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ANALYSIS OF THE CURRENT STATE AND PROSPECTS OF DEVELOPMENT OF THE AUDIT SERVICES MARKET OF THE REPUBLIC OF KAZAKHSTAN

The scientific article is devoted to one of the most urgent and significant problems in the field of audit practice – the analysis of the audit services market of the Republic of Kazakhstan. In recent decades, special interest has been aroused by audit services, the market of which is currently developing dynamically. We can say that in recent years, the country has developed an audit system and a market necessary for this activity. The authors note that the development of the audit services market is one of the important factors determining the development of the country as a whole. The market of audit services is growing and changing quite quickly. The specifics of this market are the level of development of audit organizations and their size. Almost without exception, large organizations are classified as developing. The features of audit services, as well as the factors determining supply and demand in the audit services market are considered in detail. Special attention is paid to the consideration of the main problems and prospects for the development of the audit services market of the Republic of Kazakhstan.

Keywords: *audit services, audit, audit organization, audit review, audit services market, professional audit organizations, self-regulation, quality control, reliability, audited entity.*

Кілт сөздер: *аудиторлық қызметтер, аудит, аудиторлық ұйым, аудиторлық тексеру, аудиторлық қызметтер нарығы, кәсіби аудиторлық ұйымдар, өзін-өзі реттеу, сапаны бақылау, анықтық, аудиттелетін тұлға.*

Ключевые слова: *аудиторские услуги, аудит, аудиторская организация, аудиторская проверка, рынок аудиторских услуг, профессиональные аудиторские организации, саморегулирование, контроль качества, достоверность, аудируемое лицо.*

Introduction. In modern conditions, there is a need to expand foreign economic relations. More and more organizations are entering foreign markets, because this involves maximizing profits, expanding the boundaries of the market, realizing the scientific and technical potential of enterprises and exchanging political, economic, scientific, technical and cultural information. Attracting foreign investment into the domestic economy requires enterprises to improve the status of economic entities, as well as their business reputation.

The determination of this status and the business reputation of the organization is not only the result of competent business management, but also the result of audits conducted by the auditor. It is audit organizations as independent experts that make it possible to clarify the issue of trust in a particular organization. All these aspects, in turn, force audit organizations to accumulate a high lev-

el of business reputation so that their opinion can be trusted in the market, both domestic and international. Audit services are aimed at protecting the legitimate financial interests of organizations through independent financial control, confirming the reliability of financial statements based on the results of economic activity and providing services according to the profile of activity. The audit services market in the Republic of Kazakhstan and its development is one of the important factors that determines the development of the country's economy as a whole [1]. The integration of national organizations into the global economy is increasing, which implies stricter requirements for the level and quality of audit services on the part of organizations. At the same time, the audit services market in Kazakhstan is developing and undergoing significant changes.

The purpose of the study is to study and ana-

lyze the state and development of the audit services market in the Republic of Kazakhstan, as well as the main problems and prospects for its development. In the course of the research, such methods and sources of research as observation, the method of analysis and generalization of theoretical factual material, the method of comparative analysis were used.

Literature review. A great contribution to the development of the theory, methodology of audit, development of the audit services market was made by both foreign and domestic scientists such as: E. Nurseitov [1], K. Dyusembayev [2], L. Nurgazieva [5], G. Tusibayeva [4]. The issues of studying and analyzing the state and development of the audit services market have been considered and are being considered by scientists in various aspects: models are proposed for studying and evaluating the influence of factors determining the audit services market; the problems of audit development and regulation of audit services are systematized; the need for developing an audit theory in which the importance of the quality of audit services should be increased is proved; the content of audit categories and concepts related to this problem is justified and clarified. A number of works are based on quality control approaches based on the creation and development of a unified quality control system at the state level and at the level of professional audit organizations [3].

