

ASSESSMENT OF AUDIT REPORTS OF HEALTHCARE ORGANIZATIONS IN THE REPUBLIC OF KAZAKHSTAN FOR COMPLIANCE WITH INTERNATIONAL STANDARDS DURING AUDITING PROCESS

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ABSTRACT

The article considers the application of International Financial Reporting and Auditing Standards in the analysis of financial indicators and activities of healthcare organizations. Authors pay particular attention to a comparative analysis on compliance of domestic audit practices with international audit standards; also identify weaknesses of audit reports. In addition, the article analyzes the capabilities of the current information system “Financial Reporting Depository” (hereinafter – FRD) and other platforms in assessing the activities of audit subjects for compliance with the methodology of international auditing standards.

Keywords: International Standards on Auditing (ISA), Standards of Supreme Audit Institutions (ISSAI), Financial Reporting Depository, Internal Audit Services, Audit Subjects (Audit Bodies), Healthcare Organizations.

INTRODUCTION

To start with, on December 10, 2021 Heads of States of Eurasian Economic Union (hereinafter – EAEU) signed the “*Agreement on the implementation of audit activities in the EAEU*” and “*General approaches to the conditions for the implementation of valuation activities within the framework of the functioning of the single market of services*” that fastened liberalization process of accounting and auditing markets in EAEU from 2022.

The issue of transition to international financial reporting standards (hereinafter – IFRS) and audit (hereinafter – ISA), standards of supreme audit institutions (hereinafter – ISSAI) and guidelines for the application of these standards becomes especially urgent. Considering that significant funds are allocated to healthcare organizations from the budget, financial statements and audit reports of healthcare organizations will be analyzed.

According to the Ministry of National Economy, today there are about 6.4 thousand subjects of the quasi-public sector in Kazakhstan and more than 5 thousand of them operate in the social sphere.

The social sphere includes kindergartens, colleges, out-of-school organizations, houses of culture, museums, creative centers, hospitals, clinics, dispensaries, scientific institutes, etc.

Moreover, according to operational data of state and local executive bodies of the country, the number of unprofitable organizations amounted to about 1,000 over the past 3 years and more than half of unprofitable organizations allocated in the social sphere.

In particular, there are only 878 in akimats, of which 56% are social organizations, in central state bodies - 96, where 55% are social organizations.

Taking into account the profitableness of the majority of organization of the social sphere, in this article authors selected 8 large healthcare organizations and other hospitals in order to analyze their audit reports.

In addition, it is important to understand the activities of audit bodies, regardless of whether a private or public auditor has performed audits. It is well known that standards are being harmonized among themselves and the International Organization of Supreme Audit Institutions (hereinafter – INTOSAI) signed a memorandum on the convergence and mutual use of standards with the International Federation of Accountants.

Therefore, market liberalization in the EAEU in the field of audit, accounting and appraisal activities will accelerate the application of international standards. In this regard, the authors analyzed the tools of regulators and audit reports on compliance with international standards.

LITERATURE REVIEW

To start with auditing processes is crucial to control processes of organization and make them more transparent. Auditors make reports for management of the company based on which decisions and effective strategies will be made (Oliveira et al., 2021 Bame-Aldred et al., 2013). Moreover, other authors support this statement and argue that information on accounting and audit it is not just numbers, but also plays crucial role in forecasting and management planning. In addition, accounting and audit reports could help to effectively manage cost of the company (Bodiako et al., 2021).

Bshayreh et al. (2021) analyze internal audit mechanism to decrease level of corruption and fraud risks, also effect of audit committee on external audit fees and state as follows: audit committee facilitate high quality of audit reports and better inner control in the organization.

Since this article is focused on healthcare organizations, further literature review will be revealed scholar articles in this area. After start of pandemic COVID-19, health organization had overcome big changes and risk assessment became important in understanding mission and goals of the organization. Common risks include: how information ordered correctly or not, risks including the use of medications, one day stays, how cash is managed in the hospital, patient registration, quality of laboratory services. Based on the assessment of abovementioned risks audit report is prepared that should comply with standards in order to provide better services by healthcare organization (RSM, 2015; Ebaid, 2011).

