

THE STATE AUDIT OFFICE OF GEORGIA

INTRODUCTION

The audit law of Georgia defines the status and guarantees the independence of the state audit office (SAO) of Georgia. It is the supreme audit office of Georgia. Any political interference is prohibited. It operates under the audit standards of INTOSAI. It must operate with independence, objectivity and professionalism.

AREAS OF ACTIVITY

Its authority extends to several areas of activity. It is authorized to conduct audits, but it has the authority to do other things as well. It can issue opinions on the drafts of legislation on financial and economic matters as well as public finance. It may submit proposals to Parliament or other bodies regarding the adoption or improvement of tax and other legislation.

ORGANIZATION AND STRUCTURE

The SAO is managed by the Auditor General and is structured as a unified, centralized system. The Auditor General is nominated by the chairman of Parliament and is elected by Parliament members to a five-year term. While in office, the Auditor General may not engage in other paid activities other than academic or creative ventures, which will help to maintain independence. A similar provision is included in the rules of other independent accounting and auditing bodies. Such a requirement enhances the credibility of the office. The Auditor General also may not be a member of a political party and may not engage in political activities.

The Auditor General's authority includes decision making responsibilities for the SAO. He chairs SAO Presidium meetings and has the authority to appoint and dismiss staff and determine compensation and other issues that a chief executive officer normally decides.

The Auditor General also enjoys certain immunity from arrest, criminal prosecution, searches and seizures, unless Parliament consents. The Deputy Auditor Generals are appointed and dismissed by the Auditor General and have the same duties and responsibilities that deputies generally have.

The Presidium serves as an advisory body and is authorized to review and decide administrative disputes relating to SAO audit reports.

AUDIT AUTHORITY

The SAO has the authority to conduct audits of the Legislative, Executive and Judiciary branches, as well as legal entities of public law, local self-government, the National Bank of Georgia, and enterprises where the government holds an interest of 50 percent or more. It audits can include an examination of the expenditure and execution of the various budgets. It examines the reasonableness and legality of



Robert W. McGee
Fayetteville State University
Fayetteville, NC, USA

receipts and expenditures, the formation and management of state debt and issuance of public loans, the operation of the National Bank, and a wide range of other activities.

Having authority to audit the National Bank may seem like an obvious and necessary responsibility for the SAO. However, as an American, I see it as more than that. The central bank of the United States – the Federal Reserve Board – came into existence in 1913 and has never been audited, a fact that makes most accountants and auditors in the United States cringe. Such lack of audits allows the Fed to operate in the shadows. No one knows precisely where its funds come from or where they go, which provides opportunities for corruption to go undetected for generations. There is a movement to audit the Fed, but, as of this writing, enough members of Congress have resisted the pressure to conduct an audit, which allows the secrecy and potential corruption to continue. The Georgian law requires National Bank audits, which is a good thing. The SAO is independent in planning its audit program, which means it does not have to go to Parliament for permission to conduct audits of entities within the three branches of government.

Outsourcing of audit responsibilities to private firms is allowed, as is the hiring of experts. Any violations are reported to the appropriate law enforcement agencies. The SAO is entitled to publish its audit reports, but may not disclose secret information.

The law also addresses the rights and responsibilities of auditees. They are authorized to submit comments and opinions in the course of the audit and may appeal an audit report. They are required to provide the necessary space and assistance to the auditors and may not interfere in the audit.

ADMINISTRATIVE RESPONSIBILITY

Failure to provide information to the SAO, providing false information or interfering with the audit subjects the perpetrator to a fine of 1000 GEL. The law provides provisions for litigation.

APPEAL OF SAO AUDIT REPORTS

Auditees may appeal the report within 20 days of its release. The Presidium may extend the appeal deadline by up to 20 days, depending on the complexity of the audit. The litigation rules are based on the General Administrative Code of Georgia.

SAO RELATIONS WITH PARLIAMENT AND INTERNATIONAL RELATIONS

The SAO issues its state budget audit report to Parliament within one month from the government report to Parliament. It submits its Annual Performance Report by June 1 of the following year. Reports submitted to Parliament are published in the official Journal of the Parliament of Georgia, which assures transparency.

The SAO has the authority to enter into agreements with the audit institutions of other countries as well as other foreign bodies and international organizations.

PUBLIC AUDIT INSTITUTE

The law provides for a Public Audit Institute (PAI). Its functions include training in public sector audit, certification of public sector auditors, and delivery of mandatory continuing education programs, provisions for research/analytical experts, consultancy and audit services to the public sector. The head of the PAI is appointed and dismissed by the SAO Auditor General.

OTHER PROVISIONS

The law provides a code of ethics and discusses compensation for employees, including social security provisions. Funding for the SAO is through the state budget and may not be cut without the consent of the SAO, a provision which enhances its independence. The executive branch must provide the facilities the SAO needs to conduct its business.

CONCLUDING COMMENTS

The law goes a long way toward professionalizing the audit process for governmental entities. As the law is implemented it is likely that imperfections will be found, which is not unusual. Hopefully, amendments can be made as needed on a timely basis.

საქართველოს სახელმწიფო აუდიტის სამსახური

რობერტ ვ. მაკგი
ფაიეტევილის სახელმწიფო უნივერსიტეტი
ფაიეტევილი, ჩრდილოეთ კაროლინა, აშშ

რეზიუმე

სტატიაში განხილულია საქართველოს კანონი სახელმწიფო აუდიტის სამსახურის შესახებ, რომელიც განსაზღვრავს ამ ორგანიზაციის სტატუსს და უზრუნველყოფს მის დამოუკიდებლობას. აღნიშნული ორგანიზაცია ქვეყნის უმაღლესი სახელმწიფო აუდიტორული სამსახურია და ნებისმიერი პოლიტიკური ჩარევა მის საქმიანობაში დაუშვებელია. იგი მოქმედებს INTOSAI -ის აუდიტის საერთაშორისო სტანდარტების მიხედვით და მან უნდა შეინარჩუნოს დამოუკიდებლობა, ობიექტურობა და პროფესიონალიზმი.

სტატიაში გაანალიზებული ის პრობლემატიკა, რომელსაც აღნიშნული კანონი წარმოქმნის.