Main part. In modern conditions, when the formation of the audit services market in our country as a whole is completed, the importance of constant analysis of its state as one of the most important tools for improving this market as a whole and helping its specific participants in making various management decisions increases. This is due to the following. Firstly, the processes in the audit services market are becoming more complicated (as in other areas of the economy due to its globalization, etc.). Secondly, the role of such a tool for improving the market as the use of Western experience is gradually weakening, which is extremely important at the early stages of the development of domestic audit. Third, situational analysis has always been an important part of the tool for improving it, especially when it needed improvement. The peculiarity of the audit services market is that it is a developing market in the full sense of the word [2].

The audit services market is growing and changing rapidly. Audit organizations and con-

sulting firms are currently divided into several categories in the market of Kazakhstan. The first group includes four international companies, the so-called "Big Four" companies: PricewaterhouseCoopers, KPMG, Deloitte, Ernst & Young. The second category includes large national audit organizations with sufficient experience. In the third category - small organizations with 2-3 employees. If we analyze what percentage of the country's audit market is occupied by the "big four" companies, then according to the Ministry of Finance of the Republic of Kazakhstan, their market share in Kazakhstan is about 70%. In our opinion, the audit services market in Kazakhstan is currently determined by the following characteristics: it is segmented; the audited organizations differ significantly in the size and level of complexity of their activities; users of financial statements who make economic decisions based on the results of the audit make different requirements for the audit; the level of complexity of the clients' activities requires special knowledge and skills on the part of the auditor [4].

The analysis showed that in 2020, 353 audit organizations operate on the market of the Republic of Kazakhstan and more than 900 auditors work. For comparison, there are 37,000 auditors and about 7,500 audit organizations in Russia. The need for audit services in the Republic of Kazakhstan is unevenly distributed: about 73% of all audit organizations are located in Almaty and Nur-Sultan. The number of audit organizations in the Republic of Kazakhstan for 2010-2020 is shown in table 1. The study showed that during 2010-2020 there has been an increase in the number of audit organizations in the domestic audit services market, and in 2020 their total number amounted to 353 audit organizations. In general, it is noticeable that during the analyzed period, the growth in the number of audit organizations in the Republic of Kazakhstan is very significant. The largest number of audit organizations in 2019 is observed in Almaty – 141 organizations and in Nur-Sultan-65 organizations.

The dynamics of the growth of the number of audit organizations in the Republic of Kazakhstan is shown in Figure 1.

Audit and consulting organizations of the Republic of Kazakhstan confirm that the audit services market in Kazakhstan is not yet developed, and not everyone understands the importance of audit in the company. Business leaders often see an au-

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ditor as a certified accountant, a specialist in hiding mandatory payments to the budget, or a lawyer [5].

The audit industry has experienced stagnation in the past and has grown, overcoming old problems - unfair competition and price dumping. As the next review of the activities of audit and advisory groups (ACS), which was prepared by the rating agency "Expert RA Kazakhstan" (hereinafter

RA "Expert RA Kazakhstan"), shows, the results of work for 2019 were more successful for audit organizations in comparison with 2018, although the results of their work are still slightly worse than in 2017. In 2018, there is a decrease in the revenue of many audit organizations. The overall decline, according to some estimates, is more than 20%.

Table 1

Number of audit organizations in the Republic of Kazakhstan*

	Number of audit organizations (increasing)										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Akmola region	1	1	1	1	1	1	1	2	2	4	4
Aktobe region	1	1	1	2	2	2	3	5	6	9	9
Almaty region	2	2	2	2	2	3	3	3	4	4	4
Atyrau region	-	-	-	-	-	-	-	-	1	3	5
East Kazakhstan region	2	2	2	2	2	2	2	2	4	4	7
Zhambyl region	1	1	2	2	2	2	2	2	3	3	4
West Kazakhstan region	1	1	1	1	1	1	1	1	1	1	2
Karaganda region	3	3	3	5	5	6	7	10	13	15	18
Kostanay region	2	2	2	2	2	2	3	3	4	5	6
Kyzylorda region	-	-	-	-	-	-	-	-	1	2	5
Mangystau region	1	1	1	1	1	1	3	3	4	5	5
Pavlodar region	1	1	1	1	1	1	1	1	1	2	2
North Kazakhstan region	2	2	2	2	2	2	2	2	2	4	4
Turkestan region	-	1	1	1	1	1	1	1	1	1	1
Almaty	53	56	58	62	67	72	79	88	112	141	161
Nur-Sultan	6	6	7	8	10	13	19	25	39	65	92
Shymkent	6	6	6	6	6	7	8	11	15	21	24
Total	82	86	90	98	105	116	135	159	213	289	353