Furthermore, well organized management could have positive impact on the efficiency of healthcare organizations. Because of non-profit nature of healthcare organizations, the quality of services provided is crucial indicator and should be constantly improved. There are also three interdependent indicators of efficiency such as economic, social and medical. Medical could be described as satisfaction with medical services and positive dynamic in treating. Social

effectiveness is outcome measured when person goes back to society. Cost-efficiency is ratio between the costs of recovery and the outcome of a given treatment.

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

In order to assess effectiveness of organization performance audit is done usually by bodies of state of financial control in order to examine performance of executive authorities and other organizations using state funds. In addition, recommendations to improve the work processes are done in the framework of performance audit. Also performance audit could be done generally for all fields of activities of the government because of their diversity. Audit performance is done in several stages such as planning, conducting and preparing budget.

Moreover, inadequate use of allocated budget funds is the main reason for negative outcome in organizations of social spheres. Here performance audit measures social effect of provided services and should increase quality of management decision.

Performance audit methodology can be done in the way of “*Question tree*”, where questions are done in hierarchical order starting from low to high level questions. “*Question tree*” method helps to identify very specific things in healthcare organization and then results could be calculated by statistical methods. Questionnaires and surveys can increase the level of objectiveness of the method (Budarin & Elbek, 2020).

Budarin & Elbek (2020) also added that sometimes performance audit is hardly conducted in rural areas because of their remoteness. As an example of Russian Federation experience, their government support idea of developing cluster for rural areas and it can be done by following success factors: strong communication, interdisciplinary interaction, partnership, support of authorities and high level of participation of doctors and patients. Cluster policy helps to improve provided services in healthcare organization and could be the further direction to improve in Kazakhstan. Moreover, audit and feedback (A&F) could help to bring changes in working processes of healthcare organizations, however, sometimes “*know-why*” and “*know-what*” commitments are less important to bring changes in organizations by workers. Rather researchers should focus on increasing “*want to*” desire of workers to increase performance indicators (Glenngård & Anell, 2021; Nagy & Cenker, 2002).

The next important to mention is the procurement procedures, which is crucial element on having adequate amount of resources to provide services or production. Procurement procedures also important during audit process and according to Golovin (2020) identification of target spending of funds and compliance measures affect the ability to have sufficient resources in the organization.

In addition, during the audit of healthcare organization, level of salary of workers could be a critical indicator, if their wages are higher, it could be argued that this sphere is important to develop in the region. In order to create highly effective healthcare organizations, it is needed to apply legally acceptable tools of indicators, assess successfulness of provided services and whether budget funding was allocated properly or not. Right strategy of assessment and audit

will help to reduce mortality rate, raise satisfaction of citizens with provided services and have positive impact on citizens' wellbeing (Dubina, 2021).

METHODOLOGY

Main methodology used in this article is the analysis of audit reports by evaluating to what extent the ISA and ISSAI are complied with by auditors when issuing their opinions and how to improve the situation with the application of international standards and guidelines in audit. In addition, regulatory framework of the Ministry of Health on supporting documents for auditing was reviewed.

This implies that the main methods that were used in the article are theoretical methods, which included analytical research methods when various sources of literature were analyzed: from articles by different authors to various reports, documents and other materials from the press. Therefore, research methodology includes: historical analysis that is study of audit reports for different periods with reflection of opinions of auditors; abstract-logical that is analysis of the information found from different articles of researchers in this area. Then proposals have been formed to strengthen supervision over the correct use of ISA and ISSAI in healthcare organizations.

Moreover, empirical methods were used to analyze the statistical data on companies brought to responsibility for untimely preparation of financial statements when untimely audit was carried out.

Analysis

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

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

For these offenses, a sanction is provided in the form of fines, depending on the subject, its size and legal regime.

Misstatement of the financial statements for the purposes of this article is a misstatement of more than twenty monthly estimates (On Administrative Infractions, 2014).

Below is a table with the number of subjects brought to administrative responsibility under Articles 239 and 250 of Code of Administrative Offenses is shown.

From Tables 1 and 2 above it could be said that despite the presence of the FRD system, where organizations are required to upload their financial and audit reports, there are still number of companies that do not submit financial statements and evade the statutory audit.

