Торайғыров университетінің
ҒЫЛЫМИ ЖУРНАЛЫ

НАУЧНЫЙ ЖУРНАЛ
Торайгыров университета

Торайғыров университетінің ХАБАРШЫСЫ

Экономикалық сериясы
1997 жылдан бастап шығады

TORAIGHYROV UNIVERSITY

ВЕСТНИК

Торайгыров университета

Экономическая серия
Издается с 1997 года

ISSN 2710-3552

№ 3 (2025)

Павлодар

НАУЧНЫЙ ЖУРНАЛ
Торайгыров университета

Экономическая серия
выходит 4 раза в год

СВИДЕТЕЛЬСТВО
о постановке на переучет периодического печатного издания,
информационного агентства и сетевого издания
№ KZ93VPY00029686

выдано
Министерством информации и коммуникаций
Республики Казахстан

Тематическая направленность
публикация материалов в области экономики, управления,
финансов, бухгалтерского учета и аудита

Подписной индекс – 76133

https://doi.org/10.48081/LBWF7904

SRTI 06.35.31

https://doi.org/10.48081/AVAX3645

***L. R. Mukhamedyarova[1], G. B. Bermukhamedova[2], B. U. Mustafayeva[3], A. D. Aimagambetova[4], K. N. Beketova[5]**
[1]L. N. Gumilyov Eurasian National University, Republic of Kazakhstan, Astana;
[2]Caspian University of Technology and Engineering named after Sh. Yessenov, Republic of Kazakhstan, Aktau.;
[3]International University of Tourism and Hospitality, Republic of Kazakhstan, Turkestan.;
[4,5]Korkyt Ata Kyzylorda University, Republic of Kazakhstan, Kyzylorda.
[1]ORCID: https://orcid.org/0009-0004-5059-9186
[2]ORCID: https://orcid.org/0000-0003-3420-4979
[3]ORCID: https://orcid.org/0000-0002-3992-8119
[4]ORCID: https://orcid.org/0000-0003-4326-7824
[5]ORCID: https://orcid.org/0000-0001-5094-9140
*e-mail: idrissova.ar@gmail.com

THE IMPACT OF STATE AUDIT RECOMMENDATIONS ON THE FORMATION OF LOCAL BUDGETS

This research shows that auditing services have a considerable impact on reducing the deficits in local budgets. We argue that this happens because of the enhanced transparency of the local officials' actions and the incentives of auditing reports acting as a constraining device for any malfeasance.

We used the reports of audit commissions in Kazakhstan and suggested a new approach of how to detect whether local officials misused public funds. By focusing on the plausible effect of the reports and rational incentives to misappropriate we unraveled that the newly appointed akims are less likely to engage in corruption.

When their municipalities come into the scrutinize of being audited, this lead to not only to considerable practically benefits, but also enables researchers to discover important mechanisms of improving accountability

For example, we could detect that when any types of officials know that they are about to face no audititing, they are more likely to engage in corruption.

Overall, our approximate estimates indicate that there was a considerable reduction in misappropriation on the local levels caused *by auditing serives in Kazakhstan in the last two years. This accounts for tremendous growth in the levels of public satisfaction by government workings.*

Keywords: audit recommendations, local budget, self-government, democratic accountability, political corruption.

Introduction

In many modern democracies the endemic problem is that the career-politicians often abuse entrusted power through rent-seeking, re-directing of public funds for basic services such as roads, health and schools for private gains [1] However, while there are numerous theoretical arguments for how democratic accountability affect the effectiveness of local budgets [2], the empirical evidence analyzing the impact of state auditing services in the periods of political transformation suffer from some important shortcomings. We discarded the previous studies that focused on any inter-countries comparisions, as we deemed them as incapable of detecting any dissferences caused by local institutions.