* The table is compiled by the author

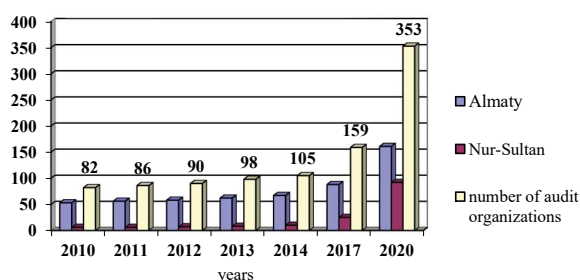


Figure 1. Dynamics of the growth of the number of audit organizations in the Republic of Kazakhstan

* The diagram is compiled by the author on the basis of Table 1

The volume of revenue of audit companies of the Republic of Kazakhstan (in billion tenge) is shown in Figure 2.

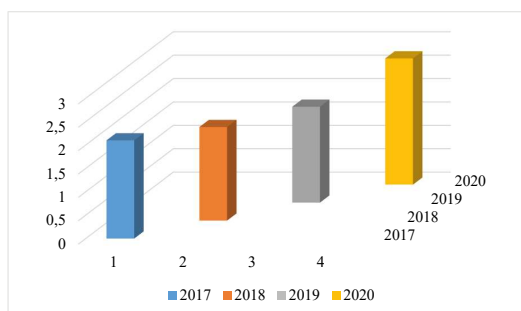


Figure 2. Revenue of audit organizations of the Republic of Kazakhstan (in billion tenge)

In 2019, the audit industry experienced the stagnation of the previous year and began to grow, overcoming old problems - unfair competition and price dumping. Thus, at the end of 2019, the profitability of audit organizations increased by 13.9% against a decrease of 4.3% last year. The same audit organizations remain the leaders: Baker Tilly Eltal Kazakhstan, NAC Centeraudit-Kazakhstan, PKF Sapa-Audit, Almir consulting. The audit and consulting market in Kazakhstan is becoming more complex, the needs of customers are growing.

All this requires auditors to expand services, develop and offer new products, as well as use innovations. Leaders in the provision of audit services by the end of 2020 (according to RA "Expert RA Kazakhstan") there were such audit organizations as KPMG Audit, NAC Centeraudit-Kazakhstan, BAKER TILLY ELTAL KAZAKHSTAN, ALMIR CONSULTING, MinTax Audit, Azamataudit, Grant Thornton, Synergy Audit, Auditservice, Asia Astana Audit, Salyk-service, Tabys Consult and others. More than half of the profits of all audit organizations (with the exception of the "big four" companies) are accounted for by the general audit. In 2019, the share of revenue from inspections increased compared to 2018 and 2017 and decreased from consulting. Analyzing the segment of consulting services, it is necessary to note the impact of the financial crisis. The total sales volume of leading companies from consulting practices in Kazakhstan amounted to about 2 billion tenge. The negative dynamics of the segment is mainly due to a decrease in sales of services in the field of financial and legal consulting, as well as other services [6]. Income from financial consulting activities decreased by more than three times, income from valuation activities decreased in the

same proportion. The volume of tax consulting services in 2018 - 2019 fell by 26% over the year. Although, according to the same auditors, the demand for tax advice increased last year due to the complexity of the application of the Tax Code. In 2020, consultations on financial and tax issues were in the greatest demand - these types of services were practiced by most audit organizations. Audit of banks (an increase of 8.9 times), financial consulting (2.7 times), investment audit (72.9%), tax and legal consulting (44.3 and 30.5%, respectively), as well as audit of insurance companies (24.7%) developed. For example, audit services for banks and legal consulting were provided by such audit organizations as ALMIR CONSULTING and BAKER TILLY ELTAL KAZAKHSTAN.

