs, and immediately became enamored with it. They are convinced that this particular audit has the potential to bring about a turnaround for their beleaguered institution. The problem, though, is that it lacks explicit mandate to conduct forensic audits. What are the options on the table? One, it should seek to enhance its mandate. The process is complex, with lots of ifs and buts, and may take considerable time and lobbying while the success remains uncertain in view of its diminished institutional credibility in the national polity. The other option, in the given circumstances, is to experiment with, what may be called a 'forensic-lens approach', i.e. using the forensic audit methodology without performing a forensic audit *per se*. The good news is the SAI-XYZ, and for that matter other SAIs, facing similar constraints, can do so within the existing mandate. Most SAIs' governing regimes leave it to their good judgement and discretion to determine the methodology or the 'how part'. All that SAI-XYZ needs to do is to review and redefine its existing audit tool-box, encompassing the entire audit cycle, and align these as close to the forensic audit as possible, at least in audits of high materiality and high-risk subjects/entities. This would help it reap some of the benefits of forensic audit without performing it in a stand-alone fashion. Auditors will approach their work with a deliberate sense of inquiry by seeking corroboration from independent and multiple sources, including citizens, probing inconsistencies, performing physical checks, and seeking clarifications where the facts appear incomplete or unusual. Data analysis component of audits would be strengthened using advanced AI tools, thereby increasing the likelihood of adding additional layers of evidence to support effective oversight. No audit will be a routine audit!

The forensic-lens approach does have the potential to demonstrate audit mettle and prowess to the

stakeholders in a discreet manner. It can bring about a positive change in their negative perception of the SAI, in an incremental fashion and in a (comparatively) shorter period of time. Second, the forensic-lens tweak, by design, will be an incisive, detailed, and comprehensive engagement and it will take the substance of audit output to the next level. Third, auditors would be cautious and skeptical throughout the audit cycle in planning and execution. They would be alert to understand the fine difference between assuming good faith of the management and placing a blind trust in their actions and inactions. Fourth, though the capacity of auditors to detect fraud in regularity audits is inherently constrained, given the design of such audits to provide only reasonable assurance, the adoption of a forensic-lens perspective, while not absolute and infallible, has a high likelihood of offering a comparatively higher, albeit reasonable level of assurance. This could be extremely helpful to the SAI-XYZ in the audit of the instant entity with recent history of fraud and the resultant high materiality and high audit risk. Lastly, the forensic-lens approach would be quite conservative with the substantive sample size and would aim for a much larger sample than may be statistically required. Combined with cause-and-effect analysis, use of sophisticated AI-powered tools, the approach will help auditors arrive at persuasive findings and authoritative recommendations. Coming to the input side, the SAI-XYZ would need to modify its existing capacity building regime for the training of regularity auditors. In the short to medium term, core audit staff, already well-versed in basic IT skills, could be provided trainings in the use of AI tools focusing on data intuition, algorithmic skepticism, prompt engineering, ethical usage and interpretability supported by the relevant soft skills to ensure that they are able to communicate effectively the usage of AI tools to the stakeholders.

While the mandate of an SAI may not extend to conducting full-fledged forensic audits, there is nothing to prevent it from enriching its regularity audits by applying the 'forensic-lens approach'. This shift does not require a departure from established mandate; rather, it calls for a thoughtful refinement of how audits are planned, executed, and reported. In practical terms, this means that auditors will approach their work with a deliberate sense of purpose and, instead of being hostage to isolated transactions, will divert their audit efforts towards viewing the entity as an integrated system of interconnected and interdependent components.

IMPACT AUDITING: ENHANCING THE EFFECTIVENESS OF GOVERNMENT-FUNDED PROJECTS



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ABSTRACT

In the landscape of contemporary public administration, impact auditing has emerged as a pivotal mechanism for evaluating the efficacy of government-funded interventions. Distinct from traditional financial compliance, impact auditing assesses the socioeconomic and environmental value generated by public expenditure. This paper articulates the conceptual framework of impact auditing, delineates its methodologies, and examines the challenges inherent in outcome measurement. Through global case studies—including the UK, Canada, and the World Bank—and an analysis of practical implications, this study underscores the critical role of impact auditing in fostering governance, transparency, and evidence-based policy formulation.

