THE CURRENT LEVEL OF ACCOUNTING AND AUDIT DEVELOPMENT IN GEORGIA

The Federation of Auditors, Accountants and Financial Managers of Georgiais oriented towards improvement of applicability of international financial reporting standards and international standards of audit in the field of Small and Medium Enterprises and consequently on provision of support of professional interests in these fields. The Federation as well as country is moving towards integration into the European structures and with full adequacy realize the necessity of sharing the best practices in Accounting and Audit field which exists in European and in the World experience.

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When we talk about development and reforms in post-soviet states in the field of application of international standards of financial reporting and audit we need to touch the problems which jeopardize this process. Its obvious that in many countries the problems are the same and this is common for us.

Unfortunately, in this regards in Georgia the situation is not perfect. Mainly this is caused by the unjust regulations done so far. From the legislative perspectives the accounting in the private sector is regulated on self-regulation principles since 1999, and in audit – since 2013. This became the issue of the recent debates among the professional organizations. The diffence in points of view is caused also by the existing norms of professional organization accreditation, two level system of audit registry, and other provisions of the Law of Georgia on Accounting and Auditing of Financial Statements.

The existing economic and motivation level of business structures in Georgia induces that accounting and audit according to International Standards of Audit and Financial Reporting is not demanded and also as usual the costs of IFRS for SMEs applicability in Small and Medium companies in Georgia is higher than forecasted income from the establishing relevant quality control in the company necessary for application of IFRS for SMEs. More impact andcare is given towards avoidance of taxation risks (which definitely does not stipulates application and obsrvance of international standards in financial reporting). Also in general the accounting and audit became the field of influence of the interests by different actors.

So called reforms induced the quasi-situation where there are separately, without any coordination the interests of i) the Ministry of Finance&the Revenue Service, ii) State Audit Organization, and iii) Professional Organizations of Accountants and Auditors working in the private sector. Actually, all three directions claim in their competence frameworks in all the areas of their regulation the financial reporting and audit to be conducted (done) according to international standards.

Currently in Georgia for the public legal entities the norms of accounting are adopted by the Ministry of Finance.

The State Audit Organization is performing audit of public resources, audit of spending and usage of other material assets. Underthis organization the Public Law Legal Entity "State Finances Institute" is established.The main functions of this institute are: education in the field of public audit, certification and mandatorycontinuous education of the public sector auditors, research and analytical, expertise and consulting, public sector audit services. The Institute is responsible on elaboration and appropriate implementation of quality control policy and procedures of public sector audit service. Interesting fact is that in the public sector the right of audit service have only auditors certified by the Public Finances Institute. From the mentioned facts its evident thatthe number of the public sector auditors is very restricted.

Audit of the incomes and expenses of the tax payers, their taxes calculations and payments is done by the Revenue Service. The majority of the audit companies is now engaged in the so called alternative audit of tax inspection and this became one of the important part of gaining revenue from the audit service in Georgia. Selection of the tax inspection (audit) performing audit firm and the issues related to the quality control of taxation is regulated by the regulatory acts issued by the Minister of Finance. The mentioned initiative is oriented towards fiscal effect and the results are definitely worthmentioned, however in its sense taxation audit is linked with taxation legislation and so the International Standards are less observed. Therefore, in this direction as well we see the conflict of interests.

In Georgia the objects of the mandatory audit are about 5-8% of the total number of enterprises. Also, the right to conduct mandatory audit has the audit firm which is registered in the registry of auditors (by the end of the current year registration in the mentioned registry is not required, however here mainly are considered the international network member companies "Big Ten" and members of "Big Four"). Therefore in this field as well we see the conflict of interest from different bodies operating in the segment of audit and accounting.

Therefore for the majority of the auditors the only object of the audit is small and medium enterprises. Their motivation towards usage of the financial reporting international standards for SMEs is very low.

Despite the above mentioned, the special attention needs to be paid towards current situation of qualification trainings of the accountants and auditors (professional accreditation). In Georgia the qualification training of accountants and auditors is conduced since year 1999 according to ACCA teaching program managed from Glasgow, Great Britain. Alongside with positive aspects, the disadvantages of the program the is that the teaching process is longer in compare to other internationally recognized programs, the program consists of at least 14 papers and Ethics module and practically is not applicable in Georgia. Unfortunately there is no simplified alternative solution for those auditors and accountants who already posses post-graduate education level coupled with practical working experience.These are who work in the mentioned field and had obtained the accreditation certificates from the former regulatory body of Georgia – The Audit Council of Georgia at the Parliament of Georgia (the numbers of the certificates issued is about 600-800 persons). The validity of the issued certificates passes in few years and this is will be big headache for our colleagues.