The audit of insurance companies was carried out by such organizations as "Centeraudit-Kazakhstan" and "Auditservice". Such new business areas as strategic consulting and IT consulting were provided by such organizations as BAKER TILLY ELTAL KAZAKHSTAN and NAC Centeraudit-Kazakhstan. The revenue structure of audit organizations in Kazakhstan is shown in Figure 3.

The increased attention of clients to tax accounting makes the practice of tax consulting of audit organizations practically their main activity [7]. In terms of sales, this area definitely ranks second after the general audit: at the end of 2018, this type of consultation accounted for almost 30% of total sales, or 96.7 million tenge. Theoretically, the activation of activities within the framework of the Customs Union should contribute to the growth of demand for services in the field of legal practices, which are still less in demand. In this segment of consulting services, audit organizations earned only 31 million tenge. The leader in this field of audit

services is the audit organization UHY "SAPA-CONSULTING". The low percentage of income from this type of services is probably due to the

fact that the Law of the Republic of Kazakhstan "On Auditing activities" restricts the possibility of providing legal advice.

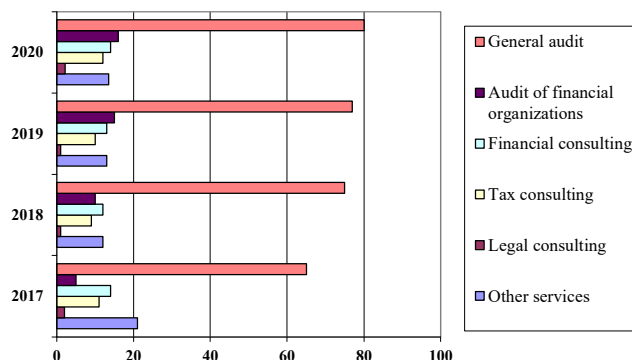


Figure 3. Revenue structure of audit organizations (in %)*

* Compiled by the author on the basis of the source [8]

A considerable share of services falls on the "Other services" section. A significant part of the income here falls on the audit organization "BAKER TILLY ELTAL KAZAKHSTAN", which are obtained as a result of providing services related to the development of recommendations and training in the automation of accounting and financial reporting.

Conclusion. Thus, the share of domestic audit organizations (excluding the "big four" companies) accounts for about 40-50% of the total turnover. Compared with international and Russian audit organizations, the structure of auditors income in Kazakhstan differs. Thus, the Big Four companies accounted for 50% of the total audit revenue in 2017, while Russian companies accounted for 40%. One of the main qualities of an audit organization is the ability to maintain a conquered market segment. This means tenaciously holding the client chain and protecting the conquered sector of the market economy from the encroachments of competitors.

In this regard, many audit organizations have learned to competently apply competitive techniques, outstripping competitors not only by the speed of thought, but also by the quality of the audit services offered [9]. Market participants believe that in the near future, the Customs Union and the World Trade Organization will become the engine for the development of audit organizations. An independent regulatory body represented by professional audit organizations can play an important role in combating dumping in the audit market. Professional audit organizations, endowed

with the functions of monitoring audit activities, should contribute to the civilized development of the audit market and solve all the problems of the audit community, including identifying unscrupulous market participants and applying sanctions to them. At the same time, there are no active actions on the part of professional audit organizations yet. It is noteworthy that the professional communities of the audit market cannot yet boast of great success in their activities. Despite the fact that ethics committees, quality and disciplinary responsibility departments have already been established in professional audit organizations, the time for the final creation of self-regulatory institutions is still far away. Summarizing the above, it should be noted that the main directions of the improvement of auditing activities in the Republic of Kazakhstan are the following [10]:

1. Further enhancing audit quality: to improve the quality and information content of the audit report in assessing the financial condition and financial results of the activities of the audited entities with a focus on the disclosure of the most significant risks that have been discovered in the audit process; improve the regulation of the audit market in order to improve the quality of the audit.
2. Strengthening the institutional framework for audit and auditing activities.
3. Further implementation of International Standards on Auditing.
4. Improving the professional level of auditors. Restoring the prestige of the audit profession.