1. INTRODUCTION

In the domain of development finance and public administration, the focus of oversight has shifted from mere expenditure verification to the assessment of tangible results. Impact auditing has thus become an indispensable instrument for gauging the social, economic, and environmental dividends of government-funded projects. Unlike traditional financial or compliance audits, which primarily scrutinize adherence to regulatory spending protocols, impact auditing interrogates whether public investments have realized their intended strategic outcomes (Gray, 2019). As governments globally prioritize accountability and measurable performance, impact auditing serves as the nexus between fiscal responsibility and developmental effectiveness. This paper explores the function and significance of impact auditing, analyzing its application in government projects, methodological approaches, implementation challenges, and its broader contribution to transparent governance.

2. CONCEPTUAL FRAMEWORK OF IMPACT AUDITING

Impact auditing is predicated on the principles of performance and value-for-money auditing, yet it is distinct in its rigorous focus on outcomes. According to the International Organization of Supreme Audit Institutions (INTOSAI, 2020), an impact audit evaluates the changes—both intended and

unintended—attributable to a specific policy or program intervention. This approach aligns with Results-Based Management (RBM), which prioritizes the achievement of developmental outcomes over the simple delivery of outputs (Kusek & Rist, 2004).

Conceptually, impact auditing synthesizes elements from social impact assessment, cost-benefit analysis, and performance evaluation. It employs a dual-lens approach, measuring quantitative indicators (e.g., income appreciation, service accessibility) alongside qualitative dimensions (e.g., community empowerment, institutional strengthening). The framework is underpinned by the "Theory of Change," a model that maps the causal pathway from project inputs and activities to intermediate outcomes and ultimate impacts (Rogers, 2014). This logical scaffolding is essential for defining the parameters of measurement and audit scope.

3. THE ROLE OF IMPACT AUDITING IN GOVERNMENT-FUNDED PROJECTS

Government-funded initiatives typically address complex, multifaceted societal challenges, including poverty alleviation, infrastructure development, and public health reform. In these contexts, impact auditing is critical for determining whether taxpayer resources are generating genuine social and economic value (OECD, 2019).

Institutions such as the World Bank, the UK National Audit Office, and the Office of the Auditor General of Canada have integrated impact auditing into their accountability ecosystems. These audits validate the efficacy and sustainability of interventions, providing decision-makers with empirical insights to guide future policy calibration (World Bank, 2021). In the context of developing nations, impact auditing is particularly salient for donor-supported programs, where external partners mandate rigorous evidence of aid effectiveness. Consequently, it functions as a feedback mechanism that refines project design, bolsters public confidence, and ensures development assistance translates into tangible citizen benefits (Asian Development Bank [ADB], 2020).

4. METHODOLOGIES AND TOOLS

Impact audits utilize a mixed-methods approach to robustly assess project outcomes. Prevalent methodologies include:

- **Logical Framework Analysis (LogFrame):** A systematic planning tool that structures project objectives and indicators.
- **Cost-Benefit and Cost-Effectiveness Analysis:** Economic evaluations comparing intervention costs against the monetary or non-monetary value of outcomes.
- **Social Return on Investment (SROI):** A framework for measuring and accounting for a much broader concept of value, incorporating social, environmental, and economic costs and benefits.
- **Participatory Evaluation Techniques:** Engaging stakeholders directly to qualitatively assess impact.
- **Big Data and Digital Analytics:** Leveraging large datasets for real-time outcome tracking.

The selection of appropriate tools is contingent upon project objectives, data availability, and the technical capacity of the auditing body.

5. CHALLENGES AND LIMITATIONS

Despite its utility, impact auditing encounters significant hurdles, primarily stemming from the complexity of quantifying social and environmental changes relative to financial metrics.

5.1. Methodological and Measurement Challenges

- **Causality and Attribution:** Establishing a direct causal link between an intervention and a specific result is notoriously difficult due to exogenous variables. For instance, the success of a housing finance project may be conflated with broader economic fluctuations or regulatory shifts.
- **The Counterfactual Problem:** Determining what would have occurred in the absence of the intervention (the counterfactual) requires rigorous statistical methods, such as difference-in-differences or regression analysis. In many developing contexts, the data and expertise required for such causal inference are unavailable.
- **Complexity of Outcomes:** Social and environmental impacts are often deeply interlinked with local contexts. For example, pollution sources may vary drastically between urban centers, complicating comparative analysis.
- **Temporal Lags:** Significant impacts, particularly in education or health, often manifest over long horizons that exceed standard audit cycles. Premature auditing risks skewing results by failing to capture long-term benefits.