Therefore we are in the process of establishing alternative teaching programs in Georgia, like CIMA, Chartered Institute of Management Accountants with 9 papers envisaged. But this is also related to some difficulties (like creation of material – technical basis).

In our point of view the measures which shall be conduced in the area of accounting and audit and which need to be subject of the further discussions, are as follows:

- First of all its needed the legislative basis to be improved with assistance of international experts;
- So to establish the accounting and audit regulatory oversight body equipped with full competency and relevant functions, and its competence shall be covering the State Audit Organization, Revenue Service, as well as Private Sector in full.
- The oversight body shall elaborate the respective Statutes and shall conduct the accreditation process of professional organizations
- The regulatory body shall maintain the entire register of auditors
- Shalll be established continuous education and certification wise concept for Auditors and Accountants
- Shall be defined the quality control provision unified system and its criteria
- Shall be established the system of motivation of Small and Medium Enterprises to apply the International Standards of Financial Reporting and Accountingin the process of preparation of the Financial Statements and conducting bookkeeping and the perspectives of its practical implementation
- The special attention shall be paid towards teaching auditors and accountants for Micro, Small and Medium Enterprises with relevant International Standards of Financial Reporting, their training in the area, their provision with materials and other tools required.

Its obvious that the list of the measures is not final and its possible to make corrections into it. Also this is linked with the mobilization of human and material resources, which is beyond of the capabilities of one small professional organization.

The Federation is engaged in World Bank's Centre for Financial Reporting Reform (Henri Fortin, Head of CFRR) i) Accounting and Auditing Standards Community of Practice (A & A CoP) for Differentiated financial reporting requirements: EU acquiscommunautaire and international good practices: EU Directive 2013/34/EU from 26 June 2013 by EuP and EC and in ii) Accounting and Auditing Education Community of Practice (EDU CoP): Education for opportunity: Supporting Universities in Achieving Academic Excellence.

The Accounting and Auditing Standards Community of Practice (A&ACoP) has been developed to support STAREP countries address issues relating to accounting and auditing standards, including alignment with EU and international standards. The A&ACoP will help participants understand the main issues and share information on achieving a framework for accounting and auditing that meets EU compatible international standards and good practices, including the specific reporting needs of SMEs.

The A&ACoP meets for launch workshops to update the member professional federations from the STAREP countries on key concepts of the acquiscommunautaire in the area of corporate-sector accounting and financial reporting and the principles that underpin it; focus on identifying common challenges participating countries face and agree on the future priorities and activities for the A&ACoP.

As many countries move towards the adoption of international and regional standards in accounting and auditing there is a need to ensure high quality, relevant education both for those entering the profession and for ongoing professional development throughout their career.

The World Bank's new Accounting and Auditing Education Community of Practice (EduCoP) brings together those involved in delivering accounting and audit education in STAREP partner countries to share best practice and create new knowledge. The EduCoP meets for a launch workshop to focus on the role of Universities in providing high-quality initial professional development education. Discussions include potential partnerships, including academic, quality assurance and financial support opportunities, and consideration of the value, importance and role of academic research and learning technologies in modern accountancy education.

We believe that its unique opportunity for usto attend such workshop in Accounting and Auditing Standards Community of Practice and to share experience with our colleagues in in the Countries of the Eastern Partnership (STAREP) which will bring further development of our professional organization.

PROGRAMS QUICK LINKS:

CFRR

http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTCENFINREPREF/0,,contentMDK:21462724~pagePK:64168427~piPK:64168435~theSitePK:4152118,00.html

STAREP

http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTCENFINREPREF/0,,contentMDK:23468684~menuPK:9341867~pagePK:64168445~piPK:64168309~theSitePK:4152118,00.html

REPARIS

http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTCENFINREPREF/0,,contentMDK:21568556~menuPK:7356122~pagePK:64168445~piPK:64168309~theSitePK:4152118,00.html

FRTAP

http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTCENFINREPREF/0,,contentMDK:21927199~menuPK:7356126~pagePK:64168445~piPK:64168309~theSitePK:4152118,00.html

A&A ROSC

http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTCENFINREPREF/0,,contentMDK:21569478~menuPK:7356128~pagePK:64168445~piPK:64168309~theSitePK:4152118,00.html

JERP

http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTCENFINREPREF/0,,contentMDK:22740682~menuPK:7498350~pagePK:64168445~piPK:64168309~theSitePK:4152118,00.html

ბუღალტრული აღრიცხვის და ფინანსური ანგარიშგების აუდიტის განვითარების მდგომარეობა საქართველოში

იური პაპასქუა, პროფ. ეკონომიკურ მეცნიერებათა აკადემიური დოქტორი, საქართველოს აუდიტორთა, ბუღალტერთა და ფინანსურ მენეჯერთა ფედერაციის აღმასრულებელი დირექტორი

