

INTERNAL AUDITING IN GEORGIA: HISTORY, EVOLUTION AND PERSPECTIVES

Levan Grigalashvili

*Georgian Technical University, Georgia
l.grigalashvili@gtu.ge*

Bidzina Grigalashvili

*Revenue Service of the Ministry of Finance of Georgia
Grigalashvilibidzina@gmail.com*

Lasha Khoperia

*Georgian Technical University, Georgia
lasha.khoperia@gmail.com*

Abstract:

Change of the economic and political system at the end of the last century led to the necessity of implementing reforms both in Georgia and the whole post-communist space in all fields of economy. It became necessary for proper management of economic activities of enterprises to establish the system of independent audit which was alien to the planned economy. Post Soviet countries, including, Georgia, were facing a new challenge. They had to create the legislative base on the basis of which audit functioning would be possible. At the same time, this system had to be fit for market economy and commensurate to the international practice. Therefore, based on the above said, the given article will concern issues of internal audit in both public and private sectors.

Keywords: Audit, internal audit, financial control, Accounting, International auditing standards, reformation

JEL Classification: H83; M40; M48

I. INTRODUCTION

In the circumstances of globalization of business at the contemporary stage, one of the most significant factors among those facilitating economic development in the world is the one of free movement of capital. Within the short period of transformation to the market economy in Georgia, problems of audit activities and, namely, those of internal audit, are not studied and analyzed respectively despite implemented reforms, in general.

Research demonstrated that transformation of the financial control system in both private and public sectors was conditioned by various factors. Namely, the existing system fully served to defend state means and property. Independent audit did not exist at all. It was only the state control services which verified the authenticity of financial reports. It was impossible to make the internal audit system function. Even the results of control were of interest to only state administrative bodies. Following the move towards market economy, formation of the audit system and implementation of reforms has become essential.

II. RESULTS

Origin and development of internal audit in the world encompasses a long history. Works of researchers prove that the utmost function of the internal audit service is to develop recommendations necessary for management to make decisions and prepare respective proposals. Besides, the idea is formulated that the internal auditor as the advisor to the head rather than an adversary, not only carries out search of critical areas and mistakes but also demonstrates positive cases which are also significant for the management of the organization.

One of the stages of developing internal audit is related to a new conception established in the field of audit in 80ies of the previous century, which envisages carrying out internal audit inside private and state sector establishments. Internal audit was differentiated from external audit service which is carried out by the independent audit firm or the supreme audit body carrying out state control. At this stage, the profession of internal auditor is becoming famous and finalized.

After the collapse of the Soviet Union, post-communist countries, such as, Estonia, Slovenia, Croatia, Hungary, Romania, Czech Republic and Poland head firmly on the way to market relations. Despite serious difficulties, these countries of administrative-planned economy successfully adapted to the European legislative space and standards. The conception of public internal financial control developed in 90ies of the previous

century by EU strongly supported this, which provided economical, efficient and productive spending of resources.

The necessity of introducing the financial control and internal audit service in public establishments of Georgia as well as private companies is a relatively new direction. To be more specific, its introduction is related to liabilities claimed by the agreement signed by the government of Georgia with European Commission. (The agreement signed between the government of Georgia and the European Commission “Support – Public Sector Finance Management Reform in Georgia. 2007”). This was when practically introduction of the system PIFC – Public Internal Financial Control and implementation of reforms started.

In the circumstances of low level of administration, sometimes incorrect management decisions, violation of corporate ethics norms and inadequately qualified staff, it became even more essential to use internal audit in the governing system and make its functions refined. Respectively, processes of organizational set up of internal audit started actively since 2010. Although no methodological foundations of their functioning existed. Employed public servants had no skills and qualification necessary for the internal auditor. In most cases, they were employees of former enforcement bodies and inspection service, which, even in terms of mental point of view, contradicted civilized institutional requirements of internal audit. The transformation stage started in 2015 which was proceeded by the state audit service report regarding state internal finance control implementation measures (State internal audit service – “Report on Audit Efficiency of Implementing Internal Public Finance Control, 2013”) in which the process of the reform of internal financial control was critically assessed. The main drawback is as follows: internal audit reports are not commensurate with international standards; not enough trainings; internal auditors employed at ministries do not have sufficient qualification; the structure of internal finance control does not correspond with the model recommended by EC, etc.