5.2. Data And Information Management Challenges

- **Data Integrity and Availability:** Reliable impact assessment depends on high-quality data, yet public sector records are frequently incomplete or fragmented.
- **Absence of Baselines:** Many programs lack robust baseline data or consistent monitoring systems, limiting audits to descriptive rather than analytical findings.
- **Manual Data Collection:** The reliance on manual data gathering processes increases the risk of error and resource drain.
- **System Integration:** Fragmented organizational structures often result in data silos, hindering the consolidation of information required for holistic impact assessment.

5.3. Operational and Resource Challenges

- **Capacity Constraints:** A scarcity of auditors with specialized skills in ESG and impact evaluation impedes the execution of complex audits.
- **Resource Intensity:** Comprehensive impact audits are time-consuming and costly, often

conflicting with tight statutory deadlines.

- **Organizational Resistance:** Without executive sponsorship, auditees may deprioritize data requests, obstructing the audit process.

5.4. External and Ethical Challenges

- **Auditor Independence:** Maintaining objectivity is challenging when auditors face pressure from management or political stakeholders to validate favorable outcomes.
- **Political Economy:** Large-scale public projects are often politically sensitive; external pressures may attempt to influence audit scope or findings.
- **Information Asymmetry:** Management may selectively disclose information, necessitating a high degree of professional skepticism from auditors.

6. GLOBAL ILLUSTRATIONS OF IMPACT AUDITING

The following examples illustrate the global application of impact and performance auditing:

- **United Kingdom: The National Audit Office (NAO)** has pioneered *Value for Money (VfM)* audits, systematically evaluating whether programs such as international aid or healthcare reforms deliver intended socioeconomic outcomes beyond mere compliance.
- **Canada:** Supreme Audit Institutions (SAIs) in Canada function as "agents of change." Provincial and federal audit offices select topics based on risk and potential societal impact, explicitly aiming to improve citizen well-being rather than focusing solely on financial regularity.
- **World Bank: The Independent Evaluation Group (IEG)** conducts rigorous impact audits on global development projects. In the energy sector, for instance, the IEG validates project data using satellite imagery and household surveys to ensure credibility.
- **South Africa:** The *Office of the Auditor-General* has integrated the Sustainable Development Goals (SDGs) into performance audits, aligning national program evaluations with international sustainability targets.
- **European Union:** The **European Court of Auditors (ECA)** emphasizes performance auditing to derive policy lessons. Its review of the European Regional Development Fund provided critical insights on integrating innovation funding with local economic strategies.
- **The Netherlands:** Research indicates that audit impact is contingent on micro-level auditor-auditee relationships, meso-level management alignment, and macro-level parliamentary pressure. Media attention often accelerates the implementation of recommendations, though it can occasionally prompt bureaucratic defensiveness.
- **Bangladesh:** The Comptroller and Auditor General has expanded its remit to performance auditing, revealing critical gaps in social assistance programs—such as eligibility errors and poor targeting—thereby driving governance reforms.

7. PRACTICAL IMPLICATIONS FOR GOVERNMENT-FUNDED PROJECTS

To effectively operationalize impact auditing in government projects, particularly those involving donors or multiple stakeholders, the following strategic imperatives must be adopted:

- **Design for Auditability:** Projects must integrate Monitoring and Evaluation (M&E) architectures from inception. Without established baselines and clear outcome indicators, post-hoc impact assessment is severely compromised.
- **Enhance Auditor Competencies:** Audit institutions must cultivate skills beyond financial verification. Proficiency in "Theory of Change," counterfactual analysis, and mixed-methods evaluation is essential.
- **Define Logic Chains:** Where experimental designs are unfeasible, auditors must articulate plausible logic chains connecting inputs to impacts, while explicitly acknowledging assumptions and alternative explanations.
- **Institutionalize Follow-Up:** Impact auditing is an iterative process. Mechanisms must be established to track the implementation of recommendations and the durability of outcomes over time.
- **Align with Policy Governance:** Findings must be actionable and synchronized with policy priorities. Engagement with senior leadership and legislative bodies ensures that audit results inform resource allocation and program redesign.
- **Foster Transparency:** Publicly accessible, clear reporting engages civil society and media, generating necessary pressure for accountability.
- **Manage Expectations:** Stakeholders must recognize the limitations of impact auditing. Reports should transparently address attribution constraints and avoid overstating causality.