გიორგი რუსიაშვილი, პროფ. ეკონომიკის აკადემიური დოქტორი, საქართველოს აუდიტორთა, ბუღალტერთა და ფინანსურ მენეჯერთა ფედერაციის გამგეობის წევრი

რეზიუმე

რამდენად სწორია, რომ ორი სფერო (ბუღალტრული აღრიცხვა და ფინანსური ანგარიშგების აუდიტი) ერთი კანონით რეგულირდება და ამ კანონმა გააუქმა სხვა (წინამორბედი კანონი) ყველა რეგულაცია, ამასთან, ორივე მიმართულება თვითრეგულირებაზე აგადაყვანილი?

რამდენად სრულად მოიცვა კანონმა ყველა საკითხი, რაც ამ დარგების ფუნქციონირებას და განვითარებას ეხება, ასევე, რა არ არის გათვალისწინებული მასში და აუცილებელია იყოს?

ხომ არ არის ამ კანონში ისეთი, რაც აქ არ უნდა იყოს. რაც მთავარია, რაც არის, ასე უნდა იყოს?;

არის თუ არა ეს კანონი მონოპოლიური და კორუფციული - ანუ ისეთი რაც მხოლოდ ერთ პირს უქმნის სასათბურე, კომფორტულ გარემოს?

რამდენად სწორია, რომ აუდიტორად მოიაზრება სერთიფიცირებული პროფესიონალი ბუღალტერი;

რამდენად სწორია პროფესიონალური ორგანიზაციის ავტომატური აკრედიტაციის ცნება და მით უმეტეს, IFAC-ის, ან მხოლოდ მისი რეგიონალური ორგანიზაციის წევრობის საკმარისობა აკრედიტაციისთვის (ანუ დაშვებულია, რომ შეიძლება სხვა არაფერი გაგაჩნდეს - ხარისხის კონტროლის სისტემა, განგრძობითი სწავლება, სერთიფიცირების ეფექტური გარემო და ა.შ. და მხოლოდ IFAC-ის წევრობის გამო მიიღო ყოველგვარი „სიკეთე“ და რატომ დგას IFAC ეროვნულ მარეგულირებელ ნორმაზე მაღლა)?

თუ უკეთესია საერთაშორისო ორგანიზაციებში წევრობა განიხილებოდეს როგორც ერთ-ერთი კრიტერიუმი?

ხომ არ აჯობებს, პროფესიული ორგანიზაციების აკრედიტაციის დებულება შეიმუშაოს კომპეტენტურმა ორგანომ და ამ კანონმა ის არ განიხილოს ან განსაზღვროს მხოლოდ, როგორც ტერმინი;

რატომ უნდა იყოს აუდიტორთა რეესტრი ორ დონიანი. ხომ უკეთესია ერთიანი რეესტრის არსებობა, რომელსაც გაუძღვება საზედამხედველო ორგანო, ხოლო სავალდებულო აუდიტის განმახორციელებელი პირებისთვის დაწესდეს გარკვეული ბარიერი?

რამდენად ეფექტურია კანონში შემოთავაზებული ხარისხის კონტროლის სისტემა?

რამდენად დასაშვებია თვითრეგულირება? საჭიროა თუ არა საზედამხედველო ორგანო? თუ საჭიროა, რას უნდა წარმოადგენდეს საზედამხედველო ორგანო? როგორი უნდა იყოს მისი დამოუკიდებლობი ხარისხი? სტრუქტურულად სად უნდა იყოს იგი გათვალისწინებული?

რამდენად სწორია, რომ სახელმწიფო აუდიტის სამსახური აუდიტის სფეროში ცალკე რეგულაციებს გამოსცემს, შემოსავლების სამსახური ატარებს ალტერნატიულ აუდიტს და ყველას აქვს პრეტენზია, რომ ისინი ატარებენ აუდიტს საერთაშორისო სტანდარტების მიხედვით? ხომ არ არის საჭირო სახელმწიფო აუდიტის, საგადასახადო აუდიტის, აუდიტორული კომპანიების აუდიტის წარმოების ერთი რეგულაციის ქვეშ მოქცევა?

სტატიაში სწორედ ეს საკითხებია წამოჭრილი და დასმულ კითხვებზე ნაწილობრივ პასუხი გაცემულია. შემოთავაზებულია ავტორთა კრიტიკული ხედვა შემდგომი ჯანსაღი დისკუსიისათვის „ბუღალტრული აღრიცხვის და ფინანსური ანგარიშგების აუდიტის“ საქართველოს კანონთან მიმართებაში.