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

Table 1 STATE INSTITUTIONS INVOLVED UNDER ARTICLES 238 AND 239 OF CODE OF ADMINISTRATIVE OFFENSES						
	2018		2019		2020	
Information on the administrative offenses in the field of accounting of state institutions and internal governmental audit	Number of decisions	Amount of imposed fines, thousand US dollars	Number of decisions	Amount of imposed fines, thousand US dollars	Number of decisions	Amount of imposed fines, thousand US dollars
part 1, Article. 238	574	76.2	686	164.8	585	165
part 2, Article 238			216	330	9	661.4
part 1, Article 239	257	120.1	175	330	237	330
part 2, Article 239			74	330	39	661.4

Table 2 ORGANIZATIONS OF PUBLIC INTEREST UNDER ARTICLES 239 AND 250 OF CODE OF ADMINISTRATIVE OFFENSES					
	Article 239. Failure to submit or not timely submission of reports to the FRD		Article 250. Evasion from conducting a statutory audit		
Year	Brought to administrative responsibility	Amount of imposed fines, thousand US dollars	Brought to administrative responsibility	Amount of imposed fines, thousand US dollars	Total, thousand US dollars
2019	303	215	100	9.36	224.3
2020	137	65.2	43	5.1	70.3
Total	440	280.2	143	14.46	294.6

Moreover, the analysis of profit to revenue and the ratio of debt-to-equity capital of healthcare organizations are shown in the Table 3 below. According to data of 8 healthcare organizations from the FRD system shows low performance in terms of financial indicators. From the Table 3 it is seen that the ratio of profit to revenue and borrowed funds to equity does not look attractive. At the same time, organizational form of these organizations is presented in the form of joint-stock companies and a state enterprise on the basis of the right of economic management; they belong to organizations of public interest. Consequently, these healthcare organizations are subject to annual audits and their reports must be posted on the FRD system.

As can be seen from the table LLP “National Scientific Oncological Center” and LLP “SK-Pharmacy” the ratio of debt capital to equity is 2.3 for 3 years. Therefore, it could be assumed that such a significant increase in borrowed funds should be disclosed when they are audited both by public and private auditors. According to clause 30.2 of the ISSAI 5300 Information Technology Audit Manual (ISSAI, 5300), computer-based audit methods

(automated system and database tests) are used to facilitate materiality tests regardless of the type of audit, which is crucial in planning and conducting the audit.

Table 3 ANALYSIS OF PROFIT TO REVENUE AND THE RATIO OF DEBT-TO-EQUITY CAPITAL OF HEALTHCARE ORGANIZATIONS										
	2016		2017		2018		2019		2020	
Name of organization	(Profit/Revenue) *100 %	(Borrowed capital/equity) * 100%	(Profit/Revenue) *100%	(Borrowed capital/equity) * 100%	(Profit/Revenue) *100%	(Borrowed capital/equity) * 100%	(Profit/Revenue) *100%	(Borrowed capital/equity) * 100%	(Profit/Revenue) *100%	(Borrowed capital/equity) * 100%
SPE with REM- National Scientific Center of Traumatology and Orthopedics named after Academician Batpenov N.D	0.00	0.02	0.00	0.05	0.00	0.05	0.00	0.07	0.00	0.09
LLP-SK-Pharmacy	0.04	2.78	0.03	1.71	0.02	2.64	0.03	2.11	0.03	2.21
LLP- National Scientific Oncological Center	-	-	-	-	0.31	0.56	0.01	57.63	-0.02	2.30
JSC - National Scientific Medical Center	0.01	0.09	0.01	0.05	0.01	0.10	0.00	0.10	-0.22	0.34
NJSC- Astana Medical University	0.01	0.05	0.01	0.07	-0.18	0.11	0.37	0.11	-	-
NJSC - Social Health Insurance Fund	-	0.05	0.44	0.54	0.21	0.32	0.09	0.22	0.02	0.19
NJSC - Kazakh National Medical University named after S.D. Asfendiya rov	-	-	-	-	10.36	0.48	0.02	0.04	0.06	0.05
JSC- National Scientific Center of Oncology and Transplantation	-0.04	1.09	-0.05	33.47	0.39	1.26	0.00	1.26	-0.68	1.14
Total	0.02	4.07	0.44	35.87	11.12	5.52	0.51	61.52	-0.80	6.33

According to this approach these 2 organizations with a significant increase in borrowed funds can be included in the audit plan of subordinate organizations of the Ministry of Health in order to check the FRD system and further planning. However, in auditing the social sphere, it

could not be relied only on financial indicators and an analysis of non-financial indicators is also needed. In this regard, it is necessary to integrate with the information system “*Register of State Property*” of the State Property Committee. This will make it possible to compare financial indicators with non-financial ones.