The State Internal Control Department (harmonization center) was established with the view of coordinating activities, respective normative acts were developed, the memorandum was signed with GIZ within the scope of which practical assistance was provided in respect with organizational set up and development of internal audit. In parallel manner, internal audit services were gradually established in various agencies.

From the beginning, the so-called general inspectorates were established within state establishments of Georgia in the form of internal audit which were responsible for carrying out financial and administrative control. Even more, in several structures they were even granted the right to investigate. Matters were worsened also by the fact that communication and cooperation between state audit and subjects of internal audit were practically not carried out. Despite this, given the importance of organizational management of state establishments, increase of their work efficiency and making results-oriented decisions, internal audit used to gain more and more functions and workload. In further periods the situation was radically changed and state politics in this respect was determined by the responsibility towards the EU. The Law on Public Internal Financial Control was adopted which led to structural and functional division of general inspections from internal audit functions. Despite this, the issue of efficient functioning and orientation of Internal Audit of Georgia in state establishments is still an actual problem.

We got acquainted with practice of several EU countries and compared it with Georgia. In general, the following picture is given as a result of comparing internal audit practice in public administration in Georgia and EU countries:

Table 1. The practice of internal audit in Georgia and EU countries

Existing approaches	Georgia	EU countries
The demand of EU regarding establishment of internal audit	Yes	Yes
Establishment of internal audit on the base of general inspection	Yes	No
Necessity of certified internal auditors	No	Yes
Close cooperation of internal audit with the external one	No	Yes
Internal auditor carries out financial audit	Yes	No
Compulsory teaching throughout the year	No	Yes

Internal auditor assesses the internal control system	No	Yes
Functioning of the harmonization centre	Yes	No
Appointing and dismissing internal auditors is the prerogative of the head of the establishment	Yes	No
Budgetary establishment is obliged to annually submit the risk management strategy and information on internal control	No	Yes
Internal audit is authorised to work at the budgetary organization (not in his/her system) on contract basis in parallel manner	No	Yes

As demonstrated by research, there are still substantial differences from international practice. For example, in European countries internal auditors are employed in the public sector only after gaining the professional certificate. It is interesting that the practice of state and internal audit, which envisages implementation of financial audit by only external auditors, enabled to avoid the practice of work overlapping and mobilizing internal audit resources as much as possible in respect with efficiency audit. Different from the above-mentioned approach, in Georgia appointing and dismissal of internal auditors is only the prerogative of the head of the establishment while in European countries the issue is in general agreed with the supervisory body which promotes attraction of qualified staff and prevention of non-objective attitude from management. Certified public internal auditors have interesting specificity. They have the authority to carry out internal audit activities in another establishment in parallel manner. In some countries ministries of finance prepare consolidated reports regarding state internal audit at the end of the year, which are submitted to the government and state audit service. With the given mechanism the government and state audit service are provided with precise information regarding internal control mechanisms in the country, which reflects weaknesses of internal control, possibilities for improvement and specific recommendations according to establishments.

Comparison of the internal audit organizational structure and certification model of Georgia with European countries proves that Georgia should definitely envisage international practice, get certification systems reforms carried out as soon as possible, introduce continuous education of auditors, revisit the existing practice of appointing and dismissing internal auditors. It can be regarded purposeful in this regard to function under double chain of command of internal auditors. Namely, agreeing issues with the state audit service of Georgia, etc. The practice of Hungary is interesting, where there is a unity of internal audit subjects, which inspects only the activity of municipal self-governments while there are 64 functioning internal audit subjects at the municipal level of Georgia in which up to 250 auditors are employed.