Is it possible to make up a sort of a new measure of how auditing services can influence the workings of local government? This is the primary question in the given paper. Particularly, we focus on the channels through which the national government allocates the shares on public spending, procurements and social services to the municipalities and villages in Kazakhstan. Our goal is not to focus on the typically reported sources of misappropriation that might stem from a simple misworking of the government. Kazakhstani experience is a good background to examine how accountability of local officials affects the effectiveness of local budgets. Obviously there is a tremendous amount of national money involved. It is understandable that we pay particular attention on how municipalities work. We guess that there is more than a billion dollars lost every year on public spending [3].

Materials and methods

We want to focus on newly appointed akims so as to compare them to any other senior akims (that is, those serving more than one year) to identify the effects of the recommendations received from national auditing commissions. The proposed identification uses variation from municipalities in the same region (oblast). Our aim is to check whether newly appointed akims would get apprehended by auditing results and thus engage in misappropriation less so as to guarantee a future office for themselves.

We find that akims who received audit recommendations and with re-appointment incentives are less corrupt than senior akims (thus, without lesser re-appointment incentives) which did not receive audit results. Overall this is something that has not been detected before by similar literature. When auditing commission submits its report before an akim, this leads to more than 40 percent reduction in any types of misappropriation, regardless. This is taking into account that typically local municipalities and villages account for the major part of the local money lost, regardless of how we measure corruption. We remind once more that if auditing commissions do not perform these duties, any types of akims are more likely to misbehave in the same way. Assuming that in the absence of proper audit results and without re-appointment incentives, first-term akims would behave similar to any senior akims, auditing recommendations are important. Those sums can be deducted from the implementations of the State program for supporting agriculture in regions for 2017–2024 years. It is plausible to suggest that different municipalities can be affected by some local factors that overall is going to lead to some different effects on the performance. For example, the police and prosecuting services on the local level can impact corruption differently. Moreover, according to the sources cited above, sometime active local media are also play important role in affecting the behavior of the corresponding officials even in countries with autocratic institutions. The effects of incentives of audit results are more pronounced suggesting that some akims can incline to be less corrupt.

The literature credits the importance of auditing services as a disciplining device [5].

We attempt to overcome inter-country variations in corruption to see many of the literature's previous limitations. Another related crucial goal is to prove that auditing have important practical implications. These findings also complement the studies which show that corrupt politicians are less-likely to misbehave when their actions are at least scrutinized. The these results suggest that audit recommendations serve as a powerful mechanism of enhancing government's work [7].

Moreover, several empirical studies that focus on the effect of public auditing have used indirect evidence to monitor its determinants and consequences [8]. Another theoretical position assesses budget's deficit directly by focusing on geographical closeness of the means local control, like an office of a small-scale newspaper or the activities of regional prosecutor [9].

Results and discussion

Municipal-level budget deficit takes on a variety of forms. Over-invoicing for goods and services, is among the most common way of how local budget suffers from misappropriations [10]. Other common irregularities include phantom firms (only existing on paper), the use of fake receipts, incomplete public works (unfinished yet paid). Some examples can be useful useful to illustrate. The most recent national law requires a competitive bidding to have at least some participants for big project. Government officials often use their positions to meddle with procurement procedures so as to gain controls over which companies get transfers

[11]. Sometimes, the existing firms related to local officials actually wins the bid, but without letting it publicly known. The akim's administration can take the names of these firms in false receipts to appropriate the budgets. But what about the procurement of public goods when no strong independent firms participates? In some cases, the akim himself is a direct beneficiary. In Petropavl, the local budget was supplanted by $70 thousands for the purpose of rural electrification project. As it turned out, the farms benefitted by the project was largely owned by the akim himself [10]. In 2012 and 2013, the government transferred in excess of several thousand dollars for the purchase of goods for school. Yet in many school few declarations of the procurement incentives have been made. This same scheme is typical for numerous other social programs funded by the national government. The regional auditors often highlight many of the ways how local akims manipulate the public money. In has been reported in the local news that since the local akim posted each call only one hour prior to its deadline, only one firm could post within the time limit [11]. Another common form of corruption is for local officials to divert funds intended for public projects towards either the increase of their own salaries or purchase of service cars, fuel or office space.