8. RECOMMENDATIONS AND FUTURE DIRECTIONS

To maximize the utility of impact auditing, governments and SAIs should:

- **Establish Formal Frameworks:** Develop standardized guidelines for impact auditing that integrate international best practices.
- **Invest in Human Capital:** Prioritize training and certification in impact evaluation and data analytics for audit staff.
- **Modernize Data Systems:** Invest in digital infrastructure to improve data quality, availability, and integration across government departments.
- **Strengthen Stakeholder Engagement:** Foster collaborative relationships with academia, civil society, and donors to enhance audit credibility and reach.

9. CONCLUSION

Impact auditing represents a paradigm shift in public sector oversight, evolving from a retrospective check on spending to a prospective evaluation of value. By focusing on outcomes and long-term

Impact auditing represents a paradigm shift in public sector oversight, evolving from a retrospective check on spending to a prospective evaluation of value. By focusing on outcomes and long-term change, audit institutions play a crucial role in ensuring public programs deliver genuine benefits to citizens. While the approach demands rigorous data standards, specialized skills, and a supportive institutional culture, its potential to drive governance reform is profound. Ultimately, impact auditing transforms accountability from a static compliance exercise into a dynamic learning process. Its core lesson is that impact cannot be audited in isolation; it requires **engagement, evidence, and empathy**—the three pillars of meaningful public value assessment.

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GENDER IN PUBLIC SECTOR AUDITING



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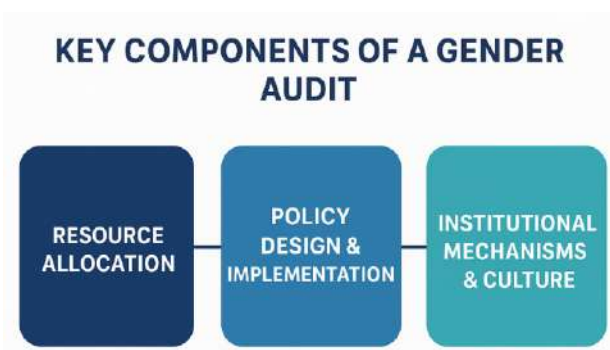
Gender equality is a cornerstone of sustainable development, good governance, and inclusive public service delivery. In recent years, public sector auditing has begun evolving beyond traditional financial and compliance assessments to embrace social and developmental outcomes, including gender responsiveness. Gender audit, as a specialized form of audit, evaluates whether government policies, programs, and expenditures are effectively addressing gender disparities and promoting equality.

Across the world, public audit institutions are recognising that traditional financial and compliance auditing alone cannot fully capture whether governments are delivering equitable and inclusive outcomes. As countries commit to global frameworks such as the Sustainable Development Goals (SDGs)—particularly SDG 5 on Gender Equality—there is a growing need to assess how public policies, budgets, and institutional processes address gender disparities.

UNDERSTANDING GENDER AUDIT

A gender audit is a diagnostic tool used to assess and check the institutionalisation of gender equality within an entity — across its policies, programmes, projects, structures, procedures and budgets. The International Labour Organization (ILO) frames the gender audit — particularly in its Participatory Gender Audit (PGA) methodology — as a form of social/quality audit that combines objective data with staff perceptions through a participatory process (International Labour Organization, 2012).

Below are the focus areas commonly used in public-sector gender audits, with brief explanations of what each component examines and why it matters.



Resource Allocation: A gender audit examines whether budgets and spending plans actually allocate resources to gender-equality objectives and whether those expenditures are tracked in a gender-sensitive way.

Policy Design and Implementation: This component looks at whether laws, policies and programmes have been designed with an explicit gender analysis and whether implementation plans include gender-sensitive targets and measurable indicators.

Institutional Mechanisms and Organisational Culture: A gender audit evaluates institutional arrangements that support gender mainstreaming — for example, presence of gender focal points, dedicated units, internal policies, reporting lines and accountability mechanisms.