At the modern stage, in public establishments of Georgia, namely, its ministries as well as those of Abkhazia and Ajara Autonomous Republics and municipalities, various models of organizational setting of internal audit function. Namely, the department of internal audit, the division of internal audit, the division of inspection, etc. The given model ensures that the internal audit subject consists of the divisions of internal audit and inspection, the activities of which are strictly differentiated. However, according to international practice, internal audit is not merged with inspection activities and is fully focused on only organizational setting of internal audit.

Apart from the above-stated, the drawbacks in today's situation can be formulated as follows: practically employees of the inspectorate carry out rights and responsibilities of audit as inspectorate within units of internal audit. Often internal audit reports do not correspond with the requirements of international standards. Focus again is made on identifying violations and imposing sanctions rather than finding out the reasons and carrying out preventive measures. Leaders of internal audit are frequently busy with controlling appearance of employees at work and the main function of internal audit - preventing violation is moved to the back stage. The important indicator of efficiency of internal audit organization is the degree of independence of the organization of internal audit. Research has proved that 95 % of the subjects of internal audit are submitted to the head of the establishment, 2. 5 % - deputy head while 2. 5 % - various administrative units which also contradicts international standards and prevents internal audit from carrying out its functions.

Strive of Georgia to become the EU member, the country based on European values of management, obliges it to establish “good governance” in the public sector. A new conception of internal financial control offered by EU should serve as its basis and establishment of internal audit subjects on its basis in public administration. The following can be identified among measures to be carried out:

- ❖ Establishing the subjects of internal audit in independent structural units;
- ❖ Strict differentiation of functions of internal audit and inspection;
- ❖ Raising the quality of independence of internal auditors;
- ❖ Supporting establishment heads and raising their awareness;
- ❖ Introducing the system of internship of auditors;
- ❖ Providing annual compulsory training;
- ❖ Introducing the system of professional certification of internal auditors;
- ❖ Providing Georgian language professional course books;
- ❖ Introducing special computer programs of audit;
- ❖ Submitting annual reports to management on work done;
- ❖ Carrying out “Internal Audit Activities Quality Control” in accordance with international standards;
- ❖ Regulating the issue of cooperation of internal audit and state audit;
- ❖ Improving the remuneration for work among internal auditors;
- ❖ Accelerating the speed of reforms.

While discussing the problems of internal audit, the system of internal audit of corporations (enterprises) should be identified. Internal audit is the organic constituent part of internal financial control in financial management of corporations. Its definition has been developed by COSO (Committee of Sponsor Organizations) of tradway which is formulated as “the process which is carried out by the board of directors, management and other personnel in order to ensure verified authorization about the fact that aims related with transactions, accounts and following legislation are achieved”. We consider that financial control and audit is the process which is first and foremost directed to preventing violations and limiting the risk of error. Therefore, its more comprehensive definition may be formulated as follows: “Internal financial control is the process carried out with the view of preventing violations which can significantly reduce the risk of error in the financial reporting of the subject and gives the possibility to define to what extent financial and other types of transactions are commensurate with acting legislation and aims of the subject”.

The internal audit system is the significant instrument of company management and control which substantially assists in preparing transparent and healthy financial reports. As the supervisory body, internal audit, attaches attention to control of financial and business activities of the company and carries out monitoring of compliance with laws and regulations. “Internal audit can carry out such functions as: monitoring of compliance of the company with regulatory rule of business operations; expressing of opinion on whether financial reportings give a real and precise picture; defining whether respective stock taking of financial and business operations takes place, etc.” (International Finance Corporation (IFC) consultancy program in Europe and Central Asia – Corporate Governance Guidebook, 2010).

Research demonstrated that while carrying out internal audit often the quality indicator standard 1100 – “independence and objectivity” is violated. Independence has to be ensured at both organizational and personal levels. In other words, internal auditors should possess a disinterested, unbiased position and try as much as possible to avoid conflict of interest.