In 2003 the government of Kazakhstan started a large-scale auditing program based on more stringent and detailed requirements for auditing reports of local government's expenditures. The program, which is implemented through the Prime-ministers central office, aims to assist the increase of local budgets. Initially there were 23 rural municipalities audited around the national capital of Astana. It has since expanded to auditing nearly all municipalities across the country. When drafting and releasing the audition results the commission invites the members of local community and political parties as well as the representatives of the press to assure a fair and transparent process.

The commission gathers information on all monetary transfers. Approximately dozen auditors inspect the delivery of public services, the quality of public work construction, to examine all related accounts and documents, and to hear complaints about any malfeasance from the side of local councils' members.

After some time of inspections, a full report is submitted to the central auditing office in Astana. The reports are also sent to the law-making branch of the region. A media resources are also invited to get accustomed of being involved in scrutinizing how their local governments work. It is from these reports that we constructed our measures of how audit reports affect local budget's formation across the time.

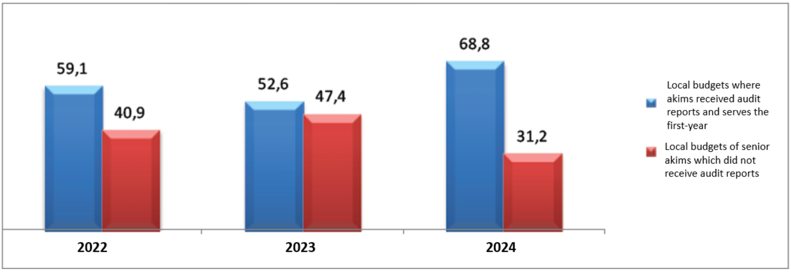

Figure 1 – Local budgets in municipalities with varied effects of auditing and accountability

We further categorize this negative effect as any expenditure without proof of provision or purchase. Specifically, we define diversion of public funds as: i) the minimum number of bids was not reached; ii) a required procurement was not performed; iii) firms existed for some time. Finally, over-invoicing is understood as any evidence that the local officials applied the above market price inflation to public goods and services. We further categorize this negative effect as any expenditure without proof of provision or purchase. Based on this, we codified the irregularities into several items. We further categorize this negative effect as any expenditure without proof of provision or purchase. Each report contains the total amount of funds audited for the given administration, an itemized list describing every irregularity and the amount of funds involved. These practices are not necessarily mutually exclusive [13] In effect, illegal procurement and over-invoicing practices often serve as complementary methods for funds appropriations [14]. By reading each report of the irregularities found by auditors into indicators and estimate the amount of public resources not reached to a local budget. We also report two additional indicators of how local budgets should have looked like: the number of irregularities related to a negative effect and the share of service items associated with this effect, which simply divides the number of irregularities by the number of service items audited. Although related to the cited studies [12], we use a sort of a new methodology by using the audit reports from national anti-corruption program. For the purpose of coding, we define the negative effect of political corruption on local budget as any irregularity associated with diversion of public funds, fraud in procurements and over-invoicing. To give a better sense of the irregularities found, we define as our principal measure of the deficits in local budgets as the total amount of resources funded by the government, expressed as a part of the total amount of audited resources.

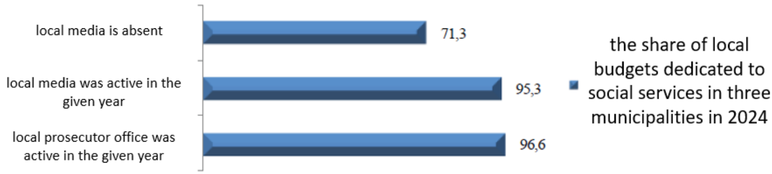

Figure 2 – Local budgets in three municipality in Akmola with varied effects of local controls

Our analysis shows that newly appointed akims are more responsible to auditing reports and do not misbehave with local budgets. They misappropriate 38 percent less resources than any other types of akims even when considering across multiple variables (see Figure 1 and 2). Akims with re-appointment incentives refrain from corruption as to increase their likelihoods [15].