The Table 4 below shows healthcare organizations, audit companies that conducted their audits and types of audit reports issued for 2020 with a description of the reservations.

Table 4 AUDIT REPORTS OF SUBORDINATE ORGANIZATIONS IN THE FIELD OF HEALTHCARE FOR 2020				
№	Name of organization	Audit company	Audit report	Basis for qualified opinion
1.	SPE with REM “ <i>National Scientific Center of Traumatology and Orthopedics named after Academician Batpenov N.D.</i> ”	LLP “ <i>GG-Audit Consulting</i> ”	Qualified opinion	Inability to monitor the inventory of stocks and fixed assets
2.	LLP “ <i>SK-Pharmacy</i> ”	LLP “ <i>Crowe audit KZ</i> ”	Annual financial statements present fairly in all material respects	
3.	LLP “ <i>National Scientific Oncological Center</i> ”	LLP “ <i>Bagam-audit auditing firm</i> ”	Annual financial statements present fairly in all material respects	
4.	JSC “ <i>National Scientific Medical Center</i> ”	LLP “ <i>Elite Audit</i> ”	Annual financial statements present fairly in all material respects	
5.	NJSC “ <i>Astana Medical University</i> ”	-	-	
6.	NJSC “ <i>Social Health Insurance Fund</i> ”	LLP “ <i>Independent Auditing Company CENTRAUDIT-KAZAKHSTAN</i> ”	Qualified opinion	Risks of material misstatement due to fraud or error
7.	NJSC Kazakh National Medical University named after S.D. Asfendiyarov	LLP “ <i>Auditing company Asia KZT</i> ”	Qualified opinion	Not participating in the inventory and reporting notes
8.	JSC “ <i>National Scientific Center of Oncology and Transplantology</i> ”	LLP “ <i>ARIP Consulting group</i> ”	Qualified opinion	Inability to monitor the inventory of stocks and fixed assets

As can be seen from the Table 4, the reasons for the reservations were impossibility of participating in the inventory of fixed assets and stocks, also in some cases the risks of material misstatement due to fraud or errors.

Thus, it could be assumed that these healthcare organizations should be reflected in the risk management system and in planning audit activities of government auditors.

According to ISSAI 3200 “*Practical guidance for performance auditing*” (ISSAI, 3200) the auditor should select audit topics through strategic planning by supreme audit institutions, by analyzing potential topics and conducting research to identify audit risks and problems.(ISSAI

3000/89 89). The auditor should select audit topics that are meaningful and verifiable and are consistent with the mandate of the audit bodies (ISSAI 3000/90 89). The auditor should conduct a process of selecting topics for the audit in order to maximize the expected impact of the audit, taking into account the audit capabilities (ISSAI 3000/91 89).

Considering the above, it is proposed to include audit reports of private auditors with a qualification in the standard system of risks of governmental audit bodies.

This table 4 also shows the presence of a number of open questions in the activities of health organizations.

Moreover, according to ISSAI 3920 *“The Performance Audit Process”* (ISSAI, 3920), audit planning should take into account areas traditionally at risk (e.g. IT systems, procurement, technology, environmental issues and health). ISSAI 5110 *“Guidelines for Conducting Environmental Auditing”* states that auditing health issues can have a clear link with auditing environmental pollution. Accordingly, limiting pollution can make a big difference for citizens, improve the overall well-being of society and lead to significant cost savings.

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

Digital technologies, including big data analytics and machine learning play a critical role. Thus, INTOSAI should intensify the exchange of experience and best practices in the field of real-time auditing and digitalization of auditing, including experience in the application of innovative technologies, analysis and data management. Equally important is effective coordination between governments and SAIs, based on the principles of openness and involvement of all stakeholders, including the academic community and international organizations.