As for preparing the internal audit report, activity standard 2400 – “Informing about the outcomes” – serves as the main support basis which defines criteria of informing (2410) and quality of informing (2420).

The key criterion of informing is the fact that information should involve aims and scale of service, respective conclusions, recommendations and action plans while the quality of informing sets specific indicators of information. In other words, information should be precise, objective, clear, brief, constructive, comprehensive and timely. The standard also envisages the aspect of making mistakes and indicates what adequate action to take in such a case. Namely, if final information contains significant errors and omissions, the head of internal audit is obliged to provide all parties which received initial information with corrected information.

Apart from the above-mentioned standards, envisaging the requirements of which is in direct connection with carrying out audit procedures and preparing a report, demands of some other standards should also be considered and compliance with them makes impact on the perfection and benefit of the report. In this respect, quality standard 1300 is worth mentioning – “Quality Assurance and Improvement Program”. It requires assessment of compliance internal audit with activity standard. At the same time, what needs to be assessed is whether internal auditors follow requirements of the code of ethics.

Throughout years, in the process of permanently observing the internal audit system in the private sector, what has been identified was the pool of errors and drawbacks the probability of making of which was the highest. Namely,

1. Exaggerated attitude towards standards. What this means is that while developing the internal audit report, attention is paid to the formulation of words and sentences and, overall, making the format of the report a template. This may lower the level of expected impact in respect with interested parties-stakeholders. What we get as a result is as follows: on the one hand, internal auditors get the feeling that their activity is not important and the report does not serve as a valuable document. On the other hand, management of the internal audit site does not attach thorough attention to actually complying with the recommendations. Improper understanding of the standard of independence and objectivity is a variety of the mentioned drawback. Namely, its excess use as the protecting mechanism.

2. Effort of further audit check and expanding the scale of audit. In this respect, overloaded annual work plans are the source of error as well as carrying out separate audit checks without defining the scale in advance. It should be stated in general that it is extremely important to develop adequately the audit scale by the head of internal audit since limits of the scale and its changes, both expansion and reduction, directly affect the quality of work of internal auditors. What needs to be stated here is that the annual plan of internal audit approved in the organization creates the expectation for top management that all points of the plan will be carried out. Similar expectations cannot always be achieved. Even more, completing the plan should be profitable for the organization rather be a formal act. In this respect, the following circumstances need to be taken into consideration: the plan as well as its change should be reasoned and documented in a written form. Despite the actual nature of the change and the created ultimate situation, limits of internal audit mandate and the preparatory period should be complied with in each case.

3. Neglecting risk oriented approaches. In cases when the annual plan and separate internal audit control individual plan are not risk-focused, lower and lower results can be obtained, emergence of new risks may be missed out, which will lower the role and importance of internal audit. Recommendations based on outdated discussions and findings may put management face to face with new and unexpected threats. In this respect what also matters is the fact that the head of internal audit service should take into consideration as much as possible timely carrying out of internal audit which is directly linked with work efficiency.

4. Inadequate trainings. It frequently happens that internal auditors simply do not possess respective skills to carry out a specific task, which gets originated from irrelevant individual development plans previous years. This mistake is generally made by the heads of internal audit service who possess an improper and exaggerated impression about their employees. It will be productive and useful if internal auditors' trainings are carried out in respect with the following three directions: method of carrying out audit, communication skills and making reports.

5. Inadequate assessment of the role of field experts. Excessive assessment of possibilities of one's own team may lead to neglecting use of experts. Involvement of experts at the early stage as well may provide invaluable assistance to internal auditors in terms of achieving their goals provided that it strengthens the audit team and raises the level of trust. Research demonstrated that field and other narrow area experts are not practically invited during the internal audit checks. This is argued by avoiding extra expenses and over-assessing the capabilities of one's own team.