Conclusions

According to official disclosures, there has never been an incidence in which auditing commission of either local or regional levels was dismissed because of co-operating with corrupt administrations [17]. Because akims have more incentive to attempt and bribe the auditing commission members for a more favorable report results, we could be capturing the effects of re-appointment incentives on bribing attempts rather than the actual effects of auditing reports. We deem it is highly unlikely that bribing members of auditing commissions is even plausible. First, they are national public employees hired based on a thorough public examination. Thus, is not only hard to cheat individually but also, there are large costs of getting caught. Although this hypothesis is observationally equivalent, senior akims are still bound to face potential judiciary prosecution. Also, given our findings, it is natural to ask whether auditing reports are optimal means to reduce the incentives for rent-extraction to a considerable degree. An obvious concern in interpreting the relationship between auditing reports and local budget successes is that it may simply reflect the corruption the auditors themselves [16]. While it is difficult to directly test this hypothesis, we provide suggestive evidence that this is not the case. Moreover, each team of auditing commission reports to a regional supervising commission. Another explanation for the difference in reported levels is that senior akims, who are no longer accountable to supervising officers, simply have less incentive to hide funds' diversion [18]. We dedicate these important research questions for further scholarly studies.

REFERENCES

1 **Abadie, A., Guido, I.** Large Sample Properties of Matching Estimators for Average Treatment Effects [Text]// Econometrica. – 2020. – Vol 74. – P. 235–267.

2 **Dasera, A., Boix, C., Payne, M.** Are You Being Served? Political Accountability and the Quality of Government [Text] // The Journal of Law, Economics, and Organization. – 2023. – Vol. 2. – P. 445–490.

3 **Tommaso V., Andrea P.** Active and Passive Waste in Government Spending: Evidence from a Policy Experiment [Text] // American Economic Review. – 2022. – P. 355–437.

4 **Banks, J., Sundaram R.** Adverse Selection and Moral Hazard in a Repeated Elections Model [Text]// Political Economy: Institutions, Information, Competition, and Representation. – 2020. – P. 128–197.

5 **Barro, R.** The Control of Politicians: An Economic Model [Text]// Public Choice. – 2019. – P. 19– 42.

6 **Bertrand, M., Djankov S., Hanna R.,** Mullainathan S. Does Corruption Produce Unsafe Drivers? [Text] // Quarterly Journal of Economics. – 2021. – P. 1551–1676.

7 **Besley, T.** Principled Agents? The Political Economy of Good Government [Text] // Journal of Public Economics. – 2022. – P. 762–859.

8 **Besley, T., Case A.** Does Electoral Accountability Affect Economic Policy Choices? Evidence from Gubernatorial Term Limits [Text] // The Quarterly Journal of Economics. – 2024. – P. 769–798.

9 **Besley, T., Smart, M.** Fiscal Restraints and Voter Welfare [Text] // Journal of Public Economics. – 2023. – P. 755–773.

10 **Campante, F., Chor D.** Instability and the Incentives for Corruption [Text] // The Journal of Economics. – 2017. – P. 765–897

11 The office of a regional auditing service for Akmola region [Electronic resource]. – URL: https://www.gov.kz/memleket/entities/akmol-revkom

12 **Tella D., Schargrodsky R.** The Role of Wages and Auditing During a Crackdown on Corruption in the City of Buenos Aires [Text] // Journal of Law and Economics. – 2020. – P. 269–346.

13 **Duggan, M., Levitt S.** Winning Isnt Everything: Corruption in Sumo Wrestling [Text] // American Economic Review. – 2020. – P. 1594 -1705.