According to the key conclusions of this International Scientific and Practical Online Conference it was noted the need to standardize information flows and develop a data management system for the exchange of information between various government agencies. The creation of common digital platforms for governments and access to real-time data will enable timely analysis of transactions.

The organizers and participants of this conference also emphasized the importance of *“Disguise”* and the provision of anonymized data for solving the problems of protecting personal information. According to the conference participants, digital technologies can be used to expand the *“geography”* of audit, mobilize the necessary resources and coordinate interaction with government agencies and civil society.

However, it could be argued that there is the fragmentation and inconsistency of the information architecture of data collection and the loading of the reports themselves that do not meet the requirements of the standards may lead to subsequent incorrect audit and the added cost of these reports will be ineffective.

Next, the attention should be drawn to the fact that according to the order of the Minister of Health of the Republic of Kazakhstan dated October 28, 2020 № RK DSM-164/2020, a confidential audit is carried out on:

- 1) Maternal mortality;
- 2) Perinatal mortality;

- 3) Infant mortality;
- 4) Critical cases in obstetrics.

According to Article 35 of the Code of the Republic of Kazakhstan “*On the health of the people and the health care system*” the examination of the quality of medical services (assistance) is a set of organizational, analytical and practical measures taken to make an opinion on the level of quality of medical services provided by individuals and legal entities by using indicators that reflect the indicator of efficiency, completeness and compliance of medical services with standards.

Examination of the quality of medical services (assistance) is divided into internal and external. A patient support and internal examination services are created in a medical organization in order to conduct an internal examination.

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

Based on the results of the examination, proposals are made to the head of the medical organization to eliminate the identified causes and conditions that reduced the quality of medical services.

In this regard, it is necessary to collect all recommendations based on the results of the examination on a single platform for the purpose of exchanging data with other healthcare organizations and this will help prevent shortcomings in the activities of other health organizations.

Table 5 INFORMATION ON FIXED ASSETS AND PROFITS OF SUBORDINATE ORGANIZATIONS IN THE FIELD OF HEALTHCARE FOR 2016-2020											
	Name of organizations	2016			2017		2018		2019		Profit 2018-2019
		Fixed assets (at the end of the year)	Fixed assets (at the beginning of the year)	Fixed assets (at the end of the year)	Fixed assets (at the beginning of the year)	Fixed assets (at the end of the year)	Fixed assets (at the beginning of the year)	Fixed assets (at the end of the year)	Fixed assets (at the beginning of the year)	2018	2019
1	SPE with REM “National Scientific Center of Traumatology and Orthopedics named after Academician Batpenov N.D.”	3,151	3,332	2,930	3,151	2,702	2,930	2,638	2,703	0,007	0,07
2	NJSC “Astana Medical University”	6,257	7,269	6,133	6,257	6,489	6,980	7,887	6,467	0.5	-1,2

As can be seen from the Table 5, fixed assets of the Republican State Enterprise “National Scientific Center of Traumatology and Orthopedics named after Academician Batpenov N.D” have been reduced from 9.462 to 6.887 million US dollars for 4 years from 2016 to 2019. At the same time, profit for 2018 was at the level of 1 976 US dollars. Profit for 2019 shows a slight increase at the level of 20 967 US dollars.

Table 5 demonstrates that there is slight increase of the equipment with fixed assets of the non-profit joint-stock company “Astana Medical University” from 18.7 million US dollars in 2016 to 16.8 million US dollars. At the same time, a significant loss of 3.133 million US dollars in 2019 signals the need to draw the attention of auditors to such a loss. In 2018 the organization recorded a profit of 1.34 million US dollars.

Moreover, it is important to mention that with the help of data adopted from FRD it is possible to similarly analyze the statements of other health organizations for various indicators.

The innovation of filling the FRD with reports on the appraisal of the pledged property is especially relevant. The President of Kazakhstan instructed the Government to prepare a bill within a month, which will enter into force on January 1, 2022. This bill provides for the placement in the system of all reports of independent appraisers on collateral. Since healthcare organizations, as well as subjects of civil turnover, can use borrowed funds, it will be convenient for users to view immediately the report on the assessment of the assets of healthcare organizations, which can serve as collateral.