6. Drawbacks of the internal audit report. Unclear, vague and incomplete reports, which encompasses: excessive detailing of facts and circumstances in the report, many charts and graphics, overloading report texts with foreign words and complex sentences, insufficient convincing nature of audit findings and recommendations, uncertainty in respect with terms of complying with required measures and responsible individuals, etc.

III. CONCLUSION

In the 80ies of the past century a new concept started to be gradually established in the field of audit which encompasses internal audit control at the private and state sector establishments. Internal audit was separated from the external audit service which made the internal auditor's profession more famous and refined.

The necessity of functioning of the internal audit service in public establishments of Georgia and private companies is a relatively new direction. Its introduction is related with the liabilities taken on by the agreement signed with the European commission by the government of Georgia.

Research demonstrates that in Georgia there are still substantial differences from international practice in such areas as: professional certification of auditors, practice of cooperation of state and internal audits, support of heads of establishments and raising awareness, strict separation of functions of internal audit and inspection, introducing special computer programs of audit, attracting qualified staff, preparing a consolidated report related with state internal control, etc.

Drawbacks identified on the basis of research jointly serve as the main negative trend which was revealed in internal audit work. Based on the above-stated, Georgia should definitely take into consideration international practice and accelerate the speed of reforms.

The necessity of functioning of internal audit service within state establishments of Georgia and private companies is a relatively new direction. Its introduction is related with liabilities taken on by the agreement signed by the government of Georgia with European Commission.

Drawbacks identified as a result of research jointly serve as the negative trend which was revealed in the work of internal auditors. Therefore, based on the above-stated, Georgia should definitely envisage international practice and accelerate the speed of reforms.