14 Ferejohn, J. Incumbent Performance and Electoral Control [Text] // Public Choice. – 2019. – P. 505–625.

15 **Kurmanalina, A., Zhagyparova A., Tulegenova Zh.** Some Aspects of the Orgaoization of Interoal State Audit in Kazakhstan [Text] // Collegial workings. – 2023. – No. 3(92). – P. 309–315. – 10.52209/1609-1825_2023_3_309.

16 **Kanapina, A., Beisenova, L., Abzhalova B.** Application of the experience of South Korea in the system of internal state audit of the Republic of Kazakhstan [Text] // State Audit. – 2023. – Vol. 61, No. 4. – P. 206-216. – https://doi.org/10.55871/2072-9847-2023-61-4-206-216

17 **Alibekova A., Nasyrova G., Zhamiyeva A.** Audit of the Effectiveness of Inter-Budgetary Relations: The Case of Tourism Industry [Text] // Journal of Environmental Management and Tourism. – 2023. – Vol. 14, No. 4. – P. 2083. – https://doi.org/10.14505/jemt.v14.4(68).20.

18 **Urkymbayeva A., Omarkulova M., Dzhumabalieva Z., Zhamkeeva M.** State audit of the agro-industrial complex: world and domestic experience [Text] // State Audit. – 2024. – Vol. 65, No. 4. – P. 201-207. – 10.55871/2072-9847-2024-65-4-201-207

Received 01.08.25
Received in revised form 01.08.25
Accepted for publication 19.08.25

**Л. Р. Мухамедьярова[1], Г. Б. Бермухамедова[2], Б. У. Мустафаева[3], А. Д. Аймагамбетова[4], К. Н. Бекетова[5]*
[1]Евразийского национального университета имени Л. Н. Гумилева, Республика Казахстан, г. Астана.;
[2]Каспийского университета технологий и инжиниринга имени Ш. Есенова, Республика Казахстан, г. Актау.;
[3]Международный университет туризма и гостеприимства, Республика Казахстан, г. Туркестан.;
[4,5]Кызылординский университет имени Коркыт Ата, Республика Казахстан, г. Кызылорда.
Поступило в редакцию 01. 08. 25.
Поступило с исправлениями 01.08.25.
Принято в печать 19.08.25.

ВЛИЯНИЕ РЕЗУЛЬТАТОВ ГОСУДАРСТВЕННОГО АУДИТА НА ФОРМИРОВАНИЕ МЕСТНЫХ БЮДЖЕТОВ

Исследование в научной статье показывает, что аудиторские услуги оказывают значительное влияние на сокращение дефицита местных бюджетов. Мы утверждаем, что это происходит из-за повышения прозрачности действий местных чиновников и стимулов к аудиторским отчетам, которые выступают в качестве *сдерживающего фактора для любых должностных преступлений. Разработаны новые подходы к выявлению коррупционных способов местных органов власти в Казахстане, используя материалы государственного аудита для проверки использования бюджетных средств. Анализированы различия в стимулах, предоставляемых своевременными отчетами и сроками полномочий, и показаны, что акимы, работающие на первом сроке, сталкиваются со значительно меньшей коррупцией, чем предыдущие акимы. Сокращение масштабов коррупции с помощью аудита и подотчетностью, является не только экономически значительным, но и практически важным. В отсутствие результатов аудита и стимулов для повторного назначения акимы, назначаемые на первый срок, будут вести себя как предыдущие акимы, и, по нашим оценкам, эти стимулы приведут к сокращению объема ресурсов, неэффективно выделяемых из местных бюджетов, примерно на 160 миллионов долларов в 2024 году. Это более половины того, что национальное правительство потратило в рамках программ трансфертов для всех регионов Казахстана в текущем году.*

Ключевые слова: рекомендации аудита, местный бюджет, самоуправление, демократическая подотчетность, политическая коррупция.