Moreover, Ministry of Finance of the Republic of Kazakhstan has developed a questionnaire for all users of the FRD in order to evaluate its effectiveness. The questions are summarized in the following Table 6:

Table 6 QUESTIONNAIRE FROM FRD SYSTEM ACCORDING ON THE DEGREE OF SATISFACTION WITH HEALTHCARE ORGANIZATIONS	
Question	Answer (choose from the list)
Are you satisfied with the work of IS FRD?	5
How do you assess the application of International Financial Reporting Standards in your organization?	Satisfied
How do you assess the application of international financial reporting standards in general in the Republic of Kazakhstan?	Difficult to answer
How do you assess the application of International Standards on Auditing?	Satisfied
Your suggestions for improving international financial reporting standards and international auditing standards	No
Your suggestions for improving (raising the level) of the application of international financial reporting standards in your organization	No
Have you encountered difficulties in applying international financial reporting standards?	No
Have you asked for clarification of international financial reporting standards?	No
Have there been any transactions (events) in your organization for which it was practically impossible to apply the requirements of international financial reporting standards?	No
Are there any contradictions between the norms of the legislation of the Republic of Kazakhstan and the norms of international financial reporting standards?	Not available

As can be seen from the table, selected healthcare organizations in this analysis are generally satisfied with the functionality of the FRD and they do not have proposals for

improving the situation with the application of international financial reporting and auditing standards. However, if you turn to audit reports, many questions arise.

RESULTS

The authors developed a spreadsheet for analyzing audit reports and piloted data for several healthcare organizations. By sampling the reports of healthcare organizations, deviations from the requirements of the audit standards were identified. Auditing organizations did not fully disclose the assessment of risks, internal control and used stereotyped formulations when auditing health care organizations. Some reports contained technical errors. As can be seen from the current situation, it is necessary to improve the supervision of auditors' compliance with standards.

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

DISCUSSION AND CONCLUSION

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

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

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

Some of the key stakeholder groups are: a) Legislatures; b) Executive bodies (except for the audited object); c) Citizens; d) Mass media; e) Scientific community; f) Non-governmental organizations.

There are no works of researcher in the area of building trust and credibility. The auditor must be ready to innovate throughout the audit process. The audit reports do not provide information on the implementation of innovations.

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

From the presented tables on the analysis of audit reports, both private and public it could be concluded that auditors do not fully comply with ISA and ISSAI. The reports do not disclose the risks and positive aspects of the organization's activities.

In 2020 the Auditor General of the Republic of Lithuania Mindaugas Maciauskas speaks about his vision of the State Audit Office of the Republic of Lithuania and emphasized the

importance of presenting examples of best practice to the public, and not just focusing on the problems identified in the audited bodies.

However, analyzed audit reports, both private and public, shows that there is no description of the positive aspects in the activities of healthcare organizations. Thus, there is no presentation of good examples to the public and reports lack of information on the inclusiveness of audit and the possibility of analyzing data from information systems of state bodies.

After doing analysis of audit reports of healthcare organization, authors propose following recommendations:

1. To supplement the table №7 with an illustration of examples, the Unified database, which should function in accordance with the Law “On State Audit and Financial Control”? This table should also be provided in the procedural standards of auditing of governmental audit bodies and private audit companies;
2. Integration of financial statement audit and performance audit data is inevitable. Therefore, the authors propose to finalize the audit procedural standards with additional Tables № 3, 4, 5. This integration will make it possible to compare data for different periods, and according to the serious deviations that have arisen, it will be possible to select the riskiest objects according to the ISSAI requirements;
3. Foreign experience shows the need to use the potential of Internal Audit Services in preventing shortcomings. In Kazakhstan, the Industry Code provides for similar Patient Support and Internal Expertise Services. However, the results of the work of these Services and their recommendations are not entered into a single system.

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

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Received: 14-Dec-2021, Manuscript No. ASMJ-21-10468; **Editor assigned:** 16-Dec-2021, PreQC No. ASMJ-21-10468(PQ); **Reviewed:** 30-Dec-2021, QC No. ASMJ-21-10468; **Revised:** 05-Jan-2022, Manuscript No. ASMJ-21-10468(R); **Published:** 12-Jan-2022