IV. REFERENCES

1. Adams R. (1995) "Fundamentals of Auditing": Trans. from English/Ed. Y.V. Sokolov. — M.: Audit, UNITY.
2. Arens A., Lobbek J. (1995). Audit: Trans. from English / Ch. series editor Y.V. Sokolov. — M.: Finance and Statistics.
3. Grigalashvili L., (2002). On the Problems of Accounting Reform in Transition Period. Bulletin of the Georgian Academy of Sciences. Tbilisi, Volume 165, N2, pp. 430-432 (in English).
4. Grigalashvili L., (2003). Problems of Today's accounting standardization. Bulletin of the Georgian academy of sciences. Tbilisi, Volume 167, N3, pp. 577-580 (in English).
5. Grigalashvili L., (2013). Issues of Perfection of book keeping of Transactions in foreign Currency. Bulletin of the Georgian Academy of Sciences. Tbilisi, Volume 168, N1, pp. 148-150. (in English).
6. Grigalashvili L., Grigalashvili B., (2018). Topical Problems of Georgian Payment System. Materials of the II International Scientific Conference "Globalization and Current Challenges in Business", Tbilisi, pp.287-290 (in Georgian).
7. Grigalashvili L., Grigalashvili B., Tabukashvili T., (2019). Accounting - Reporting reform Processes in Georgia. Materials of the III International Scientific Conference "Globalization and Current Challenges in Business", Tbilisi, pp.291-297 (in Georgian).
8. Grigalashvili B., Maisuradze T., (2019). Topical issues of public sector audit. Materials of the III International Scientific Conference "Globalization and Current Challenges in Business", Tbilisi, pp.297- 302 (in Georgian).
9. Grigalashvili B., Abashidze G., (2020). Tax Debt Audit and Payment Provisioning problems. Materials of the IV International Scientific Conference "Globalization and Current Challenges in Business", Tbilisi, pp.236-241 (in Georgian).
10. Grigalashvili L., Natriashvili N., Grigalashvili B., (2021). Modern Challenges of Auditing in Georgia. Materials of the V International Scientific Conference "Globalization and Current Challenges in Business", Tbilisi, pp.246-253 (in Georgian).
11. Grigalashvili L., Otinashvili R., (2019). Entrepreneurial Legal Regulation of Accounting in Georgia. Materials of the International Scientific Conference "Paradigms of International, Economic and Cultural Development of the Society". Riga, pp.200-208 (in Georgian).
12. Grigalashvili L., (2021). Accountings and financial reportings reform in the Georgian public sector. I international Scientific and practical Conference: Scientific trends and trends in the context of globalization. Umea, Sweden. (in English).
13. Grigalashvili L., (1999). Accounting system with us and abroad Journal "Macro-Micro Economics." (1), pp. 38-41. (in Georgian).
14. Grigalashvili L., (2002). On Improving the Relationship between Accounting and Tax Accounting, Iv. Javakhishvili Tbilisi State University Proceedings, Economics (1-2), Tbilisi, PP. 95-99. (in Georgian).
15. Grigalashvili L., (2003). On the Model of the National Concept of Accounting in Georgia, Proceedings of the Scientific-Research Institute of Finance, Vol. III, pp.218-223. (in Georgian).
16. Grigalashvili L., (2003). To improve the regulation of accounting and reporting. International refereed and reviewed scientific journal "Social Economy" (N6), pp.91-95. (in Georgian).
17. Grigalashvili L., (2004). Problems of preparation and professional certification of accountants in Georgia. International Journal "Audit and financial analyses" (№1), Moscow, pp.12-13. (in English).
18. Grigalashvili L., (2004). Issues of Standardization of Expenditure Accounting in the Transition to a Market Economy. Bulletin of the Georgian Academy of Sciences. Matsne, Economics Series, Vol. 12, (1-2), Tbilisi pp. 96-107. (in Georgian).
19. Grigalashvili L., (2005). Accounting for financial results (accounting and tax aspects) Moscow, International Journal "Audit and financial analyses" (5) (in Russian)
20. Grigalashvili L., (2005). Necessity for the Accounting system Reform, Aims and Objectives in transition of Georgia to market economy. Bulletin of the Georgian Academy of Sciences. Tbilisi, Volume 169, (3), pp. 642-645. (in English).
21. Grigalashvili L., (2006). Perfecting of normative base of the account of depreciation means. Reviewed scientific journal – "Audit and financial analyses" (№1), Moscow, 2006. 18-19. (in English).
22. Grigalashvili L., (2009) Public Sector Accounting Problems". Sukhishvili Teaching University, Collection of Scientific Papers, Universal Publishing House, pp. 128 -131. (in Georgian).
23. Grigalashvili L., (2011). "Accounting Concept - Development Orientation". Refereed scientific-analytic journal „Business and Law”, (11), pp.19 (in Georgian).
24. Grigalashvili L., (2014) Ways to improve the professional certification of accountants and auditors. International refereed and reviewed scientific journal of the faculty of Business-engineering of technical university of Georgia "Social Economy", (3), pp.162-164. (in Georgian).
25. Grigalashvili L., (2015). System analysis of accounting and audit (Monograph), Georgika, Tbilisi. 118 p. (in Georgian).
26. Clark P., (1997). Accounting and Auditing Information Network. 3rd edition. Moscow, p.9. (in Russian)
27. Dodge, R. (1992). A brief guide to auditing standards and norms: Trans. from English; M.: Finance and Statistics; UNITY
28. Sawyer S (2012). Guide For Internal Auditors/IIA - 1, p. 5.
29. Gelaschwili, S., Nastansky, A., (2009). Development of the banking sector in Georgia.
30. Mikeladze, G., Gelashvili, S., (2016). Gradualistic strategy of transition to market economy. Theoretical and Applied Economics 23 (4), 237-242.
31. Gelashvili, S., Abesaze, N., Abesadze, O., (2015). Expected Trends in Trade Relations Between Georgia and the European Union. Folia Pomeranae Universitatis Technologiae Stetinensis. Oeconomica, 37-46
32. Gelashvili S., (2017). Comparative Analysis of Economic Growth Rates for Post-Soviet Countries. International Journal of Arts & Sciences 10 (1), 525-534.
33. Jalagonia, D. (2015). "Performance audit as a mechanism for managing public finances." *XII International Scientific Conference, Education and Economics*. Wloclawek-Kaniewo (Poland).
34. Gelashvili, S., Atanelishvili, T., (2016). BANK SYSTEM EVOLUTION IN GEORGIA. International Journal of Arts & Sciences 9 (3), 1
35. Gechbaia, B., Kharashvili, E., Mushkudiani, Z., (2019). The trends of producing agro-food products and export innovative marketing strategy in Georgia. Economics. Ecology. Socium. Vol., 3, Issue 3.
36. Kharashvili, E., (2016). Small Farm Diversification Opportunities in Viticulture-Winemaking sector in Georgia. International Journal of Social, Behavioral, Educational, Economic, Business.