THE NEED FOR GENDER AUDIT

Across the globe, governments are increasingly recognising that achieving national development goals requires closing gender gaps in economic participation, access to services, and representation. Global evidence shows that these gaps remain significant: according to the World Bank, women’s labour-force participation globally is still 26 percentage points lower than men’s, and gender disparities continue to affect access to education, health, finance and formal employment (World Bank, 2024). Similarly, UN Women reports that only 15% of SDG 5 indicators are currently “on track” worldwide, highlighting the need for stronger monitoring and accountability mechanisms (UN Women, 2023).

These challenges underscore why gender audits are increasingly relevant for public-sector oversight. As public resources are deployed to achieve national development strategies and SDG commitments, SAIs can use gender audits to assess whether:

- policies and programmes are designed with gender considerations;
- budget allocations and expenditures support equitable outcomes; and
- institutional mechanisms and data systems enable gender-responsive decision-making.

From a fiscal perspective, international research shows that greater gender equality contributes to economic growth, improves labour productivity, and enhances social resilience (IMF, 2020). Gender audits therefore help governments ensure that public spending is both efficient and inclusive, and that outcomes benefit all citizens.

THE ROLE OF SUPREME AUDIT INSTITUTIONS(SAIs) IN ADVANCING GENDER-RESPONSIVE GOVERNANCE

Supreme Audit Institutions (SAIs) play a central role in promoting accountable, transparent, and equitable governance. As public spending increasingly aims to achieve inclusive development outcomes, SAIs are uniquely positioned to assess whether government programmes deliver benefits to all segments of society, including women and marginalised groups. Gender audits fit naturally within the

mandate of SAIs, particularly through performance auditing, which examines the economy, efficiency and effectiveness of public spending. INTOSAI has recognised the importance of integrating gender considerations into public auditing, noting that SAIs contributes significantly to monitoring progress toward the Sustainable Development Goals (SDGs), including SDG 5 on gender equality (INTOSAI, 2019). By incorporating gender analysis into audit planning, criteria development and evidence collection, SAIs can provide objective assessments of whether public institutions are fulfilling their commitments to gender-responsive service delivery and resource allocation.

Within ECOSAI countries, gender audits can enhance the impact of SAIs by strengthening the evidence base for policy decisions, improving value-for-money assessments and highlighting gaps in institutional mechanisms that support gender mainstreaming. This includes identifying whether ministries and departments have gender-responsive budgeting systems, gender-disaggregated data, and clear accountability structures. Through their audit recommendations, SAIs can encourage improvements in planning, budgeting and reporting processes that ultimately contribute to more inclusive and effective public administration. International practice shows that Supreme Audit Institutions embed gender considerations at different institutional levels—ranging from strategic planning to audit execution.

Gender-responsive auditing does not require a transformation of the audit mandate — rather, it extends existing audit approaches to include a lens that ensures public spending benefits the entire population. By doing so, SAIs contributes to better governance, stronger service delivery, and progress towards national and international commitments on gender equality.

Comparative Approaches to Embedding Gender in SAI Audit Systems



INTERNATIONAL PRACTICES AND BEST APPROACHES IN GENDER RESPONSIVE AUDITING

Across the world, Supreme Audit Institutions have adopted diverse but practical approaches to integrating gender considerations into public-sector auditing. One prominent example is the Office of the Auditor General of Canada, which has examined the application of Gender-Based Analysis Plus (GBA+) within federal government decision-making. In a performance audit, the Office assessed whether selected departments had effectively implemented gender-based analysis in the design and delivery of policies and programmes (Office of the Auditor General of Canada, 2016).

Similarly, several SAIs in Europe treat gender equality as a cross-cutting audit issue. Instead of limiting audits to gender-specific programmes, auditors assess whether sectoral policies—such as employment, transport, health or social protection—consider differentiated impacts on women and men, allowing SAIs to evaluate gender responsiveness within mainstream public expenditure and service delivery (Government of Canada, 2023).

In the Global South, the Commission on Audit of the Philippines has institutionalised Gender and Development (GAD) audits through the issuance of a dedicated audit guide. These audits assess compliance with gender budgeting requirements, the effectiveness of GAD plans, and the utilisation of allocated resources (Commission on Audit of the Philippines, 2022).