**Л. Р. Мухамедьярова[1], Г. Б. Бермухамедова[2], Б. У. Мустафаева[3], А. Д. Аймагамбетова[4], К. Н. Бекетова[5]*

[1]Л. Н. Гумилев атындағы Еуразия ұлттық университеті, Қазақстан Республикасы, Астана қ.;

[2]Ш. Есенов атындағы Каспий технологиялық университеті, Қазақстан Республикасы, Ақтау қ.;

[3]Халықаралық туризм және қонақжайлылық университеті, Қазақстан Республикасы, Түркістан қ.;

[4,5]Қорқыт Ата атындағы Қызылорда университеті, Қазақстан Республикасы, Қызылорда қ.

Received 01.08.25.

Received in revised form 01.08.25.

Accepted for publication 19.08.25.

МЕМЛЕКЕТТІК АУДИТ НӘТИЖЕЛЕРІНІҢ ЖЕРГІЛІКТІ БЮДЖЕТТЕРДІ ҚАЛЫПТАСТЫРУҒА ӘСЕРІ

Ғылыми мақаладағы зерттеу аудиторлық қызметтердің жергілікті бюджет тапшылығын азайтуға айтарлықтай әсер ететінін көрсетеді. Біз бұл жергілікті шенеуніктердің іс-әрекеттерінің ашықтығы мен кез-келген лауазымдық қылмыстарға тосқауыл болатын аудиторлық есептерді ынталандыруға байланысты деп санаймыз. Бюджет қаражатының пайдаланылуын тексеру үшін мемлекеттік аудит материалдарын пайдалана отырып, Қазақстандағы жергілікті билік органдарының сыбайлас жемқорлық тәсілдерін анықтаудың жаңа тәсілдері әзірленді. Уақтылы есептер мен өкілеттік мерзімдерімен ұсынылатын ынталандырулардағы айырмашылықтар талданды және бірінші мерзімде жұмыс істейтін әкімдер бұрынғы әкімдерге қарағанда айтарлықтай аз сыбайлас жемқорлыққа тап болғанын көрсетті. Аудит және есеп беру арқылы сыбайлас жемқорлық ауқымын қысқарту экономикалық маңызды ғана емес, іс жүзінде маңызды болып табылады. Аудит нәтижелері мен қайта тағайындауға ынталандыру болмаған жағдайда, бірінші мерзімге тағайындалған әкімдер бұрынғы әкімдер сияқты әрекет етеді және біздің бағалауымыз бойынша, бұл ынталандыру 2024 жылы жергілікті бюджеттерден тиімсіз бөлінген ресурстар көлемінің шамамен 160 миллион долларға қысқаруына әкеледі. Бұл ұлттық үкіметтің ағымдағы жылы Қазақстанның барлық өңірлері үшін трансферттер бағдарламалары шеңберінде жұмсаған қаражатының жартысынан астамын құрайды.

Кілтті сөздер: аудиторлық ұсыныстар, жергілікті бюджет, өзін-өзі басқару, демократиялық есеп, саяси сыбайлас жемқорлық.

Теруге 19.09.2025 ж. жіберілді. Басуға 30.09.2025 ж. қол қойылды.
Электронды баспа
34,01 Mb RAM
Шартты баспа табағы 17,4
Таралымы 300 дана. Бағасы келісім бойынша.
Компьютерде беттеген: А. К. Мыржикова
Корректоры: А. Р. Омарова, Д. А. Кожас
Тапсырыс № 4475

Сдано в набор 19.09.2025 г. Подписано в печать 30.09.2025 г.
Электронное издание
34,01 Mb RAM
Усл.п.л. 17,4. Тираж 300 экз. Цена договорная.
Компьютерная верстка: А. К. Мыржикова
Корректорлар: А. Р. Омарова, Д. А. Кожас
Заказ № 4475

«Toraighyrov University» баспасынан басылып шығарылған
Торайғыров университеті
140008, Павлодар қ., Ломов к., 64, 137 каб.

«Toraighyrov University» баспасы
Торайғыров университеті
140008, Павлодар қ., Ломов к., 64, 137 каб.
8 (7182) 67-36-69
e-mail: kereku@tou.edu.kz
www.vestnik.tou.edu.kz
www.vestnik-economic.tou.edu.kz