37. Kharaiashvili, E., Erkomaishvili, G., Chavleishvili, M. (2015). Problems faced by the agricultural sector and agribusiness development strategy in Georgia, International Science Index 107. International Journal of Social, Behavioral, Educational, Economic and Management Engineering. Volume 9, Issue 11.
38. Kharaiashvili, E., (2011). Problems of Competition and Competitiveness in Agro-Food Products Sector in Georgia. Universali, Tbilisi. (in Georgian).
39. Kharaiashvili, E., (2015). Farm diversification and the corresponding policy for its implementation in Georgia, World Academy of Science, Engineering and Technology. International Journal of Social, Education, Economics and Management Engineering. Vol., 9. Issue 5.
36. Kharaiashvili, E., (2018). The Impact of Preferential Agro Credit on the Development of Agribusiness in Georgia. Ecoforum Journal 7 (1).
37. Silagadze, A., Tvalchrelidze, A., Zubiashvili, T., Atanelishvili, T., (2016). Aspects of China's Economic Development. Ecoforum 5 (1).
38. Silagadze, A., Atanelishvili, T., (2014). The main economic indicators of the EU and Georgia "Topical problems of the development of economy and economic science." Collection of scholarly works of Paata Gugushvili Institute of Economics TSU.
39. Silagadze, A., (2014). Integration Economic Indicators of the EU and Some Issues of Development of Post-Soviet Countries–New Associate Members of the EU. Journ. Revista Moldovenească de Drept Internațional și Relații Internaționale. Issue 3. pp. 78-83.
40. Tvalchrelidze, A., Silagadze, A., (2013). Macroeconomic model for oil-exporting countries. Central Asia and the Caucasus 14 (4), 118-144.
41. Law of Georgia on entrepreneurs (October 10.1994) Retrieved June 15, 2021. (in Georgian).
<https://matsne.gov.ge/en/document/view/28408?publication=61>
42. Law of Georgia on Accounting and Reporting Regulation (February 5, 1999)
43. Law of Georgia on Accounting and Financial Audit (June 29, 2012). (in Georgian).
(<https://matsne.gov.ge/ka/document/view/11488?publication=3>)
44. Law of Georgia on Accounting, Reporting and Audit (June 8, 2016). (in Georgian).
<https://matsne.gov.ge/en/document/view/3311504?publication=4>
45. International Financial Reporting Standards (IFRS). "Thergi XXI", 2015, p. X. (in Georgian)
46. State Audit Service of Georgia - "Audit Report on the Effectiveness of Measures for the Implementation of State Internal Financial Control", 2013. (in Georgian)
47. Agreement signed between the Government of Georgia and the European Commission - "Supporting the reform of public sector finance management in Georgia", 2007. (in Georgian)
48. Law of Georgia "On State Internal Financial Control". (in Georgian)
49. REPORT ON THE OBSERVANCE OF STANDARDS AND CODES (ROSC). (2015). *Georgia Country Strategy and Action Plan for Accounting and Auditing Reform*. CSInternational
50. IFAC - International Federation of Accountants. (2019). International Auditing Standard 200. General objectives of the obtained independent auditor and conducting the audit in accordance with the International Auditing Standards.