Together, these international practices highlight that gender-responsive auditing is not a one-size-fits-all model. Instead, SAIs tailor their approaches based on institutional capacity, legal frameworks and national priorities—ranging from embedded gender analysis within performance audits to dedicated gender audit methodologies.

CHALLENGES AND LIMITATIONS IN INTRODUCING GENDER-RESPONSIVE AUDITING

While gender-responsive auditing can enhance inclusive governance, its introduction within public-sector audit systems faces practical and contextual challenges. In many settings, societal sensitivities around gender issues may lead to resistance, with gender-related audit findings sometimes perceived as normative rather than evidence-based. This underscores the need for SAIs to firmly anchor such audits within their mandates of economy, efficiency and effectiveness.

Another key limitation is the availability and reliability of gender-disaggregated data. Incomplete or inconsistent data across government entities can restrict auditors' ability to assess differential impacts of public programmes and limit the depth of audit conclusions. Weak coordination between statistical and administrative data systems further compounds this challenge.

Capacity constraints within SAIs also remain significant. Auditors may have limited training in gender analysis and outcome-based assessment, making the integration of a gender lens appear technically

demanding or outside traditional audit practice. Additionally, institutional resistance—both within SAIs and audited entities—may arise due to perceived mandate expansion or increased workload.

These challenges highlight the importance of a phased, context-sensitive approach supported by capacity building, improved data systems and leadership commitment to sustainably embed gender considerations in public-sector auditing.

WAY FORWARD

As ECOSAI member institutions continue to strengthen their contributions to inclusive and accountable governance, gender audits offer a practical pathway to enhance the effectiveness of public-sector oversight. Recent global evidence highlights both progress and gaps in how Supreme Audit Institutions are engaging with gender-responsive auditing. According to the INTOSAI Development Initiative’s (IDI) 2023 Global SAI Stocktaking Report, approximately 31% of SAIs worldwide have conducted at least one gender audit, while 21% report having mainstreamed gender considerations into their audit work (IDI, 2023). These figures, although indicative of growing engagement, suggest that a majority of SAIs have yet to integrate gender responsiveness systematically into their audit functions and planning processes.

SAI Engagement in Gender-Responsive Auditing

Indicator	Share of SAIs (%)
Conducted at least one gender audit	31
Mainstreamed gender into audit work	21
Priority sectors: health, labour, social protection	37

Source: IDI Global SAI Stocktaking Report 2023.

Moving forward, SAIs can gradually embed gender responsiveness into their existing audit frameworks by integrating gender considerations into annual audit planning, selecting audit topics with potential gender impacts, and incorporating gender-sensitive criteria and questions into performance audits. This approach allows SAIs to mainstream gender within their core mandates without requiring structural changes to audit functions.

A key step for SAIs is to improve the use and availability of gender-disaggregated data. Strengthening coordination with national statistical bureaus, gender ministries, and relevant government departments can help auditors access reliable indicators on service delivery outcomes, beneficiary reach, and

resource allocation patterns. Such data significantly enhances the quality and credibility of audit evidence and enables SAIs to make more targeted and actionable recommendations.

Capacity building remains central to the way forward. The IDI stocktaking results also show that a substantial proportion of SAIs are beginning to institutionalise gender responsibilities within governance structures and strategic plans, underscoring the need for continued capacity building, data systems strengthening, and leadership commitment across regions (IDI, 2023). Similarly, SAIs can invest in training audit teams on gender analysis, gender-responsive budgeting, and international frameworks such as the SDGs and INTOSAI's guidance on auditing gender equality.

Peer learning within ECOSAI — through workshops, technical exchanges or shared case studies — can also help institutions benefit from each other's experiences and practical innovations. Finally, strengthening collaboration with stakeholders will support the long-term institutionalisation of gender audits. Engagement with parliament, civil society, line ministries and development partners can help ensure that audit findings lead to improvements in planning, budgeting and service delivery. By fostering a shared understanding of the value of gender-responsive auditing, SAIs can promote governance systems that deliver more equitable and sustainable outcomes.

In essence, the way forward for ECOSAI members lies in gradual integration, improved data systems, strengthened technical capacity and enhanced collaboration. Through these steps, gender audits can become a powerful tool for SAIs to advance national development priorities and contribute meaningfully to gender equality commitments.

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