5. Activation of international cooperation in the field of audit and increasing the competitiveness of domestic audit organizations.

The successful implementation of the proposed measures will contribute to the formation of a civilized audit services market, the specific features of which are: improving the quality of audit and the degree of user confidence in the audit results; increasing the role of the audit institute in the national financial control system and the level of demand

for its results; strengthening the competitiveness of domestic audit in the international markets of audit services; increasing the public authority and prestige of the audit profession; improving self-regulation of audit activities; ensuring the responsibility of participants of professional audit organizations for the results of their activities and, as a result, increasing the level of protection of the interests of consumers of audit services.

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**ҚАЗАҚСТАН РЕСПУБЛИКАСЫНЫҢ АУДИТОРЛЫҚ ҚЫЗМЕТТЕР НАРЫҒЫНЫҢ
АҒЫМДАҒЫ ЖАЙ-КҮЙІН ЖӘНЕ ДАМУ ПЕРСПЕКТИВАЛАРЫН ТАЛДАУ**

Андатпа

Ғылыми мақала аудиторлық практика саласындағы өзекті және маңызды мәселелердің бірі – Қазақстан Республикасының аудиторлық қызметтер нарығын талдауға арналған. Соңғы онжылдықтарда нарығы қазіргі уақытта қарқынды дамып келе жатқан аудиторлық қызметтер ерекше қызығушылық тудырды. Соңғы жылдары елде осы қызметке қажетті аудит жүйесі мен нарық қалыптасты деп айта аламыз. Авторлар аудиторлық қызметтер нарығын дамыту тұтастай алғанда елдің дамуын айқындайтын маңызды факторлардың бірі болып табылатынын атап өтті. Аудиторлық қызметтер нарығы тез өсіп, өзгеруде. Бұл нарықтың ерекшелігі - аудиторлық ұйымдардың даму деңгейі және олардың мөлшері болып табылады. Аудиторлық қызметтердің ерекшеліктері, сондай-ақ аудиторлық қызметтер нарығындағы сұраныс пен ұсынысты анықтайтын факторлар егжей-тегжейлі қарастырылады. Аудиторлық қызметтер нарығын дамытудың негізгі мәселелері мен перспективаларын қарауға ерекше назар аударылды.

Г.С. Тусибаева, У.Б. Юсупов, М.А. Алтынбеков, Б.А. Жуматаева

**АНАЛИЗ ТЕКУЩЕГО СОСТОЯНИЯ И ПЕРСПЕКТИВ РАЗВИТИЯ РЫНКА
АУДИТОРСКИХ УСЛУГ РЕСПУБЛИКИ КАЗАХСТАН**

Аннотация

Научная статья посвящена одной из актуальных и значимых проблем в области аудиторской практики – анализу рынка аудиторских услуг Республики Казахстан. В последние десятилетия особый интерес вызвали аудиторские услуги, рынок которых в настоящее время динамично развивается. Можно сказать, что за последние годы в стране сложились система аудита и рынок, необходимый для этой деятельности. Авторы отмечают, что развитие рынка аудиторских услуг является одним из важных факторов, определяющих развитие страны в целом. Рынок аудиторских услуг достаточно быстро растет и изменяется. Специфика этого рынка - это уровень развития аудиторских организаций и их размер. Практически без исключения крупные организации относятся к категории развивающихся. Подробно рассмотрены особенности аудиторских услуг, а также факторы, определяющие спрос и предложение на рынке аудиторских услуг. Особое внимание уделено рассмотрению основных проблем и перспектив развития рынка аудиторских услуг.

